



2015

**CORPORATE RESPONSIBILITY REPORT**

**THE VALUE OF PERFORMANCE.**

***NORTHROP GRUMMAN***

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# OUR VALUES

We, the women and men of Northrop Grumman, are guided by the following Values. We want our decisions and actions to demonstrate these Values. We believe that putting our Values into practice creates long-term benefits for shareholders, customers, employees, suppliers and the communities we serve.

## **WE TAKE RESPONSIBILITY FOR QUALITY**

Our products and services are best-in-class in terms of value received for dollars paid. We deliver excellence, strive for continuous improvement and respond vigorously to change. Each of us is responsible for the quality of whatever we do.

## **WE DELIVER CUSTOMER SATISFACTION**

We are dedicated to satisfying our customers. We believe in respecting our customers, listening to their requests and understanding their expectations. We strive to exceed their expectations in quality, affordability and on-time delivery.

## **WE PROVIDE LEADERSHIP AS A COMPANY AND AS INDIVIDUALS**

Northrop Grumman's leadership is founded on talented employees effectively applying advanced technology, innovative manufacturing and sound business management. We add more value at lower cost with faster response. We each lead through our competence, creativity and teamwork.

## **WE ACT WITH INTEGRITY IN ALL WE DO**

We are each personally accountable for the highest standards of behavior, including honesty and fairness in all aspects of our work. We fulfill our commitments as responsible citizens and employees. We treat customers and company resources with the respect they deserve. We comply with all applicable laws and regulations.

## **WE VALUE PEOPLE**

We treat one another with respect and take pride in the significant contributions that come from our diversity of individuals and ideas. Our continued success requires us to provide the education and development needed to help our people grow. We are committed to openness and trust in all relationships.

## **WE REGARD OUR SUPPLIERS AS ESSENTIAL TEAM MEMBERS**

We owe our suppliers the same respect we show to our customers. Our suppliers deserve fair and equitable treatment, clear agreements, and honest feedback on performance. We consider our suppliers' needs in conducting our business.

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## 2015 CEO MESSAGE

Our purpose at Northrop Grumman is to provide our customers with products and services that help them meet their critical mission requirements. To do so, we operate with a daily commitment to corporate responsibility and sustainability. We describe those efforts in this 2015 Corporate Responsibility Report including:

- Leadership
- Our Business
- Governance

- Innovation
- Environmental
- People and Culture

Sustainable performance begins with our devotion to creating long-term value for all our stakeholders. This approach requires an organizational focus on creating a diverse and inclusive workforce dedicated to ethics, integrity and compliance. From there we build effective partnerships with suppliers and utilize transparent corporate governance and leadership practices. We champion corporate citizenship programs to advance education, support military service members and their families and collaborate with members of our communities.

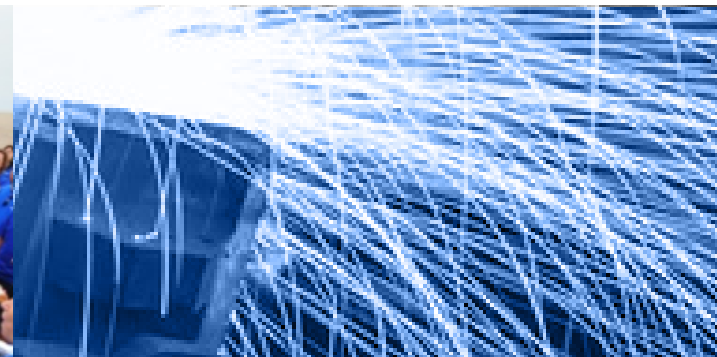
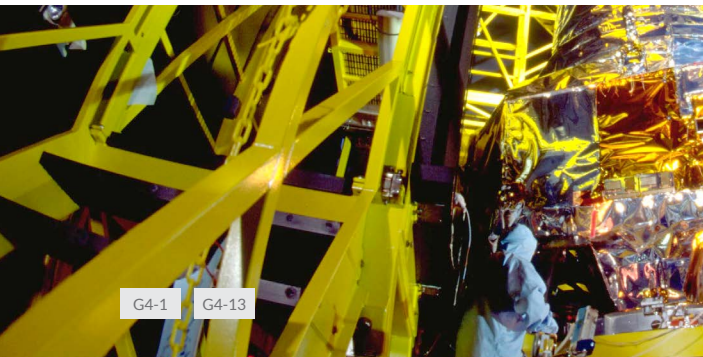
The 2015 Corporate Responsibility Report reflects activities that have the potential to significantly affect sustainable performance. Here are some examples from our efforts in 2015:

- As part of our commitment to providing an inclusive work environment, approximately 19,000 Northrop Grumman employees participated in our Employee Resource Groups, which provide opportunities for networking, community outreach, professional development, recruiting and support to the business. We also received a 100 percent score on the 2016 Corporate Equality Index, a national survey on corporate policies and practices related to lesbian, gay, bisexual and transgender (LGBT) workplace equality. Additionally, Northrop Grumman appears on DiversityInc's "Top 50 Companies for Diversity" list.

