

Lockheed Martin  
**2022 Human Rights Report**



# Contents

<b>Executive Summary</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>Governance</b> .....	<b>4</b>
<b>Enterprise Risk Management</b> .....	<b>5</b>
<b>Current Policies, Principles and Due Diligence Processes</b> .....	<b>6</b>
Ethics.....	6
Diversity & Inclusion and Nondiscrimination .....	9
Employee Safety and Health .....	9
Supply Chain .....	9
Product Sales and Use .....	14
International Operations .....	15
Environmental Remediation .....	<b>16</b>
<b>2022 Human Rights Achievements</b> .....	<b>16</b>
2025 Sustainability Management Plan Progress .....	16
Human Trafficking Supply Chain Risk Assessment Progress .....	18
Industry Collaboration .....	18
Human Rights Impact Analysis .....	18
<b>Conclusion</b> .....	<b>19</b>

# Executive Summary

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

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

The success of our commitment to human rights is reflected in our accomplishments, further detailed in the Progress Reports section of this document. In 2021, we completed the first year under our 2025 Sustainability Management Plan, which includes progress toward human rights related goals. Our reporting on conflict minerals, human trafficking and global diversity and inclusion programs further demonstrates our continued commitment to advancing our human rights approach and transparency.

The purpose of this report is to provide stakeholders with transparent information on the policies, principles and programs that demonstrate our commitment to human rights, and to report on our progress around these efforts. Additional details, including access to our comprehensive policies and guidelines, are available through the [ESG Portal](#).

# Introduction

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

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

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

Transparency is a key component of our human rights due diligence processes. This is our first update to the report since our inaugural report in 2021. This report provides links to the public disclosure of relevant policies, principles and due diligence that demonstrate our commitment to human rights, and to our 2021 progress and accomplishments.





