

LOCKHEED MARTIN



# Lockheed Martin **Human Rights Report**

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## Executive Summary

At Lockheed Martin, we believe that respect for human rights is an essential element of being a good corporate citizen and the long-term success of the company. Treating employees with respect, minimizing negative consequences of our business activities and contributing to economic and social well-being, are all key components of our [Human Rights Policy and Principles](#). Lockheed Martin's activities are conducted in compliance with the laws and regulations of the countries in which we operate, except where such laws conflict with U.S. law, and our compliance with them is reinforced by our robust integrated assurance program and Board of Directors oversight of our enterprise risk management process.

Respect for human rights in our operations and supply chain is ingrained through strong policies and training to educate employees and third parties on human rights issues and risks. Our due diligence processes are embedded within our operating and decision-making practices and procedures and are supported by formal grievance mechanisms that can be utilized by internal and/or external parties to notify and inform us of potential misconduct.

The success of our commitment to human rights is reflected in our accomplishments, further detailed in the Progress Reports section of this document. In 2020, we closed out our 2020 Sustainability Management Plan having achieved all our human rights related goals and released our 2025 Sustainability Management Plan goals. Our reporting on conflict minerals, human trafficking and global diversity and inclusion further demonstrates our continued commitment to advancing our human rights approach and transparency.

The purpose of this report is to consolidate the policies, principles and programs that demonstrate our commitment to human rights for improved availability and transparency to stakeholders, and to report on our progress around these efforts. Additional details, including access to our comprehensive policies and guidelines, are available through the [Environmental, Social and Governance \(ESG\) Portal](#).

# 1. Introduction

At Lockheed Martin, our commitment to respect human rights and be a good corporate citizen underpins our [Code of Ethics and Business Conduct](#), Setting the Standard, and our stated values—Do What’s Right, Respect Others and Perform with Excellence. This commitment applies to all employees, the Board of Directors and others who represent or act for us.

Good citizenship includes the protection and advancement of human rights. Lockheed Martin has policies and procedures relating to human rights and offers formal grievance mechanisms, such as an Ethics Helpline. This helpline can be used by internal and external individuals to notify Lockheed Martin of potential misconduct, including human rights issues.

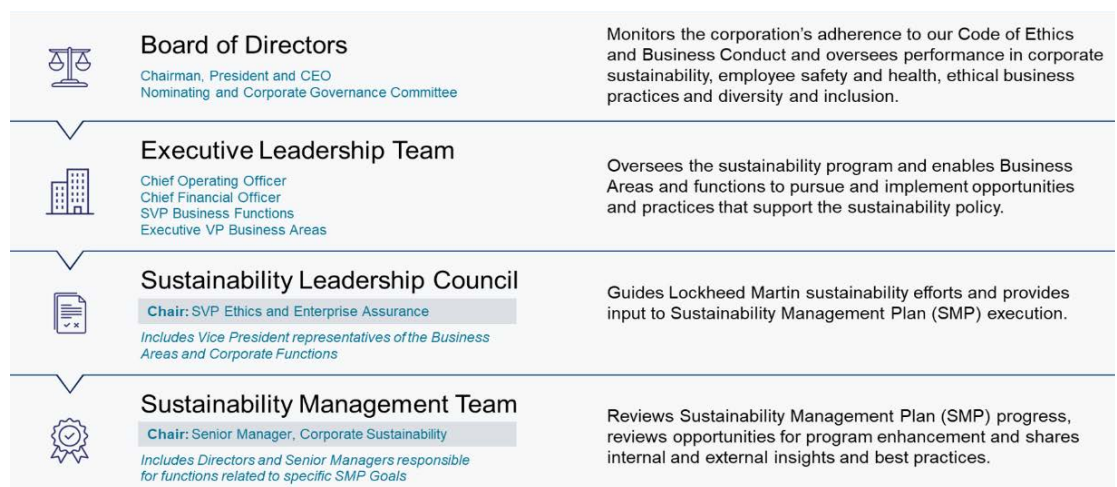
Lockheed Martin’s activities are conducted in compliance with the laws and regulations of the countries in which we operate, except where such laws conflict with U.S. law, and our compliance with them is reinforced by our robust integrated assurance program and Board of Directors oversight of our enterprise risk management process.

Transparency is a key component of our human rights due processes. This report provides links to the public disclosure of relevant policies, principles and due diligence that demonstrate our commitment to human rights, and to our 2020 progress and accomplishments.

## 2. Governance

Governance for our human rights program features a top-down accountability structure. The Board of Directors, through the Nominating and Corporate Governance Committee (Governance Committee), sets the direction and adoption of Lockheed Martin’s ethics standards and reviews and monitors the Corporation’s policies and procedures regarding corporate responsibility, human rights, ethics and sustainability. This includes our compliance with related laws and regulations.

