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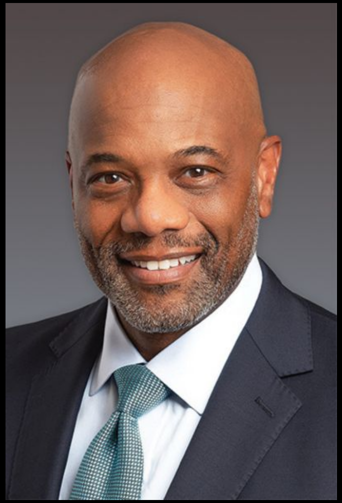

Paul C. Harris

Executive Vice President and Chief Sustainability and Compliance Officer, Huntington Ingalls Industries (HII), the parent company of Newport News Shipbuilding.

Moderator:
David Skandera, Ph.D., Assistant Professor of Strategic Management, Department of Management and Entrepreneurship
(expertise: Business-Society Relations, CSR/ESG, Corporate Sustainability)

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Anchoring Values with Mission and Purpose

Driving Corporate Sustainability Performance at HII

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Overview

- The origins of corporate sustainability and responsibility
- Redefining the corporate purpose
- Values as the anchor of corporate sustainability strategy
- Focus efforts where they matter most
- Standards, frameworks, and regulations
- Governance and oversight
- Q&A

Origins of corporate sustainability and responsibility

- 1960s-70s: Social justice, environmental, and faith-based movements called on companies to act responsibly
  - Civil Rights Movement challenging economic injustice
  - Civil Rights Act (1964)
  - Title IX (1972)
  - Earth Day, Environmental Protection Agency, Clean Air Act (1970)
  - Clean Water Act (1972)
  - Interfaith Center on Corporate Responsibility (1971)
  - Foreign Corrupt Practices Act (1977)

Redefining the corporate purpose

- The Milton Friedman Theory (Shareholder Primacy) – 1970s
  - The market is the best mechanism for allocating resources and creating social good.
  - Executives act as agents of shareholders
  - Social problems should be addressed by governments and individuals, not corporations
- Stakeholder Theory – 1980s onward
  - Purpose of corporation is to create value for all stakeholders, not just shareholders
- ESG and Purpose-Driven Business – 2000s to today

Values as the anchor of corporate sustainability strategy

- HII’s “MVP” sustainability brand
- Political and cultural debates challenge the meaning of ESG
- Shifting public sentiments
- Organizations rooted in values remain steady
  - Build trust among various stakeholders
  - Transparency, authenticity, and integrity are essential
- “Greenwashing” risk – What does “green” or “sustainable” mean?
- Risk of over-promising and under-delivering
  - Goals outpace realistic execution capacity
  - Reputational, legal, and financial consequences

Focus efforts where they matter most

- “Materiality assessment” to understand which issues matter most
  - Business value drivers (financial performance, reputation, risk management)
  - Stakeholder expectations (customers, employees, investors, community, regulators)
- Identify potential issues (greenhouse gas emissions, diversity, ethical business conduct, data privacy, etc.)
- Engage stakeholders (What’s most important to you?)
- Assess and prioritize inputs using a “materiality matrix”
- Integrate results to shape strategy, reporting, and goal-setting

Standards, frameworks, and regulations

- Increased structure and accountability
  - Before: ad hoc and driven by a desire for positive PR
  - Now: Standards provide structured, standardized ways to measure and disclose ESG performance
- Greater transparency and credibility
  - Improved investor confidence
  - Mandatory disclosure rules (e.g. California, EU's CSRD) require verified, auditable data
- Some standards link sustainability to financial risk and opportunity
- Complex reporting obligations, higher costs, and data collection challenges

Governance and oversight

- Board oversight and accountability
  - Strategy and performance
  - Dedicated committee and subject-matter integration into existing committees
  - Regular reporting of goals and progress
- Executive Leadership and clear roles
  - Chief Sustainability Officer reporting directly to the CEO and the Board
- Alignment with external standards, frameworks, and regulations
- Stakeholder engagement (investor calls, employee surveys, regulator meetings)
- Regular benchmarking and continuous improvement

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Q&A

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Save the Date! Friday, December 5, 7:30 a.m. – 9:00 a.m.

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"How to Create a Growth Mindset Culture as a New CEO"

William J. Groves, II
President & Chief Executive Officer, New Horizon Bank

Moderator:
Bob Kelley, Assistant Professor, Department of Management and Entrepreneurship and President and Founder of Pure Culture Consulting
(expertise in Business Strategy, Organization Culture & Leadership Development)

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