2019 Sustainability Report

THE
SCIENCE
OF
CITIZENSHIP

LOCKHEED MARTIN

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About this Report

This is Lockheed Martin's ninth sustainability report, published annually in April on sustainability.lockheedmartin.com. Unless otherwise noted, this report includes global data and activities for the calendar year 2019, from Lockheed Martin's corporate offices and four business segments: Aeronautics, Missiles and Fire Control, Rotary and Mission Systems, and Space.

GRI Index: This is our eighth year using the Global Reporting Initiative (GRI) framework, the world's most widely used sustainability reporting framework. This report has been prepared in accordance with the GRI Standards: Core Option. The GRI Index is available on our sustainability website.

Assurance: DNV GL, an independent third party, assured this report, including the Lockheed Martin Sustainability Management Plan performance indicators and select GRI indicators. Verification details are in the assurance statement.

Contact us with questions or for more information: sustainability.lm@lmco.com.

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ABOUT THE COVER
Autonomy will shape our future, and Lockheed Martin is partnering with the Drone Racing League to give drone enthusiasts, coders, and technologists an opportunity to help create that future. Our AlphaPilot Innovation Challenge engages the next generation in science, technology, engineering, and math (STEM). Creative minds compete to develop an artificial intelligence (AI) framework to navigate fully autonomous drones through challenges. Mastering AI and autonomous flight will have vital implications for search and rescue operations, package delivery, and more.

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This is Lockheed Martin

BUSINESS OVERVIEW

Lockheed Martin is a publicly traded global security and aerospace company principally engaged in research, design, development, manufacture, integration, and sustainment of advanced technology systems, products, and services. Our mission is to solve complex challenges, advance scientific discovery, and deliver innovative solutions to help our customers keep people safe.

Our primary customers are United States (U.S.) and allied government agencies and commercial entities in various sectors, including energy and transportation. In 2019 data, we employed approximately 110,000 people worldwide and generated net sales of $59.8 billion. We are headquartered in Bethesda, Maryland, U.S., and own or lease building space at approximately 375 locations primarily in the U.S. Additionally, we manage or occupy approximately 15 government-owned facilities under lease and other arrangements.

Proxy Statement   Annual Report

[1] In 2019, 71% of our $59.8 billion in net sales were from the U.S. government, either as a prime contractor or as a subcontractor (including 61% from the Department of Defense (DOD)), 28% were from international customers (including Foreign Military Sales (FMS) contracted through the U.S. government) and 1% were from U.S. commercial and other customers.
[2] Foreign Military Sales to governments and direct commercial sales to international customers.
[3] Includes salaries, global supply chain, and other expenses.
[4] As of December 31, 2019. Does not include contract workers, interns, or employees of certain subsidiaries or joint ventures.
[5] Local country nationals.

2019 BUSINESS IMPACT[1]

Customers

- 61% U.S. Department of Defense (DOD)
- 28% International[2]
- 10% U.S. Civil, National Aeronautics and Space Administration (NASA) and Intelligence Agencies
- 1%   Commercial

% of Net sales

Economic impact

- $51,445M Cost of Sales[3]
- $6,230M   Net Earnings
- $1,011M   Federal/Foreign Taxes

$59.8B

Social impact

- $30.4M Charitable Donations
- $10.3M Employee Giving
- $9.0M   Sponsorships

$49.7M

Countries with 200+ employees

900+ Australia[5]   **1,000+** Canada[5]   **200+** New Zealand[5]

1,600+ Poland[5]   **1,800+** U.K.[5]   **104,000+** U.S.[4]

How We Are Organized

We have four business segments dedicated to specific products and services. Our employees also work with Lockheed Martin International, which supports products, technologies, and services to meet global customers' national security and citizen services needs; and Enterprise Operations, comprised of headquarters personnel, business function personnel, and enterprise-wide shared services centers.

▸ **Aeronautics $23.7B, 40%:** Engaged in the research, design, development, manufacture, integration, sustainment, support, and upgrade of advanced military aircraft, including combat and air mobility aircraft, unmanned air vehicles, and related technologies.

▸ **Missiles and Fire Control $10.1B, 17%:** Provides air and missile defense systems; tactical missiles and air-to-ground precision strike weapon systems; logistics; fire control systems; mission operations support, readiness, engineering support and integration services; manned and unmanned ground vehicles; and energy management solutions.

▸ **Rotary and Mission Systems $15.1B, 25%:** Provides design, manufacture, service and support for a variety of military and commercial helicopters; ship and submarine mission and combat systems; mission systems and sensors for rotary and fixed-wing aircraft; sea and land-based missile defense systems; radar systems; the Littoral Combat Ship (LCS); simulation and training services; and unmanned systems and technologies; supports the needs of government customers in cybersecurity and delivers communications and command and control capabilities through complex mission solutions for defense applications.

▸ **Space $10.9B, 18%:** Space is engaged in the research, design, development, engineering and production of satellites, space transportation systems, and strategic, advanced strike and defensive systems. Space provides network-enabled situational awareness and integrates complex space and ground global systems to help our customers gather, analyze and securely distribute critical intelligence data. Space is also responsible for various classified systems and services in support of vital national security systems.

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A Message from Our CEO

Marillyn Hewson
Chairman, President and CEO

At Lockheed Martin, we believe that human ingenuity and innovation can transform the world and build a brighter future. That's why we are proud to provide our customers with integrated and advanced technologies that help them protect lives, spur scientific discovery, and enhance the cooperation needed to take on the challenges of the 21st century.

This commitment to our customers and to shared progress ultimately flows from our company's core values – to do what's right, to respect others, and to perform with excellence. One of the most important ways we seek to exemplify these values is in our Sustainability Management Plan.

Our Sustainability Management Plan takes a comprehensive approach to our business planning and performance so that we can drive shareholder returns, strengthen job creation, reduce our environmental footprint, and make a positive impact on communities where we live and work.

Our plan has five critical areas of focus:

- **Business Integrity:** We uphold a culture of ethical conduct, encouraging employees to "voice our values," so we conduct business with the utmost integrity and accountability.
- **Employee Wellbeing:** We create an inclusive and engaging workplace environment that promotes a spirit of innovation and encourages high performance.
- **Product Impact:** We create technologies and capabilities that enable our customers to save lives, protect the environment, and spur shared progress.
- **Resource Efficiency:** We continually improve the efficiency of our design and production processes to deliver our innovative products in a way that also reduces waste and mitigates environmental impacts.
- **Information Security:** We secure our infrastructure and operations against cybersecurity attacks and expand access to preventive technologies to our customer base.

In 2019, we showed once again how our focus on sustainability shapes our planning, guides our investments, and maximizes our performance.

For example, our company produced aircraft that performed critical search and rescue operations to save lives. We pioneered cybersecurity technologies that improved resilience and survivability in emergencies. We developed autonomous systems for military aircraft that protect pilot lives. We bolstered America's intelligence capabilities and we hardened the digital supply chain to safeguard our technological leadership. And to protect U.S. satellites from space debris, we introduced a radar that revolutionizes space situational awareness.

Our commitment to sustainability has also made an impact in our workplace and environment. In 2019, we created more than 1,800 professional development, apprenticeship, and on-the-job training experiences for our employees. We also awarded $10,000 in science, technology, engineering, and math (STEM) scholarships to 200 students who have the potential to become the next generation of STEM leaders. And in 2019, our company was recognized for outstanding achievements in energy efficiency and green building design. These advancements have helped us achieve significant reductions in our overall carbon footprint.

This year, we also signed the Business Roundtable's "Statement on the Purpose of a Corporation" to signal our commitment to delivering value for all our stakeholders – from our customers and shareholders to our employees and local communities. In keeping with this commitment, we will continue to focus our sustainability efforts in ways that are inclusive of all our stakeholders.

In the pages that follow, this report will provide more detail on our progress implementing our Sustainability Management Plan. This report will also explore how we use this plan as a roadmap to drive value for all stakeholders. We had tremendous achievements in 2019. And as we look ahead, I am confident that the 110,000 men and women of Lockheed Martin will continue to have a positive impact – today, tomorrow, and in the decades ahead.

Our Approach

THE
SCIENCE
-OF-
CITIZENSHIP

OUR SUSTAINABILITY MISSION
To foster innovation, integrity, and security to protect the environment, strengthen communities, and propel responsible growth.

As a leader in developing and delivering innovative engineering solutions, Lockheed Martin helps to enable the growth, safety, and resiliency of communities and economies around the world. We refer to our sustainability approach as the Science of Citizenship because, as with everything we do, it emphasizes the use of sound science and future-oriented thinking. The core sustainability issues we focus on and the corresponding actions we take are designed to address some of the most pressing environmental, social, and governance issues facing society today and in the future. Global challenges such as building greater climate resiliency, safeguarding and improving reliability of data, and maintaining equity and opportunity in the workplace all play central roles in the Science of Citizenship at Lockheed Martin.

Our products and services enable critically important missions for the aerospace and defense sectors. This includes improving and defending essential transportation, communication, and energy infrastructure on behalf of governments and commercial entities around the world. Our work creates long-term value for our shareholders, our business, and the customers and communities we serve. To achieve both our citizenship and our business objectives, we bring together brilliant minds and revolutionary technologies to deliver an innovative suite of products and services that leverage science to transform and improve lives. Our long-standing commitments to ethics, transparency, and integrity in our decision making and our day-to-day operations provide our stakeholders with the added assurance that we hold ourselves to a higher standard, even when laws and regulations may not require us to do so. Across our global enterprise, these values and sustainability are deeply embedded in our business and will remain integrally linked with our success for years to come.

📷 Sikorsky, a Lockheed Martin company, received a contract to build six VH-92A® helicopters. This aircraft will provide safe, reliable, and capable transportation for the U.S. President, Vice President, and foreign heads of state.

VH-92A is a registered trademark of The Department of the Navy.

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Our Approach | Global Megatrends | Our Integrated Strategy | Our Core Issues | Our Sustainability Management Plan | Stakeholder Engagement | Our Governance

Solutions Engineered for the Future

Sustainability and Our Business Model

Governments and commercial entities need strong partners to help mitigate risks associated with infrastructure security, climate change, and significant societal challenges. Many of our customers have unique responsibilities in addressing these far-reaching and rapidly evolving circumstances. As a mission-driven organization, Lockheed Martin is a key partner for these groups and, as such, sustainability is deeply rooted in our business model. We innovate and develop long-lasting products and services to protect and strengthen systems, enable global cooperation, and serve society's current and emerging needs.

Sustainability is integrated throughout our business in strategic planning, risk management, product and service innovation, and other areas. We actively engage with our stakeholders to understand, anticipate, and address their short- and long-term needs. For example, we include embracing life-cycle and circular economy principles in our product and service innovations. To this end, we not only design and assemble advanced aerospace and defense technologies, such as the SBIRS and GOES-R satellites and the F-35 aircraft, we are also responsible for their long-term

sustainment under U.S. government contracts. Sustaining such technologies increases service life and reduces waste during the life cycle, beginning at the design phase and extending well into product use through integration of next-generation technology upgrades.

To further our industry's direction in sustainable science, we are also turning to nature for inspiration. We recently began an exciting new program with the Army Research Laboratory to advance the state of biodesign, which brings together biology and technology for sustainable, scientific advancement. During our five-year agreement, Lockheed Martin material scientists are working with industry and Army scientists who design microbes to edit single-cell organism DNA. Together, they are investigating a range of capabilities, particularly those that can harness the power of nature to improve defense optical technology and coatings for more efficient, affordable, and ultimately more sustainable outcomes.

> We actively engage with our stakeholders to understand, anticipate, and address their short- and long-term needs.

Addressing Global Challenges

Since 2015, we have tracked five megatrends relevant to our operations, as well as the challenges and opportunities they present to our business and our customers:

Reimagining Work

Supporting Geopolitical Stability

Reinforcing Confidence in Institutions

Facilitating Climate Resiliency

Safeguarding Data Reliability

Reimagining Work

🌐 Global Context

In many parts of the world, the workplace is changing rapidly. Technology is transforming how humans and machines interact and collaborate. As of this year, women make up the majority of the college-educated labor force in the U.S.,[1] and employees are increasingly returning to the workforce after extended absences[2]. And of course, the workplace influence of millennials, who already make up half of the global workforce, is becoming more significant each year[3]. Likewise, we are closely watching the role that Generation Z will play in transforming the workplace. In the coming years, 61 million Gen Z job seekers will enter the workforce[4], representing the most tech-savvy generation to date.

While all of these trends influence the ways companies support employees in building productive and rewarding careers, it is the human-machine interface that potentially presents the greatest challenges and opportunities for employees and employers alike. Already, machines are informing decisions, expanding reach and access, and increasing safety and productivity. Effectively working at the human-machine interface requires a commitment to developing employees with new skill sets and helping them learn and adapt to new environments [5]. In the workforce of the future, employees must learn how to delegate tasks to technology, combine human skills with those of a machine, and work within artificial intelligence-augmented processes[6].

💡 Lockheed Martin Solutions

Lockheed Martin is committed to building a trusted and ethical approach to human-machine collaboration and supporting complementary workforce development opportunities. For instance, we use augmented reality tools in diverse applications such as supporting our product development quality assurance process.

- Lockheed Martin Space is working on a technology initiative called MAIA, or model-based artificial intelligent assistant, which is an on-board virtual reality and augmented reality system for use by astronauts while in space. MAIA provides an interactive representation of the space vehicle and its environment, providing predictive capabilities and transforming human spaceflight.

- Chapter Next is a new program to support employee success. This paid "returnship," which extends 12 to 16 weeks, aligns participants who are returning to the workforce after two or more years with a job that complements their skills and abilities. Selected candidates benefit from technical training, professional development opportunities, and networking opportunities with a community of similarly experienced professionals who are already contributing to Lockheed Martin's culture of innovation. Individualized mentoring further makes re-entering the workforce that much easier.

> ## We are investing $5 million in vocational and trade programs.

- Our National Standards of Apprenticeship serve as a common framework for Registered Apprenticeship programs targeting skilled roles across our U.S. facilities. This year, we expanded to 13 apprenticeship programs including in non-traditional apprentice areas such as Electronics Associates, Software Technicians and Cyber Systems Security Engineers. Company-wide, we are investing $5 million in vocational and trade programs and creating 8,000 new apprenticeship and other workforce development opportunities through 2023.

- Veterans and active military reservists represent more than 22% of our workforce, and we are proud to make even more career opportunities possible for veterans. We became one of the first companies to qualify some apprenticeship programs under the Veterans Apprenticeship and Labor Opportunity Reform (VALOR) Act. This enables eligible veteran apprentices to use GI Bill benefits toward stipends for housing, books, supplies, and other expenses.

1   Butchireddygari, L. (2019, August 20). Historic Rise of College-Educated Women in Labor Force Changes Workplace. Retrieved from http://www.wsj.com/articles/historic-rise-of-college-educated-women-in-labor-force-changes-workplace-11566303223
2   Wingard, J. (2019, February 13). Are Returnships The Key To Relaunching Your Career? Retrieved from https://www.forbes.com/sites/jasonwingard/2019/02/13/are-returnships-the-key-to-relaunching-your-career

3   Economy, P. (2019, January 15). The (Millennial) Workplace of the Future Is Almost Here -- These 3 Things Are About to Change Big Time. Retrieved from https://www.inc.com/peter-economy/the-millennial-workplace-of-future-is-almost-here-these-3-things-are-about-to-change-big-time.html
4   Morris, C. (2018, May 3). 61 million Gen Zers are about to enter the US workforce and radically change it forever. Retrieved from https://www.cnbc.com/2018/05/01/61-million-gen-zers-about-to-enter-us-workforce-and-change-it.html

5   Jacques Bughin et al. Skill shift: Automation and the future of the workforce. Retrieved from https://www.mckinsey.com/featured-insights/future-of-work/skill-shift-automation-and-the-future-of-the-workforce
6   Daugherty, H. J. W. P. R. (2019, November 19). How Humans and AI Are Working Together in 1,500 Companies. Retrieved from https://hbr.org/2018/07/collaborative-intelligence-humans-and-ai-are-joining-forces

Supporting Geopolitical Stability

Global Context

The globalization that has facilitated trade, cooperation, and interdependence over the past several decades shows no signs of slowing. The majority of the world's renewable power capacity is being built in developing economies[1]. New innovations and investments in technology will continue to create stronger connections between nations, digital transformations that will foster more collaboration, and greater economic opportunities.

The International Energy Agency estimates that 850 million people around the world lack access to electricity, reflecting regional gaps in power infrastructure and economic leverage. In addition, global energy demand, assuming current policies, is expected to rise by 1.3% annually through 2040. Of this growth, low-carbon sources are predicted to provide more than half of total global electricity generation by 2040, with solar and wind leading the way[2]. At Lockheed Martin, we believe the private sector has an increasingly important role in addressing these gaps, supporting growing energy needs, and fostering geopolitical stability to support thriving societies.

Lockheed Martin Solutions

- We provide turnkey energy storage systems designed to make the electric grid more efficient, cost-effective, clean, stable, secure, and responsive. And as renewable energy increases, grid planners face new challenges. Intermittent renewable energy creates uncertainty, leading to a growing need for large-scale energy storage that can ensure consistent availability and distribution. But the current dominant technology in use today – pumped hydro – cannot sufficiently provide the durable, flexible, and distributed storage required. Lockheed Martin is developing a system to fit that need – GridStar Flow. GridStar Flow is an innovative redox flow battery designed to be a durable, flexible, scalable, and safe long-duration energy storage solution. The science behind GridStar Flow

Building Stronger Economies with
INNOVATIVE ENERGY STORAGE

Lockheed Martin's GridStar® Flow system provides energy storage for consistent availability and distribution, addressing the uncertainties of intermittent renewable energy.
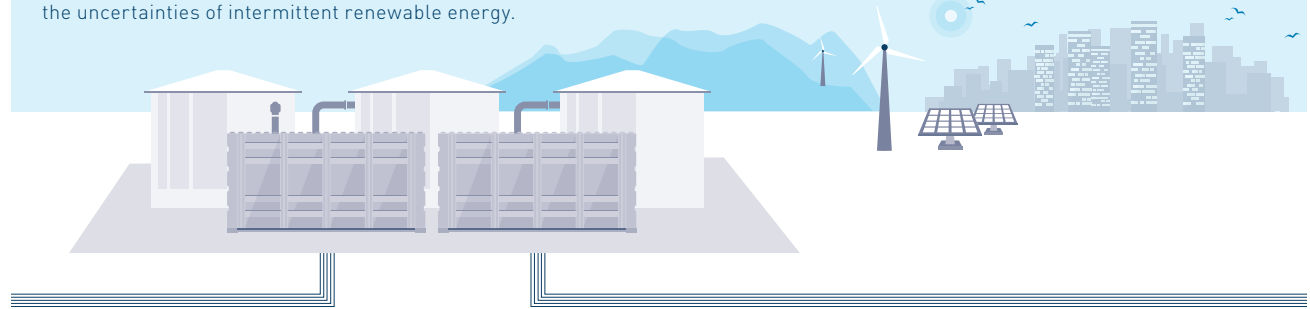
SCALABLE
Since power and energy are decoupled and sized independently, GridStar Flow can be configured to meet a customer's exact needs for a variety of use cases now and in the future.