The Senior Vice President (SVP) of Ethics and Enterprise Assurance oversees our corporate-wide Ethics Programs, including all ethics and business conduct training. The Governance Committee receives regular reports from the SVP implementation of our Sustainability Management Plan, which includes goals related to human rights. To ensure accountability, the SVP reports directly to the Chairman, President and Chief Executive Officer.



The Lockheed Martin sustainability governance structure comprises the Governance Committee chartered by the Board of Directors, the Executive Leadership Team (ELT), the Sustainability Leadership Council (SLC) and the Sustainability Management Team (SMT). The Business Areas are directly involved through the ELT and SLC, and each Business Area has a dedicated Ethics Officer.



## 3. Current Policies, Principles and Due Diligence Processes

At Lockheed Martin, we maintain the highest standards of ethical business conduct across our company. Our global policies, procedures and practices reflect our strong commitment to good corporate citizenship and articulate how we endeavor to meet this responsibility. Clear policies express our commitment to meet this responsibility. These policies are informed by relevant internal and external expertise, stipulate expectations for employees and are embedded throughout the enterprise.

### 3.1 Company-level

- The following policies and procedures codify the human rights and sustainability expectations that apply across the company:
- [Setting the Standard, the Code of Ethics and Business Conduct](#): Establishes the principles by which we maintain our commitment to ethical business practices, and how we must conduct ourselves when representing or acting on behalf of our company.
- [CPS-021, Good Corporate Citizenship and Respect for Human Rights](#): Communicates the principles that reflect our strong commitment to good corporate citizenship, which guide all relevant global policies, procedures and practices.
- [CPS-803, Sustainability Policy](#): Provides an overview of the principles, programs and governance that demonstrate that sustainability is an integral part of our business strategy, which enhances value and provides for the long-term preservation and stewardship of environmental, social and financial capital.

Monitoring for new issues is on-going, and new policies and procedures are continuously identified and developed. For example, Artificial Intelligence (AI) is an increasing focus area, and Lockheed Martin has partnered with the Department of Defense to align with guidance on ethics in AI. This is demonstrated by a 2025 Sustainability Management Plan goal around AI ethics training, and the corporate policy CPS-022, Ethical Development and Use of AI Policy, referenced in our [Code of Ethics and Business Conduct](#).

## 3.2 Contractual Agreements

We seek to minimize the potential negative human rights impacts of our business activities by conducting pre-contractual due diligence. Clear procedures help ensure that new contracts meet our standards and values. Prospective commitments are reviewed to ensure they fit our strategic direction, will uphold our values and are structured for successful technical and financial performance. Each Business Area has implemented proposal review and approval procedures that evaluate risks, and which can result in a decision not to bid. Proposals related to certain types of products or programs that carry increased reputational risks require the review of a multi-disciplinary corporate review committee chaired by our Chief Financial Officer (CFO) and Chief Operation Officer (COO) and includes our SVP, Ethics and Enterprise Assurance. The Governance Committee has oversight of Ethics and Sustainability, and is responsible for reviewing and monitoring the Corporation's policies and procedures with respect to human rights. These processes help ensure compliance with all applicable laws.

## 3.3 Employees

Lockheed Martin is committed to acting with integrity and honesty. The high standards we set for our employees are outlined in several policies and in our due diligence processes. These provide the foundation of our success. Strong reporting mechanisms allow feedback on our employee programs and ensure continuous improvement.

### 3.3.1 Ethics

We require all employees, consultants, contract laborers and Board members to agree to abide by our Code of Ethics and Business Conduct. The following policies and resources outline our high expectations for employees and others who act on behalf of our company, and a description of our due diligence around implementing and enforcing our employee ethics program.





- [CPS-001: Ethics and Business Conduct Policy](#): Provides an overview of the principles, programs and governance that demonstrate and guide our commitment to ethical conduct. We will conduct our business with honesty and integrity, we will communicate our standards of ethical conduct, we will promote a work environment that is positive, diverse, open and inclusive and we will respect the right of employees to exercise their right of free association and to choose or not choose collective bargaining representation.
- [Ethics and Business Conduct Website](#): Contains Corporate Ethics contact information, training requirements, policies and additional resources for the Ethics program to support employees and provide information for the public. This website is a primary source of information for all aspects of the Ethics program. It also links to our [Supplier Ethics webpage](#).
- [CRX-021, Internal Investigations](#): Establishes standards for investigating alleged violations of laws, regulations, policies, procedures or the Code of Ethics and Business Conduct.
- [CPS-730, Compliance with Anti-Corruption Laws](#): Provides that we must conduct our business activities in accordance with applicable anticorruption laws, rules and regulations and the Corporation's Code of Ethics and Business Conduct.
- [Anti-Corruption Program and Policies Website](#): Describes our comprehensive Anti-Corruption Program (ACP) to identify, manage and mitigate corruption risks associated with the Corporation's business activities. The due diligence process required before entering into third-party agreements, including for joint venture or teaming agreements and with suppliers and international consultants, is described in the Anti-Corruption website.

