



We also provide a case study on our work on IPC 1754 and increasing transparency in chemical reporting on pg. 20 of our 2018 Sustainability Report (https://www.lockheedmartin.com/content/dam/lockheed-martin/eo/documents/sustainability/Lockheed_Martin_Sustainability_Report_Full_2018.pdf).

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
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trade	with minor exceptions	<p>established in 2006 is a state law that requires the California Air Resources Board (CARB) to develop regulations and market mechanisms to reduce GHG emissions to 1990 levels by 2020, representing approximately 30% reduction state wide with mandatory caps beginning in 2012 for significant emissions sources. Since 2013, the mandatory cap has decreased approximately 2% per year and the state has distributed allowances (tradeable permits) equal to the emissions allowed under the cap. Sources regulated under this cap are required to surrender the allowances and offsets equal to their emissions at the end of each compliance period. Lockheed Martin's facility in Sunnyvale, CA has been a participant in AB32 since 2013. However, the consolidation of the facility into fewer buildings, as well as additional energy efficiency and emissions reductions projects enabled Sunnyvale to drop below the AB32 threshold in 2015. Since its participation in AB32, Sunnyvale has committed to investments in cleaner technology, tangible reductions in GHG emissions, advocacy to preserve current AB32 requirements beyond 2020 and advocacy to preserve existing allocations and credits. These efforts have resulted in Sunnyvale's projected formal exit from the AB32 program in 2018. Lockheed Martin's Space business segment's Environment, Safety and Health (ESH) team, Corporate Environment, Safety and Health (ESH) team as well as our Government Affairs function achieved successes by: 1) Advocating to keep California's Cap and Trade program beyond 2020; 2) Partnering with industry groups to ensure that the 25,000 MTCO₂e/year threshold was maintained; 3) Requesting CARB to continue the allowance of credits from fuel cell technology; and 4) Proving to CARB and California's Public Utility Commission (PUE) that the Aerospace industry and the Sunnyvale facility is Energy Intensive and Trade Exposed (EITE), which can lead to cross-border movement of GHG emissions to other states.</p>	<p>contributed toward the California governor's action to extend the Cap and Trade program to 2030 and preserve the 25,000 MTCO₂e threshold. Furthermore, the successful demonstration of the industry as EITE status positively resulted in extension of the current industry assistance factor through 2017 and a reduction to 50% for the duration of the program. Through successes in legislative advocacy and the compliance with AB32's objectives, Lockheed Martin's Space business segment was able to reduce GHG emissions at the most favorable costs, avoid the potential loss of existing allotments and secure partial state subsidies as well as subsidies for Sunnyvale's investment in green technology (i.e., 1 MW fuel cell system currently deployed at the site). From 2017 - 2022, these advocacy successes will enable monetary savings of approximately \$6.2 million through utility rebates and the preservation of credits. Furthermore, having the Cap and Trade structure in place with the 25,000 MTCO₂e threshold may allow for an additional \$2.7 million in Cap and Trade or other regulatory cost avoidances through 2030.</p>
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C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c



Trade association

International Aerospace Environmental Group (IAEG)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

IAEG does not have a formal stated position on climate change. IAEG is a global group of aerospace companies coming together to promote the development of voluntary consensus standards addressing environmental concerns such as chemical material declarations and reporting requirements and to create a forum for dialog on optional industry approaches for implementation of environmental requirements. IAEG is an unaffiliated trade association self-governed by its Members through IAEG's Board of Directors and Executive Committee. IAEG's goal is to create the leading global forum for voluntary consensus standards and best practice sharing on the key environmental issues impacting our members, resulting in a progressive and balanced approach to environmental requirements incorporating the high aspirations of all our stakeholders in the context of the practicalities of a complex global business.

<http://www.iaeg.com/about/>

How have you influenced, or are you attempting to influence their position?

