



# GD

Corporate Sustainability Report

**GENERAL DYNAMICS**

# GD CORPORATE SUSTAINABILITY REPORT

Letter from Our CEO	3
Our Business	4
Our Compass	10
Ethos	11
Values at Work	12
Commitment to Ethics	13
Supply Chain Excellence	15
Continuous Improvement	17
Our People	18
Employee Health and Wellness	20
Employee Safety	23
Diversity	25
Our Commitment	26
Supporting Service Members	27
Supporting Our Communities	32
Environmental Responsibility	37

## OUR ETHOS

HONESTY

TRUST

HUMANITY

ALIGNMENT

VALUE CREATION



To Our Shareholders:

General Dynamics is an international company of tens of thousands of employees in North America, the United Kingdom and Europe. We engage in diverse businesses across a broad array of markets. General Dynamics' employees are welders, aerospace engineers, computer programmers, naval architects, safety officers and mechanics. What unites us all, however, is our Ethos—our defining moral character as a company. This Ethos is built upon five principles:

**Honesty:** We tell the truth to ourselves and to others. Honesty breeds transparency.

**Trust:** We trust each other to do the right thing.

**Humanity:** We are compassionate and empathetic. We respect the dignity, rights and autonomy of others.

**Alignment:** We are united in our commitment to our values.

**Value Creation:** We create value by doing the right thing for our shareholders, our customers, our employees and our communities.

Our Ethos informs everything we do, in ways both obvious and subtle, and makes us a stronger company. In the following pages, you will see the ways in which our Ethos undergirds our culture and our commitment to our communities, employees, customers and shareholders.

Sincerely,

A handwritten signature in black ink, appearing to read "Phebe N. Novakovic". The signature is fluid and cursive.

Phebe N. Novakovic  
Chairman and Chief Executive Officer

# OUR BUSINESS

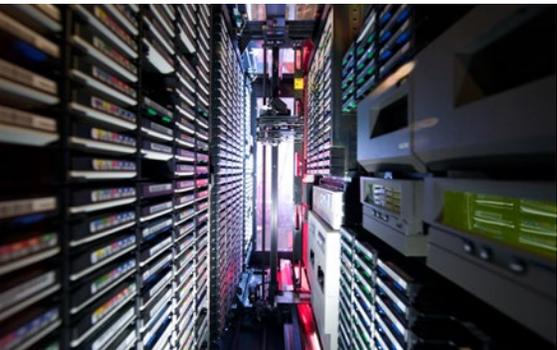
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As one of the world's leading aerospace and defense companies, we are dedicated to delivering superior products and services for business aviation; combat vehicles, weapons systems and munitions; shipbuilding; and communications and information technology.

GD Revenue 2014			Total \$30.9B
AEROSPACE	COMBAT SYSTEMS	IS&T	MARINE SYSTEMS
\$8.6B	\$5.7B	\$9.2B	\$7.3B

General Dynamics was incorporated in 1952, and since then has grown organically and through acquisitions. For nearly four decades, we expanded our offerings to include tanks, rockets, missiles, warships, fighter aircraft and electronics to all segments of the military. In the early 1990s, we sold nearly all of our divisions with the exception of Electric Boat and Land Systems. In the mid-1990s, General Dynamics began expanding again, acquiring combat vehicle-related businesses, additional shipyards, Gulfstream Aerospace Corporation and information technology product and service companies.

Today we are a global organization, operating through four business groups: Aerospace, Combat Systems, Information Systems and Technology and Marine Systems. Every day, people around the world depend on our products for their safety and security.





## Aerospace

General Dynamics' Aerospace group is at the forefront of the business-jet market. We are known for our superior Gulfstream aircraft and industry leading product service and support, with a global network of people, service centers and parts designed to respond quickly to customers' needs, wherever they may be. Our Jet Aviation business is known for exceptional maintenance, repair, aircraft management and FBO services to a global customer base through a network of facilities across four continents. We also offer complex completions for business-jet and single- and double-aisle aircraft.

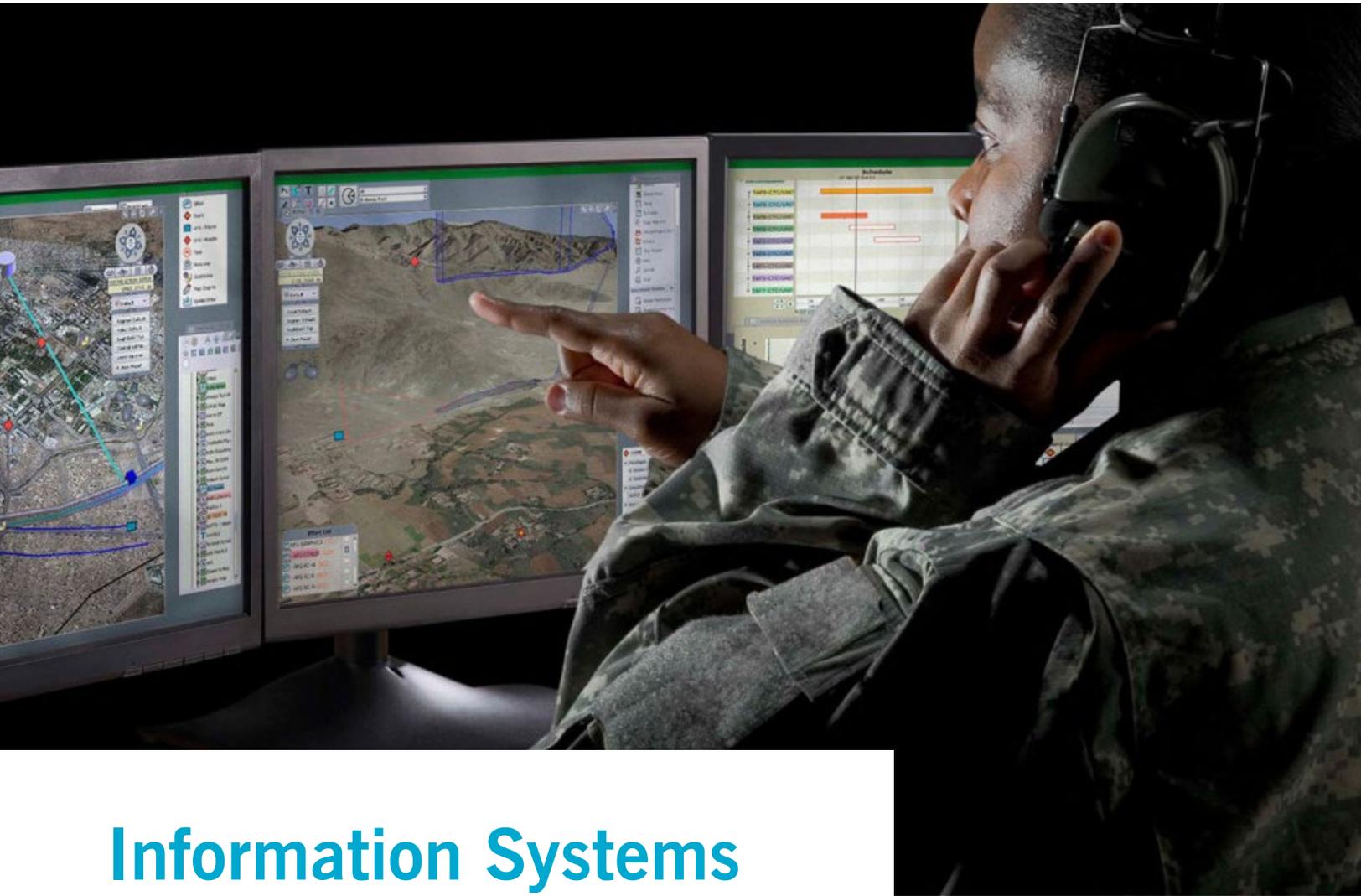
The Aerospace group has two business units and approximately 17,000 employees in 18 countries.

