



LOCKHEED MARTIN

2020 Sustainability
Highlight Stories



Anti-Bribery and Corruption Controls

Evolution of Ethics and Compliance Training for Lockheed Martin Consultants

Lockheed Martin has always emphasized the importance of Ethics and Compliance training for our Business Development consultants; however, the manner in which our consultants have been educated on Lockheed Martin culture, policy and legal expectations has evolved over time. Originally, the Lockheed Martin business personnel responsible for managing the consultants' activities delivered this training. In order to improve the effectiveness of this training, since 2015 our International Regional Ethics Officers covering Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC) Regions started delivering in-person ethics and compliance training to consultants on a biennial rotational basis, alternating with due diligence and anti-corruption compliance discussions conducted by our legal team. In 2019, this direct training by a Lockheed Martin Ethics Officer was expanded to include in-person consultant training in Canada by our Canada-based Ethics Officer. In 2020, a further expansion saw our U.S.-based Ethics Officers also now delivering this training to U.S.-based international consultants. More agility and adaptation was required when COVID-19 emerged in March, and training was accomplished by Ethics Officers in a virtual environment. The ethics and compliance consultant training content is continually improved every year, and requires each consultant to sign an acknowledgement form confirming receipt of the training and their agreement to abide by the Lockheed Martin Code of Ethics and Business Conduct.

Customer Information Systems and Network Security

Pathfinder Table-Top Exercises

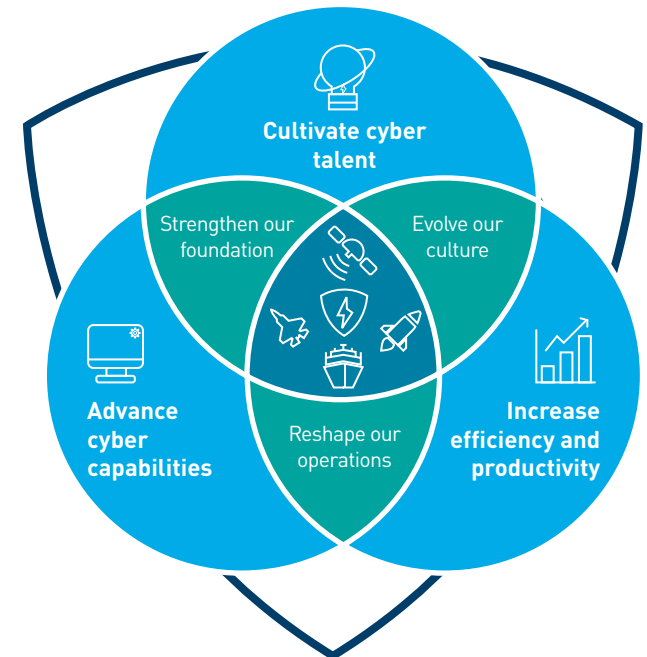
CIS and Missiles and Fire Control Information Security Office (MFC ISO) participated with the Terminal High Altitude Area Defense (THAAD) Program team along with Missile Defense Agency (MDA), OUSD, other U.S. Department of Defense (DoD) and non-DoD CMMC stakeholders in the three tabletop exercises (TTX). TTX-1 targeted the Request for Information (RFI) sub-process of the acquisition cycle, intended to identify and highlight any challenges or recommended approaches for DoD RFIs as they incorporate CMMC requirements into future contracts. TTX-2 focused on creating a mock Request for Proposal (RFP) to reflect what will be provided to industry. TTX-3 focused on identifying potential issues that could arise after or in conjunction with contract award for contracts with CMMC requirements, and developing recommended mitigation strategies for dealing with these eventualities. Feedback from participating stakeholders was that the events were successful in accomplishing objectives, and several highlighted recommendations were captured with action plans.



Lockheed Martin's Cyber Center of Excellence

Our customers are counting on us to help them move faster and drive innovation with greater agility. To maintain our position as the world's aerospace and defense leader, we recognized the need to accelerate our transformation for the digital age. New technologies like artificial intelligence, augmented reality, data analytics and networked factories have revolutionized the way we design, build and sustain our products. The hyperconnected nature of this technological revolution has created many new opportunities for greater efficiency and productivity, but it also has expanded the scope and reach of our activities that occur in and through cyberspace. To address the challenges of protecting and defending our products against increasingly sophisticated cyber threats, we launched the Lockheed Martin Cyber Center of Excellence (COE) in 2020.

Our Cyber COE fosters collaboration and drives innovation in advancing cyber capabilities to solve challenging problems. The Cyber COE leverages the collective talents our cyber community to work together on solving shared problems. Collaborative activities are designed to support three major objectives aligned to people, processes and technology. In 2020, the Cyber COE organized and led 21 collaborative initiatives to cultivate cyber talent, to increase efficiency and productivity and to advance cyber capabilities. Each of these activities were chosen for their value to our Business Areas in delivering innovative solutions for the purpose of helping our customers keep people safe.



Level 3 Enterprise CMMC Mock Assessment Success

As part of the Cybersecurity Maturity Model Certification (CMMC) Pathfinder project, Lockheed Martin in late July 2020 participated in a CMMC mock assessment. The mock assessment provided an opportunity to exercise many different assessment stages: training the assessors, preparing for an assessment, using assessment evaluation materials, conducting a mock CMMC assessment and scoring a mock assessment. This CMMC Level 3 mock assessment focused on the 20 new security practices from CMMC and the 3 maturity processes for Level 3 Certification. Lockheed Martin passed the mock assessment, and the experience gave us the opportunity to have a two-day dry run as preparation for our official assessment.



CMMC Industry Collaboration

Lockheed Martin is playing a lead role in the CMMC Working Group, which is comprised of the Office of the Under Secretary of Defense (OUSD), Johns Hopkins Applied Physics Lab (APL), Carnegie Mellon Software Engineering Institute (SEI) and the Defense Industrial Base Sector Coordinating Council (DIB SCC; collectively led by BAE Systems, Boeing, Lockheed Martin, Northrup Grumman and Raytheon) to further define practices and the implementation model.



