

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

GENERAL DYNAMICS CORPORATION

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	4/8
2. Internal Controls	6	4/12
3. Support to Employees	7	6/14
4. Conflict of Interest	4	3/8
5. Customer Engagement	7	5/14
6. Supply Chain Management	5	1/10
7. Agents, Intermediaries and Joint Ventures	10	0/20
8. Offsets	4	0/8
9. High Risk Markets	4	4/8
10. State-Owned Enterprises	0	N/A
TOTAL		27/102
BAND		E

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a publicly stated commitment to anti-bribery and corruption as part of its Standards of Business Ethics and Conduct, which is endorsed by the chairman and CEO.</p> <p>However, the company receives a score of ‘1’ because the statement from the company’s leadership does not explicitly mention and stand against bribery or corruption.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.1] Dear Fellow Employee:</p> <p>This is the General Dynamics Standards of Business Ethics and Conduct handbook, which we call the Blue Book. The Blue Book lays the foundation for how we conduct ourselves as a corporation and as individuals representing the company. Every action we undertake reflects on us, our values and our character.</p> <p>At our core, we are in business to earn a fair return for our shareholders. In doing so, we must use our company’s assets wisely and we must deliver on our promises to our customers, our partners and our people. These are the ethics that guide our conduct and decisions.</p> <p>Please read the Blue Book carefully and spend some time thinking about our commitment to do the right thing every day. General Dynamics has an excellent reputation for how we do business. It is our responsibility as employees of General Dynamics to preserve that reputation through our integrity, honesty and respect for others.</p> <p>Sincerely, Phebe N. Novakovic Chairman and Chief Executive Office</p> <p>[p.11] Bribes and Kickbacks We do not engage in bribery or kickbacks. A bribe or kickback is the giving or accepting of money, fees, commissions, credits, gifts, favors, or anything of value that is either directly or indirectly provided in return for favorable treatment. You must never offer, give, ask for, or receive any form of bribe or kickback. Favorable treatment often can appear innocent, such as paying an invoice earlier than we normally would. However, favorable treatment is illegal when offered in exchange for a gift.</p> <p>[p.12] Mandatory Disclosure We comply with all applicable regulations that require us to disclose to a government customer suspected instances of misconduct involving fraud, conflict of interest, bribery, or illegal gratuities, certain errors in billing and pricing, or customer overpayments. The consequences of failing to disclose these types of violations may be grave. If you suspect any of these violations, seek advice promptly from your ethics officer or the Legal Department regarding mandatory disclosure requirements.</p>

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.</p>
Score
1
Comments
<p>There is evidence that the company publishes an anti-bribery and corruption policy, which applies to all employees and executives within the organisation.</p> <p>However, the company receives a score of ‘1’ because there is no clear evidence that this policy prohibits facilitation payments and it is not clear that the policy applies to non-executive directors.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] A Practical Reference</p> <p>[...] The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p> <p>[p.11] We are a leader in the defense industry. We provide services and products to many governments around the globe. The laws and regulations relating to doing business with government customers and public officials are complex. Follow these laws carefully to protect our company’s reputation. When working with government customers and public officials you must be vigilant in complying fully with all laws and regulations.</p> <p>Bribes and Kickbacks We do not engage in bribery or kickbacks. A bribe or kickback is the giving or accepting of money, fees, commissions, credits, gifts, favors, or anything of value that is either directly or indirectly provided in return for favorable treatment. You must never offer, give, ask for, or receive any form of bribe or kickback. Favorable treatment often can appear innocent, such as paying an invoice earlier than we normally would. However, favorable treatment is illegal when offered in exchange for a gift.</p> <p>[p.12] Mandatory Disclosure We comply with all applicable regulations that require us to disclose to a government customer suspected instances of misconduct involving fraud, conflict of interest, bribery, or illegal gratuities, certain errors in billing and pricing, or customer overpayments. The consequences of failing to disclose these types of violations may be grave. If you suspect any of these violations, seek advice promptly from your ethics officer or the Legal Department regarding mandatory disclosure requirements.</p> <p>[12] Corporate Governance Guidelines (Document) Accessed 18/02/2020 https://s22.q4cdn.com/891946778/files/doc_downloads/gov_docs/2019/corporate-governance-guidelines-5-2019.pdf [p.8] Ethics and Conflicts of Interest Codes of Ethics.</p> <p>The Board expects General Dynamics directors, officers and employees to act ethically at all times. To that end, directors are subject to the Code of Conduct for Directors and all officers and employees are subject to the policies comprising General Dynamics’ code of conduct set forth in the Company’s Standards of Business Ethics and Conduct handbook. The CEO, chief financial officer, controller and all persons ...</p>

[p.9] ... performing similar functions are subject to an additional code of ethics. All of these ethics policies are posted on the General Dynamics' website.

[2] Code of Ethics for Financial Professionals (Document)

Accessed 15/12/2019

[https://www.gd.com/-/media/GD-](https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_for_financial_professionals_2018.ashx?la=en&hash=A64A0EAFB244362F69FF74495407F690BEC6C72B)

[Corporate/PDF/code_of_ethics_for_financial_professionals_2018.ashx?la=en&hash=A64A0EAFB244362F69FF74495407F690BEC6C72B](https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_for_financial_professionals_2018.ashx?la=en&hash=A64A0EAFB244362F69FF74495407F690BEC6C72B)

[p.1]

At General Dynamics, our Ethos is our distinguishing moral character. It guides our behavior in all things, at all times. Following the principles of our Ethos will ensure that we live up to the high expectations we place upon ourselves, and which our customers and shareholders expect of us.

Consistent with these principles, I wish to highlight for you some specific obligations for the financial leadership of the Corporation and its Business Units which are mandated by our Ethos. These obligations apply in particular to me as Chief Executive Officer, as well as to the Chief Financial Officer, the Controller and any person performing similar duties for the Corporation and its subsidiaries. In the interest of transparency and clarity, these specific obligations mandated by our Ethos are set forth below. These obligations include:

- Avoiding conflicts of interest;
- Engaging in honest and ethical conduct, including the ethical handling of any actual or apparent conflicts of interest between personal and professional relationships;
- Producing full, fair, accurate, timely and understandable disclosure in all reports and documents that our company or its subsidiaries files with, or submits to, the Securities and Exchange Commission and other regulators, and in other public communications made by our company and its subsidiaries;
- Complying with applicable governmental laws, rules and regulations, as well as the rules and regulations of private and public regulatory agencies and organizations to which our company is subject; and
- Promptly reporting any failure to abide by these standards to our Legal Department or through any of the channels listed in the General Dynamics Standards of Business Ethics and Conduct handbook.

In addition, our Ethos requires that we neither directly nor indirectly take any action to fraudulently influence, coerce, manipulate or mislead the independent public auditors for our company for the purpose of rendering the financial statements of our company misleading.

[15] Proxy Statement 2020 (Document)

Accessed 07/04/2020

https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf

[p.22] We have adopted ethics codes specifically applicable to our Board of Directors and our financial professionals. The Code of Conduct for Members of the Board of Directors embodies our Board's commitment to manage our business in accordance with the highest standards of ethical conduct. The Code of Ethics for Financial Professionals, which supplements the Blue Book, applies to our chief executive officer, chief financial officer, controller and persons performing similar financial functions.

[3] Code of Conduct for Members of the Board of Directors (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_-_board_final_-_current_-_oct_2019.ashx?la=en&hash=22450B821C5AE657D6CFF6CF00BE093906D48401

[p.1] Consistent with these principles, this Code of Conduct (this "Code") for each of us as members of the Board of Directors (the "Board") embodies the commitment of General Dynamics to conduct its business in accordance with the very highest standards of ethical conduct and to comply with all applicable legal and regulatory requirements. As members of the Board, we agree to adhere to the policies and principles set forth in this Code.

[p.2] 5. Compliance with Laws, Rules and Regulations

General Dynamics operates in a highly regulated environment. Many federal, state and foreign agencies direct how General Dynamics conducts its business. When acting on behalf of and for General Dynamics, we will comply with applicable laws, rules and regulations.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
1
Comments
<p>There is evidence that the company's board-level Audit Committee provides oversight of the anti-bribery and corruption programme as part of its oversight of the company's Business Ethics and Conduct Program. There is evidence that this Committee engages in formal oversight functions such as monitoring the programme's implementation and meeting with auditors.</p> <p>However, the company receives a score of '1' because there is no evidence that the Committee reviews reports on anti-bribery and corruption performance specifically, nor is there clear evidence that it has the authority to require that changes to the programme are made when necessary.</p>
Evidence
<p>[12] Corporate Governance Guidelines (Document) Accessed 18/02/2020 https://s22.q4cdn.com/891946778/files/doc_downloads/gov_docs/2019/corporate-governance-guidelines-5-2019.pdf [p.1] Board Responsibilities In addition to its general oversight of management, the Board or its committees perform the following principal functions:</p> <p>[...]</p> <ul style="list-style-type: none"> ensuring appropriate processes are in place for maintaining the integrity of the Company---including the integrity of the financial statements, compliance with law and ethics, and the integrity of relationships with customers, suppliers and other stakeholders; <p>[15] Proxy Statement 2020 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf [p.24] Committee Responsibilities</p> <p>Following are descriptions of the primary areas of responsibility for each of the four committees</p> <p>Audit Committee</p> <ul style="list-style-type: none"> Provides oversight for accounting, financial reporting, internal control, auditing and regulatory compliance activities Selects and oversees the independent auditor Approves audit and non-audit services provided by the independent auditor, including a review of the scope of the audit Reviews our consolidated financial statements with management and the independent auditor Evaluates the performance, responsibilities, budget and staffing of internal audit Evaluates the scope of the internal audit plan Monitors management's implementation of the policies, practices and programs of the company with respect to business ethics and conduct <p>[p.31] Communications with the Board Any shareholder or other interested party who has a concern or question about the conduct of General Dynamics may communicate directly with our non-management directors, the chairman or the full Board. Communications may be confidential or anonymous. Communications should be submitted in writing to the chair of the Nominating and Corporate Governance Committee in care of the Corporate Secretary, General Dynamics Corporation, 11011 Sunset Hills Road, Reston, Virginia 20190. The Corporate Secretary will receive and process all written communications and will refer all substantive communications to the chair of the Nominating and Corporate Governance Committee in accordance with guidelines approved by the independent members of the Board. The</p>

chair of the Nominating and Corporate Governance Committee will review and, if necessary, investigate and address all such communications and will report the status of these communications to the non-management directors as a group or the full Board on a quarterly basis.

Our employees and other interested parties may also communicate concerns or complaints about our accounting, internal control over financial reporting or auditing matters directly to the Audit Committee. Communications may be confidential or anonymous and can be submitted in writing or reported by telephone. Written communications should be submitted to the chair of the Audit Committee in care of our ethics officer at the address in the preceding paragraph or at the address in the Standards of Business Ethics and Conduct Handbook provided to all employees. Our employees can call a toll-free helpline number or access the helpline online, each of which is provided to all employees. The ethics officer will review, investigate and address any concerns or complaints unless the Audit Committee instructs otherwise. The ethics officer will report the status of all concerns and complaints to the Audit Committee. The Audit Committee may also direct that matters be presented to the full Board and may direct special treatment of any concern or complaint addressed to it, including the retention of outside advisors or counsel.

[17] Audit Committee Charter (Document)

Accessed 18/02/2020

https://s22.q4cdn.com/891946778/files/doc_downloads/charters/2020/Charter-Audit-Committee-2.2020.pdf

[p.1] 1. Purpose. The Audit Committee (the "Committee") will assist the Board of Directors (the "Board") in its oversight of the integrity of the financial statements of the Corporation; the qualifications, performance and independence of the Corporation's independent auditors; the performance of the Corporation's internal audit function; and compliance by the Corporation with legal and regulatory requirements. The Committee will also prepare a report as required by the Securities and Exchange Commission (the "Commission") to be included in the Corporation's annual proxy statement.

2. Status and Membership.

(a) The Committee will consist of at least three members of the Board.

[...]

3. Meetings. The Committee will meet at least quarterly and as often as necessary to fulfill its responsibilities. The Committee will also meet periodically with management, the internal auditors and the Corporation's independent auditors in separate executive sessions.

[p.3] 10. Risk Assessment and Management. To the extent appropriate to comply with the requirements of the New York Stock Exchange or applicable legal or regulatory requirements, the Committee will periodically review and act on the Corporation's policies and practices regarding risk assessment and risk management. The Committee will also review with the General Counsel the status of pending litigation and other legal matters on a periodic basis.

[...]

13. Reporting to the Board. The Committee will report to the Board as needed, and as the Board may request.

[p.4] 15. Corporation Policies. The Committee will monitor management's implementation of the policies, practices and programs of the Corporation with respect to the Corporation's Standards of Business Ethics and Conduct Program.

[p.7] Board Structure

Board Committees. The Board has established the following committees to assist the Board in discharging its responsibilities:

- Audit
- Compensation
- Finance and Benefit Plans
- Nominating and Corporate Governance

The current charters of these committees are published on the General Dynamics website, and will be mailed to shareholders on written request. The committee chairs report the highlights of their meetings to the full Board following each meeting of the respective committees.

Committee Membership.

All members of the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee will satisfy the Company's independence standards, as well as all applicable regulatory requirements, if any. The individual qualifications of committee members are reviewed annually for compliance with the various regulatory requirements mandated for the members of each particular committee. The Nominating and Corporate Governance Committee recommends the members and the chairs of the committees to the Board.

Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?
Score
1
Comments
<p>There is some evidence that the company has an ethics officer responsible for managing reviewing, investigating and addressing issues related to the company’s Standards of Business Ethics and Conduct, which includes anti-bribery and corruption. There is evidence that this individual has a direct reporting line to the Audit Committee, which in turn presents its findings to the board.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that this individual holds a senior or managerial level position within the organisation.</p>
Evidence
<p>[15] Proxy Statement 2020 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf</p> <p>[p.24] Committee Responsibilities Following are descriptions of the primary areas of responsibility for each of the four committees</p> <p>Audit Committee</p> <ul style="list-style-type: none"> • Provides oversight for accounting, financial reporting, internal control, auditing and regulatory compliance activities • Selects and oversees the independent auditor • Approves audit and non-audit services provided by the independent auditor, including a review of the scope of the audit • Reviews our consolidated financial statements with management and the independent auditor • Evaluates the performance, responsibilities, budget and staffing of internal audit • Evaluates the scope of the internal audit plan • Monitors management’s implementation of the policies, practices and programs of the company with respect to business ethics and conduct <p>[p.31] Communications with the Board</p> <p>[...] Our employees and other interested parties may also communicate concerns or complaints about our accounting, internal control over financial reporting or auditing matters directly to the Audit Committee. Communications may be confidential or anonymous and can be submitted in writing or reported by telephone. Written communications should be submitted to the chair of the Audit Committee in care of our ethics officer at the address in the preceding paragraph or at the address in the Standards of Business Ethics and Conduct Handbook provided to all employees. Our employees can call a toll-free helpline number or access the helpline online, each of which is provided to all employees. The ethics officer will review, investigate and address any concerns or complaints unless the Audit Committee instructs otherwise. The ethics officer will report the status of all concerns and complaints to the Audit Committee. The Audit Committee may also direct that matters be presented to the full Board and may direct special treatment of any concern or complaint addressed to it, including the retention of outside advisors or counsel.</p>

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
0
Comments
Based on publicly available information, there is no evidence that the company has a formal risk assessment procedure in place that informs its anti-bribery and corruption programme. Although there is evidence that the company has a risk management strategy, it is not clear that such a procedure includes anti-corruption considerations or that the results of these assessments are used to inform the design of its anti-bribery and corruption programme.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.17] Managers and Supervisors Managers and supervisors are expected to provide timely advice and guidance to employees on ethics and compliance concerns. The more we talk openly about business conduct and our standards, the clearer we will be about what is expected. Managers and supervisors should:</p> <p>[...]</p> <ul style="list-style-type: none"> • Implement control measures to detect compliance risks <p>[8] Corporate Sustainability Report (Document) Accessed 16/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p. 11] Global Supply Chain Risk Management: 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.</p> <p>[p.13] Board Oversight of Risk Our comprehensive risk management program is conducted by senior management and overseen by the Board of Directors. In particular, the Board oversees management’s identification and prioritization of risks. The full Board reviews and approves annually a corporate policy addressing the delegation of authority and assignment of management responsibility to ensure that the responsibilities and authority delegated to senior management are appropriate from an operational and risk-management perspective.</p> <p>[p.14] The following summarizes the key elements of the Board’s, senior management’s and external advisors’ roles in our risk management program.</p> <ul style="list-style-type: none"> › The Board oversees risk management, focusing on the most significant risks facing the company, including strategic, operational, financial, legal and reputational risks. › Each Board committee is integral to risk management and reports specific risk management matters as necessary to the full Board. › Senior management is responsible for day-to-day risk management and conducts a thorough assessment through internal management processes and controls.

› The chief executive officer and senior management team provide the Board a dedicated and comprehensive briefing of material risks at least twice per year, and the Board is briefed throughout the year as needed on specific risks facing the company. Topics discussed in 2017 include our cyber security risk management program, human capital management and program-specific matters.

› External advisors provide independent advice on specific risks and review and comment on risk management processes and procedures as necessary.

[15] Proxy Statement 2020 (Document)

Accessed 07/04/2020

https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf

[p.26] Risk Oversight

Our comprehensive risk management program is conducted by senior management and overseen by the Board of Directors. In particular, the Board oversees management's identification and prioritization of risks that are material to our business. We believe that our risk management processes are well supported by the current board leadership structure.

ROLES IN RISK MANAGEMENT

BOARD OF DIRECTORS

- The Board oversees risk management, focusing on the most significant risks facing the company, including strategic, operational, financial, legal, cyber and reputational risks.
- The Board assesses the company's strategic and operational risks throughout the year, with particular focus on these risks at an annual multi-day Board meeting in early February.
- Risk management is a standing agenda item at two Board meetings annually. Specific topics vary based on key risks facing the company at the time.
- The Board receives briefings from senior management concerning a variety of topics and related risks should they arise between the dedicated risk-focused Board meetings.
- The Board reviews, adjusts where appropriate, and approves the annual business unit and business segment goals presented by management and adopts our company operating plan for the year. These plans and related risks are monitored throughout the year as part of periodic financial and performance reports given to the Board by the chief financial officer and executive vice presidents of each business segment.
- The Board considers senior management succession planning a core part of the company's risk management program. At least annually, the Board reviews with the chief executive officer succession planning for senior leadership positions and the timing and development required to ensure continuity and diversity of leadership over the short and long term.
- Risk topics discussed in 2019 include: defense budget and acquisition matters; cybersecurity; human capital management, including workforce diversity; environmental, health and safety matters; and specific customer and program developments.

AUDIT COMMITTEE

- Oversees the company's policies and practices concerning overall risk assessment and risk management.
- Reviews and takes appropriate action regarding the company's annual and quarterly financial statements, the internal audit program, the ethics program and internal control over financial reporting.
- Receives regular briefings from members of senior management on accounting matters; the internal audit plan; internal control over financial reporting matters; significant litigation and other legal matters; and ethics program matters.
- Holds separate, regular executive sessions with internal audit and the partners of the KPMG LLP audit team.

[17] Audit Committee Charter (Document)

Accessed 18/02/2020

https://s22.q4cdn.com/891946778/files/doc_downloads/charters/2020/Charter-Audit-Committee-2.2020.pdf

[p.3] 10. Risk Assessment and Management. To the extent appropriate to comply with the requirements of the New York Stock Exchange or applicable legal or regulatory requirements, the Committee will periodically review and act on the Corporation's policies and practices regarding risk assessment and risk management.

Question
2.2. Is the company’s anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
1
Comments
<p>There is evidence that the company’s anti-bribery and corruption programme, as part of its Standards of Ethics and Business Conduct, is subject to annual review by the Audit Committee. The company’s publicly available documents indicate that the Audit Committee has a direct line to report findings to the board.</p> <p>However, the company receives a score of ‘1’ because there is no clear evidence that it conducts internal and/or external audits of its anti-bribery and corruption programme at least every two years, to ensure that the programme is consistent with high standards of best practice and the business risks facing the company.</p>
Evidence
<p>[15] Proxy Statement 2020 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf [p.26] Risk Oversight Our comprehensive risk management program is conducted by senior management and overseen by the Board of Directors. In particular, the Board oversees management’s identification and prioritization of risks that are material to our business. We believe that our risk management processes are well supported by the current board leadership structure.</p> <p>ROLES IN RISK MANAGEMENT</p> <p>BOARD OF DIRECTORS</p> <ul style="list-style-type: none"> • The Board oversees risk management, focusing on the most significant risks facing the company, including strategic, operational, financial, legal, cyber and reputational risks. • The Board assesses the company’s strategic and operational risks throughout the year, with particular focus on these risks at an annual multi-day Board meeting in early February. • Risk management is a standing agenda item at two Board meetings annually. Specific topics vary based on key risks facing the company at the time. • The Board receives briefings from senior management concerning a variety of topics and related risks should they arise between the dedicated risk-focused Board meetings. • The Board reviews, adjusts where appropriate, and approves the annual business unit and business segment goals presented by management and adopts our company operating plan for the year. These plans and related risks are monitored throughout the year as part of periodic financial and performance reports given to the Board by the chief financial officer and executive vice presidents of each business segment. • The Board considers senior management succession planning a core part of the company’s risk management program. At least annually, the Board reviews with the chief executive officer succession planning for senior leadership positions and the timing and development required to ensure continuity and diversity of leadership over the short and long term. • Risk topics discussed in 2019 include: defense budget and acquisition matters; cybersecurity; human capital management, including workforce diversity; environmental, health and safety matters; and specific customer and program developments. <p>AUDIT COMMITTEE</p> <ul style="list-style-type: none"> • Oversees the company’s policies and practices concerning overall risk assessment and risk management. • Reviews and takes appropriate action regarding the company’s annual and quarterly financial statements, the internal audit program, the ethics program and internal control over financial reporting. • Receives regular briefings from members of senior management on accounting matters; the internal audit plan; internal control over financial reporting matters; significant litigation and other legal matters; and ethics program matters.

- Holds separate, regular executive sessions with internal audit and the partners of the KPMG LLP audit team.

[17] Audit Committee Charter (Document)

Accessed 18/02/2020

https://s22.q4cdn.com/891946778/files/doc_downloads/charters/2020/Charter-Audit-Committee-2.2020.pdf

[p.1] 1. Purpose. The Audit Committee (the “Committee”) will assist the Board of Directors (the “Board”) in its oversight of the integrity of the financial statements of the Corporation; the qualifications, performance and independence of the Corporation’s independent auditors; the performance of the Corporation’s internal audit function; and compliance by the Corporation with legal and regulatory requirements. The Committee will also prepare a report as required by the Securities and Exchange Commission (the “Commission”) to be included in the Corporation’s annual proxy statement.

[p.4] 15. Corporation Policies. The Committee will monitor management’s implementation of the policies, practices and programs of the Corporation with respect to the Corporation’s Standards of Business Ethics and Conduct Program.

[...]

17. Limitation of Audit Committee’s Role. The function of the Committee is oversight. It is not the duty of the Committee either to plan or conduct audits or to determine that the Corporation’s financial statements are complete, accurate and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors of the Corporation. Members of the Committee should not be assumed to be accounting experts, and are not deemed to have accepted a duty of care greater than other members of the Board.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>There is evidence that the company publicly commits to investigating incidents promptly and that it has a specific procedure in place to deal with whistleblowing cases, which stipulates documentation and actions to be taken at each step. The company indicates that investigations are handled by an independent team and it provides information on the process from receipt to final outcome. The company states that whistleblowers will receive updates on the outcome of investigations. There is evidence that information on each investigation is documented and that summary information on all reports is held in a central database.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the process includes reporting findings to an independent board member. There is also no evidence that summary information on investigations is reviewed by a central body on at least a quarterly basis.</p>
Evidence
<p>[4] Commitment to Ethics (Webpage) Accessed 15/12/2019 https://www.gd.com/responsibility/commitment-to-ethics We investigate and resolve all matters promptly, discreetly and professionally.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.15] Readily Available Tools and Resources</p> <p>[...]</p> <p>We investigate all reported concerns— promptly and in confidence—and resolve those concerns appropriately. If we find that our standards have been violated, we will take action, including imposing disciplinary action, implementing system-wide changes or notifying the right governmental office or agency.</p> <p>[p.16] Network of Ethics Officers Around the World The role of the ethics officers is strengthened by our approximate 150 part-time local ethics officers (LEOs), located in offices around the world. These LEOs are embedded in the locations with our largest populations. They answer questions, conduct investigations, provide communications and training and further engrain ethics in the everyday activities of our employees. LEOs are highpotential employees who are nominated by senior leadership for the role and are viewed as trusted coworkers. They work side-byside with our employees and they are an accessible resource.</p> <p>The General Dynamics Ethics Working Group, the most senior Ethics Officers across the corporation, meet quarterly to discuss challenges, share best practices and review industry trends. Working closely with leadership and our communications and training teams, this group keeps our commitment to ethics at the forefront by including periodic messaging and mandatory training every two years.</p> <p>[p.19] In addition, each of the Board committees considers risk as it relates to its particular areas of responsibility.</p> <ul style="list-style-type: none"> • Audit Committee. The Audit Committee has responsibility for oversight of the company’s policies and practices concerning overall risk assessment and risk management. The committee reviews and takes appropriate action with respect to the company’s annual and quarterly financial statements, the internal audit program, the ethics program and internal controls over financial reporting. To facilitate these risk oversight responsibilities, the committee receives regular briefings from members of senior management on accounting matters; the internal audit plan; internal control over financial reporting matters; significant litigation and other legal matters; and ethics program matters. The committee also holds regular executive sessions with internal audit and regular executive sessions with the partners of the KPMG LLP audit team.

[p.20] Our employees and other interested parties may also communicate concerns or complaints about our accounting, internal control over financial reporting or auditing matters directly to the Audit Committee. Communications may be confidential or anonymous and can be submitted in writing or reported by telephone. Written communications should be submitted to the chair of the Audit Committee in care of our ethics officer at the address in the preceding paragraph or at the address in the Standards of Business Ethics and Conduct Handbook provided to all employees. Our employees can call a toll-free helpline number or access the helpline online, each of which is provided to all employees. The ethics officer will review, investigate and address any concerns or complaints unless the Audit ...

[p.21] ... Committee instructs otherwise. The ethics officer will report the status of all concerns and complaints to the Audit Committee. The Audit Committee may also direct that matters be presented to the full Board and may direct special treatment of any concern or complaint addressed to it, including the retention of outside advisors or counsel.

[6] Frequently Asked Questions (Webpage)

Accessed 15/12/2019

<https://secure.ethicspoint.com/domain/media/en/gui/29084/faq.pdf>

[p.1] Who operates the Helpline?

The Helpline is operated by EthicsPoint, an independent third-party contractor. EthicsPoint's independence from General Dynamics is designed to give employees an added level of comfort and security that their reports will remain confidential.

[p.2] What happens when I file a report?

Whether made by telephone or by the web, all intake reports are reviewed promptly by a professionally trained EthicsPoint intake specialist. The reports are then sent to the General Dynamics Business Unit Ethics Office that corresponds to the business unit from which the report originated.

[p.3] The appropriate parties within General Dynamics are notified so that they can begin to investigate and resolve your issue or concern. A prompt and thorough investigation will be conducted. Appropriate remedial action will be taken to address violations of law, regulations, the Standards of Business Ethics and Conduct, or our policies. Those responsible for following up on your matter are professionals who are trained to handle the issue with the greatest possible discretion.

All reports are entered into a comprehensive database for record keeping and case management purposes. If you have documents, recordings, photos, or video, you may also send these to EthicsPoint, and they will become part of the report case file. Information about other persons' racial or ethnic origin, political opinions, religious or philosophical beliefs, trade-union membership, and health or other personal characteristics should only be reported where this is absolutely necessary for the purpose of the incident reported.

[...]

If I remain anonymous, how will I receive information on the status of my case?

Should you choose to report anonymously, you will be given a report key and password.

[p.4] Make sure to record these, and keep them in a safe place. Thereafter, you may use your report key and password to re-contact EthicsPoint to check on the status of your matter, provide more information, or answer follow-up questions from those who are investigating the matter.

If I remain anonymous, how can investigators contact me for follow up?

When you are given your report key and password, you will be able to follow up with EthicsPoint either by telephone or through the web. If an investigator wishes to contact you regarding your matter, the investigator can leave you a message or ask you a question. For example, if you have filed an anonymous report about improper expense reporting in your department, but have forgotten to name the department, the investigator may leave you a message asking you for more information to help them conduct their investigation.

