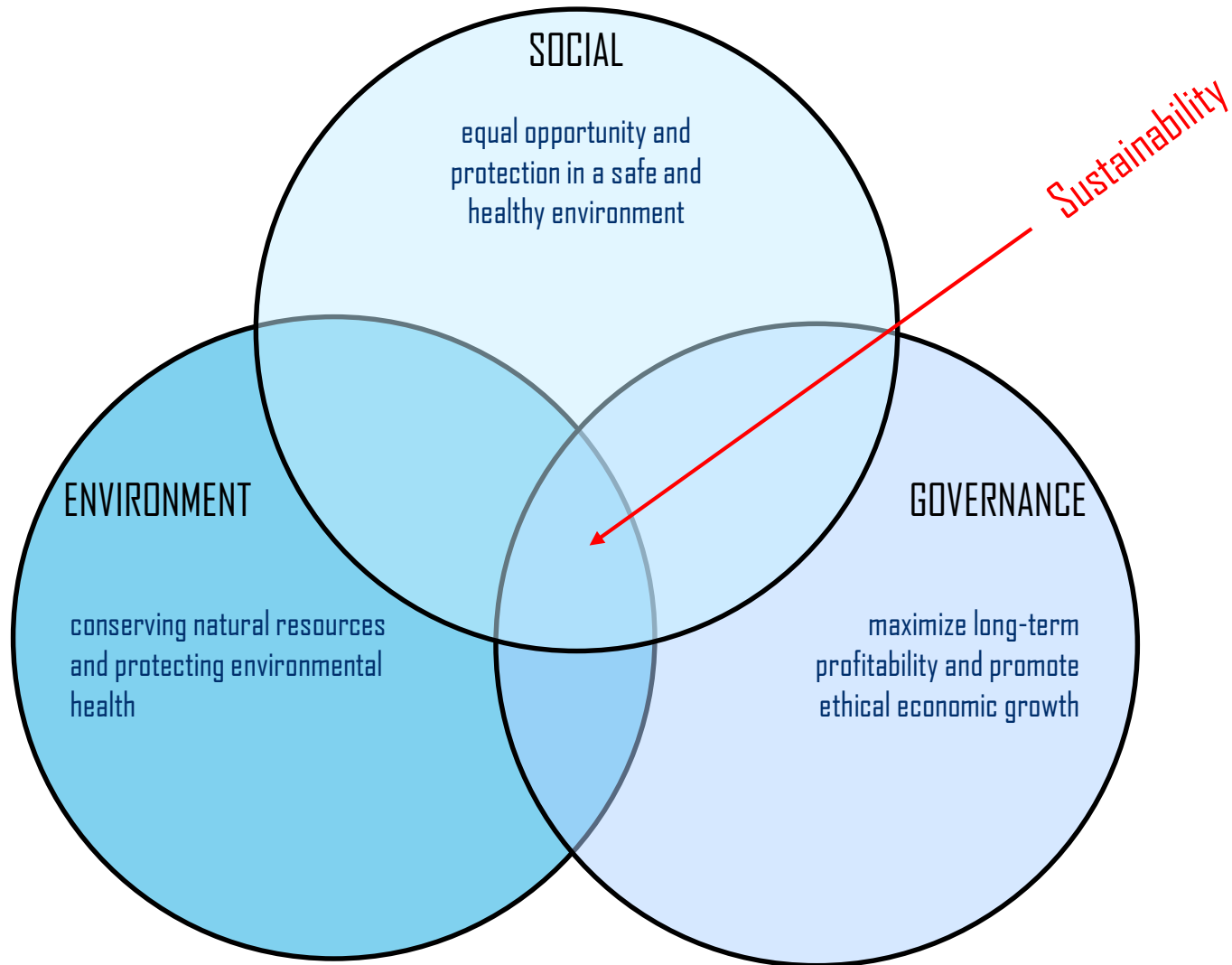


# Using Sustainability to Enhance Business Performance and Resiliency



**Lela Shimaka**  
**Corporate Sustainability Office**  
**Lockheed Martin**

# What is Sustainability?



# Types of Sustainability Initiatives



Raw Material Extraction

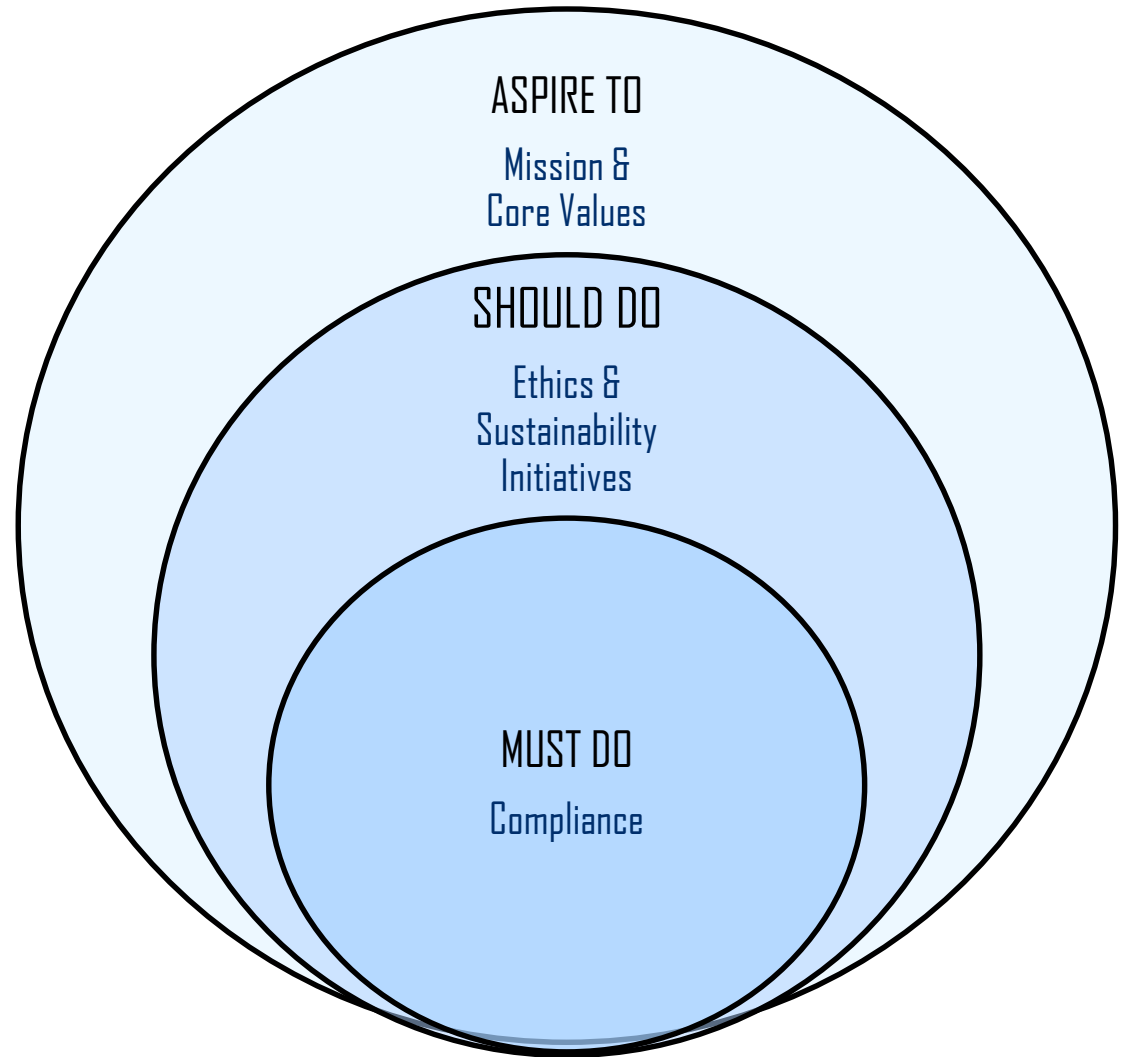
Supply Chain Activities

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



**ETHICS**  
A BUSINESS CONDUCT

LOCKHEED MARTIN

WE DO WHAT'S RIGHT WE RESPECT OTHERS WE PERFORM WITH EXCELLENCE

Updated June 2014

**SETTING the STANDARD**

CODE of ETHICS and BUSINESS CONDUCT

Do What's Right  
Respect Others  
Perform with Excellence

LOCKHEED MARTIN

Supplier  
CODE OF CONDUCT

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.

DII DEFENSE INDUSTRY INITIATIVE ON BUSINESS ETHICS AND CONDUCT

Defense Industry Initiative  
MODEL SUPPLIER CODE OF CONDUCT

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.

ifbec  
International Forum on Business Ethical Conduct for the Aerospace and Defence Industry

IFBEC MODEL SUPPLIER  
CODE OF CONDUCT

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-endorsd 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**