- We continued to focus on science, technology, engineering and math (STEM) programs to improve education. Our efforts included investing more than \$17.4 million from Northrop Grumman contributions, and the Northrop Grumman Foundation, to fund projects globally that make a difference for students and their teachers. In total, in support of the global communities where we live and work, Northrop Grumman and our employees donated more than \$31.7 million, including support of military and veterans groups and health and human services initiatives. Our employees complemented that effort by providing more than 30,558 unpaid, volunteer hours.
- For the fourth consecutive year CDP (formerly the Carbon Disclosure Project) recognized Northrop Grumman for our climate change governance, strategy and emissions inventory. In 2015, we received a perfect 100 score and also announced our 2020 goals to reduce water use by 20 percent from 2014 levels, and achieve a 70 percent solid waste diversion rate (waste diverted from landfill).

For their focus and diligent efforts throughout 2015, I want to thank all of our employees. As demonstrated in the following pages, we continue to strive for sustainable top performance.

Wes Bush  
Chairman, CEO and president



# LEADERSHIP

## REPORT PURPOSE

Our report is consistent with the Global Reporting Initiative (GRI), a third-party organization that has developed a widely used environmental, social and governance reporting framework.

We published our first Northrop Grumman Corporate Responsibility Report in 2008, highlighting our environmental and social performance. Transparency and accountability are fundamental to our business and our approach to responsibility reporting. This 2015 Corporate Responsibility Report continues our reporting of issues important to our internal and external stakeholders, including local communities, customers, employees, government and industry, shareholders, partners, professional associations, scientists, policymakers and suppliers. Material aspects, as defined by GRI, are those that “... reflect the organization’s significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of stakeholders.” Throughout this report we use the word “material” as it applies to this stated GRI definition of the word rather than the Securities and Exchange Commission usage regarding public company reporting.

We prepared this report using the GRI G4 Sustainability Reporting Guidelines and self-declare the report “in accordance” with those guidelines at the core option. A key step in developing this 2015 Corporate

Responsibility Report was ensuring the majority of content reflects the issues material to Northrop Grumman. In addition to this printed report, we have a Corporate Responsibility [microsite](#) available online with additional data and more in-depth explanations.

Finally, for the fifth consecutive year, we assembled and engaged an independent external review panel to provide feedback and advice from a stakeholder perspective.

## PRIORITIES

**Corporate Responsibility Report Stakeholder Engagement** Stakeholder engagement is foundational to our overall success at Northrop Grumman. Our stakeholders reflect a broad range of audiences, each with distinct priorities. We use a variety of methods to engage effectively with our stakeholders and obtain feedback on our performance. That feedback allows us to analyze and prioritize corporate responsibility issues as part of our materiality assessment and reporting methodology process. In part, this information also informs actions and programs we undertake to improve our performance locally and globally. Our process for engaging with stakeholders begins with prioritizing their concerns. We also evaluate the level of each stakeholder

relationship to our business and the importance of the issue being raised. Overall, we adapted the content of this report to meet the needs of our stakeholders. For this report, we evaluated our performance based on local input where our facilities are located and from customers, employees, government and industry, shareholders, business partners, professional associations and suppliers. For more detail, visit our Corporate Responsibility [microsite](#).



## 2015 KEY STAKEHOLDER TOPICS

For 2015 we identified the following key stakeholder topics:

### Diversity

- Evaluating current strategies and developing new approaches to ensure adequate sources of diverse talent for current and future hiring requirements.
- Analyzing employment and turnover trends of veterans and people with disabilities to identify programs to improve our standing as an employer of choice for these employees.
- Creating communities for our employees to connect to each other and to contribute through the expansion and leadership of Employee Resource Groups.

### Environmental, Health and Safety

- Ensuring compliance with applicable regulations.
- Reducing the frequency of injuries.
- Evaluating current practices to identify and implement measures to further mitigate environmental risks.
- Addressing climate change in accordance with science-based models and aligning Northrop Grumman environmental sustainability goals with customer goals and priorities.
- Strategically planning for water conservation with an emphasis on water availability and risk mitigation.
- Identifying and quantifying the value of waste reduction strategies, including diversion of waste from landfills.

### Supplier Responsibility

- Reviewing and ensuring consistency with legislation and trends related to our large supply base.
- Developing program-enhancement strategies.

### Corporate Citizenship

- Improving global education, specifically a diverse pipeline of talent in the area of science, technology,

engineering and mathematics (STEM).

- Sustaining our commitment to support active-duty military, veterans and their families.

To gather stakeholder feedback on an ongoing basis we utilized:

- Face-to-face meetings, employee surveys and feedback channels, online and social media channels, email, environmental and regulatory audit processes, government policy and legislative engagement, needs-assessment studies to prioritize our community engagement activities, supplier-development activities and assessments, industry councils, and internal working groups.

Other examples of our activities during 2015 include:

- Hosting biweekly environmental sustainability data management team meetings to encourage collaboration and to discuss systems, challenges, opportunities, and expectations.
- Hosting monthly Environmental, Health, and Safety (EHS) regulatory update meetings to discuss trends and determine impacts to Northrop Grumman.

- Hosting quarterly EHS Leadership Council meetings to evaluate internal governance programs and strategic plans, track progress, identify future changes to regulatory policy, and develop health and safety targets.
- Benchmarking environmental goals and performance by evaluating customers, industry, best practice leaders, and peers' environmental sustainability goals, initiatives, and performance.
- Conducting "lessons learned" meetings with employees, managers, and executives after diversity conference activities to determine optimal levels of participation.
- Consulting our employee resource group PrIDA on lesbian, gay, bisexual and transgender (LGBT) issues and concerns and to collaborate on the Corporate Equality Index survey. Participating in and hosting industry compliance meetings in conjunction with various nonprofit and government organizations including the Equal Employment Advisory Council, National Industry Liaison Board, OFCCP Institute, and National Labor Exchange.



