Lockheed Martin Corporation - Water 2018

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Lockheed Martin is a publicly traded, global security and aerospace company. We research, design, develop, manufacture, integrate and sustain advanced technology systems, products and services, and provide management, engineering, technical, scientific, logistics, systems integration and cybersecurity services, primarily to U.S. and allied government agencies. Our mission is to solve complex challenges, advance scientific discovery and deliver innovative solutions to help our customers keep people safe. In addition to our primary customers, other customers include commercial entities in various sectors, such as energy. Lockheed Martin operates in both owned and leased building spaces (including offices, manufacturing plants, warehouses, service centers, laboratories and other facilities) at more than 590 facilities in 50 U.S. states, and Lockheed Martin has business locations in more than 50 nations and territories. In 2017, we employed approximately 100,000 people worldwide and generated net sales of $51.0 billion. Lockheed Martin's operating units are organized into four business areas: Aeronautics, Missiles and Fire Control, Rotary and Mission Systems and Space. In late 2015, we acquired Sikorsky Aircraft Corporation (Sikorsky) and aligned it under our Rotary and Mission Systems (RMS) business segment. In late 2016, we completed the process of integrating Sikorsky water data into our internal sustainment assessment and have included this data in our response to CDP's questionnaire for the first time.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

<table>
<thead>
<tr>
<th>Start date</th>
<th>End date</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1, 2016</td>
<td>October 31, 2017</td>
</tr>
</tbody>
</table>

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

Poland  
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

<table>
<thead>
<tr>
<th>Exclusion</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-U.S. locations in Australia, Canada, Mexico, United Kingdom</td>
<td>Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities in the United States. Our principal manufacturing facilities are located in the United States, with approximately 95% of our employees based in the United States. Our water data reflects only facilities within the United States and one location in Poland. In preparing the responses to this disclosure, we have included some contextual information on our water programs in locations outside of the United States.</td>
</tr>
</tbody>
</table>
W1. Current state

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

<table>
<thead>
<tr>
<th>Sufficient amounts of good quality freshwater available for use</th>
<th>Direct use importance rating</th>
<th>Indirect use importance rating</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>Important</td>
<td>Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50% of its largest facilities, which represent approximately 85% of our total square footage. These sites are prioritized based on their total annual water use with emphasis on the largest water using facilities. Sites that are not regularly measured and monitored fall outside of our control boundary and are typically leased sites where we do not pay directly for water nor operate the site's water systems.</td>
<td></td>
</tr>
<tr>
<td>Sufficient amounts of recycled, brackish and/or produced water available for use</td>
<td>Neutral</td>
<td>Neutral</td>
<td>Good quality water is essential for our operations; however, it is considered neutral as we have not specifically deemed recycled, brackish and/or produced water as important water sources operationally or within our value chain at this time. Recycled, brackish and/or produced water is not a large source of water use for Lockheed Martin operations, therefore it is of neutral importance. In facilities where we use small quantities of recycled water, some sites collect process water from equipment and re-circulate it into the machinery, while other sites use reclaimed municipal wastewater for irrigation. We are not able to determine the indirect usage of freshwater in our supply chain because we do not track this metric from our approximately 16,000 suppliers. However, we consider our suppliers' access to recycled, brackish and/or produced water to be neutral such that potential supply chain disruptions do not impact our own business operations.</td>
</tr>
</tbody>
</table>

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

<table>
<thead>
<tr>
<th>% of sites/facilities/operations</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water withdrawals – total volumes</td>
<td>76-99</td>
</tr>
<tr>
<td>Water withdrawals – volumes from water stressed areas</td>
<td>76-99</td>
</tr>
<tr>
<td>Water withdrawals – volumes by source</td>
<td>76-99</td>
</tr>
<tr>
<td>Produced water associated with your metals &amp; mining sector activities - total volumes</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Produced water associated with your oil &amp; gas sector activities - total volumes</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Water withdrawals quality</td>
<td>Not relevant</td>
</tr>
<tr>
<td>Water discharges – total volumes</td>
<td>1-25</td>
</tr>
<tr>
<td>Water discharges – volumes by destination</td>
<td>1-25</td>
</tr>
<tr>
<td>Water discharges – volumes by treatment method</td>
<td>1-25</td>
</tr>
<tr>
<td>Water discharge quality – by standard effluent parameters</td>
<td>51-75</td>
</tr>
<tr>
<td>Water discharge quality – temperature</td>
<td>Not monitored</td>
</tr>
<tr>
<td>Water consumption – total volume</td>
<td>1-25</td>
</tr>
<tr>
<td>Water recycled/reused</td>
<td>Not monitored</td>
</tr>
<tr>
<td>The provision of fully-functioning, solely managed WASH services to all workers</td>
<td>100%</td>
</tr>
</tbody>
</table>
W1.2b

What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

<table>
<thead>
<tr>
<th>Total withdrawals</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>5014.4</td>
<td>Higher</td>
<td>Significant downsizing in manufacturing and workforce populations at certain Lockheed Martin facilities have resulted in the operation of buildings in which the infrastructure is designed to be larger than the current demand requires. As a result, there has been an increase in the number of exposure points where bacteria can potentially form due to stagnant or inactive water lines. To mitigate the risk of bacterial growth and prevent Lockheed Martin employees from exposure to potential health hazards, extensive Operating and Maintenance Plans have been established to treat, flow, and test the water utilized across affected facilities. These Operating and Maintenance Plans require an increase in water usage as compared to prior years to properly address any potential occupational health concerns due to changes in our operations. We are not able to determine or estimate how future volumes may vary at this time.</td>
</tr>
</tbody>
</table>

Total discharges

Total consumption

Please select

Lockheed Martin does not collect data on water discharge volumes at the Corporate level. Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting.

Please select

Lockheed Martin does not collect data on water consumption volumes at the Corporate level. Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting.

W1.2d

Provide the proportion of your total withdrawals sourced from water stressed areas.

<table>
<thead>
<tr>
<th>% withdrawn from stressed areas</th>
<th>Comparison with previous reporting year</th>
<th>Identification tool</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>Not applicable</td>
<td>WBCSD Global Water Tool and WRI Aqueduct</td>
<td>Although we have explored the WBCSD Global Water Tool in previous years, this is the first year that we utilized this tool to closely examine which facilities within our operational boundary are located in water-stressed regions. This is also the first year that we utilized the WRI Aqueduct Water Tool, conducting a similar analysis to locate facilities in water-stressed areas and ultimately comparing the results with the outputs of the WBCSD Global Water Tool. Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities, and of these sites, over 10 were determined to have a baseline water stress status of “extremely high risk” through both outputs of the WBCSD Global Water Tool and the WRI Aqueduct Tool.</td>
</tr>
<tr>
<td></td>
<td>Not applicable</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not applicable</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
</tr>
</tbody>
</table>

W1.2h

Provide total water withdrawal data by source.