[1] Standards of Business Ethics and Conduct - Blue Book (Document)

Accessed 15/12/2019

<https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf>

[p.18] Tools and Resources

[...] All questions, conversations, calls, and reports made in good faith will be taken seriously. We will investigate all reported concerns — promptly and in confidence — and resolve those concerns appropriately. If we find that our standards have been violated, we will take action, including imposing disciplinary action, implementing system-wide changes, or notifying the right governmental office or agency as appropriate. Not only will we deal with a specific situation, but we will also make changes so that similar problems do not recur.

Confidential Conversations

Conversations with your business unit's ethics officer are treated confidentially, consistent with our legal obligations and policies. You will be told if your identity is needed to address your question or concern satisfactorily.

All calls or contacts made to our Helpline are confidential and will not be traced. We will attempt to protect the identity of anyone who makes a good faith report or inquiry consistent with our legal obligations.

[p.19] How the Helpline Works

Although most questions and concerns can be resolved by discussing them with your manager, the Ethics Helpline provides an additional way to get help, should you feel uncomfortable talking to management about an issue. The Helpline is not intended to replace conversations between employees and managers, but rather to provide an additional resource to employees.

You can contact our Ethics Helpline at any time to ask a question, express a concern or report a possible violation of laws, regulations, or policies. When reporting a concern, you may be asked to provide the time, location, names of the people involved, and other details so that we can investigate your concerns. Every report to the Helpline is handled promptly, discreetly, and professionally. You may access the Helpline at www.gd.ethicspoint.com or call toll-free.

All questions and reports received via the Ethics Helpline are reviewed promptly. Matters are forwarded to the most suitable functional area within General Dynamics for investigation and resolution. Appropriate action will be taken to resolve each reported matter.

[p.20] Investigating Suspected Violations of Our Standards

If you believe that someone associated with General Dynamics has violated our standards, you are expected to bring the matter in good faith to the attention of your supervisor or manager, your business unit's ethics officer, Legal Department, or the corporate Ethics Office so that we can conduct a prompt and thorough investigation.

[15] Proxy Statement 2020 (Document)

Accessed 07/04/2020

https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf

[p.31] Our employees and other interested parties may also communicate concerns or complaints about our accounting, internal control over financial reporting or auditing matters directly to the Audit Committee. Communications may be confidential or anonymous and can be submitted in writing or reported by telephone. Written communications should be submitted to the chair of the Audit Committee in care of our ethics officer at the address in the preceding paragraph or at the address in the Standards of Business Ethics and Conduct Handbook provided to all employees. Our employees can call a toll-free helpline number or access the helpline online, each of which is provided to all employees. The ethics officer will review, investigate and address any concerns or complaints unless the Audit Committee instructs otherwise. The ethics officer will report the status of all concerns and complaints to the Audit Committee. The Audit Committee may also direct that matters be presented to the full Board and may direct special treatment of any concern or complaint addressed to it, including the retention of outside advisors or counsel.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>There is some evidence that the company assures itself of the quality of its internal investigations, for example by indicating that its staff responsible for conducting internal investigations are professionally qualified.</p> <p>However, the company receives a score of '1' because there is no evidence that it reviews its investigations procedure at least every three years or in response to any changes in the regulatory environment. It is also not clear how complaints about the investigation process are handled, nor who might be responsible for handling such complaints.</p>
Evidence
<p>[6] Frequently Asked Questions (Webpage) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/faq.pdf [p.2] What happens when I file a report?</p> <p>Whether made by telephone or by the web, all intake reports are reviewed promptly by a professionally trained EthicsPoint intake specialist. The reports are then sent to the General Dynamics Business Unit Ethics Office that corresponds to the business unit from which the report originated.</p> <p>[p.3] The appropriate parties within General Dynamics are notified so that they can begin to investigate and resolve your issue or concern.</p> <p>[...]</p> <p>Those responsible for following up on your matter are professionals who are trained to handle the issue with the greatest possible discretion.</p> <p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.19] Every report to the Helpline is handled promptly, discreetly, and professionally.</p> <p>[...]</p> <p>Matters are forwarded to the most suitable functional area within General Dynamics for investigation and resolution.</p> <p>[p.20] Investigating Suspected Violations of Our Standards If you believe that someone associated with General Dynamics has violated our standards, you are expected to bring the matter in good faith to the attention of your supervisor or manager, your business unit's ethics officer, Legal Department, or the corporate Ethics Office so that we can conduct a prompt and thorough investigation. You can make reports by telephone, through e-mail, by making an appointment, or by contacting our Helpline. Web reports are accepted at www.gd.ethicspoint.com. You may also contact the Audit Committee of the General Dynamics Board of Directors to report concerns about accounting or auditing matters by writing to: Audit Committee, General Dynamics, P.O. Box 2161, Merrifield, Virginia, 22116-2161, U.S.A. In many circumstances, you have a personal responsibility to report activity that appears to violate laws, regulations, policies, or this Blue Book.</p> <p>[4] Commitment to Ethics (Webpage) Accessed 15/12/2019 https://www.gd.com/responsibility/commitment-to-ethics We investigate and resolve all matters promptly, discreetly and professionally.</p>

[8] Corporate Sustainability Report (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx

[p.16] The role of the ethics officers is strengthened by our approximate 150 part-time local ethics officers (LEOs), located in offices around the world. These LEOs are embedded in the locations with our largest populations. They answer questions, conduct investigations, provide communications and training and further engrain ethics in the everyday activities of our employees. LEOs are high potential employees who are nominated by senior leadership for the role and are viewed as trusted coworkers. They work side-by-side with our employees and they are an accessible resource.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
1
Comments
<p>There is evidence that the company commits to report material findings of bribery and corruption to the relevant authorities, if necessary.</p> <p>However, the company receives a score of '1' because there is no evidence that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary. In addition, there is no clear evidence that material findings are reported to the board.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.16] Network of Ethics Officers Around the World The role of the ethics officers is strengthened by our approximate 150 part-time local ethics officers (LEOs), located in offices around the world. These LEOs are embedded in the locations with our largest populations. They answer questions, conduct investigations, provide communications and training and further engrain ethics in the everyday activities of our employees. LEOs are highpotential employees who are nominated by senior leadership for the role and are viewed as trusted coworkers. They work side-byside with our employees and they are an accessible resource.</p> <p>The General Dynamics Ethics Working Group, the most senior Ethics Officers across the corporation, meet quarterly to discuss challenges, share best practices and review industry trends. Working closely with leadership and our communications and training teams, this group keeps our commitment to ethics at the forefront by including periodic messaging and mandatory training every two years.</p> <p>[p.18] Tools and Resources</p> <p>[...]</p> <p>All questions, conversations, calls, and reports made in good faith will be taken seriously. We will investigate all reported concerns — promptly and in confidence — and resolve those concerns appropriately. If we find that our standards have been violated, we will take action, including imposing disciplinary action, implementing system-wide changes, or notifying the right governmental office or agency as appropriate.</p> <p>[p.20] Disciplinary Action Violations of laws, regulations, principles, this Blue Book, or our policies can have severe consequences for you and for General Dynamics. Some violations may be criminal in nature and punishable by fine or imprisonment. Violations can jeopardize our relationships with our customers and suppliers, and could result in loss of the privilege to do business in the countries where we operate. Employees who violate the laws, regulations, this Blue Book, or our policies are subject to disciplinary action, in accordance with applicable laws, which may involve any of a variety of measures as appropriate, up to and including dismissal. All disciplinary action is decided on a case by case basis.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.15] Readily Available Tools and Resources</p> <p>[...]</p> <p>If we find that our standards have been violated, we will take action, including imposing disciplinary action, implementing system-wide changes or notifying the right governmental office or agency.</p>

[6] Frequently Asked Questions (Webpage)

Accessed 15/12/2019


<https://secure.ethicspoint.com/domain/media/en/gui/29084/faq.pdf>

[p.2] What happens when I file a report?

[p.3] Appropriate remedial action will be taken to address violations of law, regulations, the Standards of Business Ethics and Conduct, or our policies.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption incidents, investigations or disciplinary actions involving its employees.
Evidence
No evidence found.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
1
Comments
<p>There is evidence that the company provides an ethical training module for its employees, which outlines the basic principles of its anti-bribery and corruption policy, including the whistleblowing options available. There is some evidence that such training is mandatory for all employees and that it is provided every two years.</p> <p>However, the company receives a score of '1' because there is no clear evidence that this training is provided to employees across all divisions, in all countries or regions of operation and in all appropriate languages. Moreover, it is not clear whether the requirement to complete the training every two years is targeted or whether it applies to all employees across the company.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.4] General Dynamics Business Ethics Model</p>  <p>The diagram illustrates the General Dynamics Business Ethics Model. At the center is a blue circle labeled "Growth and Profitability". This central circle is surrounded by four yellow rounded rectangular sections, each containing specific elements:</p> <ul style="list-style-type: none"> Talents and Assets: <ul style="list-style-type: none"> • People + Resources Values: <ul style="list-style-type: none"> • Truth telling • Promise keeping • Respect • Trust • Integrity • Stewardship Compliance: <ul style="list-style-type: none"> • Blue Book • Policies • Training • Enforcement • Oversight Business Ethics Principles: <ul style="list-style-type: none"> • Use assets wisely • Offer a fair deal • Deliver on promises • Earn a fair return
<p>[p.18] Employees As an employee, you are expected to:</p> <p>[...]</p> <ul style="list-style-type: none"> • Take the training required to do your job <p>[...]</p> <p>Tools and Resources</p> <p>General Dynamics updates and distributes the Blue Book to all employees. Through training and communication, we convey to employees our Standards of Business Ethics and Conduct. We enforce compliance with these standards.</p> <p>We make the following tools and resources available:</p>

- Policies and procedures
- Training and education
- Confidential resources where you can ask questions, get advice, and make reports
- The General Dynamics Business Ethics Helpline, available via telephone or on the web at www.gd.ethicspoint.com
- Ethics and compliance offices in the business units and at corporate headquarters

[4] Commitment to Ethics (Webpage)

Accessed 15/12/2019

<https://www.gd.com/responsibility/commitment-to-ethics>

Our company-wide ethics program, introduced in 1986, provides tools and resources that help our employees do the right thing. With these resources available at all times and mandatory training, we give our employees the support they need to understand and uphold our standards of ethical business conduct.

[8] Corporate Sustainability Report (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx

[p.16] Network of Ethics Officers Around the World

The role of the ethics officers is strengthened by our approximate 150 part-time local ethics officers (LEOs), located in offices around the world. These LEOs are embedded in the locations with our largest populations. They answer questions, conduct investigations, provide communications and training and further engrain ethics in the everyday activities of our employees.

[...]

The General Dynamics Ethics Working Group, the most senior Ethics Officers across the corporation, meet quarterly to discuss challenges, share best practices and review industry trends. Working closely with leadership and our communications and training teams, this group keeps our commitment to ethics at the forefront by including periodic messaging and mandatory training every two years.

[15] Proxy Statement 2020 (Document)

Accessed 07/04/2020

https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf

[p.22] Our Commitment to Strong Corporate Governance

The General Dynamics Board of Directors believes that a commitment to good corporate governance enhances shareholder value. To that end, General Dynamics is committed to employing strong corporate governance practices to promote a culture of ethics and integrity that defines how we do business. At the core, we are in business to earn a fair return for our shareholders.

[...]

Our Culture of Ethics

As part of our commitment to strong corporate governance practices, we maintain an active and robust ethics program. Our ethics program is rooted in our ethos – our distinguishing moral nature. Our ethos is defined by four values: Alignment, Honesty, Transparency and Trust. These values:


- drive how we operate our business
- govern how we interact with each other and our customers, partners and suppliers
- guide the way we treat our workforce
- determine how we connect with our communities

Adherence to our Ethos ensures that we continue to be good stewards for our shareholders, customers, employees, suppliers and communities. We have a Standards of Business Ethics and Conduct Handbook that applies to all employees. This handbook, known as the Blue Book, has been updated and improved as we have grown and changed over the years. Our ethics program also includes periodic training on ethics and compliance topics for all employees and a 24-hour ethics helpline, which employees can access via telephone or online to communicate any business-related ethics concerns.

We have adopted ethics codes specifically applicable to our Board of Directors and our financial professionals. The Code of Conduct for Members of the Board of Directors embodies our Board's commitment to manage our business in accordance with the highest standards of ethical conduct. The Code of Ethics for Financial Professionals, which

supplements the Blue Book, applies to our chief executive officer, chief financial officer, controller and persons performing similar financial functions.

Any amendments to or waivers from the Standards of Business Ethics and Conduct, Code of Ethics for Financial Professionals or Code of Conduct for Members of the Board of Directors on behalf of any of our executive officers, financial professionals or directors will be disclosed on our website. The current Standards of Business Ethics and Conduct are available on our website at www.gd.com/Responsibility.

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <ul style="list-style-type: none"> a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>There is some evidence that the company provides tailored ethics training to its directors at the start of their employment. There is evidence to indicate that this ethics training includes anti-bribery and corruption.</p> <p>However, the company receives a score of '1' because there is no evidence that it provides tailored anti-bribery and corruption training to middle management or employees in high risk positions.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.4] General Dynamics Business Ethics Model</p>  <p>The diagram illustrates the General Dynamics Business Ethics Model. At the center is a blue circle labeled "Growth and Profitability". This central circle is surrounded by four yellow curved rectangular sections, each containing a category of business factors:</p> <ul style="list-style-type: none"> Talents and Assets: <ul style="list-style-type: none"> • People + Resources Values: <ul style="list-style-type: none"> • Truth telling • Promise keeping • Respect • Trust • Integrity • Stewardship Compliance: <ul style="list-style-type: none"> • Blue Book • Policies • Training • Enforcement • Oversight Business Ethics Principles: <ul style="list-style-type: none"> • Use assets wisely • Offer a fair deal • Deliver on promises • Earn a fair return
<p>[p.5] The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p> <p>[p.18] Employees As an employee, you are expected to:</p> <p>[...]</p> <ul style="list-style-type: none"> • Take the training required to do your job <p>[...]</p> <p>Tools and Resources</p>

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We make the following tools and resources available:

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[...]