*In October 2015, the Northrop Grumman leadership team participated in the annual conference of the Society of Women Engineers in Nashville, Tennessee.*

### The frequency of our engagement with stakeholders

During 2015, we met regularly with our various stakeholder groups. Key discussion topics included primary, secondary and university education; informal education; corporate philanthropy; environmental programs in our operating communities; wounded veterans; veteran homelessness; and support to programs in our focus areas. We engaged daily with many different stakeholders, particularly, in the area of support to programs in our focus areas.

**Staying Informed** Our stakeholder engagement efforts, and frequency of contact, related to our diversity and inclusion efforts included:

- Diversity and Inclusion Leadership Council meetings: monthly
- Sector Diversity and Inclusion Council meetings: monthly
- Employee Resource Group meetings: monthly
- Individual employee and Employee Resource Group collaboration: daily
- External diversity organizations/partners (Society of Women Engineers, National Society of Black Engineers, US Business Leadership Network, etc.): daily to monthly
- Senior management EEO and diversity metrics review: monthly/quarterly
- Inclusion and Engagement Survey: annually
- Employee focus groups (various): ongoing

We maintain a proactive approach to stakeholder engagement related to Environmental, Health and Safety (EHS) management across the company. For example, externally, we meet with stakeholders regularly and at a frequency appropriate for the depth of the relationship. We engage with internal subject matter experts at least biweekly and sector EHS and executive representatives monthly. At least semiannually, we engage with internal executives, partner organizations and other interested parties. Our engagement strategy includes providing conference briefings and white papers, and engaging in peer-to-peer collaboration via industry association meetings. For a list of engagement activities with various stakeholders, see the relevant sections of this report where those functions and activities are discussed.

## ORGANIZATIONAL CHANGES/LEADERSHIP ALIGNMENT

In 2015, we announced future structural changes to better align our business with the evolving needs of customers and enhance innovation across the company. The main changes (effective January 1, 2016) include:

- » Streamlining our business sectors from four to three: Aerospace Systems, Missions Systems and Technology Services.

We merged elements of three former sectors (Electronic Systems, Information Systems and Technical Services) into two new sectors: Mission Systems, led by Kathy Warden, corporate vice president and president; and Technology Services, led by Chris Jones, corporate vice president and president. Our third sector, Aerospace Systems, continues to be led by Tom Vice, corporate vice president and president.

As a part of these realignments:

- Military and civil space hardware business in Azusa, California, joined the Aerospace Systems sector.
- Electronic attack business moved to the Mission Systems sector.

- » Announcing a corporate chief operating officer position.

Gloria Flach, who was previously corporate vice president and president of the Electronic Systems sector, is in this important role.

“These changes align more closely with the evolving missions of our customers in the global security markets we serve,” said Wes Bush, chairman, chief executive officer and president. “I am pleased that we have strong leadership in place, and I look forward to working with them to continue to deliver top performance for our shareholders, customers and employees.”



Northrop Grumman participants in the 2015 Capital Pride Parade.

Per the GRI, material aspects are those that reflect our significant economic, environmental and social impacts at Northrop Grumman, or substantively influence the assessments and decisions of stakeholders.

## MATERIALITY PROCESS

For 2015, per the Global Reporting Initiative (GRI) G4 guidelines, we conducted a materiality assessment to help identify aspects (see chart at right) material to us at Northrop Grumman. Our materiality assessment had three stages.

The first step included research by a consultant to understand reporting and management of peer companies across the aerospace and defense industry, and to inform a “best practices” list of potential material aspects. We also reviewed all previous Northrop Grumman Corporate Responsibility reports and other publicly available documents. In addition, we studied the GRI and Sustainability Accounting Standards Board (SASB) on material aspects common to the industry.

The second step involved facilitating workshops to help our team develop a common understanding of materiality and to align the process for gathering content. We then conducted content-specific workshops with each of our teams:

- Corporate Citizenship
- Diversity and Inclusion/Equal Employment Opportunity
- Environment, Health and Safety
- Ethics
- Governance
- Supply Chain
- Workplace Accommodations

During the workshops, participants considered key challenges and opportunities from both internal and external perspectives within their specific content areas. Our consultant compiled the results from the workshops, presented those results and further refined the takeaways during a final integration workshop (step three).

For step three, participants in the final integration workshop agreed on a short list of material aspects to address in this report. The discussions helped identify potential metrics and any data or information gaps for the 2015 report, as set forth above. Following the workshop, we conducted an exercise to assess the importance of these material aspects to Northrop Grumman stakeholders and the company’s success (consistent with the GRI G4 methodology).

## OUR MATERIALITY ASSESSMENT RESULTS



We presented the final results to a management team for review and approval of the material aspects for inclusion in the 2015 report, as set forth above. All these aspects are material across our organization because they each address a significant opportunity for us in our business operations and performance. Additionally, they each have the potential to affect stakeholder actions, decisions and opinions regarding Northrop Grumman. Each of these material aspects is applicable within and outside Northrop Grumman.