We encourage our employees, suppliers and the general public to report ethics violations, including potential human rights violations, through our Ethics Helpline, which accepts anonymous calls. Lockheed Martin does not tolerate retaliation in any form against individuals who have reported an ethics concern. Every Lockheed Martin employee has the rights and protections against reprisals as provided by law and regulation.

We have a process for promptly and thoroughly investigating all alleged violations of laws, regulations, policies, procedures or the Lockheed Martin Code of Ethics and Business Conduct, Setting the Standard, that occur in the workplace or in off-premises situations with a relationship to the workplace or that affect the workplace. Potential violations may be identified through normal compliance channels or raised by whistleblowers and other concerned employees. This includes any potential violation of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or other international anti-corruption laws (together, "Anti-Corruption Laws"), whether the allegations involve individuals employed directly by Lockheed Martin or those with whom we partner, such as agents and suppliers.

We track the number of times Ethics is contacted per 1,000 employees. In 2020, per 1,000 employees, there were 33.9 Ethics Guidances (general inquiries, comments, concerns and referrals to other departments which provide information, advice and/or resources to clarify policy and resolve workplace questions on a wide-range of ethics and compliance topics) and 2.8 Ethics Cases (an allegation that requires some type of investigation into a good-faith allegation of misconduct). In 2019, per 1,000 employees, there were 38 Guidances and 4 cases.

We perform internal Ethics Program Assessments on a continuous three-year rotation to evaluate the effectiveness and integration of Lockheed Martin's Ethics and Business Conduct program into key business entities. These reviews help us identify best practices, potential risk areas and opportunities to improve program integration and overall ethical culture.

Further information on our ethics policies, process, training and investigations and reporting practices is available to all employees and the general public on our Ethics website and the [Ethical Governance and Leadership](#) section of our Sustainability website.

### 3.3.2 Employee Training

Mandatory employee training across a wide range of human rights topics is an integral component of our commitments and due diligence process.

All employees receive compliance training, as required by our [Ethics and Business Conduct Policy](#) and summarized on our website, including the CEO and Board members for our Ethics Awareness Training. We conducted an average of 25.2 hours across all areas of training and development per full-time employee in 2020. Trainings include periodic review and certification to the Code of Ethics and Business Conduct, annual Ethics Awareness training, Conflict of Interest and Business Conduct Compliance training modules (including Combating Trafficking in Persons, International Business Practices and Gifts/Business Courtesies). All employees certify to the Code of Conduct and complete annual Ethics Awareness training; other compliance training is assigned to target audiences based on their roles. Additionally, employees receive an annual CEO Anti-Corruption Day letter.

Voicing our Values, Lockheed Martin's annual ethics awareness training, provides a forum for employees to see the roadblocks they may face in addressing ethics issues, and to explore with their teams how they might handle similar circumstances. Lockheed Martin achieves 100% participation each year in this live, leader-led, ethics awareness training.

Additional trainings are added as new issues develop.

### 3.3.3 Diversity & Inclusion and Nondiscrimination

Nondiscrimination, equal employment opportunity and diversity and inclusion are important components of our Core Values and Ethics and Business Conduct Policy. Diversity and inclusion are business imperatives for us, as we believe that it is key to our continued success. We publicly commit to this value in our reporting, including our [2020 Annual Report](#) and in our [2020 Diversity & Inclusion Annual Report](#). The following policies and resources outline our commitment to diversity and inclusion throughout our entire organization.

- [CPS-003, Nondiscrimination and Equal Employment Opportunity](#): Outlines that Lockheed Martin is an equal opportunity employer and provides equal employment opportunity to employees and applicants, and does not discriminate against employees or applicants on the basis of race, ethnicity, religion, color, sex, pregnancy, national origin, age, military veteran status, ancestry, sexual orientation, gender identity or expression, marital status, family structure, genetic information or mental or physical disability (and medical condition, for employees in California).
- [Global Diversity and Inclusion 2020 Annual Report](#): Summarizes Lockheed Martin's Global Diversity and Inclusion programs and accomplishments, including our inclusion strategy, workforce demographics and talent recruitment and development strategies.
- [EEO-1 Reporting](#): Includes data and supporting background information about our U.S. based workforce by gender, ethnicity and race and by job categories.

Diversity and inclusion initiatives focus on employee recruitment and employee training and development. Our Business Resource Groups are voluntary, employee-led groups that foster a diverse and inclusive workplace aligned with our organizational mission, values, goals and business practices. Through these and other focused efforts, we have improved the diversity of our overall U.S. workforce and within leadership positions, specifically in the representation of women, People of Color and People with Disabilities.