SAFE
Electrolytes are comprised of a mildly alkaline, water-based solution that is non-flammable and reduces the risk of fire.

DURABLE
Stores 6+ hours of energy with exceptional resistance to battery degradation, creating an estimated lifespan of 20 years or more.

RESPONSIVE
The inherent flexibility and durability of GridStar Flow enables the system to respond to real-time market demands, providing customers with valuable optionality.

LOW TOTAL COST OF OWNERSHIP
GridStar Flow is optimized to offer low total cost of ownership over the system lifetime. This includes all costs for initial installation as well as costs associated with system replenishment, operation and maintenance, and energy loss.

is coordination chemistry, which is used to produce water-based, engineered electrolytes that are designed to optimize battery performance. The electrolytes are stored in large tanks and pumped through cell stacks, which either charge the electrolyte or convert the energy stored in the electrolytes to electricity.

[1] New Energy Outlook 2019: Bloomberg NEF." BloombergNEF, 2019, about.bnef.com/new-energy-outlook/
[2] IEA (2019), "World Energy Outlook 2019", IEA, Paris https://www.iea.org/reports/world-energy-outlook-2019

Reinforcing Confidence in Institutions

Global Context

Investors are increasingly engaged with the performance of environmental, social, and governance (ESG) factors that influence companies' long-term success. Globally, sustainable investing assets in the five major markets stood at $30.7 trillion at the start of 2018, a 34% increase in two years[1]. Likewise, investors, insurance providers, and debt holders want assurance that companies are disciplined, enforce rigorous board oversight, and are future-proofed against risks such as climate change, cybersecurity, and human inequities. What's more, the public's trust in institutions has faltered over the last decade, with business trusted by just 56% and government trusted by just 48% of those surveyed in the annual global Edelman Trust Barometer[2]. We are deeply committed to doing our part to reinforce confidence in institutions, not only by investors, but by customers and members of the public as well.

Our Business Integrity core issue shows how we cultivate a culture of ethical conduct and workplace integrity that strengthens our relationships with employees, customers, and suppliers. This includes our willingness to maintain the highest standards in corporate governance, to go beyond the law in doing the right thing, to be transparent and forthright in the conduct of our business at all times, and to mentor suppliers to ensure their compliance with applicable regulations and our own stringent standards of ethical conduct.

Lockheed Martin Solutions

- We use an Agile Auditing approach, adapted from the application of Agile in software development, to add value to our internal auditing processes while ensuring that we follow established audit standards and processes. We also use artificial intelligence (AI), digital data analytics, and robotic processes to evolve the way we conduct audits to further increase employees' speed and efficiency. This innovative auditing system offers us greater flexibility to respond more quickly to identified risks, increases the breadth of our risk management activities, and saves resources without compromising quality. We maintain an audit plan according to a 12-month calendar, but as we learn of new risks, we update the plan on a rolling basis up to six additional months. This built-in flexibility allows us to constantly adjust the audit planning scope to address risks as needed, by monitoring them, promoting them to the audit plan, or determining if they can be retired.

Through our Agile Auditing approach, we also perform real-time risk assessment and mitigation. We constantly re-rank audits based on the nature of the risk, speed of the audit, and impact of the risk. Taking this a step further, we re-baseline the plan on a quarterly basis by evaluating our commitments, including their progress and their effect on downstream audits, and then determining changes to the plan as needed. In addition, our people are empowered to make decisions and take actions that begin mitigating risks as soon as they are uncovered, rather than waiting to complete the audit. Our Agile process also invites client involvement and feedback to help ensure the best risk mitigation solutions for all parties.

- We remain the only U.S. aerospace and defense company named to the Dow Jones Sustainability Index (DJSI) World Index for the sixth consecutive year. DJSI World represents the top 10% of companies globally for excellence in sustainability performance.
- Likewise, we provide an annual response to the CDP (formerly referred to as the Carbon Disclosure Project), and have been the only aerospace company to earn a place on the Climate Change "A" list for seven of the past eight years.

> This innovative auditing system offers us greater flexibility to respond more quickly to identified risks, increases the breadth of our risk management activities, and saves resources without compromising quality.

Facilitating Climate Resiliency

Global Context

Many government institutions and commercial customers are beginning to respond to climate issues that involve more intense weather events, longer droughts, changes in precipitation patterns, and rising sea levels. The impacts are far-reaching, affecting agriculture, natural resources, and human health. Governments and businesses, including Lockheed Martin, are weighing climate adaptation and mitigation strategies to prepare for the resulting impacts and respond with solutions such as disaster relief, emissions reduction, energy management, and natural resource conservation.

Investors are increasingly viewing climate change as a factor in their decision making[1]. In his most recent letter to CEOs BlackRock Chairman and Chief Executive Officer, Larry Fink, made the case for companies to deepen our understanding of climate risks; disclose our climate-related risks, actions, and preparedness; work with others in both the public and private sectors to help transition societies around the world to low-carbon energy; and "be mindful of the economic, scientific, social, and political realities during this energy transition[1]."

To this end, we are working to anticipate future needs and develop solutions to meet them. Just as we develop solutions to facilitate our customers' climate resiliency, we are also doing our part to build resiliency within our own operations, such as through energy efficiency programs, lighting upgrades, and other emissions reduction strategies.

Lockheed Martin Solutions

Lockheed Martin is developing a state-of-the-art Geostationary Carbon Observatory, or GeoCarb, with the University of Oklahoma and NASA's Jet Propulsion Laboratory. GeoCarb aims to advance our collective understanding of the global carbon cycle by mapping key carbon gases from geostationary orbit. Over time, this technology can contribute much-needed data to support climate adaptation and resiliency efforts.
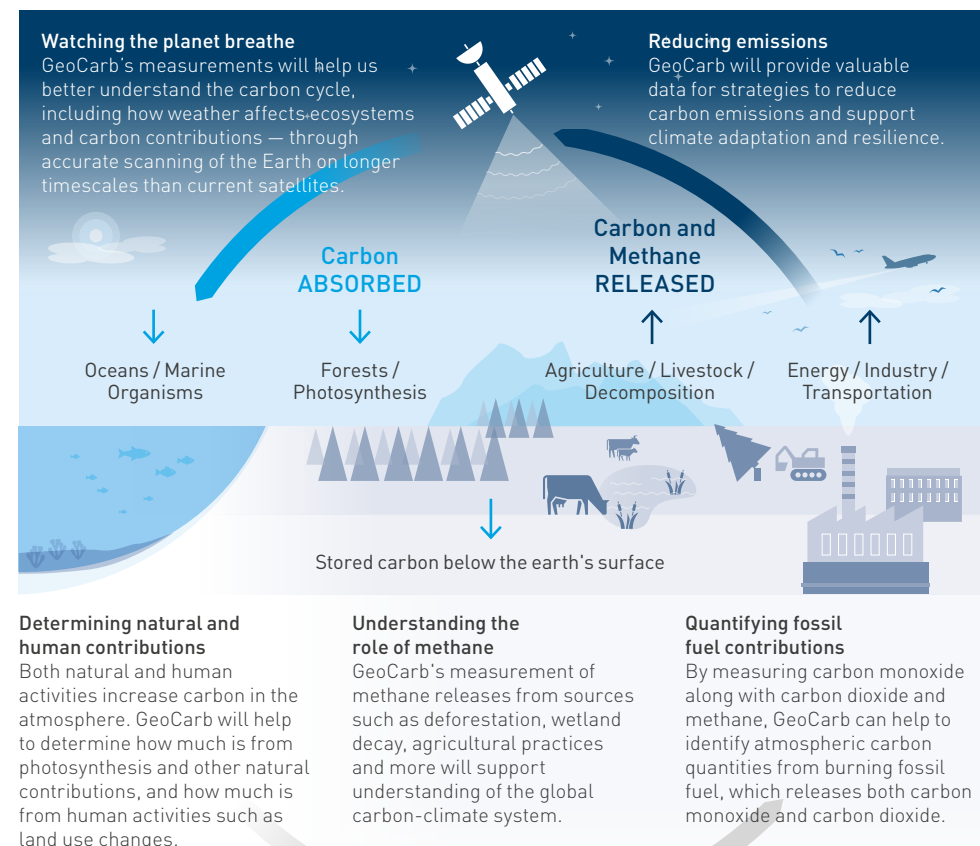
GEOSTATIONARY CARBON OBSERVATORY

With human activities estimated to contribute four gigatons of carbon to the atmosphere annually[2], there is a strong need to better understand aspects of the carbon cycle related to greenhouse gas concentrations.

GeoCarb will allow us to see how natural and human activities contribute to carbon in the atmosphere through daily measurements of carbon dioxide, methane, and carbon monoxide in the atmosphere at horizontal ground resolutions as small as five kilometers.

Including both carbon monoxide and methane data will help scientists better pinpoint carbon sources, such as fossil fuel combustion, and carbon sinks, such as plant growth.

GeoCarb will allow NASA to see how different weather patterns influence carbon dioxide and methane concentrations and address unanswered questions in carbon cycle science, with a focus on the Americas. For example, to what extent does the Amazon River basin remove carbon dioxide from the atmosphere and store it in forests, and are methane emission estimates over the continental United States underestimated?

Watching the planet breathe
GeoCarb's measurements will help us better understand the carbon cycle, including how weather affects ecosystems and carbon contributions — through accurate scanning of the Earth on longer timescales than current satellites.

Reducing emissions
GeoCarb will provide valuable data for strategies to reduce carbon emissions and support climate adaptation and resilience.

Carbon ABSORBED
Oceans / Marine Organisms
Forests / Photosynthesis

Carbon and Methane RELEASED
Agriculture / Livestock / Decomposition
Energy / Industry / Transportation

Stored carbon below the earth's surface

Determining natural and human contributions
Both natural and human activities increase carbon in the atmosphere. GeoCarb will help to determine how much is from photosynthesis and other natural contributions, and how much is from human activities such as land use changes.

Understanding the role of methane
GeoCarb's measurement of methane releases from sources such as deforestation, wetland decay, agricultural practices and more will support understanding of the global carbon-climate system.

Quantifying fossil fuel contributions
By measuring carbon monoxide along with carbon dioxide and methane, GeoCarb can help to identify atmospheric carbon quantities from burning fossil fuel, which releases both carbon monoxide and carbon dioxide.

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[1] Larry Fink's Letter to CEOs. https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter
[2] ESRL Global Monitoring Division - Education and Outreach. Retrieved from https://www.esrl.noaa.gov/gmd/outreach/behind_the_scenes/gases.html

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Safeguarding Data Reliability

Global Context

Data volume is growing at a staggering rate and has already grown so large it is measured in zettabytes. A zettabyte is one trillion gigabytes, an almost inconceivable number with 21 zeros. Thanks in part to 5G mobile networks, fiber optic connections, increased use of mobile devices, and other factors, the collective volume of the world's data is predicted to increase from 33 zettabytes in 2018 to 175 zettabytes by 2025[1]. If 175 zettabytes were stored on a stack of Blu-ray discs, it would reach the moon, 238,900 miles away.

The potential for more data to enhance decision making, anticipate needs, and safeguard critical systems, depends on our ability to organize, understand, and use it correctly. At present, only 10% of data is collected and maintained by IT systems in ways that allow easy, secure analyses and sharing[2], and 80% of worldwide data is expected to be unstructured by 2025[3], impeding its use for analysis. If the world's population is to enjoy the full economic and social benefits of data availability, we must protect, store, transfer, and use data ethically and responsibly.

Lockheed Martin Solutions

- Our global positioning system (GPS) satellites support the infrastructure of modern life, making up more than 60% of today's GPS constellation. This year, the U.S. Air Force successfully launched its second next-generation GPS III satellite, built by Lockheed Martin. GPS III SV02 is designed to provide the Air Force with three times greater accuracy and up to eight times improved anti-jamming capabilities. It is part of a broader GPS ground control upgrade project that improves cybersecurity capabilities and positions the Air Force to better operate in contested, degraded, and operationally limited environments.

- Also this year, we launched a new generation of space technology that allows satellites to change their missions in orbit with a software push and operate with much greater cybersecurity, thanks to new architecture that allows users to add capability through software. SmartSat-enabled satellites can also reset themselves faster, diagnose issues with greater precision, better detect and defend against cyber threats autonomously, and have on-board cyber defenses updated to address new threats.

- Lockheed Martin's Cyber Resiliency Level® (CRL™) framework is the world's first, standard method to measure the cyber resiliency maturity of a weapon, mission, and/or training system, anywhere in its life cycle. The CRL framework was built as a companion to measurement efforts focused on a company's cybersecurity posture, ensuring insight into cyber resiliency from a system's conception to delivery to retirement.

- We collaborated with Intel to deliver a hardened security solution based on second-generation Intel® Xeon® Scalable processors to help protect against cyber threats while providing more consistent service performance. The solution combines hardware, software, and firmware measures that isolate critical data and help protect shared resources such as cores, cache, memory, and devices to mitigate cyber threats.

- We partnered with the University of Central Florida to open a new Cyber Innovation Lab on the university campus to help meet the growing need for cybersecurity talent and serve as a learning hub for students preparing for careers in this rapidly growing field.

80%
of worldwide data is expected to be unstructured by 2025.

[1] DataAge 2025 - The Digitization of the World: Seagate US. https://www.seagate.com/our-story/data-age-2025/
[2] Schlosser, A., & Digital Trade and Data Flows. You may have heard data is the new oil. It's not. https://www.weforum.org/agenda/2018/01/data-is-not-the-new-oil/
[3] How to Tackle Dark Data. https://www.gartner.com/smarterwithgartner/how-to-tackle-dark-data/

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Our Approach   Global Megatrends   **Our Integrated Strategy**   Our Core Issues   Our Sustainability Management Plan   Stakeholder Engagement   Our Governance

An Integrated and Holistic Approach

Objective
Our sustainability strategy aligns stakeholder priorities with our corporation's environmental, social, governance (ESG) risks and opportunities based on the fundamental objective of driving responsible and sustainable growth enterprise-wide. We begin with a formal, structured approach to determine our most relevant sustainability issues, objectives, and performance measures, then look for ways to holistically integrate sustainability practices into our systems and operations. Notably, we have incorporated ESG thinking and sustainability criteria into many of our most important businesses processes. This mainstreaming of sustainability in our decision making, behaviors, and operations ensures that sustainability principles are built into our strategic planning, risk management and auditing systems, operations, product and service innovations for customers, and other facets of our business.

Since 2015, our current Sustainability Management Plan (SMP) has driven this mainstreaming process. In turn, it has helped to deliver value for our customers, stockholders, employees, and communities. Developed based on extensive input from our internal and external stakeholders, the plan encompasses five core issues that touch all or multiple areas of our business: Business Integrity, Product Impact, Employee Wellbeing, Resource Efficiency, and Information Security. Each core issue also aligns with and bolsters our responses to five megatrends affecting our customers and stakeholders: Reimagining Work, Supporting Geopolitical Stability, Reinforcing Confidence in Institutions, Facilitating Climate Resiliency, and Safeguarding Data Reliability.

How Sustainability and Risk Management Work Together
For Lockheed Martin, this strong relationship among sustainability, strategic thinking, business resilience, and enterprise risk is central. Risk management is a logical extension of sustainability, which helps us to liquidate risk, and keep our business viable not just for the next quarter, but for the next quarter century and beyond. To better reflect the deep connections between the two, we aligned Sustainability and Enterprise Risk Management (ERM) under one department managed by our Director of Enterprise Risk and Sustainability. As a result, we can characterize human capital and manufacturing risks more accurately and strictly to enforce risk controls such as corporate policies and resource allocation for decisions. Enterprise risk and sustainability are mutually reinforced through the following processes:

- **Risk Identification:** We monitor a dynamic risk universe that includes ESG topics prevalent in voluntary frameworks, mandatory regulations, and internally identified sources.

- **Risk Assessment:** We prioritize and evaluate assumptions from a diverse set of risk topics relevant to strategic and operational objectives. This includes examining environmental and social factors applicable to risk topics in our business.

- **Risk Controls and Mitigation:** Through the Risk Audit Strategy Board, which conducts a periodic, rigorous examination of the intersection between our Enterprise Risk Matrix and our internal audit plan, we mitigate risk related to several ESG factors, and we track, measure, and report our performance for greater transparency. This process also informs how we evaluate the effectiveness of controls for risk elements identified through our enterprise risk assessments, corporate policies, and internal audits. During our most recent biennial compliance risk assessment, approximately 75% of the issues for which an action was recommended were adopted by the risk owners and completed. In the remaining 25%, the risk was further evaluated and determined to not be serious.

As a best practice, we also publish a variety of environmental reports and disclosures for investors, including our Environmental Safety and Health performance Report, E-Waste Guidelines, and others. In addition, we share our annual sustainability reports to prospective business partners when discussing long-term contract agreements.

How Sustainability and Operations Work Together
Our sustainability goals inform much of what we do on a daily basis. For instance, our Employee Wellbeing core issue emphasizes talent recruitment and development, two factors essential to identifying critical skills and helping employees reach their full potential. In alignment with our Information Security core issue, we educate and direct suppliers to resources to strengthen their abilities to counter data security and privacy threats, which are integral to our buying decisions. We also teach small and disadvantaged businesses how to increase operational efficiency, secure contracts, and manage ethics and sustainability impacts, as stressed in our Business Integrity core issue.

Our Future-Focused Agenda

Sustainability Core Issues and Factors

We look at sustainability through immediate, near-term, and long-term lenses to ensure we maintain a future-focused agenda. This includes updating our sustainability strategy through a structured process that includes reviewing stakeholder feedback, enterprise risk mitigation plans, reporting standards, and current and emerging trends, including those discussed in this report. We seek to improve business practices to best serve our customers, employees, and other stakeholders across our core sustainability issues. Each issue has Tier 1 factors — the areas we strategically manage for significant impact — with goal completion dates by 2020. Most also have Tier 2 factors, which are important considerations our stakeholders would like us to address. Tier 2 factors do not have specific target dates, but we post our management processes for these factors online. The corresponding chapters of this report provide further details about each issue and our management approach.

