

2021 SUSTAINABILITY REPORT

**PROPELLED**

BY

**PRINCIPLE**

EXECUTIVE SUMMARY



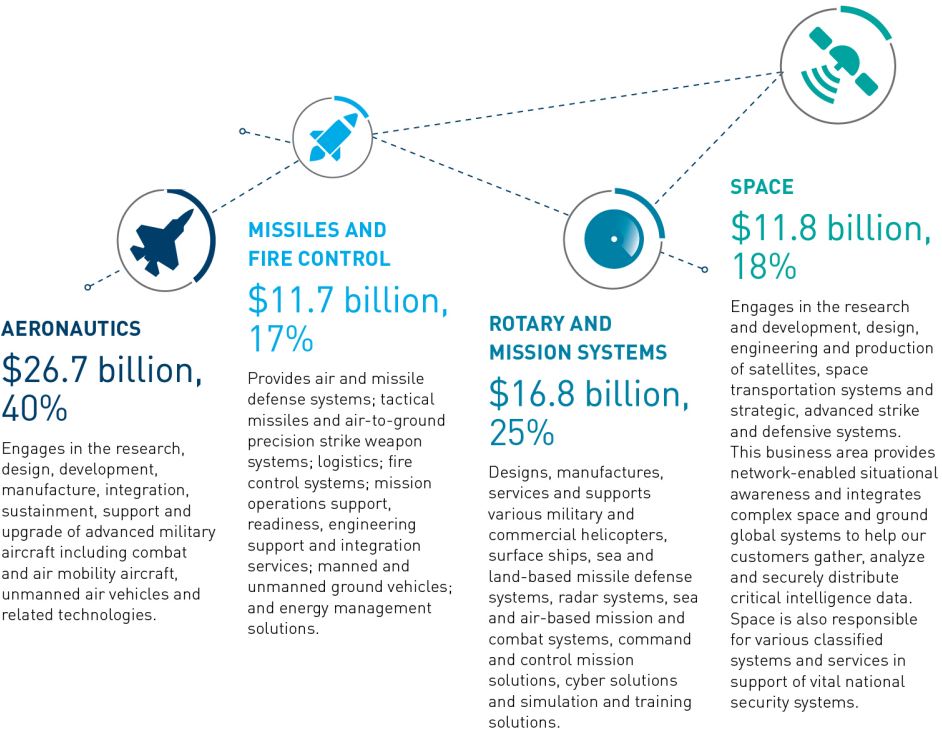
# This is Lockheed Martin



Lockheed Martin is a U.S. publicly-traded global security and aerospace company headquartered in Bethesda, MD, that is principally engaged in the 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 2021, we employed approximately 114,000 people worldwide and generated net sales of \$67.0 billion. We own or lease building space at approximately 362 locations primarily in the U.S. and manage or occupy approximately 10 government-owned facilities under lease and other arrangements.

## Business Areas

We have four business areas dedicated to specific products and services.



# Sustainability Recognitions

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA



**ENERGY STAR 2021**  
**Partner of the Year**  
**Sustained Excellence Award**



Gold Brandon Hall Human Capital Management Excellence Award for Excellence in Human Resources



**JUST** #1 in Aerospace & Defense  
JUST 100 2022



**NOD 2021**  
**Leading Disability Employer**

Dow Jones Sustainability Indices World Index and North American Index Ranking

JUST Capital: First of Aerospace & Defense companies included in the JUST 100 for third consecutive year

National Organization on Disability 2021 Leading Disability Employer

## 2025 Sustainability Management Plan

Our corporate **Sustainability** policy establishes a standard approach for integrating sustainability practices across Lockheed Martin. Our sustainability management plan defines our goals and drives our sustainability progress.





## Advancing Resource Stewardship

### Counterfeit Parts Prevention

Achieve 100% completion rate of applicable training on the identification and reporting of counterfeit parts by 2025.

### Energy Management

Increase square footage of Leadership in Energy and Environmental Design (LEED)- and/or Building Research Establishment's Environmental Assessment Method (BREEAM)-certified/rated facilities by 2025.

By 2030, reduce Scope 1 and 2 carbon emissions per dollar of gross profit by 70% to outperform the science-based target to prevent 1.5 degree Celsius warming.<sup>1</sup>

By 2030, match 30% of electricity used across Lockheed Martin global operations with electricity produced from renewable sources.<sup>2</sup>

Annually increase carbon removal technology installation, investment and support through 2025.<sup>3</sup>

Offset 100% of carbon emissions resulting from business-related travel by 2025.

### Hazardous Chemicals/Materials

Annually reduce the amount of Lockheed Martin Priority Chemicals<sup>4</sup> used per unit sold of Lockheed Martin's top five (by sales) programs through 2025.

Annually reduce the amount of Lockheed Martin Priority Chemicals<sup>4</sup> used per dollar of sales revenue across business areas through 2025.

### 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 by 2025.

### Total Cost of Ownership

All business areas meet or exceed annual customer savings goals as defined in business area executive vice president scorecards through 2025.



