

Lockheed Martin Corporation (LMT) Sustainability Accounting Standards Board (SASB) Disclosure 2019

Contents

- Industry: Aerospace2
 - Energy Management.....2
 - Hazardous Waste Management2
 - Data Security.....2
 - Product Safety.....4
 - Fuel Economy & Emissions in Use-Phase.....4
 - Material Sourcing.....6
 - Business Ethics7
- Industry: Electrical and Electronic Equipment.....8
 - Business Ethics8
- Industry: Industrial Machinery & Goods.....9
 - Employee Health & Safety9
- Industry: Electronics Manufacturing Services & Original Design Manufacturing.....9
 - Labor Practices.....9
- Activity Metrics: Aerospace10

Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

Industry: Aerospace

Energy Management

RT-AE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 9,552,793 GJ, (2) 5,591,851 GJ/59%, (3) 1,158,988 GJ/12% - See 2019 Annual Sustainability Assurance Statement, https://lockheedmartin.com/content/dam/lockheed-martin/eo/documents/sustainability/verification-2019.pdf
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Hazardous Waste Management

RT-AE-150a.1	Amount of hazardous waste generated; percentage recycled	(1) 2,661 tons, (2) 253 tons
RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	(1) 0 reportable spills (following CERCLA requirements), (2) For discussion on long-term remediation activities, refer to disclosures in SEC filings (10-K/10-Q).

Data Security

RT-AE-230a.1	(1) Number of data breaches, (2) percentage involving confidential information	Lockheed Martin considers this information to be confidential.
RT-AE-230a.2	Description of approach to identifying and addressing data security risks in (1) company operations and (2) products	Managing and mitigating cyber risks is a critical aspect of delivering mission success to our programs and customers. Lockheed Martin partners with peer aerospace and defense industry companies to establish mechanisms for identifying cybersecurity readiness. Our acquisition, due diligence, and related procedures now require the assessment of supplier cybersecurity risks which have become an integral part of the supplier procurement decision. Cyber is in everything we do at Lockheed Martin. In addition to the strategic measures we take to improve cybersecurity within our supply chain, we also work with our customers and employees to enhance the strength of their cyber networks. In addition to protecting their network, effective cyber hygiene also enhances security for our customers and our corporation. While aerospace and defense prime contractors know that improving supply chain cybersecurity requires ongoing effort, it is essential that all suppliers take steps now to continuously assess and improve their cybersecurity posture. Lockheed Martin has taken a lead role in working with industry partners and the Defense Department to mitigate common supply chain cybersecurity threats such as spear phishing, credential harvesting, and

Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

		<p>vulnerabilities to supplier network infrastructure.</p> <p>Our corporate-wide Embedded Cyber Team oversees the cyber hardening of our platforms and production lines. The team develops and implements programs to create state-of-the-art security for our customers and the entire corporation and integrates its methodology into our products and services using threat modeling to discover existing and future risks. The Corporate Information Security (CIS) team manages Lockheed Martin’s computer network defense system to continuously build our resilience against an ever-expanding ecosystem of cyber risks and external threats, including nation-state threats. CIS also collaborates with the Chief Security Officer and counterintelligence (CI) team to address risks associated with insider threats. These groups develop data-driven initiatives to improve our ability to prevent, detect, respond to, and mitigate threats, both insider and external, focused on sensitive data extraction. We take a variety of precautions to protect our systems and data, including a Computer Incident Response Team (CIRT) to defend against cyber-attacks and regular periodic training of our employees on protection of sensitive information, including training intended to prevent the success of “phishing” attacks. However, because of the persistence, sophistication and volume of cyber-attacks, we may not be successful in defending against all such attacks. We also have a corporate-wide counterintelligence and insider threat detection program to proactively identify external and internal threats and mitigate those threats in a timely manner. Nevertheless, due to the evolving nature of these security threats and the national security aspects of much of the data we protect, the impact of any future incident cannot be predicted.</p> <p>- See 2019 Annual Report/Risk Factors, page 16, https://investors.lockheedmartin.com/static-files/f0741a14-68ec-4e65-aa35-a849084025cf</p> <p>- See 2019 Sustainability Report/Information Security, pages 43-47, https://sustainability.lockheedmartin.com/sustainability/downloads/Lockheed_Martin_Sustainability_Report_Full_2019.pdf</p> <p>- See 2019 GRI Index-Management Approach: Customer Privacy GRI 103-2 https://app.one-report.com/report/qgri_index.html?categoryid=1443&qid=3839&rid=Nzc3MjE3MzZM&arid=NzMxNzk5NTc4&companyid=924&year=2020</p>
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Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

