

Independent Assurance Statement

DNV GL Business Assurance USA, Inc. (DNV GL) was commissioned by Lockheed Martin Corporation (Lockheed Martin) to conduct independent assurance of its 2019 Sustainability Report ('the Report'), as published on the company's website at <http://www.lockheedmartin.com/us/who-we-are/sustainability.html>, for the year ended December 31, 2019 (except for environmental footprint indicators which were verified for the period of 1 November, 2018 – 31 October, 2019).



Our Opinion: On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Lockheed Martin's adherence to the Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. In our opinion, the Report provides sufficient information for readers to understand the company's management approach to its most material issues and impacts.

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

We saw evidence of systematic stakeholder engagement in the reporting year related to the commitment to and execution of Lockheed Martin's Sustainability Management Plan (SMP). The company reports that through the SMP it has driven the mainstreaming of sustainability into its business processes. There are numerous engagement initiatives, such as the ethics supplier mentoring program, across the company's value chain which cover how the company's values and sustainability approach are embedded within business operations and influence decision-making. The stakeholder input and expectations received through these engagement efforts have informed the Report content.

In addition, the company conducted extensive internal and external stakeholder outreach in 2019 as part of its core issues assessment. The formal input helped confirm and prioritize the company's core issues which are to be included in the updated SMP in effect from 2021-2025. The Report accurately reflects the stakeholder groups engaged and mechanisms used to gather stakeholder viewpoints as part of this materiality determination process. We look forward to the 2020 sustainability disclosures to provide further context on the issues that have emerged as greatest significance to the company's stakeholders.

Materiality

The identification of those issues which are necessary for stakeholders to make informed judgements concerning the organization and its impacts.

Interviews with leadership responsible for management and performance of the core issues in the current SMP revealed a common risk based approach to confirming whether there are any significant changes to the company's priority issues in the reporting year. This is further supported by a dedication to frequent knowledge-sharing across the functional areas such as internal audit, enterprise risk management, and global supply chain to support effective management, monitoring, and reporting of performance in these issues.

We commend Lockheed Martin for the robust core issues assessment

process undertaken in 2019 which has informed the next iteration of the SMP. We recognize that the process used to conduct the assessment was systematic and included input from internal stakeholders from across business operations and regions.

Responsiveness

The extent to which the organization responds to stakeholder issues.

Stakeholder ideas and concerns influence decision-making throughout the business. The company continuously considers how to strengthen the mechanisms it has in place to respond to its key stakeholders such as investors, customers, and suppliers. We recommend that when establishing the new set of publicly reported goals for the updated SMP that the company consider which stakeholder groups are most interested in the performance area and assess whether the new goals measure the items which are of greatest concern to these stakeholders.

Reliability and quality

The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.

Overall, we have confidence in the processes in place to ensure reasonable accuracy for the performance information presented in the Report and data management systems. The reporting of performance including the disclosure of data is comprehensive and the indicators are disclosed in a balanced manner. Goals and performance data are presented clearly and in an objective manner. Lockheed Martin applies multiple checks and balances on reported data including utilization of internal audit. The company requires peer review or approval by management throughout the reporting year and before collection and aggregation by the Corporate Sustainability Office.

Our review of the specified data presented in the report resulted in minimal technical errors being identified based on our sampling. These errors have been corrected for the final report.

Based on the processes and procedures conducted with a moderate assurance, there is no evidence that the GHG assertions and environmental footprint data are not materially correct, are not a fair representation of GHG and environmental data and that information has not been prepared with the calculation method referenced.

Scope and approach

Our assurance engagement was planned and carried out in accordance with AA1000 Assurance Standard (AA1000 AS), using DNV GL's VeriSustain methodology.

VeriSustain is based on international assurance best practice including AA1000AS, International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

We evaluated the adherence to the AA1000AS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and followed the procedures as outlined in the VeriSustain protocol to complete the project. We used the Global Reporting Initiative (GRI) Quality of Information Principles (Balance, Clarity, Accuracy, Reliability, Timeliness and Comparability) as criteria for evaluating performance information, together with Lockheed Martin's data protocols for how the data are measured, recorded and reported.

We understand that the reported financial data and information are based on data from Lockheed Martin's 10-K, which is subject to a separate independent audit process. The review of financial data taken from the company's Annual Report, Proxy Statement, and 10-K is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a Type 2, moderate level assurance.

The assurance of energy, GHG emissions, waste generation and water use assertions were conducted to a limited level of assurance. The reporting criteria against which the GHG verification was conducted is the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) greenhouse gas protocol. The organizational boundaries are all global sites under Lockheed Martin's operational control except where noted. All environmental footprint data were verified for the period between 1 November 2018 to 31 October 2019. All other data were verified for the fiscal year 1 January, 2019 – 31 December, 2019.

