

2020 Sustainability Report
Executive Summary

Propelled — by — Principle

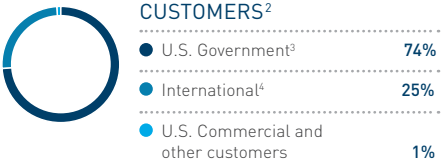
LOCKHEED MARTIN



This is Lockheed Martin

Lockheed Martin develops innovative technology that enables the growth, resiliency and security of societies around the world. We develop these engineering solutions while upholding our Core Values to *Do What's Right, Respect Others and Perform with Excellence*. Our principles guide us as we address complex, global challenges and propel a brighter future.

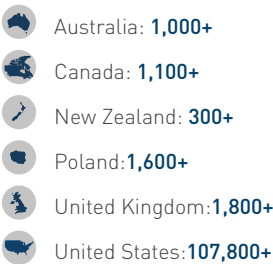
2020 Business Impact¹



ECONOMIC IMPACT (IN MILLIONS)



Countries with 200+ Employees⁵



SOCIAL IMPACT



1 Please refer to the Lockheed Martin Form 10-K for additional figures.

2 A percentage of 2020 Net Sales.

3 Either as a prime contractor or as a subcontractor.

4 Including foreign military sales (FMS) contracted through the U.S. Government.

5 As of December 31, 2020, United States data includes U.S. Expatriates who are working overseas and does not include contract workers, interns or employees of certain subsidiaries or joint ventures; All other country data includes local country nationals.

COVID-19 Response

At the onset of the COVID-19 pandemic in early 2020, Lockheed Martin took urgent action to prioritize the health and safety of our employees while maintaining our essential operations. Lockheed Martin responded swiftly to protect our employees, continue customer delivery, ensure continuity through our value chain and support our communities. We leveraged our strong leadership and resources to meet the unique needs of our various stakeholder groups.

Diverse Moments: Inclusive Movement

Throughout 2020, the United States was shaken by events that called to light the continuing need for our nation to ensure equal opportunity for all people. Lockheed Martin recognizes the importance of this moment to all of us as individuals, as communities, as a nation and as global citizens. Our Core Values influence how we approach every aspect of our business—including our zero-tolerance policy towards discrimination in any form—and will continue to shape our company's actions into the future.

The 2020 Sustainability Management Plan Performance Summary

We are pleased to share Lockheed Martin's achievements on our 2020 Sustainability Management Plan (SMP) core issues, factors and goals. The SMP is a key component of Lockheed Martin's sustainability strategy. These goals have driven performance improvements in the areas considered most material to our business when the 2020 SMP was originally developed in 2015.

SUCCESS

PARTIAL SUCCESS

RETIRED







Business Integrity

FACTOR	2020 GOAL	ACHIEVEMENT
Ethical Governance and Leadership	Meet or exceed global benchmark for Ethics Index based on All Employee Survey.	
Anti-Bribery and Corruption Controls	Achieve 100% completion rate of applicable employee training on business courtesies and international Business Conduct Compliance Training (BCCT) modules.	
	Achieve 100% completion rate of applicable training on ethics for business consultants.	
	Assess risks of all international consultants and other consultants identified through audits.	
Supplier Conduct	Increase participation in our ethics supplier mentoring program.	
Responsible Sales	Maintain transparency of hardware exports made without regulatory authorizations as a percentage of all hardware exports.	





Product Impact

FACTOR	2020 GOAL	ACHIEVEMENT
Global Infrastructure Needs	Achieve \$4 billion in annual product sales with direct, measurable benefits to energy and advanced infrastructure resiliency.	
Total Cost of Ownership	Add criteria to fully identify cost drivers early in product design cycle within each Business Area's proposal planning and proposal review processes.	
	Achieve >\$700 million in cumulative corporate cost and supply chain efficiencies.	
	Generate \$1 billion of life-cycle cost reductions from manufactured products related to the use of resources and impacts on human health and the environment.	
Product Safety	Track and report product failure or nonconformance due to manufacturing processes.	
Counterfeit Parts Prevention	Maintain or reduce instances of counterfeit parts in delivered systems.	