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water, including rainwater, water from wetlands, rivers, and lakes</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Brackish surface water/seawater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Groundwater – renewable</td>
<td>Relevant</td>
<td>Lower</td>
<td>Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities, which represent approximately 85% of our total square footage. These sites are prioritized based on their total annual water use with emphasis on the largest water using facilities. Sites that are not regularly measured and monitored fall outside of our control boundary and are typically leased sites where we do not pay directly for water nor operate the site’s water systems. Renewable groundwater is relevant to our organization because we track this water source at a Corporate level for the sites within our operational control boundary. We are not able to describe any future anticipated trends for this water source at this time.</td>
</tr>
<tr>
<td>Groundwater – non-renewable</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Produced water</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Third party sources</td>
<td>Relevant</td>
<td>Higher</td>
<td>Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities, which represent approximately 85% of our total square footage. These sites are prioritized based on their total annual water use with emphasis on the largest water using facilities. Sites that are not regularly measured and monitored fall outside of our control boundary and are typically leased sites where we do not pay directly for water nor operate the site’s water systems. We include municipal supplies and a small amount of wastewater from another organization in our third-party sources. Third-party sources are relevant to our organization because we track these water sources at a Corporate level for sites within our operational control boundary and over 97% of our water withdrawals from sites within this boundary are sourced from municipal supplies. We are not able to describe any future anticipated trends for this water source at this time.</td>
</tr>
</tbody>
</table>

Please explain

We include municipal supplies and a small amount of wastewater from another organization in our third-party sources.
(W1.2i) Provide total water discharge data by destination.

<table>
<thead>
<tr>
<th></th>
<th>Relevance</th>
<th>Volume (megaliters/year)</th>
<th>Comparison with previous reporting year</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh surface water</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Brackish surface water/seawater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Groundwater</td>
<td>Not relevant</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
<tr>
<td>Third-party destinations</td>
<td>Relevant but volume unknown</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends.</td>
</tr>
</tbody>
</table>

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

<table>
<thead>
<tr>
<th>% of suppliers by number</th>
<th>Less than 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total procurement spend</td>
<td>26-50</td>
</tr>
</tbody>
</table>

Rationale for this coverage

In 2017, through the Sustainable Supply Chain Management (SSCM) program, we completed our third voluntary Supplier Sustainability Assessment for suppliers to report on their Environmental, Social and Governance (ESG) management systems and performance. We selected a mix of small and large businesses with varying contract lengths and values, suppliers to our business travel program and prior participants in our Corporate Ethics Mentoring Program. In 2017, we expanded invitations to complete the survey from 166 to 299 suppliers, representing 48% of our supply chain spending. We incentivize suppliers to respond to this survey by providing respondents with a benchmarking report that compares their input with those of other survey participants, providing an actionable resource that enables them to address findings. Suppliers are also incentivized as the survey provides opportunities for increased engagement through resources such as the Department of Energy’s Better Plants Program.

Impact of the engagement and measures of success

The environmental section of this survey asks suppliers if they have risk mitigation plans in place that include impacts from water; if they track key performance indicators including water reduction; and if there were any water-related risks that impacted their direct operations or their business with Lockheed Martin. After analyzing supplier responses, we develop an internal scorecard to provide our key internal stakeholders with valuable insights on risks and opportunities across our supply chain. We measure the success of this survey through increased overall participation, increased proportion of fully completed surveys and through the value of additional visibility into supply chain risks and opportunities. In 2017, 44% of requested suppliers responded to the survey and 32% submitted fully completed surveys. The success of this survey is also qualitatively measured through positive supplier reactions, as peer Aerospace and Defense companies have provided positive feedback.

Comment

In addition to factoring in supplier spend and risk factors, other key internal stakeholders contributed input in shaping the supplier list. This past year, we expanded the number of recipients, enhanced the questions based on prior year stakeholder feedback, and integrated the applicable survey questions from the International Aerospace Environmental Group (IAEG) industry-wide survey harmonization efforts.

(W1.4b) Provide details of any other water-related supplier engagement activity.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes
(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and total financial impact.

Country/Region
United States of America

River basin
Not known

Type of impact driver
Physical

Primary impact driver
Severe weather events

Primary impact
Closure of operations

Description of impact
In mid-September of 2017, Hurricane Maria, a Category 4 hurricane with 155 mph winds, destroyed infrastructure in Puerto Rico, causing power and communications outages and widespread flooding for the entire island, impeding transportation. Lockheed Martin's facility in Aguadilla, Puerto Rico was also impacted by Hurricane Maria as the site was closed over approximately a month and a half, due to loss of telecommunications. However, the overall effect of this site closure was of low impact to the Corporation.

Primary response
Increased capital expenditure

Total financial impact
500000

Description of response
Various teams within Lockheed Martin including Crisis Management, Global Emergency Operations Center, Corporate Air, Facilities and Business Continuity and Recovery worked cross-functionally to provide relief to our employees in Puerto Rico. In October of 2017, Lockheed Martin's Crisis Management team utilized the LM-100J (the first flight of our new commercial freighter), to deliver a total of over 80,000 pounds of critical supplies to Lockheed Martin employees and the surrounding community. The Aguadilla site received minimal damage and was prepared with hurricane shelters, a fully operational generator and potable water. The greatest impact to the Aguadilla site was the loss of telecommunications, which was critical for a site that facilitates call center help desk operations. Thus, the closure of this site for over a month increased operating costs as the decrease in capacity resulted in work that had to be redirected to several other sites. The total estimated costs associated with these management actions was approximately $500,000.

Country/Region
United States of America

River basin
Saint John River

Type of impact driver
Physical

Primary impact driver
Severe weather events

Primary impact
Closure of operations

Description of impact
In mid-September of 2017, Hurricane Irma (later downgraded to a tropical storm), flooded several northern Florida cities with heavy rain and high storm surge, cutting power to over 6.2 million homes or more than 60% of the state of Florida. With sustained winds of more than 65 miles per hour, Hurricane Irma caused thousands of trees to topple onto roads, homes and power lines. Lockheed Martin's facility in Ocala, FL, which is part of our Missiles and Fire Control business segment, was also impacted by the path of Irma as hurricane winds knocked trees and power lines onto the roads. During this time, power brown-outs to traffic lights, businesses and residences occurred and the highway patrol requested all non-essential personnel to stay off the roads as linemen worked to make repairs. However, the overall effect of this site closure was of low impact to the Corporation.