Intelligent Factory Framework (IFF)

As the Industrial Internet of Things (IIoT) continues to mature, Lockheed Martin manufacturing lines are quickly adopting more network connected IoT devices. With this influx of devices comes increased capability and the promise of more efficient management of manufacturing capacity and device life-cycles, while leaning our manufacturing work flows. However, enabling this capability introduces cyber risks to maintaining our most critical shop floor operations. The Intelligent Factory is Lockheed Martin's edge compute platform that secures, scales and standardizes device connectivity. We are using modern platform techniques including application programming interfaces (APIs), machine learning and software defined networking where machines across the company automatically report on their status in real-time. The information is used to avoid production issues, improve efficiencies and gain new visibility around operational equipment metrics from concept to product. Through 2020, Lockheed Martin deployed the IFF to 7 sites with manufacturing operations and enabled 185 IIoT devices. Heading into 2021, Lockheed Martin plans to rapidly expand coverage of our facilities and the devices supported by the gateway.

Diversity and Inclusion

Celebrating Diversity in STEM

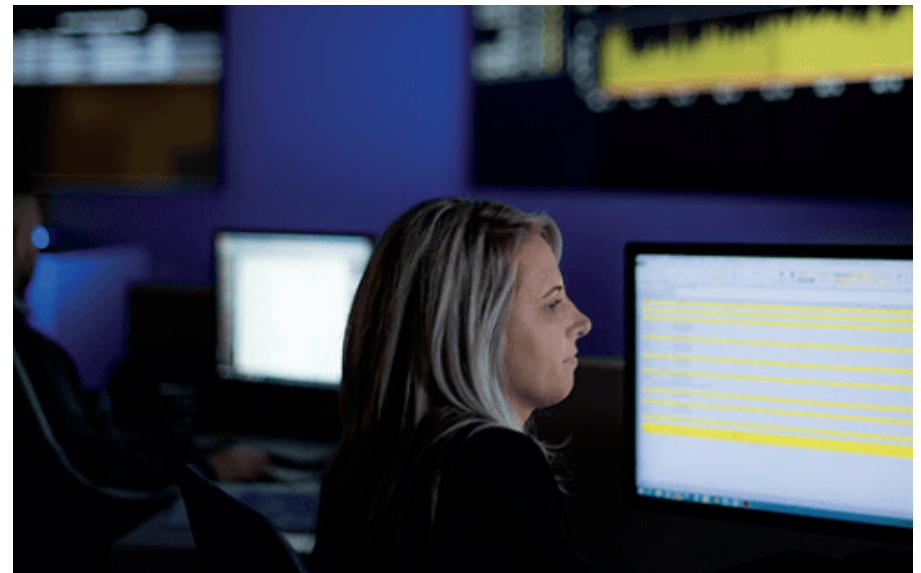
Lockheed Martin is a long-time charter co-host of the Black Engineer of the Year Awards (BEYA) STEM Conference, attracting students and professionals in STEM fields and offering opportunities for career development and recruitment. Lockheed Martin award recipient Audrell Samuels attended the conference and led a workshop for 360 pre-college students to inspire and encourage them to pursue STEM careers. The conference is also an exciting opportunity for employers and prospective employees; during the 2020 BEYA conference, employers conducted 576 interviews and made 118 same-day offers, an increase from the 321 interviews and 71 same-day offers from the year before.



Employee Privacy and Data Protection

Women in Cybersecurity

Lockheed Martin is proud to serve as a strategic partner with [Women in CyberSecurity](#) (WiCyS). WiCyS is a non-profit 501(c)(3) membership organization dedicated to developing a robust cybersecurity workforce with gender equality by facilitating recruitment, retention and advancement activities for women in cybersecurity. Through this strategic partnership, we support year-round activities and help women achieve their career goals in the cybersecurity field. Lockheed Martin works together with WiCyS to help provide a global community of engagement, encouragement and support for women at all stages of their cybersecurity careers. Whether women are students considering a career in cybersecurity, veterans transitioning from the military to civilian workforce or experienced leaders in the workforce, we provide tangible benefits through an extensive network of world-class cybersecurity professionals. We leverage our strong relationships with academia, industry and government to help bring together women and allies in offering opportunities for mentoring, networking, learning, career development and support.



Energy and Carbon Management

Waste Reduction at Lockheed Martin

Our waste program is focused on reducing total waste using the management hierarchy modeled after the EPA waste management pyramid. Actions and improvement activities for our operations are prioritized based on the minimization of impact and responsible management of materials. In 2020, the Go Green Waste Metric Scorecard was developed to track the progress of the external waste metric and the internal key program objectives. These objectives include specific activities that further advance improvement in hazardous waste management, management of construction and demolition materials, employee engagement/recognition and external certifications. All of our efforts are governed by our policy on waste disposal and recycling. Lastly, we have a corporate-sponsored program to address employee e-waste, which collected over 60,000 pounds in 2020.



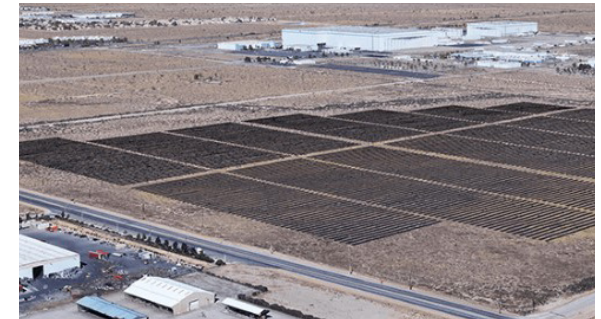
Lockheed Martin ENERGY STAR Partner of the Year

Every October, Lockheed Martin celebrates Energy Awareness Month to bring attention to the role that energy plays in our work. The Aerospace manufacturing industry constitutes only three percent of the 26 quadrillion thermal units of energy that the entire U.S. industrial sector consumed in 2019. In aerospace terms, that 26 quadrillion thermal units of energy is equivalent to a fully fueled C-130J Super Hercules taking off almost 2 million times. In 2020, we also developed new goals to reduce carbon intensity emissions by 70 percent by 2030 and reduce energy intensity use by 14 percent by 2025 against a 2015 baseline, making energy efficiency an essential component of our environmental stewardship strategy. We are proud that the U.S. Environmental Protection Agency (EPA) recognized Lockheed Martin twice as ENERGY STAR Partner of the Year for Industrial Energy Management, the highest level of EPA recognition. As we work towards our 2025 and 2030 energy goals, we continue to identify and prioritize efficiency opportunities to work smarter with less energy.