Employee Wellbeing

FACTOR	2020 GOAL	ACHIEVEMENT
Workplace Safety and Wellness	Achieve or outperform day-away case and severity rate goals.	
Talent Development	Maintain a lower voluntary attrition rate among top performing employees as compared to the employee population.	
	Increase succession planning for senior leadership.	
Talent Recruitment	Achieve an intern conversion rate of greater than, or equal to, 50% conversion.	
Diversity and Inclusion	Develop the best workforce for our customers by increasing representation of women, people of color, veterans and people with disabilities.	
	Increase employee participation in company-sponsored diversity events, Business Resource Groups (BRGs) and leadership associations.	

Resource Efficiency

FACTOR	2020 GOAL	ACHIEVEMENT
Energy and Carbon Management	Reduce energy use by 25%, scope 1 and 2 carbon emissions by 35% and water use by 30%.	
	Increase square footage of facilities with green building certifications.	
	Increase annual renewable energy consumption.	
	Help energy customers reduce carbon emissions by at least twice the carbon impact of our business operations. ¹	

Information Security

FACTOR	2020 GOAL	ACHIEVEMENT
Sensitive Data and Intellectual Property Protection and Customer Information Systems and Network Security	Monitor employee cybersecurity engagement to counter malicious email threats and monitor number of vulnerabilities per device on core information technology (IT) networks.	
	Monitor data loss incidents within core IT networks for business operations.	
	We track two other proprietary goals to improve the security of sensitive data and intellectual property and IT networks.	
Employee Privacy and Data Protection	Achieve annual recertification of EU-U.S. Privacy Shield Framework.	

¹ With the divestiture of our Distributed Energy Solutions Group in November 2019, we retired this goal last year.

Business Integrity

Objective: Advance standards and controls for ethical business conduct that strengthen customer relationships, supplier partnerships and workplace integrity.

Raising the Bar: Lockheed Martin Annual Ethics in Engineering Case Competition

Reaffirming our commitment to business ethics, we held our third annual “Ethics in Engineering Case Competition” in 2020. Student teams majoring in engineering or business from 21 colleges and universities presented their resolution of a case involving ethical, business and engineering dilemmas in Artificial Intelligence (AI), machine learning (ML) technology and large-scaled data analytics. This year’s case involved potential data bias within a fictional disaster relief startup’s AI and ML technology, and was won by the Brigham Young University team competing against Virginia Tech in the final round. The competition also included hands-on opportunities for visiting students to learn about Lockheed Martin, its technologies and the role of ethics at Lockheed Martin.

Product Impact

Objective: Deliver optimal life-cycle value by engineering innovative solutions for resilient energy, global security, telecommunications and other critical infrastructure.

FIREHAWK®: Lockheed Martin’s Helicopter Designed for Wildfire Response

Lockheed Martin designed the Sikorsky FIREHAWK® aircraft to endure the unrelenting physical stress demands of aerial firefighting and utility missions. The FIREHAWK® Helicopter supports the courageous firefighters who respond to crises by minimizing time spent in transport between water and fuel sources, and maximizing time spent at the fire. This aircraft’s game-changing capabilities push the boundaries of aerial firefighting and help operators ensure they bring people home—everywhere, every time.