Primary response
Other, please specify (Increased operational expenditure)

Total financial impact
800000

Description of response
Acute physical risks are managed by Lockheed Martin's Business Resiliency, Business Continuity and Global Security and Crisis Management organizations. Business Resiliency ensures that resiliency capabilities are addressed through crisis management, business continuity, information technology disaster recovery and medical response to protect human life, safeguard assets and sustain critical operations. Business Continuity outlines the preparation needed in anticipation of significant incidents that may disrupt business operations. Crisis Management promotes preparedness and response with the goal of protecting employees against injury and minimizing damage to Lockheed Martin's assets. Lockheed Martin's Crisis Management Program establishes a strategic framework that directs prompt mobilization of responsibilities and operational practices to protect employees and Lockheed Martin assets prior to, during, and after the event of an emergency. Due to the dangerous conditions surrounding Lockheed Martin's Ocala facility as a result of Hurricane Irma, the Senior Executives and the Global Emergency Operations Center from our Missiles and Fire Control business segment closed down the Ocala, FL facility, as employee safety was paramount. The labor costs associated with the site closure was approximately $800,000.

Country/Region
United States of America

River basin
Type of impact driver
Physical

Primary impact driver
Severe weather events

Primary impact
Increased capital costs

Description of impact
In mid-September of 2017, Hurricane Irma (later downgraded to a tropical storm), flooded several northern Florida cities with heavy rain and high storm surge, cutting power to over 6.2 million homes or more than 60% of the state of Florida. With sustained winds of more than 65 miles per hour, Hurricane Irma caused thousands of trees to topple onto roads, homes and power lines. Lockheed Martin’s facility in Orlando, FL, which is part of our Missiles and Fire Control business segment, was also impacted by the path of Irma as hurricane winds affected various parts of the facility. However, the overall effect of this site closure was of low impact to the Corporation.

Primary response
Infrastructure maintenance

Total financial impact
300000

Description of response
Acute physical risks are managed by Lockheed Martin’s Business Resiliency, Business Continuity and Global Security and Crisis Management organizations. Business Resiliency ensures that resiliency capabilities are addressed through crisis management, business continuity, information technology disaster recovery and medical response to protect human life, safeguard assets and sustain critical operations. Business Continuity outlines the preparation needed in anticipation of significant incidents that may disrupt business operations. Crisis Management promotes preparedness and response with the goal of protecting employees against injury and minimizing damage to Lockheed Martin’s assets. Lockheed Martin’s Crisis Management Program establishes a strategic framework that directs prompt mobilization of responsibilities and operational practices to protect employees and Lockheed Martin assets prior to, during, and after the event of an emergency. Due to the hurricane winds and flooding caused by Hurricane Irma, there was a variety of repairs required for the damages to Lockheed Martin’s facility in Orlando, FL, which were estimated at over $300,000. These management actions included interior repairs to warehouse buildings, restoration of fire detection and security systems, repairs to ceilings and roofs from water damage and emergency rentals of generator due to temporary losses of power.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.
Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
2 to 5 years

Type of tools and methods used
Tools on the market
Enterprise Risk Management
International methodologies
Other

Tools and methods used
WBCSD Global Water Tool
WRI Aqueduct
Life Cycle Assessment
Internal company methods

Comment
Supply chain

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment
Every two years

How far into the future are risks considered?
2 to 5 years

Type of tools and methods used
Enterprise Risk Management
International methodologies
Other

Tools and methods used
Life Cycle Assessment
Internal company methods

Comment
Other stages of the value chain

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment
Every two years

How far into the future are risks considered?
2 to 5 years

Type of tools and methods used
Enterprise Risk Management
International methodologies
Other