### 3.3.4 Employee Safety and Health

Maintaining a safe work environment for all our employees is vital to Lockheed Martin's success. Lockheed Martin is committed to operating in a manner that prevents environmental, safety and health (ESH) accidents and incidents, actively manages risk, conserves natural resources, protects the environment and ensures the safety of employees, contractors and the public. Our ESH policy and due diligence process are available on our [Environment, Safety and Health website](#).

## 3.4 Suppliers

Our commitment to upholding business integrity extends to our supplier relationships. Lockheed Martin builds sustainable supplier capacity by partnering with our supply chain to reduce adverse environmental impacts, to promote human rights, health, safety and ethical behavior and to enable responsible supplier growth and raise standards.

- [Lockheed Martin Supplier Code of Conduct](#): Expresses the expectations we hold for our suppliers and mirrors the standards we set for our own employees, Board of Directors and other business associates. Commensurate with the size and nature of their business, we expect our suppliers to have management systems in place to support compliance with laws, regulations and expectations related to or addressed expressly within the Supplier Code of Conduct. We encourage our suppliers to implement their own written code of conduct, and to flow down the principles to the entities that furnish goods and services to the supplier. Elements of the Supplier Code of Conduct include environmental standards, child labor, fundamental human rights, health and safety, supplier diversity and more.
- [Supplier Ethics Website](#): Provides free resources and a variety of media to assist suppliers in meeting our expectations and complying with legal requirements.
- [Defense Industry Model Supplier Code of Conduct](#): Provides a standardized framework for setting ethical expectations with suppliers across the defense industry. In 2017, our purchase orders were revised to state that both Lockheed Martin and our suppliers "are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin Supplier Code of Conduct, or the Defense Industry Initiative (DII) Model Supplier Code of Conduct."
- [CPS-730, Compliance with Anti-Corruption Laws](#): Provides that we have a zero-tolerance policy for corruption, and prohibits anyone conducting business on our behalf, including suppliers, from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office or other persons. As described in Section 3.1.1, we require all third parties, including suppliers, to certify their understanding and compliance with our anti-corruption policy. With respect to entities that Lockheed Martin owns or controls, it is our policy to also ensure that such entities have adopted our or a similar anti-corruption compliance policy.

### 3.4.1 Efforts to Eradicate Human Trafficking

Lockheed Martin recruits qualified talent globally to support our business mission, goals and services. This includes U.S. Citizens, local country nationals and third country nationals who perform work on contracts outside the United States. Employees, agents, subcontractors and recruiters play a key role in preventing human trafficking and related activities that include harboring, transporting, provision or obtaining of a person for labor or services, through force, fraud or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage or slavery. To minimize the risk of human trafficking and to comply with contractual requirements regarding human trafficking and related activities, Lockheed Martin employs a multifaceted approach. These policies outline our commitment, requirements and due diligence process.

- [Human Anti-Trafficking Website](#): Offers resources to employees and suppliers on our policies and due diligence processes. Lockheed Martin is committed to ensuring that its employees and suppliers take appropriate steps to mitigate the risk of human trafficking and slavery from occurring in any aspect of its business and supply chain.
- [CPS-734, Combating Trafficking in Persons](#): Establishes requirements for compliance with the United States Government's policy prohibiting trafficking in persons and trafficking-related activities and includes processes for reporting and investigating violations and for establishment and maintenance of a compliance plan to address the risk of trafficking.
- [CPS-734A, Combating Trafficking in Persons Compliance Plan](#): Reflects the obligation to maintain a compliance plan to combat human trafficking in our supply chain.
- We incorporate regular evaluations of our programs, enhancements and employee training into our efforts to eradicate Human Trafficking from our supply chain. Recent efforts include:
- Recurring mandatory training for all employees to heighten the awareness and prevention of human trafficking.
- Updating corporate policies related to training, evaluating and working with business consultants in the U.S. and other countries. This enhanced due diligence now requires business- and region-specific risk assessments for all consultants, which may be subject to audits, as we have publicly reported.
- Updating our policies to stay in compliance with government regulations. To comply with [FAR 52.222-50](#), Combating Trafficking in Persons, the Lockheed Martin Acquisition Procedures require that a Combating Trafficking in Persons Supplier Certification be obtained from the subcontractor if applicable. Additionally, if that contract period of performance is greater than 12 months, we require a Combating Trafficking in Persons Supplier Annual Recertification.

Any observations or concerns about violations of the Human Trafficking policy should be reported to the Ethics helpline, via the various available channels described above. Lockheed Martin promptly investigates all reported matters and acts as needed, including disclosure to governmental authorities as appropriate. We continue to review, reassess, consider best practices and further develop anti-trafficking plans, to ensure compliance with the law and that we fulfill our Core Values - Do What's Right, Respect Others and Perform with Excellence.