# Combat Systems

General Dynamics' Combat Systems group is a global leader in designing, manufacturing and modernizing some of the world's most recognized land combat platforms, from main battle tanks and tracked combat vehicles to light armored vehicles. We also produce a broad range of high-performance armament, munitions and weapons systems.

Combat Systems has three business units with more than 13,000 employees in 14 countries.





## Information Systems and Technology

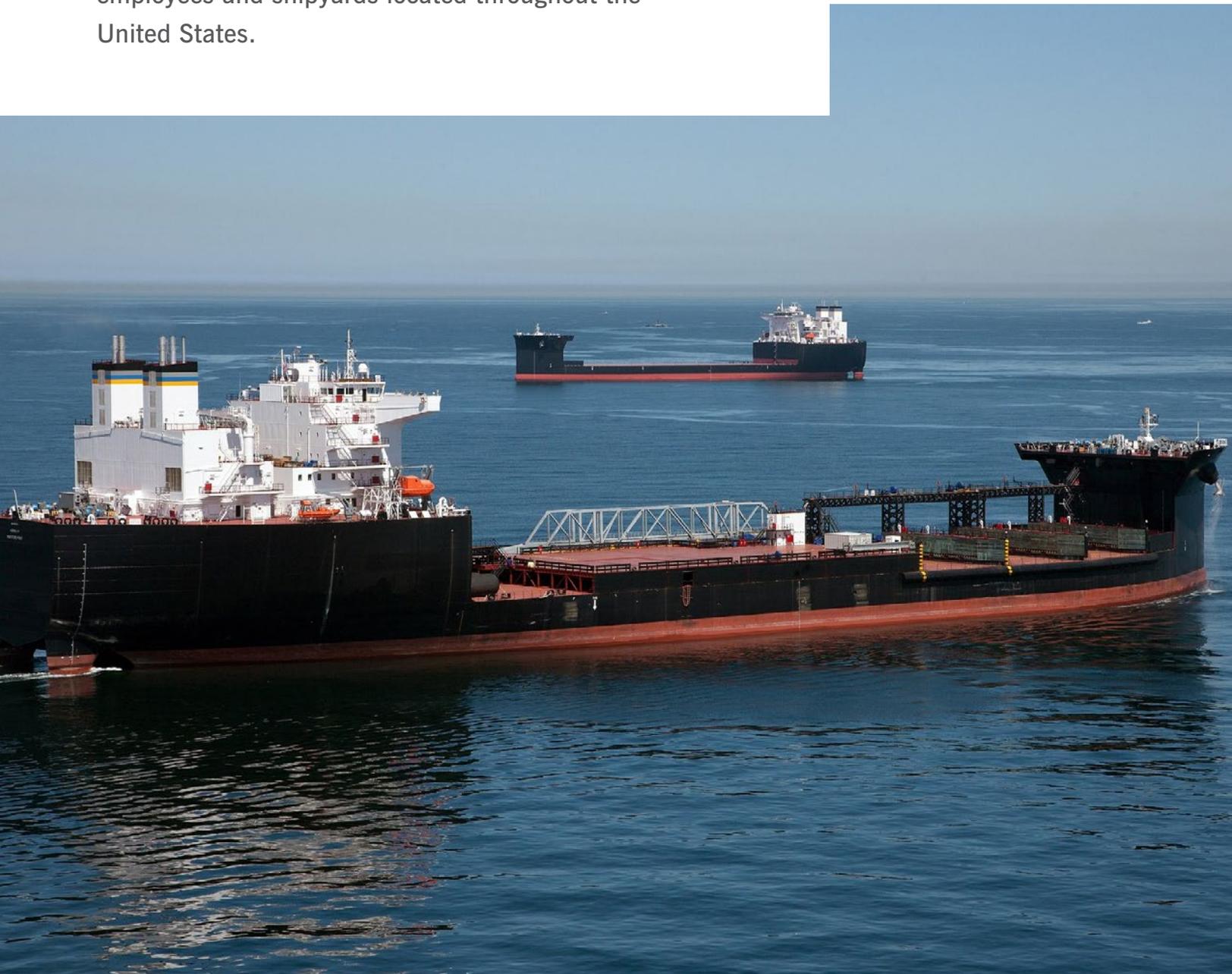
General Dynamics' Information Systems and Technology group develops, manufactures, improves and secures the systems of sophisticated defense, aerospace and communications products. Our IT business develops and implements large-scale IT networks and systems and provides IT professional services. Our C4ISR business is a leading integrator for land, sea, air, space and cyber defense, with an established global presence in secure communications systems, command and control systems and cyber solutions.

Information Systems and Technology has more than 44,000 employees in 36 countries.

# Marine Systems

General Dynamics' Marine Systems group designs, builds and repairs complex naval platforms. We are a leading designer and builder of submarines, surface combatants, auxiliary and combat-logistics ships and commercial Jones Act ships.

Marine Systems has three business units with 23,000 employees and shipyards located throughout the United States.



# OUR COMPASS

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We have a set of values that drive and determine how we do business. These values inform our commitment to good corporate citizenship, sustainable business practices and community support.