The General Dynamics Ethics Working Group, the most senior Ethics Officers across the corporation, meet quarterly to discuss challenges, share best practices and review industry trends. Working closely with leadership and our communications and training teams, this group keeps our commitment to ethics at the forefront by including periodic messaging and mandatory training every two years.

[15] Proxy Statement 2020 (Document)

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[p.22] Our Commitment to Strong Corporate Governance

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[...]

Our Culture of Ethics

As part of our commitment to strong corporate governance practices, we maintain an active and robust ethics program. Our ethics program is rooted in our ethos – our distinguishing moral nature. Our ethos is defined by four values: Alignment, Honesty, Transparency and Trust. These values:

- drive how we operate our business
- govern how we interact with each other and our customers, partners and suppliers
- guide the way we treat our workforce
- determine how we connect with our communities

Adherence to our Ethos ensures that we continue to be good stewards for our shareholders, customers, employees, suppliers and communities. We have a Standards of Business Ethics and Conduct Handbook that applies to all employees. This handbook, known as the Blue Book, has been updated and improved as we have grown and changed over the years. Our ethics program also includes periodic training on ethics and compliance topics for all employees and a 24-hour ethics helpline, which employees can access via telephone or online to communicate any business-related ethics concerns.

We have adopted ethics codes specifically applicable to our Board of Directors and our financial professionals. The Code of Conduct for Members of the Board of Directors embodies our Board's commitment to manage our business in accordance with the highest standards of ethical conduct. The Code of Ethics for Financial Professionals, which supplements the Blue Book, applies to our chief executive officer, chief financial officer, controller and persons performing similar financial functions.

Any amendments to or waivers from the Standards of Business Ethics and Conduct, Code of Ethics for Financial Professionals or Code of Conduct for Members of the Board of Directors on behalf of any of our executive officers, financial professionals or directors will be disclosed on our website. The current Standards of Business Ethics and Conduct are available on our website at www.gd.com/Responsibility.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
There is no evidence that the company measures or reviews the effectiveness of its anti-bribery and corruption communications or training programme.
Evidence
No evidence found.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no evidence that the company's incentive schemes for employees incorporate ethical or anti-bribery and corruption principles.
Evidence
<p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.6] Our Values at Work</p> <p>[...]</p> <p>We treat all of our employees with dignity and respect and provide them with fair compensation and equal employment opportunity.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
There is no evidence that the company commits to support or protect employees who refuse to act unethically.
Evidence
No evidence found.

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
2
Comments
Based on publicly available information, there is evidence that the company promotes a policy of non-retaliation against both whistleblowers and employees who report ethical incidents of any kind. This policy applies to all employees across the organisation, including those engaged by the group as third parties, suppliers and joint venture partners. There is evidence that the company assures itself of its employees' confidence in this commitment by monitoring the usage statistics.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations</p> <p>[p.17] Managers and Supervisors Managers and supervisors are expected to provide timely advice and guidance to employees on ethics and compliance concerns. The more we talk openly about business conduct and our standards, the clearer we will be about what is expected. Managers and supervisors should:</p> <p>[...]</p> <ul style="list-style-type: none"> • Foster an environment of trust, in which employees can speak up without fear of retaliation <p>[p.20] Prohibition Against Retaliation General Dynamics will not retaliate against any person who brings to our attention in good faith an ethics or compliance issue. Individuals who raise concerns or who help us resolve reported matters are protected against retaliation. Anyone who uses the ethics and compliance program to spread falsehoods, threaten others, or damage another person's reputation will be subject to disciplinary action.</p> <p>Discouraging other employees from making a report or getting the help they need is prohibited and could result in disciplinary action.</p> <p>[4] Commitment to Ethics (Webpage) Accessed 15/12/2019 https://www.gd.com/responsibility/commitment-to-ethics We strictly prohibit retaliation against anyone who raises an ethics or compliance issue in good faith.</p> <p>[6] Frequently Asked Questions (Webpage) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/faq.pdf [p.2] Can I get in trouble for using the Helpline?</p> <p>No. The Helpline is provided for your use and protection. General Dynamics strictly forbids retaliation of any kind against those who have chosen to use the Helpline to make good faith reports about ethics concerns.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx</p>

[p.15] Readily Available Tools and Resources

[...]

We strictly prohibit retaliation against anyone who raises an ethics or compliance issue in good faith. We pride ourselves on over 70 percent of substantiated allegations being named, which indicates employees trust that our program works.

[14] Manager's Toolkit (Document)

Accessed 21/02/2020

<https://secure.ethicspoint.com/domain/media/en/gui/29084/tool.pdf>

[p.12] - As a manager, you should not interfere with or try to dissuade your employees from using the Helpline. It is a tool provided by the company and employees have a right to use it without concerns about retaliation.

[p.15] Avoiding Retaliation

The General Dynamics Blue Book states:

"General Dynamics will not retaliate against any person who brings to our attention in good faith an ethics or compliance issue. Individuals who raise concerns or who help us resolve reported matters are protected against retaliation. Anyone who uses the ethics and compliance program to spread falsehoods, threaten others, or damage another's reputation will be subject to disciplinary action.

Discouraging other employees from making a report or getting the help they need is prohibited and could result in disciplinary action."

Retaliation is the enemy of high-integrity organizations. Fear of retaliation is the single greatest reason that employees fail to come forward when they confront an ethics issue. Because this leads to ethics failures, it is in your interest as an ethics leader to ensure that your employees do not suffer or fear retaliation for raising ethics or compliance issues.

[p.16] Avoiding Retaliation (continued)

What is retaliation and how can it be avoided?

We all understand the basic concept of retaliation: it is the practice of "getting even" with a person who we feel has harmed or wronged us in some way. In a workplace setting, retaliation against a person who has filed an ethics or compliance issue can range from overt acts taken against the individual to far subtler forms. Some actions that may be deemed retaliatory include:

- Firing or disciplining the employee who raised the issue
- Lowering a performance review because the employee reported an issue
- Reassigning or transferring the employee who raised the issue to a less desirable job or less desirable working conditions
- Making it more difficult for the employee who raised the issue to do his/her job effectively
- Punishing the employee by giving him or her the "cold shoulder" or treating him or her as an outcast in the organization.

As a manager, you are prohibited from retaliating against anyone. You are also responsible for the actions of the employees who report to you. This includes preventing them from retaliating against one another, should one of them raise an ethics issue or cooperate with an investigation. If you observe retaliation in your organization, you must act quickly and decisively to end it.

Key Message: Understand, avoid, and prevent retaliation

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>There is evidence that the company provides multiple channels for its employees to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme. The company indicates that these channels are sufficiently varied to allow the employee to raise concerns across the management chain and externally through an independently-operated hotline. These channels allow for confidential and, wherever possible, anonymous reporting. There is evidence that the company's whistleblowing channels are available and accessible to all employees in all jurisdictions where the company operates, including those employed by the group as third parties, suppliers and joint venture partners, and in all relevant languages.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.6] Getting Answers</p> <p>This Blue Book will not give you an answer for every situation. Each of us has faced a time where the right course of action was hard to determine. Perhaps the facts were complex. Maybe many individuals could be affected by our decision. Perhaps a "good" choice was just not obvious, or our personal interests conflicted with the best interests of General Dynamics. Maybe we did not have the information we needed to make an informed choice.</p> <p>You have many resources to help you with questions about ethics and compliance. If you know the answer to an ethics question and are comfortable with your decision, you can act with confidence. If not, you have several places where you may turn for advice and guidance:</p> <ul style="list-style-type: none"> • Your supervisor or manager • Your local ethics office representative • Your business unit's ethics officer • The Human Resources Department • The Environmental, Safety, and Health representative • The Security Department • The Finance or Internal Controls Department • The Legal Department • The General Dynamics corporate Ethics Office • The General Dynamics Ethics Helpline <p>Contact information for the business unit and corporate ethics officers is available on the Ethics Helpline website under Additional Resources at www.gd.ethicspoint.com. On the website, you can also find toll-free Helpline telephone numbers from every country in which General Dynamics has employees.</p> <p>[p.18] Employees As an employee, you are expected to:</p> <p>[...]</p> <ul style="list-style-type: none"> • Share concerns about possible ethical misconduct with your supervisor, ethics officer, another member of management, or the Ethics Helpline <p>[...]</p> <p>Tools and Resources</p>

We make the following tools and resources available:

[...]

- Confidential resources where you can ask questions, get advice, and make reports
- The General Dynamics Business Ethics Helpline, available via telephone or on the web at www.gd.ethicspoint.com
- Ethics and compliance offices in the business units and at corporate headquarters

[...]

Confidential Conversations

Conversations with your business unit’s ethics officer are treated confidentially, consistent with our legal obligations and policies. You will be told if your identity is needed to address your question or concern satisfactorily.

All calls or contacts made to our Helpline are confidential and will not be traced. We will attempt to protect the identity of anyone who makes a good faith report or inquiry consistent with our legal obligations.

[p.19] How the Helpline Works

Although most questions and concerns can be resolved by discussing them with your manager, the Ethics Helpline provides an additional way to get help, should you feel uncomfortable talking to management about an issue. The Helpline is not intended to replace conversations between employees and managers, but rather to provide an additional resource to employees.

You can contact our Ethics Helpline at any time to ask a question, express a concern or report a possible violation of laws, regulations, or policies. When reporting a concern, you may be asked to provide the time, location, names of the people involved, and other details so that we can investigate your concerns. Every report to the Helpline is handled promptly, discreetly, and professionally. You may access the Helpline at www.gd.ethicspoint.com or call toll-free.

Call Toll Free 24 hours a day, 7 days a week

Country	Phone Number
Austria	0800-291870
France	0800-902500
Germany	0800-1016582
India	000-800-100-1071
Italy	800-786907
Mexico	001-8008407907
Republic of Korea	0030-811-0480
Spain	900-991498
Switzerland	0800-562907
United Kingdom	0800-032-8483
United States and Canada	1-800-433-8442

Toll-free numbers are available from every country in which GD has employees. Go to www.gd.ethicspoint.com for a complete phone listing. Collect calls can also be made to 503-619-1815.

[p.20] Investigating Suspected Violations of Our Standards

If you believe that someone associated with General Dynamics has violated our standards, you are expected to bring the matter in good faith to the attention of your supervisor or manager, your business unit’s ethics officer, Legal Department, or the corporate Ethics Office so that we can conduct a prompt and thorough investigation. You can make reports by telephone, through e-mail, by making an appointment, or by contacting our Helpline. Web reports are accepted at www.gd.ethicspoint.com. You may also contact the Audit Committee of the General Dynamics Board of Directors to report concerns about accounting or auditing matters by writing to: Audit Committee, General Dynamics, P.O. Box 2161, Merrifield, Virginia, 22116-2161, U.S.A.

[6] Frequently Asked Questions (Webpage)

Accessed 15/12/2019

<https://secure.ethicspoint.com/domain/media/en/gui/29084/faq.pdf>

[p.1] What is the Helpline?

The General Dynamics Helpline is an ethics and compliance reporting service provided by the company that permits anyone - employees, customers, vendors, suppliers, or members of the general public—to ask questions, report concerns, or follow up on matters on which they have already reported.

Who operates the Helpline?

The Helpline is operated by EthicsPoint, an independent third-party contract. EthicsPoint's independence from General Dynamics is designed to give employees an added level of comfort and security that their reports will remain confidential.

Why do we have a Helpline?

[...]

Like many large companies, General Dynamics provides the Helpline as an optional service for employees to ask questions or report concerns about issues related to our Standards of Business Ethics and Conduct. Although most questions and concerns can be easily and promptly resolved by discussing them with your manager, the Helpline provides an additional way to get help should you feel uncomfortable asking questions or expressing concerns to management. The Helpline is not intended to replace conversations between employees and their managers, but rather to provide an additional resource to employees.

When should I use the Helpline?

You should use the Helpline whenever you have an ethics or compliance issue that you would prefer to take to a third party rather than to your manager or someone else you work with directly. Your decision to use the Helpline is entirely voluntary.

How do I use the Helpline?

The Helpline has two methods of intake. The first is by toll-free telephone number, which is staffed 24 hours a day, seven days a week, every day of the year. When you call, a professionally trained EthicsPoint intake specialist will guide you through a series of questions designed to identify the relevant details of your report or question.

[p.2] General Dynamics has established toll-free numbers in every country in which the company has employees. Multilingual operators are available so that callers can make reports or ask questions in their native tongue.

The second option is to use the web intake portal system. This intake portal is available anywhere that you have access to the Internet. The intake portal asks you for the same types of relevant details about your question or concern as the telephone-based system. Again, you may choose to remain anonymous, and EthicsPoint will make no attempt to track your web address or otherwise identify you.

The web intake system also has a chat function, which allows you to carry on a live chat session, facilitated through EthicsPoint, with General Dynamic's personnel, while still retaining your anonymity.

Like the telephone-based system, the web intake portal system is available 24 hours a day, seven days a week, every day of the year. You may access it from any computer that has an internet connection.

[p. 3] Is the Helpline secure?

Yes, reports are entered directly on the EthicsPoint secure server to prevent any possible breach in security. Only a very select number of General Dynamic's personnel have access to these reports. The goal of the Helpline is to facilitate the free flow of information by providing a safe and secure way for employees to express their questions and concerns.

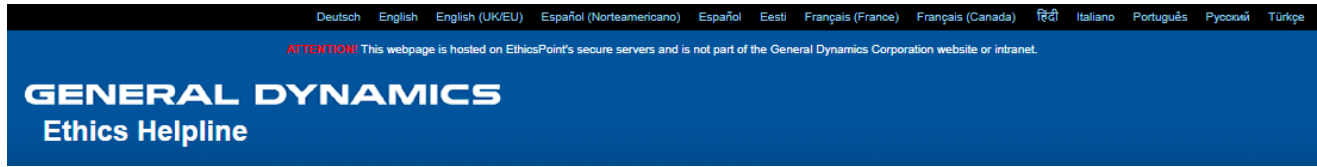
May I remain anonymous?

In all countries except those that prohibit anonymous reporting, you may choose to remain anonymous. Although it may be easier in many cases to resolve your issue by having you identify yourself, you are not required to do so. If you choose to remain anonymous, no effort will be made by either EthicsPoint or General Dynamics to identify you.

[7] Ethics Helpline (Webpage)

Accessed 15/12/19

<https://secure.ethicspoint.com/domain/media/en/gui/29084/index.html>



[...]

