

# Independent Assurance Statement

DNV Business Assurance USA, Inc. (DNV) was commissioned by Lockheed Martin Corporation (Lockheed Martin) to conduct independent assurance of its 2020 Sustainability Report ('the Report') and related disclosures, as published on the company's website at <https://sustainability.lockheedmartin.com/> (as of April 7, 2021), for the year ended December 31, 2020 (except for environmental footprint indicators which were verified for the period of 1 November, 2019 – 31 October, 2020).



**Our Opinion:** On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Lockheed Martin's adherence to the Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. In our opinion, the Report provides sufficient information for readers to understand the company's management approach to its most material issues and impacts.

Without affecting our assurance opinion, we also provide the following observations:

## Stakeholder inclusiveness

***The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.***

Lockheed Martin continues to demonstrate a commitment to engaging stakeholders, both formally and informally, across its business. In addition to implementing the annual engagement plan which is overseen by the Director of Enterprise Risk and Sustainability, the company leveraged mechanisms, such as its digital platforms, to enable capacity building, provide support, and strengthen partnerships for suppliers and employees to address emerging issues. These engagement activities were particularly visible in Lockheed Martin's response to COVID-19 and racial justice challenges in the reporting year.

It is evident that the ongoing stakeholder engagement have informed the report content and influenced decision-making within the company. In next year's report, we recommend the company consider disclosing, more explicitly, how stakeholder feedback and concerns on the 2015-2020 SMP performance have informed strategy and ambition related to the 2021-2025 SMP.

## Materiality

***The process for determining the issues that are most relevant to an organization and its stakeholders.***

In our opinion, the Report addresses the most material ESG issues facing the company and its stakeholders. The governance structure at Lockheed Martin allows the company the opportunity to effectively monitor and respond to identified priorities as well as address any issues that increase in impact and significance in the year in a timely manner. The company has a systematic process for integrating non-financial risks and opportunities into decision-making and reporting. This is demonstrated through the disclosures related to management of human rights risks which is an area of growing expectations for stakeholders.

The company conducted a comprehensive core issues assessment in 2019 which informed the 2021-2025 SMP and has provided an overview of the process and the resulting SMP in the Report. In future reports, we recommend that the Lockheed Martin include a discussion to help readers better understand how the enterprise risk assessment and core issues assessment processes complement one another.

## Sustainability context

***The presentation of the organization's performance in the wider context of sustainability.***

Lockheed Martin's reporting has remained current by aligning with global frameworks such as The Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). Furthermore, the information and data presented within the Report adequately reflect the strategy, commitments, and activities carried out by the company in the reporting year. Given Lockheed Martin's sector and operational impacts, we consider the disclosures within the Report to be suitable for its sustainability context.

## Completeness

***How much of all the information that has been identified as material to the organization and its stakeholders is reported.***

The Report is comprehensive and provides insight on how the company is continuing to manage and monitor its most material issues appropriately. Additionally, the sustainability disclosures included on the company's sustainability website provide stakeholders the ability to review information in greater detail. Based on the work performed, we do not believe that Lockheed Martin has failed to report on any of its material issues.

## Reliability and quality

***The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.***

Overall, we have confidence in the processes in place to ensure reasonable accuracy for the information presented in the Report and data management systems. Goals and performance data are presented objectively, with a clear, comprehensive, and balanced representation of 2020 performance.

Our review of the specified data presented in the report resulted in minimal technical errors being identified based on our sampling. These errors have been corrected for the final report.

Based on the processes and procedures conducted with a limited assurance, there is no evidence that the GHG assertions and environmental footprint data are not materially correct, are not a fair representation of GHG and environmental data and that information has not been prepared with the calculation method referenced.

## Scope and approach

We performed our work using DNV’s assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 (“ISAE 3000”), and the Global Reporting Initiative (“GRI”) Sustainability Reporting Guidelines.