## Elevating Digital Responsibility

### Artificial Intelligence

By 2025, 100% of artificial intelligence developers will have been trained in system engineering approaches to artificial intelligence ethical principles.

## Data Privacy and Protection

By 2025, 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

By 2022, an intellectual property protection hierarchy has been deployed with tiered protection of intellectual property data assets based on their classification within that hierarchy.



## Fostering Workplace Resiliency

### Harassment-Free Workplace

All Lockheed Martin employees participate in at least one bystander intervention training workshop by 2025.

### Inclusion and Equity<sup>5</sup>

All leaders have an inclusive leadership experience or complete one diversity and inclusion-associated action annually through 2025.

Increase hiring of protected veterans and people with disabilities to meet or exceed annual Department of Labor targets through 2025.

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

### Workplace Safety

Reduce the number of days away from work due to occupational injury or illness through 2025.<sup>6</sup>

Establish a risk-based approach to serious incident and fatality prevention programs by 2025.



## Modeling Business Integrity

### 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 by 2025.

### Anti-Bribery and Corruption

Achieve 100% completion of required employee training on gifts and business courtesies and international business practices annually through 2025.

<sup>1</sup> We set our ambitious carbon emission reduction target using a methodology established by the Center for Sustainable Organizations to exceed science-based target requirements. The Paris Agreement's goal is to limit global warming by the end of the century to well below 2°C of pre-industrial levels and preferably to 1.5°C. Our carbon emissions target is expected to outperform the Center for Sustainable Organizations model criteria for aligning with a 1.5°C outcome in the long-term.

<sup>2</sup> Via a combination of on-site or off-site generation, and excluding large hydropower in alignment with the Green-e Renewable Energy Standard for Canada and the United States.

<sup>3</sup> Examples include afforestation/reforestation, direct air capture and habitat restoration.

<sup>4</sup> Lockheed Martin Priority Chemicals are defined as chemical substances that are prohibited from use in Lockheed Martin's products and processes and/or cannot be used in new applications or programs, and are referenced in our internal corporate policy **Restrictions on the Use of Chemical Substances in Products and Processes**. Updates to these lists of chemicals are completed annually. A waiver process is included in the procedure for cases where the Lockheed Martin Priority Chemical cannot be substituted.

<sup>5</sup> An Inclusion and Equity goal previously introduced in our 2020 Sustainability Report has been removed from our 2025 Sustainability Management Plan and is not included in this report.

<sup>6</sup> Lost days severity rate is calculated as a function of the number of days away from work due to an injury or illness per 100 employees.

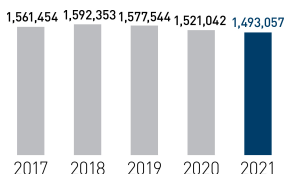




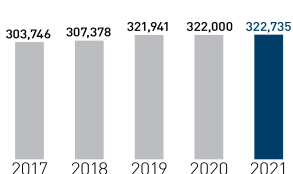
# Advancing Resource Stewardship

Our commitment to sustainability includes a responsibility to operate our facilities efficiently and to proactively manage our business and our supply chain to reduce carbon emissions, mitigate risk and safeguard valuable resources.

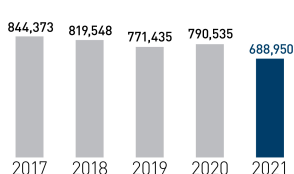
## SCOPE 2 ENERGY CONSUMPTION (MWH)<sup>a</sup>



## RENEWABLE ENERGY (MWH)<sup>ab</sup>



## NET GHG EMISSIONS (MT CO<sub>2</sub>e)<sup>ac</sup>



<sup>a</sup> Data is shown for our Go Green year, which runs November–October (e.g. Nov. 2020 – Oct. 2021)

<sup>b</sup> Including solar, wind, geothermal and biomass from a combination of on-site generation, power purchase agreement contracts, renewable energy certificate procurement and applicable green tariffs. Please refer to the renewable energy data in our ESG Performance Index.

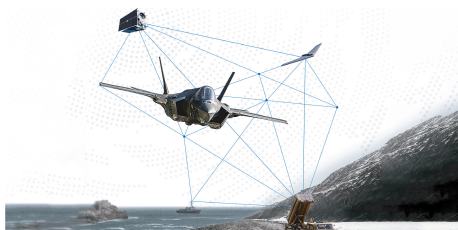
<sup>c</sup> Scope 1 + Scope 2 Market-Based

## 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.

## 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.



## Elevating Digital Responsibility

Building a reputation for trust and integrity includes a strong commitment to digital responsibility. In an increasingly connected world, we remain committed to safeguarding data and setting standards for the use of artificial intelligence. We provide ongoing training and resources for our employees to support this commitment.

### 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.

### 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.



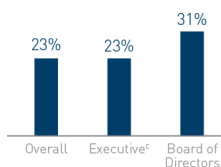


# Fostering Workplace Resiliency

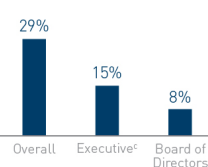
Our people are our greatest asset, and we strive to build a dynamic, engaging, safe and welcoming workplace that drives innovation, embraces diverse perspectives and encourages collaboration. We invest in our employees and cultivate an environment of belonging where people can bring their authentic selves to work every day, and have an opportunity to thrive in their roles and beyond.