In summary, our materiality assessment was instrumental in the development of content and structure for this 2015 report. It is our intention to revisit the assessment regularly to ensure our efforts align with these aspects that are important to our business and our stakeholders. ❖



# OUR BUSINESS



## GLOBAL BUSINESS STRATEGY

As a global security company, we share our customers' priorities and support their strategic objectives. As world events repeatedly demonstrate, the linkage between social stability, strong governance, environmental protection and economic health is increasing. Commitments and action to conserve environmental resources and mitigate risks associated with climate change are of paramount importance for this generation and beyond.

We interact with many scientists and policymakers across our business on a regular basis including providing key decision-making data. For more than 25 years, our satellites, airborne platforms, sensor technologies and modeling systems have provided, among other uses, climate monitoring and measurement data from air and space to land and sea. Our technology supports critical applications and provides data for advancing the understanding of climate science. In turn, we are able to help inform policymakers about climate-related environmental risks and impacts to adaptation and resiliency plans.

## 2015 BUSINESS GOALS & PERFORMANCE SUMMARY

**GOAL** Provide high-quality, innovative and affordable products and systems in support of the U.S. military and allies in their missions to operate successfully anywhere around the world, with a focus on: Autonomous Systems; Cyber, Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR); Strike; and Logistics and Modernization.

**PERFORMANCE** Our team delivered another year of strong performance in 2015. We continued to embrace our partnership with U.S. and allied defense and security partners to provide high-quality, affordable products and systems through a robust mission-assurance process that emphasizes our company-wide focus on quality, innovation and superior program performance. We are excited about our many future opportunities and remain committed to generating value through sustainable top performance.

**GOAL** Lead our industry in sustainable, top performance; generate value for our shareholders, customers and employees; and maintain strong, enduring values.

**PERFORMANCE** In 2015, we delivered strong performance for our customers, shareholders and employees. We exceeded all our target performance goals for customers and employees, and we met or exceeded all four of our objectives for shareholders.

## MISSION

Northrop Grumman is a leading global security company providing innovative systems, products and solutions in Autonomous Systems; Cyber; Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR); Strike; and Logistics and Modernization, to government and commercial customers worldwide. We are a publicly traded company headquartered in Falls Church, Virginia.

We apply our core competencies and capabilities to address the diverse and complex issues facing our customers, delivering innovative products, systems and solutions for applications that range from undersea to outer space and into cyberspace.

As a prime contractor, principal subcontractor, partner and preferred supplier, we participate in many high-priority defense and government programs in the United States and internationally. We conduct most of our business with the U.S. federal government, principally the Department of Defense (DoD) and the U.S. intelligence community. We also conduct business with foreign, state, and local governments.

## FINANCIAL PERFORMANCE HIGHLIGHTS

As of January 2016, there were approximately 25,000 Northrop Grumman common stockholders. As a public company, we communicate regularly with our shareholders, including through our quarterly financial reports and other filings with the Securities and Exchange Commission, postings on the Investor Relations section of our [website](#), regular public announcements and meetings. We report to our Board of Directors regarding our performance for shareholders, customers and employees against financial and non-financial metrics, which factor into executive compensation. Our 2015 financial performance metrics were operating margin, free cash flow conversion, return on net assets, net income and awards. Our non-financial metrics were quality and customer satisfaction, environmental sustainability, employee engagement, diversity and safety.

## CORPORATE RESPONSIBILITY AND GLOBAL SECURITY

We remain committed to social responsibility and environmental sustainability both globally and locally in our communities. We are not currently manufacturing cluster munitions, depleted-uranium munitions, chemical or biological weapons. We design and manufacture the launchers and provide sustainment support services for nuclear submarine-launched missile systems. We provide program management support, engineering services and emergency response for the U.S. Air Force's Minuteman III ICBM Ground Subsystems. Northrop Grumman is under contract with the U.S. Army for development and testing of a remote-control station to be used with the U.S. Army's existing anti-personnel munition system in conformance with the 1997 Ottawa Treaty.

We will continue to focus globally on doing business consistent with our values and commitment to sustainability. We work to incorporate social responsibility and customer support into decision-making, including in the products we design, develop and manufacture and the services we provide.