Tools and methods used
Life Cycle Assessment
Internal company methods

Comment
(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Relevance</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water availability at a basin/catchment level</td>
<td>Relevant, always included</td>
<td>Although we have explored the WRBSCD Global Water Tool in previous years, this is the first year that we utilized this tool to closely examine which facilities in our operational control boundary are located in water-stressed regions. This is also the first year that we utilized the WRI Aqueduct Tool, conducting a similar analysis to locate facilities in water-stressed regions and ultimately comparing the results with the outputs of the WRBSCD Global Water Tool. Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities, which represent approximately 85% of our total square footage. These sites are prioritized based on their total annual water use with emphasis on the largest water using facilities. Sites that are not regularly measured and monitored fall outside of our control boundary and are typically leased sites where we do not pay directly for water nor operate the site's water systems. Over 97% of our water is from municipal suppliers that provide good quality water to our operations. Of the sites that are included in our operational boundary, over 10 were determined to have a baseline water stress status of &quot;extremely high risk&quot; through both the outputs of the WRBSCD Global Water Tool and the WRI Aqueduct Tool.</td>
</tr>
<tr>
<td>Water quality at a basin/catchment level</td>
<td>Not relevant, explanation provided</td>
<td>Individual Lockheed Martin facilities may measure this information at a site level but do not regularly report this data to be included in our consolidated company reporting. We do not expect to track this water source at a Corporate level in the next reporting year and therefore cannot describe any future anticipated trends. Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities, which represent approximately 85% of our total square footage. These sites are prioritized based on their total annual water use with emphasis on the largest water using facilities. Sites that are not regularly measured and monitored fall outside of our control boundary and are typically leased sites where we do not pay directly for water nor operate the site's water systems. Water quality at a basin/catchment level is not relevant at this time, as over 97% of our water is from municipal suppliers that provide good quality water to our operations.</td>
</tr>
<tr>
<td>Stakeholder conflicts concerning water resources at a basin/catchment level</td>
<td>Relevant, always included</td>
<td>Lockheed Martin is not a large water user in most locations and therefore has not encountered any local water stakeholder conflicts. We use internal company knowledge to address any potential stakeholder conflicts through facility ESH managers who are responsible for monitoring all local issues including water resources and potential issues in local communities that may impact our operations. Although stakeholder conflicts are considered, we have not identified any at this time. Any future stakeholder conflicts would be identified through Lockheed Martin's Environmental, Safety and Health Management System (ESHMS) which goes beyond compliance by providing a risk-based, systematic framework to evaluate the management and performance of ESH processes, programs, and tasks against established standards. Through the ESHMS, sites are required to conduct self-assessments based on their risk assessment profile provided with checklists to evaluate compliance, and given mechanisms to track corrective actions. The ESHMS directs sites to complete corrective action within a specified timeframe depending on the nature and severity of incidents and provides internal documentation tools that serve as the record of authority. ESHMS also implements a process to report incidents, ensure timely communication, assure that appropriate response processes are initiated, and prevent further incidents. If non-compliance is identified, systematic interim control, root cause, corrective and preventive action processes must be applied and monitored to prevent future occurrence. Additionally, our Corporate Internal Audit function periodically audits our sites and/or programs for conformance to our ESH-related internal standards and for compliance with regulations. These audits provide a check-and-balance approach to risk mitigation across the enterprise.</td>
</tr>
<tr>
<td>Implications of water on your key commodities/raw materials</td>
<td>Relevant, always included</td>
<td>Lockheed Martin uses internal company knowledge, such as life-cycle assessments, to assess risks related to water implications on our key commodities/raw materials. In 2016, we conducted an economic input-output life cycle assessment of our supply chain, facilities, and the most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues cumulatively generating 92% of our total environmental impact, water did not materialize as a significant impact.</td>
</tr>
<tr>
<td>Water-related regulatory frameworks</td>
<td>Relevant, always included</td>
<td>We use internal company knowledge through Lockheed Martin's Environmental, Safety and Health Management System (ESHMS) which goes beyond compliance by providing a risk-based, systematic framework to evaluate the management and performance of ESH processes, programs, and tasks against established standards. Through the ESHMS, sites are required to conduct self-assessments based on their risk assessment profile provided with checklists to evaluate compliance, and given mechanisms to track corrective actions. The ESHMS directs sites to complete corrective action within a specified timeframe depending on the nature and severity of incidents and provides internal documentation tools that serve as the record of authority. ESHMS also implements a process to report incidents, ensure timely communication, assure that appropriate response processes are initiated, and prevent further incidents. If non-compliance is identified, systematic interim control, root cause, corrective and preventive action processes must be applied and monitored to prevent future occurrence. Additionally, our Corporate Internal Audit function periodically audits our sites and/or programs for conformance to our ESH-related internal standards and for compliance with regulations. These audits provide a check-and-balance approach to risk mitigation across the enterprise.</td>
</tr>
<tr>
<td>Status of ecosystems and habitats</td>
<td>Relevant, always included</td>
<td>We use internal company knowledge through Lockheed Martin's Environmental, Safety and Health Management System (ESHMS) which goes beyond compliance by providing a risk-based, systematic framework to evaluate the management and performance of ESH processes, programs, and tasks against established standards. Through the ESHMS, sites are required to conduct self-assessments based on their risk assessment profile provided with checklists to evaluate compliance, and given mechanisms to track corrective actions. The ESHMS directs sites to complete corrective action within a specified timeframe depending on the nature and severity of incidents and provides internal documentation tools that serve as the record of authority. If non-compliance is identified, systematic interim control, root cause, corrective and preventive action processes must be applied and monitored to prevent future occurrence. As an example, some of our facilities in California are located near protected and endangered species. Our ESH employees have executed due diligence by conducting site surveys, partnering with local environmental agencies to ensure ecosystem stability and placing site safety measures to mitigate accidents for interactions between facility operations or employees and the native species. In support of the annual wildfire defensible space protocol, Lockheed Martin's Santa Cruz Test Facility (SFCF) engages with the local fire authority, Cal Fire and third-party Forestry Management to survey the site and provide a site-specific plan for fire fuel reduction that protects endangered or protected species such as the silver-tipped mariposa lily, as well as selective clearing to support optimal propagation of all native species. SFC Facilities and ESH teams collaborate with posters and periodic employee email notifications to increase awareness and safety for potential interactions with the local species.</td>
</tr>
<tr>
<td>Access to fully functioning, safely managed WASH services for all employees</td>
<td>Relevant, always included</td>
<td>Lockheed Martin has an expectation to always provide clean water for drinking and sanitation purposes for employees at all facilities under our operational control. Our principal manufacturing facilities and approximately 95% of our employees are located in the U.S. Our facilities are not in areas of the world where people do not have access to WASH services. To address any future potential issues related to WASH services in locations outside the U.S. that may fall within our operational control boundary, we would use internal company knowledge through Lockheed Martin's Environmental, Safety and Health Management System (ESHMS) which goes beyond compliance by providing a risk-based, systematic framework to evaluate the management and performance of ESH processes, programs, and tasks against established standards. Through the ESHMS, sites are required to conduct self-assessments based on their risk assessment profile provided with checklists to evaluate compliance, and given mechanisms to track corrective actions. The ESHMS directs sites to complete corrective action within a specified timeframe depending on the nature and severity of incidents and provides internal documentation tools that serve as the record of authority. ESHMS also implements a process to report incidents, ensure timely communication, assure that appropriate response processes are initiated, and prevent further incidents. If non-compliance is identified, systematic interim control, root cause, corrective and preventive action processes must be applied and monitored to prevent future occurrence. Additionally, our Corporate Internal Audit function periodically audits our sites and/or programs for conformance to our ESH-related internal standards and for compliance with regulations. These audits provide a check-and-balance approach to risk mitigation across the enterprise.</td>
</tr>
<tr>
<td>Other contextual issues, please specify</td>
<td>Please select</td>
<td></td>
</tr>
</tbody>
</table>

(W3.3c) Which of the following stakeholders are considered in your organization’s water-related risk assessments?

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant, always included</td>
<td></td>
</tr>
</tbody>
</table>

Access to fully functioning, safely managed WASH services for all employees

- Relevant, always included

- Lockheed Martin has an expectation to always provide clean water for drinking and sanitation purposes for employees at all facilities under our operational control. Our principal manufacturing facilities and approximately 95% of our employees are located in the U.S. Our facilities are not in areas of the world where people do not have access to WASH services. To address any future potential issues related to WASH services in locations outside the U.S. that may fall within our operational control boundary, we would use internal company knowledge through Lockheed Martin's Environmental, Safety and Health Management System (ESHMS) which goes beyond compliance by providing a risk-based, systematic framework to evaluate the management and performance of ESH processes, programs, and tasks against established standards. Through the ESHMS, sites are required to conduct self-assessments based on their risk assessment profile provided with checklists to evaluate compliance, and given mechanisms to track corrective actions. The ESHMS directs sites to complete corrective action within a specified timeframe depending on the nature and severity of incidents and provides internal documentation tools that serve as the record of authority. If non-compliance is identified, systematic interim control, root cause, corrective and preventive action processes must be applied and monitored to prevent future occurrence. Additionally, our Corporate Internal Audit function periodically audits our sites and/or programs for conformance to our ESH-related internal standards and for compliance with regulations. These audits provide a check-and-balance approach to risk mitigation across the enterprise. |
In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders, including our customers. Through this Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue. After evaluating the importance of sustainability issues to our customers through our Core Issues Assessment and examining the impact of water as part of the life-cycle of our value chain, we have determined that water-related issues are not material to our customers; and therefore do not directly engage with them on water.