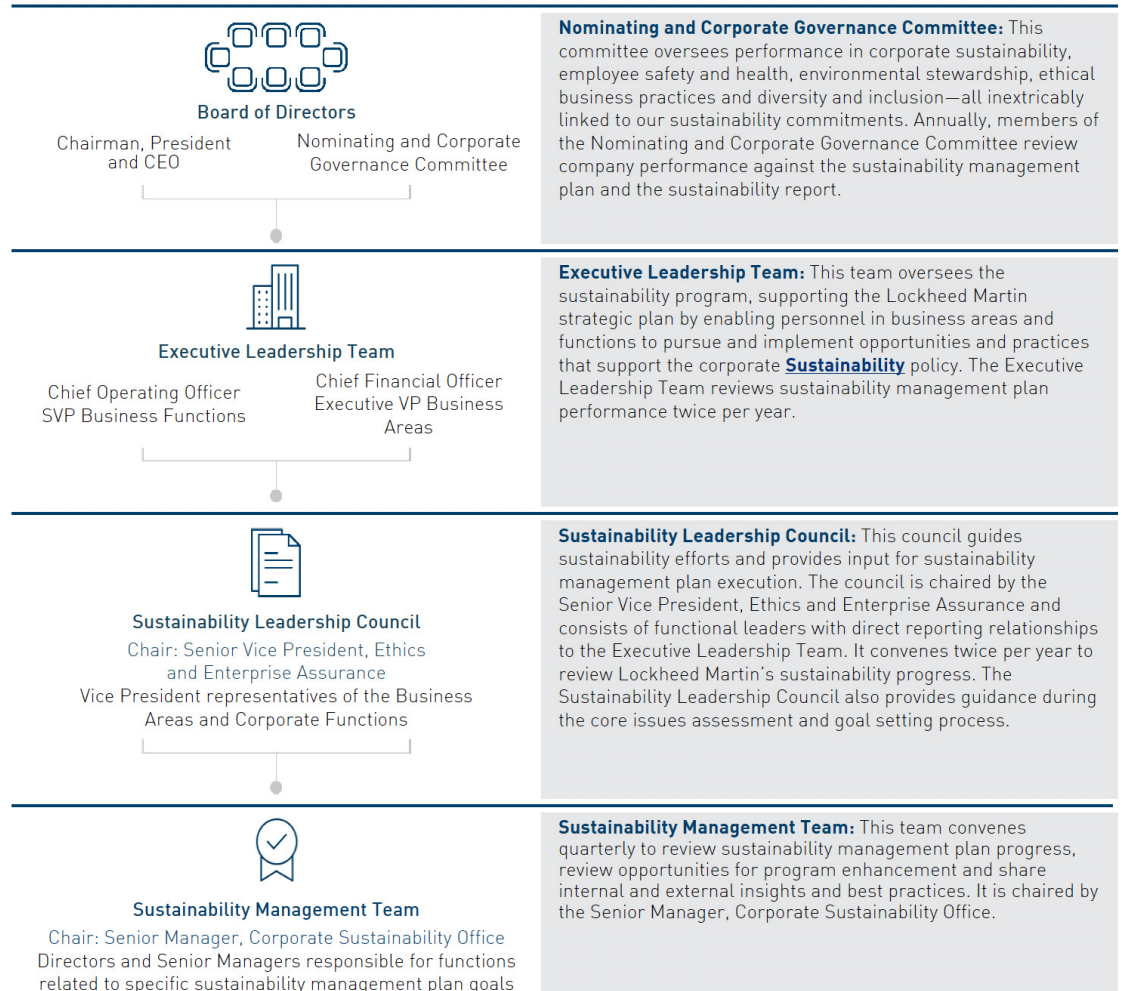
# Governance

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

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

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

## Our Sustainability Governance Structure



## Enterprise Risk Management

Lockheed Martin evaluates risks, including risks related to human rights, within the framework of our overall enterprise risk management framework. Our integrated enterprise risk and sustainability management structure includes the following risk processes:

- **Risk Identification:** We monitor a dynamic risk universe that includes, aside from strategic, financial and operational topics, 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 that are relevant to strategic and operational objectives. Additionally, we separately assess compliance with laws and regulations as well as risk topics related to ESG. This includes examining environmental and social factors applicable to risk topics in our business.
- **Risk Controls and Mitigation:** Through the Risk Audit Strategy Board (including a periodic, rigorous examination of the intersection between our enterprise risk matrix, our Sustainability core issues and our internal audit plan), we strive to 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 2022, we completed our biennial Compliance Risk Assessment to capture an enterprise view of a wide spectrum of compliance risk topics. In addition to giving consideration to external benchmarks, the assessment design engaged over 800 domain experts on compliance topics from across Lockheed Martin. The following three stakeholder inputs informed the results of the assessment:

- A survey of corporate policy owners and practitioners mapped to a compliance risk universe of 50 topics, including workplace health and safety, production quality and safety, restricted chemicals and materials, anti-bribery and anti-corruption laws, ethics and business conduct, non-discrimination and equal employment opportunity, and human trafficking. The survey prompted respondents to score risks according to several factors including the probability/likelihood of occurrence, effectiveness of current mitigation and controls including management oversight, policy, training; and areas of emerging risk.
- An internal audit risk evaluation of the same topics based on the results over the past five years.
- A review of current coverage of the same risk topics within the Lockheed Martin Business Conduct Compliance training course suite, the Lockheed Martin Code of Conduct; as well as ethics awareness and other employee training modules.

Throughout the year, our enterprise risk assessment process monitors emerging risks for potential addition to our enterprise risk matrix.



# Current Policies, Principles and Due Diligence Processes

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

The following policies and procedures codify the human rights and sustainability expectations that apply across the company:

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

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

## Ethics

We require all employees, consultants, contract laborers and Board of Directors members to agree to abide by our [Code of Ethics and Business Conduct](#). The code is underpinned by our [CPS-001, Ethics and Business Conduct Policy](#) which provides an overview of the principles, programs and governance that demonstrate and guide our commitment to ethical conduct. We will conduct our business with honesty and integrity, we will communicate our standards of ethical conduct, we will promote a work environment that is positive, diverse, open and inclusive.

The policies, all of which are approved by an executive officer of the Corporation, and resources discussed in this section of the report outline our high expectations for employees and others who act on behalf of our company, and a description of our due diligence around implementing and enforcing our employee ethics program.



### **Continuous Improvement**

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

### **Anti-Corruption Compliance**

We recognize that the prevalence of corruption frequently contributes to poverty and other human rights abuses around the world. Lockheed Martin views its anti-corruption compliance program as one of the important pillars of our international business objectives. Our policies require that we conduct our business activities in accordance with applicable anti-corruption laws, rules and regulations and the Corporation's Code of Ethics and Business Conduct. Lockheed Martin will not be involved with bribery or other corrupt payments. We have established a rigorous and comprehensive anti-bribery and corruption due diligence process on third parties with whom we collaborate for international business, including consultants, suppliers, joint venture partners, teammates and customers. The Doing Business Overseas course, which is a specialized training for employees conducting business overseas, provides in depth guidance on doing business in various countries and includes sessions focused on anti-corruption practices. We have stated in our Code of Ethics that we would rather walk away from business than to engage in a questionable transaction. Lockheed Martin is proud to be among the many global businesses, together with governments, that are standing up to confront corruption. Our unwavering stance against corruption is rooted in our first core value – do what's right – and we have zero tolerance for those who engage in bribery or other corrupt business dealings. See [CPS-730, Compliance with Anti-Corruption Laws](#) and our [Anti-Corruption Program and Policies Website](#) for additional information.