# Ethos

General Dynamics' ethos is our distinguishing moral nature. Our employees are a community of people dedicated to this ethos. Each of us has an obligation to behave according to our values. In that way, we can ensure that we continue to be good stewards of the investments in us by our shareholders, customers, employees and communities, now and in the future.

## OUR ETHOS IS ROOTED IN FIVE VALUES

- **HONESTY**

We tell the truth to ourselves and to others. Honesty breeds transparency.

- **TRUST**

We trust each other to do the right thing.

- **HUMANITY**

We are compassionate and empathetic. We respect the dignity, rights and autonomy of others.

- **ALIGNMENT**

We are united in our commitment to our values.

- **VALUE CREATION**

We create value by doing the right thing for our shareholders, our customers, our employees and our communities.

**We believe** that we have a responsibility to be good corporate citizens and we believe in sustainable business practices.

## Values at Work

These values drive how we operate our business. We relentlessly pursue operating excellence by innovating, improving our processes and reducing waste. We believe in being wise stewards of capital and resources, as informed by our values.

These values govern how we interact with each other and our customers, partners and suppliers. We seek partners and suppliers who adhere to these values in their businesses and we hold them to that standard.

These values guide the way that we treat our workforce. We believe we have a responsibility for the health and safety of our employees. We treat all of our employees with dignity and respect and provide

them with fair compensation and equal employment opportunity. We stand behind basic universal human rights, including that employment must be voluntary. We oppose human trafficking in all forms.

These values also determine how we connect with our communities. We believe that we have a responsibility to be good corporate citizens and we believe in sustainable business practices that include supporting the environment and the communities in which we work.

We remind ourselves often of who we are and what we do. Our ethos undergirds our culture, our business model and our daily interactions.

Honesty. Trust. Humanity. Alignment. Value Creation.

## ETHICS

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We pride ourselves on our responsible and ethical practices, which play an important role in the communities where we live and work. This culture of ethics is the bedrock for every employee, ensuring we act with integrity, honesty and show respect for others.

# Commitment to Ethics

We pride ourselves on our responsible and ethical practices, which play an important role in the communities where we live and work. This culture of ethics is the bedrock for every employee, ensuring we act with integrity, honesty and respect for others. Our employees take this responsibility seriously and understand their essential role in preserving General Dynamics' reputation.

General Dynamics is committed to maintaining the highest standards of ethics and integrity in everything we do. Introduced in 1986, our ethics program provides many resources to help employees do the right thing. With readily available tools and resources, we help all employees understand and uphold our standards of ethical business conduct, including mandatory training every year.

Our employee ethics handbook, commonly known as the "Blue Book," states our expectation that all employees conduct business in accordance with the law, our policies, our values and our business-ethics principles. We expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.

We reinforce our commitment to our ethics program in a number of ways, including a Business Ethics Helpline and website. Both are available at all times and accessible in numerous languages, from which all matters are investigated and resolved promptly, discreetly and professionally.

We strictly prohibit retaliation against anyone who raises an ethics or compliance issue in good faith.

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## HUMAN RIGHTS

General Dynamics is vigilant in our watch against human rights violations. This is reflected in our company's ethos—with our commitment to respecting the dignity, rights and autonomy of others—and reinforced through employment, ethics and procurement policies designed to ensure protection against human rights abuses.

We partner with organizations such as the Just Ask Prevention Project, a group that is working to combat the growing prevalence of teen human trafficking in the Northern Virginia area. Just Ask is leading a public awareness and prevention campaign designed to mobilize the local community by educating different groups about the existence of sex trafficking and ways to identify those who may be impacted. We are proud to lead by example in our community.

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# Supply Chain Excellence

Our suppliers play a critical role in our ability to deliver quality products and services to our customers. They help us fulfill our commitment to good corporate citizenship and sustainable business practices. Working together with our suppliers to ensure socially responsible performance and being good stewards of our environment is a key part of our corporate responsibility efforts.

By taking a proactive, long-term approach to our global supply chain, we meet our customers' need for quality, timely products. We have developed best-in-class supply chain relationships and core processes. And we work across all our businesses to ensure we maintain our performance and value across the supply chain. One example is our online supplier registration portal, which helps our businesses better identify potential suppliers—and the information is shared throughout General Dynamics.

We continue to enhance our efforts through our Supply Chain Management Council, which includes experts from across our business who frequently meet to share ideas and best practices, leverage

resources and create shared technologies and processes. The work of the Council ensures we capture the value created by our supply chain departments throughout the business.

General Dynamics is also committed to working with diverse businesses. We partner with small disadvantaged businesses, women-owned small businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, SBA-certified HUBZone small businesses, Native American-owned small businesses, minority owned companies and Ability One organizations.

General Dynamics is widely recognized for our efforts to develop and support a diverse supplier base, including:

- U.S. Department of Defense Nunn-Perry awards in recognition of outstanding Mentor-Protégé teams
- U.S. Department of Veterans Affairs Corporate Champion and Corporate Achievement awards from the Center for Veterans Enterprise
- U.S. Department of Justice Small Business Awards

Thousands of suppliers provide materials and services that help us build our products, and we work closely with our supply chain partners to maintain sustainable practices and conduct business in a way that upholds our values. We have established mechanisms to assess risk and ensure compliance, and we constantly look for new ways to reduce risk throughout our supply chain.

## CONFLICT MINERALS

We work with our supply chain to trace potential sources of conflict minerals. In 2014 alone, we conducted more than 10,000 supplier inquiries relating to conflict minerals.

Every year, in line with U.S. Securities and Exchange Commission (SEC) regulations, we submit a Conflict Minerals Report and a Specialized Disclosure Report. Minerals, including tin, tantalum, tungsten and gold, originating from the Democratic Republic of Congo and surrounding countries are often referred to as conflict minerals because armed groups are known to exploit illegally the minerals' trade to fund their activities, furthering conflict in the region. In our report to the SEC, we address our efforts to

understand the presence of these minerals in our supply chain, including:

- Surveying and working with our suppliers to identify the presence of conflict minerals in products that are supplied to us.
- Engaging with many of our suppliers about the potential presence of conflict minerals in materials.
- Introducing contractual terms and conditions as appropriate to urge suppliers to report responsibly.

Our most recent SEC disclosure and filing are published on our website and can be found here: [www.gd.com/conflictminerals](http://www.gd.com/conflictminerals).

We have established mechanisms to assess risk and ensure compliance, and we constantly look for new ways to reduce risk throughout our supply chain.

# Continuous Improvement

There is a deeply embedded culture of continuous improvement at General Dynamics. It's in everything we do. It's the driver that makes our company agile and helps ensure our continued performance.

