# LOCKHEED MARTIN

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2021 Sustainability Highlight Stories

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# **Our Sustainability Priorities**

## Advancing Resource Stewardship

### **Energy Management**

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#### **Recognition for Our Smart Buildings Initiative**

Our smart buildings initiative was recognized by peer ENERGY STAR partners as a 2021 Top Project. Smart buildings is a data analytics effort that integrates heating, ventilation and air conditioning equipment, sensors and software to enable predictive maintenance and continuous commissioning. This, in turn, delivers energy use and cost savings, and greater asset reliability and occupant comfort. Our data-driven approach aligns with our broader digital transformation strategy and improves the efficiency of cooling and heating infrastructure, which represents a significant portion of our energy use. Thirteen Lockheed Martin facilities are currently implementing smart buildings at different levels of completion. At the first four facilities to implement smart buildings within our Rotary and Mission Systems business area, over 150 no- and low-cost projects that avoid approximately \$250,000 in maintenance and energy costs annually have been discovered. These projects were identified by sensors that provide 3.6 million data analytics transactions daily.

#### **Recognition for Central Utility Plant Optimization**

The Lockheed Martin Sikorsky Stratford, CT, facility garnered an internal Facilities Excellence Award along with external awards from the U.S. Department of Energy's Better Plants Program and Energy + Environmental Leader for improved operational performance of its cogeneration system and its central utility plant. The site installed new steam turbine-driven equipment and electrical infrastructure and can now export electricity back to the grid, thanks to a newly established interconnection agreement with the utility. The project avoids approximately 10.3 million kilowatt hours, or the equivalent of the electricity needed to power more than 1,200 homes for one year, and yields cost savings of approximately \$1.5 million annually, achieving a payback in just over two years.





#### Advancing Solar Projects at Lockheed Martin

Construction on a 20-megawatt, on-site, single-axis photovoltaic system at our Palmdale, CA, facility began in late 2021 and is expected to be completed in 2022. This project will be one of the largest privately-owned, ground-mounted, behind-the-meter solar farms in California. Additionally, the Titan Solar Project at our Fort Worth, TX, facility started in December 2021. We expect this 15-year power purchase agreement to provide approximately 22% of the facility's annual electricity needs. Lockheed Martin also installed its third solar carport at a Missiles and Fire Control facility in Orlando, FL. This two megawatt on-site project eliminates approximately \$581,000 in utility costs annually and reduces our carbon footprint over 2,500 metric tons.



#### Biofuel Approved for S-92® Helicopter

In September 2021, Lockheed Martin Sikorsky approved the use of sustainable aviation fuel for the S-92 helicopter. The flight was carried out by the CHC Helikopter Service of Norway using synthetic paraffinic kerosene, which is a sustainable aviation fuel produced from waste and residual feedstock. This significant milestone supports the reduction of carbon emissions and the aviation industry's transition to sustainable aviation fuels. To learn more about the S-92, please visit our **website**.

#### U.S. Department of Defense Readiness and Environmental Protection Integration Challenge

In 2021, Lockheed Martin committed \$2 million to a three-year partnership with the The Nature Conservancy in support of a project that will protect 4,000 acres of land along Maryland's Eastern Shore. The area contains the restricted airspace of the Atlantic Testing Range and the Naval Air Station at Patuxent River. It also includes more than 75% of Maryland's remaining tidal wetlands, which provide defense against coastal hazards stemming from climate impacts. The project is part of the Department of Defense's Readiness and Environmental Protection Integration Challenge, which aims to strengthen the resiliency of the Department of Defense's vital U.S. infrastructure.

#### **Climate Tech Summit**

In the summer of 2021, Lockheed Martin hosted its first Climate Tech Summit. This internal meeting brought together technical leaders from across the corporation with the latitude to explore how we could apply our current product capabilities to a changing environment. The end result surpassed expectations, as the team presented Lockheed Martin-unique solutions based on existing technology reimagined for climate action. Applications related to topics including natural disasters, greenhouse gases, land cover change, geospatial data and climate intelligence. The Climate Tech Summit demonstrated the potential value Lockheed Martin can bring to climate conversations, and how collaboration between stakeholders can generate innovative solutions for positive impact and for new customers. Lockheed Martin plans to continue this effort in 2022 with additional events.