Increasing Renewable Energy

In 2020, Lockheed Martin approved a plan and started work on a 20-megawatt, on-site, single-axis tracking photovoltaic system at our Palmdale, California facility. Once completed, this will be one of the largest "behind the meter" installations in the United States. Additionally, our Fort Worth site entered into an agreement to purchase power generated by a 15-megawatt solar facility in west Texas over a 15 year period. That system is expected to go live in 2021.



ESH Excellence Awards

The Lockheed Martin ESH Excellence Awards is an annual, company-wide program run by the Corporate Environment, Safety & Health (CESH) team. The program aims to recognize projects or teams that have made a significant contribution to the business through their dedication to improving performance. We encourage employees to submit their accomplishments from the past year in categories such as superiority in customer satisfaction, leadership, tools/processes that improve efficiency and affordability. We specifically look for a connection between the employee success story and broader Lockheed Martin efforts, including Go Green, Target Zero, innovation and compliance. In 2020, employees submitted 40 projects for consideration.

Identification of Water-Stressed Facilities and Water Performance

Our new Go Green goals shift our focus from across-the-board reductions to zeroing in on sites located in water-stressed regions. Using the Aqueduct Water Risk Atlas, we have identified our sites in the highest water-stressed regions today and those predicted to be in water-stressed regions out to 2040. That data is used to prioritize and execute site water balances and associated water conservation activities. Based on preliminary analysis of water performance across our Business Areas, we have identified several major sites with significant year-over-year reductions. We are working with these sites to understand their reduction drivers.



Identifying Energy Efficiency Opportunities

We consistently assess our operations and work in search of opportunities to improve our energy efficiency and reduce our resource consumption, GHG emissions and costs. One example of these efforts in 2020 is the completion of a multi-year project to upgrade to all LED lights in the main F-35 production building at our Fort Worth site. We completed this project without impacting the F-35 production rate, and we significantly decreased our energy use and improved the lighting in the production area. Another example is a multi-stage project at our Grand Prairie facility, which focused on installing automatic temperature setpoint adjustments and HVAC occupancy sensors to reduce our electricity usage.



Earth Day

With the onset of the pandemic, our plans to hold over 90 Earth Day events across the company in 2020 to commemorate Earth Day's 50th anniversary were disrupted and postponed. Staying true to our innovative and problem-solving culture, we instead coordinated a series of virtual events to coincide with the 50 ½ anniversary of Earth Day on October 22, 2020. The celebration offered a variety of ways to participate including webinars, photo contests, sculpture building from recycled materials and lunch and learn events. One corporate-wide event included a leadership panel session and a guest speaker dissecting climate change impacts on business and society. All events aimed to inspire and encourage individuals to take actions towards a sustainable future. As a direct result, no bigger statement could have been made than by the participation of hundreds of employees coming together in adverse times echoing a unified motto of "My Actions Have Big Impacts!"

Climate-Related Risks and Opportunities

At Lockheed Martin, climate-related risk and opportunity drivers can impact our long-term resiliency as a leader in global security and aerospace. We believe it is our responsibility to understand and actively address these drivers to foster a strong business model for the future. In 2020, we released our first Task Force on Climate-related Financial Disclosures (TCFD)-aligned report on climate-related risks and opportunities. This report reflects our 2020 responses to the Dow Jones Sustainability Index (DJSI) and CDP, and our continuing research on how physical and transitional climate-related risks may impact us in years to come. Our qualitative climate-scenario analysis and risk assessment is based on two possible futures—one that limits global temperatures rising no more than 2 degrees Celsius (°C) by 2100, and another where global temperatures exceed 2 °C by 2100. We evaluated climate-related risk drivers within the parameters of each scenario and assessed qualitatively the likelihood and impact of these risk drivers on our facilities, production operations, supply chain and workforce. Please visit our [ESG Portal](#) to learn more about our 2020 disclosure, including the assessment results, implications and next steps.



Chemical Stewardship at Lockheed Martin

Lockheed Martin's Chemical Stewardship program outlines the business strategy and supporting processes that reduce risks associated with expanding global product and process chemical regulations and the use of hazardous chemicals. 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. Our Chemical Stewardship program helps improve visibility of chemicals contained in our products and processes and enables engineers to more efficiently select parts and materials that do not contain hazardous chemicals. Lockheed Martin prioritizes the research and development (R&D) needs for material replacement projects across programs, with emphasis on projects that include non-chromated coatings and that reduce the use of materials containing cadmium and volatile organic compounds (VOCs), while ensuring customer and performance requirements are met. Additionally, effective internal partnerships have been recognized as key to successful chemical stewardship, driving collaboration among Engineering, ESH, Global Supply Chain Operations and Enterprise Risk and Sustainability. We partner with universities and industry groups to advance R&D efforts for replacement technologies. For example, we are continuing to work with the University of Massachusetts Toxic Use Reduction Initiative (TURI) group to test alternatives for hexavalent chromium conversion coatings. We are advancing our capabilities in order to reduce risks, inform design and enhance product sustainability.

2020 Air Force and Secretary of Defense Awards for Environmental Excellence in Weapon System Acquisition

F-35 ESH and Materials and Processes, in cooperation with Production, Sustainment and subcontractors, have been successful integrating chemical replacement projects on the F-35 program. Pollution prevention and chemical replacement projects are actively worked (starting with comprehensive lists of chemicals used in all hardware) to reduce or eliminate hazardous materials like hexavalent chromium, cadmium and others. Building off existing non-chromated structural primers in use since 2008, non-chromated fuel tank coatings and fuel tank touch-up coatings are now approved for F-35, which significantly reduce the amount of hexavalent chromium on the aircraft and reduce exposure to aircraft maintainers. Additionally, non-chrome pretreatments are under investigation. A cadmium-free plating is also in the process of implementation for landing gear and the leading edge flap assembly. Other ongoing replacement projects include isocyanate-free topcoats, methylene chloride free paint strippers and many others. These efforts improve F-35 sustainability, reduce customer maintainers occupational exposure to chemicals and harmonize with customer goals for hazardous materials elimination. The customer recognized these accomplishments by awarding Lockheed Martin and the F-35 Joint Program Office the 2020 Air Force and Secretary of Defense awards for Environmental Excellence in Weapon System Acquisition.