	Tier 1 Factors	Tier 2 Factors
Business Integrity Business Integrity calls for responsible leadership, integrity, and ethical conduct in all aspects of our business.	• Anti-Bribery and Corruption Controls • Ethical Governance and Leadership • Responsible Sales • Supplier Conduct	• Conflict Minerals • Human and Labor Rights • Supplier Diversity
Product Impact Product Impact aligns our customers' needs, our product and service portfolio, and global trends.	• Counterfeit Parts Prevention • Global Infrastructure Needs • Product Safety • Total Cost of Ownership	• Product Eco-Innovation
Employee Wellbeing Employee Wellbeing reflects our support for people throughout the employee journey and fosters a high-performance, inclusive workplace.	• Diversity and Inclusion • Talent Development • Talent Recruitment • Workplace Safety and Wellness	• STEM Education
Resource Efficiency Resource Efficiency harmonizes business resiliency and accelerates carbon reduction through improved energy and water management, materials conservation, and increased renewable energy use.	• Energy and Carbon Management	• Hazardous Materials and Chemicals Management • Remediation
Information Security Information Security emphasizes management and measurement of employee and customer data privacy and security.	• Customer Information Systems and Network Security • Employee Privacy and Data Protection • Sensitive Data and Intellectual Property Protection	

Updated performance measures for beyond 2020

Since the timeline for our current set of goals is nearing completion at the end of 2020, we are reviewing and updating our sustainability strategy, using what we have learned while delivering in SMP objectives in the current cycle. This updated core issues model, previewed here, focuses our efforts in the areas that provide the greatest value to our stakeholders and our business. In 2020, we will share the revised goals and key performance indicators (KPIs) that reflect the stakeholder feedback we've received, internal and external trends, and the continued evolution of our business to create value well into the future.

Evolving Our Sustainability Priorities and Core Issues Beyond 2020

Advancing Resource Stewardship
• Energy Management
• Total Cost of Ownership
• Hazardous Chemicals/Materials
• Resources/Substance Supply Vulnerability
• Counterfeit Parts Prevention

Elevating Digital Responsibility
• Data Privacy/Protection
• Artificial Intelligence
• Intellectual Property Protection

Fostering Workforce Resiliency
• Workplace Safety
• Inclusion and Equity
• Harassment Free Workplace

Modeling Business Integrity
• Anti-Bribery and Corruption
• Ethical Business Practices
• Safe Products

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Our Approach   Global Megatrends   Our Integrated Strategy   Our Core Issues   **Our Sustainability Management Plan**   Stakeholder Engagement   Our Governance

Our Sustainability Management Plan

This dashboard summarizes our core sustainability issues, factors, goals, target dates, and progress, which we review and update periodically for relevance and future preparedness. More information about our challenges and progress toward goal completion is in the core issues chapters of this report. Development of our next SMP, metrics, and goals is underway, and this is the final year we will report on the goals below.

Please see our online ⬚ GRI Index for progress against GRI Standards indicators.

Progress key   ◉ Goal in progress   ● Goal met   ○ Retired

	Factors	Goals	Target Date	Progress
Business Integrity	Anti-Bribery and Corruption Controls	Achieve 100% completion rate of applicable employee training on business courtesies and international Business Conduct Compliance Training (BCCT) modules.	2020	◉
		Achieve 100% completion rate of applicable training on ethics for business consultants.	2020	◉
		Assess risks for 100% of all international consultants and other consultants identified through audits.	2020	◉
	Ethical Governance and Leadership	Meet or exceed global benchmark for Ethics Index based on All Employee Survey.	2020	◉
	Responsible Sales	Maintain transparency of hardware exports made without regulatory authorizations as a percentage of all exports.	2020	◉
	Supplier Conduct	Increase participation in our ethics supplier mentoring program.	2020	◉
Product Impact	Counterfeit Parts Prevention	Maintain or reduce instances of counterfeit parts in delivered systems.	2020	◉
	Global Infrastructure Needs	Achieve $4 billion in product sales with direct, measurable benefits to energy and advanced infrastructure resiliency.	2020	●
	Product Safety	Track and report product failure or nonconformance due to manufacturing processes.	2020	◉
	Total Cost of Ownership	Add criteria to fully identify cost drivers early in product design cycle within each business segment's proposal planning and proposal review processes.	2020	◉
		Achieve ≥$700M in corporate cost and supply chain efficiencies.	2020	●
		Generate $1 billion of life-cycle cost reductions from manufactured products related to the use of resources and impacts on human health and the environment.	2020	●

	Factors	Goals	Target Date	Progress
Employee Wellbeing	Diversity and Inclusion	Develop the best workforce for our customers by increasing representation of women, people of color, veterans, and people with disabilities.	2020	◉
		Increase employee participation in company-sponsored diversity events, Business Resource Groups (BRGs), and leadership associations.	2020	◉
	Talent Development	Maintain a lower voluntary attrition rate among top performing employees as compared to the employee population.	2020	◉
		Increase succession planning for senior leadership.	2020	◉
	Talent Recruitment	Achieve an intern conversion rate of greater than, or equal to, 50% conversion.	2020	◉
	Workplace Safety and Wellness	Achieve or outperform day-away case and severity rate goals.	2020	◉
Resource Efficiency	Energy and Carbon Management	Reduce energy use by 25%, scope 1 and 2 carbon emissions by 35% and water use by 30%.	2020	◉
		Increase square footage of facilities with green building certifications.	2020	◉
		Increase annual renewable energy consumption.	2020	◉
		Help energy customers reduce carbon emissions by at least twice the carbon impact of our business operations.	2020	○
Information Security	Employee Privacy and Data Protection	Achieve annual recertification of EU-U.S. Privacy Shield Framework.	2020	◉
	Sensitive Data and Intellectual Property Protection AND Customer Information Systems and Network Security	Monitor employee cybersecurity engagement to counter malicious email threats and monitor number of vulnerabilities per device on core IT networks.	2020	◉
		Monitor data loss incidents within core IT networks for business operations.	2020	◉
		We track two other proprietary goals to improve the security of IT networks.	2020	◉

Partners in Citizenship

Dialogue to Drive Priorities and Progress

Lockheed Martin stakeholders – our customers, employees, investors, suppliers, and community organizations – are as integral to our sustainable business practices as they are to other aspects of our operations. We count on them to help us understand their perspectives on the issues and challenges they care about most, and we collaborate with them as we develop solutions that benefit our stakeholders and the communities where we operate.

Engaging Diverse Stakeholders

To ensure we continue focusing on issues of greatest relevance to our stakeholders, we periodically ask for feedback through a series of core issues assessment roundtables. The first of these interactive workshops, held in 2015, identified the five core issues and 26 metrics that became part of our five-year Sustainability Management Plan (SMP). Our most recent roundtables and other ongoing engagement activities informed the continued evolution of our SMP for the future. This year, we held three internal and three external stakeholder workshops, conducted surveys, and leveraged mathematical and AI-based analytical tools to collect and analyze feedback from eight different stakeholder segments across the U.S. and Europe.

With approximately 90+ participants, including more than 60 employees and 30 external stakeholders, overall engagement in the 2019 core issues assessment was nearly 10% higher than in 2015. Through structured discussions and survey input, we learned more about their expectations and explored current and emerging trends facing our stakeholders and our sector. As has been the case in our previous stakeholder engagement efforts, customer requirements and customer strategy remained the most significant aspects influencing the relevance and importance of each sustainability issue considered.

Exploring the Issues

We analyzed direct stakeholder feedback on 40 sustainability issues using external benchmarking data and internal risk and strategy information. We then clustered closely related issues of importance to stakeholders and to our business success, and ultimately identified four sustainability priorities and 14 core issues for our next SMP, see page 13. This process also informed the goals and key metrics that will guide us from 2021-2025.

Among all stakeholder groups, data protection and privacy, along with intellectual property rights and AI – an emerging issue not mentioned during the 2015 process – consistently ranked the highest. This finding underscores the importance of our ongoing efforts to ensure digital responsibility, both for our customers and our employees.

Using AI to Validate and Refine Core Issues

We used Datamaran, an AI data analysis tool, to conduct benchmarking. Datamaran's AI technology provides up-to-date insights into regulatory, strategic and reputational risk drivers. We used the tool to assess the prominence of each Core Issue among other companies (A&D and technology sector firms) compared to its prominence in our own core issues assessment.

This analysis made use of global corporate sustainability and 10-K reports, regulations, media coverage, and social media to compare our stakeholder rankings with the application's materiality results and factor this additional information into our weighting of the sustainability issues. In addition, we reviewed the seven Sustainability Accounting Standards Board (SASB) disclosure topics to determine their degree of alignment with our identified sustainability issues. Finally, we assessed the correlation between those issues identified in our Enterprise Risk Management (ERM) matrix and the top-ranked sustainability issues.

We will continue to collaborate with customers, investors, suppliers, and other stakeholders to ensure we remain focused on addressing the most significant sustainability challenges through meaningful goals, high-impact action, and lasting value.

Overall engagement in the 2019 core issues assessment was nearly

10%

higher than in 2015.

We analyzed stakeholder feedback on

40

sustainability issues.

Partners in Citizenship continued

STAKEHOLDER ENGAGEMENT AND 2019 CORE ISSUES ASSESSMENT

Engaging our Stakeholders

We engage our stakeholders in our core issues assessment process.
Our robust stakeholder input process is deeply embedded in our business.

OUR PROCESS

This year, we held **six** stakeholder workshops, conducted surveys, and leveraged mathematical and AI-based analytical tools to collect and analyze feedback from **eight** different stakeholder segments in the U.S. and Europe:

| Customers | Suppliers | Industry peers | Non-governmental organizations |
| Government | Academia | Investors | Employees |

90+ PARTICIPANTS

including more than 60 employees and 30 external stakeholders.

10%

overall engagement in the 2019 core issues assessment was nearly 10 % higher than in 2015.

For detailed information about our investor engagement, refer to our 2020 Proxy.

EXPLORING THE ISSUES

Through **structured discussions** and **survey input**, we learned more about their expectations and explored current and emerging trends facing our stakeholders and our sector.

We analyzed direct stakeholder feedback on

40 SUSTAINABILITY ISSUES using external benchmarking data and internal risk and strategy information.

OUTCOME

We then clustered closely related issues of importance to stakeholders and to our business success, and ultimately identified four sustainability priorities and 14 core issues for our next SMP. **This process also informed the goals and key metrics that will guide us from 2020–2025.**

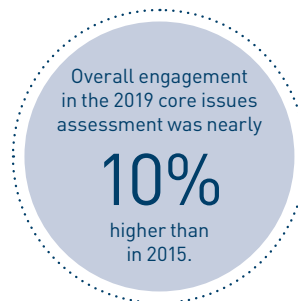For 2020 and beyond, this process has led to

4 SUSTAINABILITY PRIORITIES

14 CORE ISSUES

Leading With Integrity

"Over the past decade, we have mainstreamed sustainability at Lockheed Martin, embedding it into our business practices, our risk management, and the products and services we deliver to our customers. Now, the next generation of sustainability innovations is waiting to emerge. We are excited to work with our stakeholders to identify next steps and continue building resiliency in our business."

Leo S. Mackay, Jr.
Senior Vice President
Ethics and Enterprise
Assurance

in https:// www.linkedin.com/in/
leo-s-mackay-jr-18ba167/

Governance For Value And Resilience
Through our formal sustainability governance structure; our culture of doing what's right, respecting others and performing with excellence; and our legacy of anticipating and meeting customers' needs, we have built a business relevant to today and resilient for the future.

We monitor and manage our economic, social, and environmental impacts through effective governance, with sustainability playing a key role in our business success. The leadership councils in our facilities — including risk and compliance; Environment, Safety and Health (ESH); and supply chain operations — all periodically evaluate our sustainability activities to improve enterprise resiliency.

Across our organization, we maintain sound policies and procedures to guide our small business procurement, business conduct, anti-corruption controls, data security, workforce planning, risk management, and other practices that are critical to and highly scrutinized by our primary

government customers. We voluntarily work to reduce our greenhouse gas (GHG) emissions, increase water and energy efficiency, implement diversity and inclusion programs, and uphold high ethics and supply chain standards.
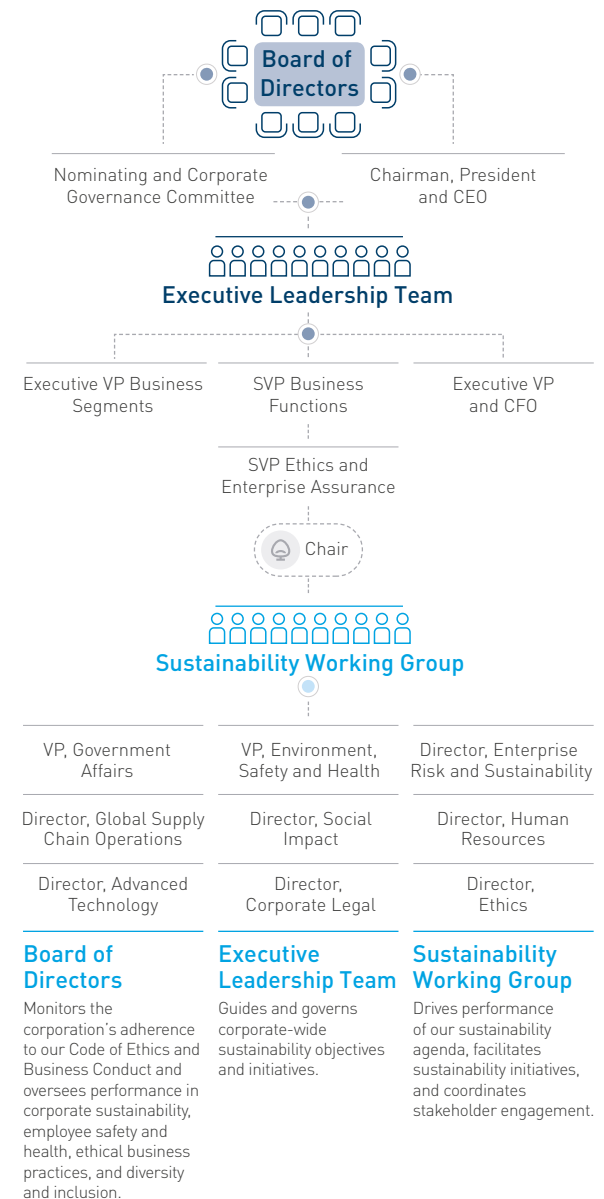
Sustainability Governance
Lockheed Martin's formal sustainability governance structure is made up of our Board of Directors, executive leadership team, and key functional leaders responsible for sustainability initiatives. The Board meets with management to review SMP performance at least twice per year. Our lead sustainability executive is the Senior Vice President, Ethics and Enterprise Assurance, who reports to the Chairman and CEO and oversees ethics; enterprise risk; environment, safety and health; internal audit; and sustainability. He also chairs our cross-functional working group chartered by company policy to implement sustainability, and sits on the corporate venture capital investments committee.

Incentive compensation for Lockheed Martin executives is linked to sustainability factors that we measure and report, including on topics such as diversity and talent management. See our 2020 Proxy Statement for details.

Our Corporate Sustainability Policy guides integration across the business, and our five-year SMP guides our progress toward meeting our sustainability goals and priorities. The Nominating and Corporate Governance Committee (Governance Committee), chartered by the Board of Directors, leads its oversight responsibilities relating to the Corporation's ethical conduct, environmental stewardship, corporate culture, philanthropy, workforce diversity, and health and safety — all of which are inextricably linked to our sustainability commitments and performance. Our independent directors who serve on the Governance Committee review performance against the SMP, and the Committee also approves the Corporation's Code of Conduct and this annual Sustainability Report.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Nominating and Corporate Governance Committee

Chairman, President and CEO

Executive Leadership Team

Executive VP Business Segments

SVP Business Functions

Executive VP and CFO

SVP Ethics and Enterprise Assurance

Chair

Sustainability Working Group

VP, Government Affairs	VP, Environment, Safety and Health	Director, Enterprise Risk and Sustainability
Director, Global Supply Chain Operations	Director, Social Impact	Director, Human Resources
Director, Advanced Technology	Director, Corporate Legal	Director, Ethics

Board of Directors
Monitors the corporation's adherence to our Code of Ethics and Business Conduct and oversees performance in corporate sustainability, employee safety and health, ethical business practices, and diversity and inclusion.

Executive Leadership Team
Guides and governs corporate-wide sustainability objectives and initiatives.

Sustainability Working Group
Drives performance of our sustainability agenda, facilitates sustainability initiatives, and coordinates stakeholder engagement.

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Business Integrity Overview   Ethical Governance and Leadership   Anti-Bribery and Corruption Controls   Supplier Conduct   Responsible Sales

Business Integrity

Lockheed Martin's fixed-wing aircraft such as the L-100 commercial freighter have been used to transport live animals, including the black rhino, in support of species conservation.

Learn more about how the L-100 legacy continues with the LM-100J at:
https://www.lockheedmartin.com/en-us/products/lm-100j.html

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Business Integrity Overview   Ethical Governance and Leadership   Anti-Bribery and Corruption Controls   Supplier Conduct   Responsible Sales

Business Integrity Overview

OBJECTIVE
Advancing standards and controls for ethical business conduct that strengthen customer relationships, supplier partnerships, and workplace integrity.

Importance
Our Ethics and Enterprise Assurance (EEA) organization is composed of several integrated functions: Ethics; Sustainability; Internal Audit; Enterprise Risk Management (ERM); and Environment, Safety and Health (ESH). These groups all report to the senior vice president of EEA. They work collaboratively to ensure the effectiveness of Lockheed Martin internal controls, increase transparency, serve as a resource for business leaders and employees, and develop a culture aware of risks and opportunities. By leveraging complementary expertise and sharing reporting tools and data analysis, EEA empowers our colleagues to make informed decisions that benefit our business and our customers.

Challenge
All EEA programs share elements of enterprise risk, sustainability, and business strategy, and often use similar reporting tools of risk and assurance processes; effective employee training on multiple business conduct topics; and maintaining high confidence in and access to grievance mechanisms and methodologies. The challenge is ensuring proper alignment, which includes building trust and breaking down silos.

TIER 1
Ethical Governance and Leadership

Anti-Bribery and Corruption Controls

Supplier Conduct

Responsible Sales

TIER 2
Human and Labor Rights

Supplier Diversity

Conflict Minerals

DID YOU KNOW?
As part of our Ethics Supplier Mentoring program, at least twice per year, each of our business areas participates in a one-on-one mentorship with a small supplier. A Lockheed Martin Ethics Officer provides additional resources and insight to help suppliers with less experience create and continually improve their ethics programs.

THE SCIENCE
We apply proven methodologies and innovative training techniques to cultivate ethical thinking among our employees, and develop resources and tools to advance integrity across our industry.

OF CITIZENSHIP
Conducting business with the utmost integrity engenders trust and fosters a resilient value chain and a high-performing, transparent work environment. This not only attracts more customers and helps us retain the best talent, it reduces risk and ensures corruption does not subvert societies' or citizens' safety.

Ethical Governance and Leadership

OBJECTIVE
Maintaining consistent, transparent, and high ethical standards, policies, practices, and leadership across our business.