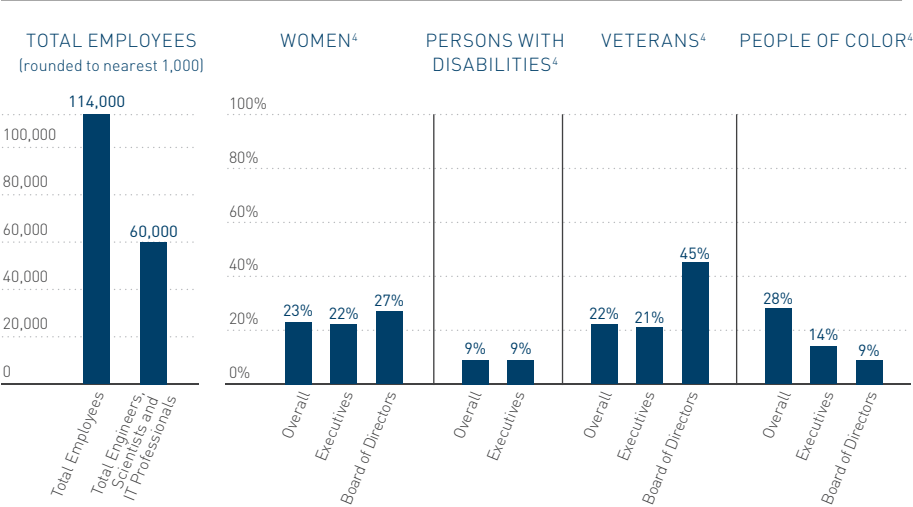
Integrating Safety Controls in Battery Monitoring

At Lockheed Martin, we are leveraging our innovative research and development (R&D) capabilities to improve lithium-ion battery storage safety and future battery designs. Battery fires can result from damage or mishandling but they can also be spontaneous and may result in personal injury or damage to nearby products. Our research aims to improve the detection and prevention of lithium-ion battery thermal runaway during battery storage, production, transport, testing and operation. By integrating low size, weight and power wireless network monitoring devices at the battery cell level, we can detect failure early and notify users if any cells are approaching hazardous conditions. The use of low size, weight and power commercial off-the-shelf (COTS) electronics makes our solution significantly cheaper, resulting in minimal implementation costs for a larger number of products and units. Data from these devices also provide opportunities to study the root causes of battery failure and improve battery designs in the future.

Employee Wellbeing

Objective: Create a high-performance, inclusive workplace culture that engages employees and creates rewarding career paths for our current and future workforce.

Workforce Profile^{1, 2, 3}



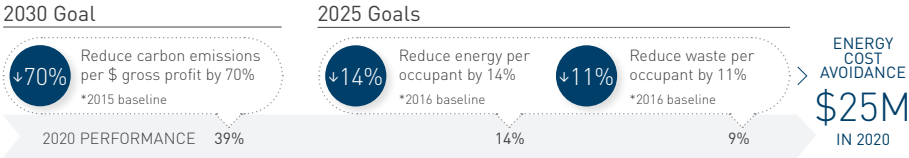
1 Executive is defined as director-level (one level below vice president) or higher.
2 As of December 31, 2020 except for Board of Directors which is as of March 1, 2021.
3 Based on employees who self-identify. Includes only U.S. employees and expatriates except for Women, which also includes local country nationals. Excludes casual workers, interns/co-ops and employees of certain subsidiaries and joint ventures.
4 Rounded to the nearest whole percentage.



Resource Efficiency

Objective: Increase business resiliency and accelerating atmospheric carbon reduction through improved energy and water management, materials conservation and increased renewable energy use.

Go Green Goals



Climate-Related Risks and Opportunities

At Lockheed Martin, climate-related risk and opportunity drivers can impact our long-term resiliency as a leader in global security and aerospace. We believe it is our responsibility to understand and actively address these drivers to foster a strong business model for the future. In 2020, we released our first Task Force on Climate-related Financial Disclosures (TCFD)-aligned report on climate-related risks and opportunities. This report reflects our 2020 responses to the Dow Jones Sustainability Index (DJSI) and CDP, and our continuing research on how physical and transitional climate-related risks may impact us in years to come. Our qualitative climate-scenario analysis and risk assessment is based on two possible futures—one that limits global temperatures rising no more than 2°C by 2100, and another where global temperatures exceed 2°C by 2100. We evaluated climate-related risk drivers within the parameters of each scenario and assessed qualitatively the likelihood and impact of these risk drivers on our facilities, production operations, supply chain and workforce. Please visit our ESG Portal to learn more about our 2020 disclosure, including the assessment results, implications and next steps.



