

SUSTAINABILITY MANAGEMENT PLAN

From sea to space, our product capabilities can influence sustainable development, and economic and social progress worldwide.

Sustainability illustrates how Lockheed Martin pursues innovation with purpose. It makes good business sense by reducing risks and cultivating responsible growth.

With systems engineering at the core of our business model, we track sustainability progress deliberately and thoroughly. Our latest assessment of sustainability issues identified priority factors for which we set goals, as well as other factors on the horizon. Our plan outlines how we seek to improve business practices to best serve customers, employees and other stakeholders across five core issues.



CORE ISSUE: BUSINESS INTEGRITY

SUSTAINABILITY FACTORS	GOALS	TARGET DATE
ANTI-BRIBERY AND CORRUPTION CONTROLS: Efforts to prevent bribery and corruption among employees, suppliers and contractors.	Decrease violations of our consultant payment policy.	2017
	Decrease violations of our hospitality policy.	2017
ETHICAL GOVERNANCE AND LEADERSHIP: We view the way we practice business equally as important as financial and mission success, and regard transparency as critical to maintaining high ethical standards in our policies, practices and leadership performance.	Decrease rate of allegations of misconduct by leaders compared to overall workforce.	2020
	Increase employees' perception of ethical behavior in leaders.	2020
SUPPLIER CONDUCT: Working to strengthen suppliers' capability to disclose and manage ethical, labor, and environmental issues.	Increase participation in our virtual ethics supplier mentoring program.	2017
RESPONSIBLE SALES: Efforts to ensure that sales are conducted ethically and fairly with considerations for intended product use, civilian safety, and compliance with export controls and trade policies.	Track the rate of improperly licensed exports of hardware or technical data under U.S. export regulations.	2017

HORIZON FACTORS

- HUMAN AND LABOR RIGHTS:**
Efforts to uphold human and labor rights in business operations and supply chain in a manner consistent with internationally recognized standards.
- SUPPLIER DIVERSITY:**
Efforts to assist in the development and competitiveness of suppliers in all categories of small businesses for procurement opportunities.
- CONFLICT MINERALS:**
Efforts to monitor and manage the use of conflict minerals in our product manufacturing and supply chain.

CORE ISSUE: PRODUCT IMPACT

SUSTAINABILITY FACTORS	GOALS	TARGET DATE
PRODUCT SAFETY: Every step of our design and manufacturing process has safety and quality checks to ensure that the use of our products, systems, subsystems, software, and services does not pose uncontrolled and unacceptable risks to our customers, users, employees, subcontractors, facility infrastructure, or the general public.	Track and report product failure or non-conformance due to manufacturing processes.	2017
PRODUCT TOTAL COST OF OWNERSHIP: We aim to lower total cost of ownership for customers by implementing affordability and operability improvements in areas including product quality, efficiency, performance, resilience, and sustainment. Making our products more affordable without compromising quality and performance accelerates the value we deliver to customers.	Add Design-to-Cost Analysis criteria to each business segment's proposal planning and proposal review processes.	2020
	Generate \$1 billion of lifecycle cost reductions from products, resulting in the reduction of resource consumption, impacts on human health and the environment.	2020
	<i>We track another proprietary goal to reduce the total cost of our products and services.</i>	2020
GLOBAL INFRASTRUCTURE NEEDS: We bring innovative products to market that contribute to the growth of advanced infrastructure—delivery of reliable energy, clean water, sanitation, communications, logistics and mobility—that is central to sustainable development, future resiliency and national security efforts.	Achieve \$4 billion in product sales with direct, measurable benefits to energy and advanced infrastructure resiliency.	2020
COUNTERFEIT PARTS: Efforts to prevent counterfeit parts from entering the company's supply chain and potentially affecting product quality, safety, and performance.	Maintain or reduce instances of counterfeit parts in delivered systems that are confirmed as our responsibility.	2017

HORIZON FACTOR

PRODUCT ECO-INNOVATION:

We develop and enhance our products taking into account material efficiency, reusability, and use-phase emissions and energy consumption considerations throughout design and development.