For individuals in the European Union and Switzerland, the Helpline only allows you to report concerns related to Financial, Auditing, Accounting, Banking, Bribery or Corruption allegations. If your concern pertains to other types of non-compliance issues, you are encouraged to report them to local management.

Welcome to the General Dynamics Ethics Helpline

General Dynamics has high ethical standards for conducting our business. If you believe someone has violated our standards, we want you to tell us so that we can investigate and, if necessary, correct any problems. If you have a question or concern about potential misconduct, there are many resources available to help you. You can talk to your supervisor, Human Resources, your Ethics Officer, or another member of management. We also encourage you to use this Helpline as a resource to ask questions, seek guidance, or report any suspected misconduct.

ASK A QUESTION	REPORT A CONCERN	FOLLOW UP
Click here to ask for information or guidance about any topic related to our Standards of Business Ethics and Conduct	Click here to report suspected ethical misconduct, or a violation of company policy, law, or regulation	Click here if you want to use your Report Key and Password to follow up on a question or report

[15] Proxy Statement 2019 (Document)

Accessed 21/02/2020

https://s22.q4cdn.com/891946778/files/doc_financials/2019/GD-2019-Proxy_711019_020_Web_BMK.pdf

[p. 14] Our ethics program also includes periodic training on ethics and compliance topics for all employees and a 24-hour ethics helpline, which employees can access via telephone or online to communicate any business-related ethics concerns.

[p.20] Our employees can call a toll-free helpline number or access the helpline online, each of which is provided to all employees.

[4] Commitment to Ethics (Webpage)

Accessed 15/12/2019

<https://www.gd.com/responsibility/commitment-to-ethics>

Finally, we reinforce our ethics program with resources and tools like our Ethics Helpline, available at all times in numerous languages.

[14] Manager's Toolkit (Document)

Accessed 21/02/2020

<https://secure.ethicspoint.com/domain/media/en/gui/29084/tool.pdf>

[p.11] Resources to help with Questions or Concerns

[...] There are numerous resources available to assist employees and managers with ethics or compliance questions or concerns about potential misconduct. Make sure your employees know these resources are available to help them at any time.

- Direct Supervisor or another member of management
- Business Unit Ethics Officer or local ethics office representative
- Human Resources
- Environmental, Safety and Health
- Security

- Finance or Internal Controls
- Legal
- The General Dynamics Ethics Helpline is also available as a resource to ask questions, seek guidance, or report suspected misconduct.

Key Message: Know the resources available to you and your employees – and use them

[p.12] The General Dynamics Ethics Helpline

General Dynamics has teamed up with EthicsPoint, a third-party provider of helpline services, to administer the General Dynamics Ethics Helpline. As an ethics leader, you need to understand how the Helpline works.

- Employees, customers, vendors, or anyone else may contact the General Dynamics Helpline, either by telephone or via the internet. It is available 24 hours a day, 7 days a week.
- The Helpline accepts reports in more than 30 different languages, allowing all employees to make reports in their own languages.
- EthicsPoint is an independent third-party company, not a part of General Dynamics.
- The Helpline permits employees to file confidential reports or to remain anonymous (where permitted by local law)
- As a manager, you should not interfere with or try to dissuade your employees from using the Helpline. It is a tool provided by the company and employees have a right to use it without concerns about retaliation.
- You are not entitled to be informed about the nature of calls to the Helpline made by your employees. All contacts are confidential.

Key Message: The Helpline is a tool to help employees – and you

[p.13] What Managers Need to Know About Confidentiality and Anonymity

It is important for managers to know the difference between confidentiality and anonymity with respect to ethics and compliance matters reported to the General Dynamics Helpline. This tool is administered by our third-party Helpline provider, EthicsPoint.

Although General Dynamics encourages employees to seek help and advice from their managers as a first resource, employees also have the option of using the Helpline. The Helpline allows employees the option of submitting a question or a concern by telephone or via the web. As a manager, you need to be familiar with how the Helpline works. It is also very important for you to realize that an employee’s decision to use the Helpline instead of coming to you is not a negative reflection on your abilities as a manager. It is simply an alternative communication channel available to employees.

Contacts made via the Helpline are treated as confidential. This means that the identity of the reporting party will be protected to the greatest extent possible, consistent with our legal obligations and policies. The only people who will learn the identity of the reporter will be those who have a need-to-know in order for a thorough investigation to be conducted.

[...]

The Helpline is set up in this way so that employees feel free to come forward without revealing their identities to anyone other than the Helpline staff or the Ethics Department.

[p.14] What Managers Need to Know About Confidentiality and Anonymity (continued)

In some countries, anonymous Helpline reports are discouraged or prohibited by local law, but where it is permitted, the Helpline also allows people to make anonymous reports. This means that no one, not even a person who takes a call through the Helpline, knows the identity of the person making the report. No efforts are made to trace the call or email account from which the report is made. This option is available to any person who chooses to use it. When an anonymous report is made to the Helpline, the matter is assigned a “Report Key” (a series of numbers) and a password. Thereafter, the caller can use his or her Report Key and password to supply further information about the

matter or to check on its status. If necessary, the General Dynamics Ethics office can communicate with the anonymous reporter by leaving messages on the secure website administered by EthicsPoint. The reporter may access messages from the company by logging in to his or her report using the Report Key and password, but without revealing his or her identity. The goal of the anonymous reporting feature is to ensure employees the highest possible level of personal security and freedom from worry should they choose to make reports about sensitive issues.

Certain countries, notably those in the European Union, have laws and regulations that affect the administration of the company's Ethics Helpline. In those countries, rules are in effect to protect confidentiality and data privacy in ways that may be slightly different from the description above. When an employee who works in one of those countries, or has a report to make about an issue in one of those countries, contacts the Helpline, he or she will receive information about how his or her Helpline report is to be handled.

Key Message: The Ethics Helpline allows issues to be raised confidentially or anonymously. Understand the difference, so you can explain it to employees.

[16] Additional Ways to Report (Document)

Accessed 21/02/2020

<https://secure.ethicspoint.com/domain/media/en/gui/29084/additional.pdf>

Ethics Contact Information

Business Unit	Contact Information
GD Bath Iron Works	Office: 207-442-2646 Email: ethics@generaldynamics.com
GD Mission Systems	Office: 480-441-2156 Fax: 480-441-2490 Email: ethics.helpline@gd-ms.com
GD Corporate Headquarters	Office: 703-876-3305 Email: ethics@generaldynamics.com
GD Electric Boat	Office: 860-433-0873 Fax: 860-433-0737 Email: ethics@generaldynamics.com
GD European Land Systems	Phone: +34 91 585 04 70 Fax: +34 91 585 04 99 Email: ethics@qdels.com
Gulfstream Aerospace Corporation	Office: 912-965-4905 Fax: 912-965-4764 Email: ethics@gulfstream.com
GD Land Systems	Office: 586-825-4647 Email: ethics@gdls.com
GD National Steel and Shipbuilding Company	Office: 619-544-7541 Fax: 619-544-8599 Email: ethics@generaldynamics.com
GD Information Technology	Office: 781-400-7805 Email: ethics@gdit.com
GD Ordnance and Tactical Systems	Office: 727-578-8104 Email: STP-Ethics@gd-ots.com
GD Jet Aviation	Office: +41 58 158 7002 Email: ethics@generaldynamics.com

[8] Corporate Sustainability Report (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx

[p.15] Readily Available Tools and Resources

[...]

All employees have access to confidential resources where they can ask questions, get advice and raise a concern. Management and leadership teams and the ethics, human resources and legal departments are all equipped to assist and provide guidance as needed.

Also, the General Dynamics Business Ethics Helpline, accessible by telephone or on the web, is available to employees in numerous languages twenty-four hours a day. A question or concern can be raised using the Helpline resources, anonymously or named. All questions, conversations, calls and reports made in good faith are taken seriously.

[...]

Information about our commitment to ethics is very prominent. Each facility is equipped with eye-catching Awareness Centers that reinforce our commitment, outline tools available to employees and list the Ethics Helpline website and toll-free number.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>There is evidence that the company has a policy that formally addresses conflicts of interest as a potential corruption risk and defines such conflicts, including those actual, potential and perceived. The company indicates that this policy applies to all employees and board members, including those of subsidiaries and other controlled entities. The policy makes reference to financial interest, employee relationships and other employment situations.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that its policy covers possible conflicts arising from government relationships. Although the company has a procedure in place for hiring government officials in certain countries, this relates to legal restrictions rather than conflict interest risks.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] A Practical Reference The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p> <p>[p.7] Conflicts of Interest A conflict of interest occurs when your private interests interfere — or appear to interfere — with the interests of General Dynamics. You should base business decisions on our company’s needs, rather than your own interests, the interests of family or friends, or your desire for personal gain. You should not do business with organizations in which you, or your family, have a substantial financial interest. Each of us should deal with suppliers, customers, and others in ways that avoid even the appearance of a conflict between our personal interests and those of General Dynamics. Talk to your business unit’s ethics officer and disclose any situation that presents or might present a conflict of interest.</p> <p>[p.8] The following situations can easily give rise to conflicts of interest:</p> <p>Personal Business Relationships</p> <p>You should disclose to your business unit’s ethics officer any substantial interest that you or an immediate family member might have in our suppliers, customers, or competitors. Ownership of stock in a publicly traded company that is a competitor could create real or potential conflicts of interest for you and our company. Be careful that your personal business relationships do not influence the decisions you make on behalf of General Dynamics.</p> <p>Organizational Relationships</p> <p>If you or an immediate family member serve as a director, officer, or consultant for any company that does business with us, you must disclose these obligations to your business unit’s ethics officer even if this service is unpaid.</p> <p>Outside Employment</p> <p>Before you accept outside employment, consider if this second job could create a conflict of interest with your work here or negatively impact your ability to do your job. Taking a second job can be tricky because you may not always</p>

see clearly where your loyalties should lie. Do not accept outside employment with our competitors, suppliers, or customers.

[p.12] Hiring Former Government Employees

In some of the countries where we do business, the law restricts the hiring of certain government employees who were involved in awarding or administering government contracts to General Dynamics. Get advice from the Legal Department before recruiting, interviewing, hiring, or assigning work to former government employees.

Mandatory Disclosure

We comply with all applicable regulations that require us to disclose to a government customer suspected instances of misconduct involving fraud, conflict of interest, bribery, or illegal gratuities, certain errors in billing and pricing, or customer overpayments. The consequences of failing to disclose these types of violations may be grave. If you suspect any of these violations, seek advice promptly from your ethics officer or the Legal Department regarding mandatory disclosure requirements.

[2] Code of Ethics for Financial Professionals (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_for_financial_professionals_2018.ashx?la=en&hash=A64A0EAFB244362F69FF74495407F690BEC6C72B

[p.1]

Consistent with these principles, I wish to highlight for you some specific obligations for the financial leadership of the Corporation and its Business Units which are mandated by our Ethos. These obligations apply in particular to me as Chief Executive Officer, as well as to the Chief Financial Officer, the Controller and any person performing similar duties for the Corporation and its subsidiaries. In the interest of transparency and clarity, these specific obligations mandated by our Ethos are set forth below. These obligations include:

- Avoiding conflicts of interest;

[3] Code of Conduct for Members of the Board of Directors (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_-_board_final_-_current_-_oct_2019.ashx?la=en&hash=22450B821C5AE657D6CFF6CF00BE093906D48401

[p.1] 1. Conflicts of Interest

To avoid actual or perceived conflicts of interest, we will fully disclose all material facts with respect to any private interest we may have in a transaction or other matter being considered by the Board. We will also recuse ourselves from participation in any decision of the Board in which there is a conflict between our private interests and the interests of the Company.

[12] Corporate Governance Guidelines (Document)

Accessed 18/02/2020

https://s22.q4cdn.com/891946778/files/doc_downloads/gov_docs/2019/corporate-governance-guidelines-5-2019.pdf

[p.8] Ethics and Conflicts of Interest

[p.9] Conflicts of Interest. If an actual or potential conflict of interest arises for a director, the director will promptly inform the CEO, the chair of the Nominating and Corporate Governance Committee, or the Corporate Secretary. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board will resolve any conflict of interest question involving the CEO, and the CEO will resolve any conflict of interest issue involving any other officer of the Company.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>There is evidence that the company has some procedures in place to identify, declare and manage conflicts of interest, including actual and perceived conflicts. The company indicates that employees and directors must disclose conflicts of interest to ethics officers within their relevant business unit. The company also provides some criteria for recusals and states that disciplinary measures will apply if employees fail to disclose conflicts of interest.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that employee and board member declarations are held in a dedicated central register that is accessible to those responsible for oversight of the process. In addition, there is no evidence that a specific body or individual is responsible for oversight and has accountability for the handling of conflict of interest cases.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf</p> <p>[p.5] A Practical Reference The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p> <p>[p.7] Conflicts of Interest A conflict of interest occurs when your private interests interfere — or appear to interfere — with the interests of General Dynamics. You should base business decisions on our company’s needs, rather than your own interests, the interests of family or friends, or your desire for personal gain. You should not do business with organizations in which you, or your family, have a substantial financial interest. Each of us should deal with suppliers, customers, and others in ways that avoid even the appearance of a conflict between our personal interests and those of General Dynamics. Talk to your business unit’s ethics officer and disclose any situation that presents or might present a conflict of interest.</p> <p>[p.8] The following situations can easily give rise to conflicts of interest:</p> <p>Personal Business Relationships</p> <p>You should disclose to your business unit’s ethics officer any substantial interest that you or an immediate family member might have in our suppliers, customers, or competitors. Ownership of stock in a publicly traded company that is a competitor could create real or potential conflicts of interest for you and our company. Be careful that your personal business relationships do not influence the decisions you make on behalf of General Dynamics.</p> <p>Organizational Relationships</p> <p>If you or an immediate family member serve as a director, officer, or consultant for any company that does business with us, you must disclose these obligations to your business unit’s ethics officer even if this service is unpaid.</p> <p>Outside Employment</p> <p>Before you accept outside employment, consider if this second job could create a conflict of interest with your work here or negatively impact your ability to do your job. Taking a second job can be tricky because you may not always</p>

see clearly where your loyalties should lie. Do not accept outside employment with our competitors, suppliers, or customers.

[p.12] Mandatory Disclosure

We comply with all applicable regulations that require us to disclose to a government customer suspected instances of misconduct involving fraud, conflict of interest, bribery, or illegal gratuities, certain errors in billing and pricing, or customer overpayments. The consequences of failing to disclose these types of violations may be grave. If you suspect any of these violations, seek advice promptly from your ethics officer or the Legal Department regarding mandatory disclosure requirements.