Lockheed Martin serves on the the IAEG Board of Directors and actively participates in the working groups within IAEG including: Greenhouse Gas Management & Reporting, Chemical Reporting, Replacement Technologies, and REACH authorizations. Lockheed Martin is actively engaged in the development of the Aerospace Greenhouse Gas Supplemental Guidance and works with the aerospace industry to improve the accuracy and consistency of GHG reporting. Lockheed Martin is actively engaged with the International Aerospace Environmental Group (IAEG) to develop GHG guidance for the aerospace industry and their suppliers. The group released its GHG Reporting Guidance for the Aerospace Industry, a voluntary consensus standard for aerospace companies in 2014, to supplement the GHG Protocol's Corporate Standard. The guidance provides industry-relevant clarification and direction for GHG accounting and reporting to promote consistency and accuracy in GHG emissions reporting to facilitate transparency within the industry and value chain and enable relevant benchmarks and comparisons. The guidance has been adopted by many aerospace companies and continues to be enhanced to keep up with the pace of changing standards and methodologies. We are active participants in external industry efforts related to developing chemical reporting resources to aid companies with chemical data collection improvements to enhance compliance and risk management programs. This includes active participation on: IAEG Chemical Reporting work group (WG1) – Deputy WG Lead, and Communications sub-team lead IPC 2-18k committee – developed IPC-1754 Materials and Substances Declaration Standard for the Aerospace, Defense, and Other Industries AIA Chemicals sub-committee and AIA Rapid Response Network AIA NAS 411-1 working group (customer-specific effort) Lockheed Martin is invested in the adoption of the IPC-1754 standard and the supply chain engagement necessary for the standard to be successful. We want our suppliers to be aware that this was developed by the aerospace and defense industry and is aimed at creating efficiencies for chemical declarations across the supply chain.



Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

ACORE is dedicated to building a secure and prosperous America with clean, renewable energy. ACORE provides a common educational platform for a wide range of interests in the renewable energy community, focusing on technology, finance, policy, and market development. ACORE convenes thought leadership forums and creates energy industry partnerships to communicate the economic, security and environmental benefits of renewable energy.

How have you influenced, or are you attempting to influence their position?

Lockheed Martin actively engages with ACORE on renewable energy education and speaks at various ACORE events to promote the use and development of renewable energy technology. Lockheed Martin and ACORE are partnering with NASCAR Green, the sustainability arm of the National Association for Stock Car Auto Racing, Inc., to deliver educational content about the benefits of renewable energy, sustainability and energy security to millions of fans.

Trade association

Aerospace Industries Association (AIA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The AIA does not have a formal stated position on climate change; however, it has stated the need for a comprehensive energy policy using a central/federal framework. It also emphasizes that the debate should be based on facts and science.

How have you influenced, or are you attempting to influence their position?

Lockheed Martin is an active participant of various AIA subcommittees including the Environmental, Health & Safety Committee where we are able to express informed views to shape the strategic direction of the group.

Trade association

National Association of Manufacturers (NAM)

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

The NAM's stated position is a commitment to protecting the environment through greater environmental sustainability, increased energy efficiency and conservation, and reducing greenhouse gas emissions believed to be associated with global climate change. Its policy is also that the establishment of federal climate change policies to reduce greenhouse gas emissions, whether legislative or regulatory, must be done in a thoughtful, deliberative and transparent process that ensures a competitive level playing



policies should focus on cost-effective reductions, be implemented in concert with all major emitting nations, and take into account all greenhouse sources and sinks. The NAM believes that federal climate policies generally should pre-empt state policies. NAM also states that as users of 1/3 of the nation's energy, manufacturers depend on an affordable and reliable energy supply to remain competitive in a global economy. Manufacturers support an energy strategy that embraces all forms of domestic energy production while expanding existing conservation and efficiency efforts. Oil, natural gas and clean coal remain essential contributors to America's energy security, but that manufacturers must also invest in other energy sources such as nuclear, alternative fuels, renewable energy; as well as energy efficiency. America must expand access to our domestic energy supply in order to meet current needs for affordable energy. Manufacturers also continue to lead the way in investing in energy efficiency and advancing sustainability efforts that positively impact manufacturing and the industry's contributions to environmental protection, economic performance and the social well-being of the employees, communities, customers and consumers they serve.

<http://www.nam.org/Issues/Energy-and-Environment/>

How have you influenced, or are you attempting to influence their position?

