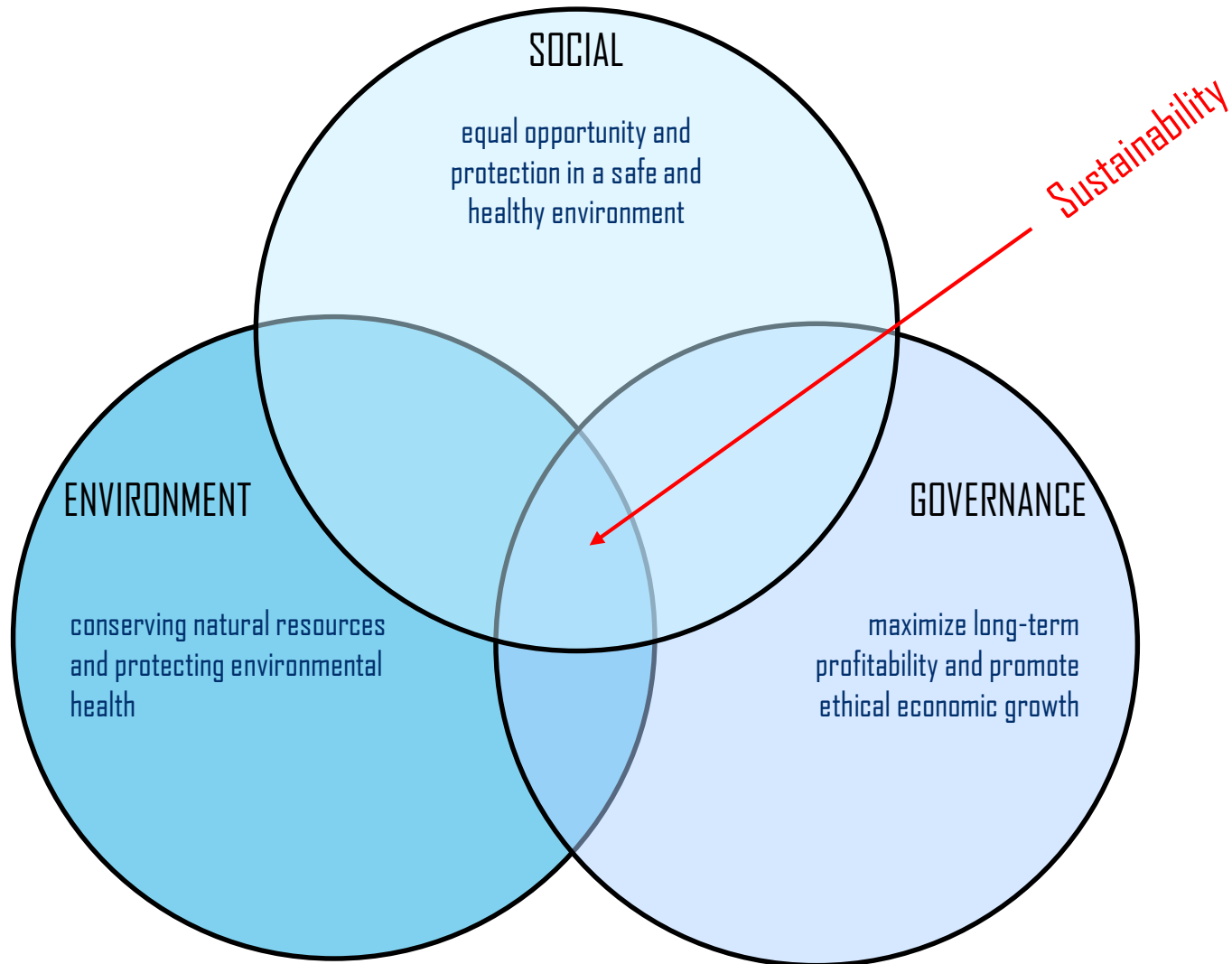


Using Sustainability to Enhance Business Performance and Resiliency



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What is Sustainability?