We evaluated the Report for adherence to the VeriSustain™ Principles (the “Principles”) of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We used the Global Reporting Initiative (GRI) Quality of Information Principles (Balance, Clarity, Accuracy, Reliability, Timeliness and Comparability) as criteria for evaluating performance information, together with Lockheed Martin’s data protocols for how the data are measured, recorded and reported. The reporting criteria against which the GHG verification was conducted is the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas – Corporate Accounting Standard.

We understand that the reported financial data and information are based on data from Lockheed Martin’s 10-K, which is subject to a separate independent audit process. The review of financial data taken from the company’s Annual Report, Proxy Statement, and 10-K is not within the scope of our work.

The organizational boundaries are all global sites under Lockheed Martin’s operational control except where noted. All environmental footprint data were verified for the period between 1 November 2019 to 31 October 2020. All other data were verified for the fiscal year 1 January 2020 – 31 December 2020.

## Data In Scope

- The 25 reportable performance indicators within Lockheed Martin’s Sustainability Management Plan (SMP), which is in effect 2015 to 2020, that represent its five core issues: Business Integrity, Product Impact, Information Security, Employee Wellbeing, and Resource Efficiency
- Energy use and greenhouse gas (GHG) Scope 1, 2, and 3 (Category 1-7 and 11) emissions, Green Power (RECs and Onsite Renewable Energy), waste generated, and water use assertions
- Sustainability Accounting Standards Board (SASB) Aerospace & Defense Sustainability Accounting Standard, version 2018-10 Disclosure Topics as aligned with the SMP:
  - RT-AE-130a.1. Total energy consumed, Total Renewable (Green) Power
  - RT-AE-230a.2. Description of approach to identifying and addressing data security risks in (1) company operations and (2) products
  - RT-AE-250a.2. Number of counterfeit parts detected
  - RT-AE-410a.2. Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products
  - RT-AE-510a.3. Discussion of processes to manage business ethics risks throughout the value chain
- GRI Indicators
  - 102-40: List of Stakeholder Groups; 102-42: Identifying and Selecting Stakeholders; 102-43: Approach to Stakeholder Engagement; 102-46: Report Content & Boundaries; 102-47: Material Topics
  - 205-2: Communication and training about anti-corruption policies and procedures
  - 302-1: Energy Consumption; 302-4: Reduction of Energy Consumption
  - 305-1: Direct (Scope 1) GHG Emissions; 305-2: Indirect (Scope 2) GHG Emissions; 305-3: Other Indirect (Scope 3) GHG Emissions; 305-5: Reduction of GHG Emissions
  - 306-2b: Total Weight of Non-Hazardous Waste
  - 403-2: Occupational Health and Safety
  - 405-1: Diversity and Equal Opportunity

## Responsibilities of Lockheed Martin Corporation and of the Assurance Providers

Lockheed Martin has sole responsibility for preparation of the Report and selected performance indicators in accordance with the reporting criteria.

In performing our assurance work, our responsibility is to the management of Lockheed Martin. Our statement, however, represents our independent opinion and is intended to inform all Lockheed Martin’s stakeholders. DNV was not involved in the preparation of any statements or data included in the Report, except for this Assurance Statement.

## Level of Assurance

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a “limited level” of assurance. A ‘reasonable level’ of assurance would have required additional work at headquarters and site level to gain further evidence to support the basis of our assurance opinion.

## Independence

DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This is our sixth year of providing assurance for Lockheed Martin. We adopt a balanced approach towards all stakeholders when performing our evaluation.