Ethical Governance and Leadership

Raising the Bar: Lockheed Martin Annual Ethics in Engineering Case Competition

Reaffirming our commitment to business ethics, we held our third annual "Ethics in Engineering Case Competition" in 2020. Student teams majoring in engineering or business from 21 colleges and universities presented their resolution of a case involving ethical, business and engineering dilemmas in AI, machine learning (ML) technology and large-scaled data analytics. This year's case involved potential data bias within a fictional disaster relief startup's AI and ML technology, and was won by the Brigham Young University team competing against Virginia Tech in the final round. The competition also included hands-on opportunities for visiting students to learn about Lockheed Martin, its technologies and the role of ethics at Lockheed Martin.



Global Infrastructure Needs

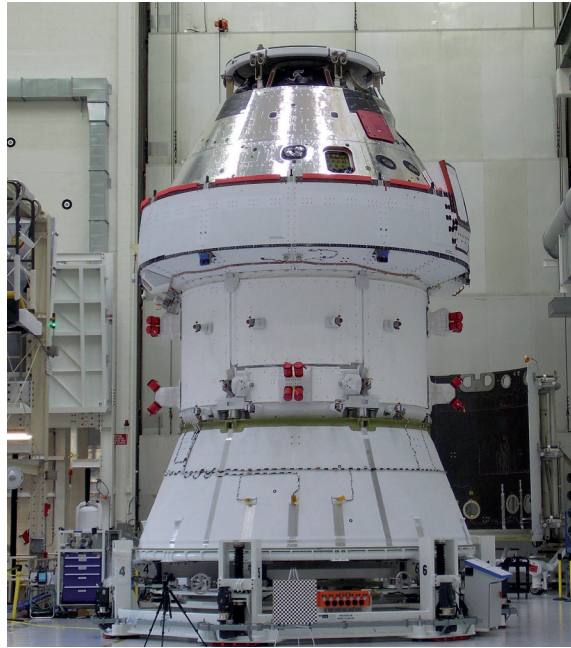
Protecting NASA's Mars 2020 Mission

NASA's newest Mars rover, Perseverance, was enclosed in our carefully designed aeroshell to protect it during its seven-month deep-space flight and atmospheric descent. Our aeroshell is the largest built for a robotic mission, and will protect the rover against the extreme heat and high speeds it will encounter as it enters the planet's atmosphere. The Perseverance rover will study the geology of Mars while searching for past microbial life, and will debut the first helicopter designed for another planet. Alongside Jet Propulsion Laboratory, we also designed the Mars helicopter delivery system that will deploy the helicopter for autonomous flight testing on the Red Planet. This lightweight system uses four pyrotechnic separation events during deployment and protects the helicopter from debris with a composite debris shield.



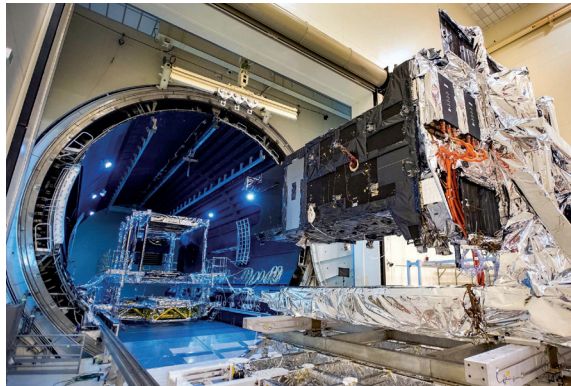
Orion: Lockheed Martin and NASA Partnering to Bring Humans Deep into Space

Orion is the National Aeronautics and Space Administration's (NASA) spacecraft that will take humans deep into space. No other spacecraft in development has the technology needed for the extremes of deep space, such as life support, navigation, communications, radiation shielding and the world's largest heat shield that will protect astronauts and help return them safely home. Lockheed Martin is the prime contractor building Orion. The first spacecraft delivered on this contract, Artemis III, will carry the first woman and next man to the Moon. Orion is a critical part of NASA's Artemis program to build a sustainable presence on the lunar surface and to prepare us to move on to Mars. From its inception, Orion was designed to visit a variety of destinations in our solar system. Whether in orbit around the Moon, on a three-year mission to Mars, or even other near-Earth bodies such as asteroids, Orion has unique capabilities that are needed beyond shorter missions to the International Space Station in a low-Earth orbit.



Lockheed Martin's Fourth GPS III Satellite Improves GPS Connectivity

In September 2020, Lockheed Martin's fourth GPS III satellite launched into space, delivering three times more accuracy and up to eight times improved anti-interference power over those in existing constellations. This satellite will help meet global infrastructure needs by improving GPS connectivity for the U.S. Air Force and civilian users. Now operational, this satellite is the 23rd of 24 satellites required for global coverage, and is equipped with upgrades to protect against signal jamming.



Innovative Idea Inspired by Nature

As part of the Skunk Works® Sustainable Design Program, a team of our aeronautical engineers developed an innovative, bio-inspired solution to the common issue of biofouling. Biofouling is the buildup of barnacles and microorganisms on ocean-going vessels, and it increases drag, decreases ship fuel economy and contributes to high maintenance costs. Ocean vehicles typically use anti-fouling coatings to prevent this buildup, but these coatings can leech heavy metals into the ocean, which can negatively impact ocean ecosystems. Inspired by the sea snake's ability to mitigate biofouling growth by organically shedding its skin, our team developed a multilayered film (patent pending) that would allow ocean vessels to safely and sustainably remove biofouling growth for a fraction of the cost and required maintenance time. Further efforts are needed to implement the biofouling film technology, but we are proud of this example of customer-centered innovation and out-of-the-box thinking.