# Northrop Grumman

at a glance 2015

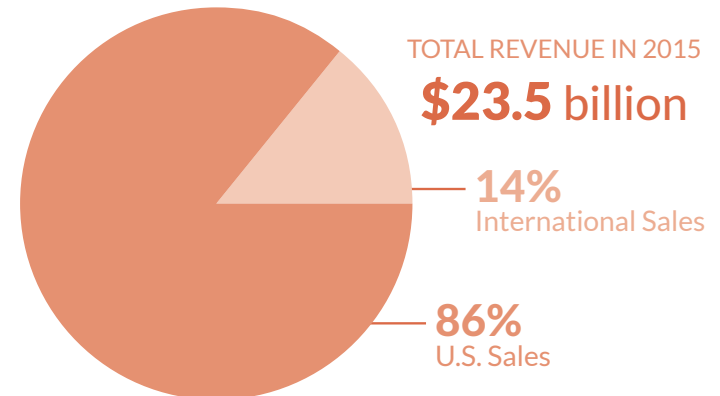
NYSE SYMBOL: NOC

EMPLOYEES: Approximately 65,000

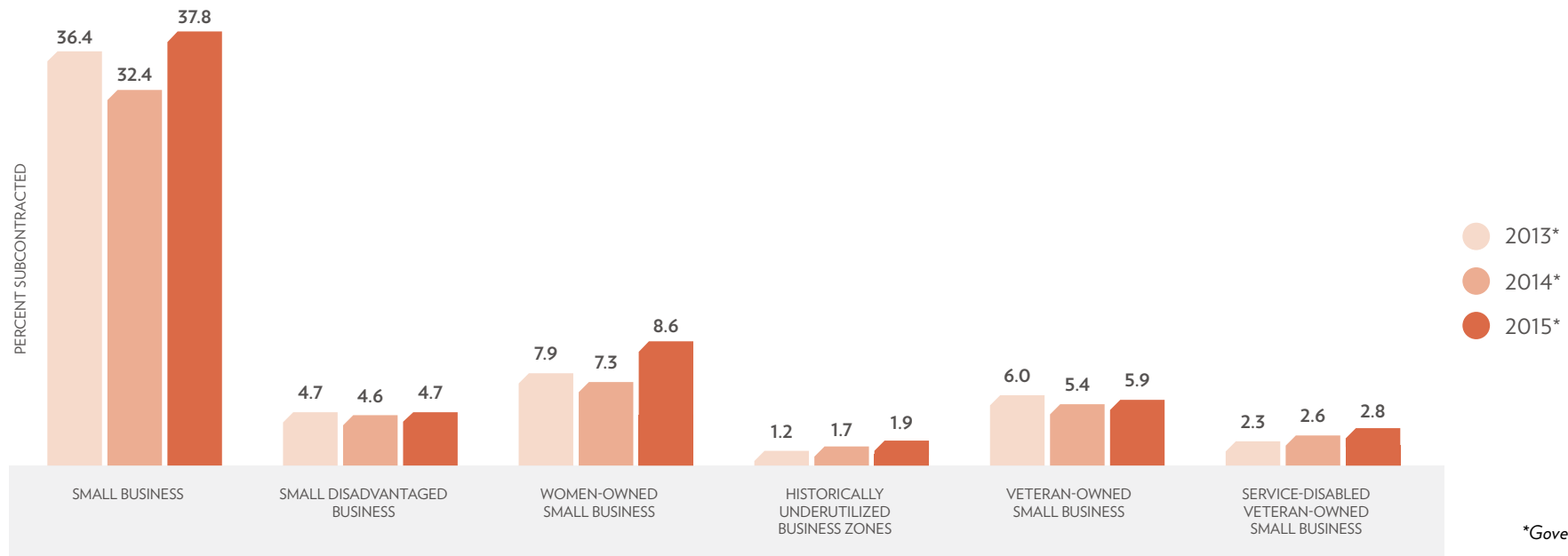
CORPORATE HQ: Falls Church, Virginia

NET EARNINGS: \$2 billion

DILUTED EARNINGS PER SHARE: \$10.39



## SUPPLY CHAIN PROCUREMENT SPENDING



## GLOBAL SUPPLY CHAIN

We regard our suppliers as essential team members. We owe our suppliers the same type of respect we show customers. Our suppliers deserve fair and equitable treatment, clear agreements and honest feedback on performance. We consider the needs of suppliers in conducting our business.

During government fiscal year 2015, we subcontracted more than \$7 billion to a broad base of approximately 9,500 suppliers. We subcontracted more than 37 percent, or \$2.68 billion, to small business suppliers. We have met and exceeded the 23 percent small business statutory goals for more than 10 consecutive years and have received recognition and numerous awards for our global supplier diversity programs.

**Supplier Responsibility and Diversity** At Northrop Grumman, our vision is to have the most trusted, world-class and innovative supply-chain organization that delivers value to our customers. We do so through integration of skilled people, suppliers, processes, tools and communications.

In 2015, we appointed a corporate vice president of supply chain responsible for implementing strategies that will enhance our supply chain capabilities. We also

sponsored a corporate compliance organization tasked with driving company-wide standards to identify and avoid human trafficking and corruption in the supply base.

To help ensure we attain goals in alignment with our values, we require all employees with procurement authority to complete additional specialized ethics training each year, as well as the Disclosure of Conflicts of Interest and Certificate of Standards of Business Conduct courses.



The MQ-8C Fire Scout helicopter during a capabilities test at Naval Base Ventura County in Point Mugu, California.

## GOALS & PERFORMANCE SUMMARY

**GOAL** Engage various external stakeholder groups that support and serve Northrop Grumman's values and interests in recruiting, developing, recognizing a diverse workforce and contracting with diverse suppliers.

**PERFORMANCE** We partnered with many external organizations in support of the development and growth of diverse talent and a diverse supply base. These organizations provide forums for our employees to create long-lasting connections, to volunteer and develop leadership skills in their communities, and to contribute to the company's success through the recruitment and development of future employees and suppliers. Several of our employee resource groups aligned their meetings with annual partner conferences and supplier diversity outreach events to identify diverse suppliers that have the potential to be included in the supply chain. These events provided access for employees to assist in developing inclusive strategies and programs that enhance our supply chain.

**GOAL** Ensure performance of suppliers most critical to Northrop Grumman is consistent with our values and our customers' expectations.

