Natural resources, energy, climate change, social issues and economic pressures are often closely interconnected. These challenges are an integral part of our global security mission, driving innovations that protect our employees and our communities, save lives, increase efficiencies, reduce costs and minimize environmental impacts. We are committed to facing these complex challenges head on, promoting innovation and responsible growth while contributing to a more sustainable future for our employees, communities and shareholders.

By integrating energy, environment, safety and health (EESH) considerations into our operations and business practices, we create value by decreasing business risks and identifying opportunities while increasing the productivity, efficiency and quality of our employees’ work environment. In keeping with the three Corporate-wide strategic pillars to Strengthen our Foundation, Reshape our Operations and Evolve our Culture, our strategic focus areas guide our actions to ensure effective execution of the EESH mission.

“...In 2015, Lockheed Martin’s Energy, Environment, Safety and Health organization continued to build on our strong compliance foundation while additionally working to propel innovation, business value and contribute to enterprise growth. In this Year-End report, you will find a summary of our continuing contributions to deliver value to the Corporation. These contributions are a reflection of our collaborative efforts that enable Lockheed Martin’s success."

Carol B. Cala, Vice President, Corporate Energy, Environment, Safety and Health
Two of ESH’s Subject Matter Experts have been selected as Lockheed Martin Fellows. The Lockheed Martin Fellow program’s mission is to connect the best technical talent in the Corporation to our most difficult technical challenges.

Dr. Anthony Banks
Corporate EESH, Safety and Health

Tom Blackman
Corporate EESH, Environmental Remediation

In 2015, we continued to communicate with our stakeholders the value of ESH at Lockheed Martin:

- **Chemical Sustainability**
  - Edge Paper
  - Carol Cala, Vice President, Corporate Energy, Environment, Safety and Health
  - Carol’s Leadership Corner ranks 9th most viewed in Lockheed Martin

- **C-5M Performance Excellence**
  - Excellence Paper

- **Marty Moran**, Director, Operations and Programs
  - Marty’s Leadership Corner ranks 11th in Lockheed Martin
  - was the most viewed Leadership Corner of June

- **Cliff Whisenhunt**
  - Most viewed spotlight story “When Pushing the Limits Leads to Life with Limits”

- **Safety Participative Ergo video**

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**ESH HIGHLIGHTS**

**ENSURE ENVIRONMENTAL STEWARDSHIP**

**ENVIRONMENTAL STEWARDSHIP**

**ENERGY STEWARDSHIP**

**WATER STEWARDSHIP**

**WASTE STEWARDSHIP**

**GOVERNANCE AND ADVOCACY**

**SAFETY AND HEALTH**
ENVIRONMENTAL STEWARDSHIP
ENVIRONMENTAL STEWARDSHIP

Chemical Sustainability

Lockheed Martin closely monitors evolving regulations and restrictions that could impact the availability of chemicals and materials in our supply chain that could have possible production impacts.

PROACTIVE APPROACH TO PROTECT PROGRAM EXECUTION

- Lockheed Martin Priority Chemicals And Command Media
- Environmental And Health Impacts Screening
- Customer And Industry Efforts
- Regulatory And Customer Requirements

In 2015, we established a baseline of chemical usage in order to assess next steps toward reducing or eliminating chemicals of concern. We are collaborating across programs to identify these materials early in the design process, and to share best practices related to identifying and qualifying replacement technologies that meet performance specifications.

CDP 2015 Climate Disclosure Score
(out of 100 total points)

100

84

CDP 2015 Climate Performance Band
(ranked on an A-E scale)

A-

C

Disclosure scores are an assessment of the quality and completeness of a company’s response; they are not a measure of a company’s performance in relation to climate change management.

Where a company’s total disclosure score is 50 or more (shown above), the response is also assessed and ranked in a performance band. The assessment looks at actions in the reporting year that contribute to climate change mitigation, adaptation and transparency. The performance scores are expressed as bands (A,A-,B,C,D,E).
Environmental Stewardship

Our 2020 Go Green Goals

Reduce Water Use by 30%
Reduce Carbon Emissions by 35%
Reduce Facility Energy Use by 25%
Reduce Total Waste by 7%

Annual Energy and Water Cost Avoidance of $28M compared to 2010

Our 2015 Year End Performance | We are well on our way to achieving our 2020 Goals

Reductions measured from a 2010 baseline. Waste reductions measured from a 2014 baseline.

Renewable Energy

Lockheed Martin has entered into a 17-year power purchase agreement for solar-generated electricity produced by Duke Energy Renewables. The renewable power purchase, which is expected to produce 30 Megawatts (approximately 72,000 megawatt hours per year) of solar energy for the U.S. national grid, will provide clean energy across all Lockheed Martin domestic business segments.
Lockheed Martin has made a pledge to **QUADRUPLE** its on-site renewable generation to **10 MW** by the end of 2020 through the EPA Green Power Partnership On-Site commitment.

From our 2013 baseline year to 2015, Lockheed Martin **INCREASED** our **GREEN FOOTPRINT** by over **50%** through Energy Star®, LEED and BREEAM certification.

From our 2013 baseline year to 2015, Lockheed Martin **INCREASED** our **GREEN FOOTPRINT** through Energy Star®, LEED and BREEAM certification.