FIREHAWK®: Lockheed Martin's Helicopter Designed for Wildfire Response

Lockheed Martin designed the Sikorsky FIREHAWK® aircraft to endure the unrelenting physical stress demands of aerial firefighting and utility missions. The FIREHAWK® Helicopter supports the courageous firefighters who respond to crises by minimizing time spent in transport between water and fuel sources, and maximizing time spent at the fire. This aircraft's game-changing capabilities push the boundaries of aerial firefighting and help operators ensure they bring people home—everywhere, every time.

Biofilm Corrosion Protection

Corrosion of aircraft materials and components is a major challenge to keeping aircraft flight ready and requires enormous costs to repair or replace the affected components. Currently, many anti-corrosion coatings contain chromium, which can be harmful to both workers and the environment, requiring strict protocols for handling and remediation. A team of scientists and engineers out of Lockheed Martin Skunk Works® recognized this problem and has been working to develop a novel, bioinspired chromium-free coating based on calcite films found in nature in leaf-cutter ants and marine organisms. If successful, this new film could be game changing for anti-corrosion applications, with the potential for significant cost savings while mitigating environmental and safety and health risks.



Product Safety

Integrating Safety Controls in Battery Monitoring

At Lockheed Martin, we are leveraging our innovative research and development (R&D) capabilities to improve lithium-ion battery storage safety and future battery designs. Battery fires can result from damage or mishandling, but they can also be spontaneous and may result in personal injury or damage to nearby products. Our research aims to improve the detection and prevention of lithium-ion battery thermal runaway during battery storage, production, transport, testing and operation. By integrating low size, weight and power wireless network monitoring devices at the battery cell level, we can detect failure early and notify users if any cells are approaching hazardous conditions. The use of low size, weight and power commercial off-the-shelf (COTS) electronics makes our solution significantly cheaper, resulting in minimal implementation costs for a larger number of products and units. Data from these devices also provide opportunities to study the root causes of battery failure and improve battery designs in the future.

Elements of an Effective Safety Management System

Safety Policy

We define management commitment and objectives, and establish a framework of organizational structures, accountabilities, plans, procedures and controls to meet the objectives.

Safety Risk Management

We conduct initial and continuing identification of hazards, analysis and assessment of safety risks and development and implementation of effective and appropriate mitigations and safety risk controls throughout the product/system life-cycle.

Safety Assurance

We assess the performance and effectiveness of risk controls and ensure that risk controls perform in a way that continue to meet their safety objectives. This is accomplished through data collection, tracking and analysis to determine that requirements are being met, and investigate accidents and safety non-compliances for causation and lessons learned.



Responsible Sales

Lockheed Martin's Human Rights Policy

Our Human Rights Policy and Principles

As outlined in our Good Corporate Citizenship and Respect for Human Rights Policy, at Lockheed Martin, we believe that respect for human rights is an essential element of being a good corporate citizen. Our commitment to respect human rights underlies Setting the Standard, the Lockheed Martin Code of Ethics and Business Conduct and our stated values—*Do What's Right, Respect Others and Perform with Excellence*. This commitment applies to all employees, the Board and others who represent or act for us. Our Human Rights Policy includes the following principles:

- Support human rights by treating employees with respect, promoting fair employment practices, providing fair and competitive wages, prohibiting harassment, bullying, discrimination, use of child or forced labor, or trafficking in persons for any purpose.
- Uphold the laws applying to our business, wherever we operate.
- Seek to minimize the negative consequences of our business activities and decisions on our stakeholders, including by minimizing harm to the environment and conserving natural resources, promoting workplace safety, ensuring accuracy and transparency in our communications and delivering high-quality products and services.
- Contribute to economic and social well-being by investing our resources in innovative products and services, supporting charitable, philanthropic and social causes, participating appropriately in political affairs and public debate to advance and advocate our values (including engaging our customers to balance appropriately the sale and use of our technology against national and international interests) and promoting efforts to stop corrupt practices that interfere with markets, inhibit economic development and limit sustainable futures.

Board Oversight of Human Rights

The Board, through the Nominating and Corporate Governance Committee, reviews and monitors the Corporation's policies and procedures regarding corporate responsibility and human rights and our compliance with related laws and regulations. Business Integrity is one of the core issues in our Sustainability Management Plan and the Nominating and Corporate Governance Committee receives regular reports from our Senior Vice President, Ethics and Enterprise Assurance on how we are implementing our Sustainability Management Plan, which includes goals with respect to human rights.

Our Human Rights Due Diligence Approach

Our human rights due diligence processes are embedded within our operating and decision-making practices and procedures and do not exist as a stand-alone procedure.

- We have robust procedures to ensure that new contracts meet our standards and values. Prospective commitments are reviewed to ensure that they fit our strategic direction, will uphold our reputation and are structured for successful technical and financial performance. Each Business Area has implemented proposal review and approval procedures that evaluate risks, and which can result in a decision not to bid at all. Proposals that involve the pursuit of an opportunity related to certain types of products or programs that carry increased reputational risks require review of a multi-disciplinary corporate review committee that is chaired by our CFO and COO and includes our Senior Vice President, Ethics and Enterprise Assurance, who reports to the Nominating and Corporate Governance Committee as described below. In 2020 we also formed a Weapons Review Council at our Missiles and Fire Control Business Area. This Council thoroughly reviews products and activities that may potentially raise human rights issues.
- We also conduct risk-based anti-corruption due diligence, which may be subject to audits, before entering into relationships with third parties, including consultants. We require international consultants to undergo training on our Code of Conduct and associated business conduct and anti-corruption policies. We will walk away from business rather than risk violating these anti-corruption laws and our corporate values.
- Our robust trade compliance program is designed to ensure that sales of our products are conducted in accordance with all international trade laws and regulations of the U.S. and each foreign country in which we operate.
- We provide oversight of our standards and controls by providing mandatory training to our employees and trusted grievance mechanisms, providing resources and support to our suppliers and aligning the interests of employees and suppliers within established frameworks. Formal and informal stakeholder engagement is an integral part of our business. We continue to encourage our employees, suppliers and the general public to report potential human rights violations through our anonymous ethics helpline.

F-35 Program and International Trade Compliance

The F-35 program is supported by over 1,900 suppliers worldwide. Lockheed Martin's international trade compliance teams manage over 500 regulatory authorizations, and certify hundreds of applicable exemptions and exceptions that together facilitate tens of thousands of F-35 related export/import transactions yearly.

