



Emissions Management
Framework
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LOCKHEED MARTIN 

Introduction

Our emissions management document is designed to provide an overview of Lockheed Martin's approach to managing greenhouse gas (GHG) emissions, including:

- our framework for quantifying both direct (Scope 1 and 2) and indirect (Scope 3) emissions across the company's operations and value chain as defined by the GHG Protocol; and
- tools and resources for our suppliers and customers to estimate their own Scope 3 emissions calculations.

Our Energy Commitments

Lockheed Martin recognizes the need for effective strategic decarbonization and climate-risk management. We continually seek actions to cut carbon emissions and boost renewable energy use, basing our goals on a thorough analysis of our footprint, technical options and investment needs. These commitments are incorporated within our long-range capital plans. Subject matter experts from sustainability, facilities, capital planning, energy and all business units contribute to this effort.

Our Operational Focus – Scope 1 and 2 Emissions

Our Go Green program is our company-wide commitment to environmental stewardship, including energy and emissions. By integrating energy efficiency in our operations, incorporating renewable energy technologies, and promoting responsible resource management across our facilities and supply chain, we aim to lessen our environmental impact. Our Go Green program helps us drive measurable improvements in GHG reduction and promotes climate-resilient design. Our data methodology leverages Lockheed Martin's guidelines for data governance, management and stewardship. We seek to maximize the value of our data by ensuring data integrity, quality and appropriate data usage. This allows us to make better business decisions and understand our environmental footprint, inclusive of GHG emissions.

Our Go Green emissions reporting is based on the calendar year and performance metrics are compared to a 2020 baseline. Facilities that we include in our Go Green emissions reporting include those within our portfolio that are operational and in which we have operational control. Facilities under initial construction or include only remediation activities are excluded, as well as facilities over which we do not maintain operational control (such as government-operated or full-service leased facilities). We assess our enterprise facility list annually to determine the completeness of our GHG inventory and Go Green metrics. We update baseline and historical data to reflect changes in the organizational structure or improvements to methodology.

We report our GHG inventory in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas – A Corporate Accounting Standard and Corporate Value Chain (Scope 3) Accounting and Reporting Standard (also referred to as GHG Protocol). Our inventory covers the greenhouse gases covered by the Kyoto Protocol: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃.

Addressing Scope 3 Emissions

Lockheed Martin was one of the earliest in the aerospace and defense industry to perform a high-level economic input-output life cycle assessment of cradle-to-gate to better understand environmental impacts throughout our supply chain. This analysis was completed and disclosed for the first time in our 2012 CDP response. In the same year, we began detailed estimations and disclosure of Scope 3 emissions. We periodically refine our Scope 3 emissions methodologies using recognized standards and the latest available data sets, and we continue to disclose those emissions annually through our [CDP Climate Change report](#).

<u>Measuring Our Scope 3 Emissions</u>	
Purchased goods and services	<ul style="list-style-type: none"> Estimates are calculated by categorizing purchase order data by North American Industry Classification System (NAICS) code, then applying the Cornerstone Sustainability Data Initiative emissions factor associated with each NAICS code. Regional emissions factors from Exiobase represent import of foreign goods, which have been compiled by the USEPA.
Capital goods	<ul style="list-style-type: none"> Estimates are calculated by categorizing purchase order data by North American Industry Classification System (NAICS) code, then applying the Cornerstone Sustainability Data Initiative emissions factor associated with each NAICS code. Regional emissions factors from Exiobase represent import of foreign goods, which have been compiled by the USEPA.
Fuel and energy-related activities (not included in Scopes 1 and 2)	<ul style="list-style-type: none"> Transmission and distribution (T&D) losses associated with natural gas are calculated using emissions factors provided by EPA for natural gas use in global operations, with the exception of the U.K. (BEIS/DEFRA). T&D losses for electricity are estimated using country-specific emissions factors provided by the U.S. EPA, Carbonfootprint.com and U.K. (BEIS/DEFRA).
Upstream transmission and distribution of goods	<ul style="list-style-type: none"> Mass, distance, and mode of transport data of goods shipped to Lockheed Martin (Logistics) globally are used to calculate the ton-mile of each goods by mode of transport. Emissions factors are provided by U.S. EPA and U.K. (BEIS/DEFRA) by mode.
Business travel	<ul style="list-style-type: none"> Personal auto reimbursement emissions are calculated by multiplying the total miles reimbursed by the average auto passenger mile factor in the United States provided by the EPA. U.K. emissions are calculated using U.K. (BEIS/DEFRA) emissions factors per mile. Fuel usage represents all fuel use (including rental cars) and is calculated based on the average national price per gallon of gasoline in the United States and U.K. to estimate volume per \$USD. The fuel volume is multiplied by the average automobile fuel efficiency by year and the emissions factor per mile. Emissions factors are provided by U.S. EPA and U.K. (BEIS/DEFRA). Airline passenger miles and hotel night stays are obtained from our corporate travel provider. Distance traveled and number of segments multiplied by the respective emissions factor by geography from U.S. EPA and U.K. (BEIS/DEFRA). Hotel night stays are multiplied by factors provided by U.K. (BEIS/DEFRA) and hotelfootprints.org, which is the source of the U.K. factors based on country average.

