

# Independent Assurance Statement

DNV Business Assurance USA, Inc. (DNV) was commissioned by Lockheed Martin Corporation (Lockheed Martin) to conduct independent assurance of its 2022 Sustainability Report and specified performance indicators in its ESG Performance Index ('the Report'), as published on the company's website at <https://sustainability.lockheedmartin.com/sustainability/index.html> for the year ended December 31, 2022 (except for environmental footprint indicators which were verified for the period of November 1, 2021 – October 31, 2022 - excluding Scope 3: Use of Sold Products, which were verified for the period of January 1, 2022 – December 31, 2022).



**Our Opinion:** On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Lockheed Martin's adherence to the Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. In our opinion, the Report provides sufficient information for readers to understand the company's management approach to its most material issues and impacts.

Without affecting our assurance opinion, we also provide the following observations:

## Inclusivity

***Actively identifying stakeholders and enabling their participation in establishing an organization's material sustainability topics, and developing a strategic response to them.***

Across its business operations, Lockheed Martin continues to engage with a diverse range of stakeholders, including investors, customers, suppliers, and employees, on priority topics as well as emerging trends. The company demonstrates its effective inclusion of stakeholder viewpoints in its strategic approach and sustainability disclosures through the process undertaken to update its carbon emission reduction goal, including facilitating discussions both at corporate and site levels.

Given the increased emphasis on Scope 3 emissions, we believe the company can continue to leverage its active participation in industry associations, such as the International Aerospace Environmental Group (IAEG) Working Group, and existing supplier engagement programs with small and medium-sized enterprises to build awareness and strengthen capacity in addressing climate change risks and opportunities, including those related to data gaps, across the supply chain.

## Materiality

***The identification and prioritization of the most relevant sustainability topics, taking into account the effect each topic has on an organization and its stakeholders.***

In our opinion, the report addresses the most material ESG issues for the company and its stakeholders. We found evidence of the company's ongoing commitment to establishing a governance structure that effectively integrates non-financial risks and opportunities into day-to-day decision-making. In 2022, the company transitioned oversight of its sustainability initiatives from the Sustainability Leadership Council to its established Risk and Compliance Committee, further linking the management of enterprise risk and sustainability. Additionally, the company updated its carbon emission reduction goal, revised its methodologies for calculating Scope 3 emissions, and refreshed its approach to TCFD disclosures.

For Sustainability Management Plan (SMP) Core Issues with goals that sunset annually and which were not in the previous iterations of the SMP, DNV recommends that Lockheed Martin leverage the Core Issues assessment process to enhance awareness among teams accountable for these specific issues of how these topics and related organizational goals align with the company's broader sustainability context. This can serve to further strengthen the synergies between annual goal setting and overall sustainability ambition.

## Responsiveness

***Timely and relevant reaction to material sustainability topics and their related impacts.***

Through the assurance process, DNV found evidence that Lockheed Martin continues to refine reporting, develop strategies, and implement initiatives around topics such as biodiversity and human rights, which are increasing in importance for aerospace and defense. The company has a clear commitment to engaging with stakeholders and providing information and data aligned with recognized reporting standards to address stakeholder interest in these topics.

## Impact

***Effect of behavior, performance and/or outcomes on the part of the organization on the economy, environment, society, stakeholders or the organization itself.***

The 2025 SMP identifies the impacts that the company has on key stakeholders and is the framework against which the company will measure its sustainability performance through 2025. The progress made towards the 2025 SMP goals in 2022 has been largely positive. For example, Lockheed Martin recognized data literacy as the foundation of its data strategy and committed to provide platforms and resources to build employees data-focused mindset and train them in datacentric practice across all business areas.

## Reliability and quality

***The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.***

Overall, we have confidence in the processes in place to ensure reasonable accuracy for the information presented in the report and data management systems. Goals and performance data are presented clearly and in an objective manner.

Based on the evidence given in the limited assurance processes, we have confidence to ensure reasonable accuracy for the information and data presented in the report and its data management system. Overall, there is no evidence that the GHG assertions and environmental footprint data are not materially correct, not a fair representation of GHG and environmental data, and has not been prepared with the calculation method referenced.

For Scope 3 emissions, as the company updates its data reporting methodologies related to them, we recommend it implements data collection and estimation methodologies which allow it report over the same time period as other emissions inventory to ensure comparability and consistency.