This culture enforces a shared commitment to drive consistently toward the future and to embrace change. This focus on continuous improvement is infectious. Our employees are encouraged to think differently and bring new ideas to the table. It's a priority at all levels of our company, with every employee engaged in finding new ways to do things faster, better and more cost-effectively, and to push the boundaries of our potential.

We celebrate this culture at an annual corporate-wide manufacturing symposium. Employees from every business submit abstracts detailing improvements they developed and implemented, particularly ones that can be applied to other General Dynamics facilities. Those with the best submissions travel to and participate in the symposium and speak in front of their peers, and awards are presented to the best of the best. This annual event has become a prestigious one, with employees vying for the opportunity to participate.



# OUR PEOPLE

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At the heart of our company are our employees, who rely on their intimate knowledge of customer requirements and a unique blend of skill and innovation to develop and produce the best possible products and services. Our team's skill and dedication are reflected in our agility and continued performance as an organization.



Our wellness programs provide resources, information, motivation and support to help our employees make healthy lifestyle choices and minimize health risks.

## Employee Health and Wellness

We are committed to helping our employees and their families lead healthy, productive lives. Our wellness programs provide resources, information, motivation and support to help our employees make healthy lifestyle choices and minimize health risks. These programs vary by business and location, reflecting the needs of employees and the characteristics of national healthcare delivery systems.

Most of our locations offer on-site influenza immunizations and health screenings, and most also facilitate employee exercise. Many offer a broad range of on-site health services in addition to educational programs and wellness events.

In 2014 alone:



Of eligible employees participated in biometric screenings



Of enrolled employees and their spouses received a preventive examination

**22**  
**On-site**

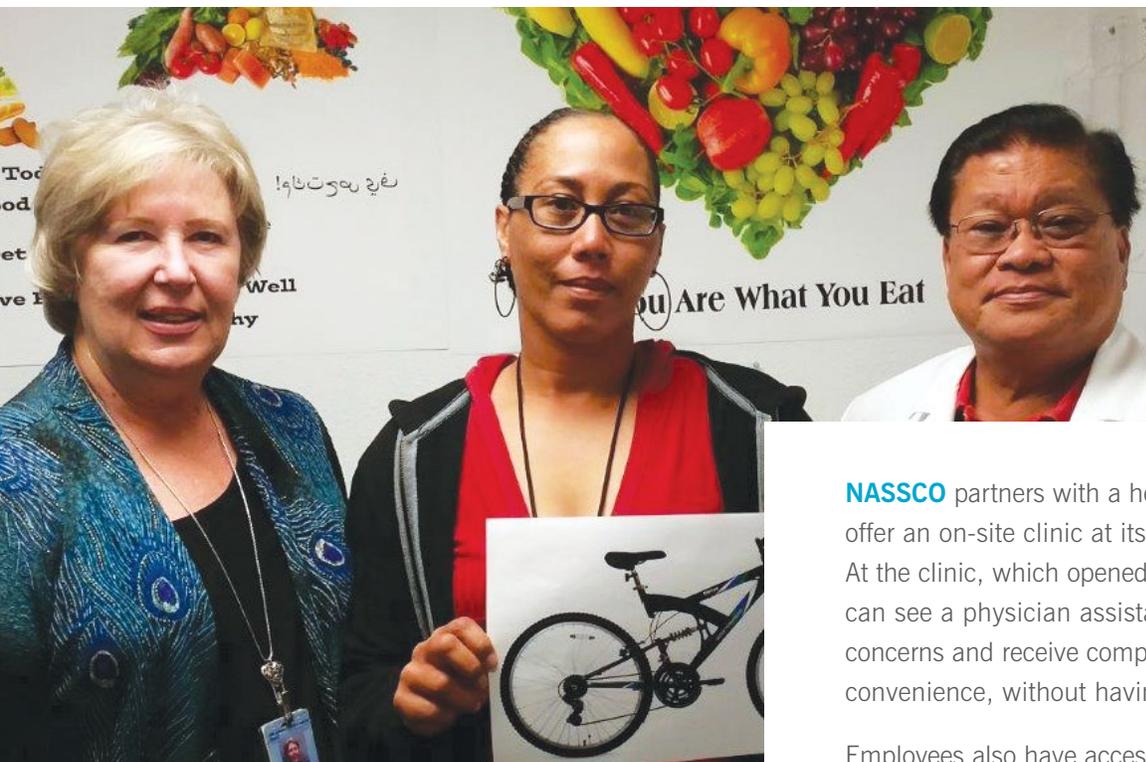
Health coaches worked with and supported our employees

**1/2 ↓**

Wellness initiatives helped lower employee absences by 1/2 day per employee per year

## HEALTH AND WELLNESS PROGRAMS

**Mission Systems** offers monthly webinars to all employees, providing information to help manage and improve their health and wellness, including healthy eating tips and ways to deal with stress. Our on-site health coaches help employees meet their health and wellness goals and assist with managing chronic conditions, and we hold company-wide fitness challenges and reimburse fees for gym memberships and weight-loss programs. We also feature short videos on the intranet to introduce employees to available benefits, information such as 401(k) tips and ways to better manage health reimbursement accounts.



**NASSCO** partners with a healthcare provider to offer an on-site clinic at its San Diego shipyard. At the clinic, which opened in 2007, employees can see a physician assistant for any health concerns and receive complete physicals at their convenience, without having to leave work.

Employees also have access to an on-site wellness kiosk, offered in partnership with another company. At the kiosk, which is manned by a doctor one day per week, employees can get physicals, obtain referrals to specialty departments and get answers to any health questions.

NASSCO is building a Wellness Center where employees can use computer kiosks to log in to their healthcare provider account and get advice on ways to lead healthier lives and find programs they can share with their families.





**Electric Boat** offers its people many health and wellness programs. One example is a program called “It All Counts,” which helps employees and their dependents manage their health. The program encourages employees to get annual physicals and offers biometric health screenings. We also make it easy for employees to fill prescriptions at one of our two on-site Family Pharmacies.

The “Building Better Health” program offers resources to help employees maintain healthier lives and builds a health-oriented culture.

This program received 13 worksite health awards over the past three years. And in 2014, we were recognized by the Providence Business News as one of the “Healthiest Employers of Rhode Island.”

**Land Systems** encourages employees to take care of themselves through a program called “Life Matters.” We also have a very active Employee Assistance program. Each year, we organize health fairs and offer employees flu shots. And several of our locations offer a weight management program, fitness reimbursements, in-house fitness centers, personal training, exercise groups, fitness classes and dietary guidelines to help our employees lead a healthy lifestyle.