- **12 HVAC-RELATED PROJECTS** were completed in 2015, resulting in approximately **13.9 MILLION KWH** of annual energy usage reduction and an estimated **$1 MILLION IN RECURRING ANNUAL COST AVOIDANCE.**
- **19 LIGHTING PROJECTS** were also completed, which resulted in approximately **5.3 MILLION KWH** in annual energy usage reduction and an estimated $595,000 in recurring annual cost avoidance. Our facilities also completed over 40 energy-efficiency and carbon reduction projects including:
  - Retro-Commissioning
  - Renewable Energy Projects
  - Building Envelope Improvements
Due to a multi-year drought, the state of California has mandated a REDUCTION IN WATER USE BY 25%.

Lockheed Martin has conducted water balances for 3 of our largest California sites to identify water re-use opportunities for these high water risk sites.

Lockheed Martin is measuring its impacts to try and reduce them, has implemented a policy and strategic framework to take action, and has set targets on water issues."
Lockheed Martin recognizes the importance of preserving finite global resources that have significant impact on human health, the environment and associated life cycle costs.

Waste Reduction

Lockheed Martin’s sites invest in innovative sustainable packaging pilot programs in order to REDUCE COSTS, IMPROVE SAFETY, AND TO HELP REDUCE OUR TOTAL WASTE.

Lockheed Martin’s Camden Operations facility received the Arkansas Environmental Federation Diamond Award for its pioneering work in recycling tons of paint waste containing silver. This project launched in 2012 has reclaimed over 6,967 pounds of waste and generated $445,000 in revenue to date. Since 2013, Lockheed Martin’s precious metal reclamation program at Aeronautics has recovered and sold over 370 OUNCES OF SCRAP GOLD FOR MORE THAN $400,000. THIS REDUCES DEPLETION OF THE EARTH’S GOLD SUPPLY.

In 2015, crates used for shipping P-3 wings were re-used as shelter roofs between two storage containers.
GOVERNANCE AND ADVOCACY
In 2015, we updated Lockheed Martin’s ESH Management System requirements to improve alignment to globally recognized management system standards (e.g., ISO 14001, OHSAS 18001).

Our ESH Management System facilitates performance through effective risk minimization and efficient execution of global operations.

We developed a systematic and documented process for the integration of acquired businesses into our ESH Management System. This process was used for the Sikorsky acquisition.

SAFETY AND HEALTH
Target Zero Performance Results

Lockheed Martin’s Target Zero initiative motivates employees to embrace a “zero accidents” mentality. To drive improvement, we emphasize leadership ownership, and employee engagement, driven through a variety of safety programs and initiatives. Target Zero has led to significant improvements in safety performance since its introduction in 2004.

In 2015, we exceeded our safety goals that were established for our US domestic sites:

- **Recordable Incident Rate**: 0.92 (Goal 1.18)
- **Day Away Case Rate**: 0.15 (Goal 0.18)
- **Severity Rate**: 3.75 (Goal 4.40)

Ergonomics

Lockheed Martin’s Safety and Health Team has focused on addressing ergonomics, as it has been identified as the leading cause of injuries. In 2015, the Safety and Health Team successfully facilitated seven structured improvement events to address both ergonomic and worker health risks in the workplace.

Several of these events employed a Total Worker Health approach, developed in collaboration with the Lockheed Martin Health and Wellness Group.

In 2015, high impact ergonomic and wellness improvements were implemented across six sites as a result of these structured improvement events.
Ergo Cup Competition

The Ergo Cup competition fosters employee innovation of new practices to minimize workplace ergonomic stressors. This competition is open globally to all Lockheed Martin employees and judged based on criteria including ergonomic risk reduction, innovation, simplicity and cost savings.

Of the top 27 submissions across all five business segments, the top three were submitted and accepted to the Applied Ergonomics Conference (AEC) addressing employee injury reductions, increased productivity and cost avoidance.

Mission Systems and Training TB-37 Array Integration designed an automated reeling and unreeling mechanism to increase workplace safety and alleviate back, shoulder and arm pain.

Aeronautics designed a wing plank dolly for the U-2 to eliminate bad posture over extended periods of time. The improvement avoids approximately $59,000 IN OPERATIONAL COSTS ANNUALLY.

Missiles and Fire Control designed a better clocking and torqueing fixture for PAC-3 and THAAD cables to eliminate painful pressure points and bad posture, with more than $125,000 cost avoidance over two years and greater than 70% time reduction per connector.

SAFETY AND HEALTH
SAFETY AND HEALTH

Fortis Exoskeleton

EESH collaborated with Aeronautics and Missiles and Fire Control to integrate the use of the FORTIS Exoskeleton into C-130 manufacturing processes in Marietta, providing significant feedback and input to the iterative FORTIS design process and has contributed to an improved and more useable product.

In 2016, we will measure FORTIS’ impact on productivity and ergonomic-related injury risk reduction.

Fortis Exoskeleton

FORTIS IS AN UNPOWERED, LIGHTWEIGHT EXOSKELETON.

It enhances user strength and endurance by transferring weight through the exoskeleton to the ground when the user is standing or kneeling.

The latest version has an advanced ergonomic design that moves naturally with the body and ADAPTS TO DIFFERENT BODY TYPES AND HEIGHTS.

3D Printing

EESH collaborated with Lockheed Martin’s business segments, Corporate Engineering, Technology and Operations (CETO) and Global Supply Chain (GSCO) to identify and address industrial and occupational hygiene-related risk for the 3D Printing/Additive Manufacturing Working Group and Industrial/Occupational Hygiene Working Group.