Management

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. At Lockheed Martin, anonymous reporting to the Ethics Office averaged 10% this year versus a benchmark of 59%, which we believe evidences trust in the ethics process[1].

Goals

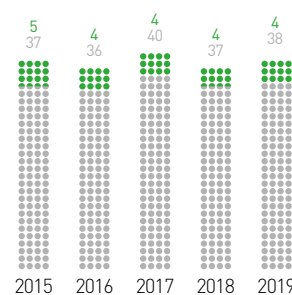→ **Meet or exceed global benchmark for Ethics Index based on All Employee Survey.**

Progress
Progress: This year, the Ethics Index-based All Employee Survey improved to 84% favorable, exceeding the global benchmarking index of 76%.

ETHICS CONTACTS
(per 1,000 employees)

- Guidances ● Cases

2015   2016   2017   2018   2019

INVESTIGATION FEEDBACK SCORES
(satisfaction scored on a five-point scale)

- Reporting Party ● Subject

2015   2016   2017   2018   2019
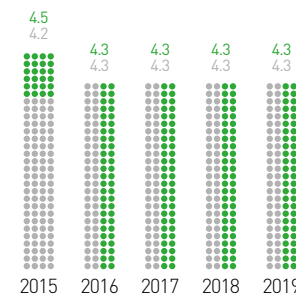
ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

Our Ethics Supplier Mentoring Program organizes the complex concept of an "ethics program" into 12 distinct elements. These elements of an effective ethics program are based on key global standards for ethics, compliance, and anti-corruption programs.

Company values	Program structure and oversight	Risk assessment	Policies and procedures
Code of conduct	Training	Communication	Leadership commitment
Reporting mechanisms	Investigations and disclosures	Disciplines and incentives	Program evaluation

SUPPLIER MENTORING PROGRAM BENEFITS

- Review of ethics program
- Discussion of best practices
- Access to our resources
- Recognition as program participant
- Enhanced relationship with us

[1] *2019 Ethics & Compliance Hotline Benchmark Report*

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Business Integrity Overview   Ethical Governance and Leadership   **Anti-Bribery and Corruption Controls**   Supplier Conduct   Responsible Sales

Anti-Bribery and Corruption Controls

OBJECTIVE
Preventing bribery and corruption among employees, suppliers, and contractors.

Management

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:

- 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. We expanded our expectations for pollution prevention, equal employment opportunity, and a drug-free workplace.

- Gifts Decision Tree is an interactive guide for employees that covers giving and receiving gifts, hospitality, and other business courtesies.

- 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).

Goals

→ Achieve 100% completion rate of applicable employee training on gifts and business courtesies and international business practices BCCT modules.

Progress
We achieved 100% completion for applicable employee training on Business Courtesies and International BCCT modules.

→ Achieve 100% completion rate of ethics and compliance training for international business development consultants.

Progress
We achieved 100% completion for international business development consultants.

→ Complete annual audit plan of international development consultants identified through structured risk assessment of 100% of this consultant population.

Progress
We completed the annual risk assessments and completed the audit plan of international business development consultants for 2020. For additional information on our Anti-Corruption and Program, please see our public website.

● Highlights

- **Enhanced third party compliance tool** – Our Anti-Bribery and Corruption team has developed a new workflow tool to improve management of anti-corruption due diligence on third parties, such as suppliers, teammates, and business ventures. This tool will allow us to standardize due diligence across the business areas and reduce review time by our legal team. It will also allow us to more efficiently document all the information that is considered when deciding whether to proceed with engaging a third party, given the likely degree of compliance with our anti-corruption requirements.

- **Automated, efficient monitoring** – We launched an improved tool for automated anti-corruption monitoring. The tool allows us to analyze flagged transaction records from more data sources, improving both accuracy and efficiency. The result is more efficient use of human review time and analysis

of flagged transactions, which in turn allows for rapid and focused attention on specific flagged transactions. The tool also enables us to better identify the public officials and countries with which we most frequently engage, and which groups of employees might benefit from refresher training on gifts and business courtesy so that they are well-equipped to create plans for mitigating associated risks.

- **Knowledge sharing** – Individually and as a leader with industry groups, such as the Defense Industry Initiative on Business Ethics and Conduct, we provide collaborative support and experience to assist others in strengthening their own ethics and compliance programs. We also regularly share our ethics and compliance resources and best practices at public events, industry conferences, and other interactive venues.

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Business Integrity Overview   Ethical Governance and Leadership   Anti-Bribery and Corruption Controls   **Supplier Conduct**   Responsible Sales

Supplier Conduct

OBJECTIVE
Helping suppliers strengthen management and disclosure on ethical, labor, human rights, and environmental issues.

Management

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 suppliers stay abreast of emerging concerns and mitigation strategies.

Additional resources include:

- 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.

Goals

→ Increase participation in our ethics supplier mentoring program.
Progress
We had a 37% increase in Supplier Webinar participation compared to the 2017 baseline for unique company attendance.

● **Highlights**

We have completed five of our Supplier Ethics Webinar Series, with more than 300 companies participating. This free series helps companies to ensure their ethics programs comply with Federal Acquisition Regulation (FAR) requirements and meet Defense Industry Initiative (DII) standards, and provides opportunities for participating suppliers to learn how to foster a best practice ethics and compliance program.

Uphold the Code: Sikorsky CH-53K Helicopter Positioned to Serve

WHAT WE DID

Given how critical our supply chain is for delivering on the customer's mission, we make sure every supplier understands the importance of our values and our clear expectations throughout the supply chain. The Sikorsky CH-53K helicopter has a critical mission that spans humanitarian aid, Special Operations forces, troop transport, combat search and rescue, and equipment transport for the U.S. Marines. When delivering to the U.S. Marine customer in support of their mission, there is no place for doubt about quality, safety, or the authenticity of parts.

Supplier material makes up 73% of the cost of the CH-53K program, which links cost, quality, and technical factors with the dependability of our suppliers. As an extension of our internal Lockheed Martin ethical values, the Supplier Code of Conduct is part of every purchase order issued for this program – and all others – and details our expectations for our supply chain. The Code is a natural extension of our company's values to do what's right, respect others, and perform with excellence. These values not only provide our customers with the confidence that we know where our focus is every day, they also correlate to each of the 21 areas of focus in the Supplier Code of Conduct.

WHY IT MATTERS

As the CH-53K program prepares for its first major milestone in 2023, with sights set on international expansion, our customers can rest assured the program is positioned to meet the mission with dependable suppliers held accountable to the requirements of the Supplier Code of Conduct throughout our supply chain.

📷 The CH-53 series has a 50-year legacy of heavy lift solutions.

Responsible Sales

OBJECTIVE
Ensuring sales are conducted ethically and fairly, with careful consideration for export controls and trade policies, product and services' intended use, and impact on civilian needs.

Management
International sales of Lockheed Martin defense products and services occur on a government-to-government basis via Foreign Military Sales (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 (AECA) and support U.S. foreign policy objectives. FMS sales are funded by administrative charges to the customer and operated at no cost to taxpayers. The Defense Security Cooperation Agency (DSCA) 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.

The applicable regulatory processes stipulate the roles of these branches of government to consider the risk that an arms transfer contributes to abuses of human rights.

With FMS, it is common for contracts with purchasing countries to require that Lockheed Martin buy or invest in that country's resources. This is commonly called an offset obligation. Lockheed Martin has a dedicated organization that monitors and oversees the company's offset programs. Some countries allow and may require offsets in the form of direct foreign investment, technology transfer, or other business relationships with non-defense economic sectors. We view this as an opportunity to contribute to sustainable development initiatives globally.

Commensurate U.S. business activities are subject to multiple policies, procedures, and contractual obligations, including but not limited to those itemized in Lockheed Martin's human rights policy and related codes of conduct.

Goals

→ Maintain transparency of hardware exports made without regulatory authorizations as a percentage of all exports.

Progress
We do not disclose performance data deemed competitive and proprietary. A reporting process is in place for unauthorized hardware exports to minimize associated risk.

● Highlights

- Lockheed Martin provides logistics and technical support for the L-100, a versatile commercial transport aircraft which has been used to carry live animals, including the black rhino, in support of species conservation. The L-100 legacy continues with the LM-100J, which is certified for operation in any commercial airport in the world.

- This year, the Sikorsky S-92 helicopter aided in the search and rescue mission for hundreds of passengers after their cruise ship encountered trouble in high seas off the Norwegian coast – among thousands of lives this and other Sikorsky aircraft have helped to save worldwide.

- International trade compliance teams throughout the Lockheed Martin enterprise maintain thousands of active export/import authorizations and support international business and partnerships throughout the world.

◉ With over 1.6 million fleet flight hours and nearly 95% availability, the S-92® helicopter is the industry's standard for safety and reliability.

Product Impact

The **Freedom-variant Littoral Combat Ship** is a resilient, flexible warship, designed from the keel up to affordably take on new capabilities including advanced sensors, missiles, and cutting-edge cyber systems. Its speed, strength, and versatility make it a critical tool to help sailors achieve their current and future missions.

Learn more at:
https://www.lockheedmartin.com/en-us/products/littoral-combat-ship-lcs.html

| Our Company | Our Approach | Business Integrity | **Product Impact** | Employee Wellbeing | Resource Efficiency | Information Security | Appendix | 2019 Sustainability Report | Lockheed Martin   25

Product Impact Overview   Global Infrastructure Needs   Total Cost of Ownership   Product Safety   Counterfeit Parts Prevention

Product Impact Overview

OBJECTIVE
Delivering optimal life-cycle value by engineering innovative solutions for resilient energy, global security, telecommunications, and other critical infrastructure.

Importance
As the world's leading systems integrator, Lockheed Martin's training, logistics, and sustainment capabilities deliver comprehensive solutions to prepare our customers for the most complex missions. We leverage our employees' unique talents and experiences to deliver a broad and innovative portfolio of products and services for national defense, cybersecurity, logistics, and energy.

We strive to ensure our customers' products and services are mission-ready and have the necessary capabilities throughout the entire life cycle, from design through post-delivery support. We deliver sustainment efficiencies through scalable, affordable, and secure end-to-end logistics information technology (IT) solutions that improve data access, reduce costs, and increase commonality across platforms.

Challenge
Anticipating customers' needs is a challenging yet essential part of the value Lockheed Martin delivers. We regularly monitor trends, track customers' evolving requirements, watch for new opportunities, and explore innovations that allow us to respond to needs in a timely way. We complement our forward-looking analysis with ongoing development of solutions and processes to lower total cost of ownership, improve data access, and increase platform commonalities.

TIER 1

Global Infrastructure Needs

Total Cost of Ownership

Product Safety

Counterfeit Parts Prevention

TIER 2

Product Eco-Innovation

DID YOU KNOW?

Lockheed Martin is working toward a unique firefighting capability for the rugged LM-100J FireHerc air tanker that would give pilots the situational awareness necessary to operate in challenging low-level, low-light conditions.

THE

SCIENCE

As a systems integrator, we continually improve the efficiency and functionality of our products and services – designing, implementing and bringing together technologies and software for our customers.

OF

CITIZENSHIP

Our focus on performance and sustainability delivers safe, reliable, affordable products that support our customers' missions of national security, citizen services, and sustainable development.

Global Infrastructure Needs

OBJECTIVE
Bringing innovative products to market to help scale the advanced infrastructure required for sustainable development, future climate resiliency, and national security efforts, and deliver reliable and secure energy, communications, logistics, and systems that protect human health.

Management
We are principally engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems, products and services that improve and promote long-term capabilities in national security, space exploration, and information technology. Our strategic planning process pays close attention to shifts in U.S. national security policy and listens to feedback about how our equipment is used on a forward-operating basis. Our design process focuses on building longevity and resiliency into our technology.

We periodically assess key global security priorities by country and strike partnerships with public and private sector research laboratories. Our research and development efforts also include investing in entrepreneurial technologists who can disrupt conventional approaches to engineering solutions. Our senior vice president of Ethics and Enterprise Assurance is also a board member of Lockheed Martin Ventures, which scopes emerging disruptive technologies and provides an ecosystem that promotes collaboration and strategic investments.

Goals

→ Achieve $4 billion in product sales with direct, measurable benefits to energy and advanced infrastructure resiliency.

Progress
We exceeded this goal with product sales that benefit energy and infrastructure resiliency totaling $4.5 billion this year.

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CASE STUDY

Space Fence

WHAT WE DID
Lockheed Martin has developed an advanced radar technology solution for Space Fence, a program that revolutionizes the way the U.S. Space Force identifies, tracks, and catalogs space debris and satellites. Delivered in December 2019, the ground-based radar system provides real-time coverage and tracking accuracy for objects that can directly threaten important space assets, such as the International Space Station.

Space Fence offers unprecedented sensitivity by detecting objects of all sizes, including those as small as a peanut, that are found in low Earth orbit, and larger objects in medium Earth and geosynchronous Earth orbit. Along with tracking, Space Fence can also determine the projected orbit of satellites and debris. This allows operators to reconstruct recent events, such as collisions or satellite breakups, and accurately predict their future paths. Space Fence is positioned to significantly increase the United States Space Surveillance Network's catalog, which currently includes about 20,000 objects in space[1].

WHY THIS MATTERS
An unprecedented quantity of space debris litters the skies. This poses a threat to American space assets and the critical military and civilian services they sustain, such as weather forecasting, GPS, communications, banking, and many more. NASA estimates that over 500,000 pieces of so-called space junk as small as one cm in diameter are orbiting Earth at speeds up to 22,300 mph, or faster than a speeding bullet[2].
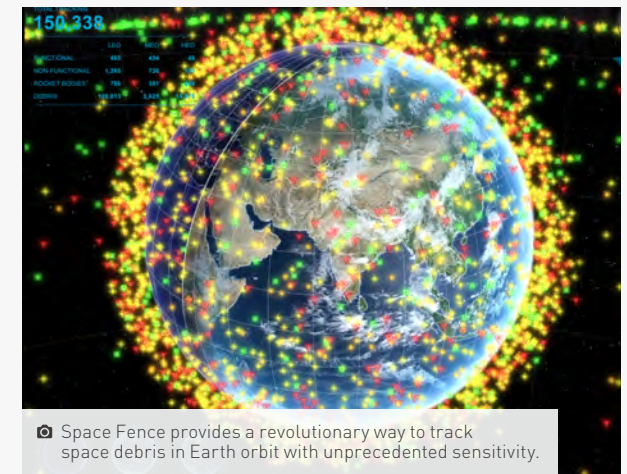
Space Fence provides a revolutionary way to track space debris in Earth orbit with unprecedented sensitivity.

As more commercial enterprises launch their next generations of satellite constellations, tens of thousands of new objects will be introduced into space. Powerful detection and tracking capabilities will become even more necessary to prevent collisions with vital space technologies. The enhanced capabilities that Space Fence offers will transform the future of space domain awareness and allow the U.S. Space Force to address emerging threats for years to come.

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[1] https://www.nasa.gov/mission_pages/station/news/orbital_debris.html
[2] Astromaterials Research and Exploration Science. Orbital Debris Program Office. Retrieved from https://orbitaldebris.jsc.nasa.gov/faq

| Our Company | Our Approach | Business Integrity | **Product Impact** | Employee Wellbeing | Resource Efficiency | Information Security | Appendix | 2019 Sustainability Report | Lockheed Martin   27

Product Impact Overview   Global Infrastructure Needs   **Total Cost of Ownership**   Product Safety   Counterfeit Parts Prevention

Total Cost of Ownership

OBJECTIVE
Making our products more affordable by improving product quality, efficiency, and performance, as well as increasing resiliency and providing services to extend their useful lives.

Management

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 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 post-production 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.
- Preventing and controlling corrosion of our technologies to ensure longevity in austere environments.

Goals

→ **Add criteria to fully identify cost drivers early in the product design cycle within each business segment's proposal planning and review processes.**

Progress
Our Design to Cost (DTC) working group has designed and implemented tools to reduce costs. Efforts are also underway to implement Affordability Boards to identify and implement cost reduction projects to meet targeted costs.

→ **Generate $1 billion in life-cycle cost reductions from manufactured products related to the use of resources and impacts on human health and the environment.**

Progress
In 2018, we exceeded our goal of cumulative modeled life-cycle cost savings of $1.34 billion. This year, we adapted our life-cycle assessment capabilities to other programs such as supply chain impact and chemical stewardship.

→ **Achieve ≥$700 million in corporate cost and supply chain efficiencies by the end of 2020.**

Progress
We have exceeded this goal by achieving a total $823.7 million in cost and supply chain efficiencies this year.

● Highlights

Bioinspired Design (BID), also called biomimicry, uses nature's time-tested structures and functions to solve engineering challenges. Nature selects processes that conserve the most material and energy, while avoiding harmful elements. 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 BID into the Skunk Works® technology and product development process to spark innovation and instill a culture of sustainable product design. This year, 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.

Lockheed Martin's Sniper Advanced Targeting Pod won the 2019 U.S. Secretary of Defense Performance Based Logistics Subsystem Award. This award recognizes innovative sustainment solutions that drive reliability, affordability, and life-cycle product support for the Department of Defense. Major program achievements included the creation of a $91.7 million cost avoidance and 30% reduction in support costs from previous performance-based logistics contracts.

Product Safety

OBJECTIVE
Advancing rigorous safety and quality controls throughout design and manufacturing processes to ensure the use of our products and services does not pose uncontrolled or unacceptable risks to customers, employees, suppliers, or the general public.

Management
Product safety depends on our commitment to quality and safety in our design and engineering principles, development and testing practices, and sustainment processes. Our Quality, Mission Success, and System Safety policy requires each business segment to have an independent quality assurance function reporting to their senior executive, and a quality management system (QMS) that meets or exceeds ISO 9001 standards. We also require all suppliers to have a QMS that meets our requirements and we verify supplier quality through program-specific processes and site reviews.
We account for human factors during product use to ensure our safety measures are realistic and relevant to customers.

Goals

→ Track and report product failure or nonconformance due to manufacturing processes.

Progress
We do not disclose performance data we deem competitive and proprietary. We track measures specific to each of our lines of business that indicate the quality of our manufacturing processes.

● Highlights

Protecting F-35 Pilots Worldwide
Innovative systems have been developed to improve the safety of our products, such as the F-35, one of our high-speed fighter aircraft. The Automatic Ground Collision Avoidance System (Auto GCAS) utilizes autonomous decision making algorithms to prevent collisions when ground impact is deemed imminent. Developed in collaboration with the Air Force Research Laboratory and NASA , this life-saving technology pushes the boundaries of autonomy and artificial intelligence and is estimated to protect more than 3,200 F-35s and their pilots worldwide.

The Auto GCAS was awarded the Collier trophy in 2019. The trophy is awarded annually by the National Aeronautic Association for the greatest achievement in aeronautics or astronautics in America, with respect to improving the performance, efficiency, and safety of air or space vehicles.