# Employee Safety

Nothing is more important than our employees' safety. We have clear, consistent policies and standards requiring that we operate in a way that promotes the safety and well-being of our employees.

Across the business, we take measures to prevent workplace hazards, enforce a culture of continuous

improvement to ensure our processes help reduce injuries and illnesses and comply with the governing health and safety laws.

Many of our business units have been recognized for their commitment and success in promoting health and safety among their workers.

We have made significant improvements in ergonomics and worker safety in our **Bath Iron Works** shipyard. For example, we had numerous injuries related to hand grinding in 2007. We took a number of actions to correct the issue, from using tools that vibrate less to increasing employee training with a focus on recognizing and identifying ergonomics risks and ways to mitigate those risks. We also started an Ergo Cup Competition to encourage employees to develop their own innovative ergonomic solutions, and by 2013, we had won three Ergo Cup Awards at the Applied Ergonomics Conference.



Our efforts in this area were featured in the Journal of Occupational and Environmental Hygiene. The article, “Prevention Through Design Ergonomics Program at Bath Iron Works,” highlighted our success in transforming our workplace and winning multiple safety awards.

**Mission Systems'** Bloomington manufacturing operations was honored with their 10th consecutive Governor's Workplace Safety Award in 2014 from the Minnesota Safety Council. The facility has an extensive self-review process that includes manufacturing self-auditing and monthly office area safety inspections, all done through a safety awareness monitoring program.

**Gulfstream** is continuously looking for new ways to protect employees and encourages employees to report hazards and near misses and to contribute their ideas for improvements. We have implemented a number of new programs to increase safety at all Gulfstream sites, including:

- The Safety Management System, an effective approach to managing aviation product safety and identifying and reducing risks for employees, the company and customers
- Q-Pulse, an online reporting system in which employees can report hazards and near-misses
- The tooling/equipment safety and control department, created to standardize the development of tools and implement tooling procedures enterprise-wide to reduce the risks that can come with mechanics creating and using different tools

Through a combination of sound policies, tools, techniques and procedures, **Land Systems'** Canadian manufacturing plant in London, Ontario, achieved more than 5.5 million hours with no lost-time injuries since May 2013.

# Diversity

A diverse workplace yields better ideas and outcomes, and we are committed to promoting diversity of thought, experience, perspectives and capabilities. Each business, and each individual, makes a unique contribution to our company. We recognize that diversity is good for our team and our shareholders, and it's critical to our future competitiveness.

General Dynamics proudly supports a culture of inclusion that encourages a work environment that honors diverse opinions. Employees can flourish here: they know their individual skills, abilities and viewpoints are honored. Our diverse, global business is united by a common goal of being the best in the

business, delivering shareholder value and being a good corporate citizen in each of the communities where we do business.

Our ongoing support of the Black Engineer of the Year, National Society of Black Engineers, Out for Work, Out and Equal, Society of Hispanic Professional Engineers, Society of Women Engineers, Student Veterans of America and Women of Color in Engineering and Science, to name a few, demonstrates our commitment to diversity within our company and in our industry.



# OUR COMMITMENT

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General Dynamics values the opportunity to make a positive impact in people's lives by strengthening the communities where we live, work and do business. From helping veterans and military families to improving education and health, we continually look for ways to make a difference wherever we can.

# Supporting Service Members

We proudly support our employees who serve in military reserves. For example, we created a military employment policy for employees in the U.S. military reserves that goes beyond the Uniformed Services Employment and Reemployment Rights Act (USERRA). We ensure that all eligible employees who are called to military active duty are afforded appropriate compensation, benefits and job protection. We protect them financially by continuing to pay any difference between their service income and their income from General Dynamics.

## AROUND THE WORLD

**General Dynamics Information Technology** signed a National Statement of Support for the Guard and Reserve. The statement, supported by the Employer Support of the Guard and Reserve (ESGR), a U.S. Department of Defense office, commits us to:

- Honoring and enforcing the Uniformed Services Employment and Re-Employment Rights Act.
- Providing our managers and supervisors with the tools they need to effectively manage employees who serve in the Guard and Reserve.
- Embracing the values, leadership and unique skills service members bring to our workforce and encouraging opportunities to hire Guardsmen, Reservists and Veterans.
- Continually recognizing and supporting U.S. service members and their families in peace, in crises and in war.

**General Dynamics'** Canadian operations have been repeatedly recognized by the Canadian Forces Liaison Council (CFLC) for our support of our Reservist employees. The Reserve Force Employer Support Awards honor organizations with progressive military-leave policies and adjustable work schedules for Reservist employees. Presented every two years at the Provincial and National Levels, we have been honored with the 2009 National Award and award for the province of Ontario, and the 2013 awards for the provinces of Alberta and Quebec.

We were one of the first companies to sign the UK Armed Forces Corporate Covenant, confirming our commitment to the forces, including an active and positive reservist policy.

General Dynamics is helping members of the Spanish Armed Forces transition to civilian jobs in partnership with the Spanish Ministry of Defence. The program, called SAPROMIL, provides training resources for jobs outside of the military.

General Dynamics shows its commitment and respect for the men and women in uniform who bravely defend and secure our freedoms. We provide funding, volunteers and special programs to support the military, veterans and their families.



**Jet Aviation** honors wounded military veterans with an inventive program. Applying the unique capabilities of our workforce, we completely customize vehicles suited to each veteran's specific needs. In 2013, we transformed a Harley Davidson motorcycle into a rolling tribute to a veteran wounded in combat in Afghanistan. In 2014, we customized a stock John Deere Gator all-terrain vehicle to restore part of the mobility a soldier sacrificed when he lost his left leg above the knee in combat in Afghanistan. Our employees volunteer hundreds of hours to build these one-of-a-kind vehicles.



**Land Systems** supports our military veterans. Several locations conduct annual Veterans Day ceremonies for employees. A volunteer, employee-run veterans committee at our facility in Lima, Ohio, constructed the Freedom Flag Monument in memory of all veterans. The team in Ohio also has a veterans committee, which provides care packages for all employees called to active duty and offers an assistance program for their families.

In addition, Land Systems supports military and veteran non-profit organizations including the Wounded Warrior Project, the U.S. Marine Corps Toys for Tots campaign, USA Cares, Veterans of Foreign Wars of the U.S. (VFW) and the Michigan Armed Forces Hospitality Freedom Center at the Detroit Metropolitan Airport, a privately funded hospitality center for members of the military, veterans and their families. Employees also run collection drives for the CPT Kyle Comfort Foundation and mail care packages to military personnel serving overseas.