### **Reporting of Potential Misconduct**

We encourage our employees, suppliers and the general public to report ethics violations, including potential human rights violations, through our Ethics Helpline, which accepts anonymous calls.

Lockheed Martin does not tolerate retaliation in any form against individuals who have reported an ethics concern. Every Lockheed Martin employee has the rights and protections against reprisals as provided by law and regulation.



We have a policy-based process for promptly and thoroughly investigating all alleged violations of laws, regulations, policies, procedures or our Code of Ethics and Business Conduct that occur, whether in the workplace, in off-premises situations with a relationship to the workplace or that affect the workplace. See [CRX-021, Internal Investigations](#). Potential violations may be identified through normal compliance channels or raised by whistleblowers and other concerned employees. This includes any potential violation of the U.S. Foreign Corrupt Practices Act, the UK Bribery Act or other international anti-corruption laws, whether the allegations involve individuals employed directly by Lockheed Martin or those with whom we partner, such as agents and suppliers.

We track the number of times the Ethics Office is contacted per 1,000 employees. In 2021, per 1,000 employees, there were 38.8 Ethics Guidances (general inquiries, comments, concerns and referrals to other departments which provide information, advice and/or resources to clarify policy and resolve workplace questions on a wide-range of ethics and compliance topics) and 2.7 Ethics Cases (an allegation that requires some type of investigation into a good-faith allegation of misconduct).

Further information on our ethics policies, process, training, investigations and reporting practices is available to all employees and the general public on our [Ethics Website](#), which contains Corporate Ethics contact information, training requirements, policies and additional resources for the Ethics program to support employees.

### **Employee Training**

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

All employees receive job specific training, compliance training and Ethics Awareness Training as required by our [Ethics and Business Conduct Policy](#), including our CEO and Board of Directors. We conducted an average of 26 hours across all areas of training and development per full-time employee in 2021. Training includes periodic review and certification to the Code of Ethics and Business Conduct, annual Ethics Awareness Training, Conflict of Interest and Business Conduct Training compliance modules (including Combating Trafficking in Persons, International Business Practices and Gifts/Business Courtesies). All employees certify to the Code of Conduct and complete annual Ethics Awareness Training; other compliance training is assigned to target audiences based on their roles. Additionally, employees receive an annual message from the CEO on Anti-Corruption Day setting the tone from the top and reminding each employee of their responsibilities to avoid and immediately report any known or suspected violation of our anti-corruption policies.

Voicing our Values, Lockheed Martin's annual Ethics Awareness Training, is conducted through live, leader-led sessions. This format provides a forum for employees to see the roadblocks they may face in addressing ethics issues, and to explore with their teams how they might handle similar circumstances. Lockheed Martin achieves 100% participation each year in our program.

Additional training modules may be developed and implemented as new circumstances and issues are identified.

## Diversity & Inclusion and Nondiscrimination

Nondiscrimination, equal employment opportunity and diversity and inclusion are important components of our Core Values and Ethics and Business Conduct Policy. Diversity and inclusion are business imperatives for us, as we believe that they are key to our continued success. We publicly commit to these values in our reporting, including our [2022 Proxy Statement](#) and in our [2021 Sustainability Report](#).

[CPS-003, Nondiscrimination and Equal Employment Opportunity](#), which is approved by our Chairman, President and CEO, outlines that Lockheed Martin is an equal opportunity employer and provides equal employment opportunity to employees and applicants, and does not discriminate against employees or applicants on the basis of race, ethnicity, religion, color, sex, pregnancy, national origin, age, military veteran status, ancestry, sexual orientation, gender identity or expression, marital status, family structure, genetic information or mental or physical disability (and medical condition, for employees in California).

The [Global Diversity and Inclusion Section of our 2021 Sustainability Report](#), summarizes Lockheed Martin's diversity and inclusion goals, programs and accomplishments, including our inclusion strategy, workforce demographics and 2021 highlights.

The company's diversity and inclusion initiatives focus on employee recruitment and employee training and development. Our Business Resource Groups are voluntary, employee-led groups that foster a diverse and inclusive workplace aligned with our organizational mission, values, goals and business practices and drive awareness and change within our organization. Through these and other focused efforts, we have improved the diversity of our overall U.S. workforce and within leadership positions, specifically in the representation of women, People of Color and People with Disabilities. See our [EEO-1 Reporting website](#), which includes data and supporting background information about our U.S. based workforce by gender, ethnicity and race and by job categories.