Product Safety		
RT-AE-250a.1	Number of recalls issued; total units recalled	Lockheed Martin considers this information to be confidential.
RT-AE-250a.2	Number of counterfeit parts detected; percentage avoided	Zero instances of suspect counterfeit materials have escaped to the end customer. - See 2019 Sustainability Report/Counterfeit Parts Prevention, pages 29, https://sustainability.lockheedmartin.com/sustainability/downloads/Lockheed_Martin_Sustainability_Report_Full_2019.pdf
RT-AE-250a.3	Number of Airworthiness Directives received, total units affected	- Docket No. FAA-2019-0581, Est. 7 US aircraft, Lockheed Martin - Docket No. FAA-2019-0699, Est. 30 US aircraft, Lockheed Martin - Docket No. FAA-2016-8501, Est. 50 US aircraft, Sikorsky - Docket No. FAA-2019-0389, Est. 115 US aircraft, Sikorsky, Issued Maintenance Manual, SA 4047-76C-2, Temporary Revision 73-10, dated June 25, 2019 (TR 73-10)
RT-AE-250a.4	Total amount of monetary losses as a result of legal proceedings associated with product safety	Lockheed Martin does not disclose this information.
Fuel Economy & Emissions in Use-Phase		
RT-AE-410a.1	Revenue from alternative energy-related products	2019: \$181M Energy Storage Products This includes revenues related to our Distributed Energy Solutions business that we divested in November 2019
RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	Our enterprise-wide Logistics and Sustainment community has always embraced Design for Sustainability principles to reduce total cost of ownership for our customers, while achieving long-term performance objectives and mission readiness. Close to 70% of a product's life-cycle costs can be influenced during the initial engineering design phase. We implement designs that drive affordability and look to augment proven systems engineering techniques by incorporating circular economy principles where possible. Our goal is to help our customers achieve their vision, while balancing competing priorities in a smart and sustainable way. Our Design for Sustainability approach includes: Promoting high reliability to drive down customer operating costs through reduced repair and maintenance needs, Designing efficient maintenance solutions to reduce the

Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

		<p>need for manpower and support equipment maintainability, Leveraging automated fault detection and isolation methods to enable self-monitoring technology that evaluates its own health, Employing materials and coatings that minimize postproduction environmental impacts while driving down life-cycle costs, Enhancing the commonality between technology solutions to drive procurement and supply support efficiencies, Utilizing Human Factors Engineering to develop user centered design solutions that optimize safe system operation and maintenance, Evaluating and reducing Environment, Safety, and Health (ESH) risks to people, the environment, and equipment, Managing energy requirements to enable load sharing and advanced technologies, such as solar, when appropriate, and Preventing and controlling corrosion of our technologies to ensure longevity in austere environments.</p> <p>Taking inspiration from biology can lead to more sustainable designs and reduce the product development cycle. Lockheed Martin Aeronautics Company's Advanced Development Programs (ADP) has integrated Bio-Inspired Design (BID) into the Skunk Works® technology and product development process to spark innovation and instill a culture of sustainable product design. The Environment, Safety, and Health (ESH) office of ADP funded 13 BID proof-of-concept projects leading to sustainable technology innovation in aircraft noise and drag reduction, lightweight structures, chemical and optical sensors, self-cleaning and pigment-free coatings, biodegradable materials, morphing structures, and more efficient heat transfer. These projects were inspired by a variety of organisms, including birds, insects, plants, and even fungi. BID is opening the design space in critically important new areas, while making engineers more sensitive to the ESH impacts of new products over their life cycles.</p> <p>- See 2019 Sustainability Report/Product Impact, pages 27, https://sustainability.lockheedmartin.com/sustainability/downloads/Lockheed_Martin_Sustainability_Report_Full_2019.pdf</p>
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Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