**Gulfstream** sponsors Georgia Institute of Technology's VET2 training program, which helps active-duty Army soldiers prepare for the transition to the civilian workforce. After completing one week of academic training, participants receive a three-week placement with Gulfstream. At the end of the course, participants earn a professional certificate from a world-renowned academic institution and are well-positioned to land a civilian job.

Friends at **Electric Boat** Troop Support Group provides care packages to U.S. military personnel serving in Iraq, Afghanistan, Kuwait and other countries. The group's team of volunteers gather donations through fundraising luncheons and other activities. The group has sent more than 7,787 care packages containing over 69,710 pounds of care items to support our brave armed forces.

**Bath Iron Works** supports the Veterans No Boundaries program, providing our veterans and their families with much needed recreation. This program serves disabled military veterans through a seasonal multi-day sport camp retreat. Activities include alpine skiing, snowboarding, snowshoeing, Nordic skiing and biathlon in the winter and paddling, cycling, shooting, archery, rope courses, zip-lines and fishing in the summer.



This facility is staffed seven days a week by USO volunteers, serving service members and their families, many of whom are stationed at nearby Ft. Stewart.



**Gulfstream** showed its support for the troops by sponsoring the renovation of the Savannah-Hilton Head International Airport's USO Lounge in 2014. This facility is staffed seven days a week by USO volunteers, serving service members and their families, many of whom are stationed at nearby Ft. Stewart.

**Mission Systems** supports Sentinels of Freedom, an organization that helps permanently disabled veterans become self-sufficient, integrated members of their local communities after they return to civilian life. We sponsor a "life scholarship" and we bring in graduates of the Sentinels program to work for us, including one who is currently working at our Scottsdale, Arizona, facility.

# Supporting Our Communities

General Dynamics supports the communities where we work and live through organizations that have an educational, social, civic and arts focus. Our businesses' community service programs align with their local community's needs. Each business uses employee-formed committees and employee input to bring together financial and volunteer resources.

## SHARING KNOWLEDGE

Our **Mission Systems** business started eCrew in 2010 to give students the tools they need to become an engineer. The intensive 11-week learning experience is available to students who participate in the Scottsdale, Arizona, Boys & Girls Club and have an interest in engineering and technology. We currently have 99 students in our eCrew pipeline. Two of our eCrew graduates, both young women, were recognized in the past two years as recipients of the Youth of the Year award. We are now expanding the program to include an eCrew class from the Boys & Girls Club of the East Valley's Gilbert, Arizona, branch.

**Bath Iron Works** boosted the Jobs for Maine's Graduates (JMG) program by supporting its expansion to Morse High School in Bath, Maine. The program focuses on students who face barriers to education and teaches key skills that help them graduate from high school and have a meaningful career. We provide financial support and send our employees to the classroom to teach various leadership and communications skills.

And the program has amazing results:

- 92% of students enrolled in JMG graduate from high school in four years
- 52% go on to pursue higher education





**European Land Systems** employees at our facility in Kaiserslautern, Germany, regularly participate in the country's "Take Your Daughter to Work Day." We open the doors of our facility to local young girls and let them work on the shop floor so they can see different career opportunities. Our engineers also visit local schools to talk about their jobs and experiences. In fact, each year, this facility offers an average of 25 students hands-on training within the office or shop floor to support students in their career choice.

**Electric Boat** has partnered with many state and local organizations to ensure we train the future generations of submarine builders. Following are a few examples of our efforts:

- In partnership with the state of Connecticut, we support an Early College Opportunity program that gives high school students a chance to obtain an associate's degree at no cost for those attending Windham High School and New London Magnet Science and Technology High School.
- At the Community College of Rhode Island (CCRI) and at Three Rivers Community College in Connecticut we have established relationships with the chapters of Student Veterans of America and actively recruit from them as members complete degrees. We are also helping develop the curriculum and share lessons learned in manufacturing skills and processes at Three Rivers Community College.
- We collaborate with Rhode Island College (RIC) to develop training opportunities within manufacturing. We focus on skills needed for workforce readiness, including math and reading, to better equip those interested in manufacturing jobs.

**Jet Aviation** runs an apprenticeship program in cooperation with the Department of Education in the Canton of Basel, Switzerland, employing upholstery and polymechanic apprentices for three- and four-year terms. This program allows local youth to see first hand numerous job options available to them.



## A HELPING HAND

Employees at **Gulfstream's** Mexicali, Mexico, facility have taken the children of Casa Emmanuel orphanage under their wings. Gulfstream volunteers sponsor children at the home for holiday gifts and a raffle that raises funds for the Fundación Emmanuel. Gulfstream volunteers also participate in “rallies” where they facilitate games and activities that are fun for the children and build teamwork. On Valentine’s Day, Gulfstream participants help Casa Emmanuel children learn the importance of friendship, teamwork, diversity, inclusion and respect through Valentine activities and a history of the holiday.



At our **corporate headquarters**, we support So Others Might Eat (SOME), an organization providing more than 1,000 meals each day to the poor and homeless in the Washington, DC, area, in many different ways. We volunteer at fundraising events including the annual Empty Bowls dinner, where guests receive a handmade bowl

crafted by a local artist and enjoy a meal served by our employees. We are also the lead sponsor of SOME’s annual Turkey Trot held in downtown Washington, DC, with proceeds from the event benefiting thousands of homeless families and single adults by providing food, clothing and healthcare.



Our **Missions Systems** business has active volunteer programs throughout the United States. At our Santa Clara, California, facility, our employees coordinate donations to The Salvation Army Giving Tree and Second Harvest Food Bank, as well as volunteer to clean up the nearby San Tomas Aquino Creek.

Employees in Taunton, Massachusetts, participate in the Taunton Adopt-a-Family Program/Toys for Tots, Our Daily Bread food drive, a school supply drive benefiting a local middle school, the Taunton Area School to Career mentoring program and the Engineering Futures high school tutoring program. Employees in Scottsdale, Arizona, sponsor school-supply drives to help local disadvantaged children prepare for school and have an Adopt-a-Family program and “angel” tree for toy donations during the holidays. And employees in Needham and Taunton, Massachusetts, participate in Toys for Tots and an Adopt-a-Family program during the holidays as well as donate used furniture and office supplies to local schools and non-profit agencies.



**NASSCO** co-hosts an annual toy drive for children in less-affluent neighborhoods. In 2014, NASSCO shipbuilders and partners raised and delivered more than \$5,000 worth of toys to organizations that benefit children in San Diego. NASSCO also supports the surrounding community through donations to the Family Health Center of San Diego and Barrio Station.