## Employee Safety and Health

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

## Supply Chain

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

- [Lockheed Martin Supplier Code of Conduct](#): Expresses the expectations we hold for our suppliers and mirrors the standards we set for our own employees, Board of Directors and other business associates. Commensurate with the size and nature of their business, we expect our suppliers to have management systems in place to support compliance with laws, regulations and expectations related to or addressed expressly within the Supplier Code of Conduct. We encourage our suppliers to implement their own written code of conduct, and to flow down the principles to the entities that furnish goods and services to the supplier. Elements of the Supplier Code of Conduct include environmental standards, child labor, fundamental human rights, health and safety, supplier diversity and more. Our suppliers must, at a minimum, perform all duties and expectations in compliance with all laws and regulations applicable to their business. Suppliers must comply with all flow down terms, conditions and other provisions specified in the Lockheed Martin purchase order. When performing international business, or if the primary place of business is outside of the United States, suppliers must comply with local laws and regulations except where such laws conflict with U.S. law.

- [Supplier Ethics Website](#): Provides supplier mentoring, training and other free resources, along with a variety of media to assist suppliers in meeting our expectations and complying with legal requirements.
- [Defense Industry Initiative Model Supplier Code of Conduct](#): Provides a standardized framework for setting ethical expectations with suppliers across the defense industry. In 2017, our purchase orders were revised to state that both Lockheed Martin and our suppliers “are expected to conduct themselves in a manner consistent with the principles expressed in either the Lockheed Martin Supplier Code of Conduct, or the Defense Industry Initiative (DII) Model Supplier Code of Conduct.”

### **Efforts to Eradicate Human Trafficking**

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

- [Human Anti-Trafficking Website](#): Offers resources to employees and suppliers on our policies and due diligence processes. Lockheed Martin is committed to ensuring that our employees and suppliers take appropriate steps to mitigate the risk of human trafficking and slavery from occurring in any aspect of its business and supply chain.
- [CPS-734, Combating Trafficking in Persons](#): Establishes requirements for compliance with the United States Government’s policy prohibiting trafficking in persons and trafficking-related activities and includes processes for reporting and investigating violations and for establishment and maintenance of a compliance plan to address the risk of trafficking.
- [CPS-734A, Combating Trafficking in Persons Compliance Plan](#): Reflects the obligation to maintain a compliance plan to combat human trafficking in our supply chain.

We incorporate regular assessments of our programs, enhancements and employee training into our efforts to eradicate human trafficking from our supply chain. Efforts include:

- Recurring mandatory training for all employees to heighten the awareness and prevention of human trafficking.
- Updating corporate policies related to training, evaluating and working with business consultants in the U.S. and other countries. This enhanced due diligence requires business- and region-specific risk assessments for all consultants, which may be subject to audits, as we have publicly reported.

Updating our policies to stay in compliance with government regulations. To comply with [FAR 52.222-50, Combating Trafficking in Persons](#), the Lockheed Martin Acquisition Procedures require that a Combating Trafficking in Persons Supplier Certification be obtained from subcontractors, as applicable. Additionally, if the contract period of performance is greater than 12 months, we require a Combating Trafficking in Persons Supplier Annual Recertification.

### **Human Trafficking Supply Chain Risk Assessment**

In 2019, we established an annual [Human Trafficking Supply Chain Human Rights Assessment](#). The assessment utilizes the Department of State Trafficking in Persons (TIP) Report and overlays our internal procurement data. A Tableau dashboard allows all supply chain professionals to analyze human rights risk in certain regions of the world and determine if there are any active suppliers in those areas. The dashboard also integrates Transparency International’s Corruption Perception Index and provides an additional view of each country’s perceived level of corruption in its public sector. This report is provided

on an annual basis, updating per the new Department of State report and our new purchase order commitments for the year. An analysis then compares to previous years to ensure we are minimizing our impact to high human trafficking regions.

Any observations or concerns about violations of our policies combating human trafficking are reportable to our Ethics helpline. Lockheed Martin promptly investigates all reported matters and acts as needed, including disclosure to governmental authorities as appropriate. We continue to review, reassess, consider best practices and further develop anti-trafficking plans, to ensure compliance with the law and that we fulfill our Core Values.