In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders, including our investors. Through this Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue. After evaluating the importance of sustainability issues to our investors through our Core Issues Assessment and examining the impact of water as part of the life-cycle of our value chain, we have determined that water-related issues are not material to our investors; and therefore do not directly engage with them on water.

In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders, including our employees. Through this Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue. After evaluating the importance of sustainability issues to our employees through our Core Issues Assessment and examining the impact of water as part of the life-cycle of our value chain, we have determined that water-related issues are not material to our employees; and therefore do not directly engage with them on water.

Lockheed Martin is not a water-intensive company and our current water quantity and quality meet our demands without materially impacting the water basins in which we operate. Any water-related issues are not material to our customers; and therefore do not directly engage with us on water.
CDP

W3.3d

(W3.3d) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

This is the first year that we utilized the WBCSD Global Water Tool and the WRI Aqueduct Tool to examine which facilities in our operational control boundary are located in water-stressed regions. We chose to utilize these tools because they are recognized by Water CDP.

Lockheed Martin regularly measures and monitors total volumes of water withdrawn for over 50 of our largest facilities. Of these sites, over 10 were determined to have a baseline water stress status of “extremely high risk” through both outputs of the water risk tools. However, based on internal company measures, we do not consider these sites to present a potential substantive impact to our operations.

Water-related risks would be managed through internal company methods such as Lockheed Martin’s Environmental, Safety and Health Management System (ESHMS), which goes beyond compliance by providing a risk-based, systematic framework to evaluate the management and performance of ESH processes, programs, and tasks against established standards. Through the ESHMS, sites are required to conduct self-assessments based on their risk assessment profile, provided with checklists to evaluate compliance, and given mechanisms to track corrective actions. The ESHMS directs sites to complete corrective action within a specified timeframe depending on the nature and severity of incidents and provides internal documentation tools that serve as the record of authority. ESHMS also implements a process to report incidents, ensure timely communication, assure that appropriate response processes are initiated, and prevent further incidents. If non-compliance is identified, systematic interim control, root cause, corrective and preventive action processes must be applied and monitored to prevent future occurrence.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a
(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Lockheed Martin considers water-related risks to be location specific but currently does not deem water to pose a material impact to our business. For the purposes of Water CDP disclosure, we would define substantive change from water-related risks as those that are present within certain regions where we or key suppliers operate that could lead to a 1% deviation from normal business operations (e.g. increased process time, disrupted material flow, supply chain delay, etc) and/or a change in revenue or costs to the affected facility and/or supplier caused by a water shortage, regulatory water restriction, water-related natural catastrophe, or other water-related impact. This 1% threshold for substantive change is defined only for the purposes of the Water CDP and does not apply as a formal definition to what Lockheed Martin considers to be material or substantive. Water impacts currently do not constitute 1% of deviation in our normal business operations or our supply chain, and thus do not constitute a substantive change. As an example, although we experienced detrimental impacts to our Aguadilla, Puerto Rico facility from Hurricane Maria, this would not constitute as a substantive impact to our overall Corporation because it did not approach the 1% thresholds related to deviations from normal business operations that we defined as substantive impact for the purposes of Water CDP only.

Lockheed Martin is not in a water intensive company and therefore does not encounter conflicts with other water users at a local level. Our current water quantity and quality meet our demands without materially impacting the water basins in which we operate. If water were to be identified by our stakeholders in our Core Issues Assessment as a high priority factor, we would consider evolving our definition of substantive change to reflect our stakeholders’ concerns and address specific water issues with targeted goals. We will continue to evaluate whether our internal and external stakeholders consider water to be a material impact in the future.

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1: Risks exist, but no substantive impact anticipated</td>
<td>In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders. Through this Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue for our own operations, Tier 1 and 2 suppliers, other suppliers and client product use. The first life-cycle analysis of our products was conducted in 2012 and has been updated twice since then. We have not determined when we will conduct our next life-cycle assessment; as this voluntary process is extensive and requires significant resources, but we anticipate updating the analysis every 2-4 years.</td>
</tr>
</tbody>
</table>

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

<table>
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<tr>
<th>Reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1: Risks exist, but no substantive impact anticipated</td>
<td>In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders, including our suppliers. Through this Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue for our own operations, Tier 1 and 2 suppliers, other suppliers and client product use. The first life-cycle analysis of our products was conducted in 2012 and has been updated twice since then. We have not determined when we will conduct our next life-cycle assessment, as this voluntary process is extensive and requires significant resources, but we anticipate updating the analysis every 2-4 years. Furthermore, we conducted our third annual voluntary Supplier Sustainability Assessment in 2017 in which our suppliers were asked questions regarding risk mitigation plans that include impacts from water, key performance indicators including water reduction; and water-related risks to their direct operations or their business with Lockheed Martin. However, water-related issues did not materialize as a priority in the results of this assessment.</td>
</tr>
</tbody>
</table>

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized.

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
As part of our Go Green program, Lockheed Martin established a 30% water reduction goal by 2020 measured from a 2010 baseline. This program promotes water stewardship to improve operational efficiencies. Since 2010, a team of subject matter experts from facilities engineering and production and process engineering called the “Tiger Team” have been conducting in-depth analyses of energy and water systems across the company to identify projects for implementation. In 2017, the Tiger Team
conduct 10 structured improvement events resulting in energy and water savings through infrastructure and process/production optimizations.

**Estimated timeframe for realization**
1 to 3 years

**Magnitude of potential financial impact**
Medium-high

**Potential financial impact**
34000000

**Explanation of financial impact**
In 2017, Lockheed Martin avoided approximately $34 million (compared to a 2010 baseline) in energy and water costs through the implementation of similar projects over the years. A significant portion of these cost avoidances are a result of energy efficiency, but efficiencies in water-related initiatives are included in this figure.

**Type of opportunity**
Products and services

**Primary water-related opportunity**
Increased sales of existing products/services

**Company-specific description & strategy to realize opportunity**
Through a collaborative development and acquisition effort between NOAA and NASA, in November of 2016, Lockheed Martin completed and launched the first of four next-generation geostationary weather satellites, the Geostationary Operational Environmental Satellite-R Series (GOES-R), which will provide a major improvement in quality, quantity and timeliness of weather data collected over the Western Hemisphere. Also in 2017, Lockheed Martin completed the assembly of the GOES-S weather satellite, the second of the four next-generation geostationary weather satellites, and is in the process of conducting critical mechanical and environmental testing on the spacecraft. The GOES-R series satellites are funded, managed and will be operated by NOAA, enabling higher-resolution images of weather patterns and severe storms five times faster than today. These enhanced capabilities will contribute towards more accurate and reliable weather forecasts, severe weather outlooks and warnings, maritime forecasts, seasonal predictions, drought outlooks and space weather predictions. These advanced prediction capabilities will in turn, enable the ability to save lives in storm-threatened areas.

