



ESH Management System



Lockheed Martin United Kingdom and Australia

- Successfully maintained country-level certification to the OHSAS 18001 International Standard for Safety and Health Management Systems
- Achieved certification to the new ISO 14001:2015 International Standard for Environmental Management Systems
- Certification scopes cover 16 Lockheed Martin operations, including multiple business areas and stakeholder organizations

Understanding the complex global regulatory landscape, EESH has developed and implemented a management framework to ensure compliance for the Corporation, reduce risks related to the ESH aspects of our operations and ensure continual improvement of our ESH programs' performance.



UNITED KINGDOM



AUSTRALIA

Occupational Safety and Health Administration (OSHA) Recordkeeping

Developed guidance, resources and tools to encourage workplace injury reporting

Completed OSHA e-Reporting, including 2016 OSHA 300A data for 135 establishments

ESH Management Information Systems

Provided IT tools to implement efficient programs, leveraging commonalities and maximizing resources

Secured leadership support and down-selected platforms for planned modernization of the ESH Management Information Systems

Commercial Motor Vehicle Program

Successfully implemented Electronic Logging Devices (ELDs) at six sites with over 40 drivers

ADVOCACY AND GOVERNANCE



SUPPORT

Enhanced ever-evolving corporate portfolio by addressing risk and integrating new entities into our ESH Management System as seamlessly as possible



ALIGNMENT

Achieved on-time exit of Sikorsky operations from dependency on United Technology Corporation's ESH IT systems

Integrated Sikorsky operations into all Lockheed Martin ESH Management System processes



ENGAGEMENT

Provided multiple opportunities for business area engagement and collaboration on trending ESH issues through direct and indirect forums



CHEMICAL MANAGEMENT



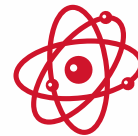
ENTERPRISE FUNCTIONAL PROCEDURE

Issued process to aid businesses globally with international and corporate requirements for use, manufacture and import/export of chemicals.



TOXIC SUBSTANCES

Completed 10 U.S.-based peer assessments which enhanced compliance posture and trained new subject matter experts.



CORPORATE POLICY

Revised prohibited and targeted chemical substances list to reflect updated regulatory and/or customer restrictions.



RESTRICTED SUBSTANCE COMMUNITY OF PRACTICE

Sponsored monthly webinars on topics including alternative replacement processes/materials, new chemical and material regulations and restrictions, and what Lockheed Martin is collectively pursuing to mitigate these challenges.









ESH ADVOCACY PROGRAM

Partnered with business area staff, Corporate Legal and Government Affairs to provide early engagement with Federal and State regulators on proposed changes to chemical control rules.

TARGET ZERO

Lockheed Martin's Target Zero program focuses on a risk-based management approach to promote targeted safety interventions, addresses prioritized workplace hazards and develops preventive processes to keep employees and contractors safe. Target Zero has led to significant improvements in safety performance since its introduction in 2004.

2017 GOAL	PERFORMANCE
 RECORDABLE INCIDENT <i>(1.13)</i>	 1.08
 DAY AWAY CASE <i>(0.20)</i>	 0.18
 SEVERITY <i>(5.98)</i>	 5.58



MFC Dallas "Enhanced Launcher Electronics System RECAP Tooling"

20th annual Applied Ergonomics Conference



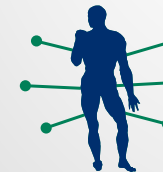
29 overhead crane lifts
REDUCED TO ONLY TWO



Handling time
REDUCED BY 84%



Multiple dangerous overhead "lift and flips"
REDUCED TO ZERO



Pinch point, hand / back injury risk
SIGNIFICANTLY REDUCED



93%
 overhead crane lifts eliminated

TARGET ZERO

Ergo Cup V

28 

innovations submitted from all four business areas, including two submissions from LM Australia and New Zealand

HIGHEST LEVEL OF EMPLOYEE PARTICIPATION TO DATE

1300 

employees weighed in to vote for their favorite submissions

New Zealand Defence Force Safety Award

Lockheed Martin won the New Zealand Defence Force Safety Award in the "Best Initiative by a Contractor" category for the third year.

This award recognizes contractor engagement in helping the New Zealand Defence Force to address significant hazards, promote safe behaviors and support a positive safety culture.