### **Conflict Minerals**

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

- [2021 Conflict Minerals Report](#): Includes Lockheed Martin's required annual reporting which details our due diligence process and results.
- [Conflict Minerals Website](#): Contains our conflict minerals policy, background and historical reports.

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

For the past 7 years we have contributed to the Responsible Minerals Initiative's Smelter Audit Fund, which pays the costs of a smelter and refiner's first Responsible Minerals Assurance Process audit and conflict-free validation, and also supports the cost of re-assessment for smelters or refiners that are already participating in the Responsible Minerals Assurance process for which the cost of re-assessment may be burdensome.

We have also established a due diligence program which follows the structure established by the Organisation for Economic Cooperation and Development (OECD) in the publication OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The five-step OECD framework includes a formal conflict minerals policy, supplier engagement, grievance mechanisms, risk assessment and management, independent third-party audits and annual reporting. During 2021, we did not identify any instance where it was necessary to implement risk mitigation efforts, suspend trade or disengage with one of the suppliers. We report transparently on the results of our due diligence process in our annual [Conflict Minerals Report](#).

### **Supplier Diversity**

Lockheed Martin is committed to the improvement of our communities through the support and development of small and diverse-owned businesses. We actively pursue opportunities to award subcontracts and other procurements to small and small disadvantaged businesses, HUBZone affiliated small businesses, women- and veteran-owned businesses, service-disabled veteran-owned businesses, suppliers with disabilities, LGBTQ owned businesses, historically black and tribally owned colleges and universities and other minority institutions as well as those we work with globally. In 2021, \$5.6 billion was awarded to 7,715 small businesses through supplier contracts. In addition, Lockheed Martin received an "Exceptional" rating from the Defense Contract Management Agency for our 2021 small business performance on Department of Defense (DOD) contracts.



- [Supplier Diversity Website](#): Provides an overview of Lockheed Martin's supplier diversity commitment.
- [Supplier Diversity Programs Website](#): Includes a summary of outreach programs to provide opportunities as well as partnerships.

## Supplier Sustainability

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

- [Supplier Sustainability Voluntary Assessment](#): In order to enhance our understanding of potential sustainability-driven risk and opportunities within our Tier 1 supply base, we conduct a supplier sustainability assessment every three years. Suppliers are selected based on several criteria: high sales with our company, participation in a current or previous supplier ethics mentoring program, travel and transportation vendors (e.g., airlines) and small businesses with significant spend. In 2022, we expanded the number of recipients and enhanced the questions based on prior year stakeholder feedback. We surveyed 458 Lockheed Martin suppliers, representing approximately 72% of total prior year supplier spend. As a result of the assessment, we gain insights and take actions on topics that span key ESG categories. We then develop action plans for supplier engagement and for our own sustainability performance. We use this information to send tailored communications inviting suppliers to take advantage of our free ethics resources, including our [Ethics Supplier Mentoring Program](#), discussed below, to help them develop methods to report misconduct. In 2022, 84% of respondents indicated they have a minimum of a company policy in place to address risks of human rights violations and 20% indicated having independent audits of suppliers to evaluate supplier compliance with company standards. For both metrics, this represents an increase from our prior assessment, indicating a growing focus on human rights due diligence within our supply chain.
- [Chemical Stewardship](#): Our chemical stewardship program is an example of our active support of supply chain sustainability. This program outlines the business strategy and supporting processes that reduce risks associated with hazardous chemicals in our products and their associated impacts. We have reduced, and seek to further reduce, the use of specific hazardous chemicals by implementing a process and corporate procedure to identify and replace materials that contain those chemicals with less hazardous alternatives. By partnering with our suppliers, customers and other Aerospace and Defense companies to test and qualify materials that contain less hazardous materials, we are identifying less hazardous materials for use in Aerospace and Defense products. We continue to work with our customers and industry partners, including through our membership in the International Aerospace Environmental Group (IAEG), to help shape industry standards such as the IPC-1754 Material Declaration Standard for Aerospace and Defense. This standard establishes the requirements for exchanging material and substance data for products between suppliers and their customers for Aerospace and Defense and helps to improve the traceability of materials that are used in products. This initiative helps make both supply chain and our products more sustainable. In 2021, we implemented processes that align with the IPC-1754 Materials and Substances Declaration for Aerospace and Defense Standard, including incorporating the standard into our internal policies and subcontract flowdowns.

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

## Supplier Audits, Evaluation and Remediation

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

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

Supply chain risk indicators and mitigation activities are reported quarterly to our CFO, who is also our Chief Risk Officer, as a component of our enterprise risk management process (described in detail above) and our plan is reviewed annually by the Audit Committee of the Board of Directors.