**Estimated timeframe for realization**
>6 years

**Magnitude of potential financial impact**
Medium

**Potential financial impact**
2500000000

**Explanation of financial impact**
Under the contract, Lockheed Martin is one of 21 companies selected to implement Energy Savings Performance Contract (ESPCs) designed to create federal infrastructure improvements and energy savings. The individual projects are part of an Indefinite Delivery, Indefinite Quantity (IDIQ) contract with a maximum value of $55 billion shared across all contractors, and with a base period of five years with one 18-month option. The potential financial impact represents an average of the $55 billion contract between 21 companies and does not represent the true value of contract specifically delegated to Lockheed Martin. As one of the largest implementers of energy efficiency projects in the U.S., Lockheed Martin Energy partners with government, industrial and commercial customers to deliver advanced energy technologies with guaranteed savings. Under previously awarded contracts, Lockheed Martin Energy has implemented and is developing numerous innovative projects, including an energy retrofit of the U.S. Embassy in Nicaragua that delivers savings of more than 50% in energy use and cost.

**Type of opportunity**
Resilience

**Primary water-related opportunity**
Increased resilience to impacts of climate change

**Company-specific description & strategy to realize opportunity**
Through a collaborative development and acquisition effort between NOAA and NASA, in November of 2016, Lockheed Martin completed and launched the first of four next-generation geostationary weather satellites, the Geostationary Operational Environmental Satellite-R Series (GOES-R), which will provide a major improvement in quality, quantity and timeliness of weather data collected over the Western Hemisphere. Also in 2017, Lockheed Martin completed the assembly of the GOES-S weather satellite, the second of the four next-generation geostationary weather satellites, and is in the process of conducting critical mechanical and environmental testing on the spacecraft. The GOES-R series satellites are funded, managed and will be operated by NOAA, enabling higher-resolution images of weather patterns and severe storms five times faster than today. These enhanced capabilities will contribute towards more accurate and reliable weather forecasts, severe weather outlooks and warnings, maritime forecasts, seasonal predictions, drought outlooks and space weather predictions. These advanced prediction capabilities will in turn, enable the ability to save lives in storm-threatened areas.

**Estimated timeframe for realization**
>6 years

**Magnitude of potential financial impact**
High

**Potential financial impact**
1100000000

**Explanation of financial impact**
In 2008, Lockheed Martin won a $1.1 billion contract to build GOES-R and GOES-S, two of the next-generation satellites in the GOES-R series. Together, the set of four GOES-R satellite series (GOES-R/S/T/U) will have an operation lifetime extending through 2036.

**Type of opportunity**
Products and services

**Primary water-related opportunity**
Increased sales of existing products/services

**Company-specific description & strategy to realize opportunity**
Through a collaborative development and acquisition effort between NOAA and NASA, in November of 2016, Lockheed Martin completed and launched the first of four next-generation geostationary weather satellites, the Geostationary Operational Environmental Satellite-R Series (GOES-R), which will provide a major improvement in quality, quantity and timeliness of weather data collected over the Western Hemisphere. Also in 2017, Lockheed Martin completed the assembly of the GOES-S weather satellite, the second of the four next-generation geostationary weather satellites, and is in the process of conducting critical mechanical and environmental testing on the spacecraft. The GOES-R series satellites are funded, managed and will be operated by NOAA, enabling higher-resolution images of weather patterns and severe storms five times faster than today. These enhanced capabilities will contribute towards more accurate and reliable weather forecasts, severe weather outlooks and warnings, maritime forecasts, seasonal predictions, drought outlooks and space weather predictions. These advanced prediction capabilities will in turn, enable the ability to save lives in storm-threatened areas.
approximately 400 MW of power, which is enough energy to power up to 175,000 homes, significantly reducing Scope 2 emissions. The MeyGen project will contribute to Scotland’s goal of 100 percent renewable energy by 2020.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential financial impact**

Medium-High

**Potential financial impact**

210000000

**Explanation of financial impact**

Through our Sustainability Management Plan, we have committed to achieving $4 billion in annual product sales with direct, measurable benefits to energy and advanced infrastructure resiliency by 2020. In 2017, product sales that benefit energy and infrastructure resiliency totaled $2.1 billion. Lockheed Martin’s tidal project has contributed towards this amount.

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**W6. Governance**

**W6.1**

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

**W6.1a**

(W6.1a) Select the options that best describe the scope and content of your water policy.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Content</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company-wide</strong></td>
<td>Description of water-related performance standards for direct operations</td>
<td>Lockheed Martin’s water management is focused on attaining the Corporation’s Go Green goals through increased efficiency, on-site water reuse and best management practices. Our Corporate goals for water conservation and ESH Management System are publicly available to further the transparency of our water stewardship efforts. We demonstrate our commitment to stakeholder education and recognize environmental linkages through our annual Sustainability Report. Performance standards for our facilities include implementation of water conservation projects and green building practices in the design, construction and operations of all owned or commercially leased facilities. We provide WASH services at all facilities under our operational control. In 2017, Lockheed Martin expanded pilot program through an external partnership called Businesses for the Bay, which encourages businesses within the Chesapeake Bay watershed to commit to voluntary actions that promote water stewardship.</td>
</tr>
<tr>
<td></td>
<td>Company water targets and goals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commitment to stakeholder awareness and education</td>
<td></td>
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<tr>
<td></td>
<td>Commitment to water stewardship and/or collective action</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acknowledgement of the human right to water and sanitation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recognition of environmental linkages, for example, due to climate change</td>
<td></td>
</tr>
</tbody>
</table>

**W6.2**

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

**W6.2a**

(W6.2a) Identify the position(s) of the individual(s) on the board with responsibility for water-related issues.