Information Security

Objective: Minimize the likelihood and impact of cybersecurity incidents on our business operations and customer missions, and protect business-sensitive, customer and personal information from external and internal threats.

Lockheed Martin's Cyber Center of Excellence

Our customers are counting on us to help them move faster and drive innovation with greater agility. To maintain our position as the world's aerospace and defense leader, we recognized the need to accelerate our transformation for the digital age. New technologies like artificial intelligence, augmented reality, data analytics and networked factories have revolutionized the way we design, build and sustain our products. The hyperconnected nature of this technological revolution has created many new opportunities for greater efficiency and productivity, but it also has expanded the scope and reach of our activities that occur in and through cyberspace. To address the challenges of protecting and defending our products against increasingly sophisticated cyber threats, we launched the Lockheed Martin Cyber Center of Excellence (COE) in 2020.

Our Cyber COE fosters collaboration and drives innovation in advancing cyber capabilities to solve challenging problems. The Cyber COE leverages the collective talents of our cyber community to work together on solving shared problems. Collaborative activities are designed to support three major objectives aligned to people, processes and technology. In 2020, the Cyber COE organized and led 21 collaborative initiatives to cultivate cyber talent, to increase efficiency and productivity and to advance cyber capabilities. Each of these activities were chosen for their value to our business areas in delivering innovative solutions for the purpose of helping our customers keep people safe.

2025 Sustainability Management Plan

As the goals associated with our 2020 Sustainability Management Plan (SMP) have come to a close, Lockheed Martin is pleased to share our new 2025 Sustainability Management Plan. It reflects stakeholder feedback, internal and external trends and the continued evolution of our business.

Advancing Resource Stewardship



Counterfeit Parts Prevention

Achieve 100% completion rate of applicable training on the identification and reporting of counterfeit parts.



Energy Management

Increase square footage of LEED and/or BREEAM certified/rated facilities.

By 2030 reduce scope 1 and 2 carbon emissions per \$ gross profit by 70% to outperform the science-based target to prevent 1.5°C warming.

By 2030 match 30% of electricity used across Lockheed Martin global operations with electricity produced from renewable sources [via a combination of onsite or offsite generation].

Annually increase carbon removal technology installation, investment and support [e.g., afforestation/reforestation, Direct Air Capture, habitat restoration, etc.].

Offset 100% of carbon emissions resulting from business-related travel.



Hazardous Chemicals/Materials

Annually reduce the amount of Lockheed Martin Priority Chemicals (LMPCs) used per unit sold of Lockheed Martin top 5 (by sales) Programs.

Annually reduce the amount of LMPCs used per dollar of sales revenue across Business Areas.



Resource and Substance Supply Vulnerability

Increase traceability of critical mineral resources and substances used in the supply chain, through data analysis and mitigation, for signature programs.



Total Cost of Ownership

All Business Areas meet or exceed annual customer savings goals as defined in Business Area Executive Vice President scorecards.

Elevating Digital Responsibility



Artificial Intelligence

100% of AI developers will have been trained in system engineering approaches to AI Ethical Principles.



Data Privacy and Protection

50% of Lockheed Martin Employees will have been trained in Data Literacy and data-centric practices.

100% of data objects identified for common definition in the Lockheed Martin Data Strategy (Tier 1 Data) and 100% of certified data sources have Data Stewards assigned by 2022.



Intellectual Property Rights

An Intellectual Property (IP) protection hierarchy has been deployed with tiered protection of IP data assets based on their classification within that hierarchy.

Fostering Workforce Resiliency



Harassment Free Workplace

All Lockheed Martin employees participate in at least one Bystander Workshop.



Inclusion and Equity

All leaders have an Inclusive Leadership experience or complete one Diversity & Inclusion-associated action annually.