### 3.4.2 Modern Slavery

Section 54 of the UK Modern Slavery Act 2015 requires each commercial organization to disclose their policies and other information in relation to slavery and human trafficking, and the steps the organization has taken during the preceding financial year to ensure that slavery and human trafficking are not taking place within the business and its supply chains. In compliance with this law, Lockheed Martin's UK operations publish an [annual modern slavery statement](#). Although this statement is applicable to Lockheed Martin's UK operations, as described in Section 3.3.1 above, Lockheed Martin has strong and comprehensive policies in place to minimize the risk of human trafficking and modern slavery for all operations.

### 3.4.3 Conflict Minerals

Lockheed Martin supports the Dodd-Frank Act's objective of preventing armed groups in the Democratic Republic of the Congo (DRC) and its adjoining countries (the Covered Countries) from benefitting from the sourcing of conflict minerals from that region. Substantially all of our products contain tin, tantalum, tungsten and/or gold (3TG). We are committed to responsible sourcing of materials for our products, including the sourcing of conflict minerals, and we expect that our suppliers are likewise committed to responsible sourcing.

- [2020 Conflict Minerals Report](#): Lockheed Martin's required annual reporting which details our due diligence process and results.
- [Conflict Minerals Website](#): Conflict Minerals Policy, background and historical reports.

We expect our suppliers to take steps to determine if their products contain 3TG minerals and if so, implement supply chain due diligence processes to identify sources of these minerals and support efforts to eradicate the use of conflict minerals which directly or indirectly finance or benefit armed groups in the Covered Countries. This expectation is outlined in our [Supplier Code of Conduct](#).

We financially support the Responsible Minerals Initiative's Smelter Audit Fund, with the goal of providing resources sufficient to support smelter participation in the audit program, resulting in additional validation of conformant sourcing practices.

We have also established a due diligence program which follows the structure established by the Organisation for Economic Cooperation and Development (OECD) in the publication OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The five-step OECD framework includes a formal conflict minerals policy, supplier engagement, grievance mechanisms, risk assessment and management, independent third-party audits and annual reporting. We report transparently on the results of our due diligence process in our annual Conflict Minerals Report.

#### **3.4.4 Supplier Diversity**

Lockheed Martin is committed to the improvement of our communities through the support and development of small and diverse-owned businesses. We actively pursue opportunities to award subcontracts and other procurements to small and small disadvantaged businesses, HUBZone, women- and veteran-owned businesses, service-disabled veteran-owned businesses, suppliers with disabilities, the LGBT community, historically black and tribally owned colleges and universities and other minority institutions as well as those we work with globally.

- [Supplier Diversity Website](#): Overview of Lockheed Martin's supplier diversity commitment.
- [Supplier Diversity Programs Website](#): List of outreach programs to provide opportunities as well as partnerships.

#### **3.4.5 Supplier Sustainability**

Lockheed Martin builds sustainable supplier capacity by partnering with our supply chain to reduce adverse environmental impacts, to promote human rights, health, safety and ethical behavior and to enable responsible supplier growth and raise standards. We define Sustainable Supply Chain Management as "management of our supply base to drive affordability and innovation through social responsibility and environmental stewardship."

- [Supplier Sustainability Voluntary Assessment](#): In order to enhance our understanding of potential sustainability-driven risk and opportunities within our Tier 1 supply base, we conduct a supplier sustainability assessment every three years. Suppliers are selected based on several criteria: high sales with our company, participation in a current or previous supplier ethics mentoring program, travel and transportation vendors (e.g., airlines) and small businesses with significant spend. In 2019, 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. We surveyed 321 Lockheed

Martin suppliers, representing approximately 54% of total prior year supplier spend. As a result of the assessment, we gain insights and take actions on topics that span Environmental, Social and Governance (ESG) categories. We then develop action plans for supplier engagement and our own sustainability performance. We use this information to send out tailored communications inviting suppliers to take advantage of our free ethics resources to help them develop methods to report misconduct, including our Ethics Supplier Mentoring Program.

- [Chemical Stewardship](#): An example of our active support of supply chain environmental sustainability is our Chemical Stewardship program. This program outlines the business strategy and supporting processes that reduce risks associated with hazardous chemicals in our products and their associated impacts. We have reduced, and seek to further reduce, the use of specific hazardous chemicals by implementing a process and corporate procedure to identify and replace materials that contain those chemicals with less hazardous alternatives. By partnering with our suppliers, customers and other Aerospace and Defense companies to test and qualify materials that contain less hazardous materials, we are identifying less hazardous materials for use in Aerospace and Defense products. We have also worked with our customers and industry partners, including the IAEG, to help shape industry standards such as the IPC-1754 Material Declaration Standard for Aerospace and Defense. This standard establishes the requirements for exchanging material and substance data for products between suppliers and their customers for Aerospace and Defense and helps to improve the traceability of materials that are used in products. This initiative helps make both supply chain and our products more sustainable.