📷 The Sikorsky HH-60W Combat Rescue Helicopter relies on stringent quality and safety measures to complete crucial life-saving missions.

Counterfeit Parts Prevention

OBJECTIVE
Preventing counterfeit parts from entering the company's supply chain and potentially affecting product quality, safety, and performance.

Management
Counterfeit parts pose significant risks to the aerospace and defense industry. Our products can exceed the life cycle of commercially available parts, which makes us vulnerable to counterfeiting. Counterfeit parts can lead to product failure, put human health and safety at risk, negatively impact intellectual property, threaten national security, and increase costs due to the need for additional quality control measures.

Lockheed Martin depends on a vast supplier base, with over $30 billion in supplier subcontracts issued annually, some of which could lack the resources, security, and knowledge to ensure authentic components from lower-tier, and often foreign, providers. We require our suppliers to take steps to eliminate the risk of introducing counterfeit parts and materials. We provide guidance for preventing counterfeit parts in the form of FAQs to raise awareness, additional informational materials, and a list of actions to help them avoid, identify, and report potential counterfeits to Lockheed Martin.

Despite our diligent efforts – and those of our suppliers – to ensure authentic parts, counterfeiting continues to be dynamic and a risk to the aerospace and defense industry. Over the years, revisions to the Defense Federal Acquisition Regulations on electronic components place a greater emphasis on traceability, sourcing from the original manufacturer or an authorized dealer, and taking additional mitigation measures to ensure authenticity. We have updated our counterfeit prevention training to reflect our customers' expectations. We also continue to keep our internal stakeholders aware of the threat of counterfeits with practices for avoidance, prevention, and mitigation.

Goals

→ Maintain or reduce instances of counterfeit parts in delivered systems.

Progress
Zero instances of suspect counterfeit materials have escaped to the end customer.

📷 The F-35 program brings together over 300,000 individual parts from over 1,500 top-tier suppliers located around the world[1].

[1]   Source: https://www.f35.com/about/life-cycle/production

● Highlights

We have been contracted under the Air Force Research Laboratory to lead a consortium of academic and industrial partners in the examination of end-to-end supply chain security methods for microelectronics. Through this partnership, we have developed an extensive database that consists of more than one billion microelectronic components used within the defense industry supply chain. This database includes unique vendor provenance data and provides tagging solutions necessary to identify suspicious activity, counterfeits, and higher-risk suppliers.

With this knowledge and digital supply chain intelligence advantage, the Air Force Research Laboratory investment will improve trust in critical communications and intelligence infrastructure for the future economic and national security of the U.S. and partner nations.

Employee Wellbeing

At our Women in Engineering Day in Baltimore, Maryland, our female engineers engaged with high school girls in science, technology, engineering and math (STEM) activities.

Learn more about our STEM Education initiatives at:
https://www.lockheedmartin.com/en-us/who-we-are/communities/stem-education.html

Employee Wellbeing Overview

OBJECTIVE
Creating a high-performance, inclusive workplace culture that engages employees and creates rewarding career paths for our current and future workforce.

Importance
A key to Lockheed Martin's success is enabling employees to apply their passion for purposeful innovation. This helps us attract and retain diverse talent who want to do meaningful work and enhances our competitiveness as a next-generation technology company and employer of choice. We prioritize talent recruitment, talent development, workplace safety, and diversity and inclusion to address the changing workforce, meet customer needs, and innovate for the future.

Challenge
Because employees are our greatest asset, we are committed to investing in all aspects of the employee experience. We recruit talent based on skill, diversity, and program needs. The new world of work accelerates the demand for digital-based skills, and as the necessary skill sets shift with the advent of new technologies, we adjust our priorities. This includes adapting our human resources focus to make sure we remain well-positioned to continue meeting our customers' ever-changing needs. Our challenge is to provide business intelligence tools, skills development, and targeted recruitment strategies to keep our business and our employees ahead of evolving workforce trends.

TIER 1
Workplace Safety and Wellness

Talent Development

Talent Recruitment

Diversity and Inclusion

TIER 2
STEM Education

DID YOU KNOW?
Lockheed Martin is partnering with Catalyst, a global nonprofit organization dedicated to building more inclusive workplaces, and has committed $2.5 million in support of its campaign, "Now is the Moment – Be a Catalyst".

THE
SCIENCE

Future space travel, autonomous machines, and national defense arsenals rely on the scientists and technologists we hire to push the boundaries of their fields. We motivate employees through our talent development, inclusion, wellbeing and benefits programs and our mission to innovate a better future.

OF
CITIZENSHIP

Talented, resilient, and engaged employees drive performance and innovation. Our employees generate wide-ranging societal solutions to complex global challenges.

Workplace Safety and Wellness

OBJECTIVE
Ensuring a safe and healthy workforce and workplace through ergonomic and operational design, protective work practices, worker resilience, and targeted safety and health risk reduction techniques.

Management
Governed by our Environment, Safety and Health (ESH) Policy and overseen by our company-wide ESH Leadership Council, we implement a robust ESH Management System that includes our Target Zero workplace safety and health program. The Target Zero Program goes beyond compliance to optimize Lockheed Martin operations through targeted safety, health, and wellness opportunities designed to ensure safe work conditions, promote workforce resiliency, and enhance business value. We make a difference, together with our stakeholders to integrate, enable and instill core safety and health competencies for workplace design, work practices and for workers to ensure successful implementation of the corporation's mission.

Through our enterprise-wide health and wellness organization, we build employee health and wellness awareness, emphasizing preventive care and support. We combine employee medical benefits coverage with other health-related programs, resources, and amenities, including on-site flu shots, medical centers, walking paths, and healthy food services. Employees and their families also have access to a physical activity program, financial wellness resources, and an employee assistance program. Several employee groups also host mindfulness sessions to help colleagues manage stress. Through these programs and others, we motivate employees to make sustainable health and wellness choices that build resilience and expand their capacity to thrive in the workplace.

Goals

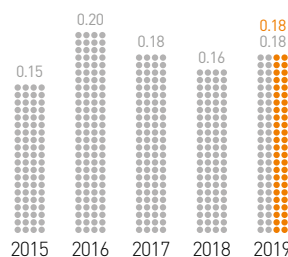→ **Achieve or outperform day-away case and severity rate goals.**

Progress
Our day-away rate was 0.18 and our severity case rate was 3.89, both of which either met or outperformed our annual goals.
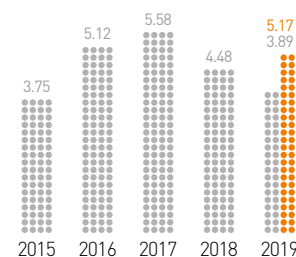
WORKPLACE SAFETY RESULTS[1]

● Annual Target   ● Achieved

Day-Away Case Rate

2015	2016	2017	2018	2019
0.15	0.20	0.18	0.16	0.18 / 0.18

Severity (Lost Days) Rate

2015	2016	2017	2018	2019
3.75	5.12	5.58	4.48	5.17 / 3.89

[1] Our annual goals are established using a three-year rate calculated from our previous three years of performance. Each rate is calculated per 100 employees, working 40 hours per week for 50 weeks per year. Metrics include all U.S. employees and contract labor working under company supervision at domestic Lockheed Martin facilities, which account for approximately 89% of our global workforce. Employees operating outside of the United States and in theater (war zones) are not included in this data. Data is adjusted to reflect business changes: data from 2014-2015 includes former business segment Information Systems & Global Solutions (IS&GS); data beginning 2016 includes Sikorsky and excludes IS&GS.

● Highlights

2019 Ergo Cup Competition
Lockheed Martin was recognized as an industry leader in ergonomics, with four employee teams accepted as finalists and invited to participate in the Applied Ergonomics Conference Ergo Cup competition. The event gave our teams opportunities to showcase their innovative solutions to reduce risk and injury in the workplace. Competing among a field of 72 finalists from various industries across the globe, two teams, one from our Rotary and Mission Systems and one from our Space business areas, won first place in their respective categories: Engineering/Ergonomist-Driven Workplace Solutions and Ergonomics Program Improvement Initiatives.

Since their implementation in the workplace, the ergonomic innovations developed by our teams have yielded outstanding workplace safety and wellness results. They are also projected to deliver annual combined savings of $2 million from avoided injuries and increased process efficiency gains.
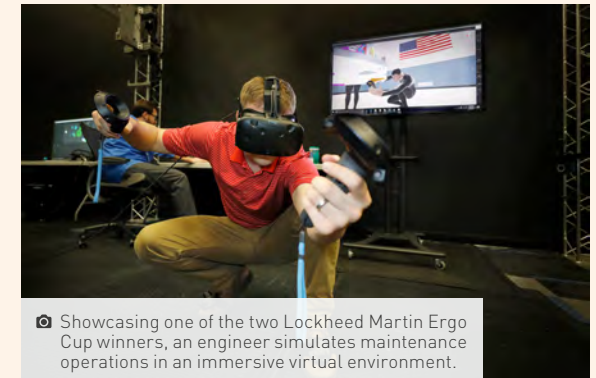
Showcasing one of the two Lockheed Martin Ergo Cup winners, an engineer simulates maintenance operations in an immersive virtual environment.

Talent Development

OBJECTIVE
Ensuring all employees have the knowledge, skills, and work assignments to achieve performance goals in a dynamic business environment.

Management

Lockheed Martin offers dozens of education, training, and leadership development programs to prepare workers for long-standing careers in aerospace and defense. These programs span the talent pipeline from college-bound students seeking bachelor's and advanced degrees, to those who want to enter vocational trades or earn industry-recognized credentials, as well as members of our current workforce interested in adding more skills in order to advance.

The aerospace and defense industry faces a shortage of skilled labor to perform successfully in today's advanced manufacturing environment. To address this challenge, we have committed since 2018 to creating 8,000 new apprenticeships and work-based learning opportunities through 2023. We are 35% of the way toward our goal, having created 2,486 of these opportunities. The formal commitment is categorized according to four types of opportunities, not including our ongoing college and intern hiring:

- **Internships** available to high-school students for non-full-time aerospace and defense positions to learn and develop job-specific knowledge.
- **Rotation Opportunities** available to newly hired employees that provide opportunities for diverse job experiences and leadership training in our organization.
- **Mid-Career Development Opportunities** that offer continuous learning for mid-career employees to ensure their skills remain current with evolving job requirements and emerging technologies.
- **Technical Apprenticeships** that focus on building talent in a specific trade or skill and offer both degreed and non-degreed post-secondary credentials.

One such initiative is the ⬚Advanced Manufacturing Technician Apprenticeship Program (AMTAP). This paid training program, currently administered in Colorado and Alabama, includes veterans, career changers, and those returning to the workforce after a break, as well as unemployed and underemployed individuals. The program was formed in partnership with the Lockheed Martin Space, Colorado and Alabama State Workforce Centers, and the U.S. Department of Labor, which certified it as a registered apprenticeship program. Successful AMTAP graduates may be offered full-time employment at Lockheed Martin, including full benefits. To date, Lockheed Martin has hired 141 AMTAP graduates.

In making this commitment to create 8,000 new opportunities, we took a holistic view of our current and future talent needs to ensure we were providing programs that span the talent pipeline. The pledge represents just a fraction of all our workforce programs this year and beyond to help us recruit and retain top talent. ⬚Learn more at our Careers site

Goals

→	Maintain a lower voluntary attrition rate among top-performing employees as compared to the employee population.

Progress
We achieved a lower attrition rate among top-performing employees compared to all employees this year.

→	Increase succession planning for senior leadership.

Progress
We have increased our succession planning rate for senior leadership in comparison to our 2015 baseline.

● Highlights

Continuous Learning Statistics:

5,217 employees participated in the tuition reimbursement program

560 early career leaders participated in the Leadership Development Conference

1,518 employees attended enterprise functional training programs (Finance, Capture, Corporate Strategy, Program Management)

7,263 leaders participated in enterprise leadership development programs

632 participants in Program Management

The Teamsters/Sikorsky Career Pathways program is a pre-apprenticeship program in which students receive on-the-job training with experienced union mentors, applying the transferable skills they learned in school to building the world's leading helicopters. During the eight-week paid summer internship, high school students pursuing a career in manufacturing produce "innovative flight solutions that bring people home, everywhere … every time". Since 2002, the unique partnership between Teamsters Local 1150; Sikorsky, a Lockheed Martin Company; Connecticut Department of Labor; Connecticut Department of Education; and eight technical and comprehensive high schools has graduated approximately 300 students with trade skills in aircraft manufacturing.
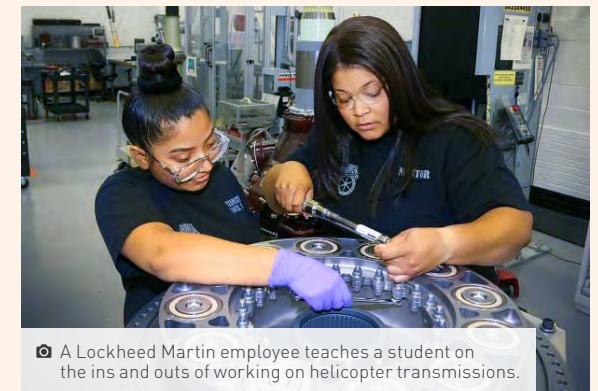
📷 A Lockheed Martin employee teaches a student on the ins and outs of working on helicopter transmissions.

Talent Recruitment

OBJECTIVE
Recruiting employees with relevant skills and investing in a talent pool of future employees.

Management
Advancing science, technology, engineering, and mathematics (STEM) education is a critical focus for Lockheed Martin. This year, we began awarding STEM scholarships of $10,000 to students who need financial help or come from underrepresented communities. In the program's first year alone, we received more than 6,000 applications and awarded 200 scholarships. Students will receive up to $40,000 total in scholarship funding toward their bachelor's degrees, or $10,000 per school year for up to three additional years or until a bachelor's degree is earned, whichever comes first. As the program grows over the next five years, we will increase the number of participants to 1,000 and anticipate awarding $10 million in scholarships annually.

Lockheed Martin hosts high school cyber competition events such as CodeQuest to demonstrate real-world simulations of the challenges we work to solve at Lockheed Martin. These events represent important opportunities for us to engage with students who can go on to participate in our high school internships for exposure to STEM careers. We also partner with organizations such as FIRST Robotics, Project Lead the Way, and Great Minds in STEM, where we sponsor six schools to bring awareness of STEM to a diverse slate of students.

In keeping with new and emerging technologies and digital trends, we now use a networking platform that allows students to connect directly with companies like ours to identify scholarships or internship opportunities. With these and many more partnerships, internships, and related initiatives, Lockheed Martin strives to inspire those of all backgrounds to join and remain in STEM fields.

Goals

→ Achieve an intern conversation rate of greater than, or equal to, 50%.

Progress
During this calendar year, we hired 60% of our former interns, exceeding our intern conversion rate goal.

● Highlights

Hiring our Heroes
Since January 2017, Lockheed Martin has partnered with the U.S. Chamber of Commerce through their Hiring our Heroes Corporate Fellowship Program to further expand the pipeline for hiring veteran employees. This innovative program provides transitioning service members with a wide breadth of professional training and hands-on experience in the civilian workforce. The aim is to prepare them for careers in disciplines ranging from engineering to human resources, and the professional development offered through the program prepares candidates for a smooth transition into meaningful civilian careers. Participating companies, such as Lockheed Martin, benefit by gaining access to the best and brightest transitioning service members, while also developing a more comprehensive understanding of the veteran job market. To date, 60 veterans have participated in these fellowships through Lockheed Martin. Of those, 51, or 85%, have gone on to permanent positions within the company.

● Highlights

2019 Hiring Statistics
16,030 Total hires this year

24% of external hires were veterans

3,246 College early career hires for academic year 2018-2019

2,631 Students hired into internships during academic year 2018-2019

The Women in Computer Science Summit
The Women in Computer Science Summit held at the Lockheed Martin Center for Leadership Excellence brought together 30 Lockheed Martin enterprise-wide rising sophomore and junior intern women for a two-day conference. Hosted by our STEM Program Management Office and University Relations & Recruiting organizations, the conference included a Women in Computer Science Panel Discussion with five women engineers from Lockheed Martin's business areas. The robust agenda also included a computer science hackathon as well as various workshops designed to strengthen the college interns' networking skills. One of these, known as SLAY (Strategically Leveraging the Authenticity in You) helped participants find their own voice and provided tips for building a career with purpose and setting clear intentions for workplace actions that create success.

During a community outreach event with Project Lead the Way and 4H, two students experience "weightlessness".

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Employee Wellbeing Overview | Workplace Safety and Wellness | Talent Development | **Talent Recruitment** | Diversity and Inclusion

Talent Recruitment continued

CASE STUDY

Lockheed Martin Campus Days: Your Mission is Ours

WHAT WE DID

Lockheed Martin Campus Days enlist enterprise-wide collaboration to showcase our campus, recruit top talent in critical skills majors, and extend same-day offers at colleges and universities that Lockheed Martin partners with to identify early talent.

Lockheed Martin Days help to raise awareness of the company while supporting hiring for critical skills and diversity. In the 2018-2019 academic year, minority-serving institutions, including Historically Black Colleges and Universities (HBCUs), with a Lockheed Martin Campus Day saw an average of 131% increase in year-over-year hiring results, compared to previous years when there was no Lockheed Martin Campus Day.

The Lockheed Martin Your Mission is Ours message resonated at Tuskegee University during Lockheed Martin Day events in September 2019. Over 50 Lockheed Martin executives and team members participated, interacting with Tuskegee students, faculty, and staff on the alignment of one of our shared missions — preparing students to thrive in a campus-driven workforce, working to solve some of the world's most complex and challenging problems. The event included:

- Recruitment and campus showcase, which resulted in 46 on-the-spot job offers to Tuskegee students, increasing the Tuskegee year-over-year hires by at least 68%, compared to years when there was no Lockheed Martin Campus Day at that university

- UH-60 Helicopter landing on Tuskegee grounds and providing students the opportunity to sit in the cockpit and learn about the instrumentation

- Lockheed Martin technical talks and information sessions for students interested in finance, business operations, and engineering

- Executive networking with Tuskegee deans, faculty, and students from the Schools of Business and Engineering

- Executive meeting with the Tuskegee University president and tour of Tuskegee Engineering labs

- Tuskegee Airmen Museum Tour for Lockheed Martin employees

WHY IT MATTERS

Lockheed Martin has been named the top corporate sponsor of HBCU engineering programs for five consecutive years. Investing in students and programs at minority-serving institutions like Tuskegee is part of our overall strategy to advance STEM education and to secure a diverse talent pool for the Lockheed Martin workforce. Lockheed Martin Campus Days are tangible evidence of that commitment. It provides a significant lift in hires and branding, and demonstrates that the promise of partnership in our Your Mission is Ours slogan is who we are, not just what we say. In the ongoing search for top talent, who we are is a competitive advantage. Lockheed Martin Campus Days are proven to advance STEM talent opportunities at Lockheed Martin.