<table>
<thead>
<tr>
<th>Position of individual</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other, please specify (Board of Directors/board committees)</td>
<td>Lockheed Martin’s Board of Directors monitors the Corporation’s adherence to our Code of Ethics and Business Conduct, with oversight responsibilities that include corporate responsibility, employee safety and health, environmental stewardship, ethical business practices, and diversity and inclusion. The Board is involved in strategic planning and review throughout the year. Executive management provides updates on risks managed at the Corporate level. Business segment management provides updates on risks to respective business segment objectives. Oversight of risk drivers and mitigation is assigned to the full Board unless delegated to one of the committees. In 2017, climate-related issues, which may include water were addressed by the Ethics and Sustainability and the Strategic Affairs committees of the Board.</td>
</tr>
</tbody>
</table>
W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

<table>
<thead>
<tr>
<th>Frequency that water-related issues are a scheduled agenda item</th>
<th>Governance mechanisms into which water-related issues are integrated</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled - some meetings</td>
<td>Monitoring implementation and performance</td>
<td>Lockheed Martin’s Board of Directors monitors the Corporation’s adherence to our Code of Ethics and Business Conduct, with oversight responsibilities that include corporate responsibility, employee safety and health, environmental stewardship, ethical business practices, and diversity and inclusion. The Board is involved in strategic planning and review throughout the year. Executive management provides updates on risks managed at the Corporate level. Business segment management provides updates on risks to respective business segment objectives. Oversight of risk drivers and mitigation is assigned to the full Board unless delegated to one of the committees. In 2017, climate-related issues, which may include water were addressed by the Ethics and Sustainability and the Strategic Affairs committees of the Board.</td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding major plans of action</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reviewing and guiding corporate responsibility strategy</td>
<td></td>
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</tbody>
</table>

W6.3

(W6.3) Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

Name of the position(s) and/or committee(s)
Chief Sustainability Officer (CSO)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
The Senior Vice President (SVP) of Internal Audit, Ethics and Sustainability is head of Lockheed Martin's Corporate Sustainability Office and acts as the Chief Sustainability Officer (CSO), the highest-level management position with responsibility for climate-related issues, which may include water. As chair of the Sustainability Working Group (SWG), the SVP for Internal Audit, Ethics and Sustainability reports directly to Lockheed Martin's Chairman, President and Chief Executive Officer (CEO) and to the Ethics and Sustainability Committee of the Board of Directors. The SWG includes key functional executive leaders such as the vice president of Corporate Energy, Environment, Safety & Health (EESH) who leads the implementation of Lockheed Martin’s environmental programs – in particular, our Go Green 2020 strategy which includes the goal of achieving a 30% reduction in water by 2020, from a 2010 baseline.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?
No

W7. Business strategy

W7.1
Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

<table>
<thead>
<tr>
<th>Water-related issues integrated?</th>
<th>Long-term planning horizon (years)</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>No, water-related issues were reviewed but not considered as strategically relevant/significant</td>
<td>5-10</td>
<td>In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders. Through its Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue for our own operations, Tier 1 and 2 suppliers, other suppliers and client product use. The first life-cycle analysis of our products was conducted in 2012 and has since been updated twice. We have not determined when we will conduct our next life cycle assessment, as this voluntary process is extensive and requires significant resources, but we anticipate updating the analysis every 2-4 years.</td>
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</tr>
<tr>
<td>No, water-related issues were reviewed but not considered as strategically relevant/significant</td>
<td>5-10</td>
<td>In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders. Through its Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. Although water was not identified as a high-risk concern, our Resource Efficiency core issue directly reflects internal and external stakeholder interest in overall environmental stewardship; and through our Go Green 2020 program, we have committed to a 30% reduction in water use by 2020, from a 2010 baseline. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue for our own operations, Tier 1 and 2 suppliers, other suppliers and client product use. The first life-cycle analysis of our products was conducted in 2012 and has since been updated twice. We have not determined when we will conduct our next life cycle assessment, as this voluntary process is extensive and requires significant resources, but we anticipate updating the analysis every 2-4 years.</td>
</tr>
</tbody>
</table>

W7.2

What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

<table>
<thead>
<tr>
<th>Water-related CAPEX (+/- % change)</th>
<th>Anticipated forward trend for CAPEX (+/- % change)</th>
<th>Water-related OPEX (+/- % change)</th>
<th>Anticipated forward trend for OPEX (+/- % change)</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1 -99</td>
<td>0</td>
<td>-14</td>
<td>0</td>
<td>Lockheed Martin decreased both our capital and operational expenditure related to water from 2016 to 2017. Operational expenditure related to water is only an estimate as water cost data is not collected at the Corporate level. We are not able to anticipate trends in our water-related CAPEX and OPEX for the next reporting year.</td>
</tr>
</tbody>
</table>

W7.3

Does your organization use climate-related scenario analysis to inform its business strategy?

<table>
<thead>
<tr>
<th>Use of climate-related scenario analysis</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1 Yes</td>
<td>Our voluntary carbon emissions targets and results outperform a science-based threshold to stabilize atmospheric carbon emissions. Using the Center for Sustainable Organizations’ Context-Based Carbon Metric methodology, we produce less carbon emissions than would be allocated based on our contribution to gross domestic product (GDP). The 1.0 threshold results from the ratio of the actual emissions to allocated emissions, based on a company’s contribution to GDP. The baseline year was 2030, and our resulting score in 2017 is 0.714. The results of our scenario analysis have influenced our business strategy in that during the fall of 2018, Lockheed Martin will engage in a Futures Scenario exercise with BSR. The scenario will incorporate climate-related factors, which may include water. Additionally, Lockheed Martin is in the process of identifying appropriate scenarios in preparation for possible Task Force on Climate Related Disclosures (TCFD)-based reporting in the future.</td>
</tr>
</tbody>
</table>

W7.3a

Has your organization identified any water-related outcomes from your climate-related scenario analysis?

No

W7.4
(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?
No, and we do not anticipate doing so within the next two years

Please explain
In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders and through this Core Issues Assessment, water was not identified as a high-risk concern. Furthermore, in 2016, we conducted an economic input-output life-cycle assessment of our supply chain, facilities and our most material products and services to estimate environmental impacts across our value chain. Although energy and carbon were identified as part of our top 5 issues which cumulatively generate 92% of our total environmental impact, water did not materialize as a significant issue for our own operations, Tier 1 and 2 suppliers, other suppliers and client product use. We do not use an internal price on water because through various comprehensive evaluations from stakeholder feedback and internal company analyses, we have determined that water is not material to our business.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

<table>
<thead>
<tr>
<th>Levels for targets and/or goals</th>
<th>Monitoring at corporate level</th>
<th>Approach to setting and monitoring targets and/or goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide targets and goals</td>
<td>Targets are monitored at the corporate level Goals are monitored at the corporate level</td>
<td>As part of our Go Green program, Lockheed Martin has publicly committed to achieving a 30% reduction in water use by the year 2020, from a 2010 baseline. Our public commitment to water stewardship has influenced our business because we have put more emphasis on water conservation initiatives, achieved our first water reduction target, and then established a second, more aggressive target. In 2017, we achieved a 22% reduction in water usage from a 2010 baseline, as well as energy and water cost avoidances of approximately $34 million compared to 2010.</td>
</tr>
</tbody>
</table>

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Water withdrawals

Level
Company-wide

Primary motivation
Water stewardship

Description of target
As part of our Go Green program, Lockheed Martin has publicly committed to achieving a 30% reduction in water use by the year 2020, from a 2010 baseline. Our public commitment to water stewardship has influenced our business because we have put more emphasis on water conservation initiatives, achieved our first water reduction target, and then established a second, more aggressive target. In 2017, we achieved a 22% reduction in water usage from a 2010 baseline, as well as energy and water cost avoidances of approximately $34 million compared to 2010.