Our corporate focus on EPA regulations is to ensure that best available science is used to support any requirements. We publicly state our focus on renewable energy technology and support of the Federal government to meet its energy efficiency, alternative energy, and energy security objectives.

Trade association

US Chamber of Commerce

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

The Chamber's stated position on climate change is to: Promote the U.S. Chamber's core principles on climate change, specifically that any legislation or regulation introduced must: 1. Preserve American jobs and competitiveness of U.S. industry; 2. Provide an international, economy-wide solution, including developing nations; 3. Promote accelerated development and deployment of greenhouse gas reduction technology; 4. Reduce barriers to the development of climate friendly energy sources; and 5. Promote energy conservation and efficiency. <https://www.uschamber.com/issue-brief/climate-change>

How have you influenced, or are you attempting to influence their position?

We continue to actively engage with the Chamber and openly express our corporate views on the importance of energy efficiency and technology developments. In 2013, Lockheed Martin was awarded the U.S. Chamber's Corporate Citizenship Award in the "Best Environmental Stewardship" category. This award was for our efforts to design energy efficiency programs for commercial and government customers, helping them achieve both environmental stewardship and responsible growth. Leading by example, Lockheed Martin has helped federal, state, and regional energy organizations, utilities, and its own



Trade association

American Center for Life Cycle Assessment

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

ACLCA does not have a formal stated position on climate change. ACLCA is a non-profit membership organization that brings together diverse organizations with a stake in the implementation and application of LCA. ACLCA also produces the LCA annual conference—the largest LCA meeting in North America—along with monthly webinars, member newsletter, certification programs, and active Industry, Education, Policy, Product Category Rule (PCR) and Certification Committees.

How have you influenced, or are you attempting to influence their position?

Since 2015, Lockheed Martin has served on the ACLCA board and has actively participated in multiple committees and working groups. This includes the Industry, Outreach, and Policy Committees, and the Life Cycle Thinking Working Group.

Trade association

US Sustainable Purchasing Leadership Council

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Sustainable Purchasing Leadership Council is a non-profit organization whose mission is to support and recognize purchasing leadership that accelerates the transition to a prosperous and sustainable future. The Council's programs and community of practice will help institutional purchasers to:

- Prioritize opportunities to influence the social, environmental and economic life cycle impacts of purchased goods and services,
- Identify existing leadership standards and approaches that address these priorities,
- Benchmark progress toward goals, and
- Receive recognition for advancement.

<https://www.sustainablepurchasing.org/about/>

How have you influenced, or are you attempting to influence their position?

Lockheed Martin plays an active role in the US Sustainable Purchasing Leadership Council (SPLC) to support our goal of becoming a US leader in sustainable procurement. The SPLC platform is one of only a few forums world-wide focused entirely on supply chain sustainability, where members bring to the table common problems and work collectively to devise solutions with global applicability. As a member of the Founders Circle, we provide financial and technical support for the Council, and advise on its pilot rating system.

Trade association

Alliance to Save Energy



Please explain the trade association's position

The Alliance to Save Energy promotes energy efficiency worldwide to achieve a healthier economy, a cleaner environment and energy security. To achieve this mission, the Alliance:

- Leads worldwide energy efficiency initiatives in policy advocacy, research, education, technology deployment and communications that impact all sectors of the economy
- Provides vision and activism which includes active and engaged members of Congress, leaders from business, the public interest sector and academia
- Initiates and participates in public-private partnerships, collaborative efforts and strategic alliances to optimize resources and expand its sphere of influence
- Executes its mission through a team of recognized energy efficiency experts and professionals

How have you influenced, or are you attempting to influence their position?

Lockheed Martin serves on the Board of Directors for the Alliance to Save Energy. Its mission to promote worldwide energy efficiency directly aligns with our efforts to increase operational energy efficiency at our facilities worldwide as well as to develop and implement renewable energy technologies and efficiency services that support public-private partnerships and the advancement of collaboration in the global energy space.

Trade association

Association of Climate Change Officers (ACCO)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The mission of ACCO is to define, develop and support the functions, resources and communities necessary for effective organizational leadership in addressing climate-related risks and opportunities. ACCO enables all organizations to be more sustainable by building enterprise capacity and empowering leadership to respond to climate change.