[3] Code of Conduct for Members of the Board of Directors (Document)

Accessed 15/12/2019

https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_-_board_final_-_current_-_oct_2019.ashx?la=en&hash=22450B821C5AE657D6CFF6CF00BE093906D48401

[p.1] 1. Conflicts of Interest

To avoid actual or perceived conflicts of interest, we will fully disclose all material facts with respect to any private interest we may have in a transaction or other matter being considered by the Board. We will also recuse ourselves from participation in any decision of the Board in which there is a conflict between our private interests and the interests of the Company.

[12] Corporate Governance Guidelines (Document)

Accessed 18/02/2020

https://s22.q4cdn.com/891946778/files/doc_downloads/gov_docs/2019/corporate-governance-guidelines-5-2019.pdf

[p.8] Ethics and Conflicts of Interest

Conflicts of Interest. If an actual or potential conflict of interest arises for a director, the director will promptly inform the CEO, the chair of the Nominating and Corporate Governance Committee, or the Corporate Secretary. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board will resolve any conflict of interest question involving the CEO, and the CEO will resolve any conflict of interest issue involving any other officer of the Company.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
1
Comments
<p>There is some evidence that the company has a policy that addresses the risks associated with the employment of public officials. The company’s policy notes that in some countries this practice may be prohibited, and indicates that employees must seek legal advice before recruiting, interviewing or hiring former government officials.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the policy provides any further controls to assess and regulate the employment of current or former public officials, such as stipulating a cooling-off period.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.12] Hiring Former Government Employees In some of the countries where we do business, the law restricts the hiring of certain government employees who were involved in awarding or administering government contracts to General Dynamics. Get advice from the Legal Department before recruiting, interviewing, hiring, or assigning work to former government employees.</p>

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company reports details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on corporate political contributions. The company’s policy indicates that it may make corporate political contributions when approved by the Senior Vice President, Planning and Development and when such donations are in the company’s business interests. There is also evidence that the company is associated with a Political Action Committee (PAC) in the United States, which is overseen by a committee of senior management employees.</p> <p>Since the company does not prohibit political donations and is associated with a PAC, it receives a score of ‘0’ in line with the scoring criteria.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p> <p>[p.9] Lobbying and Political Contributions Do not contribute any company funds or other assets directly or indirectly to any political party or to the campaign for or against any candidate for political office, if prohibited by law. Seek legal advice before contributing anything to a charity that is affiliated with a politician. We encourage you to participate individually in political affairs with your own time and resources.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.14] Political Contributions Disclosure General Dynamics participates in the U.S. political process when it is in the best interests of its shareholders, businesses and employees to do so. Participation in this process ensures that the company’s interests as a leading member of the defense and aerospace industries, as well as a large employer, are appropriately represented. The company has a comprehensive oversight process to ensure that political contributions are made in a legal, ethical and transparent manner that best represents the interests of our shareholders. Corporate political contributions are made pursuant to the company’s Delegation of Authority, as established by the Board of Directors, which requires that all corporate political contributions be approved by the Senior Vice President, Planning and Development who oversees the company’s government relations. The company’s Board of Directors receives annual briefings on corporate-wide political spending.</p> <p>[...]</p> <p>Employee Political Contributions General Dynamics offers certain eligible employees (as determined by federal election laws) in the United States an opportunity to make political contributions through a company-sponsored Political Action Committee (PAC), called the General Dynamics Corporation Political Action Committee (GDC PAC). The General Dynamics employee PAC</p>

is organized and operated on a strictly voluntary, nonpartisan basis and is registered with the Federal Election Commission. The PAC's political contributions are reported monthly to the Federal Election Commission.

A committee of senior management employees administers the company's employee PAC. In conjunction with this committee's oversight, the PAC contributions are subject to a robust internal review process to ensure they represent the best interests of the company, its employees and its shareholders. Additionally, internal financial controls exist to ensure company compliance with federally mandated contribution limits.

[9] Additional Information & Disclosure (Webpage)

Accessed 16/12/2019

<https://investorrelations.gd.com/corporate-governance/additional-information-and-disclosure/default.aspx>

Political Contributions

General Dynamics participates in the U.S. political process when it is in the best interests of its shareholders, businesses and employees to do so. Participation in this process ensures that the company's interests as a leading member of the defense and aerospace industries, as well as a large employer, are well represented.

Process and Oversight

The company has a comprehensive oversight process to ensure that political contributions are made in a legal, ethical and transparent manner that best represents the interests of our shareholders.

Corporate political contributions are made pursuant to the company's Delegation of Authority, as established by the Board of Directors, which requires that all corporate political contributions be approved by the Senior Vice President, Planning and Development who oversees the company's government relations. The company's Board of Directors receives annual briefings on prior-year corporate-wide political spending.

As part of an effort to ensure compliance with all applicable laws relating to political activities and effective corporate governance, we have a written policy governing lobbying practices. This policy covers compliance with laws and regulations regarding the lobbying of government officials, the duty to track and report lobbying costs and expenses as nondeductible for tax purposes and unallowable for purposes of U.S. Government contracts. It requires that all lobbying contacts with covered government officials be coordinated with and approved by the Senior Vice President, Planning and Development.

[...] Employee Political Contributions Summary

General Dynamics offers certain eligible employees (as determined by federal election laws) an opportunity to make political contributions through a company-sponsored Political Action Committee (PAC), called the General Dynamics Corporation Political Action Committee (GDC PAC). The General Dynamics employee PAC is organized and operated on a strictly voluntary, nonpartisan basis and is registered with the Federal Election Commission.

The PAC's political contributions are reported monthly to the Federal Election Commission. Detailed information about the PAC's donations can be accessed on the U.S. Federal Election Commission website.

PAC Process and Oversight

A committee of senior management employees administers the company's employee PAC. In conjunction with this committee's oversight, the PAC contributions are subject to a robust internal review process. PAC expenditures are reviewed to ensure they represent the best interests of the company, its employees and its shareholders. Additionally, internal financial controls exist to ensure company compliance with federally mandated contribution limits.

[22] General Dynamics FAQ (Webpage)

Accessed 07/04/2020

<https://www.gd.com/about-gd/faqs>

Q. Does General Dynamics make political campaign contributions? Is GD supporting a particular presidential candidate?

A. General Dynamics offers eligible employees the opportunity to make voluntary political contributions through a company-sponsored Political Action Committee (PAC). Our PAC is operated on a nonpartisan basis and ensures the company's interests as a large employer and leading member of the defense and aerospace industry are well represented. Employee participation is strictly voluntary and all contributions are reported to the Federal Election Commission (FEC), which makes detailed information about PAC donations on its website. As a matter of policy our PAC does not make contributions to presidential campaigns.

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
2
Comments
<p>There is evidence that the company publishes details of its political contributions. The company publishes a total figure of all contributions made to state and local candidates for the most recently reported financial year, though it is noted that this figure is not broken down by recipient, amount and country of recipient per donation. In addition, the company provides a direct link to the United States Federal Election Commission website, where information about the donations made through its PAC may be accessed.</p>
Evidence
<p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.13] Balanced Board with Unique Perspectives</p> <p>The General Dynamics Corporate Governance Guidelines provide a framework for effective governance of the Board and the company. The Board believes that its commitment is demonstrated by key corporate governance practices, including:</p> <p>[...]</p> <ul style="list-style-type: none"> disclosure of corporate political contributions and trade association dues <p>[9] Additional Information & Disclosure (Webpage) Accessed 16/12/2019 https://investorrelations.gd.com/corporate-governance/additional-information-and-disclosure/default.aspx Political Contributions Summary</p> <p>[...]</p> <p>State & Local Contributions. The company makes contributions to state and local candidates, where permissible and in accordance with all laws and regulations. In 2018, our total State & Local contributions were \$1,665.</p> <p>In April 2014, the company instituted a policy to no longer make contributions to 501(c)(4) and Section 527 organizations.</p> <p>Tax-exempt organizations that Write and Endorse Model Legislation. General Dynamics has not been a member of or made payments to any organisation that writes and endorses model legislation, such as the American Legislative Exchange Council. If this policy changes, we will disclose this development.</p> <p>Employee Political Contributions Summary General Dynamics offers certain eligible employees (as determined by federal election laws) an opportunity to make political contributions through a company-sponsored Political Action Committee (PAC), called the General Dynamics Corporation Political Action Committee (GDC PAC). The General Dynamics employee PAC is organized and operated on a strictly voluntary, nonpartisan basis and is registered with the Federal Election Commission.</p> <p>The PAC's political contributions are reported monthly to the Federal Election Commission. Detailed information about the PAC's donations can be accessed on the U.S. Federal Election Commission website.</p>

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
0
Comments
There is no publicly available evidence that the company has a policy on charitable donations or sponsorships. The company addresses donations to charities that are affiliated with a politician as part of its political contributions policy, but there is no evidence that it has a specific policy on charitable donations to address the potential bribery and corruption risks.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf</p> <p>[p.5] The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p> <p>[p.9] Lobbying and Political Contributions Do not contribute any company funds or other assets directly or indirectly to any political party or to the campaign for or against any candidate for political office, if prohibited by law. Seek legal advice before contributing anything to a charity that is affiliated with a politician. We encourage you to participate individually in political affairs with your own time and resources.</p>

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
<p>There is some evidence that the company has a corporate procedure on lobbying practices. The company indicates that this policy is designed to ensure compliance with all relevant laws and regulations involving government officials, as well as outlining the relevant disclosure requirements.</p> <p>However, the company receives a score of '1' because the policy does not clearly define lobbying, nor does it outline certain standards of conduct for lobbyists. It is also not clear whether this policy applies company-wide to all employees and all third parties engaged in lobbying activities on the company's behalf.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.9] Lobbying and Political Contributions Do not contribute any company funds or other assets directly or indirectly to any political party or to the campaign for or against any candidate for political office, if prohibited by law. Seek legal advice before contributing anything to a charity that is affiliated with a politician. We encourage you to participate individually in political affairs with your own time and resources.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.14] Political Contributions Disclosure</p> <p>[...]</p> <p>As part of an effort to ensure compliance with all applicable laws relating to political activities and effective corporate governance, we have a written policy governing lobbying practices. This policy covers compliance with laws and regulations regarding the lobbying of government officials, the duty to track and report lobbying costs and expenses as nondeductible for tax purposes and unallowable for purposes of U.S. Government contracts. It requires that all lobbying contacts with covered government officials be coordinated with and approved by the Senior Vice President, Planning and Development.</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
1
Comments
<p>There is evidence that the company publishes its annual lobbying expenditure, in the form of a total amount.</p> <p>The company receives a score of '1' because this expenditure information is not broken down by corporate entity, geography, and there is no explanation of how the data has been calculated. In addition, there is no clear indication that the expenditure figure represents the United States only or all jurisdictions in which the company has conducted lobbying activities.</p>
Evidence
<p>[9] Additional Information & Disclosure (Webpage) Accessed 16/12/2019 https://investorrelations.gd.com/corporate-governance/additional-information-and-disclosure/default.aspx Political Contributions Summary</p> <p>[...]</p> <p>In 2018, our total lobbying expenditures were \$11.9 million; in 2017, \$11.5 million; and in 2016, \$10.7 million. State lobbying expenditures and grassroots lobbying represent a very small portion of our annual spend.</p>

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>There is evidence that the company has a policy on the giving and receipt of gifts and hospitality. The company indicates that employees should not offer a gift that may appear to be improper, and states that only gifts that are modest in value should be accepted. Where substantial gifts are accepted, the company indicates that they must be reported to the relevant business unit's ethics officer.</p> <p>However, the company receives a score of '1' because its policy does not provide further details of controls to reduce the risks arising from gifts and hospitality, such as financial or proportional limits or different approval procedures for different types of promotional expenses. In addition, the policy does not address the risks associated with gifts and hospitality given to or received from domestic or foreign public officials. There is no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.8] Gifts and Hospitality: Commercial Customers</p> <p>Gifts We compete solely on the merits of our products and services. When people exchange gifts in a business context, it can look as if favors were granted in order to influence business judgment. We may provide gifts, meals, refreshments, and entertainment of reasonable value in the course of doing business with commercial customers or non-government personnel, provided that this practice does not conflict with our standards or the standards of the recipient's organization. You should not give or offer any gift if, under the circumstances, such a gift might appear to be improper.</p> <p>Receipt of Gifts Generally, you should not accept gifts, meals or entertainment from those with whom we do business unless this activity serves a legitimate business purpose and is appropriate for the relationship. You may accept small gifts that are of modest value only.</p> <p>When conducting business in some countries, it may be customary to accept gifts of substantial value. These gifts are company property and must be reported to your business unit's ethics officer for disposition. For example, they can be purchased from the company at fair market value, or donated to an appropriate charity on behalf of General Dynamics.</p> <p>Regarding the giving or receiving of gifts, you have the following responsibilities:</p> <ul style="list-style-type: none"> • Do not offer or provide gifts when prohibited by the recipient's rules, standards, or policies • Avoid giving or receiving gifts above modest value when dealing with commercial customers • Ensure that meals and entertainment have valid business purposes • Before offering or retaining any gift of greater than nominal value, consult your business unit's ethics office.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
0
Comments
There is no publicly available evidence that the company requires the involvement of its procurement department in the establishment and oversight of its supplier base. It is not clear which entity or department is primarily responsible for supply chain management at the company.
Evidence
<p>[18] Suppliers (Webpage) Accessed 07/04/2020 https://www.gd.com/suppliers We're looking for suppliers that will help us meet time, quality, cost and technical performance requirements — with an unflinching focus on our customers' needs and a shared commitment to the values that set General Dynamics apart.</p> <p>Supply Chain Excellence 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 share information throughout GD.</p> <p>We continue to enhance our efforts through our Supply Chain Management Council (SCMC), 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.</p> <p>[19] Supply Chain Excellence (Webpage) Accessed 07/04/2020 https://www.gd.com/responsibility/supply-chain-excellence They help us fulfill our commitment to being good corporate citizens and employing sustainable business practices. We work with them to ensure socially responsible performance and good environmental stewardship as part of our corporate responsibility efforts.</p> <p>General Dynamics takes a proactive, long-term approach to our global supply chain to meet customers' needs for quality, timely products. We have developed best-in-class supply chain relationships and core processes, working across all businesses to maintain world-class performance and continued value.</p> <p>For example, our online supplier registration portal helps our businesses better identify potential suppliers and share information across the company.</p> <p>SUPPLY CHAIN MANAGEMENT COUNCIL We strive to further enhance our efforts through our Supply Chain Management Council, which includes experts from across our businesses. Members meet regularly to share ideas and best practices, leverage resources and create shared technologies and processes. The Council's work ensures we capture the value created by our supply chain departments throughout the company.</p> <p>[20] Supplier FAQs (Webpage) Accessed 07/04/2020 https://www.gd.com/suppliers/supplier-faqs#2</p>

1. HOW DOES A SUPPLIER DO BUSINESS WITH GENERAL DYNAMICS?

General Dynamics strives to develop strong alliances with small and large businesses that help us supply reliable, high-quality products and services to our customers.