## Hazardous Chemicals/Materials

#### Design for Sustainability—Restricted Chemicals Avoidance Tool

The Design for Sustainability working group, led by employees from Engineering & Technology, collaborates across business areas and functions to develop capabilities that inform product design engineers about restricted chemicals during the product design phase. This effort is being funded as an emerging technology under the model-based engineering research portfolio. In 2021, the working group developed a prototype for a new restricted chemicals avoidance tool that will interface with product design tools. This tool enables engineers to evaluate parts and materials for new and revised designs in order to reduce the use of hazardous chemicals by building early awareness into Lockheed Martin's product design processes. This approach will help us meet regulatory and customer requirements, reduce risk and costs associated with redesign and increase the sustainability of our products. The restricted chemicals avoidance tool pilot efforts will continue through 2022 with Rotary and Mission Systems Sikorsky. We plan to expand the tool to other business areas following this pilot phase.

## **Total Cost of Ownership**

#### **Recognizing Employee Success**

Our employees are the primary source of innovation for cost reduction opportunities throughout our programs and operations. Recognition, through our NextGen Recognition program, is given to teams from all disciplines who come forward with impactful and validated ideas that support our affordability objectives. For example, in 2021, a large technology procurement initiative that was not part of our original Supply Chain Council milestone plan resulted in more than \$10 million in savings. We recognized this accomplishment and communicated the initiative's success to our Executive Leadership Team and Chairman, President and Chief Executive Officer. We believe that celebrating our successes contributes to a culture of innovative thinking and encourages our teams to drive affordability.

## Elevating Digital Responsibility Artificial Intelligence

#### **Industry Collaboration**

Lockheed Martin leadership engaged with the U.S. Department of Defense Advanced Research Projects Agency (DARPA) in early 2021 and eventually launched the first cross-industry ethical artificial intelligence collaboration session in November 2021. The Deputy Director of the Defense Sciences Office of DARPA went through the Institute for Defense Analyses to coordinate and host the meeting with one representative from each of eight defense companies. The main focus areas were testing and verification challenges and defense acquisition business model challenges for continuous data/model updates of deployed artificial intelligence. Lockheed Martin intends to continue this level of transparent collaboration to encourage the ethical use of artificial intelligence to underpin U.S. national security imperatives and international leadership.

## **Data Privacy and Protection**

#### Human Resources Leadership Training

In February 2021, our Chief Data & Analytics Office hosted a virtual data literacy workshop for members of the Human Resources executive leadership team. The workshop focused on how leadership can support data literacy and data-informed decision making within each individual organization. Interactive learning materials with data-driven tactics were also shipped to their locations to elevate the experience. Given the team impact this type of training can have, we hope to expand leadership trainings in the future using this workshop as the model.



#### People Analytics Cohort Learning

At the end of 2020, our Chief Data & Analytics Office collaborated with the human resources team to create a tailored, eight-week cohort learning experience on data and people analytics. It is a structured, self-paced training, complemented by weekly live office hours on specific human resources and people analytics topics where employees can ask questions and dive deeper into concepts applicable to their roles. Our Chief Data & Analytics Office helped design the original curriculum and led the first cohort of nominated human resources employees. In 2021, we launched our third cohort, and nearly 100 employees participated in the training. The human resources team now independently leads the effort. This experience will serve as our model for data literacy and data-centric cohorts moving forward.



### **Intellectual Property Rights**

#### **Designing New Resources for Success**

To enable success of this intellectual property goal, our cross-functional working group designed a comprehensive set of resources that are utilized by programs at different stages within the process. These include an enhanced data protection playbook, a protection standard, a protection form, confidentiality agreements and training. The training has been deployed in our formal enterprise-wide training system and is a self-paced, virtual course designed to familiarize employees who may be handling sensitive information with the tools needed to protect our valuable intellectual property.

## Fostering Workplace Resiliency Harassment-Free Workplace

#### Upstander Campaign Workshops

In 2021, our Global Diversity and Inclusion organization conducted more than 40 Upstander Campaign workshops. These workshops provided the tools, skills and resources needed to identify and report harassing behavior. Content included educational resources to define harassment per Lockheed Martin policies and U.S. Equal Employment Opportunity Commission guidelines, and the type of behaviors that should be addressed when witnessed. Our feedback surveys showed that 96% of employees who completed the workshop reported they felt more prepared to intervene if they witnessed harassment or discrimination. The ultimate goal of the Upstander Campaign is for more employees to successfully intervene and report incidents they witness.



## **Inclusion and Equity**

#### **Diversity and Inclusion Learning Summit**

In November 2021, we held our first Diversity and Inclusion Learning Summit. For this virtual event, we invited Lockheed Martin internal stakeholders, external institutions and non-profit organizations that we partner with to join and speak about their areas of expertise. These included a global non-profit research and consulting firm dedicated to diversity outreach, the advancement of women and people of color, and cataloging diversity best practices in the workplace. This event included seminars on topics such as inclusion in a hybrid work environment, learning best practices for inclusivity and review of inclusion rating indices of top firms. It also included breakout workshop sessions with stakeholders to share deeper insights that will inform future Lockheed Martin diversity and inclusion strategies and solutions.