Our Supply Chain Risk Council, which was formed in 2020, supports all of our sustainability risk management efforts. This council is comprised of members from each of the four Lockheed Martin business areas and meets on a bi-weekly basis.

Additional supplier auditing and remediation efforts are described in the Human Trafficking section of this report.

## Supplier Training, Resources and Outreach

In addition to the [Supplier Ethics Website](#) mentioned above, the [Ethics Supplier Mentoring Program](#) helps suppliers of all sizes create or enhance an effective ethics program. The program provides educational resources on ethics, [a twelve-part interactive webinar series](#), and individualized support. Our Supplier Self-Assessment Tool, accessible from the website, allows suppliers to compare their existing ethics program to some of the key global standards for ethics, compliance and anti-corruption programs to help them determine where to focus efforts to improve their ethics program.

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

## Product Sales and Use

All of our international military sales are regulated by the U.S. Government and reviewed and approved by the Executive Branch with oversight from Congress to ensure they support U.S. national security and foreign policy objectives and are not redirected and used for unauthorized purposes. This includes consideration of whether any arms transfer contributes to the risk of human rights abuses and whether they are being used in potential conflict-affected regions.

International sales of our defense products and services occur on a government-to-government basis via foreign military sales (FMS) programs, managed by the Defense Security Cooperation Agency on behalf of the U.S. Department of Defense, or by direct commercial sales from Lockheed Martin to our customers. Both transaction forms are subject to rules promulgated under the Arms Export Control Act to ensure such transactions support U.S. national security and foreign policy objectives. In reviewing arms sales, the Executive Branch follows the U.S. Conventional Arms Transfer Policy, which states that in making arms transfer decisions, the Executive Branch shall consider the national security of the U.S., the economic security of the U.S. and U.S. innovation, the relationships with allies and partners, human rights and international humanitarian law and nonproliferation. We strictly adhere to U.S. government oversight and policy in all matters relating to international sales and specifically to the transfer of products and technologies to foreign entities, and we have a robust trade compliance program to ensure that all sales of our products are conducted in accordance not only with international trade laws and regulations of the U.S. but also of each foreign country in which we operate.

Our business supports global security, helping keep billions of people worldwide safe and free from conflict. We review and consider the customers to whom we sell our products and services, as well as the risks related to the use of our products in situations where conflict may arise. Our primary customers are the U.S. government and its allies, among which cooperation is critical to maintaining an effective deterrent against global conflict. As further described below, we support this goal of deterrence by adhering to U.S. government oversight and policy objectives for all international sales.

### **Review of Contractual Proposals and Agreements**

In addition to complying with all applicable laws and regulations, all of our sales are subject to our Code of Ethics and Business Conduct. We have pre-contractual procedures in place to ensure that new contracts meet our standards and values. Prospective commitments are reviewed to ensure that they fit our strategic direction, will uphold our reputation and are structured for successful technical and financial performance. Each business area has implemented proposal review and approval procedures that evaluate risks, which can result in a decision not to bid at all. Proposals that involve the pursuit of an opportunity related to certain types of products or programs that carry increased risks require review of a multi-disciplinary corporate review committee that is chaired by our Chief Financial Officer (CFO) and Chief Operating Officer (COO) and includes our SVP of Ethics and Enterprise Assurance, who reports to the Governance Committee.

Lockheed Martin produces both offensive and defensive missile products for use by the U.S. Government and its allies, with these products being offered by our Missiles and Fire Control (MFC) business segment. In 2020, we established a Weapons Review Council process at MFC, which requires review of certain identified products and activities. Although seldom needed, the Weapons Review Council process acts as an additional safeguard to ensure compliance with all applicable U.S. and international law and consideration of any associated risks. Any Lockheed Martin MFC element and any legal entity controlled by MFC desiring to use, maintain, support, design, develop, produce, acquire, stockpile, retain or transfer a potentially controversial system, or component of a controversial weapon system, provides notification through responsible program management and senior executives to the Weapons Review Council via the MFC Office of General Counsel. All notification and coordination is done prior to taking any formal action involving potentially controversial weapon systems. Such action includes, but is not limited to, responding to any Request for Proposal (RFP), Request for Information (RFI) or Request for Quote (RFQ), submitting white papers, designing, developing, demonstrating, producing, marketing, publicizing or transferring products.

# International Operations

Lockheed Martin works with more than 50 countries worldwide, helping them protect their national interests while strengthening their economies, industries and communities. Our more than 6,000 international employees at facilities worldwide are dedicated to realizing our shared goals. This section outlines the ways in which we are furthering human rights in our global operations.