## Scope and approach

We performed our work in accordance with the AA 1000 Assurance Standard v3, Type 2 engagement, and the International Standard on Assurance Engagements 3000 (“ISAE 3000 – July 2020”). For our verification of the Greenhouse Gas data, we used the WBCSD/WRI Greenhouse Gas Protocol. We also used the GRI Standards 2021: Principles for defining report quality: Accuracy; Balance; Clarity; Comparability; Completeness; Sustainability context; Timeliness; Verifiability and the specified GRI indicator standards as criteria in our assessment.

We understand that the reported financial data and information are based on data from Lockheed Martin’s 10-K, which is subject to a separate independent audit process. The review of financial data taken from the company’s Annual Report, Proxy Statement, and 10-K is not within the scope of our work.

The organizational boundaries are all global sites under Lockheed Martin’s operational control except where noted. All environmental footprint data (excluding Scope 3: Use of Sold Products) were verified for the period between November 1, 2021 to October 31, 2022. All other data were verified for the fiscal year January 1, 2022 – December 31, 2022.

## Indicators and Data In Scope

- The 23 reportable performance indicators within Lockheed Martin’s Sustainability Management Plan (SMP), which is in effect 2021 to 2025, that represent its four core issues: Advancing Resource Stewardship, Elevating Digital Responsibility, Fostering Workforce Resiliency, and Modeling Business Integrity
- Energy use and greenhouse gas (GHG) Scope 1, 2, and 3 (Category 1-7 and 11) emissions, Green Power (RECs and Onsite Renewable Energy), waste generated, and water use assertions
- Sustainability Accounting Standards Board (SASB) Aerospace & Defense Sustainability Accounting Standard, version 2018-10 Disclosure Topics as aligned with the SMP:
  - RT-AE-130a.1. Total energy consumed, Total renewable electricity
  - RT-AE-150a.1. Hazardous Waste Generated
  - RT-AE-230a.2. Description of approach to identifying and addressing data security risks in (1) company operations and (2) products
  - RT-AE-250a.2. Number of counterfeit parts detected
  - RT-AE-410a.2. Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products
  - RT-AE-440a.1. Description of management of risks associated with the use of critical materials
  - RT-AE-510a.3. Discussion of processes to manage business ethics risks throughout the value chain

## Responsibilities of Lockheed Martin Corporation and of the Assurance Providers

Lockheed Martin has sole responsibility for preparation of the Report and selected performance indicators in accordance with the reporting criteria.

In performing our assurance work, our responsibility is to the management of Lockheed Martin. Our statement, however, represents our independent opinion and is intended to inform all Lockheed Martin’s stakeholders. DNV was not involved in the preparation of any statements or data included in the Report, except for this Assurance Statement.

## Level of Assurance

For the AA1000 Principles, our assurance engagement was also planned and performed to meet the requirements of a Type 2 “moderate level” of assurance as defined by AA1000AS v3. This level of assurance may also be referred to as “Limited Assurance”. A ‘high level’ (reasonable) of assurance would have required additional work at headquarters and site level to gain further evidence to support the basis of our assurance opinion.

## Independence

DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This is our eighth year of providing assurance for Lockheed Martin. We adopt a balanced approach towards all stakeholders when performing our evaluation.

- Global Reporting Initiative Indicators:
  - GRI 2 - General Disclosures (2021)
    - 2-29: Approach to stakeholder engagement
  - GRI 3 - Material Topics (2021)
    - 3-1: Process to determine material topics; 3-2: List of material topics; 3-3 a-f: Management of Material Topics (for Topic Specific Standards Below)
  - GRI 205: Anti-Corruption (2016)
    - 205-2: Communication and training about anti-corruption policies and procedures
  - GRI 302: Energy (2016)
    - 302-1: Energy consumption within the organization; 302-4: Reduction of energy consumption
  - GRI 305: Emissions (2016)
    - 305-1: Direct (Scope 1) GHG emissions; 305-2: Energy indirect (Scope 2) GHG emissions; 305-3: Other indirect (Scope 3) GHG emissions; 305-5: Reduction of GHG Emissions
  - GRI 306: Waste (2020)
    - 306-5a: Total weight of waste directed to disposal (excludes construction, demolition, and remediation waste); 306-5b: Total weight of hazardous waste directed to disposal (excludes breakdown by disposal operations)
  - GRI 403: Occupational Health and Safety (2018)
    - 403-2: Hazard identification, risk assessment, and incident investigation
  - GRI 405: Diversity and Equal Opportunity
    - 405-1: Diversity of governance bodies and employees