Our [Supply Chain Sustainability](#) materials provide suppliers with resources to learn more about our program and how they can become more sustainable in their own operations.

#### **3.4.6 Supplier Audits, Evaluation and Remediation**

Ensuring risk management, transparency, accountability and mitigation for our supply chain is a component of our [Human Rights Policy](#) and Enterprise Risk Management program. Our risk metrics address suppliers of concern, which includes poor performing and at-risk suppliers.

- [Supplier Scorecard tool](#): Our Supplier Scorecard tool uses a multi-faceted methodology consisting of a quality rating and a delivery rating to generate an overall supplier score. Factors considered include supplier nonconformance, overdue corrective action, critical production impact and delivery metrics. Suppliers can view their score in real time to allow them to take the initiative in remediating their operations. For Lockheed Martin procurement, these scorecards provide a standardized metric to allow supplier evaluation and inform necessary actions.
- [2025 Sustainability Management Plan \(SMP\)](#): In 2021, Lockheed Martin released its 2025 SMP reflecting stakeholder feedback, internal and external trends, and the continued evolution of our business. Looking forward, we are focused on strengthening supplier management and disclosure on ethical, labor, human rights and environmental issues.

Supply Chain risk indicators and mitigation activities are reported quarterly to our CFO, who is also our Chief Risk Officer, via our Enterprise Risk Management process and our plan is reviewed annually by the Board of Directors Audit Committee.

Supporting these sustainability risk management efforts is the Supply Chain Risk Council which was formed in March 2020. This council is comprised of members from each of the four Lockheed Martin Business Areas and meets on a bi-weekly basis.

Additional supplier auditing and remediation efforts are described in the Human Trafficking section above.

### 3.3.7 Application of Supplier Code of Conduct

Our [Supplier Code of Conduct](#) expresses the expectations we hold for our suppliers. We aim to work with suppliers that share our commitment to meeting these principles.

Our suppliers must, at a minimum, perform all duties and expectations in compliance with all laws and regulations applicable to their business. Suppliers must comply with all flow down terms, conditions and other provisions specified in the Lockheed Martin purchase order. When performing international business, or if the primary place of business is outside of the United States, suppliers must comply with local laws and regulations except where such laws conflict with U.S. Law.

As stated in our [Human Rights Policy](#), we will walk away from business rather than risk violating our robust anti-corruption commitments and corporate values.

### 3.4.8 Supplier Training, Resources and Outreach

Our [Supplier Ethics Website](#) provides free resources and a variety of media to assist suppliers in meeting our expectations and comply with legal requirements. The [Ethics Supplier Mentoring Program](#) was created to help suppliers of all sizes create or enhance an effective ethics program. The program provides educational resources on ethics, [a twelve-part interactive webinar series](#), and individualized support. Our Supplier Self-Assessment Tool, accessible from the website, allows suppliers to compare their existing ethics program to some of the key global standards for ethics, compliance and anti-corruption programs to help them determine where to focus efforts to improve their ethics program.

We enhanced [Supplier Wire](#) in 2018, a site offering a wide range of educational resources including free webinars, video tips and supplier testimonials designed to help small businesses learn how to build, sustain and expand their business with our corporation. Supplier Wire hosts interactive webinars featuring Lockheed Martin personnel speaking on a wide array of valuable subjects that includes ethics and sustainability topics. We release a quarterly Supplier Wire publication to all active suppliers.

## 3.5 Product Sale and Use

We consider many risk factors throughout the life-cycle of a product including the sale and use phases. We are mindful of how products might be used over time and potential unintended uses.

Our [Human Rights Policy and Principles](#), [Code of Ethics and Business Conduct](#), and relevant U.S. Government regulations underpin our approach to addressing human rights as it relates to the purchase and use of our products. Our comprehensive trade compliance program is designed to ensure that sales of our products are conducted in accordance with our Core Values and all international trade laws and regulations of the U.S. and each foreign country in which we operate.

As outlined in the Sustainability Report within [Business Integrity and Responsible Sales](#) and in our [Proxy Statement](#), our military sales activities promote global security and are regulated by the U.S Government, including control over sales to conflict-affected areas. Sales are reviewed and approved by both the Executive Branch and Congress to ensure that they support U.S. national security and foreign policy objectives, including consideration of whether any arms transfer contributes to the risk of human rights abuses. International sales of our defense products and services occur on a government-to-government basis via FMS programs, and by direct commercial sales from Lockheed Martin to our customers. Both forms of transactions are authorized by the Arms Export Control Act and support U.S. foreign policy objectives. The Defense Security Cooperation Agency manages FMS sales for the U.S. Department of Defense. These activities are regulated by the U.S. government and are reviewed and approved by the Executive Branch and Congress to ensure that they support U.S. national security and foreign policy objectives and that arms are not redirected and used for unauthorized purposes. The applicable regulatory processes require these branches of government to