**Ordnance and Tactical Systems** has Employee Community Action Councils whose mission is to act as a focal point for charitable giving. We provide volunteers and fundraise for charitable organizations in our local community. For example, working with Habitat for Humanity, our employee volunteer group participates in home builds throughout Pinellas County, Florida. Our employees also run holiday charity drives for organizations such as the U.S. Marine Corps' Toys for Tots program and The Salvation Army Angel Tree.



General Dynamics' **corporate headquarters** proudly supports Jill's House, a full-service overnight respite center in the Washington, DC, area that provides families of children with special needs a much-needed break. These families are often overwhelmed by the emotional and financial demands of constant care. Open to children ages 6 to 17 with intellectual disabilities and their siblings, the innovative facility offers a safe, fun environment. Since 2010, Jill's House has provided nearly 500,000 hours of hope and renewal to more than 500 families.

# Environmental Responsibility

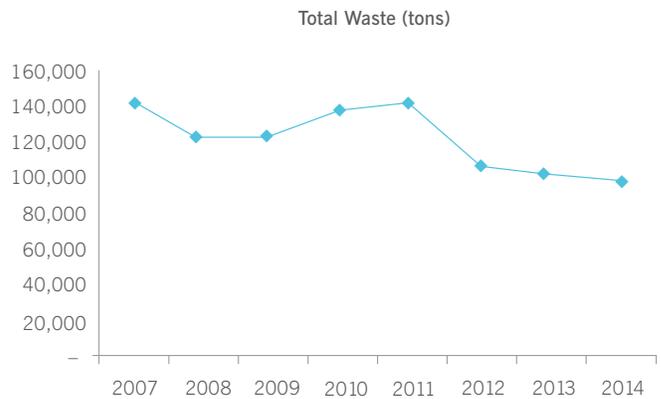
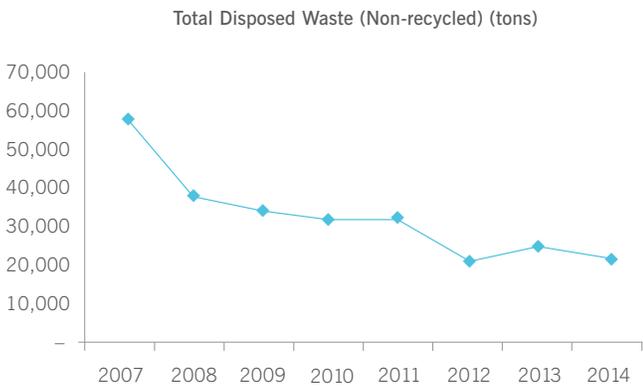
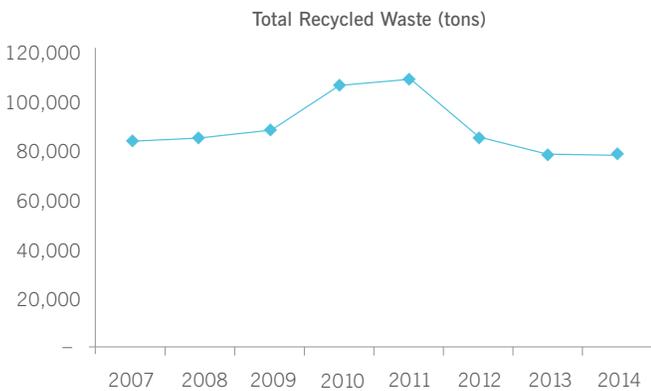
General Dynamics is committed to reducing our global environmental impacts across our business, from increasing our recycling goals to decreasing energy usage. Our efforts help protect the environment while improving efficiency, reducing costs and ensuring we remain compliant with all relevant environmental laws and regulations.

To that end, **General Dynamics:**

- operates our facilities in compliance with all applicable environmental laws and regulations, and in a way that is protective of the health and safety of our employees, surrounding communities and the environment;
- strives to be a leader in improving environmental quality, by minimizing waste and emissions, reusing and recycling, reducing the use of natural resources and promoting pollution prevention efforts throughout the company;
- reviews our facilities and programs on a regular basis and establishes goals for continuous improvement in the environmental arena;
- integrates environmental considerations into business planning and decisions, including in design, procurement, production, facilities management and product support;
- promotes a workplace in which all employees are properly trained to comply with applicable environmental laws and regulations, to meet environmental program goals and to take personal responsibility for protecting the environment;
- works with our customers to meet their environmental needs and goals consistent with the company's environmental compliance and management programs; and
- implements a management system for environmental matters at each business unit that is compliant with the most current edition of ISO 14001.

## We are constantly looking for ways to improve our environmental performance.

As these charts demonstrate, we have decreased our total disposable waste and continue to make improvements in our recycling efforts.



**Across our business,** we are instituting new ideas to increase our environmental performance and we are seeing results and getting recognition from a variety of organizations.

In 2009, our **Land Systems** business began pursuing greenhouse gas reductions through an energy procurement program. We receive renewable energy credits (RECS) in our energy contracts in five locations across three U.S. states. We have accumulated CO<sub>2</sub> greenhouse gas offsets of more than 37,000 metric tons, which is equivalent to the CO<sub>2</sub> emitted from burning 40,000,000 pounds of coal, or the electricity used by 5,100 average residential homes.

Land Systems has been recognized as a Green Power Partner by the Environmental Protection Agency since 2009. Our current energy contract for the Sterling Heights, Michigan, facility includes 100 percent renewable power offsets. Our Fort Hood, Texas, operations recently earned the Zero Foot Print Challenge Award, a program that focuses on resource conservation, maximizing cost avoidance and minimizing environmental impacts.

**Ordnance and Tactical Systems'** Scranton, Pennsylvania, facility worked closely with the U.S. Department of Energy to achieve "Superior Energy Performance," a systematic approach to identify and control energy use and costs, reducing the facility's greenhouse gas emissions by 65 percent, and we successfully implemented an energy management system (EnMS) that improved energy performance by 11.9 percent.

The system meets all criteria of Superior Energy Performance (SEP) and ISO 50001, making us the first U.S. Department of Defense contractor location in the world to achieve these certifications. The plant's energy resources are now proactively managed by a rigorous business system to sustain these energy savings and we continue to strengthen plant energy performance.



In 2014, **Electric Boat** set out to improve our recycling goals for two major waste items: used aluminum oxide, a grit blast type material, and plastics and cured hull treatment waste. We sent 156.6 tons of used aluminum oxide to a certified recycling company where 99.8 percent of the product was recycled and resold to other companies for use in their blasting and polishing services. We also collected 208 tons of plastics and cured hull treatment wastes and sent these to a waste-to-energy facility in Connecticut. We exceeded our goals and in 2014 we eliminated a total of 364 tons of waste materials from being sent to landfills, and instead it served other useful purposes.