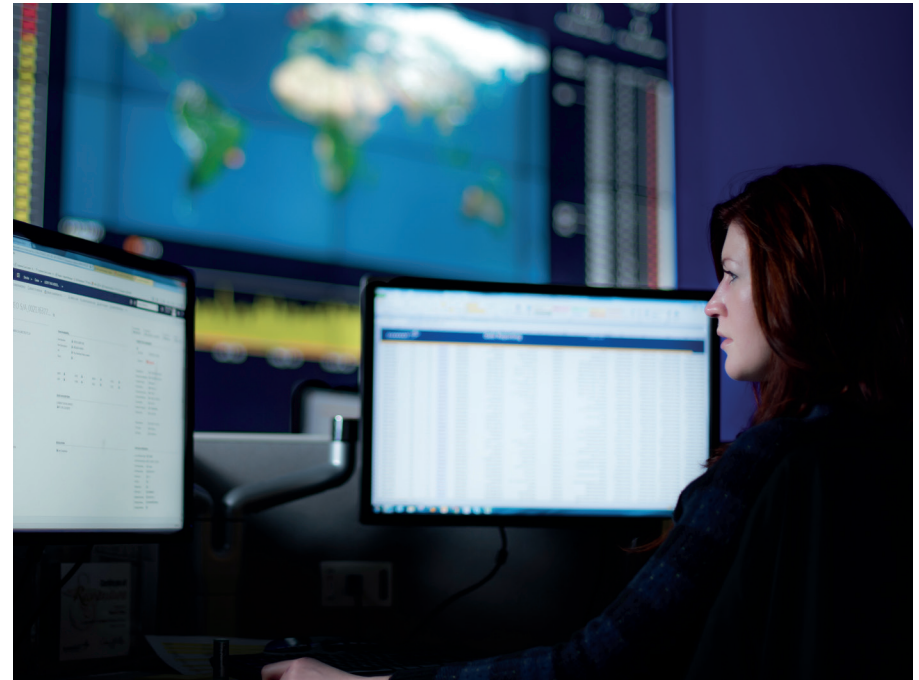
Sensitive Data and Intellectual Property

Insider Threat Awareness Campaign

In 2020, the Lockheed Martin Space Counterintelligence team launched a video campaign to raise employee awareness and engagement on the topic of insider threats. The videos aim to explain the concept of an insider threat, how to identify related behaviors and risk indicators and how each individual can contribute to insider threat prevention efforts at the company.

Corporate Email Testing Program

The Lockheed Martin CIS team began its internal email testing program for phishing randomly selected employees ten years ago. Focused Phishing is a new program to identify and test vulnerable employee populations based on real-time threats and provide tailored awareness such as the risks of supplier compromise. This more in-depth testing focuses on awareness and providing tailored test content, training and actionable follow-ups.



Supplier Conduct

Supporting Suppliers During COVID-19

At the onset of the COVID-19 pandemic, Lockheed Martin began close collaboration with the DoD to identify ways to provide critical financial and operational support to small business suppliers. One solution identified was for the DoD to increase the rate of progress payments to contractors, including Lockheed Martin, so that contractors could in turn flow these additional payments to their supply chain. After the increase went into effect, we flowed down all of the increased progress payments received in 2020, giving priority to small and vulnerable suppliers. The objective was to get cash in the hands of the businesses to provide stability and security in a time of uncertainty due to the pandemic. Throughout the pandemic, we helped ensure a healthy supply base, accelerating payments to more than 10,100 suppliers, including nearly 6,200 small businesses across all 50 states, the District of Columbia, Puerto Rico and 47 nations. In addition to flowing down the increased progress payments, Lockheed Martin accelerated cash to supply chain partners by paying invoices ahead of the negotiated payment terms.

For Lockheed Martin small business suppliers, we leveraged our insights and industry-wide network to rapidly make resources available and spotlight actionable sources of



support during the COVID-19 pandemic. Through webinars and email publications, we provided small business suppliers ways to leverage valuable information, access options for COVID-19 relief and connect them with customer-led efforts to discover new opportunities. Those resources are geared towards assisting suppliers during these unprecedented times.

Preparing Suppliers for Compliance with New Cyber DFARS Rules

Lockheed Martin depends on a shared commitment with our suppliers to protect the sensitive information that supports delivering on critical customer missions. Three new regulations in the Defense Federal Acquisition Regulation Supplement (DFARS) will further define contractor obligations to protect DoD Controlled Unclassified Information. In response, Lockheed Martin hosted training webinars on the new rule attended by more than 1,500 suppliers. From the webinars and a dedicated resource account initiated in October 2020, we have fielded hundreds of questions and published a supplier Frequently Asked Questions (FAQs) document. In addition, Lockheed Martin surveyed our suppliers to assess risk and preparedness, which resulted in insights on when needed suppliers will be Cybersecurity Maturity Model Certification (CMMC) Level 3 ready.



Assessing Human Trafficking Risks in our Supply Chain

Our Global Supply Chain Operation's team conducted its first-ever Human Trafficking Supply Chain Assessment based on the U.S. Department of State Trafficking in Persons Report in 2019. Since then, we expanded the input sources and have developed a visual dashboard that maps Lockheed Martin's human trafficking risk across its supply chain. We will continue monitoring emerging global legislation as we advance our preventative approaches, and are working to integrate Transparency International's Corruption Perception Index and Conflict Mineral data from our annual due diligence process to provide additional perspectives.



Talent Development

Training Aspiring Locals to Engineer a New Tomorrow

In 2020, the Manassas T.A.L.E.N.T. (Training Aspiring Locals to Engineer a New Tomorrow) program reached apprenticeship status. The program capitalizes on the ever-increasing level of technical expertise that individuals are developing prior to college through high school career and technical education programs and programs like Project Lead The Way, a Lockheed Martin science, technology, engineering and mathematics (STEM) partner. T.A.L.E.N.T. provides a full-time job with training, mentoring and hands-on-experience to capable high school graduates that are not immediately entering a four-year college. To learn more about Lockheed Martin apprenticeship opportunities, please visit our [Apprenticeships website](#).

