

LOCKHEED MARTIN UK POLICY ON SUPPLY CHAIN TRANSPARENCY CONCERNING MODERN SLAVERY AND HUMAN TRAFFICKING

Statement Applicability

Lockheed Martin UK Holdings Limited (LMUK) is a wholly owned subsidiary of Lockheed Martin Corporation headquartered in Bethesda, Maryland, US. This statement is applicable to the following LMUK companies:

- Lockheed Martin UK Limited
- Lockheed Martin UK Ampthill Limited
- Lockheed Martin UK Strategic Systems Limited
- Lockheed Martin Helicopter Company Limited

While this statement is applicable to the above companies incorporated in the UK, it should be noted that Lockheed Martin Corporation, LMUK's parent company, has corporate anti-trafficking policies, a summary statement in relation to which can be found on the Lockheed Martin Corporation web site and it and its subsidiaries including those that may have some business connections with the UK are required to comply with those policies.

Section 54 of the Modern Slavery Act 2015 requires commercial organizations to disclose their policies and other information in relation to slavery and human trafficking, and the steps the organizations have taken during the preceding financial year¹ to ensure that slavery and human trafficking are not taking place within the business and its supply chains. LMUK is committed to ensuring that its employees and suppliers take appropriate steps to mitigate the risk of human trafficking and slavery from occurring in any aspect of its business and supply chain. The following information is provided in compliance with the foregoing statute.

LMUK and its Supply Chain

LMUK operates primarily in the UK employing approximately 1600 staff, it works regularly with circa 750 suppliers of which 90% (by value) of its subcontracted products and services are sourced from UK suppliers, of the 10% of products and services sourced from international partners the vast majority come from nations considered low risk of violating modern day slavery legislation namely North American and European sources. The marketplace LMUK operates in is such that the majority of suppliers are "blue chip" producing high tech equipment. Consequently, LMUK's assessment of the overall risk in its supply chain is considered very low. Notwithstanding the overall risk assessment LMUK has established policies to mitigate risks applicable to staff and suppliers.

Verification of Supply Chain

LMUK verifies supply chains through several methods, including site evaluations, inspections, verification of qualifications and certifications, as well as those of government debarments and denied parties lists,

¹ For the purposes of this Modern Slavery Act 2015 except where referring to future intent this statement reflects the steps taken during Lockheed Martin's and its subsidiaries' 2022 financial year.

among others. LMUK requires as a condition of contract that all suppliers agree to comply with all applicable laws and regulations.

Evaluation of Supplier Compliance/Audits

LMUK has introduced enhanced policies and practices to manage the risk of MDS, these measures include:

- 1) Acquisition procedures have been updated to introduce a formal risk management approach, which categorises each supplier as Low, Moderate or Enhanced. It further introduces enhanced due diligence for Moderate or Enhanced risk suppliers including requiring details of approaches and techniques applicable to lower tier suppliers.
- 2) LMUK require that all bidders into new procurements confirm that they take measures to mitigate any potential for MDS to occur and for any Moderate or Enhanced risk details of the policies and procedures followed by suppliers with their internal teams and with their suppliers.
- 3) LMUK now make it a formal condition of contract that all vendors awarded contracts have confirmed that they are cognizant of and take suitable measures to prevent MDS occurring.
- 4) LMUK will extend the training of staff on MDS to all LMUK staff rather than just those engaged in Supply Chain Management activities. The latest training also blends in awareness of other nations' requirements such as the US Trafficking in Persons legislation.
- 5) Recruitment and engagement of staff and contractors has been reviewed to ensure that all MSA related HR policies can be mapped to LMUK processes and procedures.

Whilst not publicly available all internal policies can be made available for review by HMG / MoD departments upon request, provided reasonable notice is given.

In addition, LMUK maintains an ethics helpline at (US) 1-800-LM-ETHIC (when calling from outside the U.S., first dial the origin country's exit code). Anyone who observes conduct contrary to the principles set forth in Lockheed Martin's *Code of Conduct "Setting the Standard"* may call the Ethics helpline number that is included in all supply contracts. LMUK promptly investigates all reported matters and takes action as needed, including disclosure to governmental authorities as appropriate. LMUK staff can also raise any concerns or report any issues to ethics and legal staff based in the UK.

Supplier Certification

LMUK requires as a condition of contract that all suppliers commit to comply with applicable laws and regulations but does not require suppliers to certify expressly that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

LMUK has also established a *Supplier Code of Conduct* that communicates the core principles to which LMUK expects its suppliers to adhere. The *Code of Conduct* includes the following provisions:

Human Rights

LMUK expects its suppliers to treat people with respect and dignity, encourage diversity and diverse opinions, promote equal opportunity for all, and help create an inclusive and ethical culture.

Human Trafficking

LMUK expects its suppliers not to engage in the use of forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery, or trafficking of persons. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction, or fraud for the purpose of exploitation.

Child Labor

LMUK expects its suppliers to ensure that child labor is not used in the performance of work. The term “child” refers to any person under the minimum legal age for employment where the work is performed.

Internal Accountability Standards

LMUK maintains internal accountability standards and procedures for employees or contractors failing to meet its standards regarding slavery and trafficking. LMUK has implemented several internal policies addressing this requirement; an example is Corporate Policy Statement, *Good Corporate Citizenship and Respect for Human Rights*, which states that LMUK seeks to improve the global society in which it operates, advance technological and economic development, communicate honestly and forthrightly, and holds itself accountable to deliver consistently what it promises to its stakeholders (customers, stockholders, employees, partners, suppliers, and communities); and minimize any negative consequences of its business activities.

LMUK has procedures in place for employees to report, without fear of retaliation, activity consistent with modern day slavery. If violations involving employees are substantiated, LMUK will take appropriate disciplinary action. If the violation involves LMUK suppliers, appropriate action, up to and including termination of contracts will be undertaken.

Employee Training

LMUK has developed training for recruiters to ensure compliance with its standards regarding slavery and trafficking. LMUK will continue to develop and maintain training modules that support its commitment to protecting human rights, including prevention of child or forced labor, trafficking of persons, adherence to labour laws, adherence to truthful and trustworthy practices during the recruitment of employees or offering of employment, proper disclosure of information, and proper representations during the recruitment process to include key terms and conditions of employment, wages, fringe benefits, work location, housing, and nature of work.

LMUK has developed training focused on its procurement and supply chain management teams specifically to address the Modern Slavery Act 2015 and help equip its teams with knowledge designed to identify obvious signs of modern day slavery and risk areas, this training is completed by all designated employees and made available to other supplier facing personnel. All new starters in procurement and supply chain are required to complete this training when they join the business which then become a part of their regular training plans.

Supplier Surveillance

LMUK uses a proprietary horizon scanning tool to search news sources (UK and International) for advance notice of potential risks based on the “PESTLE” analysis principles. This tool provides daily horizon

scanning search capabilities focused on looking for “red flags” associated with modern day slavery and similar trafficking in persons incidences.

Further Development and Reassessment of LMUK Modern Day Slavery Practices

LMUK periodically reviews, reassess, and evaluates its modern day slavery compliance measures, not only to ensure compliance with the law but also to ensure that it fulfils its core values, namely, “Do the Right Thing,” “Respect Others,” and “Perform with Excellence.” LMUK actively reviews the Modern Slavery Act 2015 declarations of its suppliers and industry peers and considers any best practice that it can adopt to enhance its own developing policies and procedures.

For and on behalf of LMUK Holdings Ltd and its subsidiaries



Paul Livingston

Chief Executive, Lockheed Martin UK