#### Lockheed Martin Heroes Program

Our Lockheed Martin Heroes program provides fellowships to military members transitioning to civilian careers, military spouses, caregivers and wounded warriors. We partner with organizations such as: U.S. Chamber of Commerce Foundation's Hiring our Heroes Corporate Fellowship Program, Department of Defense SkillBridge program, U.S. Special Operations Command Wounded Warrior Internship Program and the military Career Skills Programs. Through our Heroes program our talent acquisition team is able to provide the resumes of individuals transitioning from active duty military members and military spouses to hiring leaders across Lockheed Martin as prescreened and recommended employee candidates. Each year, several thousand of these candidates are introduced to hiring teams. Once selected, transitioning service member candidates complete three- to six-month fellowships consisting of on-the-job training. Military spouse and caregiver candidates complete a six-week on-the-job training experience.





Rowan University Path Partnership for Neurodiverse Students



In 2021, Lockheed Martin continued its neurodiversity internship program in partnership with Rowan University's Preparation and Achievement of Transition to Hire program. Through this partnership, we aim to increase diversity in our workforce with qualified talent who are on the autism spectrum or have other brain differences, such as differing learning abilities. In 2021, we recruited and placed our second cohort of students in internship roles where we believed they would excel, while also bringing new perspective to our operations. Since its inception, the majority of participants in the program have gone on to return for future internships or receive permanent job offers upon graduation.

#### Disability: IN Nextgen Leaders Program

Lockheed Martin is a long-standing and proud sponsor of Disability:IN, an organization that promotes the employment of people with disabilities in business settings. The Disability:IN NextGen Leaders program is a six-month program for college students and recent graduates with disabilities who have demonstrated talent and leadership in science, technology, engineering and math, finance and business fields. NextGen Leaders collaborate with corporate partners to prepare for employment through mentorship, networking and recruiting opportunities. In 2021, Lockheed Martin had a record number of employees serve as mentors to NextGen Leaders.





## Partnerships with Historically Black Colleges and Universities

Lockheed Martin continues to work with Historically Black Colleges and Universities to foster and recruit top talent. In 2021, through targeted engagement and hiring events, 106 offers were accepted by Historically Black Colleges and Universities students to begin internships and full-time roles in the summer of 2022. In addition to Lockheed Martin's long-standing partnership with engineering departments within 16 Historically Black Colleges and Universities, our Finance & Business Operations team deepened their partnerships in 2021 with four business schools at Florida A&M University, Howard University, Morgan State University and Prairie View A&M University. The aim of these partnerships is to work with the faculty to guide academics, provide skills development for students and recruit for early career opportunities. In November, John Mollard, Vice President and Treasurer, gave a virtual presentation at an event hosted by Florida A&M University, where business students from all four partner schools learned more about career opportunities.

#### **Business Resource Groups**

Our Business Resource Groups continue to be a strategic enabler of our diversity and inclusion strategy. Our Business Resource Groups are voluntary, employee-led groups that are open to all employees while focusing on workplace issues specific to racial/ ethnic, gender, sexual orientation/gender identity, disability or veteran status. The Business Resource Groups foster a diverse and inclusive workplace aligned with our organizational mission, values, goals and business practices and drive awareness and change within our organization. Our commitment to the Business Resource Group program is demonstrated through our assignment of executive sponsors, our investments in programming and the formal policies and management we have established to support their governance.

### Workplace Safety

#### Participatory Ergonomics Program

Our Participatory Ergonomics program allows employees from different areas to become part of an ergonomics team in charge of conducting assessments and implementing solutions in manufacturing areas identified as high and moderate risk for ergonomic stressors. Since 2011, eight teams have been established. In 2020, two Participatory Ergonomics teams implemented comprehensive and sustainable Participatory Ergonomics programs, completing approximately three dozen improvement projects that represented an estimated cost avoidance of almost \$2.6 million. In 2021, a program enhancement train-the-trainer pilot initiative was implemented in our Missiles and Fire Control business area, which will enable and enhance ergonomic skills.