Material Sourcing

RT-AE-440a.1	Description of the management of risks associated with the use of critical materials	<p>Some of our products require relatively scarce raw materials. Furthermore, some scarce raw materials required for our products are largely controlled by a single country and therefore can be adversely impacted by potential trade actions involving that country. Historically, we have been successful in obtaining the raw materials and other supplies needed in our manufacturing processes. We seek to manage raw materials supply risk through long-term contracts and by maintaining an acceptable level of the key materials in inventories. Aluminum and titanium are important raw materials used in certain of our Aeronautics and Space programs. Long-term agreements have helped enable a continued supply of aluminum and titanium. Carbon fiber is an important ingredient in composite materials used in our Aeronautics programs, such as the F-35 aircraft. We have been advised by some suppliers that pricing and the timing of availability of materials in some commodities markets can fluctuate widely. These fluctuations may negatively affect the price and availability of certain materials. While we do not anticipate material problems regarding the supply of our raw materials and believe that we have taken appropriate measures to mitigate these variations, if key materials become unavailable or if pricing fluctuates widely in the future, it could result in delay of one or more of our programs, increased costs or reduced operating profits or cash flows. We rely on other companies to provide materials, major components and products, and to perform a portion of the services that are provided to our customers under the terms of most of our contracts. A failure by one or more of these suppliers or subcontractors to provide the agreed-upon supplies or perform the agreed-upon services on a timely basis, according to specifications, or at all, may affect our ability to perform our obligations. While we believe we have taken appropriate measures to mitigate these risks, supplier disruptions could result in delays, increased costs, or reduced operating profits or cash flows.</p> <p>- See 2019 Annual Report/Business/Risk Factors, pages 6 and 13, https://investors.lockheedmartin.com/static-files/f0741a14-68ec-4e65-aa35-a849084025cf</p>
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Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

Business Ethics		
RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	Lockheed Martin considers this information to be confidential.
RT-AE-510a.2	Revenue from countries ranked in the “E” or “F” Band of Transparency International’s Government Defense Anti-Corruption Index	<p><u>2019 Sales</u></p> <p>Band E: \$2,547M Band F: \$773M</p> <p>Total: \$3,321M</p>
RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain	<p>Our employees share a commitment to the highest standards of ethical conduct, a vital responsibility for upholding the values of the Corporation. Lockheed Martin’s business success depends on our commitment to integrity. We do more than just comply with laws and regulations. We expect ethical behavior and aim to do what is right every day. When employees face ethical dilemmas in the workplace, we encourage them to use Voicing Our Values techniques: Ask Questions, Obtain Data, Talk to Others, and Reframe the Issue. These techniques form a practical strategy for thinking through and resolving ethics issues. Our Ethics Officers educate leaders and employees on how to promote a positive, inclusive, and ethical work environment. They provide resources, communications, training, and tools to support and enhance the high ethical standards and behaviors at Lockheed Martin. The Ethics Office also provides an interactive Code of Conduct, ethics training in multiple languages, and a Lockheed Martin Helpline as one of several contact vehicles.</p> <p>By reinforcing and strengthening protocols and transparency with our business partners, we can open doors to opportunity and innovation for suppliers and customers. Supplier Wire is our dedicated site for suppliers looking to do business with Lockheed Martin and the defense industry. It keeps partners up to date on issues such as identifying and preventing email scams, implementing effective cybersecurity for small businesses, managing for sustainability performance, mentoring supply chain partners, avoiding counterfeit parts, and keeping up with industry trends, among other topics. Supplier Wire also provides annual ethics reminders and offers ethics webinars to help</p>

Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

		<p>suppliers stay abreast of emerging concerns and mitigation strategies. Additional resources include:</p> <ul style="list-style-type: none"> • Supplier Code of Conduct, which we reference in all purchase orders and which expresses our ethical expectations of suppliers. • Ethics Resources for Suppliers, which are free, self-serve resources such as ethics program guidelines and webinars. • Supplier Mentorships and Guidance, in which a supplier can apply to work one-on-one with a Lockheed Martin Ethics Officer to make sure their ethics programs meet our rigorous expectations. This can include providing the supplier with guidance on business development, quality assurance, assistance navigating federal contract bidding, education about international trade, and other topics. • Small Business Toolkit, which was developed by the Defense Industry Initiative on Business Ethics and Conduct. The Toolkit provides guidance for setting up an ethics program, template policies, procedures, and compliance training. <p>Our Supplier Code of Conduct, referenced in the ethics clause of all new and active purchase orders, expresses the expectations we hold for our suppliers, and mirrors the standards in our own Code of Ethics and Business Conduct.</p> <p>- See Lockheed Martin Code of Conduct, http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/ethics/code-of-conduct.pdf</p> <p>- See Supplier Code of Conduct, http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/suppliers/LM_Supplier_Code_of_Conduct.pdf</p>
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Industry: Electrical and Electronic Equipment

Business Ethics

RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	<p>We have zero tolerance for corruption at Lockheed Martin. We work diligently to ensure that our business operations are free of corruption and we do not engage with corrupt actors. We regularly join with other corporations, governments, and citizens throughout the world in reaffirming our commitment to preventing and combating all forms of bribery and corruption. We empower our employees with anti-corruption awareness resources and the ability to report any questions or concerns for conduct that would violate our anti-corruption policy. Some of these resources include:</p> <ul style="list-style-type: none"> • Our Supplier Code of Conduct, which we updated this year. The Code expresses our ethical expectations of suppliers and we reference it in all purchase orders. • Gifts Decision Tree is an interactive guide for employees that covers giving and receiving gifts,
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Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

		<p>hospitality, and other business courtesies.</p> <ul style="list-style-type: none"> • CPS-730 is our corporate policy statement on Compliance with Anti-Corruption Laws. In addition to these tools, employees can engage their local Ethics Officer, the Corporate Ethics Office, Human Resources, or our Legal team for guidance, to ask questions, and to raise concerns without fear of retaliation. All Lockheed Martin employees are required to take regular Business Conduct Compliance Training (BCCT). <p>- See 2019 Sustainability Report/Anti-Bribery and Corruption Controls, pages 21, https://sustainability.lockheedmartin.com/sustainability/downloads/Lockheed_Martin_Sustainability_Report_Full_2019.pdf</p>
Industry: Industrial Machinery & Goods		
Employee Health & Safety		
RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	(1) Total recordable incident rate (TRIR): 1.03, (2) Fatality rate: 0.00, (3) Near miss frequency rate (NMFR) – In 2019 LM did not track or have a means to track near miss (close calls) on enterprise-wide basis.
Industry: Electronics Manufacturing Services & Original Design Manufacturing		
Labor Practices		
TC-ES-310a.1	(1) Number of work stoppages and (2) total days idle	In 2019, Lockheed Martin implemented full site closures 56 times, the majority of which (89%) represented weather-related closures. Security operations and utility-related outages represented the remaining events. These closures represented a total of 176 (or < 0.2%) days idle across all operations. More than 60% of all closures occurred in Colorado or Florida, with another 11% involving our operations outside the United States. The longest closure lasted five days during Hurricane Dorian. No significant impact to our operations resulted from these events.

Lockheed Martin Corporation (LMT)
Sustainability Accounting Standards Board (SASB) Disclosure
2019

Activity Metrics: Aerospace		
RT-AE-000.A	Production by reportable segment	<p>Aircraft (Fixed and Rotary Winged) represent the largest market segment by sales in Lockheed Martin's product portfolio. Publicly the number of annual and quarterly deliveries are provided as part of our Quarterly Earnings Release documentation. The following figures represent the Aircraft segment and each sub-segment within.</p> <ul style="list-style-type: none"> - Fixed Wing Aircraft: 162 - Rotor-based Aircraft: 100 - Total Aircraft: 262 <p>See Quarterly Earnings Release Q4 2019, https://investors.lockheedmartin.com/static-files/1e14cc7f-674b-48b6-b5ad-b6abff468b60</p>
RT-AE-000.B	Number of employees	Approximately 110,000 globally