Types of Sustainability Initiatives



Raw Material Extraction

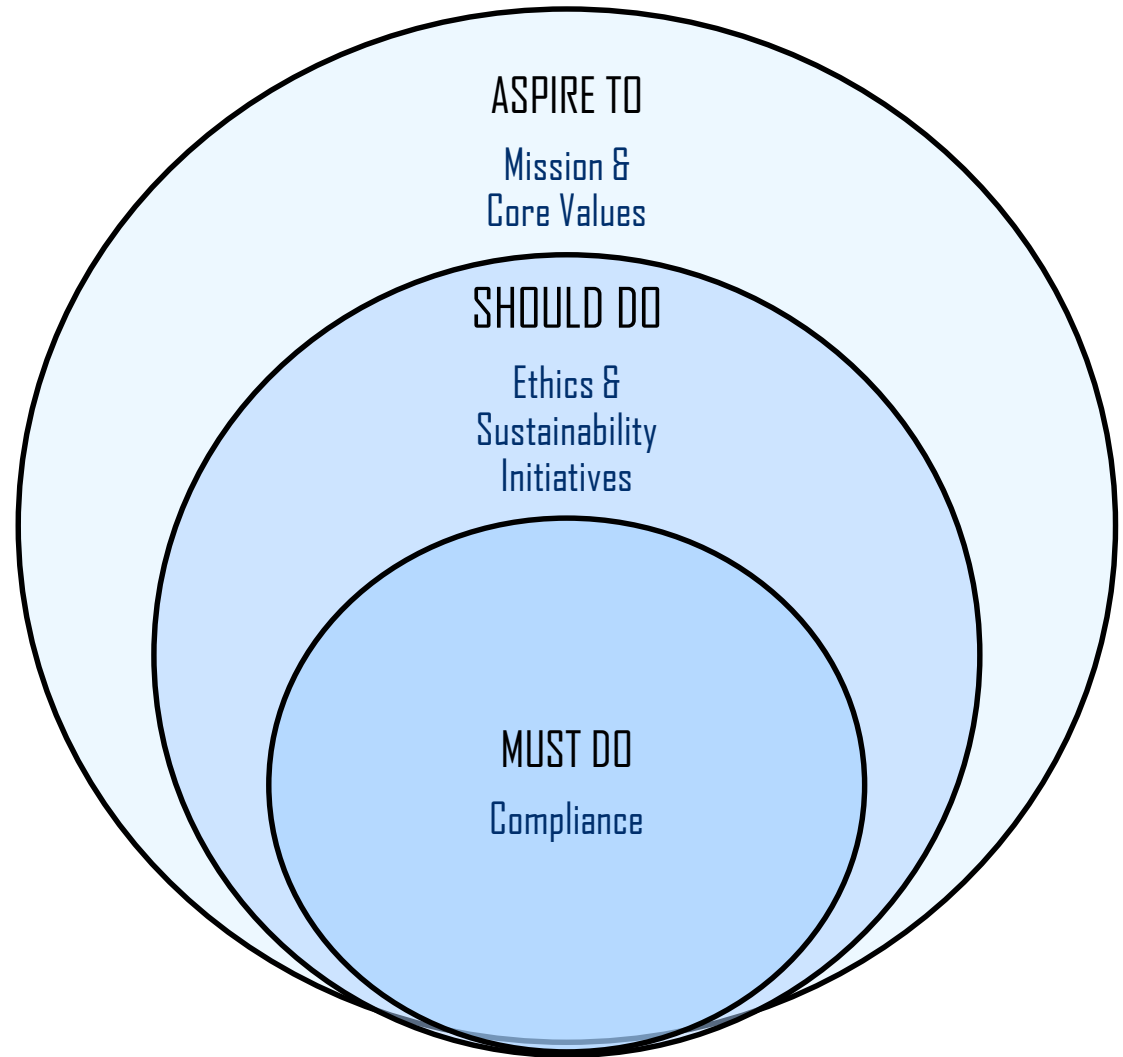
Supply Chain Activities

Business Operations & Activities

Distribution & Transportation

Customer Use

Disposal



SUSTAINABILITY TAKES PLACE IN ALL ASPECTS OF BUSINESS

Sustainability Creates Business Resiliency



DETERMINING SUSTAINABILITY PRIORITIES SECURES BUSINESS AGAINST RISK

Ideal State 2050

Lower Operating Costs

Attract Talent

Create Shared Value

Spur Innovation

Increase Business Relevancy

Manage Risk

INCREMENTAL & LONG-TERM GOALS



ENVIRONMENTAL

conserving business-critical natural resources and protecting
environmental health