Target Zero Leader

- Opportunity for leaders to be more proactive in creating a transparent, safety-focused culture
- Encourages leaders to take proactive actions to engage employees on safety, health and resilience
 - Talk openly about safety and health
 - Facilitate open dialogues and questions
 - Being present in team's work environment
- Target Zero Leader app provides resources, tools and ability to enter/track activities

Target Zero SIAs

In 2017, we extended our signature Target Zero Structured Improvement Activities (SIA) offerings across global locations. In total, we conducted seven events across all four business areas:



EVALUATED 29
specific operational areas

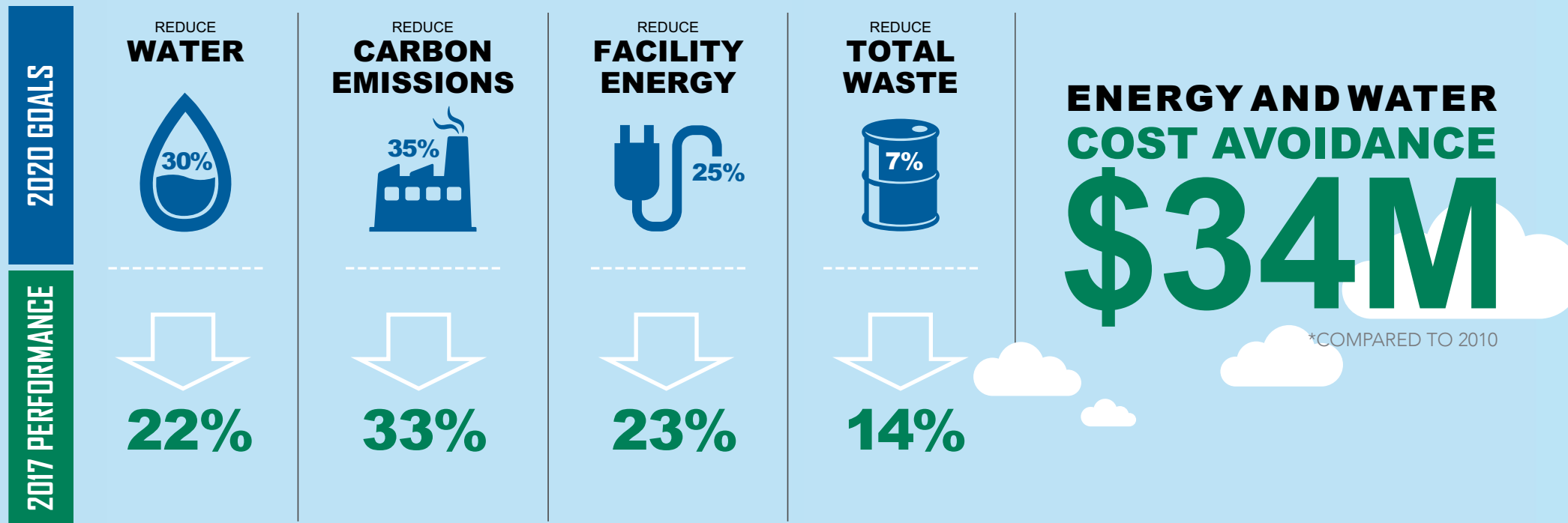


UTILIZED 109
team members



IDENTIFIED 264
unique risk reduction activities

ENVIRONMENTAL STEWARDSHIP



Solar Installations

Lockheed Martin Rotary and Mission Systems (RMS) facility in Orlando, FL has installed a solar carport that will provide shade for 592 cars.



EXPECTED TO SAVE
\$370,000
IN ENERGY COSTS ANNUALLY



6,688
SOLAR PANELS TO PRODUCE 3.41 MILLION KWH ANNUALLY



EQUIVALENT TO
29,000
LIGHTBULBS, OR 381 HOMES POWERED FOR ONE YEAR



WILL OFFSET
2,270
TONS OF CARBON DIOXIDE



ENERGY STEWARDSHIP

Lockheed Martin has made a pledge to quadruple its on-site renewable generation to

10 MW by the end of 2020 through the EPA Green Power Partnership On-Site commitment. We currently have over 6 MW capacity of on-site renewable generation and are on track to meet this commitment