## Workforce Demographics<sup>a</sup>

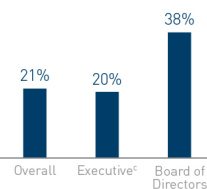
### WOMEN<sup>b</sup>



### PEOPLE OF COLOR<sup>d</sup>



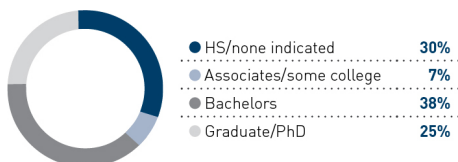
### VETERANS<sup>e</sup>



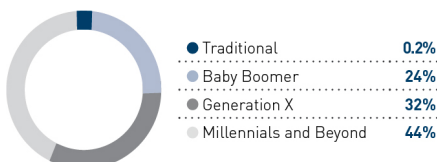
### PERSONS WITH DISABILITIES<sup>d</sup>



### EDUCATION



### GENERATION<sup>f</sup>



<sup>a</sup> As of December 31, 2021. For more information on Lockheed Martin's workforce demographics, please visit our [EEO-1 Reporting website](#).

<sup>b</sup> Based on employees who self-identify. Excludes casual workers, interns/co-ops and employees of certain subsidiaries and joint ventures.

<sup>c</sup> Executive is defined as director-level (one level below vice president) or higher.

<sup>d</sup> Based on employees who self-identify. Includes only U.S. employees and expatriates. Excludes casual workers, interns/co-ops and employees of certain subsidiaries and joint ventures. As defined by the U.S. Equal Employment Opportunity Commission.

<sup>e</sup> Based on employees who self-identify. Includes only U.S. employees and expatriates. Excludes casual workers, interns/co-ops and employees of certain subsidiaries and joint ventures.

<sup>f</sup> Includes U.S. employees, local country nationals and expatriates. Excludes casual workers, interns/co-ops and employees of certain subsidiaries and joint ventures. The generational structure used by Lockheed Martin in 2021, based on U.S. government definitions, is as follows:

- Traditional: Birth year from 1928 to 1945
- Baby Boomer: Birth year from 1946 to 1964 inclusive
- Gen X: Birth year from 1965 to 1980 inclusive
- Millennial and Beyond: Birth year from 1981 to present

## U.K. TARGET ZERO STRUCTURED IMPROVEMENT ACTIVITY EVENT

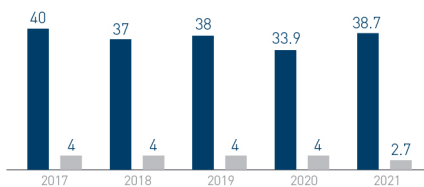
Lockheed Martin conducted its first Target Zero structured improvement activity at our Faslane, U.K., location in the summer of 2021. The focus was on identifying improvement opportunities for ballast maintenance operations, which consists of transporting and sand-blasting vessel ballasts. The original 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 multi-week structured improvement activity event in the U.K., again in 2022, this time looking for safety opportunities at both manufacturing and office facilities.



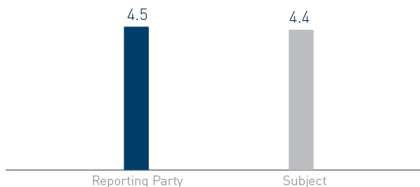
## Modeling Business Integrity

Earning and maintaining the trust of our stakeholders is essential to our business. We are proud of our culture of integrity and work to create an environment that supports ethical behavior and empowers employees to speak up with concerns. We are deeply committed to doing business the right way and strive to strengthen our programs to ensure our employees and anyone who works with us adheres to the same high ethical standards.

### ETHICS CONTACTS (PER 1,000 EMPLOYEES)<sup>a,b,c</sup>



### 2021 INVESTIGATION FEEDBACK SCORES (SATISFACTION SCORED ON A FIVE POINT SCALE)<sup>d</sup>



■ Guidances

■ Cases

<sup>a</sup> Ethics contact requests for an Ethics Officer to provide guidance or to investigate misconduct.

<sup>b</sup> Ethics guidance information, advice and/or resources to clarify policy and resolve workplace questions on a wide-range of ethics and compliance topics.

<sup>c</sup> Ethics case internal investigation into a good-faith allegation of misconduct.

<sup>d</sup> Investigation feedback score perspectives of reporting party and subjects on the ethics investigative process.

### 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.

# Beyond the Sustainability Management Plan

While our sustainability management plan provides the framework for the integration of sustainability within our business, we focus on additional topics that are critical to reducing our environmental footprint, positively contributing to our communities and upholding our commitment to integrity.

## 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.

## 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.

## 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.

## 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](http://www.lockheedmartin.com/investor) or through the website maintained by the SEC at [www.sec.gov](http://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.