To get started, please enroll on the General Dynamics Enterprise Supplier Management Portal.

We also recommend you review each of the business unit websites to learn more about their products and services and find the best fit for your solutions.

2. HOW CAN WE GET ON GENERAL DYNAMICS' APPROVED SUPPLIER LIST?

To get started as a supplier, please enroll on the General Dynamics Enterprise Supplier Management Portal. Approval criteria vary by business unit and qualification requirements are typically identified with specific solicitations from the business unit.

[21] Where to Start (Webpage)

Accessed 07/04/2020

<https://www.gd.com/suppliers/where-start>

To get started, please enroll on the General Dynamics Enterprise Supplier Management Portal.

As part of your registration on the portal, please include literature on your products and services and any business certifications (i.e., small, women-owned, disadvantaged, etc.) from an agency such as the U.S. Small Business Administration or a local purchasing council. This information will help our buying personnel and end users understand your business offerings.

Your supplier registration will be accessible to employees across General Dynamics. When someone is interested in your products, you will be contacted by buyers directly or you may receive a Request for Information (RFI) or Request for Quotation (RFQ). Your information will remain in our database even if we do not have immediate needs for your products and services.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
0
Comments
<p>There is some evidence that the company has a procedure to screen and conduct checks on suppliers prior to entering into a business relationship, but it is not clear what these checks include, how frequently they are conducted or whether they amount to full due diligence.</p>
Evidence
<p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx</p> <p>[p.6] Our Values at Work These values govern how we interact with each other and our customers, partners and suppliers. Transparency, trust, alignment and honesty require that we be forthright about our mistakes and that we strive to correct them. We seek partners and suppliers whom adhere to these values in their businesses and we hold them to that standard.</p> <p>[p.10] Suppliers, Consultants, Part-time and Temporary Workers We select our suppliers based on objective criteria such as price, quality, and prior performance.</p> <p>[p.11] Global Supply Chain Risk Management: 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.</p> <p>[p.15] Readily Available Tools and Resources We reinforce our commitment to ethics in a number of ways. Our Standards of Business Ethics and Conduct, 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. All new employees are required to acknowledge receipt, understanding and compliance with the Blue Book. In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p> <p>[20] Supplier FAQs (Webpage) Accessed 07/04/2020 https://www.gd.com/suppliers/supplier-faqs#2</p> <p>5. WHAT DOES GENERAL DYNAMICS LOOK FOR IN A SUPPLIER? General Dynamics considers many factors when determining team composition or making purchasing decisions. These decisions vary depending on priorities and requirements, including:</p> <ul style="list-style-type: none"> • Core capabilities, product or services offering resource availability and ability to recruit qualified candidates • Geographic location or customer proximity • Organizational conflicts of interest (OCI) • Past performance and reputation • Personnel experience • Dependability, responsiveness and teamwork • Market niche • Core capabilities <p>Additionally, we expect suppliers to demonstrate the following:</p> <ul style="list-style-type: none"> • Financial viability • High ethical standards • Competitive pricing • Appropriate industry quality procedures and processes

- Cost reduction program
- Cycle time reduction program
- Ability to offer a technological or service advantage over competitors
- Innovations in the delivery of goods or services.

[23] General Dynamics Enterprise Supplier Registration Portal (Webpage)

Accessed 08/04/2020

<https://suppliers.gendyn.com/Default.aspx>

Welcome to the General Dynamics Supplier Registration Portal. General Dynamics' on-line supplier registration process is designed to help General Dynamics companies better identify potential suppliers when opportunities arise. Registration does not constitute approval as a supplier, companies will be evaluated on an opportunity driven basis for teaming and procurement. Registration is an important element in our search for innovative, efficient, and timely supplier, subcontractor and teaming resources. Your registration enables General Dynamics personnel to view your capabilities.

[...]



Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is some evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies in place. The company indicates that it expects suppliers to demonstrate high ethical standards as part of its pre-selection requirements, and states in its Standards of Business Ethics and Conduct that it expects suppliers to develop ethics programmes in line with its own values.</p> <p>However, the company receives a score of ‘1’ because it is not clear whether the company takes active steps to ensure this in practice.</p>
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] A Practical Reference The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p> <p>[p.10] Suppliers, Consultants, Part-time and Temporary Workers We select our suppliers based on objective criteria such as price, quality, and prior performance.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.11] Readily Available Tools and Resources We reinforce our commitment to ethics in a number of ways. Our Standards of Business Ethics and Conduct, 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. All new employees are required to acknowledge receipt, understanding and compliance with the Blue Book. In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p> <p>[20] Supplier FAQs (Webpage) Accessed 07/04/2020 https://www.gd.com/suppliers/supplier-faqs#2 5. WHAT DOES GENERAL DYNAMICS LOOK FOR IN A SUPPLIER? General Dynamics considers many factors when determining team composition or making purchasing decisions. These decisions vary depending on priorities and requirements, including:</p> <ul style="list-style-type: none"> • Core capabilities, product or services offering resource availability and ability to recruit qualified candidates • Geographic location or customer proximity • Organizational conflicts of interest (OCI) • Past performance and reputation <p>[...]</p> <p>Additionally, we expect suppliers to demonstrate the following:</p> <p>[...]</p> <ul style="list-style-type: none"> • High ethical standards

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
There is no evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required throughout the supply chain.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p> <p>[08] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.11] Readily Available Tools and Resources</p> <p>[...]</p> <p>In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption incidents, investigations or disciplinary actions relating to its suppliers.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
0
Comments
There is no publicly available evidence that the company has a policy covering the use of agents.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] A Practical Reference The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p>

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
0
Comments
There is no evidence that the company conducts anti-bribery and corruption due diligence on its agents or intermediaries.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] A Practical Reference The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p> <p>[p.10] Suppliers, Consultants, Part-time and Temporary Workers We select our suppliers based on objective criteria such as price, quality, and prior performance</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.11] Readily Available Tools and Resources</p> <p>[...]</p> <p>In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p>

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no evidence that the company aims to establish the beneficial ownership of its agents and intermediaries.
Evidence
No evidence found.

Question
7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
There is no evidence to suggest that the company includes anti-bribery and corruption clauses in its contracts with agents and intermediaries.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book (Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] A Practical Reference The Blue Book applies to all officers, executives, and full-time, part-time, and temporary employees of General Dynamics. We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Only the Board or an authorized Board Committee may grant an amendment or waiver of this Blue Book for executive officers of the Corporation. Any amendments or waivers will be publicly disclosed if required by law or stock exchange regulations.</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no evidence that the company recognises incentive structures as a risk factor in agent behaviour, nor is there evidence that the company's incentive structures for agents are designed to minimise risks of anti-bribery and corruption.
Evidence
No evidence found.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for or on behalf of the company.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption related investigations, incidents or the associated disciplinary actions involving its agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
0
Comments
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p> <p>[08] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.11] Readily Available Tools and Resources</p> <p>[...]</p> <p>In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p>

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
0
Comments
There is no clear evidence that the company commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures, or that it requires anti-bribery and corruption clauses in its contracts with such entities. The company indicates that it expects joint venture partners to develop ethics programmes consistent with its values, but does not provide further details on how it assures this in practice.
Evidence
<p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.11] Readily Available Tools and Resources</p> <p>[...]</p> <p>In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p> <p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p>

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
There is no publicly available evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.
Evidence
<p>[1] Standards of Business Ethics and Conduct - Blue Book(Document) Accessed 15/12/2019 https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf [p.5] We expect our suppliers, vendors, contractors, and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects.</p> <p>[8] Corporate Sustainability Report (Document) Accessed 15/12/2019 https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx [p.11] Readily Available Tools and Resources</p> <p>[...]</p> <p>In addition, we expect our suppliers, vendors, contractors and joint-venture partners to develop ethics and compliance programs consistent with our values.</p>

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
There is no evidence that the company addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring the company's offset activities.
Evidence
<p>[11] Annual Report 2018 (Document) Accessed 20/02/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/GD-2018-Annual-Report_708854_002_Web_CLEAN.PDF [p.152] In addition, some non-U.S. government customers require contractors to enter into letters of credit, performance or surety bonds, bank guarantees and other similar financial arrangements. We may also be required to agree to specific in-country purchases, manufacturing agreements or financial support arrangements, known as offsets, that require us to satisfy investment or other requirements or face penalties. Offset requirements may extend over several years and could require us ...</p> <p>[p.16] ... to team with local companies to fulfill these requirements. If we do not satisfy these financial or offset requirements, our future revenue and earnings may be materially adversely affected.</p> <p>[13] Annual Report 2019 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-(with-10-K).pdf [p.15] In addition, some non-U.S. government customers require contractors to enter into letters of credit, performance or surety bonds, bank guarantees and other similar financial arrangements. We may also be required to agree to specific in-country purchases, manufacturing agreements or financial support arrangements, known as offsets, that require us to satisfy investment or other requirements or face penalties. Offset requirements may extend over several years and could require us to team with local companies to fulfill these requirements. If we do not satisfy these financial or offset requirements, our future revenue and earnings may be materially adversely affected.</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
There is no evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
Evidence
<p>[11] Annual Report (Document) Accessed 20/02/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/GD-2018-Annual-Report_708854_002_Web_CLEAN.PDF [p.15] In addition, some non-U.S. government customers require contractors to enter into letters of credit, performance or surety bonds, bank guarantees and other similar financial arrangements. We may also be required to agree to specific in-country purchases, manufacturing agreements or financial support arrangements, known as offsets, that require us to satisfy investment or other requirements or face penalties. Offset requirements may extend over several years and could require us ...</p> <p>[p.16] ... to team with local companies to fulfill these requirements. If we do not satisfy these financial or offset requirements, our future revenue and earnings may be materially adversely affected.</p> <p>[13] Annual Report 2019 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-(with-10-K).pdf [p.15] In addition, some non-U.S. government customers require contractors to enter into letters of credit, performance or surety bonds, bank guarantees and other similar financial arrangements. We may also be required to agree to specific in-country purchases, manufacturing agreements or financial support arrangements, known as offsets, that require us to satisfy investment or other requirements or face penalties. Offset requirements may extend over several years and could require us to team with local companies to fulfill these requirements. If we do not satisfy these financial or offset requirements, our future revenue and earnings may be materially adversely affected.</p>

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of its offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
There is no evidence that the company publishes any details of its offset obligations or contracts.
Evidence
No evidence found.

9. High Risk Markets


Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
<p>There is no clear evidence that the company acknowledges the corruption risks of operating in different markets, nor is there evidence that it has a risk assessment procedure in place to identify such risks. The company acknowledges the financial and legal risks from operating internationally, but there is no evidence that this recognition goes beyond compliance with regulations or that it specifically includes corruption risks.</p>
Evidence
<p>[11] Annual Report 2018 (Document) Accessed 21/02/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/GD-2018-Annual-Report_708854_002_Web_CLEAN.PDF [p.15] Sales and operations outside the United States are subject to different risks that may be associated with doing business in foreign countries.</p> <p>In some countries there is increased chance for economic, legal or political changes, and procurement procedures may be less robust or mature, which may complicate the contracting process. Our non-U.S. operations may be sensitive to and impacted by changes in a foreign government’s national policies and priorities, political leadership, and budgets, which may be influenced by changes in threat environments, geopolitical uncertainties, volatility in economic conditions and other economic and political factors. Changes and developments in any of these matters or factors may occur suddenly and could impact funding for programs or delay purchasing decisions or customer payments. Non-U.S. transactions can involve increased financial and legal risks arising from foreign exchange-rate variability and differing legal systems. Our non-U.S. operations are subject to U.S. and foreign laws and regulations, including laws and regulations relating to importexport controls, technology transfers, the Foreign Corrupt Practices Act and other anti-corruption laws, and the International Traffic in Arms Regulations (ITAR). An unfavorable event or trend in any one or more of these factors or a failure to comply with U.S. or foreign laws could result in administrative, civil or criminal liabilities, including suspension or debarment from government contracts or suspension of our export privileges, and could materially adversely affect revenue and earnings associated with our non-U.S. operations.</p> <p>[13] Annual Report 2019 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-(with-10-K).pdf Sales and operations outside the United States are subject to different risks that may be associated with doing business in foreign countries. In some countries there is increased chance for economic, legal or political changes, and procurement procedures may be less robust or mature, which may complicate the contracting process. Our non-U.S. operations may be sensitive to and impacted by changes in a foreign government’s national policies and priorities, political leadership and budgets, which may be influenced by changes in threat environments, geopolitical uncertainties, volatility in economic conditions and other economic and political factors. Changes and developments in any of these matters or factors may occur suddenly and could impact funding for programs or delay purchasing decisions or customer payments. Non-U.S. transactions can involve increased financial and legal risks arising from foreign exchange rate variability and differing legal systems. Our non-U.S. operations are subject to U.S. and foreign laws and regulations, including laws and regulations relating to importexport controls, technology transfers, the Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws, and the International Traffic in Arms Regulations (ITAR). An unfavorable event or trend in any one or more of these factors or a failure to comply with U.S. or foreign laws could result in administrative, civil or criminal liabilities, including suspension or debarment from government contracts or suspension of our export privileges, and could materially adversely affect revenue and earnings associated with our non-U.S. operations. In addition, some non-U.S. government customers require contractors to enter into letters of credit, performance or surety bonds, bank guarantees and other similar financial arrangements. We may also be required to agree to specific in-country purchases, manufacturing agreements or</p>

financial support arrangements, known as offsets, that require us to satisfy investment or other requirements or face penalties. Offset requirements may extend over several years and could require us to team with local companies to fulfill these requirements. If we do not satisfy these financial or offset requirements, our future revenue and earnings may be materially adversely affected.