A Tuskegee University student receives a lesson on instrumentation in a UH-60 helicopter.

| Our Company | Our Approach | Business Integrity | Product Impact | **Employee Wellbeing** | Resource Efficiency | Information Security | Appendix | 2019 Sustainability Report | Lockheed Martin 36

Employee Wellbeing Overview   Workplace Safety and Wellness   Talent Development   Talent Recruitment   **Diversity and Inclusion**

Diversity and Inclusion

OBJECTIVE
Creating a workplace that fosters a sense of belonging and where the diverse talents and unique perspectives of our people drive affordable and innovative solutions for our customers and business success.

Management
Diversity and inclusion are the foundation of our culture and reflect our values of doing what's right, respecting others, and performing with excellence. Our initiatives center on creating a workplace where employees feel welcome, respected, engaged, and encouraged to thrive. We implement strategies and initiatives that promote inclusive behaviors and equip leaders and employees with resources and toolkits that allow them to better understand and embrace the value of diversity and inclusion. Such toolkits focus on effective engagement strategies and provide information and key insights on topics that empower all employees. Additionally, we provide opportunities for our Business Resource Groups (BRGs) to make a sustainable impact on our business, culture, and people by bringing increased visibility to the key role communities and BRGs play within our organization.

Goals

→ **Develop the best workforce for our customers by increasing representation of women, people of color, veterans, and people with disabilities.**
Progress
This year, we increased our representation of People of Color by 1.5%. Our representation of people with disabilities, veterans, and women remained flat as compared to 2018 workforce demographics.

→ **Increase employee participation in company-sponsored diversity events, Business Resource Groups (BRGs), and leadership associations.**
Progress
The number of BRG events increased by 4.9% and participation increased by 35.5% as compared to 2018. We saw an overall increase of 9% in Leadership Forum.

WOMEN AT LOCKHEED MARTIN
Lockheed Martin is proud to have a team of incredible women dedicated to designing and building technology and tools that support our customers across the globe. These women are paving the way and inspiring the next generation of girls and young women who will one day work in STEM fields.

We launched the Women in the Workplace initiative to increase the representation of women across the company, ensuring that hiring and promotions are fair and offering leaders as many opportunities to engage, champion, and lead diversity-related dialogues and events that help develop all leaders as champions of diversity and inclusion.

RECRUITING TOP TALENT
Engagement with Society of Women Engineers (SWE)
46 SWE offers were accepted
39.0% increase from 2018

Engagements include:
- National Outreach
- STEM K-12 Females
- SWENext Outreach
- Scholarships

FOSTERING AN INCLUSIVE WORKPLACE
21,273 members participated in the Women's Impact Network
70.7% of all leaders have participated in an Effective Leadership of Inclusive Teams experience

Ranked #2 Top Employer – Women Engineer Magazine

Representation of women in all levels of leadership increased year-over-year from 2018

TRAINING AND DEVELOPMENT
28 women graduated from the Program Management Talent Institute in 2019
10.0% increase in the number of women who received a promotion since they began their Program Management Talent Institute experience between 2018 and 2019

SUPPORTING STEM EDUCATION
Sponsorships and volunteering to support girls and women in STEM programs:
- Girls Inc.
- Imagine Science
- STEM Conference for Girls
- Project Lead the Way
- 4H

42.0% of the 200 STEM Scholarship Program recipients are female

| Our Company | Our Approach | Business Integrity | Product Impact | **Employee Wellbeing** | Resource Efficiency | Information Security | Appendix | 2019 Sustainability Report | Lockheed Martin   37

Employee Wellbeing Overview   Workplace Safety and Wellness   Talent Development   Talent Recruitment   **Diversity and Inclusion**

Diversity and Inclusion continued

● Highlights

2019 International Women's Day

Lockheed Martin held the second annual International Women's Day in support of women within our workforce, across the globe, and in concert with the worldwide International Women's Day campaign. Through this event, we continued the global conversation on gender equity and women's advancement – in alignment with the theme: "#BalanceforBetter". Attendance drew over 1,200 employees who participated at 46 sites worldwide, which was an over 50% increase in participation and 500% increase in participating sites compared with 2018. The event showcased panels focused on the manager/female talent relationship, the role that allies play, and actions that can be taken to move the needle on inclusiveness within the workplace.
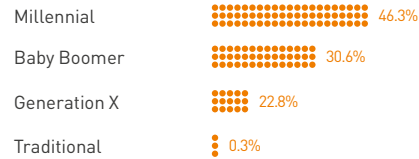
Strategy Showcase

Our inaugural Business Resource Group Strategy Showcase provided an opportunity for each of the seven Business Resource Groups to showcase innovative ideas that leverage technology, have a strategic impact, and foster collaboration and inclusion across all communities. The winning idea, which belonged to The African American Council for Excellence, was an employee engagement and communication mobile application. This innovative tool provides a digital forum to collaborate with Business Resource Group members, access educational resources, and share diversity-focused ideas, events, and activities across the enterprise.
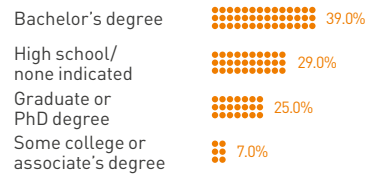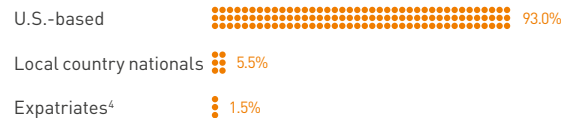
WORKPLACE PROFILE 2019[1]

● All employees

Generation[2,4]

Millennial	46.3%
Baby Boomer	30.6%
Generation X	22.8%
Traditional	0.3%

Education[3]

Bachelor's degree	39.0%
High school/none indicated	29.0%
Graduate or PhD degree	25.0%
Some college or associate's degree	7.0%

Region[2]

U.S.-based	93.0%
Local country nationals	5.5%
Expatriates[4]	1.5%

[1] All data excludes casual workers, interns/co-ops, and employees of certain subsidiaries and joint ventures. As of 12/31/2019.
[2] Includes U.S. employees, local country nationals and expatriates.
[3] Excludes local country nationals.
[4] The generational structure used by Lockheed Martin, based on U.S. government definitions, is as follows:
— Traditional: Birth year of 1945 or earlier
— Baby Boomer: Birth year from 1946 to 1964 inclusive
— Gen X: Birth year from 1965 to 1976 inclusive
— Millennial: Birth year from 1977 to 1998
[5] Reflects the minority population in our U.S. population as defined by the U.S. Equal Employment Opportunity Commission.

COMPANY DEMOGRAPHICS 2019[1]

● Overall   ● Executives   ● Board of Directors

Women[2]

Overall	23.0%
Executives	21.8%
Board of Directors	36.0%

People of color[3,5]

Overall	27.6%
Executives	13.0%
Board of Directors	9.0%

Veterans[3]

Overall	22.1%
Executives	20.7%
Board of Directors	45.0%

☐ At Lockheed Martin, we have various initiatives to recruit, retain, and develop women in our workforce. About 400 women and allies came together to reflect on the theme, "Brave. Balanced. And Breaking Through" at Women's Impact Network Leadership Forum hosted at the Lockheed Marin Center for Leadership Excellence.

| Our Company | Our Approach | Business Integrity | Product Impact | Employee Wellbeing | **Resource Efficiency** | Information Security | Appendix | 2019 Sustainability Report | Lockheed Martin   38

Resource Efficiency Overview   Energy and Carbon Management

Resource Efficiency

The Lockheed Martin Armed Forces Bowl honors and recognizes the enormous sacrifices that America's military personnel have made on the battlefield. Fittingly, the championship trophy, pictured left, is upcycled with repurposed material from combat-tested metal and the steel from all five branches of the United States Armed Forces. The trophy stands as a testament to the courage and fortitude of our brothers and sisters in arms.

Learn more at:
https://www.lockheedmartin.com/en-us/news/features/armed-forces-bowl.html

Resource Efficiency Overview

OBJECTIVE
Increasing business resiliency and accelerating carbon reduction through improved energy and water management, materials conservation, and increased renewable energy use.

Importance
According to life-cycle-based assessments, the biggest environmental impact within our direct business operations relates to energy use and greenhouse gas (GHG) emissions. Although these emissions are small compared to the estimated emissions of our products (70% overall) in use by our customers, we believe that we have a responsibility to operate our own facilities with efficient use of resources and to minimize environmental impacts. This is why we pursue and implement opportunities to reduce our operational footprint, resulting in industry-leading outcomes.

Challenge
Across the Lockheed Martin enterprise, we implement a host of energy and water efficiency improvements to meet our ambitious environmental targets. However, as our business grows, our operations naturally require more energy. After 12 years of focused efforts to reduce energy usage on an absolute basis, we find ourselves in need of even greater insight into the varied uses of energy at our sites. With over 500 buildings constructed more than 50 years ago, we require new tools and metrics to better understand energy usage and identify additional energy saving opportunities that can make our operations more energy efficient, even as we continue growing well into the future. In addition, constraints exist to adopting renewable technology measures, such as competition for capital.

We have already started addressing these challenges by utilizing advanced data analytics to optimize energy usage. For example, we have used regression analysis-based building modeling to measure the impact on energy consumption from production changes, weather variability, and energy efficiency projects to predict energy consumption with a high degree of confidence and to support decision making about upgrades. We are also piloting smart building algorithms that automatically gather data on existing building automation systems to reduce our carbon footprint and improve asset reliability.

TIER 1
Energy and Carbon Management

TIER 2
Remediation

Hazardous Materials and Chemicals Management

DID YOU KNOW?
From our 2013 baseline year to this year, we more than tripled our green building footprint through Leadership in Energy and Environmental Design (LEED), ENERGY STAR, and BREEAM Certification.

THE
SCIENCE
We lead by example in helping our customers achieve sustainability goals. We go beyond compliance to reduce our operations' environmental impact through facility upgrades, technology adoption, and process improvements.

OF
CITIZENSHIP
We work to mitigate our impact on the planet's finite resources by aligning with and exceeding government, industry, and societal expectations for environmental stewardship.

Energy and Carbon Management

OBJECTIVE
Managing energy use and GHG emissions associated with company operations, including efforts to use renewable energy and promote energy and water efficiency.

Management

Our Environment, Safety, and Health (ESH) Leadership Council and Facilities Leadership Team set strategic direction and goals for energy management and procurement to drive efficiency, avoid costs, and reduce carbon emissions associated with our many facilities. Operational ESH performance and strategic proposals are reviewed by the Nominating and Corporate Governance Committee of our Board of Directors.

Our Go Green program aligns with our ESH Policy objectives to reduce environmental, operational, and cost risks in our business practices and facility processes. Each year, teams of energy and water experts across the corporation evaluate potential energy and water savings projects. Based on their findings, we invest significantly to improve our facilities' efficiency. We take seriously these measures to propel responsible growth and contribute to a more sustainable future for our employees, communities, and shareholders.

Our company-wide management system aligns with globally recognized standards such as ISO 14001, to which nearly 42 sites are certified. We also partner with the U.S. Department of Energy's Better Plants Program and the U.S. Environmental Protection Agency's ENERGY STAR Program and Green Power Partnership to support our ongoing energy management. We benefit from the resources, expertise, and valuable peer networking opportunities offered through these partnerships, which help us achieve our energy and carbon reduction goals.

Since the inception of our Go Green Program in 2007, we've reduced carbon emissions by more than 45%, energy by 25%, water by 40%, and waste since 2014 by 12% These reductions are attributed to persistent efforts across the enterprise to improve efficiency gains from a combination of energy and water projects involving HVAC systems, controls, cooling towers, irrigation, and lighting.

Goals

→ **Reduce energy use by 25%, scope 1 and 2 carbon emissions by 35%, and water use by 30% from a 2010 baseline.**

Progress
Since 2010, we have reduced energy use by 22%, carbon emissions by 39% and water use by 20%. Reductions in energy and water use slowed this year due to an increase in production activity.

→ **Increase square footage of facilities with green building certifications from a 2015 baseline.**

Progress
We operated 24 Leadership in Energy and Environment Design (LEED), one Building Research Establishment Environmental Assessment Method (BREEAM), and nine ENERGY STAR certified buildings, totaling 3.5 million sq. ft. of green buildings, an increase of 45% since 2015.

→ **Increase annual renewable energy consumption.**

Progress
We consumed 321,941 megawatt hours (MWh) of clean energy, comprising 307,782 MWh of renewable energy certificates (RECs) and 14,159 MWh of on-site energy generation. In 2018, we consumed 307,378 MWh of renewable energy.
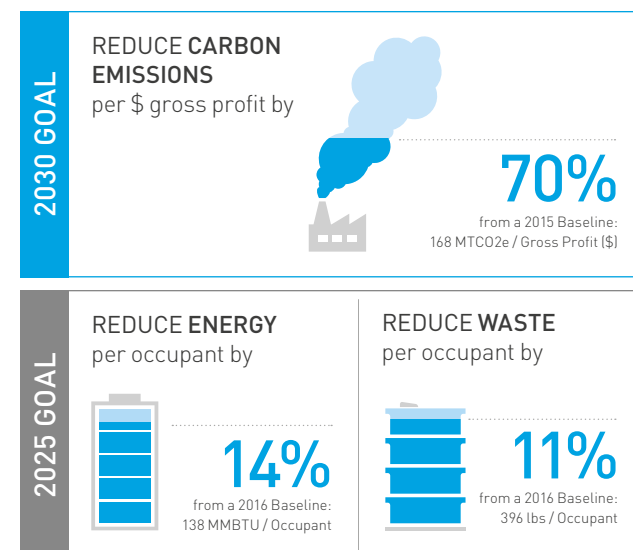
→ **Help energy customers reduce carbon emissions by at least twice the carbon impact of our business operations.**

Progress
With the divestiture of our Distributed Energy Solutions Group this year, we have retired this goal. At the time of the sale, Lockheed Martin Energy enabled carbon emissions savings of 1,027,634 metric tonnes of carbon dioxide equivalent (MTCO2e) for our customers, compared to our operational emissions, net of RECs, of 775,997 MTCO2e.

Beyond 2020 Goals

As our Go Green 2020 goals come to a close, we are looking ahead to even more robust goals. We have evaluated the applicability of the science-based target methodology and established our own ambitious carbon reduction goal to do our part in holding global temperature increase below 1.5 degrees C. This new goal will not only outperform the science-based target methodology for reducing emissions, but will support the continued growth of the company as well. The fourth generation of our Go Green goals will address GHG emissions, energy, and waste on an intensity basis across our facilities. These facility intensity goals will be measured on an occupant basis[1]. Setting these ambitious targets will help to drive a lean and efficient infrastructure, processes, and operations that support our continued leadership in a changing business and regulatory environment.

2030 GOAL

REDUCE **CARBON EMISSIONS**
per $ gross profit by

70%
from a 2015 Baseline:
168 MTCO2e / Gross Profit ($)

2025 GOAL

REDUCE **ENERGY**
per occupant by

14%
from a 2016 Baseline:
138 MMBTU / Occupant

REDUCE **WASTE**
per occupant by

11%
from a 2016 Baseline:
396 lbs / Occupant

[1] Where occupants are defined as the number of employees and part-time employees, excluding full-time telecommuters and contractors.

Resource Efficiency Overview   **Energy and Carbon Management**

Energy and Carbon Management continued

● Highlights

- Recognized by ENERGY STAR as a Partner of the Year.
- Achieved the ENERGY STAR Challenge for Industry at our Rotary and Mission Systems (RMS) Troy facility by reducing energy consumption 23% in just one year.
- 41 energy efficiency and carbon reduction projects, including HVAC, lighting, building control systems, and retrocommissioning. These projects result in an annual energy reduction of an estimated equivalent of 45 million kilowatt hours (kWh), with an estimated $3.9 million in recurring annual cost avoidance.
- Eight HVAC projects were completed, resulting in an approximate equivalent of 4.9 million kWh of energy savings and more than $600,000 in recurring annual cost avoidance.
- Eight building control system projects were completed, resulting in an approximate equivalent of 6.8 million kWh of energy savings and nearly $600,000 in recurring annual cost avoidance.
- 13 lighting projects were completed, resulting in an approximate equivalent of 22.9 million kWh of energy savings and more than $1,700,000 in recurring annual cost avoidance.

- New LEED certifications in Fort Worth and Rockville locations.
- Two ENERGY STAR re-certifications at our Fort Worth, Texas and Denver, Colorado Data Centers.
- Since 2008, we have installed 13 on-site renewable energy systems, including 12 solar systems and one biomass facility, for a total of 9.3 MW of capacity.
- Our latest carbon emission reduction results outperform a science-based target threshold to stabilize atmospheric carbon emissions. Using the Center for Sustainable Organizations' Context-Based Carbon Metric methodology, we produce less than our calculated threshold of emissions based on our contribution to gross domestic product (GDP).

We saved
$32M
in annual energy and water costs compared to 2010.

We implemented
41
energy efficiency and carbon reduction projects.

[1] https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

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CASE STUDY

2019 Energy Star Top Energy Project

WHAT WE DID

In our Moorestown, New Jersey location, steam heat has been distributed to the numerous buildings from a centralized plant for 65 years. The steam from this centralized locatiown was distributed throughout the nearly 1.2 million-square-foot site to serve building heating systems, air handler coils, and steam unit heaters. This steam also provided heating for a 250,000-gallon fire water storage tank.

In a multi-year project completed this year, the centralized steam plant was eliminated and replaced with a distributed system of high-efficiency hot water boilers located in several buildings to optimize efficiency and reduce the energy required to heat this site. The affected systems and equipment were retrofitted with new controls and programming, including variable frequency drives, to improve operational reliability and accuracy.

WHY THIS MATTERS

By decentralizing the heating operations and updating the equipment and controls, boilers no longer operate continuously, and instead operate in alignment with the demand for heat. As a result, energy for heating is used only when required thereby mitigating operation and repair costs.

