

**WHEREAS:** Climate change is creating systemic economic, environmental, and social risks. The Commodity Futures Trading Commission recently underscored that climate change could impair the productive capacity of the U.S. economy.<sup>1</sup> According to the IPCC, the window for limiting global warming to 1.5°C and avoiding the worst impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors.<sup>2</sup>

In response to material climate risk, the Climate Action 100+ initiative (CA100+), a coalition of over 700 investors with \$60 trillion in assets, issued a Net Zero Benchmark (“Benchmark”) outlining metrics that create climate accountability for companies and transparency for shareholders. Expectations include setting a net zero ambition, adopting 1.5°C aligned reduction goals across all relevant emission scopes, and disclosing decarbonization strategies.<sup>3</sup>

Credible climate transition planning protects against financial risk, increases economic opportunity, and prepares companies to address climate regulations which continue to expand globally.<sup>4</sup> More than 70 countries have now established Net Zero by 2050 commitments.<sup>5</sup> Similarly, in response to the aerospace industry’s 2.4% contribution to global annual carbon dioxide emissions, NATO’s leaders have committed to reduce defense emissions.<sup>6</sup> As governments strive to reach their climate goals, companies with net zero-aligned business models will be in a better competitive position to attract contracts and customers.

As a leading global security and aerospace company, Lockheed Martin creates significant carbon emissions from its value chain and is exposed to numerous climate-related risks. Failing to respond to this changing environment may make Lockheed Martin less competitive and have a negative effect on its cost of capital and shareholders’ financial returns.

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<sup>1</sup> <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

<sup>2</sup> [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

<sup>3</sup> <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

<sup>4</sup> [https://cdn.cdp.net/cdp-production/cms/guidance\\_docs/pdfs/000/003/101/original/CDP\\_technical\\_note\\_-\\_Climate\\_transition\\_plans.pdf?1643994309](https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309)

<sup>5</sup> <https://www.un.org/en/climatechange/net-zero-coalition>

<sup>6</sup> <https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/decarbonizing-defense-imperative-and-opportunity>



While our Company has committed to reduce Scope 1 and 2 emissions by 70% intensity by 2030, Lockheed Martin has not established 1.5°C aligned reduction goals that cover all segments of its business, including its Scope 3 value chain emissions, which comprise over 90% of Lockheed’s total emissions.<sup>7</sup> By setting science-based reduction targets for its Scope 1-3 emissions, disclosing a decarbonization plan, and demonstrating progress toward achieving them, Lockheed Martin can provide investors with assurance that it is reducing its climate contribution and addressing the physical, transition, and competitive risks associated with climate change.

**BE IT RESOLVED:** Shareholders request the Board issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full value chain greenhouse gas emissions in alignment with the Paris Agreement's 1.5°C degree goal requiring Net Zero emissions by 2050.

**SUPPORTING STATEMENT:** Proponents suggest, at Board and Company discretion, that the report include:

- Disclosure of all relevant Scope 3 emissions;
- A timeline for setting 1.5°C aligned Scope 3 reduction goals;
- A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
- Annual reports demonstrating progress towards meeting emissions reduction goals.

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[https://sustainability.lockheedmartin.com/sustainability/content/Lockheed\\_Martin\\_2021\\_Sustainability\\_Report.pdf](https://sustainability.lockheedmartin.com/sustainability/content/Lockheed_Martin_2021_Sustainability_Report.pdf)  
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