**PERFORMANCE** We routinely evaluated performance of our most critical suppliers, monthly or quarterly, using standard industry supply chain criteria for schedule, cost and quality of performance. When a specific subcontract warranted, we also evaluated general management, product performance, systems engineering, software engineering, technical aspects, team commitment, supply chain, proposal adequacy, service levels and process effectiveness.

**GOAL** Establish a single, consistent operational focus promoting best practices in environmental control and sustainability with our supply base and customers.

**PERFORMANCE** Our supplier portal Online Automated Supplier Information System (OASIS) provided instant access to our supplier terms and conditions and other important considerations to conduct business with Northrop Grumman. In 2015, we completed our multi-year effort to improve our suppliers' experience through an OASIS enhancement that further solidified the "One Northrop Grumman" charter we instill throughout the company. Advancing our sustainability practices was a continued focus in 2015. We augmented our IAEG work group participation to support the European Union regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals).

**GOAL** Enhance awareness, regarding the protection of our products and information throughout Northrop Grumman, to avoid introducing counterfeit parts and exposure to cyberattacks within our supply chain.

**PERFORMANCE** We continue to take a proactive approach to prevent counterfeit parts from entering our supply chain. In 2015, we:

- Used a company-wide team of Northrop Grumman subject matter experts to establish

- consistent communication and processes, procedures, tools, training and governance.
- Established a company-wide working group to implement new customer cyber security requirements to prevent and communicate exposures to cybersecurity attacks and promptly report such instances.
- Co-led the AIA Supplier Management Council Cyber Security working group that shares best practices to uncover effective cybersecurity solutions throughout our supply base.
- Participated in AIA, Tech America Counterfeit Parts IPT and various other external working groups to develop standards and establish industry guidelines.
- Developed and implemented system enhancements that allow us to increase visibility and reporting via automated controls.

**GOAL** Continue to ensure commitment to ethical conduct and identify any conflicts of interest with current and potential suppliers.

**PERFORMANCE** During 2015, procurement employees reviewed the procurement integrity policy and signed a certification specifying that he/she will not accept supplier gifts, bribes or kickbacks. We also regularly performed due diligence to assess whether suppliers and potential suppliers have been debarred or suspended from U.S. government contracting.



*Ron Penick, contracts administrator, and Melissa Poli, socio-economics business liaison, provided small business counseling at the Service Disabled Veterans Conference.*

## 2015 HIGHLIGHTS

**Local Focus** We used local small businesses within communities surrounding our operating facilities whenever feasible. More than 37 percent of Northrop Grumman procurement spend went to small, women- and minority-owned businesses.



**U.S. Government Mentor-Protégé Program** We managed six Mentor-Protégé agreements, and in fiscal year 2015 subcontracted \$23.2 million to these protégé organizations.



**Small Business Support** Calendar year 2015 marked the fifth consecutive year that we hosted a joint technology interchange workshop creating synergy among small business owners, military representatives and Northrop Grumman employees. As part of the joint Department of Defense Industry Small Business Innovation Research (SBIR) and commercialization readiness program, Air Force and Navy representatives invited people from SBIR firms for one-on-one meetings at a Northrop Grumman facility.

At Northrop Grumman, our vision is to have a highly trusted, world-class, innovative supply chain organization that delivers value to us and our customers.

**Department of Defense (DoD) Mentor-Protégé Program** This program encourages major DoD prime contractors to develop the technical and business capabilities of:

- Small Disadvantaged Businesses
- Women-Owned Small Businesses
- Service-Disabled, Veteran-Owned Small Businesses
- Historically Underutilized Business (HUB) Zone Small Businesses
- Organizations Employing Severely Disabled Individuals

Since the inception of the Mentor-Protégé Program, Northrop Grumman representatives have provided guidance to more than 130 small businesses. Northrop Grumman has won 23 Department of Defense Nunn-Perry awards, the most awards of any prime contractor. Nunn-Perry awards are the highest honor prime contractors can receive for participation in the program. The award honors retired U.S. Senator Sam Nunn, who sponsored legislation to enact the Mentor-Protégé Program in 1991, and former Secretary of Defense William Perry.

**Building Strong Supplier Relationships** Suppliers to Northrop Grumman are valued team members. We expect each to understand the critical need for top performance in quality, schedule, delivery, occupational health and safety, human rights, labor and environmental responsibility. Northrop Grumman suppliers receive an annual letter outlining our ethics policies and code of conduct. In 2015, we communicated with our supply base representatives to emphasize our company's continued commitment to Equal Employment Opportunity/Affirmative Action and the detection, avoidance and reporting of counterfeit material.

**Most Critical Suppliers Determination** We use a dynamic set of criteria to determine the “most critical suppliers” to our core business requirements. We

designed these criteria to be flexible and correlate each element appropriately based on business needs.

### Critical Suppliers Criteria

- Level of criticality of program
- Past performance
- Dollar value and total spending
- Open purchase order value and volume
- Sole-source versus single-source
- Multiple programs
- Affordability
- Risk and financial health
- Investments, business agreements and small business categories
- Unique technology
- Current pursuits, future pursuits and strategic partnering efforts

**Small Business Performance** At Northrop Grumman, we repeatedly exceed small business guidelines. We serve as the prime contractor on government programs. In that role, there are increased challenges to achieving small business goals because in certain commodities, small businesses have greater influence on performance at the component, sub-assembly level, of the process. To mitigate these challenges, we have initiated tools such as Technology Domain Teams to concentrate our supply base management efforts on key technology areas.