This update avoids annual costs of $518,000 and avoids 17,580 MMBTU of energy, equivalent to reducing natural gas consumption by 24%. This annual energy savings is equivalent to avoiding emissions from 198 passenger vehicles driven for one year, or the carbon sequestered by 1,097 acres of U.S. forests in one year[1].
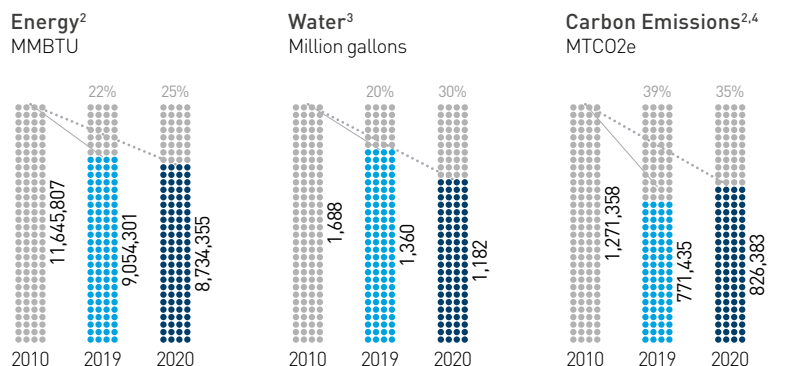

Lockheed Martin employees are presented with the 2019 ENERGY STAR Top Energy Project.
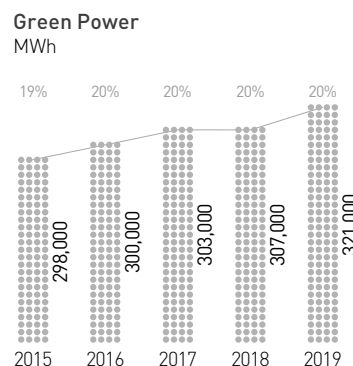
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Resource Efficiency Overview | Energy and Carbon Management

Energy and Carbon Management continued

OPERATIONS GOALS AND PROGRESS[1]

● 2010 Baseline ● 2019 Results ● 2020 Goal

Energy[2]
MMBTU

22% 25%

11,645,807
9,054,301
8,734,355

2010 2019 2020

Water[3]
Million gallons

20% 30%

1,688
1,360
1,182

2010 2019 2020

Carbon Emissions[2,4]
MTCO2e

39% 35%

1,271,358
771,435
826,383

2010 2019 2020

RENEWABLE POWER[2]

● % of electricity by RECs and renewable energy use

Green Power
MWh

19% 20% 20% 20% 20%

298,000
300,000
303,000
307,000
321,000
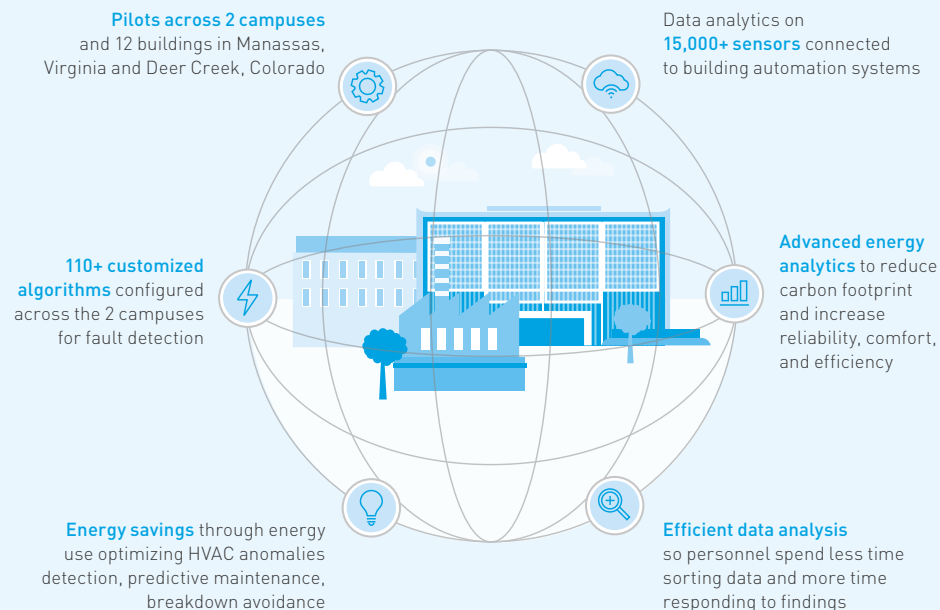
2015 2016 2017 2018 2019

[1] Reflects performance from November 2018 through October 2019.
[2] 2019 carbon and energy data is reported for our largest active 79 facilities in the U.S., UK, Poland, Canada, Australia and Mexico.
[3] 2019 water data is reported for our largest 54 facilities in the U.S. and Poland.
[4] Reflects Scope 1 and 2 emissions plus an estimate for leased facility space where we do not collect actual data. Reflects unbundled RECs, an off-site power purchase agreement and on-site renewable generation.

Industrial Internet of Things Saves Energy

This year, we launched two Smart Buildings Industrial Internet of Things (IIoT) pilots across 12 buildings at our Rotary and Missions Systems campus in Manassas, Virginia and our Enterprise Operations campus in Deer Creek, Colorado. The goal was to use cutting-edge machine learning and data analytics on the 15,000+ sensors to augment the capabilities of our heritage building automation system. This additional layer of intelligence allows us to optimize energy use, automatically detect and prioritize HVAC faults and anomalies, such as simultaneous heating and cooling, or a stuck damper or valve, and conduct predictive maintenance to avoid breakdowns.

In addition to investing in energy-efficient equipment upgrades, we must ensure that this equipment is being controlled efficiently to avoid an energy use rebound effect. Through advanced energy analytics, we can reduce our carbon footprint while increasing asset reliability, occupant comfort, and labor efficiencies. The goal of these upgrades is to facilitate data-driven decisions, so we spend less time sifting through large sets of data and more time acting upon it. Key statistics are being tracked for both pilots to understand energy savings and the number of faults detected over the course of a year.

Pilots across 2 campuses and 12 buildings in Manassas, Virginia and Deer Creek, Colorado

Data analytics on **15,000+ sensors** connected to building automation systems

110+ customized algorithms configured across the 2 campuses for fault detection

Advanced energy analytics to reduce carbon footprint and increase reliability, comfort, and efficiency

Energy savings through energy use optimizing HVAC anomalies detection, predictive maintenance, breakdown avoidance

Efficient data analysis so personnel spend less time sorting data and more time responding to findings

Information Security

When creating a film about space, Ad Astra Director James Gray immediately thought of Lockheed Martin as the company connecting the science fiction in movies to the realities of space exploration. Ad Astra, meaning "to the stars," is a customer mission Lockheed Martin has been achieving for over 50 years. We employ the world's best cyber experts from diverse fields – people who are passionate about and empowered by our customers' missions. Lockheed Martin's cyber teams are experts in protecting platforms, systems, networks, and data from the depths of the ocean to deep space.

Learn more at:
https://www.lockheedmartin.com/en-us/capabilities/space/ad-astra-space.html

Information Security Overview

OBJECTIVE
Minimizing the likelihood and impact of cybersecurity incidents on our business operations and customer missions and protecting business-sensitive, customer, and personal information from external and internal threats.

Importance
From initial concept to life-cycle sustainment, we consider and integrate full-spectrum cyber capabilities into everything we deliver to our customers. Lockheed Martin builds platforms, tradecraft, and tools proven to help customers move faster, be safer, improve quality, and contain costs of critical missions. We are dedicated to helping governments and militaries around the world protect their platforms, systems, networks, and data by:

- Delivering cyber resilient and cyber survivable weapons, mission, and training systems
- Outfitting cyber warriors with technologies to support full-spectrum capabilities
- Advancing innovative technologies to enable cyber operations
- Helping the intelligence community collect, analyze, and disseminate threat intelligence
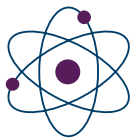
Challenge
Our customers face mounting challenges in protecting weapon systems[1] from increasingly sophisticated cyber threats. These systems rely on cyber-enabled capabilities to perform their missions in support of national security and global stability. As weapon systems have become more dependent on globally-sourced embedded technology and interconnected networks, new cyber vulnerabilities have been revealed and new threats continue to emerge. In order for weapon systems to successfully conduct their missions in cyber-contested environments, these threats and vulnerabilities must be identified and effectively managed. This is a very resource intensive effort in terms of money, people, and time.

To address that challenge, cyber experts from Lockheed Martin developed and piloted a standard framework to help customers maximize the value of their cyber investments for weapon systems cybersecurity. For more than a decade, Lockheed Martin's Intelligence Driven Defense® and Cyber

Kill Chain® methodologies have helped our customers defend their most sensitive systems. Our cybersecurity thought leaders at Lockheed Martin have applied this same customer focus and innovative approach to create the Cyber Resiliency Level® (CRL™) framework.

The CRL framework was introduced this year to help customers make informed decisions for prioritizing their resources on the most impactful cybersecurity solutions. The CRL framework incorporates existing methodologies, processes, and best practices based on various cybersecurity strategies, policies, and guidance. This provides a common framework to address weapon systems cybersecurity with customers. Using the CRL framework, our cyber experts work closely with customers through a collaborative process to identify a system's current cybersecurity posture and what level of risk a customer is willing to accept. Based on that information, the CRL framework is used to identify the actions required for mitigating those risks and to perform a cost-benefit analysis for determining which mitigations provide the most cost-effective benefits.

TIER 1

Sensitive Data and Intellectual Property Protection

Customer Information Systems and Network Security

Employee Privacy and Data Protection

DID YOU KNOW?

Lockheed Martin's Computer Incident Response Team (CIRT) validated over 10,000 email phishing attempts reported by employees this year.

THE
SCIENCE

We rely on security thought leaders, talented cyber analysts, cutting-edge technology, employee vigilance, and innovative processes to defend against advanced cybersecurity threats across our value chain.

OF
CITIZENSHIP

Securing operations and infrastructure for our global teams, our customers, and our supply chain strengthens the stability and resilience of the hyper-connected society we seek to protect.

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[1] *We use the term "weapon systems" to refer to major defense acquisition programs. These include a broad range of systems such as aircraft, missiles, ships, combat vehicles, and satellites.*

Sensitive Data and Intellectual Property Protection

OBJECTIVE
Protecting company and supplier proprietary information to reduce the likelihood of data fraud, loss, sabotage, and theft.

Management
Lockheed Martin's Corporate Information Security (CIS) and the Corporate Security Office – which includes the office of Counterintelligence Operations and Corporate Investigations (COCI) – collaborate to address a range of security risks facing our company, including nation-state threats and Insider Threats.

Lockheed Martin's Counterintelligence and Insider Threat Programs proactively and comprehensively identify and mitigate espionage and intelligence collection threats. These include threats that are poised to adversely impact our customer and shareholder confidence, competitive edge, brand and reputation, and national security contributions. To execute effectively, COCI also relies on its emerging analytic technologies and a cadre of experienced counterintelligence professionals. We also rely on our strategic relationships both within Lockheed Martin and in external environments, such as within the U.S. Intelligence and Federal Law Enforcement communities. In addition, COCI further expanded its Counterintelligence and Insider Threat programs this year by prioritizing engagements with university partners. The aim of this engagement with university partners was to share best practices and to develop joint strategies for protecting sensitive information developed in collaboration with these partners.

CIS works closely with our supply chain and program management organizations to implement and enhance supply chain cyber risk mitigation strategies. This includes working with suppliers who handle the most sensitive Lockheed Martin information to increase their awareness of cyber threats and enhance their cyber defense capabilities.

Our supply chain is a broad, complex network of companies and personnel targeted for cybersecurity breaches because of their affiliation with Lockheed Martin and the defense industry. As one of our top information security priorities, we are implementing multiple strategies to address supply chain vulnerabilities. These strategies will ensure the integrity of our products and services in maintaining strong contributions to national security. For additional information, see the Case Study on Securing the Defense Industry Supply Chain on page 46.

Goals

→ Monitor employee cybersecurity engagement to counter malicious email threats and monitor number of vulnerabilities per device on core IT networks.

Monitor data loss incidents that occur within core IT networks for business operations.

We track other proprietary goals to improve the security of IT networks.

Progress
We do not disclose performance data deemed competitive and proprietary.

📷 In 2019, Counterintelligence Operations and Corporate Investigations was presented the 2018 Defense Counterintelligence and Security Agency Award for Excellence in Counterintelligence.

● Highlights

Another area of securing information with collaboration is through an initiative called Protecting the Middle Way. This initiative focuses on applying enhanced security safeguards to some of our most sensitive unclassified research efforts. Through a partnership with the Chief Technology Officer, Security, COCI, and CIS, we work with program managers to identify areas of potential vulnerability for sensitive data and then collaborate on developing defenses to those vulnerabilities. By applying these defenses early on in technology development, Lockheed Martin is showing its commitment to ensuring an uncompromised delivery of future customer programs as technologies are leveraged to support future Defense Department mission needs.

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Information Security Overview   Sensitive Data and Intellectual Property Protection   **Customer Information Systems and Network Security**   Employee Privacy and Data Protection

Customer Information Systems and Network Security

OBJECTIVE
Ensuring our products and processes capture, store, and transfer data securely to protect the privacy and security of customer information and reduce the likelihood of data fraud, loss, sabotage, and theft.

Management

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 vulnerabilities to supplier network infrastructure.

Goals

→ Monitor employee cybersecurity engagement to counter malicious email threats and monitor number of vulnerabilities per device on core IT networks.

Monitor data loss incidents that occur within core IT networks for business operations.

We track two other proprietary goals to improve the security of IT networks.

Progress
We do not disclose performance data deemed competitive and proprietary.

● Highlights

Multiple, independent third parties routinely conduct assessments of the information security risks to our company. This year, Lockheed Martin achieved a perfect score from the Defense Contract Management Agency (DCMA) Defense Industrial Base Cybersecurity Assessment Center (DIBCAC) assessing our enterprise implementation of National Institute of Standards and Technology (NIST 800-171) cybersecurity controls.

📷 Engineers run flight simulations in the Orion Integrated Test Laboratory.

CASE STUDY

Securing the Defense Industry Supply Chain

WHAT WE DID
Lockheed Martin is leading our nation's efforts to secure the supply chain for the defense industry. Our Chief Information Security Officer (CISO) chairs the Defense Industrial Base (DIB) Sector Coordinating Council (SCC). In partnership with the Department of Defense (DOD), the DIB SCC serves as the primary private-sector policy coordination and planning entity for security, resilience, and critical infrastructure protection for the U.S. defense industry. Under our CISO's leadership, the DIB SCC established the Supply Chain Cybersecurity Industry Task Force in April 2019 with the goal of eliminating vulnerabilities and protecting critical national security information.

WHY THIS MATTERS
As our CISO explained, "This task force will use the DIB SCC construct to serve as a focal point for industry collaboration across the supply chain, leveraging input and efforts from small to large companies. Our objective is to help identify and implement adversarial-focused solutions that enhance the cyber posture of companies throughout the multi-tier supply chain".

The formation of this task force marks the continued evolution of information sharing and collaboration within the defense industry, and sharply focuses on supply chain cybersecurity activities and will serve as an ongoing mechanism to drive change to improve the resilience of the DIB. Initial focus areas for the task force include evolving requirements to focus on advanced persistent threat tactics, enhancing oversight and accountability, and establishing enduring partnerships across industry and with the DOD. Task force members are comprised of small, medium, and large companies that form the DIB SCC.

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Information Security Overview   Sensitive Data and Intellectual Property Protection   Customer Information Systems and Network Security   **Employee Privacy and Data Protection**

Employee Privacy and Data Protection

OBJECTIVE
Protecting the privacy and integrity of employee data to reduce the likelihood of data fraud, loss, sabotage, and theft.

Management
Lockheed Martin takes seriously our responsibility for processing personal data and protecting employee privacy. Our corporate policies foster integration of employee privacy considerations into new business opportunities, contracts, systems, and acquisitions. We also instill in our employees a respect for data protection and privacy through outreach, education, training, and awareness. We offer numerous privacy-related trainings for our employees, ranging from mandatory new-hire privacy awareness training and biannual sensitive information training, to more detailed two-day-long privacy professional certification classes.

Lockheed Martin takes a comprehensive approach to privacy and data protection to not only ensure compliance with U.S. laws, such as the California Consumer Protection Act, but also non-US laws, like the General Data Protection Regulation (GDPR). We continue to evolve our privacy and data protection-related processes and procedures to meet the challenges of the ever-changing privacy and data

protection regulatory landscape. These privacy and data protection-related processes and procedures include a focus on security, which is a key component of an effective privacy and data protection program. Lockheed Martin takes steps to ensure that the personal data it collects is protected with appropriate internal and external security controls.

Lockheed Martin's unwavering dedication to protecting employee privacy and data is illustrated within the construct of COCI's Insider Threat Program. While one of the fundamental elements of this program involves employee information, privacy considerations and safeguards have been built in from the beginning. The program is governed by an Insider Threat Steering Committee that includes representation by the company's Chief Privacy Officer (CPO). The CPO will review and make a determination on any deviations from or enhancements to the existing program procedures, ensuring that the program is executed in accordance with all privacy laws, regulations, and policies. There are no exceptions. It's through these partnerships and processes that Lockheed Martin is able to execute an award-winning Insider Threat Program, while ensuring that employee privacy and data protection remain enduring tenets of everyday business.

> We offer numerous privacy-related trainings for our employees, ranging from mandatory new-hire privacy awareness training and annual sensitive information training, to more detailed two-day-long privacy professional certification classes.

● Highlights

Software Vendor Information Security Screening
COCI and CIS partnered to develop and implement a centralized pre-procurement screening process for reviewing all proposed software vendor acquisitions from a counterintelligence perspective and providing recommendations based on that research. Once a request is received, COCI conducts a comprehensive review of all available resources and provides relevant findings. Because software vendors represent an area of high vulnerability to the enterprise, the evaluation looks for indications of any intelligence-related concern that could negatively impact the integrity of Lockheed Martin's network.

Goals

→ Achieve annual recertification of EU-U.S. Privacy Shield Framework.

Progress
The U.S. International Trade Administration, which administers the Privacy Shield framework, completed its review and approval of Lockheed Martin's 2019 Privacy Shield recertification.