#### U.K. Target Zero Structured Improvement Activity Event

Lockheed Martin conducted its first Target Zero structured improvement activity at our Faslane, U.K., location in the summer of 2021. The focus was on identifying improvement opportunities for ballast maintenance operations, which consists of transporting and sand-blasting vessel ballasts. The original operation required heavy lifting, awkward positions and working at heights. The facility designed an innovative solution to transport, elevate, hold and roll the ballast in which the air transporter, a critical piece under the ballast, was able to be removed to avoid grit damage from sandblasting. This solution also eliminated the need to work at heights. The operation was further refined by the structured improvement activity team with an overhead arrestor to hold the hoses and blasting equipment, reducing operator safety risk. We plan to host a multiweek structured improvement activity event in the U.K., again in 2022, this time looking for safety opportunities at both manufacturing and office facilities



## Modeling Business Integrity

## **Ethical Business Practices**

#### Carol R. Marshall Award Winner

Blair Marks, recently retired Vice President, Ethics and Business Conduct, received the Carol R. Marshall Award for Innovation in Corporate Ethics from the Ethics and Compliance Initiative. This non-profit organization founded in 1922 and based in Vienna, VA, has helped build cultures of integrity. This prestigious award is named after the late Ethics and Compliance Initiative Fellows Chair and coincidentally the first Lockheed Martin Vice President, Ethics and Business Conduct. This award honors individuals who model Carol R. Marshall's leadership, achievement and innovation.

#### **Ethics in Engineering Competition Award**

We are honored to receive a Gold Brandon Hall Human Capital Management Excellence Award for Excellence in Human Resources for "Best Advance in Social Impact" for our 2021 Ethics in Engineering Case Competition. This event took place in February 2021 during Engineers Week. Twenty-four college and university teams, each with two undergraduate students and an accompanying faculty member, presented their solution to a fictional case involving ethical, business and engineering dilemmas with a focus on supersonics and hypersonics. Texas A&M University won; semi-finalists included Brigham Young University, University of Illinois and first-time competitor University of California-San Diego. More information about this competition can be found on our **Ethics website**.





#### **Missiles and Fire Control Ethics Week**

Missiles and Fire Control hosted its fourth annual Ethics Week in March 2021. This effort raises awareness about the importance of workplace ethics, compliance and business conduct and serves as a reminder that we must all work together to embrace our Core Values. This year's theme was "Who Wants to Be an Ethics Champion?" where employees were encouraged to visit the ethics website homepage and select answers to common ethics questions for a chance to win a grand prize. Each day was based on a different topic. Day one focused on the ethics process, day two was about charging practices, day three was about gifts and business courtesies and day four focused on retaliation.



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# **Beyond the SMP**

## **Human Rights**

## Assessing Human Trafficking Risks in Our Supply Chain

In 2021, our Global Supply Chain Operations team continued to build on the human trafficking supply chain assessment completed in 2020. Along with updating the mapping of Lockheed Martin's human trafficking risk across our supply chain, available via an internal dashboard, the team established an annual engagement of supply chain executives and developed guidance and educational materials for internal distribution. Materials included a summary of high risk regions for human trafficking, any changes year-to-year in risk levels and data on changes in the number of Lockheed Martin suppliers in these regions. The goal of this effort is to guide decision making around purchases and other supplier engagement activity. In 2021, the number of suppliers in high risk human trafficking regions declined by more than 30%. In addition to engaging senior decision makers on this important issue, we continued to engage our more than 5,000 supply chain professionals to raise awareness of human trafficking and the resources available to them to understand this risk when making decisions.

## International Industry Groups Share Best Practices on Human Rights Supply Chain Due Diligence



Human rights due diligence is a growing area of importance across the aerospace and defense industry, and collaboration is a key element to making progress. Lockheed Martin is a member of several international industry and ethics groups such as the U.K.'s Institute of Business Ethics Defence Practitioners Group, the ADS Business Ethics Network and the International Forum on Business Ethical Conduct. These groups focus on raising the overall integrity of the aerospace and defense industry via collective action, and produce toolkits, principles and template documents for members to adopt, including materials on human rights due diligence.

During 2021, Lockheed Martin participated in industry panel discussions on human rights and supply chain due diligence facilitated by the Institute of Business Ethics Defence Practitioners Group, along with ADS Business Ethics Network and International Forum on Business Ethical Conduct members. The purpose of these events was to share best practices and examples of how participating companies were addressing the challenges of conducting diligence at sub-tier levels, setting expectations in supplier codes of conduct, conducting risk assessments and selecting appropriate human rights standards and frameworks, as well as improving company statements and obligations required by the Modern Slavery Act 2015. The key value of these discussions was the recognition that companies were at different stages in their journey to address human rights supply chain due diligence, and that information shared can be used for benchmarking and identifying best practices. There was also a realization that to understand and address this topic fully, a multi-disciplinary team of ethics, procurement and sustainability professionals across the industry is needed to drive toward common standards and frameworks for conducting the required due diligence from evolving legislation.