Data In Scope

- The 25 reportable performance indicators within Lockheed Martin's Sustainability Management Plan (SMP), which is in effect 2015 to 2020, that represent its five core issues: Business Integrity, Product Impact, Information Security, Employee Wellbeing, and Resource Efficiency
- Energy use and greenhouse gas (GHG) Scope 1, 2, and 3 (Category 1-7 and 11) emissions , Green Power (RECs and Onsite Renewable Energy), waste generated, and water use assertions
- GRI Indicators
 - 102-40: List of Stakeholder Groups; 102-42: Identifying and Selecting Stakeholders; 102-43: Approach to Stakeholder Engagement; 102-46: Report Content & Boundaries; 102-47: Material Topics
 - 205-2: Communication and training about anti-corruption policies and procedures
 - 302-1: Energy Consumption; 302-4: Reduction of Energy Consumption
 - 305-1: Direct (Scope 1) GHG Emissions; 305-2: Indirect (Scope 2) GHG Emissions; 305-3: Other Indirect (Scope 3) GHG Emissions; 305-5: Reduction of GHG Emissions
 - 403-2: Occupational Health and Safety
 - 405-1: Diversity and Equal Opportunity

Responsibilities of Lockheed Martin Corporation and of the Assurance Providers

Lockheed Martin has sole responsibility for preparation of the Report and selected performance indicators in accordance with the reporting criteria.

In performing our assurance work, our responsibility is to the management of Lockheed Martin. Our statement, however, represents our independent opinion and is intended to inform all Lockheed Martin's stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report, except for this Assurance Statement.

Level of Assurance

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a '[Type 2 moderate level](#)' of assurance. A 'high level' of assurance would have required additional work at headquarters and site level to gain further evidence to support the basis of our assurance opinion.

Independence

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This is our fifth year of providing assurance for Lockheed Martin. We adopt a balanced approach towards all stakeholders when performing our evaluation.

Data Verified**Greenhouse Gas Emissions**

▪ Scope 1 Emissions	305,362 MtCO ₂ e
▪ Scope 2 Emissions (Location-Based)	662,659 MtCO ₂ e
▪ Scope 2 Emissions (Market-Based)	466,073 MtCO ₂ e
▪ Scope 3 Emissions	
○ Purchased Goods	7,700,000 MtCO ₂ e
○ Fuel and Energy Related Activities (not included in Scope 1 and 2)	105,000 MtCO ₂ e
○ Capital Goods	370,000 MtCO ₂ e
○ Waste Generated in Operations	4,500 MtCO ₂ e
○ Business Travel	190,000 MtCO ₂ e
○ Employee Commuting	215,000 MtCO ₂ e
○ Use of Sold Products	22,000,000 MtCO ₂ e

Energy

▪ 2019 Total Energy Consumption	9,054,301 MMBtu
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Green Power

▪ 2019 Total Green Power	321,941 MWh
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Waste

▪ 2019 Waste Generated	61,566,290 pounds
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Water

▪ 2019 Water Used	1,360,000,000 gallons
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Science Based Target

▪ SBT Context Based Score	0.64
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Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current corporate responsibility issues that could affect Lockheed Martin and are of interest to stakeholders;
- Review of Lockheed Martin's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by Lockheed Martin on its reporting and management processes relating to the Principles;
- Conducted in-person and phone interviews at the corporate headquarters in Bethesda, MD as well as Rockville, MD with a selection of the senior directors and managers who are responsible for areas of management and stakeholder relationships covered by the Report. The objective of these discussions was to understand top level commitment and strategy related to corporate responsibility and Lockheed Martin's governance arrangements, stakeholder engagement activity, management priorities, and systems;
- Visited one site in Stratford, CT. We were free to choose the site location. During the site visit, we met with ethics, human resources, and environmental, health and safety representatives. The review work on site focused on ethics, diversity and inclusion, energy consumption, GHG emissions, waste generated, water consumption, and health and safety management;
- Assessed documentation and evidence that supported and substantiated claims made in the Report;
- Reviewed the specified data collated at the corporate level, including that gathered by other parties, and statements made in the Report. We interviewed managers responsible for internal data validation, reviewed their work processes, and undertook sample-based audits of the processes for generating, gathering, and managing the quantitative and qualitative sustainability data;
- Examined data and information to support the reported energy use, GHG, waste generated and water use assertions;
- Evaluated whether the evidence and data are sufficient to support our opinion and Lockheed Martin's assertions.
- Provided feedback on a draft of the report based on our assurance scope.

Inherent Limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

In addition, the following methods were applied during the verification of Lockheed Martin's environmental footprint inventories and management processes:

- Review of documentation, data records and sources relating to the corporate environmental data claims and GHG emission assertions;
- Review of the processes and tools used to collect, aggregate and report on all environmental data and metrics;
- Assessment of environmental information systems and controls, including:
 - Selection and management of all relevant environmental data and information;
 - Processes for collecting, processing, consolidating, and reporting the relevant environmental data and information;
 - Design and maintenance of the environmental information system;
 - Systems and processes that support the environmental information system.
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative environmental data;
- Examination of all relevant environmental data and information to develop evidence for the assessment of the environmental claims and assertions made;
- Confirmation of whether the organization conforms to the verification criteria

DNV GL Business Assurance

DNV GL Business Assurance is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

<https://www.dnvgl.us/assurance/>

For and on behalf of DNV GL Business Assurance USA, Inc.

Oakland, CA

April 17, 2020



Natasha D'Silva
Sr. Consultant and Lead Assuror



Shaun Walden
Technical Reviewer



Tom Gosselin
Principal Consultant