consider the risk that an arms transfer contributes to abuses of human rights, including use in potential conflict-affected regions. We strictly adhere to U.S. government oversight and policy in all matters relating to international sales and specifically to the transfer of products and technologies to foreign entities, and have a robust trade compliance program to ensure that all sales of our products are conducted in accordance with international trade laws and regulations of the U.S. and of each foreign country in which we operate. All our sales are subject to our Code of Ethics and Business Conduct and all applicable U.S. and foreign laws and regulations, including those related to anti-corruption, import-export control, taxation, repatriation of earnings, exchange controls and the anti-boycott provisions of the U.S. Export Controls Reform Act of 2018.

For all sales, we have extensive procedures to ensure that new contracts meet our standards and values. Prospective commitments are reviewed to ensure that they fit our strategic direction, will uphold our reputation and are structured for successful technical and financial performance. Each business area has implemented proposal review and approval procedures that evaluate risks, and which can result in a decision not to bid at all. Proposals that involve the pursuit of an opportunity related to certain types of products or programs that carry increased risks require review of a multi-disciplinary corporate review committee that is chaired by our CFO and COO and includes our SVP, Ethics and Enterprise Assurance, who reports to the Governance Committee.

In 2020, we formed a Weapons Review Council at our Missiles and Fire Control business area. This Council's responsibilities include reviews of products and activities and ensures compliance with all applicable U.S. and international law.

## 4. Progress Reports

Ethical behavior and the application of our Core Values to Do What's Right, Respect Others and Perform with Excellence are the foundation of our company-wide commitment to conducting business with honesty and integrity. We set goals, create annual reports around key topics and monitor and report on our progress to ensure we are demonstrating continuous improvement in areas related to human rights.

Additional human rights related progress is available in our [2020 SASB Report](#), [2020 ESG Performance Table](#), [2021 Proxy Statement](#) or [2020 Sustainability Report](#).





## 4.1 2020 Sustainability Management Plan Achievements

Our [2020 Sustainability Management Plan](#) (SMP) included core issues and goals related to ethics, supplier conduct and diversity and inclusion (D&I), all of which contribute to our strong position on human rights. These goals have driven performance improvements in the areas considered most material to our business when the 2020 SMP was originally developed in 2015. Below is a summary of 2020 SMP goals related to commitment to human rights which have been successfully achieved.

2020 SMP Goal Related to Human Rights	Achievement
Meet or exceed global benchmark for Ethics Index based on All Employee Survey	Success: In 2019, the Ethics Index-based All Employee Survey improved to 84% favorable, exceeding the global benchmarking index of 76%. The survey is biennial.
Achieve 100% completion rate of applicable employee training on Business Courtesies and International Business Conduct Compliance Training (BCCT) modules	Success: 100% completion rate of applicable employee training on Business Courtesies and International Business Conduct Compliance Training (BCCT) modules.
Achieve 100% completion rate of applicable training on Ethics for business consultants	Success: 100% overall completion of 2020 Ethics and Compliance Training for U.S. and Internal Business Development Consultants who operate under specific Corporate Policies.
Assess risks for all international consultants and other consultants identified through audits	Success: We completed the annual risk assessments and completed the audit plan of international business development consultants.
Increase participation in our ethics supplier mentoring program	Success: Companies participating in our Ethics Supplier Mentoring Program increased in 2020 by ~52% compared to 2017. The program includes webinars and web-based training, added in 2020.
Develop the best workforce for our customers by increasing representation of women, people of color, veterans and people with disabilities	Partial Success: Representation of People of Color and Persons with Disabilities has consistently over-performed against the 2015 baseline. Veterans' representation continues to show a decline due to changing demographics and retirement trends. Women's representation remains below the 2015 baseline but has increased each reporting period since 2017. <ul style="list-style-type: none"><li>• 2020 Workforce demographics:</li><li>• People of Color: 28.4% (2015 baseline 24.3%)</li><li>• People with Disabilities D: 8.6% (2015 baseline 5.65%)</li><li>• Veterans: 21.6% (2015 baseline 23.5%)</li><li>• Women: 23.2% (2015 baseline 23.8%)</li></ul>
Increase employee participation in company-sponsored diversity events, Business Resource Groups (BRGs) and leadership associations	Success: We saw an increase in employee participation in company-sponsored diversity events, Business Resource Groups (BRGs) and leadership associations in 2020.

## 4.2 2025 Sustainability Management Plan Goals

Upon completion of our 2020 SMP, we have set out a new [2025 Sustainability Management Plan](#). The 2025 SMP continues our commitment to ethics internally and in our supply chain, D&I and human rights.