Employees in Electric Boat's office supply store took our focus on recycling a step further. They held a cupcake giveaway to encourage people to bring back unused office supplies to a "Grab N Go" section

and only selected recycled materials for their supply needs. For example, people brought in unused binders which were put back on the shelves. When they surpassed their goal of \$80,000 of recycled materials received, they brought in 1,000 homemade cupcakes for employees.

Through a program of better waste segregation and renegotiated waste management contracts, our **UK operations** now regularly achieves zero percent waste to landfill. The segregation program ensures that the majority of waste is recycled and what cannot be recycled is used for energy generation through Energy Recovery Facilities. We are achieving a savings of 27 tonnes of waste to landfill against our previous annual performance.

**NASSCO's** efforts in this area provide an excellent example of the actions our businesses are taking to improve our environmental footprint. For example, NASSCO has:

- Reduced our VOC emissions by 67 percent since 2010 by installing VOC control systems on our paint cells and prime lines.
- Reduced our NOx emissions by 74 percent over the last ten years by repowering older crane engines, installing control systems on the largest cranes and installing diesel particulate filters on all cranes.
- Eliminated 30 authorized discharges to San Diego Bay by reengineering our processes.
- Recycled more than 90 percent of the waste material that is generated at the shipyard.
- Reduced our electrical consumption by almost eight million kWh over the last five years through relighting projects and installing light and compressor controls.



And these efforts have been recognized by multiple organizations. **We have been honored with:**

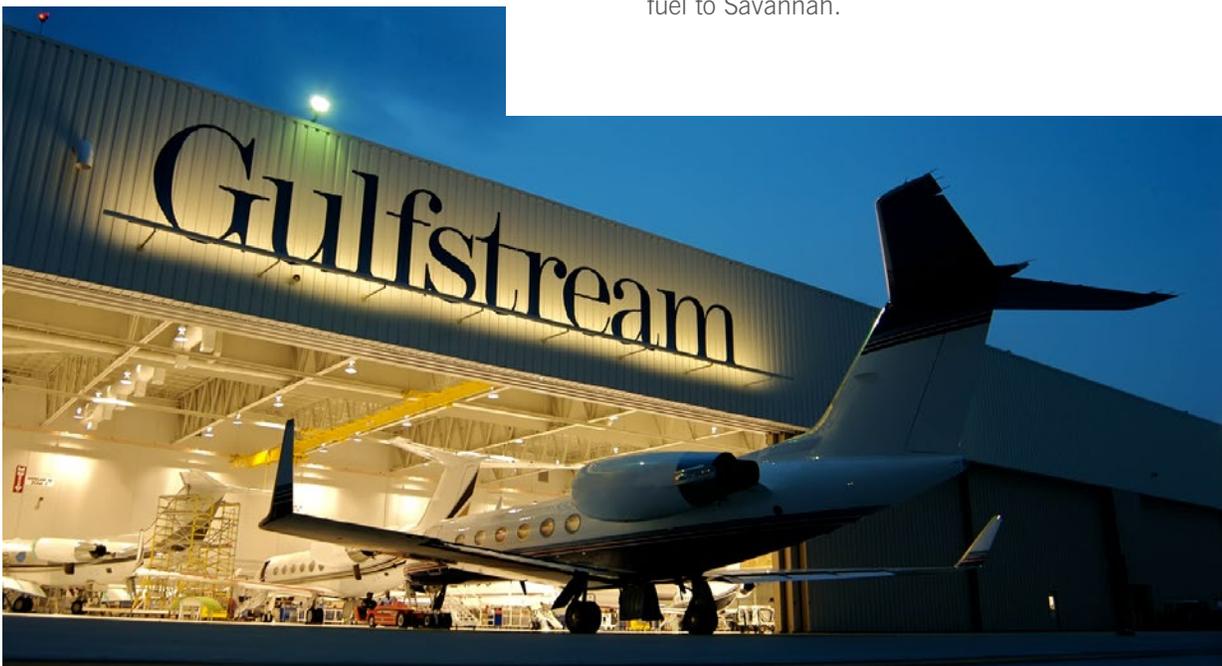
- 2014 Completed San Diego Bay Remediation Project
- 2014 Industrial Environmental Association Environmental Excellence
- 2013 SDG&E Energy Champions Award
- 2012 Governor's Environmental and Economic Leadership Award (GEELA)
- 2012 San Diego "Recycler of the Year" Award

Since 2007, **NASSCO's Community Clean-up and Restoration Committee** has provided care and support for a project known as Earth Lab, a hands-on outdoor science laboratory at Millennial Tech Middle School that allows children to learn about environmental sustainability. The grounds consist of an amphitheater, gardens, farmland, trails, compost areas, creek shore and an outdoor seated classroom. Every year, our employees help care for Earth Lab by creating irrigation systems, building trails, mulching, fence repair, bench construction, weed abatement and much more.

Each gallon of renewable fuel burned is expected to achieve a more than 50 percent reduction in greenhouse gas emissions, relative to petroleum-based jet fuel, on a lifecycle basis.

**Gulfstream** continues to innovate and make industry leading strides with its environmental sustainability efforts. With the introduction of the G280, G650 and G650ER, aircraft have been designed to decrease their environmental impact through establishing a balance of noise, emissions and fuel consumption while maintaining the speed, range, comfort and reliability required of the best business jets in the world. The G280, G650 and G650ER offer best-in-class fuel efficiency and far surpass the limits for noise and emissions.

Gulfstream is also leading the way in its use of renewable fuels. In 2015, we finalized a three-year agreement with World Fuel Services Inc. that provides Gulfstream with a consistent supply of renewable fuels for its daily flight operations in Savannah. The fuel is a 30/70 blend of low-carbon, drop-in renewable fuel and Jet-A. Each gallon of renewable fuel burned is expected to achieve a more than 50 percent reduction in greenhouse gas emissions, relative to petroleum-based jet fuel, on a lifecycle basis. The low-carbon, drop-in replacement fuel is derived from agricultural waste and is certified to meet the same industry specifications as petroleum Jet-A. World Fuel will manage the logistics of bringing the renewable fuel to Savannah.



## GENERAL DYNAMICS

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Our employees are encouraged to think differently and bring new ideas to the table. It's a priority at all levels of our company, with every employee engaged in finding new ways to do things faster and better, and push the boundaries to achieve our best potential.