### Inherent Limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

### Data Verified

In addition to the *Indicators and Data In Scope* above, DNV has verified the following performance data:

#### Energy

- 2022 Total Energy Consumption 3,166,367 MWh

#### Renewable Electricity

- 2022 Total Renewable Electricity 424,311 MWh
- 2022 Total Renewable Electricity (excluding hydropower) 340,558 MWh

#### Science Based Target

- SBT Context Based Score 0.629

#### Greenhouse Gas Emissions

- 2022 Scope 1 Emissions 317,143 MtCO<sub>2</sub>e
- 2022 Scope 2 Emissions (Location-Based) 508,459 MtCO<sub>2</sub>e
- 2022 Scope 2 Emissions (Market-Based) 361,479 MtCO<sub>2</sub>e
- 2022 Scope 3 Emissions
  - Purchased Goods 4,387,643 MtCO<sub>2</sub>e
  - Capital Goods 600,322 MtCO<sub>2</sub>e
  - Fuel and Energy Related Activities (not included in Scope 1 and 2) 67,871 MtCO<sub>2</sub>e
  - Business Travel 99,237 MtCO<sub>2</sub>e
  - Employee Commuting 78,323 MtCO<sub>2</sub>e
  - Waste Generated in Operations 6,938 MtCO<sub>2</sub>e
  - Use of Sold Products 23,191,253 MtCO<sub>2</sub>e

#### Waste

- 2022 Total Waste Generated 58,255,678 lbs
- 2022 Total Hazardous Waste Generated 5,221,041 lbs

#### Water

- 2022 Water Used 1,316 Million gallons

**Basis of our opinion**

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current corporate responsibility issues that could affect Lockheed Martin and are of interest to stakeholders;
- Review of Lockheed Martin’s approach to stakeholder engagement and recent outputs;
- Review of information provided to us by Lockheed Martin on its reporting and management processes relating to the Principles;
- Conducted phone interviews with a selection of the senior directors and managers who are responsible for areas of management and stakeholder relationships covered by the Report. The objective of these discussions was to understand top level commitment and strategy related to corporate responsibility and Lockheed Martin’s governance arrangements, stakeholder engagement activity, management priorities, and systems;
- Conducted a remote site assessment of Sunnyvale, CA. We were free to choose the site location. During the site assessment, we met with ethics, human resources, and environmental, health and safety representatives. The review work on site focused on ethics, diversity and inclusion, energy consumption, GHG emissions, waste generated, water consumption, and health and safety management;
- Assessed documentation and evidence that supported and substantiated claims made in the Report;
- Reviewed the specified data collated at the corporate level, including that gathered by other parties, and statements made in the Report. We interviewed managers responsible for internal data validation, reviewed their work processes, and undertook sample-based audits of the processes for generating, gathering, and managing the quantitative and qualitative sustainability data;
- Examined data and information to support the reported energy use, GHG, waste generated and water use assertions;
- Evaluated whether the evidence and data are sufficient to support our opinion and Lockheed Martin’s assertions.
- Provided feedback on a draft of the report based on our assurance scope.

**DNV Business Assurance**

DNV Business Assurance is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

<https://www.dnv.us/assurance/>

In addition, the following methods were applied during the verification of Lockheed Martin’s environmental footprint inventories and management processes:

- Review of documentation, data records and sources relating to the corporate environmental data claims and GHG emission assertions;
- Review of the processes and tools used to collect, aggregate and report on all environmental data and metrics;
- Remote site level assessment at Forth Worth, TX to review Scope 1 and 2 emissions related data processes and systems to review data and assess for readiness to transition to higher levels of assurance;
- Assessment of environmental information systems and controls, including:
  - Selection and management of all relevant environmental data and information;
  - Processes for collecting, processing, consolidating, and reporting the relevant environmental data and information;
  - Design and maintenance of the environmental information system;
  - Systems and processes that support the environmental information system.
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative environmental data;
- Examination of all relevant environmental data and information to develop evidence for the assessment of the environmental claims and assertions made;
- Confirmation of whether the organization conforms to the verification criteria

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For and on behalf of DNV Business Assurance USA, Inc.

**Assurance Team**



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