The SMP 2025 Core Issues include Advancing Resource Stewardship, Elevating Digital Responsibility, Fostering Workplace Resiliency and Modeling Business Integrity. The sub-issues and goals outlined below are all related to furthering our commitment to human rights and contributing to our Core Values.

Achieve 100% completion rate of applicable training on the identification and reporting of counterfeit parts.

Increase traceability of critical mineral resources and substances used in the supply chain, through data analysis and mitigation, for signature programs.

All Lockheed Martin employees participate in at least one Bystander Workshop.

All leaders have an Inclusive Leadership experience or complete one Diversity & Inclusion-associated action annually.

Increase hiring of protected veterans and people with disabilities to meet or exceed annual department of labor targets.

Increase representation of women and people of color enterprise-wide by 2021.

Reduce # of days away from work due to occupational injury or illness (Lost Days Severity Rate).

Establish risk-based approach to serious incident and fatality prevention programs.

Achieve 100% completion of required employee training on "Gifts and Business Courtesies" and "International Business Practices" modules.

Score at or below 35% of the total percentage of employees who observe misconduct within the past 12 months, but neither report it nor take action to address it.

100% of AI developers will have been trained in system engineering approaches to AI Ethical Principles.

Visit [www.sustainability.lockheedmartin.com](http://www.sustainability.lockheedmartin.com) for a full list of our 2025 SMP goals.

### 4.3 Global Diversity and Inclusion Report

This past year provided Lockheed Martin with opportunities to evolve our overall business operations by finding new ways to facilitate togetherness, courageous dialogue and transparency as well as foster diversity and inclusion. Lockheed Martin views diversity and inclusion as a strength. It enhances our ability to recognize, value and draw upon unique perspectives and experiences to drive innovation and solve our customer's toughest challenges. This is reflected in our diverse employee demographics.

Lockheed Martin has made publicly available our [2020 Employer Demographic Report](#), which includes demographic workforce data submitted annually to the U.S. government. The EEO-1 Report data is one measure of our progress toward a more diverse and inclusive U.S. workforce within Lockheed Martin. In 2020, Lockheed Martin increased the representation of women in the U.S. workforce from 22.6% to 23.2% and People of Color representation from 26.0% to 28.4%, as compared to 2018. Please visit the [EEO-1 report website](#) for more details.

As a result of our diversity and inclusion efforts in 2020, we saw nearly a 60% increase in BRG forum participation and supported over 80 Courageous Conversations on Race. We also launched a new learning module called "I Care. I Act." for BRG leaders, members and allies who desire to learn more about addressing racial issues and becoming voluntary advocates for inclusion.

In 2021 Lockheed Martin achieved a perfect score of 100 percent on the [Human Rights Campaign Corporate Equality Index \(CEI\)](#) for the fourteenth year in a row. The index is a national benchmarking survey administered by the Human Rights Campaign Foundation to measure corporate policies and practices related to lesbian, gay, bisexual and transgender (LGBT) workplace inclusion. We were also cited as a 2021 Best Place to Work for LGBT Equality. This achievement validates our efforts to ensure we are an inclusive place to work.

Our [Global Diversity and Inclusion Report](#) provides more details on our 2020 successes.

## 4.4 Human Trafficking Supply Chain Human Rights Assessment

In 2019 we established an annual [Human Trafficking Supply Chain Human Rights Assessment](#). The assessment utilizes the Department of State Trafficking in Persons (TIP) Report and overlays our internal procurement data. A Tableau dashboard allows all supply chain professionals to analyze human rights risk in certain regions of the world and if there are any active suppliers in those areas. The dashboard also integrates Transparency International's Corruption Perception Index and provides an additional view of each country's perceived level of corruption in its public sector. This report is provided on an annual basis, updating per the new Department of State report and our new purchase order commitments for the year. An analysis is then conducted to see previous years to ensure we are minimizing our impact to high human trafficking regions.

## 4.5 Conflict Minerals Report

As required by the Securities and Exchange Commission, Lockheed Martin releases an annual [Conflict Mineral Report](#). This report details relevant products, supply chain details, due diligence processes and mitigation measures utilized to help avoid the use of conflict minerals.

In 2020, we conducted business with approximately 17,200 active suppliers from 64 countries. Because of the complexity and size of our supply chain, we developed a risk-based approach that focused on a subset of our major direct suppliers identified as manufacturers (the "Suppliers"). The Suppliers represented more than 90 percent of our direct manufacturing purchase order commitments in 2020.

# 5. Conclusion

Lockheed Martin is committed to continuously improve transparency of our human rights programs and policies. Like all of our policies, regular evaluation is conducted to ensure we are meeting the needs of our customers, stakeholders and the global community. Visit [www.sustainability.lockheedmartin.com](http://www.sustainability.lockheedmartin.com) for future updates to this Human Rights Report or contact [sustainability.lm@lmco.com](mailto:sustainability.lm@lmco.com) with further inquiries.



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