How have you influenced, or are you attempting to influence their position?

Lockheed Martin is very engaged in ACCO-led initiatives and currently sponsors an ACCO Fellow to lead our renewable energy development. We speak on numerous panels and give presentations on how Lockheed Martin is responding to climate change through energy efficiency initiatives, business resiliency efforts and development of energy-related solutions for our customers. We also engage with ACCO to better understand and support our U.S. government customers in their efforts to respond to climate-related issues.

Trade association

National Association for Environmental Management (NAEM)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position



Environmental, Health and Safety, and Sustainability decision-makers to provide peer-led educational conferences and an activity community to share best practices for today's EHS and Sustainability management challenges.

How have you influenced, or are you attempting to influence their position?

Lockheed Martin participates in NAEM by connecting with other leaders, utilizing their benchmarking programs to identify trends in strong EHS and Sustainability programs, and engaging in professional development events.

Trade association

Chemical Users Coalition (CUC)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Chemical Users Coalition is a group of companies who use chemicals in the production of a wide range of industrial, commercial and consumer products. CUC members share common perspectives on environmental, health and safety policies, drawn from their common experience of being chemical users. Furthermore, CUC members share a common vision about the importance of aligning technological innovation and environmental performance for a sustainable society.

How have you influenced, or are you attempting to influence their position?

Lockheed Martin participates in CUC to promote chemical management policies that integrate best available information in risk assessments, develop processes for transparent policies, and determine risk management strategies that provide protection of health and the environment.

Trade association

Manufacturers' Alliance for Productivity & Innovation (MAPI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Manufacturers' Alliance for Productivity & Innovation connects manufacturing executives by providing executive education programs, live meetings and forums to share best practices, discuss solutions to common challenges and become better leaders. Members leverage best practices around a variety of issues including environmental management, personnel health, and corporate and facility-based safety concerns.

How have you influenced, or are you attempting to influence their position?

Lockheed Martin engages with MAPI to leverage the experiences of its members and best practices. We participate in MAPI meetings to discuss solutions to shared challenges such as complying with US RoHS & REACH (SVHC), setting and reporting environmental targets, and changing the safety culture.



C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Lockheed Martin continues to evaluate opportunities to expand our renewable energy footprint. Ten business cases for on-site renewable energy generation were completed by all business segments, with four approved for capital funding through the end of 2015. We have also pledged to quadruple our on-site renewable generation to 10 MW by the end of 2020 through EPA's Green Power Partnership (GPP) and are currently exploring potential on- and off-site renewable energy opportunities that span multiple technology types and Power Purchase Agreements (PPA). In 2015, Lockheed Martin partnered with an American Climate Change Officers (ACCO) Fellow to examine the business case for renewable energy procurement at both the corporate and individual site level, and to develop a renewable energy strategy for the Corporation. The objectives of this business case were to examine decreasing renewable energy prices, available federal and state tax incentives, the potential creation of a long-term hedge against volatility in the energy market, opportunities to support our Lockheed Martin Energy business, and align with our largest customer, the U.S. Federal Government, in their aggressive renewable energy goals. These efforts continue to culminate as Lockheed Martin is anticipated to become an off-taker of solar-generated electricity in a 17-year PPA expected to produce 30 MW.

Furthermore, as a member of ACCO, Lockheed Martin partnered with Duke University to produce a report titled "Assessing Climate Change Vulnerability Across Lockheed Martin United States Facilities and Supply Chain Locations". The objective of this project was to assess the climate change vulnerabilities of the company's major facilities in the U.S., as well as its Tier 1 and Tier 2 suppliers for one component of the C-130 military transport aircraft project. The project sought to provide Lockheed Martin with a practical and user-friendly instrument designed for decision-makers, and to:

- 1) Identify climate-change related regional risk factors
- 2) Determine potential disruption vulnerabilities in existing facilities and supply chains
- 3) Prioritize potential vulnerabilities and resulting investment targets
- 4) Recommend adaptation strategies
- 5) Provide vulnerability criteria to consider when establishing options at new facilities and selecting suppliers