We emphasize the importance of meeting our small business performance goals, which is key to our corporate values. Throughout Northrop Grumman, we enhance small business performance by aligning individual and organizational performance goals that align with our supplier goals.

**Small Business Innovation Research (SBIR)** Throughout 2015, we continued to develop our SBIR program, which is a Small Business Administration effort

to engage such firms in federal research and development projects with commercialization potential. The SBIR program is a three-phase process of transitioning new small business technology from proof of concept to prototype development to commercialization within industry and government platforms.

### Objectives of SBIR

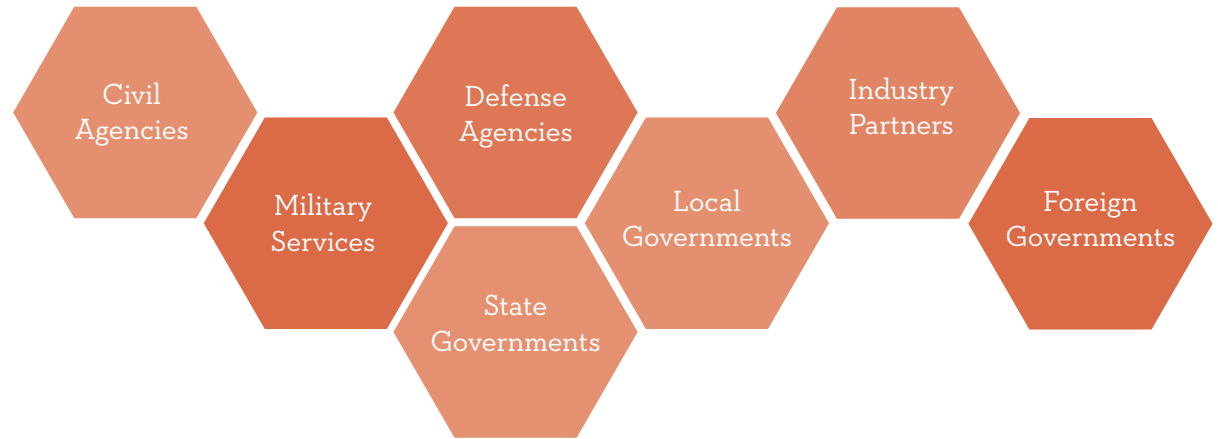
- Stimulate technological innovation
- Contract with small businesses to meet federal R&D needs
- Foster and encourage participation by minorities and disadvantaged businesses in technological innovation
- Increase private-sector commercialization innovations derived from federal research and development

We currently track an estimated 20 SBIR firms involved in all phases of the program and have partnered with SBIR firms for them to receive an estimated \$6 million in transition funding to commercialize innovative technology. Technical-lead employees at each Northrop Grumman sector use the program to augment the company's technical and scientific expertise. The teams consist of a technical point of contact, a supply chain manager and a small business liaison officer, who collectively work to identify and provide subcontracting opportunities to SBIR firms. Ultimately, the SBIR program provides funding to small business firms to assist them in bringing game-changing technologies to market.

### Being Responsible: Supply Chain Management/International

**Global Supply Base:** As the Northrop Grumman business portfolio expands further into global markets, we are enhancing our efforts to prevent human trafficking and other misconduct within our global supply base. We have a robust anti-corruption program to help ensure that we are doing business only with parties that share our corporate values for integrity and adhere to transparent and ethical business practices.

## NORTHROP GRUMMAN SERVES A DIVERSE RANGE OF CUSTOMERS



**Human Rights:** We are focused on identifying, managing and eliminating the potential of human rights violations occurring within our supply base. Within our current supply base, we maintain a standard set of terms and conditions for entering into contracts with international parties. We have a robust and comprehensive focus on ensuring the integrity of our international supply chain and other third-party relationships.

**Conflict Minerals:** We are committed to complying with the Dodd-Frank disclosure requirements regarding conflict minerals. In 2015, we filed our conflict minerals report and disclosed that we determined that during 2014 we manufactured and/or contracted to manufacture products containing conflict minerals but were not able to determine the countries of origin or facilities used to produce the conflict minerals in our products. We

continue to enhance our conflict minerals due-diligence process, including leveraging new data management automation to make the supplier assessment and reporting processes more efficient. Northrop Grumman is also a member of the Aerospace Industries Association Conflict Minerals working group that establishes best practices and provides industry benchmarking opportunities.

**Integrated Structure:** Northrop Grumman utilizes an integrated global supply chain structure. Each of our suppliers is provided an annual letter emphasizing, "Strict adherence to ethical practices is a Northrop Grumman priority and is an essential element of all our supplier relationships." The letter links the supplier to the Northrop Grumman Associate Values Ethics and Conduct brochure, which outlines our values and company standards for ethical behavior for employees and suppliers.

**Risk Management:** Supply Chain Risk Management also includes the supplier's information security risk profile and commitment to privacy. Information protection practices of our suppliers impact the security of Northrop Grumman's infrastructure and information, and we take it seriously. We have policies and processes to mitigate

**We are committed to complying with the Dodd-Frank disclosure requirements regarding conflict minerals.**

## 2015 HIGHLIGHTS

**U.S. Air Force Civil Engineer Center** Northrop Grumman employees conducted engineering, financial and technical analysis of Air Force energy program management activities worldwide as part of our ongoing support of the U.S. Air Force Civil Engineer Center Energy Directorate. Our efforts included renewable and alternative energy systems. These initiatives support the long-term energy efficiency objectives for Air Force facilities and operations.