## United Kingdom

- [Modern Slavery Statement](#): Lockheed Martin UK Holdings Limited (LMUK), a wholly owned subsidiary of Lockheed Martin, publishes an annual modern slavery statement as required by the UK Modern Slavery Act 2015. This statement includes disclosures on LMUK's policies and other information in relation to slavery and human trafficking, and the steps LMUK has taken to ensure that slavery and human trafficking are not taking place within the business and its supply chain. This includes expectations related to human rights, human trafficking and child labor of its suppliers.
- [Tailored UK Modern Slavery Training](#): In 2021, our UK ethics team identified an opportunity to adapt the existing U.S. human trafficking training for UK employees that was more focused on the UK Modern Slavery Act. The UK Ethics Team worked with our Corporate Ethics Team and the Legal department to develop a new video training module specific to our UK employees and legislation. The video covers relevant elements of U.S. trafficking in persons legislation and UK modern slavery legislation. It will be rolled out in late 2022 to more than 1,600 Lockheed Martin UK employees.
- [UK Social Value Assessment Tool](#): In 2021, a regulation came into effect that requires the UK Central Government to consider social value when awarding contracts. Government departments, such as the Ministry of Defence, will use a social value procurement model to assess and score suppliers on the wider positive benefits they bring by delivering the proposed contract. The goal of this initiative is to maximize value for taxpayer money while also building a more resilient and diverse supplier base. To align with this new procurement model, Lockheed Martin is updating information within the government's social value [Model Award Criteria \(MAC\)](#) assessment tool on our ESG and Human Rights policies and practices and looking for opportunities to expand programs that support relevant social value criteria.

## European Union

- In 2022, the European Union (EU) released a draft Mandatory Human Rights and Environmental Due Diligence Directive. The draft directive requires large EU companies, and some non-European companies doing significant business in Europe, to assess their actual and potential human rights and environmental impacts throughout their operations and within their supply chains, and to take action to prevent, mitigate and remedy identified human rights and environmental harms. The proposal will be presented to the European Parliament and the Council for approval. Once adopted, Member States will have two years to transpose the Directive into national law and communicate the relevant texts to the Commission. Lockheed Martin continues to monitor the evolution of this directive and strengthen its human rights programs accordingly.

## Other Jurisdictions

- We recognize the emergence of human rights legislation in other jurisdictions where we do business and monitor their potential impact on our operations.



## Environmental Remediation

Lockheed Martin has built its success on long-standing innovation and business excellence as well as strategic acquisitions. Some operations conducted over the years, although in compliance with relevant laws at the time, resulted in soil or groundwater contamination. Where remedial actions are warranted, Lockheed Martin works collaboratively with regulatory agencies and communities to remedy the effect of the contamination.

Not only are we committed to taking effective remedial actions, but we also aim to make our remediation projects sustainable wherever possible. We do this by using innovative technological solutions like disposing of contaminants with waste to energy incineration and renewing the activated carbon that acts as a filter in many of our treatment plants by safely burning off contaminants. At several of our remediation sites in water-stressed areas, in cooperation with regulators we treat contaminated groundwater to such a high standard that the local water agency can then direct it into the potable water supply, providing water to more than half a million homes in those service areas.

Currently, we have 73 active remediation projects across our operations. You can read more about our commitment to remediation on our [Lockheed Martin Remediation website](#).

## 2022 Human Rights Achievements

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

Additional human rights related progress is available in our [2021 ESG Performance Table \(GRI and SASB Integrated Data\)](#), [2022 Proxy Statement](#) and [2021 Sustainability Report](#).

## 2025 Sustainability Management Plan Progress

In 2020, we developed our 2025 Sustainability Management Plan (SMP) to guide our sustainability efforts over the following five years and, for some efforts, longer. Our 2025 SMP continues our commitment to ethics internally and in our supply chain, global diversity and inclusion and human rights.

Our 2025 SMP includes four priority areas: advancing resource stewardship, elevating digital responsibility, fostering workplace resiliency and modeling business integrity. Each priority area includes a number of core issues and associated goals. The subset of core issues and goals outlined below relate to furthering our commitment to human rights and contributing to our Core Values.