Our renewable energy portfolio accounted for over 303,000,000 kWh, with approximately

20%

of the Corporation's total electricity usage **ASSOCIATED WITH GREEN POWER**

From our 2013 baseline year to 2017, we more than

DOUBLED

OUR GREEN BUILDING FOOTPRINT THROUGH



LEED



ENERGY STAR®



BREEAM CERTIFICATION

Over 10 HVAC-related projects were completed in 2017, resulting in approximately 12 million kWh of annual energy usage reduction and over

\$600,000
IN RECURRING ANNUAL COST AVOIDANCE



Approximately 40 lighting projects were completed in 2017, which resulted in approximately 11 million kWh in annual energy usage reduction and over

\$1.5 MILLION
IN RECURRING ANNUAL COST AVOIDANCE



Approximately 10 building management systems projects were completed in 2017, resulting in over 9 million kWh of annual energy usage reduction and approximately

\$300,000
IN RECURRING ANNUAL COST AVOIDANCE



OVER 850

meters were used across 52 sites to help manage and track energy demand and consumption

WATER STEWARDSHIP

CDP 2017 Water Score: **A-** HIGHEST SCORE LOCKHEED MARTIN HAS RECEIVED SINCE WE STARTED REPORTING TO THE WATER CDP IN 2010.

Businesses for the Bay

Encourages businesses within the Chesapeake Bay watershed to take voluntary and measurable actions to support protection/restoration of the Bay. To date, eight Lockheed Martin sites within the Chesapeake Bay watershed have committed to voluntary actions at varying levels.



Manassas, VA

Owego, NY

Rockville, MD



Archbald, PA

Bethesda, MD

Middle River, MD



Suffolk, VA

Washington, DC

CHEESAPEAKE BAY

- Gold Member = at least 5 actions fulfilled annually
- Silver Member = at least 3 actions fulfilled annually
- Bronze Member = at least 1 action fulfilled annually

RMS Sikorsky: Stratford, CT



7 PROCESS LINES

use concentrated alkaline cleaners and acids to clean, etch, and electroplate aircraft parts



IMPROVEMENTS

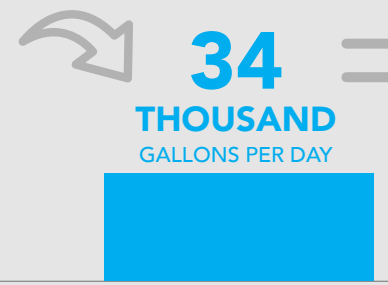
made to process lines in partnership with manufacturing operators, facilities maintenance, quality departments

CONDUCTIVITY CONTROLLERS

set points were adjusted, calibrated and reprogrammed



WATER USAGE REDUCTION



WASTE STEWARDSHIP

Advanced Gasification Bioenergy System

Lockheed Martin was awarded 2017 Top Product of the Year and 2017 Judge's Choice Award by Environmental Leader for our Advanced Gasification Bioenergy System at the RMS facility in Owego, NY. This technology can convert a wide variety of waste feedstocks into electricity, heat, hydrogen, fuels or specialty chemicals; requiring no incineration or combustion.

CAN CONVERT
1 TON
OF WASTE
PER HOUR
INTO



1.4 MW
OF ELECTRICITY



In Owego, NY an advanced gasification plant is expected to help power a nearly 2 million square foot campus, **REDUCING CARBON EMISSIONS BY 9,000 MTCO2E PER YEAR.**



Lockheed Martin is currently under contract to build a larger 5 MW plant in Herten, Germany that will power approximately 5,000 homes and businesses by processing **50,000 TONS OF RAW WASTE PER YEAR.**

environmental
LEADER

**TOP PRODUCT
OF THE YEAR
2017**

2017 Employee e-Waste Events

This year, Corporate EESH sponsored six Employee e-Waste Events, where employees recycled approximately 33,000 pounds of personal electronics (e.g., computers, cell phones, circuit boards), which did not include Lockheed Martin-owned assets. The 2017 Employee e-Waste Events included participating sites in:

- ✓ Coatesville, PA
- ✓ Deer Creek, CO
- ✓ Grand Prairie, TX
- ✓ Marion, MA
- ✓ Palmdale, CA
- ✓ King of Prussia, PA



A circular economy works to identify waste and excess materials that can be reused or diverted to other processes and out of the waste stream; thus creating a circular flow of materials and improving resource efficiency. In 2017, Lockheed Martin partnered with the United States Business Council for Sustainable Development (USBCSD) Materials Marketplace in order to further implement circular economy practices at our facilities.