Recognition

Sustainability

Corporate Responsibility Magazine: 100 Best Corporate Citizens List

Dow Jones Sustainability World Index: World and U.S. Index

JUST Capital:
- 1st of 16 Aerospace & Defense companies
- 41st of 922 companies overall

Business Integrity

Apex Awards: Award of Excellence for Electronic Media

Defense Contract Management Agency (DCMA): "Exceptional" rating for small business performance on DOD contracts

Defense Counterintelligence and Security Agency: James S. Cogswell Outstanding Industrial Security Achievement Award

Sustainable Purchasing Leadership Council: Outstanding Case Study Award
Topic: Chemical Reporting Standard Unlocks Sustainability

Product Impact

U.S. Secretary of Defense Performance Based Logistics Subsystem Award: Precision Attack Sniper IPT

National Aeronautic Association: Robert J. Collier Trophy awarded to the Automatic Ground Collision Avoidance System (Auto GCAS) Team

Employee Wellbeing

Black Engineer Magazine: 5th consecutive year as #1 Top Corporate Supporter for HBCUs

Defense News: #1 in Top 100

Disability Equality Index: 100% score

Disability:IN: Best Place to Work for Disability Inclusion

Forbes:
- America's Best Employers By State
- Best Employers for Diversity
- Best Employers for New Grads

Fortune 500: Top 20 Employment Brands

Human Rights Campaign: Corporate Equality Index top score of 100%

Indeed.com: Listed as 32nd on the "Top-Rated Workplaces: The Top 50"

Military Friendly® Supplier Diversity Ratings: 5th Place

Military Friendly® Supplier Survey: Silver Designation and "Exceeds Standard" in six categories:
- Hiring & Onboarding
- Opportunity & Advancement
- Culture & Commitment
- Support & Retention
- Policies & Compliance
- Recruiting & Sourcing

ORC HSE (formerly known as Organization Resources Counselors, Inc.): Safety Innovation Award Winner (Runner-up)

Potentialpark: Top Talent Friendly Employers

Talent Board:
- Winner of the 2019 North American Candidate Experience Award
- Lockheed Martin was named 39th overall
- 14th in the large company category

Universum:
- 3rd Ideal Employer for Engineering
- 14th Ideal Employer for Computer Science
- 6th overall

WayUp: Named in Top 100 Intern Programs

Women Engineers Magazine: 2nd in Top 50 Employers

Resource Efficiency

CDP (formerly known as Carbon Disclosure Project):
- Climate Disclosure A-
- Supplier A-

New York Upstate: Top 50 Best Employers in New York

U.S. Environmental Protection Agency – ENERGY STAR®:
- Partner of the Year
- Certification for Energy Performance on Two Buildings
- Challenge for Industry Achiever (RMS Troy, AL)
- Top Energy Project (Moorestown, NJ)

U.S. Green Building Council: LEED certifications for three projects

Zippia: Top 10 most attractive employers for engineering students

Information Security

Defense Counterintelligence and Security Agency: James S. Cogswell Outstanding Industrial Security Achievement Awards were given to five Lockheed Martin sites; Counterintelligence Operations & Corporate Investigations received the Excellence in Counterintelligence Award

Popular Science: "Best of What's New" Awards in Security category

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Recognition   Other Sources of Information   GRI Index

Other Sources of Information

More about sustainability at Lockheed Martin, including the 2019 Global Reporting Initiative (GRI) Index, the Executive Summary and historical reports, is online at:
sustainability.lockheedmartin.com

Forward-looking Statements

This report contains statements which, to the extent not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws. The words "will," "enable," "expect," "plan," "forecast," "anticipate," "continue," "achieve," "scheduled," "estimate," "believe," "intend," "aim," "orient," "goal," and similar expressions are intended to identify forward-looking statements. Statements and assumptions with respect to achievement of goals and objectives; anticipated actions to meet goals and objectives; allocation of resources; planned, encouraged or anticipated actions; planned performance of technology; or other efforts are also examples of forward-looking statements.

Forward-looking statements are based on our current expectations and assumptions, are not guarantees of future performance, and are subject to risks and uncertainties. Actual results could differ materially due to factors such as (i) the availability of funding for the programs described in this report; (ii) our ability to achieve reductions in energy use, greenhouse gas emissions and other sustainability goals and objectives; (iii) changes in our priorities as well as changes in the priorities of our customers and suppliers; (iv) the amount of our future investments; (v) the accuracy of our estimates and assumptions; (vi) the future effect of legislation, rule-making and changes in policy; (vii) the impact of acquisitions

or divestitures or other changes in our employee or product and service base; (viii) the competitive environment; (ix) the ability to attract and retain personnel and suppliers with technical and other skills; (x) the success of technologically developed solutions; (xi) the willingness of suppliers to adopt and comply with our programs; (xii) the impact of cyber or other security threats or other disruptions to our business; and (xiii) global economic, business, political, and climate conditions.

These are only some of the factors that may affect the forward-looking statements contained in this report. For further information regarding risks and uncertainties associated with our business, please refer to our U.S. Securities and Exchange Commission (SEC) filings including our Annual Report on Form 10-K for the year ended December 31, 2019 and our subsequent Quarterly Reports on Form 10-Q, which can be obtained at the Corporation's website www.lockheedmartin.com/investor or through the website maintained by the SEC at www.sec.gov. The forward-looking statements in this report are intended to be subject to the safe harbor protection provided by federal securities laws.

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GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
GRI 102: General Disclosures				
Organizational Profile				
102-1	Name of the organization.	Lockheed Martin Corporation		
		2019 Sustainability Report	2	
		2019 Annual Report / Form 10-K		
102-2	Activities, brands, products, and services.	2019 Sustainability Report	3	
		2019 Annual Report / Form 10-K		
102-3	Location of the organization's headquarters.	2019 Annual Report / Form 10-K		
102-4	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the topics covered in the report.	2019 Sustainability Report	3	
		2019 Annual Report / Form 10-K		
		Lockheed Martin About Us		
102-5	Nature of ownership and legal form.	2019 Sustainability Report	3	
		2019 Annual Report / Form 10-K		
102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	2019 Sustainability Report	15	
		2019 Annual Report / Form 10-K		
102-7	Scale of reporting organization:	Scale of the Organization		
		2019 Sustainability Report	3	
		2019 Annual Report / Form 10-K		
		2020 Proxy Statement		
102-8	Information on employees and other workers.	Information on Employees and Other Workers		
		2019 Sustainability Report	3	
102-9	Description of the organization's supply chain.	Supply Chain		
		2019 Sustainability Report	22	
102-10	Significant changes during the reporting period to the organization's size, structure, ownership, or its supply chain.	Significant Changes to the Organization and its Supply Chain		
		Sustainable Supply Chain		
		2019 Sustainability Report	3	
102-11	Whether and how the organization applies the Precautionary Principle or approach.	Precautionary Principle or Approach		
		2019 Sustainability Report	12	

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
102-12	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	External Initiatives		
		2019 Sustainability Report	48	
102-13	Memberships of industry or other associations, and national or international advocacy organizations.	Membership of Associations		
Strategy				
102-14	Statement from the most senior decision-maker at Lockheed Martin about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Refer to the 2019 Sustainability Report for statements from the from the most senior decision-maker at Lockheed Martin about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.		
		2019 Sustainability Report	4	
Ethics and Integrity				
102-16	A description of the organization's values, principles, standards, and norms of behavior.	Values, Principles, Standards, And Norms Of Behavior		
		Lockheed Martin Supplier Code of Conduct		
		Lockheed Martin Code of Conduct		
		2019 Sustainability Report	3	
Governance				
102-18	Governance structure of the organization, including committees of the highest governance body and committees responsible for the decision-making on economic, environmental, and social topics.	Governance Structure		
		2019 Sustainability Report	17	
		2020 Proxy Statement		
Stakeholder Engagement				
102-40	List of stakeholder groups engaged by the organization.	Lockheed Martin solicits and uses feedback from employees, customers, investors and analysts, community leaders, suppliers, academic institutions and NGOs to inform our sustainability agenda and strategy. Refer to the Our Approach—Partners In Citizenship In section our of 2019 Sustainability Report for details on key stakeholder insights and our responses.		
		2019 Sustainability Report	15	
102-41	Percentage of total employees covered by collective bargaining agreements.	Collective Bargaining Agreements		

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
102-42	Basis for identification and selection of stakeholders with whom to engage.	Identifying and Selecting Stakeholders		
		CPS-803: Corporate Sustainability Policy		
		2019 Sustainability Report	15	
		2019 Annual Report / Form 10-K		
102-43	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Approach to Stakeholder Engagement		
		2019 Sustainability Report	15	
		2020 Proxy Statement		
102-44	Key topics and concerns that have been raised through stakeholder engagement.	Key Topics and Concerns Raised		
		2019 Sustainability Report	15	
		2019 Stakeholder Topics		

Reporting Practice

	Disclosure Description	Information Links	Page(s)	Omissions
102-45	Entities included in the consolidated financial statements.	Entities Included in the Consolidated Financial Statements		
		2019 Annual Report / Form 10-K		
102-46	Details on report content and topic boundaries.	Defining Report Content and Topic Boundaries		
		2019 Sustainability Report	2	
		2020 Proxy Statement		
102-47	A list of the material topics identified in the process for defining report content.	List of Material Topics		
		2019 Sustainability Report	13	
102-48	Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Restatements of Information		
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	No significant changes from previous reporting periods in the list of material topics and topic boundaries.		
		2019 Sustainability Report	2	
102-50	Reporting period for information provided.	Reporting Period		
		2019 Sustainability Report	2	
		CDP Climate Change Questionnaire 2019	2	
102-51	Date of most recent previous report.	The 2019 Sustainability Report was released in April 2020.		
		2019 Sustainability Report	2	

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Recognition   Other Sources of Information   **GRI Index**

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
102-52	Reporting cycle (such as annual, biennial).	Reporting Cycle		
		Sustainability Downloads Page		
		2019 Sustainability Report	2	
102-53	Contact point for questions regarding the report or its contents.	Contact Point for Questions Regarding the Report		
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards.	Claims of Reporting in Accordance with the GRI Standards		
		2019 Sustainability Report	2	
102-55	The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.	https://www.lockheedmartin.com/en-us/who-we-are/sustainability/gri-index.html		
		GRI Index	50	
		2019 Sustainability Report	48	
102-56	A description of the organization's policy and current practice with regard to seeking external assurance for the report.	External Assurance		
		2019 Sustainability Report	2	
		2019 Assurance Statement		

Series 200: Economic

GRI 201: Economic Performance

201-1	Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations.	Direct Economic Value Generated And Distributed		
		2019 Sustainability Report	3	
		2019 Annual Report / Form 10-K		
201-2	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure.	Financial Implications And Other Risks And Opportunities Due To Climate Change		
		CDP Climate Change Questionnaire 2019		

GRI 204: Procurement Practices

103-1, 103-2, 103-3	Explanation of Procurement Practices as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Procurement Practices		
204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation.	Proportion Of Spending On Local Suppliers		

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
GRI 205: Anti-Corruption				
103-1, 103-2, 103-3	Explanation of Anti-Corruption as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Anti-corruption		
		CPS-803: Corporate Sustainability Policy		
		Lockheed Martin Code of Conduct		
		CPS-008: Gifts, Hospitality, Other Business Courtesies, and Sponsorships		
		CPS-730: Compliance with Anti-Corruption Laws		
		CPS-001: Ethics and Business Conduct		
		2019 Sustainability Report	22	
205-1	Total number and percentage and of operations assessed for risks related to corruption and the significant risks identified.	Operations Assessed for Risks Related to Corruption		
205-2	Communication and training about anti-corruption policies and procedures.	Communication and Training about Anti-Corruption Policies and Procedures		
		Lockheed Martin Supplier Code of Conduct		
		CPS-730: Compliance with Anti-Corruption Laws		
		2019 Sustainability Report	21	
		Lockheed Martin Sustainability Website		
205-3	Confirmed incidents of corruption and actions taken.	Confirmed Incidents of Corruption and Actions Taken		
Series 300: Environmental				
GRI 301: Materials				
301-3	Percentage of reclaimed products and their packaging materials for each product category.	Reclaimed Products and their Packaging Materials		
GRI 302: Energy				
103-1, 103-2, 103-3	Explanation of Energy as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Energy		
302-1	Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.	Energy Consumption Within the Organization		
		2019 Sustainability Report	40	
		CDP Climate Change Questionnaire 2019		
		2019 Assurance Statement		

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
302-2	Energy consumption outside of the organization, in joules or multiples.	No Information Available		
302-3	Energy intensity ratio for the organization.	Energy Intensity		
		2019 Sustainability Report	40	
		CDP Climate Change Questionnaire 2019		
302-4	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.	Reduction of Energy Consumption		
		2019 Sustainability Report	41	
		CDP Climate Change Questionnaire 2019	CC3	
		2019 Assurance Statement	1, 6	
302-5	Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.	Reductions in Energy Requirements of Products and Services		
		2019 Sustainability Report	40	

GRI 305: Emissions

	Disclosure Description	Information Links	Page(s)	Omissions
103-1, 103-2, 103-3	Explanation of Emissions as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Emissions		
		Management Approach: Energy GRI 103-1, 103-2, 103-3		
305-1	Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent.	Direct (Scope 1) GHG Emissions		
		CDP Climate Change Questionnaire 2019		
		2019 Assurance Statement		
305-2	Indirect (Scope 2) GHG emissions.	Energy Indirect (Scope 2) GHG Emissions		
		CDP Climate Change Questionnaire 2019	C6 - C7	
		2019 Assurance Statement	6	
305-3	Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent.	Other Indirect (Scope 3) GHG Emissions		
		CDP Climate Change Questionnaire 2019		
		2019 Assurance Statement		
305-4	GHG emissions intensity ratio for the organization.	GHG Emissions Intensity		Unavailable. We do not evaluate our performance based on intensity. This data has not been calculated yet this year.
		CDP Climate Change Questionnaire 2019		

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
305-5	GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO_2 equivalent.	Reduction Of GHG Emissions		
		2019 Sustainability Report	40	
		CDP Climate Change Questionnaire 2019		
		2019 Assurance Statement		
305-6	Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.	Emissions Of Ozone-Depleting Substances (ODS)		
		CDP Climate Change Questionnaire 2019		
305-7	Significant air emissions, in kilograms or multiples for Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions.	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions		

GRI 308: Supplier Environmental Assessment

	Disclosure Description	Information Links	Page(s)	Omissions
103-1, 103-2, 103-3	Explanation of Supplier Environmental Assessment as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Supplier Environmental Assessment		
		2019 Sustainability Report	19	
		Sustainable Packaging Guidelines		
308-1	Percentage of new suppliers that were screened using environmental criteria.	New Suppliers that were Screened Using Environmental Criteria		Unavailable. We do not track this information at an enterprise-wide level.
		Supplier Code of Conduct		
308-2	Number of suppliers assessed for environmental impacts and the number identified as having significant actual and potential negative environmental impacts.	Negative Environmental Impacts in the Supply Chain and Actions Taken		Unavailable. We do not track specific information on the environmental impacts across our supply chain.
		Lockheed Martin Supplier Code of Conduct		

Series 400: Social

GRI 401: Employment

	Disclosure Description	Information Links	Page(s)	Omissions
103-1, 103-2, 103-3	Explanation of Employment as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Employment		
		2019 Sustainability Report	31	

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
401-1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	New Employee Hires and Employee Turnover		
		2019 Sustainability Report	34	
401-2	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees		
401-3	Number and retention rates of employees entitled to, that took, and that returned to work from parental leave.	Parental Leave		
GRI 403: Occupational Health and Safety				
103-1, 103-2, 103-3	Explanation of Occupational Health and Safety as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Occupational Health and Safety		
403-1	Description of occupational health and safety management system.	Occupational Health and Safety Management System		
		ESH 2019 Year End Report	4	
		Corporate ESH External Web page		
403-2	Hazard identification, risk assessment, and incident investigation.	Hazard Identification, Risk Assessment, and Incident Investigation		
		Corporate ESH External Web page		
		ESH 2019 Year End Report	4	
403-3	Description of occupational health services functions.	See description on external webpage https://www.lockheedmartin.com and page 32 of the 2019 Sustainability Report.		
		Corporate ESH External Web page		
		ESH 2019 Year End Report		
403-4	Description of worker participation and consultation.	Worker Participation, Consultation, and Communication on Occupational Health and Safety		
		Corporate ESH External Web page	4	
		ESH 2019 Year End Report		
403-5	Description of relevant occupational health and safety training for workers.	See description on external webpage https://www.lockheedmartin.com and the 2019 Sustainability Report.		
		Corporate ESH External Web page		
		ESH 2019 Year End Report	4	
403-6	Access to non-occupational healthcare and health promotion.	Promotion of Worker Health		
		ESH 2019 Year End Report	4	
		Corporate ESH External Web page		

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	Disclosure Description	Information Links	Page(s)	Omissions
403-7	Description of OHS impacts directly linked by business relationships.	See description on external webpage https://www.lockheedmartin.com and the 2019 Sustainability Report.		
		Corporate ESH External Web page		
		ESH 2019 Year End Report	4	
GRI 404: Training and Education				
103-1, 103-2, 103-3	Explanation of Training and Education as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Training and Education		
		2019 Sustainability Report	33	
404-1	Average hours of training that the organization's employees have undertaken during the reporting period.	Average Hours of Training Per Year Per Employee		
		2019 Sustainability Report	33	
404-2	Type and scope of programs implemented and assistance provided to upgrade employee skills.	Programs for Upgrading Employee Skills and Transition Assistance Programs		
		2019 Sustainability Report	33	
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Percentage of Employees Receiving Regular Performance and Career Development Reviews		
		2019 Sustainability Report	33	
GRI 405: Diversity and Equal Opportunity				
103-1, 103-2, 103-3	Explanation of Diversity and Equal Opportunity as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Diversity and Equal Opportunity		
		2019 Sustainability Report	32	
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity.	Diversity of Governance Bodies and Employees		
		2019 Sustainability Report	37	
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Ratio of Basic Salary and Remuneration of Women to Men		Unavailable. This information is unavailable at an enterprise-wide level. We are evaluating whether to include this data set in a future report.

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
GRI 406: Non-Discrimination				
103-1, 103-2, 103-3	Explanation of Non-Discrimination as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Non-discrimination Management Approach: Diversity and Equal Opportunity GRI 103-1, 103-2, 103-3		
406-1	Total number of incidents of discrimination and corrective actions taken.	Incidents of Discrimination and Corrective Actions Taken 2019 Annual Report / Form 10-K		
GRI 412: Human Rights Assessment				
412-2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Employee Training on Human Rights Policies or Procedures Lockheed Martin Sustainability Website Supplier Code of Conduct Code of Ethics	 2 4	
GRI 414: Supplier Social Assessment				
103-1, 103-2, 103-3	Explanation of Supplier Social Assessmen as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Supplier Social Assessment Management Approach: Supplier Environmental Assessment GRI 103-1, 103-2, 103-3		
414-1	Percentage of new suppliers that were screened using social criteria.	No Information Available		Unavailable. We do not currently track this information.
414-2	Suppliers identified as having significant actual and potential negative social impacts.	Negative Social Impacts in the Supply Chain and Actions Taken Sustainable Supply Chain Efforts to Eradicate Human Trafficking U.S. Trafficking in Persons Report		Unavailable.
GRI 415: Public Policy				
415-1	Total value of political contributions by country and recipient/beneficiary.	Political Contribution Political Disclosures Website		

GRI Index

	Disclosure Description	Information Links	Page(s)	Omissions
GRI 416: Customer Health and Safety				
103-1, 103-2, 103-3	Explanation of Customer Health and Safety as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Customer Health and Safety		
416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Assessment of the Health and Safety Impacts of Product and Service Categories		
416-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services		
		2019 Sustainability Report	47	
GRI 418: Customer Privacy				
103-1, 103-2, 103-3	Explanation of Customer Privacy as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.	Management Approach: Customer Privacy		
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data		Confidentiality constraints.
		Cyber Kill Chain		

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