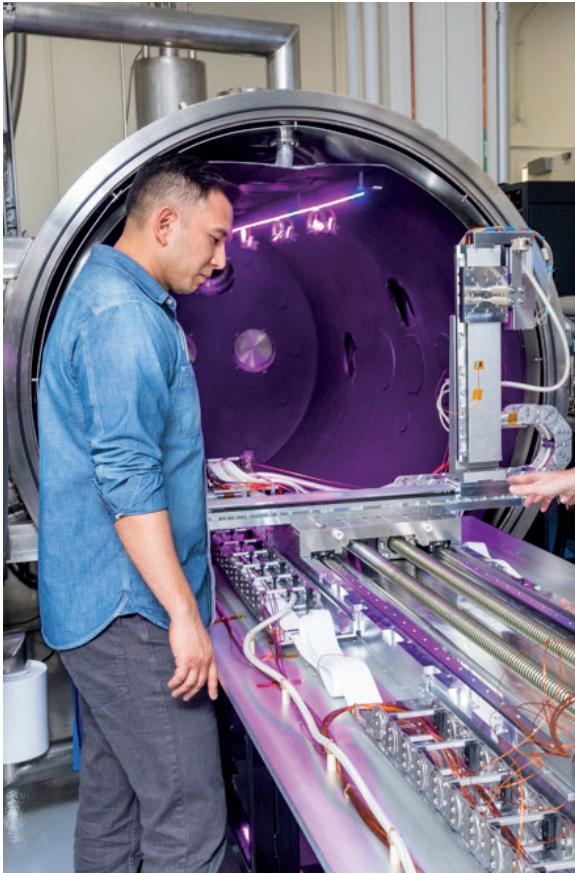
Remote Working Resource Center

Working in conjunction with the Remote Work Task Force, Lockheed Martin established the Remote Working Resource Center, which provides articles, best practices, tutorials and other guides to support the mindset, toolset and skillset that contribute to productive remote working. Employees can explore resources targeting individual performance, team dynamics and effective remote leadership. We partnered with each Business Area to collect resources already in circulation, and we added them to our collection of Executive Leadership Development resources. The Remote Working Resource Center includes a set of Frequently Asked Questions (FAQs), a roadmap for first-time visitors and a link to the Remote Working Slack Channel.



Preparing Students for Careers in Software and Cybersecurity

One program we use to build our talent pipeline and set students up for success is our Software Associate Degree Program (SWAP). We designed this three-year program to attract, develop and retain early career technical professionals in software and cyber-related industries. The program accepts students while they are working toward their associate degree to accelerate the clearance process and prepare candidates to join Lockheed Martin after graduation. Lockheed Martin currently offers SWAP through seven community college partners, and we are planning to expand its reach.



Atlas Learning with Career and Competency Integration

Lockheed Martin is working to optimize the Career Development Experience for employees. The vision is to have careers that provide meaningful experiences where employees own their career paths and discover opportunities to enable our mission and fuel our future growth. A key part of that journey was the replacement of Lockheed Martin's current end-of-life Learning Management System with a modern, rich learning experience that not only efficiently manages compliance and certifications, but helps employees achieve all their learning and development goals. As an overall integrated system connecting a wide range of rich formal and social learning content with career development tools, Lockheed Martin employees can plan their careers and grow their skills all in one place. To date since our August launch, we have had 100 percent of our employees leverage the new Atlas Learning tool and 40,000 participate in learning cohorts or knowledge sharing groups through our social learning tool Atlas Connect.



Critical Skills Development Pathways

Lockheed Martin created Critical Skills Development Pathways (CSDP), a program targeting employees with adjacent skills, to prepare for current and emerging critical roles, starting with a focus on Cybersecurity, Artificial Intelligence (AI), Autonomy and Data Science. CSDP currently includes 153 learning pathways and empowers employees to target their individual needs, fill skill gaps and accelerate their professional development. Pathways include courses from vendors such as Coursera, as well as curated university courses from institutions such as Stanford, Johns Hopkins, University of Maryland and Penn State. To support agile skill development, Lockheed Martin employees are now able to receive college credit and continuing education units without having to enroll in a full degree or certificate program. Through continued engagement with the Digital Transformation Program, Lockheed Martin is leveraging and developing pathways in areas of Software Factories, Model-Based Engineering, Data Literacy and Intelligent Factories, to name a few.

Since CSDP launched in November 2019, more than 1,000 courses have been completed, which were advertised to 1,120 employees in targeted roles in all Business Areas. CSDP is now expanding into a larger effort to address Critical Skills more holistically across Lockheed Martin and expand further. Pathways are also being mapped to Lockheed Martin career competencies and paths, connecting skill development with career advancement.

Talent Recruitment

Lockheed Martin's Vocational Scholarship Program

In 2020, we launched a Vocational Scholarship Program to support 150 individuals annually pursuing vocational training. Scholarship recipients receive a \$6,600 stipend to fund degrees at accredited vocational-technical schools in preparation for careers in technology or advanced manufacturing. The program is aimed toward learners of all ages and demonstrates Lockheed Martin's commitment to prepare workers at every level for the competitive challenges of the modern global economy.

Lockheed Martin Serves

In 2020, in response to the challenges introduced by the COVID-19 pandemic, we launched the Lockheed Martin Serves program in support of the U.S. military community. Lockheed Martin Serves aims to accelerate hiring pathways for military members transitioning into the civilian workforce, military spouses and veterans. In 2020 we conducted 217 interviews, extended 71 offers and received 56 accepts from the military community through this program.

Lockheed Martin Interns Go Virtual

The COVID-19 pandemic created many unique challenges and opportunities for people around the world, and our summer internship program was no exception. During the summer of 2020, Lockheed Martin welcomed 2,600 summer interns to gain real-world experience on a variety of projects, with the majority of our interns taking on a virtual role. Despite being virtual, Lockheed Martin offered interns a plethora of engagement activities that included virtual "coffee" breaks with Vice Presidents, a professional development executive speaker series and a mentor match program to further support their career development. Across the enterprise, we celebrated National Intern Day—a day dedicated to recognizing the hard work of our interns via tokens of appreciation, events and talent shows.