Increase hiring of protected veterans and people with disabilities to meet or exceed annual department of labor targets.

Contribute to annual increase in number of minority and female high school seniors selecting STEM majors at schools receiving STEM support from Lockheed Martin.

Increase representation of women and people of color enterprise-wide by 2021.



Workplace Safety

Reduce # of days away from work due to occupational injury or illness (Lost Days Severity Rate).

Establish risk-based approach to serious incident and fatality prevention programs.

Modeling Business Integrity



Anti-Bribery and Corruption

Achieve 100% completion of required employee training on "Gifts and Business Courtesies" and "International Business Practices" modules.



Ethical Business Practices

Score at or below 35% of the total percentage of employees who observe misconduct within the past 12 months, but neither report it nor take action to address it.

Multiple

Inclusion and Equity, Energy Management, Anti-Bribery and Corruption

By 2030, double the level of corporate giving addressing the following societal issues:

- **Quality Education:** Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment and entrepreneurship.
- **Gender Equality:** Enhance the use of enabling technology, especially information and communications technology, to promote the empowerment of women.
- **Affordable and Clean Energy:** Expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries.
- **Peace, Justice, Strong Institutions:** Substantially reduce corruption and bribery in all their forms.

Business Overview

Lockheed Martin is a United States (U.S.) publicly traded global security and aerospace company headquartered in Bethesda, Maryland, that is principally engaged in research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. Our mission is to solve complex challenges, advance scientific discovery and deliver innovative solutions to help our customers keep people safe. Our primary customers are U.S. and allied government agencies. In 2020, we employed approximately 114,000 people worldwide and generated net sales of \$65.4 billion. We own or lease building space at approximately 50 locations primarily in the United States and manage or occupy approximately 22 government-owned facilities under lease and other arrangements.

Forward-Looking Statements

This report contains statements which, to the extent not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws. The words "will," "enable," "expect," "plan," "forecast," "anticipate," "continue," "achieve," "scheduled," "estimate," "believe," "intend," "aim," "orient," "goal," and similar expressions are intended to identify forward-looking statements. Statements and assumptions with respect to achievement of goals and objectives; anticipated actions to meet goals and objectives; allocation of resources; planned, encouraged or anticipated actions; planned performance of technology; or other efforts are also examples of forward-looking statements.

Forward-looking statements are based on our current expectations and assumptions, are not guarantees of future performance, and are subject to risks and uncertainties. Actual results could differ materially due to factors such as (i) the availability of funding for the programs described in this report; (ii) our ability to achieve reductions in energy use, greenhouse gas emissions and other sustainability goals and objectives; (iii) changes in our priorities as well as changes in the priorities of our customers and suppliers; (iv) the amount of our future investments; (v) the accuracy of our estimates and assumptions; (vi) the future effect of legislation, rulemaking and changes in policy; (vii) the impact of acquisitions or divestitures or other changes in our employee or product and service base; (viii) the competitive environment; (ix) the ability to attract and retain personnel and suppliers with technical and other skills; (x) the success of our diversity and inclusion initiatives; (xi) the success of technologically developed solutions; (xii) the willingness of suppliers to adopt and comply with our programs; (xiii) the impact of cyber or other security threats or other disruptions to our business; and (xiv) global economic, business, political and climate conditions.

These are only some of the factors that may affect the forward-looking statements contained in this report. For further information regarding risks and uncertainties associated with our business, please refer to our U.S. Securities and Exchange Commission (SEC) filings including our Annual Report on Form 10-K for the year ended December 31, 2020 and our subsequent Quarterly Reports on Form 10-Q, which can be obtained at our website www.lockheedmartin.com/investor or through the website maintained by the SEC at www.sec.gov. The forward-looking statements in this report are intended to be subject to the safe harbor protection provided by federal securities laws.



For more information on our 2020 sustainability efforts please refer to our 2020 Sustainability Report and our Sustainability Website.

sustainability.lockheedmartin.com