2025 SMP Goals Related to Human Rights	2021 Progress
Achieve 100% completion rate of applicable training on the identification and reporting of counterfeit parts by 2025.	In 2021, we achieved more than a 99% completion rate on applicable training.
Increase traceability of critical mineral resources, and substances used in the supply chain, through data analysis and mitigation for signature programs by 2025.	In 2021, we focused on building awareness of critical mineral resources, identifying the cross functional team needed to achieve the goal and defining a charter to guide our efforts.
All Lockheed Martin employees participate in at least one bystander intervention training workshop by 2025.	In 2021, 2,700 employees completed a bystander intervention training workshop through our Upstander Campaign. Looking forward, we will increase the availability of workshops and the Upstander Campaign will be integrated into our new digital training platform, Atlas Learning, and assigned to 100% of employees globally.
All leaders have an inclusive leadership experience or complete one diversity and inclusion associated action annually through 2025.	In 2021, 100% of leaders completed training on leading diverse teams.
Increase hiring of protected veterans and people with disabilities to meet or exceed annual U.S. Department of Labor targets through 2025.	In 2021, we exceeded U.S. Department of Labor hiring targets for protected veterans and people with disabilities.
Increase representation of women and people of color enterprise-wide by 2021.	In 2021, our representation of women remained at 23% and our representation of people of color increased to 29%.
Reduce the number of days away from work due to occupational injury or illness through 2025.	We did not meet this goal in 2021. This goal is based on a three-year rolling average of past performance, which included data from years prior to the COVID-19 pandemic. An analysis showed that we would have achieved our target if occupational COVID-19 related days away from work were removed from the 2021 calculation.
Establish a risk-based approach to serious incident and fatality prevention programs by 2025.	In 2021, we finalized our new serious incidents or fatalities management process, integrated it within our incident management system tool and conducted initial testing. Implementation across the company is planned for early 2022.
Achieve 100% completion of required employee training on gifts and business courtesies and international business practices annually through 2025.	We achieved 100% completion of these two trainings for required employees.
Score at or below 35% of the total percentage of employees who observe misconduct within the past 12 months, but neither report it nor take action to address it by 2025.	Survey results indicate 29% of employees who have observed misconduct in the workplace in the prior 12 months did not report or take action to address it. We continue to encourage employees to take action and provide multiple contact methods for guidance and reporting. Lockheed Martin does not tolerate retaliation and this is communicated in training, policies and during contacts to the Ethics Office.
By 2025, 100% of artificial intelligence developers will have been trained in system engineering approaches to artificial intelligence ethical principles.	In 2021, we focused on defining our path and increasing awareness. A core team is working on artificial intelligence security and governance in collaboration with the Advanced Technology Laboratory. We mapped the principles and discussed how to integrate them within corporate policies. We also began building a playbook that contains the tools and information on how to ethically use artificial intelligence at Lockheed Martin. The training will be developed based on this playbook and is scheduled for beta testing in late 2022.

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

## Human Trafficking Supply Chain Risk Assessment Progress

As discussed above, we conduct an annual [Human Trafficking Supply Chain Human Rights Assessment](#). In 2021, we saw a decrease in both the number of suppliers in high risk regions, as well as a greater than 50% reduction in overall commitments in high risk regions.

## Industry Collaboration

Lockheed Martin understands that we can have a greater impact and solve complex problems when we work together with our Aerospace and Defense industry peers. This is especially true in the important area of human rights due diligence. This is why we are active participants in industry organizations that tackle this key issue. We are members of several international industry and ethics groups. These groups focus on raising the overall integrity of the Aerospace and Defense industry via collective action, and produce toolkits, principles and template documents for members to adopt, including materials on human rights due diligence and related supply chain issues.

These groups include the [UK's Institute of Business Ethics Defence Practitioners Group](#), the [ADS Business Ethics Network](#), the [International Forum on Business Ethical Conduct](#) and the [International Aerospace Environmental Group](#) (IAEG).

Specific to IAEG, in 2021, Lockheed Martin was a member of the IAEG Strategic Planning Committee which successfully expanded IAEG's scope to include all aspects of ESG. In 2022, Lockheed Martin has taken on a leadership role in IAEG's newly established Work Group 11 - Aerospace Industry ESG Engagement.

## Human Rights Impact Analysis

In order to fully assess the landscape of human rights impacts and ensure proper due diligence and integration into our enterprise risk management framework, Lockheed Martin is exploring existing human rights assessment and reporting frameworks for best practices most applicable to Lockheed Martin's objectives.

In 2022, we conducted a benchmarking of existing human rights assessments as defined by external guidance from human rights- focused organizations. Our goal was to understand the key elements, objectives and standard processes across the various reporting frameworks. Our findings indicate that these frameworks differ in methodology and purpose, as well as application across different industries. Our intent is to leverage this research as a base of knowledge to further refine our processes, taking into account the challenges and limitations of our industry and our own human rights policies and objectives.

## Conclusion

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





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