In one of our Business Areas, interns wrote 503 thank you letters for emergency medical personnel, healthcare providers, first responders and deployed troops and National Guard. Their efforts supported Operation Gratitude with the mission to lift the spirits and meet the evolving needs of our active duty, veterans and first responders. In another Business Area, interns used Lockheed Martin's professional flight simulation software, Prepar3D, to work through all the stages of product development and see the effects of their decisions through virtual collaboration with other interns. These projects and events allowed interns to remain collaborative and challenged, preparing them with experiences to use later in their careers.



HBCU Connects

In the summer of 2020, Lockheed Martin held a series of virtual events with 16 Historically Black Colleges or Universities (HBCUs), connecting with both the STEM and Business students. There were four main priorities for these outreach events: answer questions concerning the STEM and business fields at Lockheed Martin, connect students from multiple HBCUs to grow the student's networks, provide recruitment advice including resume and interview tips and continue the conversation around the social justice movement. In addition, the team extended the concept of this HBCU Connects series to some of our fall events by hosting a Diversity Panel. These outreach efforts resulted in positive feedback from the participants around Lockheed Martin's commitment to hiring a diverse workforce and inclusive culture.



Total Cost of Ownership

Sikorsky X2 Technology

Lockheed Martin is rising to meet the needs of the U.S. Army's high-speed requirements for its Future Vertical Lift helicopters—which will replace the Sikorsky Black Hawks currently used—by deploying Sikorsky helicopters with X2 technology in the competition. Our X2 technology not only enables operation at high speeds, but also at low altitudes with supervised autonomy—on-board algorithms and software that assist the pilot with flying the aircraft under these conditions. This also helps avoid detection. Core to these requirements are speed and the ability to execute the full mission within a high threat environment, high survivability and helicopter maintainability and sustainment. Inspired by our proactive maintenance technology in vehicles, our X2 aircrafts also use sensor technology to self-monitor and predict future maintenance requirements. By integrating self-monitoring functions, we are fully leveraging digital transformation and model-based design and maintenance to reduce operating and maintenance costs for our customers by more than half.



Digital Design Reduces Costs, Increases Efficiency for Future Vertical Lift Helicopters

Building on other Sikorsky aircrafts, we are proudly harnessing the power of a fully model-based digital environment to develop our Future Vertical Lift Program, which will support the fleet readiness of the U.S. Army's next-generation helicopters. These innovations will reduce cost throughout the development, acquisition and sustainment phases and enable rapid deployment of future capability enhancements to the entire helicopter fleet. Leveraging aspects of digital transformation—such as automatic data collection, performance analysis and maintenance alerts—allows us to improve safety and quality, while also reducing risk. The combination of our innovation, expertise and digital transformation modeling and tracking tools result in a better product for our customers.



Workplace Safety and Wellness

Promoting Ergonomics in Remote Work

Lockheed Martin is committed to protecting the health and safety of our employees, both in our facilities and at work in their homes. With the transition to remote work due to COVID-19, we encourage our employees to take the proper precautions in their individual work-from-home environments to keep them working safely and efficiently. Lockheed Martin provides employees with ergonomics guidance for health and safety, and employees can self-evaluate their workspace by using ErgoSuite on their own computers. ErgoSuite is a software solution with features such as coaching to encourage brief breaks, stretching and movement; guided self-evaluations; and education on ergonomic principles. Resources provided to employees in 2020 included workstation set-up posters, mindful ergonomics infographics and guidance on makeshift standing workstations, working from a couch and sitting at a fixed-height table.



Lockheed Martin 2020 COVID-19 Safety Moments Video Series

Lockheed Martin implemented a strategic and integrated communications plan, completed extensive communication campaigns and supported employee engagement activities throughout 2020. The ambitious 2020 Target Zero Communication Campaign transitioned traditional safety and health “Zero in on Safety” content to communications that addressed the corporation’s greatest safety and health challenge: COVID-19. The COVID-19 Safety Moments video series delivered entertaining educational videos driving awareness on infection control measures and available resources. The aim was to reinforce appropriate employee actions during the pandemic, foster employee engagement and counter COVID-19 misinformation. Employees enjoyed the content so much that Lockheed Martin made it available externally so that employees could share the videos with their friends and family.



2020 Ergo Cup Competition

The Lockheed Martin Corporate Environment, Safety & Health (CESH) team sponsored the 7th annual Ergo Cup Competition in 2020. The competition fosters ideas for new ergonomic practices and processes to minimize ergonomic stressors experienced in the workplace. Employees from all Business Areas are encouraged to submit their ergonomic innovations. One such innovative project submitted was the CH-53K Landing Gear Installation Tool.

The CH-53K King Stallion helicopter, Lockheed Martin's new heavy lift aircraft, began its low rate production in the summer of 2019. The size and complexity of this rotary-wing aircraft, which is the largest in production at Lockheed Martin, presented opportunities for technological changes to the assembly line in Stratford, Connecticut, that are improving production and reducing ergonomic risk inherent in the build process.

One identified opportunity involved the installation of the aircraft's landing gear. The legacy process required multiple mechanics to support the 400-pound landing gear while aligning and securing it into position. In addition to the weight, the landing gear was installed in a confined space beneath the aircraft, putting the installers under significant physical stress.

The solution: The new CH-53K landing gear installation tool. This technology is a holding fixture capable of installing and removing the landing gear in all positions in final assembly. The tool also serves as a transport dolly with four independent locking casters, which allow seamless movement on the production floor. The tool uses a remote control to rotate and lift the landing gear in place, supporting 100 percent of the weight. This technology enables elimination of manual lifting and sustained holding of the landing gear, as well as the physical stresses of manually installing it from a confined space beneath the aircraft.

This innovation delivers significant labor efficiency by limiting the number of mechanics needed to perform the work, while greatly reducing the risk of injury. The CH-53K landing gear installation tool is a great example of technological innovations developed by employees of Lockheed Martin to improve the overall work experience and to maximize value for our customer.



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, rulemaking 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 our diversity and inclusion initiatives; (xi) the success of technologically developed solutions; (xii) the willingness of suppliers to adopt and comply with our programs; (xiii) the impact of cyber or other security threats or other disruptions to our business; and (xiv) 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, 2021 and our subsequent Quarterly Reports on Form 10-Q, which can be obtained at our 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.