Environmental Activities – Should Do



BEST PRACTICES FOR SMALL BUSINESSES

Set ambitious goals that reinforce your ideal state of business operations

Perform an energy audit and/or meet with an energy consultant

Replace machinery with high-efficiency alternatives

Consider fuel-efficiency in delivery vans and employee cars

Research state and federal incentives

Join initiatives that help you track progress and improve performance



U.S. Small Business Administration



Environmental Activities – Should Do



GOALS

OUR 2020 GO GREEN GOALS

REDUCE
WATER
USE BY



REDUCE
CARBON
EMISSIONS
BY



REDUCE
FACILITY
ENERGY
USE BY



REDUCE
TOTAL
WASTE
BY



ANNUAL ENERGY AND
WATER **COST AVOIDANCE** OF

\$26M

COMPARED TO **2010**

- Irrigation smart metering project reduces water waste
- Cooling tower removal project saves 5 million gallons of water

- Over 5 MW capacity of on-site renewable generation
- 60+ energy-efficiency and carbon reduction projects

- 45,000+ pounds of e-waste recycled
- Site-based recycling programs: CHQ recycled over 70% of waste stream

Environmental Activities – Aspirational



AT&T

- Enable customer carbon savings 10x the footprint of their own operations by 2025

DELL

- Recycle and reuse 97% of nonhazardous solid waste
- Created the industry's first certified closed-loop plastics supply chain



Adobe

- 100% renewable energy by 2035
- Reached carbon neutrality in 2013

ENVIRONMENTAL LEADERSHIP CREATES GLOBAL CHANGE



SOCIAL

ensuring that all social groups impacted by the business have equal access to safety, opportunities, and human rights

Social Activities – Should Do



Use institutional frameworks & self-assessment tools to review business

Conduct industry, country, or community risk assessment

Research & solicit applicable stakeholder views

Incorporate findings & remediate adverse impacts

Create a human rights policy and management

COMPLIANCE RISK ASSESSMENTS PRESENT BUSINESS OPPORTUNITIES

Social Activities – Should Do



At Lockheed Martin we stand firmly behind the three core values that shape and guide us in our daily operations and relationships: Do What's Right, Respect Others, and Perform With Excellence. These simple yet essential values ensure that we conduct ourselves with the utmost integrity, delivering high quality products while following all applicable laws, regulations, and standards of business conduct, and avoiding even the appearance of impropriety. It's who our customers and shareholders expect. We are committed to meet those expectations, and we in turn trust that all of our suppliers and partners will honor the same values. This Supplier Code of Conduct expresses the expectations we hold for our suppliers, and mirrors the standards we set for our own employees, board of directors and other business associates. Thank you for your shared commitment to meeting these principles.

The members of the Defense Industry Initiative on Business Ethics and Conduct (DII) (hereinafter "we") are committed to upholding the highest standards in all our business dealings with the U.S. Government, protecting taxpayer resources, and providing high-quality products and services for the men and women of the U.S. Armed Forces and their allies. Complying with all laws and regulations and ensuring fair competition are fundamental to this commitment. This Supplier Code of Conduct expresses the expectations we hold for suppliers throughout the aerospace and defense industry.

November 2016

Social Activities – Aspirational



- Collaborated with industry peers to create mandatory human rights training course
- Created supplier human rights training course



- Leverages strategic partnerships to increase social impact by improving quality of life for disadvantaged communities



- Microsoft Human Rights & Technology Center
- Impact-oriented strategic stakeholder engagement

IMPACT ASSESSMENTS IMPROVE BUSINESS PERFORMANCE



GOVERNANCE

planning for long-term profitability through ethical business practices
and responsible growth

Good Governance for Small Businesses



Top-Down Leadership

Establish CEO and executive-endorsed policies

Perform periodic risk assessments

Establish regular executive communications

Formalized Processes

Create and maintain organizational charts

Hold monthly management meetings

Hold formal employee performance evaluations

Formalize Board and Executive team meetings

Documentation & Transparency

Document and enforce job descriptions

Publish an employee handbook

Maintain a regular reporting schedule

Elements of an Effective Ethics Program



**COMPANY
VALUES**



**PROGRAM STRUCTURE
& OVERSIGHT**



**RISK
ASSESSMENT**



**POLICIES &
PROCEDURES**



CODE OF CONDUCT



TRAINING



COMMUNICATIONS



**LEADERSHIP
COMMITMENT**



**REPORTING
MECHANISMS**



**INVESTIGATIONS &
DISCLOSURES**



**DISCIPLINE &
INCENTIVES**



**PROGRAM
EVALUATION**