CORE ISSUE: INFORMATION SECURITY

SUSTAINABILITY FACTORS	GOALS	TARGET DATE
CUSTOMER INFORMATION SYSTEMS AND NETWORK SECURITY: Efforts to ensure that our products and processes capture, store, and transfer data in a secure manner that protects the privacy and security of customer information and prevents the likelihood of data fraud, loss, sabotage, and theft.	Monitor employee cyber security engagement to counter malicious email threats and monitor number of vulnerabilities per device on core information technology (IT) networks.	2017
	Monitor data loss incidents that occur within core IT networks for business operations.	
SENSITIVE DATA AND INTELLECTUAL PROPERTY PROTECTION: Efforts to ensure the protection of both company and supplier proprietary information to prevent likelihood of data fraud, loss, sabotage, and theft.	<i>We track another proprietary goal to improve data security.</i>	
EMPLOYEE PRIVACY AND DATA PROTECTION: Efforts to protect the privacy and data integrity of our employees and prevent likelihood of data fraud, loss, sabotage, and theft.	Achieve desired thresholds for identifying vulnerabilities to personal information exposure in our IT systems.	2017



CORE ISSUE: EMPLOYEE WELLBEING

SUSTAINABILITY FACTORS	GOALS	TARGET DATE
WORKPLACE SAFETY: Efforts to manage work activities such as manufacturing and the use of hazardous substances with effective engineering controls and ergonomics to ensure a safe and healthy workforce and workplace.	Achieve or exceed day away, recordable and severity case rate goals.	2017
DIVERSITY & INCLUSION: Efforts to create a workplace where all employees are treated fairly, inclusively and without discrimination, where a range of nationalities and cultures are represented and where there are equal professional opportunities regardless of gender, age or ability.	Develop the best workforce for our customers by increasing the representation of women, minorities, veterans and people with disabilities.	2020
	Increase employee participation in company-sponsored diversity events, employee resource groups and leadership associations.	2020
TALENT DEVELOPMENT: Efforts to ensure employees at all levels have the knowledge, skills, and work assignments necessary to achieve performance goals in a dynamic business environment.	Maintain a lower voluntary attrition rate among top-performing salaried employees compared to those with lower performance.	2017
	Increase the utilization of succession plans for senior executives.	2020
TALENT RECRUITMENT: Efforts to recruit employees with relevant skills and invest in a talent pool of future employees.	Achieve an intern conversion rate of greater than or equal to 50 percent.	2020

HORIZON FACTOR

STEM EDUCATION:

Efforts to support science, technology, engineering and mathematics education in communities to develop and recruit engineers and scientists for the company's workforce.



CORE ISSUE: RESOURCE EFFICIENCY

SUSTAINABILITY FACTORS	GOALS	TARGET DATE
ENERGY AND CARBON MANAGEMENT: Efforts to manage energy and GHG emissions associated with company operations, including efforts to promote energy efficiency, use of renewable energy, and the offset of emissions.	Reduce energy use by 25 percent, scope 1 and 2 carbon emissions by 35 percent and water use by 30 percent.	2020
	Increase square footage of facilities with green building certifications.	2020
	Increase annual renewable energy consumption.	2017
	Help our energy customers reduce their carbon emissions by at least twice the carbon impact of our business operations.	2020

HORIZON FACTORS

HAZARDOUS MATERIALS AND CHEMICALS MANAGEMENT:

Efforts to manage and reduce, from sourcing to discharge, hazardous or harmful materials and chemicals in our own operations and throughout our supply chain, including compliance with REACH and other applicable legislation.

REMEDIATION:

Efforts to remediate any negative impacts on the environment and/or environmental liabilities resulting from legacy operations or acquisitions.