Question																																																																																																			
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																																																																			
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<p>There is evidence that the company publishes details of its fully consolidated subsidiaries. For each entity, the company discloses its percentage voting power – which is understood to also reflect the percentage ownership – and the country or place of incorporation.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the company publishes the country of operation for each entity. It is also not clear whether this list includes all of the company’s holdings, since it does not appear to include non-fully consolidated entities such as joint ventures or associates.</p>																																																																																																			
Evidence																																																																																																			
<p>[24] General Dynamics Form 10-K Q4 2020 Accessed 07/02/2020 http://d18rn0p25nwr6d.cloudfront.net/CIK-0000040533/120090f6-d0c1-4775-b445-51668c9db3de.pdf [p.126]</p> <p style="text-align: right;">Exhibit 21</p> <p style="text-align: center;">GENERAL DYNAMICS CORPORATION SUBSIDIARIES AS OF JANUARY 31, 2020</p> <table border="1"> <thead> <tr> <th>Subsidiaries of General Dynamics Corporation (Parent and Registrant)</th> <th>Place of Incorporation</th> <th>Percent of Voting Power</th> </tr> </thead> <tbody> <tr><td>42SIX, LLC</td><td>Maryland</td><td>100</td></tr> <tr><td>Aeromil (Australia) Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>Aeromil Aircraft Engineering Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>Aeromil Aviation Services Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>Aeromil IT Services Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>Aeromil Marine Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>Aeromil Pacific Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>American Overseas Marine Company, LLC</td><td>Delaware</td><td>100</td></tr> <tr><td>Applied Physical Sciences Corp.</td><td>Connecticut</td><td>100</td></tr> <tr><td>ARMA Global Corporation</td><td>Florida</td><td>100</td></tr> <tr><td>Australian Avionics Pty Ltd</td><td>Australia</td><td>100</td></tr> <tr><td>Autonomic Resources LLC</td><td>North Carolina</td><td>100</td></tr> <tr><td>Avion Logistics Limited</td><td>Hong Kong</td><td>100</td></tr> <tr><td>Avjet Corporation</td><td>California</td><td>100</td></tr> <tr><td>Bath Iron Works Australia Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Bath Iron Works Canada, LLC</td><td>Delaware</td><td>100</td></tr> <tr><td>Bath Iron Works Corporation</td><td>Maine</td><td>100</td></tr> <tr><td>Blueprint Technologies, Inc.</td><td>Virginia</td><td>100</td></tr> <tr><td>Braintree I Maritime Corp.</td><td>Delaware</td><td>100</td></tr> <tr><td>Braintree II Maritime Corp.</td><td>Delaware</td><td>100</td></tr> <tr><td>Braintree III Maritime Corp.</td><td>Delaware</td><td>100</td></tr> <tr><td>Braintree IV Maritime Corp.</td><td>Delaware</td><td>100</td></tr> <tr><td>Braintree V Maritime Corp.</td><td>Delaware</td><td>100</td></tr> <tr><td>Buccaneer Computer Systems & Service, Inc.</td><td>Virginia</td><td>100</td></tr> <tr><td>Centauri Solutions LLC</td><td>Delaware</td><td>100</td></tr> <tr><td>Concord I Maritime Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Concord II Maritime Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Concord III Maritime Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Concord IV Maritime Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Concord V Maritime Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Convair Aircraft Corporation</td><td>Delaware</td><td>100</td></tr> <tr><td>Convair Corporation</td><td>Delaware</td><td>100</td></tr> </tbody> </table>	Subsidiaries of General Dynamics Corporation (Parent and Registrant)	Place of Incorporation	Percent of Voting Power	42SIX, LLC	Maryland	100	Aeromil (Australia) Pty Ltd	Australia	100	Aeromil Aircraft Engineering Pty Ltd	Australia	100	Aeromil Aviation Services Pty Ltd	Australia	100	Aeromil IT Services Pty Ltd	Australia	100	Aeromil Marine Pty Ltd	Australia	100	Aeromil Pacific Pty Ltd	Australia	100	American Overseas Marine Company, LLC	Delaware	100	Applied Physical Sciences Corp.	Connecticut	100	ARMA Global Corporation	Florida	100	Australian Avionics Pty Ltd	Australia	100	Autonomic Resources LLC	North Carolina	100	Avion Logistics Limited	Hong Kong	100	Avjet Corporation	California	100	Bath Iron Works Australia Corporation	Delaware	100	Bath Iron Works Canada, LLC	Delaware	100	Bath Iron Works Corporation	Maine	100	Blueprint Technologies, Inc.	Virginia	100	Braintree I Maritime Corp.	Delaware	100	Braintree II Maritime Corp.	Delaware	100	Braintree III Maritime Corp.	Delaware	100	Braintree IV Maritime Corp.	Delaware	100	Braintree V Maritime Corp.	Delaware	100	Buccaneer Computer Systems & Service, Inc.	Virginia	100	Centauri Solutions LLC	Delaware	100	Concord I Maritime Corporation	Delaware	100	Concord II Maritime Corporation	Delaware	100	Concord III Maritime Corporation	Delaware	100	Concord IV Maritime Corporation	Delaware	100	Concord V Maritime Corporation	Delaware	100	Convair Aircraft Corporation	Delaware	100	Convair Corporation	Delaware	100
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[List continues in alphabetical order from pp.126-131]

Patriot II Shipping Corp.	Delaware	100
Patriot IV Shipping Corp.	Delaware	100
Pazo's Fuel Services, Inc.	Puerto Rico	100
Plane 79, LLC	Delaware	100
Praxis Engineering Technologies, LLC	Delaware	100
Prodelin India Private Limited	India	100
Proyectos Prohumane Mexico, S.A. de C.V.	Mexico	100
Quincy Maritime Corporation III	Delaware	100
Raven Acquisitions, LLC	Delaware	100
Santa Barbara Sistemas S.A.	Spain	100
Savannah Air Center, LLC	Georgia	100
SENTECH, INC.	Maryland	100
Signal Solutions, LLC	Virginia	100
Southern Illinois Recovery, Inc.	Delaware	100
SRA International, Inc.	Virginia	100
St. Marks Powder, Inc.	Delaware	100
Stabilo Pty Ltd	Australia	100
Sydney Jet Charter Pty Ltd	Australia	100
Tecnologias Internacionales de Manufactura S.A. de C.V.	Mexico	100
Tenacity Solutions Incorporated	Virginia	100
The Depth of Ideas for General Trading, LLC	Iraq	100
Vangent Servicios de Mexico, S.A. de C.V.	Mexico	100
Vertex Antennentechnik GmbH	Germany	100
Vulnerability Research Labs, LLC	Delaware	100
Weco, LLC	Delaware	100

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
There is evidence that the company is publicly listed on the New York Stock Exchange and is therefore not required to further disclose information on its beneficial ownership. Based on the scoring criteria, the company receives a score of '2'.
Evidence
<p>[10] Financial Times Markets Data (Webpage) Accessed 20/02/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=GD:NYQ</p>  <p>[13] Annual Report 2019 (Document) Accessed 07/04/2020 https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-(with-10-K).pdf [p.19] Our common stock is listed on the New York Stock Exchange under the trading symbol "GD."</p> <p>On January 26, 2020, there were approximately 10,000 holders of record of our common stock.</p>

Question

9.4 Does the company publish a percentage breakdown of its defence sales by customer?

Score

1

Comments

The company publishes information on its sales by customer to indicate that the U.S. Government accounted for 66% of its sales in the most recently reported financial year. There is evidence that this information is published annually, as part of the company’s Annual Report.

However, the company receives a score of ‘1’ because it does not clearly provide figures to distinguish between defence and commercial sales and does not indicate its main defence customers for 80% of its sales. Although the company identifies the U.S. Department of Defense as its primary customer, it is not clear whether the remaining U.S. government sales are defence or commercial. In addition, the company provides information on its revenue by geographic region, but this appears to include total sales across divisions.

Evidence

[13] Annual Report 2019 (Document)
 Accessed 07/04/2020
[https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-\(with-10-K\).pdf](https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-(with-10-K).pdf)
 [p.10] CUSTOMERS
 In 2019, 66% of our consolidated revenue was from the U.S. government, 16% was from U.S. commercial customers, 9% was from non-U.S. commercial customers and the remaining 9% was from non-U.S. government customers.

U.S. GOVERNMENT
 Our primary customer is the U.S. Department of Defense (DoD). We also contract with other U.S. government customers, including the intelligence community and the Departments of Homeland Security and Health and Human Services. Our revenue from the U.S. government was as follows:

Year Ended December 31	2019	2018	2017
DoD	\$19,864	\$17,674	\$15,441
Non-DoD	5,254	5,306	2,904
Foreign Military Sales (FMS)*	689	626	676
Total U.S. government	\$25,807	\$23,606	\$19,021
% of total revenue	66%	65%	61%

* In addition to our direct non-U.S. sales, we sell to non-U.S. governments through the FMS program. Under the FMS program, we contract with and are paid by the U.S. government, and the U.S. government assumes the risk of collection from the non-U.S. government customer.

[p.69] The following table presents our revenue by geographic area based on the location of our customers:

Year Ended December 31	2019	2018	2017
North America:			
United States	\$31,982	\$28,578	\$23,519
Other	852	755	915
Total North America	32,834	29,333	24,434
Europe	2,808	2,772	2,558
Asia/Pacific	1,670	2,252	2,011
Africa/Middle East	1,739	1,565	1,655
South America	299	271	315
Total revenue	\$39,350	\$36,193	\$30,973

[11] Annual Report 2018 (Document)

Accessed 24/03/2020

https://s22.q4cdn.com/891946778/files/doc_financials/2019/GD-2018-Annual-Report_708854_002_Web_CLEAN.PDF

[p.14] CUSTOMERS

In 2018, 65% of our consolidated revenue was from the U.S. government, 14% was from U.S. commercial customers, 10% was from non-U.S. commercial customers and the remaining 11% was from non-U.S. government customers.

U.S. GOVERNMENT

Our primary customer is the U.S. Department of Defense (DoD). We also contract with other U.S. government customers, including the intelligence community, the Departments of Homeland Security and Health and Human Services, and first-responder agencies. Our revenue from the U.S. government was as follows:

Year Ended December 31	2018	2017	2016
DoD	\$ 17,752	\$ 15,441	\$ 15,080
Non-DoD	5,228	2,904	2,883
Foreign Military Sales (FMS)*	626	676	713
Total U.S. government	\$ 23,606	\$ 19,021	\$ 18,676
% of total revenue	65%	61%	61%

* In addition to our direct non-U.S. sales, we sell to non-U.S. governments through the FMS program. Under the FMS program, we contract with and are paid by the U.S. government, and the U.S. government assumes the risk of collection from the non-U.S. government customer.

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Standards of Business Ethics and Conduct - Blue Book	15/12/2019	https://secure.ethicspoint.com/domain/media/en/gui/29084/code.pdf
02	Document	Code of Ethics for Financial Professionals	15/12/2019	https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_for_financial_professionals_2018.ashx?la=en&hash=A64A0EAFB244362F69FF74495407F690BEC6C72B
03	Document	Code of Conduct for Members of the Board of Directors	15/12/2019	https://www.gd.com/-/media/GD-Corporate/PDF/code_of_ethics_-_board_final_-_current_-_oct_2019.ashx?la=en&hash=22450B821C5AE657D6CF66CF00BE093906D48401
04	Webpage	Commitment to Ethics	15/12/2019	https://www.gd.com/responsibility/commitment-to-ethics
05	Webpage	Our Ethos	15/12/2019	https://www.gd.com/about-gd/our-ethos
06	Webpage	Frequently Asked Question	15/12/2019	https://secure.ethicspoint.com/domain/media/en/gui/29084/faq.pdf
07	Webpage	Ethics Helpline	15/12/2019	https://secure.ethicspoint.com/domain/media/en/gui/29084/index.html
08	Document	Corporate Sustainability Report	16/12/2019	https://www.gd.com/-/media/GD-Corporate/PDF/2018_gd_sustainability_report.ashx
09	Webpage	Additional Information & Disclosure	16/12/2019	https://investorrelations.gd.com/corporate-governance/additional-information-and-disclosure/default.aspx
10	Webpage	Financial Times Markets Data	07/02/2020	https://markets.ft.com/data/equities/tearsheet/summary?s=GD:NYQ
11	Document	Annual Report 2018	20/02/2020	https://s22.q4cdn.com/891946778/files/doc_financials/2019/GD-2018-Annual-Report_708854_002_Web_CLEAN.PDF
12	Document	Corporate Governance Guidelines	18/02/2020	https://s22.q4cdn.com/891946778/files/doc_downloads/gov_docs/2019/corporate-governance-guidelines-5-2019.pdf
13	Document	Annual Report 2019	07/04/2020	https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Annual-Report-(with-10-K).pdf
14	Document	Manager's Toolkit	21/02/2020	https://secure.ethicspoint.com/domain/media/en/gui/29084/tool.pdf
15	Document	Proxy Statement 2020	07/04/2020	https://s22.q4cdn.com/891946778/files/doc_financials/2019/ar/Final-Proxy-Statement.pdf
16	Document	Additional Ways to Report	21/02/2020	https://secure.ethicspoint.com/domain/media/en/gui/29084/additional.pdf
17	Document	Audit Committee Charter	23/03/2020	https://s22.q4cdn.com/891946778/files/doc_downloads/charters/2020/Charter-Audit-Committee-2.2020.pdf
18	Webpage	Suppliers	07/04/2020	https://www.gd.com/suppliers
19	Webpage	Supply Chain Excellence	07/04/2020	https://www.gd.com/responsibility/supply-chain-excellence
20	Webpage	Supplier FAQs	07/04/2020	https://www.gd.com/suppliers/supplier-faqs#2
21	Webpage	Where to Start	07/04/2020	https://www.gd.com/suppliers/where-start
22	Webpage	General Dynamics FAQ	07/04/2020	https://www.gd.com/about-gd/faqs
23	Webpage	General Dynamics Enterprise Supplier Registration Portal	08/04/2020	https://suppliers.gendyn.com/Default.aspx

24	Document	General Dynamics Form 10-K Q4 2020	07/02/2020	http://d18rn0p25nwr6d.cloudfront.net/CIK-0000040533/120090f6-d0c1-4775-b445-51668c9db3de.pdf
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