Employee commuting	<ul style="list-style-type: none"> • Workforce datasets are compiled in coordination with Lockheed Martin’s HR function to include distance traveled, schedule, and telecommuting status. • Standard commuting distances are now compiled monthly to reflect short-term changes in status’ and to capture sub-annual variations in workforce numbers regionally. • Telecommuting FTE-hrs are compiled based on schedule and telecommuting status, also on a monthly basis to reflect changes. • Regional (EU), national (AU, CA, UK) and state (US) level commuter distributions by mode of travel are compiled and aligned with the appropriate emissions factors from USEPA and U.K. (BEIS/DEFRA). This method allows Lockheed Martin to assign a weighted average emissions factor inclusive of all travel modes and unique to each geographic jurisdiction, while also enabling more detailed ability to track behavioral changes at a sub-national level. • Telecommuting method is based on U.K. (BEIS/DEFRA) guidance and emissions factors. Non-U.K. estimates for telecommuting are augmented to reflect the electricity based difference in carbon intensity geographically vs. the UK average.
Waste generated in operations	<ul style="list-style-type: none"> • Emissions associated with waste generated in operations are calculated using emissions factors from the EPA and U.K. (BEIS/DEFRA). • Recycling and incineration of waste are based upon transport of waste for processing only in accordance with Greenhouse Gas (GHG) Protocol guidance.
Use of sold products	<ul style="list-style-type: none"> • Emissions from use of sold products are estimated by conducting applied life cycle assessment calculations based on emission intensity by product or fuel use of our top revenue-producing programs with tangible product deliveries and are aligned with the Greenhouse Gas Protocol. • Aircraft (fixed-wing and rotary) produce more than 99% of our estimated emissions for this category. • Beginning in 2025, multiple aircraft platforms (e.g., F-35, F-16, and C-130) are covered under a "No Technical Objection" (NTO) for the use of up to a 50% fuel blend using Synthetic Aviation Turbine Fuel (SATF). Because Sustainable Aviation Fuel (SAF) is included in the SATF designation, these aircraft will include SAF integration projections from the International Civil Aviation Organization to estimate the lifetime GHG emissions from project use based on "intended use" and design.

Aerospace and defense companies face industry-specific challenges when addressing both upstream and downstream Scope 3 emissions. The defense industrial base relies on a highly specialized and complex supply chain. In addition, our customers define product specification and fully dictate the ultimate use of our products. Lockheed Martin recognizes that any action to reduce Scope 3 emissions requires both industry collaboration and customer engagement.

Despite the complex and unique challenges faced by our industry, we are taking action to address Scope 3 emissions. We continue to estimate and report Scope 3 emissions across the eight categories relevant to our business in our [Performance Index](#).

Guidance for Scope 3 Emissions Calculations

We recognize that our GHG emissions represent Scope 3 emissions for our suppliers and customers. Lockheed Martin is an active, contributing member of the International Aerospace Environmental Group (IAEG) GHG Management and Reporting work group. Together, this group developed [guidance and tools](#) to help our value chain consistently quantify their emissions footprint. While it is challenging to isolate every individual potential use case, we do believe that intensity based factors can be calculated and shared for use across stakeholders in our value chain. The commonality throughout our value chain is based on \$USD.

The following table represents guidance on how to use our suppliers and customers can use our data to support their own Scope 3 emissions calculations. The intention behind this table and guidance is to provide an option to support emissions calculations by others and is strictly optional.

Example: A customer of Lockheed Martin wants to calculate their upstream emissions for category 1, Purchased Goods & Services (PG&S). The customer would add Lockheed Martin's intensity figures for Scope 1, Scope 2, and Scope 3 PG&S, for the respective year shown in the table, and then multiply that total value by the \$M spend with Lockheed Martin to obtain their Scope 3 PG&S emissions attributable to Lockheed Martin.

Lockheed Martin Scope 3 Intensity (MT CO₂e/\$M)

Scope	LM Category	2021	2022	2023	2024	2025
Scope 1	Scope 1	0.0046	0.0048	0.0045	0.0043	0.0044
Scope 2	Scope 2 - Location	0.0085	0.0081	0.0078	0.0074	0.0066
Scope 3	1 - Purchased Goods & Services	0.0697	0.0542	0.0731	0.0572	0.0536
Scope 3	2 - Capital Goods	0.0075	0.0083	0.0080	0.0073	0.0056
Scope 3	4 - Upstream Transportation & Distribution	0.0003	0.0004	0.0003	0.0001	0.0002
Scope 3	11 - Use of Sold Products	0.3443	0.3521	0.2573	0.2781	0.3307

Supplier & Customer Guidance

CATEGORY 1: Purchased Goods & Services and/or **CATEGORY 2:** Capital Goods

Fidelity: High

Customers of goods and services may use the combined intensity of Scope 1, Scope 2 Location, and Scope 3 PG&S to represent the embedded carbon from Upstream and Operational value chain emissions.

CATEGORY 9: Downstream T&D

Fidelity: Moderate

Suppliers may use the estimation of category 4 upstream T&D emissions for their category 9 downstream T&D emissions based on spend.

CATEGORY 10: Processing of Sold Products

Fidelity: High

Suppliers may use the combined Scope 1 and 2 (Location) emissions to determine the emissions intensity per \$M revenue.

CATEGORY 11: Use of Sold Products

Fidelity: Moderate

Suppliers of intermittent goods may use the intensity estimate based on spend.
(Applicable to aircraft only)

If you have questions about how to use this guide, contact us at sustainability.lm@lmco.com.