## Social Impact

### Lockheed Martin Science, Technology, Engineering and Math Scholarship Program

Lockheed Martin launched the Science, Technology, Engineering and Math Scholarship Program in 2018 as part of investment in the next generation of science, technology, engineering and math talent, removing financial barriers to postsecondary education for students from diverse backgrounds. The program annually awards \$10,000 to 200 recipients. To date, the program has awarded 596 student recipients at more than 80 schools. In 2021, nearly 50% of recipients identified as female and 60% identified with underrepresented racial and ethnic demographic groups.

## Girls Inc.

Our five-year partnership with Girls Inc., a non-profit organization, focuses on middle school and high school students and aims to inspire all girls to be strong, smart and bold to strengthen their interest and confidence in pursuing science, technology, engineering and math education and careers. Lockheed Martin helps provide year-round after-school programming, weekend activities and other hands-on experiences that expand upon and support girls' science, technology, engineering and math learning and engagement. Participating students interact with women and men in science, technology, engineering and math careers, including dedicated Lockheed Martin volunteers, and come to view these careers as realistic options for themselves and essential to improving our world.





## Afghanistan Relief

Lockheed Martin moved swiftly with multiple non-profit groups to provide more than \$555,000 to support military service members, veterans and their families and other individuals entering the U.S. following the military departure from Afghanistan. The American Red Cross Service to the Armed Forces supported evacuation efforts for service members, U.S. State Department members and their families and Afghan refugees. Another partner, Headstrong, provided free confidential mental health treatment for military members, veterans and their families through its network of 280 clinical providers in all 50 states.



## Waste Management

## Zero Waste Challenge

The Zero Waste Challenge recognizes projects and teams demonstrating innovation, commitment and leadership in waste reduction. We had 19 submissions among our Aeronautics, Missiles and Fire Control and Rotary and Mission Systems business areas. Winners received recognition from Environment, Safety and Health leadership as well as a sustainable prize of their choice. One winning project was a non-chromated inhibiting material substitution effort resulting in a reduction of more than 13,000 pounds of hazardous waste annually at our Marietta, GA, facility.



## Water Management

### Environment, Safety and Health Excellence Awards Recognizing Water Conservation

As part of the Lockheed Martin 2021 Environment, Safety and Health Excellence Awards22, an Aeronautics facility submitted an efficiency project with significant water savings. By installing an energy management control system that manages chlorine meter flush systems at specific building locations, the facility was able to maintain chlorine levels while eliminating unnecessary discharge into the sewer. The project saves approximately five million gallons of water, with a projected simple payback of nine months. The standard best practice going forward is to install these energy management control system-controlled stations at the facility where applicable.

## Remediation

## Protecting Wildlife in Potrero Canyon, CA

From the 1960s and early 1970s, Lockheed Propulsion Company operated a facility at Potrero Canyon in Beaumont, CA. Cleanup operations began at the site in 1986 and evolved as regulation of new chemicals expanded the remediation needed. In 2002, 1,4-dioxane and perchlorate were in the process of becoming regulated chemicals in California, resulting in testing at the site. These compounds were identified in the groundwater as a result of this and subsequent testing and remediation planning was initiated. After considering several remediation alternatives, Lockheed Martin was able to propose an effective solution that minimized disturbance of the site. The California Department of Toxic Substances Control approved this solution. Lockheed Martin constructed a system to treat 1,4-dioxane from one groundwater extraction well, and natural biodegradation provided by the native wetlands habitat was deemed highly effective at treating perchlorate. The use of this natural remediation process provided environmental benefits of minimizing the environmental footprint when compared to more traditional remediation technologies and processes. Lockheed Martin also installed a solar-powered pump to direct water from a well into existing topographic depressions. These depressions can provide a permanent water source for the tricolored blackbird, which is native to the area and classified as threatened in California.

## **Innovative Remediation Technology**

In New York, we are piloting a new treatment technology for per- and polyfluoroalkyl substances. This new treatment system consists of a portable, containerized, continuous water treatment system that relies on a natural phenomenon called foam fractionation to separate the per- and polyfluoroalkyl substances from impacted water. The natural physiochemistry of per- and polyfluoroalkyl substances compounds allow them to adhere to fine air bubbles and be removed from the environment. The system can remove and concentrate per- and polyfluoroalkyl substances from 660,000 gallons of water to a single cup of per- and polyfluoroalkyl substances concentrate, with no extra waste generated, making it a highly sustainable solution.

# **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, 2021 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.



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