

# Progress Continues

## Updates on sustainability topics beyond our core issues

April 2019

This document provides a summary of key topics that are not among the five core issues featured in our sustainability reporting and time-bound goals. These topics remain of interest to certain of our stakeholders, based on our formal assessment of environmental, social and governance issues.

### Waste and recycling

- **Issue Summary:** Data on waste generation and disposal practices indicates how an organization manages environmental impacts and potential improvements in process efficiency and productivity.
- **Our Position:** Lockheed Martin recognizes that as a premier information technology provider to the Federal Government and an employer of 105,000 employees working in communities around the world, we can positively influence the volume and methods of electronic waste (e-waste) recycling.

At Lockheed Martin we take an uncompromising approach for the responsible recycling and stewardship of our e-waste by instituting stringent practices for its management and disposition. Responsible e-waste management practices reduce potential damage to natural infrastructure by lessening water, land, and air pollution resulting from the disposition of e-waste. Our commitment includes improving our internal processes, educating employees, and developing educational outreach materials on this topic. Management of waste and recycling are key topics tracked through our GoGreen 2020 efforts.

We seek to reduce total waste generated by seven percent between 2014 and 2020. We monitor recycling rates at owned and company-operated facilities for a variety of waste streams, including compostable goods, paper, packaging, electronics and precious metals. In addition to stewardship of these waste streams, we also promote responsible waste management practices by holding e-waste recycling events at select facilities for employees’ personal electronics.

- **Our Actions:** In 2018, we sponsored five Employee e-waste events where employees recycled approximately 24,000 pounds of personal electronics (e.g., computers, cell phones, circuit boards). This process did not include recycling Lockheed Martin-owned assets. The 2018 Employee e-waste events included participating sites in Marietta, GA; Camden, AK; Colorado Springs, CO; Bethesda, MD; and Waterton, CO.

### Stakeholder engagement

- **Issue Summary:** Stakeholders are entities or individuals that can be expected to be significantly affected by the organization’s activities, products, and services; and whose actions can affect the ability of the organization to successfully implement its objectives. The engagement process should be based on systematic or generally accepted approaches and principles.
- **Our Position:** We build relationships with customers, employees, NGOs, stockholders and suppliers who seek common ground on sound governance. By working with a diverse set of stakeholder segments and participating in multilateral partnerships, we seek to build trust in our business and expand the benefits of our products and services.
- **Our Action:** Our Core Issues Assessment process determined that stakeholder engagement should be reported as an umbrella tenet of sustainability, rather than an element of the core issue of Business Integrity. We consolidate stakeholder engagement content in the Our Approach section of our [2018 Sustainability Report](#) and in the [2018 GRI Index](#).

### Executive compensation

- **Issue Summary:** Executive compensation is a factor that investors evaluate when determining a company’s long-term viability. Executives who are improperly compensated, either overpaid or underpaid, may not be incentivized to perform in the best interest of shareholders. Compensation programs should be designed to attract and retain critical executive talent, to motivate behaviors that align with stockholders’ interest, and to pay for performance.
- **Our Position:** The Compensation Committee of the Board of Directors seeks input from our CEO and other members of our management team as well as input and advice from the independent compensation consultant to ensure the corporation’s compensation philosophy and all information relevant to individual compensation decisions are taken into account.
- **Our Action:** Our 2019 Proxy Statement reports on executive compensation. At our 2018 Annual Meeting, more than 92 percent of the votes cast by our stockholders approved our Say-on-Pay proposal. We meet with our key investors throughout the year to understand the issues that matter most to them as it relates to executive compensation. We considered the input of our stockholders and emerging best practices in adopting our executive pay programs. During 2018, we had 18 engagements by telephone conference or written correspondence with our largest institutional investors and other significant stockholders. Most investors with whom we met reacted positively to our pay governance and executive compensation programs.

## **Gender Pay Equity**

- **Issue Summary:** Gender pay equity refers to paying employees fairly and consistently, without discrimination, on the basis of gender but taking into account job-related factors such as education, performance, work experience and tenure.
- **Our Position:** Diversity and inclusion are the foundation of our culture, and reflect our core values of doing what's right, respecting others and performing with excellence. By leveraging our employees' unique talents and experiences, we deliver innovative, affordable solutions and unparalleled customer value. Lockheed Martin is an equal opportunity employer and government contractor. Within the U.S., most Lockheed Martin prime contracts with the U.S. Government contain [Federal Acquisition Regulation \(FAR\) clause 52.222-26 Equal Opportunity Equal Opportunity](#). Lockheed Martin will continue to review, reassess, and further develop its diversity and inclusion and pay policies, not only to ensure compliance with the law but also to ensure that we fulfill our core values. In addition, Lockheed Martin will actively monitor and consider any best practice that it can adopt to enhance its developing policies and procedures.
- **Our Action:** As a federal contractor, the Corporation conducts an annual pay review to evaluate pay for all employees regardless of race or gender. We also published the [Lockheed Martin UK Gender Pay Gap 2018 Report](#). Additionally, we publish a [Diversity and Inclusion Annual Report](#) which further describes how we build a safe and inclusive work environment that is able to attract, develop and retain a diverse workforce that has the opportunity to showcase and develop their skills and abilities and in which everyone is treated fairly, with the highest standards of professionalism and ethical conduct.