Quantitative metric
% reduction in total water withdrawals

Baseline year
2010

Start year
2015

Target year
2020

% achieved
73

Please explain
In order to increase operational efficiency, in 2008, Lockheed Martin established the Go Green Initiatives against a 2007 baseline to track our environmental performance and measure progress towards specific environmental targets. In 2012, we launched our Go Green 2020 goals, which included a 25% reduction in water use by 2020, from a 2010 baseline. However, we updated this goal in 2015 to achieve a 30% reduction in water use by 2020, from a 2010 baseline. As of 2017, we have achieved a 22% reduction in total water withdrawals against our 2010 baseline.
W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

**Goal**
Reduce environmental impact of product in use phase

**Level**
Company-wide

**Motivation**
Corporate social responsibility

**Description of goal**
In late 2015, Lockheed Martin reassessed our priority sustainability issues through input from various stakeholders. Through this Core Issues Assessment, we have identified five core sustainability objectives and developed a Sustainability Management Plan (SMP) which includes specific goals and performance initiatives that we monitor and voluntarily disclose. In 2016, Lockheed Martin developed goals around Product Total Cost of Ownership with indirect impacts for water consumption, which include: 1) Add design-to-cost analysis criteria to each business segment's proposal planning and proposal review processes by 2020. 2) Generate $1 billion in life-cycle cost reductions from products, resulting in decreased resource consumption and impacts on human health and the environment by 2020.

**Baseline year**
2016

**Start year**
2016

**End year**
2020

**Progress**
As of 2017, our progress around our Product Total Cost of Ownership includes: 1) We deployed several design-to-cost training modules to business and product development teams and further integrated design-to-cost into senior review criteria 2) We conducted life-cycle assessment case studies on three products, identifying cost savings of $574 million, as compared to a business-as-usual scenario.

**Goal**
Engaging with local community

**Level**
Basin level

**Motivation**
Water stewardship

**Description of goal**
In 2017, Lockheed Martin expanded a pilot program through an external partnership called Businesses for the Bay. The Alliance for the Chesapeake Bay's Businesses for the Bay Membership Association encourages businesses within the Chesapeake Bay watershed to take voluntary and measurable actions to support protection and restoration of the Chesapeake Bay and help the public understand the valuable role of the business community in sustaining the health of the Bay and its watershed.

**Baseline year**
2017

**Start year**
2017

**End year**
2018

**Progress**
As of the reporting year, 8 Lockheed Martin sites have committed to voluntary water stewardship actions.

---

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a
(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

**Linkage or tradeoff**
Linkage

**Type of linkage/tradeoff**
Increased energy efficiency

**Description of linkage/tradeoff**
Lockheed Martin understands the synergies between water usage and energy efficiency. Our Corporate policies address both energy and water usage and our Go Green 2020 program aims for a 25% energy reduction and 30% water reduction by the year 2020, from a 2010 baseline. We are ensuring that water infrastructure at our facilities is properly maintained and efficient to conserve water, energy, and maintain integrity. Over the past 6 – 8 years, we’ve conducted Structured Improvement Activities (SIAs) at our top energy and water consuming sites to identify opportunities and develop plans for achieving energy and water reductions. One focus area of the activities was to assess the energy required to supply water in aging infrastructure and identify opportunities for improvement. In 2017, Lockheed Martin avoided approximately $34 million (compared to a 2010 baseline) in energy and water costs through the implementation of similar projects over the years.

**Policy or action**
Over the past 6 - 8 years, we’ve conducted Structured Improvement Activities (SIAs) at our top energy and water consuming sites to identify opportunities and develop plans for achieving energy and water reductions. One focus area of the activities was to assess the energy required to supply water in aging infrastructure and identify opportunities for improvement. Since 2010, a team of subject matter experts from facilities, engineering, and production operations called the “Tiger Team” have been conducting in-depth analyses of energy and water systems across the company to identify projects for implementation. In 2017, the Tiger Team conducted 10 structured improvement events resulting in energy and water savings through infrastructure and process/production optimizations. In 2017, Lockheed Martin avoided approximately $34 million (compared to a 2010 baseline) in energy and water costs through the implementation of similar projects over the years. Furthermore, Lockheed Martin has adopted the United States Green Building Council’s (USGBC) Leadership in Energy and Environmental Design (LEED) as the minimum standard for new construction, renovations, and/or retrofit projects. Lockheed Martin has a Green Buildings Corporate Functional Procedure that requires implementation of green building practices in the design, construction and operations of owned or commercially leased Lockheed Martin facilities to meet the Corporation’s goals on increasing our green footprint.

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(W10.1a) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

**Yes**

---

W10. Verification
(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

<table>
<thead>
<tr>
<th>Disclosure module</th>
<th>Data verified</th>
<th>Verification standard</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>W0. Introduction</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
<td>Other, please specify (DNV Verisustain Protocol)</td>
<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W1. Current state</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
<td>Other, please specify (DNV Verisustain Protocol)</td>
<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W2. Business impacts</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
<td>Other, please specify (DNV Verisustain Protocol)</td>
<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W3. Procedures</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
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<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W4. Risks and opportunities</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
<td>Other, please specify (DNV Verisustain Protocol)</td>
<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W6. Governance</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
<td>Other, please specify (DNV Verisustain Protocol)</td>
<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W7. Strategy</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
<td>Other, please specify (DNV Verisustain Protocol)</td>
<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
<tr>
<td>W8. Targets</td>
<td>Responses to this module are based on water stewardship, governance, procedures and performance data that were reviewed as a part of the third-party assurance of our annual Sustainability Report.</td>
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<td>Our water stewardship, governance, procedures and performance for the reporting year were verified to a limited level of assurance during the third-party assurance process of our annual Sustainability Report. We conduct third-party verification to ensure the accuracy and transparency of our environmental, social and governance claims for all locations under Lockheed Martin's operational control.</td>
</tr>
</tbody>
</table>

W11. Sign off

W-Fi

(W-Fi) Use this field to provide any additional information or context that you feel is relevant to your organization’s response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

<table>
<thead>
<tr>
<th>Job title</th>
<th>Corresponding job category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Vice President and Chief Financial Officer</td>
<td>Chief Financial Officer (CFO)</td>
</tr>
</tbody>
</table>

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate’s Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

<table>
<thead>
<tr>
<th>Public or Non-Public Submission</th>
<th>I am submitting to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>Investors</td>
</tr>
</tbody>
</table>

Please confirm below

I have read and accept the applicable Terms