In 2017, Lockheed Martin was able to divert and re-circulate a portion of the excess materials inventory from its discontinued San Antonio, TX operations. More than 40 unique chemicals and materials (or approximately 10,000 lbs. worth of items), were diverted from the waste stream and supplied to Lockheed Martin's Montreal, Canada facility as well as a local Texas city services organization.

REMEDIATION



Former Lockheed Martin Shipyard Remediation - Seattle, WA

We conduct environmental remediation activities at some of our present and former facilities where we are potentially responsible for environmental conditions.

Some activities conducted by Lockheed Martin and our legacy businesses over the years (although compliant with laws at the time), resulted in soil, groundwater and/or sediment contamination. In Seattle, we are working with EPA and the State of Washington to address potential contamination associated with historic operations.

We have received approval of our 60% design remedy which includes the 2018-2019 removal of 91,000 cubic yards of sediment and placement of over 43,000 cubic yards of backfill and cover material over the 23 acres. Successful implementation of the remedy includes working with and mitigating impacts to various sensitive stakeholders including the Port of Seattle and various Native American tribes who have tribal fishing rights.

As a predecessor to Lockheed Martin and established in 1916, Puget Sound Bridge and Dredging Company (PSBD) built bridges, buildings and ships.



LARGEST
wooden ship ever built during WWI

FIRST
floating bridge on Lake Washington



HIGHEST
highway bridge in the world at the time over the Snake River in Twin Fall, Idaho



ORIGINAL
construction of UofW's Husky Stadium



AWARDS AND HIGHLIGHTS



AMONG 5% of companies participating in CDP's climate change program to be featured on the 2017 Climate A List. Lockheed Martin has maintained a score at the "A-" level or above since 2011 for Climate Change CDP. We also received a score of "A-" on our 2017 Water CDP Report, which is the highest score Lockheed Martin has received since we started reporting to the Water CDP in 2010.



NAMED TO DOW JONES SUSTAINABILITY WORLD INDEX (DJSI) in 2017 for the fourth consecutive year. The DJSI World Index represents the top 10% of the largest 2,500 companies in the S&P Global BMI based on long-term economic, environmental and social criteria.



ACHIEVED 2017 CLIMATE LEADERSHIP AWARD in the category of Organizational Leadership. This award recognizes that we exemplify extraordinary leadership in our internal response to climate change and engagement with our peers, partners and supply chain.



ONLY A&D COMPANY to be recognized by the EPA with a Green Power Leadership Award for Direct Project Engagement. We were 1 of 19 award winners and achieved this award by procuring green power for 20% of our total U.S. operations' electricity needs and having 11 operational green power installations.



RANKED #9 on Corporate Responsibility Magazine's 18th annual list of 100 Best Corporate Citizens. Companies on the Russell 1000 Index, representing 90% of total market capitalization in the U.S. equity market, were ranked in seven categories: environment; climate change; employee relations; human rights; corporate governance; financial performance; and philanthropy and community support.



AWARDED 2017 TOP PRODUCT OF THE YEAR and 2017 Judge's Choice Award by Environmental Leader for our Advanced Gasification Bioenergy System at the RMS facility in Owego, NY. This program recognizes excellence for projects implemented by companies that improve environmental or energy management while increasing the bottom line.



WON NEW ZEALAND DEFENCE FORCE SAFETY AWARD in the "Best Initiative by a Contractor" category for the third year. This award recognizes contractor engagement in helping the New Zealand Defence Force to address significant hazards, promote safe behaviors and support a positive safety culture.



THREE WINNERS of Lockheed Martin's internal Ergo Cup competition represented their innovations at the 20th Annual International Applied Ergonomics Conference (AEC). Lockheed Martin's "Enhanced Launcher Electronics System Tooling" (ELES) team from MFC Dallas was selected as the winner for the "Ergonomic Risk Reduction Excellence Award", which was the Corporation's first AEC award.