Data Verified

Greenhouse Gas Emissions

▪ 2020 Scope 1 Emissions	292,755 MtCO <sub>2</sub> e
▪ 2020 Scope 2 Emissions (Location-Based)	626,082 MtCO <sub>2</sub> e
▪ 2020 Scope 2 Emissions (Market-Based)	497,780 MtCO <sub>2</sub> e
▪ 2020 Scope 3 Emissions	
○ Purchased Goods	7,645,417 MtCO <sub>2</sub> e
○ Fuel and Energy Related Activities (not included in Scope 1 and 2)	101,000 MtCO <sub>2</sub> e
○ Capital Goods	2,281,459 MtCO <sub>2</sub> e
○ Waste Generated in Operations	3,400 MtCO <sub>2</sub> e
○ Business Travel	81,000 MtCO <sub>2</sub> e
○ Employee Commuting	46,000 MtCO <sub>2</sub> e
○ Use of Sold Products	22,000,000 MtCO <sub>2</sub> e

Energy

▪ 2020 Total Energy Consumption	9,754,668 MMBtu
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Green Power

▪ 2020 Total Green Power	322,000 MWh
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Waste

• 2020 Waste Generated (excluding construction, demolition, and remediation waste)	57,872,525 lbs
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Water

• 2020 Water Used	1,322,331,027 gallons
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Science Based Target

• SBT Context Based Score	0.64
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Selected Information

In addition to The Report, the scope and boundary of our work included the following pages on the company’s sustainability website, <https://sustainability.lockheedmartin.com/> (as of April 7, 2021):

- Our Approach
- Core Issues
  - Business Integrity
  - Product Impact
  - Employee Wellbeing
  - Resource Efficiency
  - Information Security
- Leadership

Inherent Limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

DNV’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

### Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current corporate responsibility issues that could affect Lockheed Martin and are of interest to stakeholders;
- Review of Lockheed Martin's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by Lockheed Martin on its reporting and management processes relating to the Principles;
- Conducted phone interviews with a selection of the senior directors and managers who are responsible for areas of management and stakeholder relationships covered by the Report. The objective of these discussions was to understand top level commitment and strategy related to corporate responsibility and Lockheed Martin's governance arrangements, stakeholder engagement activity, management priorities, and systems;
- Conducted a remote site assessment of Troy, AL. We were free to choose the site location. During the site assessment, we met with ethics, human resources, and environmental, health and safety representatives. The review work on site focused on ethics, diversity and inclusion, energy consumption, GHG emissions, waste generated, water consumption, and health and safety management;
- Assessed documentation and evidence that supported and substantiated claims made in the Report and related disclosures on the sustainability website;
- Reviewed the specified data collated at the corporate level, including that gathered by other parties, and statements made in the Report. We interviewed managers responsible for internal data validation, reviewed their work processes, and undertook sample-based audits of the processes for generating, gathering, and managing the quantitative and qualitative sustainability data;
- Examined data and information to support the reported energy use, GHG, waste generated and water use assertions;
- Evaluated whether the evidence and data are sufficient to support our opinion and Lockheed Martin's assertions.
- Provided feedback on a draft of the report based on our assurance scope.

In addition, the following methods were applied during the verification of Lockheed Martin's environmental footprint inventories and management processes:

- Review of documentation, data records and sources relating to the corporate environmental data claims and GHG emission assertions;
- Review of the processes and tools used to collect, aggregate and report on all environmental data and metrics;
- Assessment of environmental information systems and controls, including:
  - Selection and management of all relevant environmental data and information;
  - Processes for collecting, processing, consolidating, and reporting the relevant environmental data and information;
  - Design and maintenance of the environmental information system;
  - Systems and processes that support the environmental information system.
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative environmental data;
- Examination of all relevant environmental data and information to develop evidence for the assessment of the environmental claims and assertions made;
- Confirmation of whether the organization conforms to the verification criteria

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For and on behalf of DNV Business Assurance USA, Inc.  
Oakland, CA  
April 7, 2021

### DNV Business Assurance

DNV Business Assurance is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

<https://www.dnv.us/assurance/>



**Natasha D'Silva**  
Sr. Consultant and Lead Assuror



**Shaun Walden**  
Technical Reviewer



**Tom Gosselin**  
Principal Consultant