**Aviation Week Program Excellence** The Aviation Week Program Excellence awards demonstrate best-in-class technical and business performance across the aerospace and defense industry. In 2015, Northrop Grumman had four finalists (two winners) in the Aviation Week Program Excellence awards.

- Global Combat Support System - U.S. Army *FINALIST*
- KC-10 Contractor Logistics Support Programs *FINALIST*
- Protected Satellite Communications Payload Orbital Operations *WINNER*
- Unmanned Combat Air System Demonstrator *WINNER*

**European Quality Forum** In April 2015, we hosted a quality forum in Europe that included leaders from the European community who shared best practices, tools and innovative ideas. This forum provided an opportunity for Northrop Grumman employees from different backgrounds, countries and domains to collaborate and communicate their experiences, as well as the opportunity to harmonize our global quality practices.

**Quality Symposia** In October 2015, we held 11 Quality Symposia events across our company, including an event at our Fareham facility in the United Kingdom. The Quality Symposia is an opportunity for us to showcase how quality and other key company priorities connect and build a foundation for top performance. During the events, we recognized our 100 winners of the “Quality is Personal” award (from more than 550 nominations), which represents individuals and small teams that demonstrate continuous improvement and produce high-quality outcomes.

risk. In 2015, we focused on a number of supply chain risk mitigation activities that enhanced our ability to identify and mitigate potential program execution risk prior to issuing offerings to our customers.

**Supply Chain Diversity:** The Northrop Grumman Global Supplier Diversity Program office is a link to small and disadvantaged business owners, as well as Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and Universities interested in procuring subcontracts to Northrop Grumman. We have received national recognition for our efforts to increase the number of successful minority- and women-owned subcontractors. Along with these outreach and mentoring programs, we sponsor academic, customer and industry activities that support growth and development in the small business community.

## QUALITY MANAGEMENT

**Customer Satisfaction** At Northrop Grumman, we are accountable to our customers. Our commitment to enhancing global security is steadfast. We embrace our partnership with U.S. and allied defense and security leaders and strive to provide high-quality, affordable products and systems through a robust mission-assurance process that emphasizes our company-wide focus on quality, innovation and superior program performance.

In 2015, we maintained our focus on quality as one of our key strategic priorities to ensure strong performance outcomes for our customers and improved value for our shareholders. We continued using quality measures company-wide that reflect the performance of our key programs against quality expectations across the program life cycle, including engineering, manufacturing, and supply chain.

We continue to promote a culture of quality throughout Northrop Grumman. We believe that by highlighting the relationship between the work of individual employees and the success of our customers’ critical missions, we are able to create sustained performance improvement and develop affordable global security solutions. We do this, in part, by instilling in our employees the concept that “Quality is Personal.” From there, we encourage our employees to identify quality issues in their work and continuously strive to improve in those areas.

We recognize that a holistic view of our quality performance, engaging all key stakeholders, drives successful performance outcomes for our customers. To identify and prioritize areas for improvement, in quality and customer satisfaction, we utilize a rigorous self-assessment process at both the business unit and corporate level. ❖



*Our mechanics use FILLS (Fastener Insertion Live Link System) light-projected work instructions to speed the assembly of F-35 center fuselages.*

# GOVERNANCE



We are committed to maintaining the highest standards in corporate governance, ensuring our interests are aligned with those of leadership in governance by adopting standards that increase accountability to shareholders, aligning our interests with those of our shareholders and demonstrating a commitment to compliance, ethics and integrity. We regularly engage with our shareholders to better understand their perspectives on Northrop Grumman. Our dialogue with shareholders has helped inform the Board's decisions and has resulted in, among other things, changes to our governance and compensation practices aimed at ensuring our interests remain aligned with those of our shareholders.

## BOARD OF DIRECTORS

The primary responsibility of the Board of Directors is to foster the long-term success of Northrop Grumman and to promote the interests of our shareholders.

### 2015 GOVERNANCE GOAL & PERFORMANCE SUMMARY

**GOAL** Effective corporate governance to ensure long-term value creation.

**PERFORMANCE** The Board has adopted corporate governance policies and programs including Principles of Corporate Governance, which reinforce the company's values and provide for effective management and oversight and responsible business practices. To view the Principles of Corporate Governance visit the Northrop Grumman [website](#).

To view the full Board membership visit the Northrop Grumman [website](#).

### HIGHLIGHTS OF OUR GOVERNANCE PRACTICES

Number of Independent Directors:  
11 of 12 as of December 31, 2015

✓ All Board Committees Comprised Entirely of Independent Directors

✓ Annual Election of All Directors

✓ Lead Independent Director

✓ Majority Voting for Directors in Uncontested Elections

✓ Proxy Access Bylaw

✓ Annual Board and Committee Self-Evaluations

✓ Ability of Shareholders to Act by Written Consent

✓ Ability of Shareholders to Call a Special Meeting

✓ Annual Advisory Vote on Executive Compensation

✓ Recoupment Policy for Incentive Compensation

✓ Stock Ownership Guidelines for Directors and Executive Officers

✓ Policy Prohibiting Hedging and Pledging of Company Stock by Directors and Executive Officers



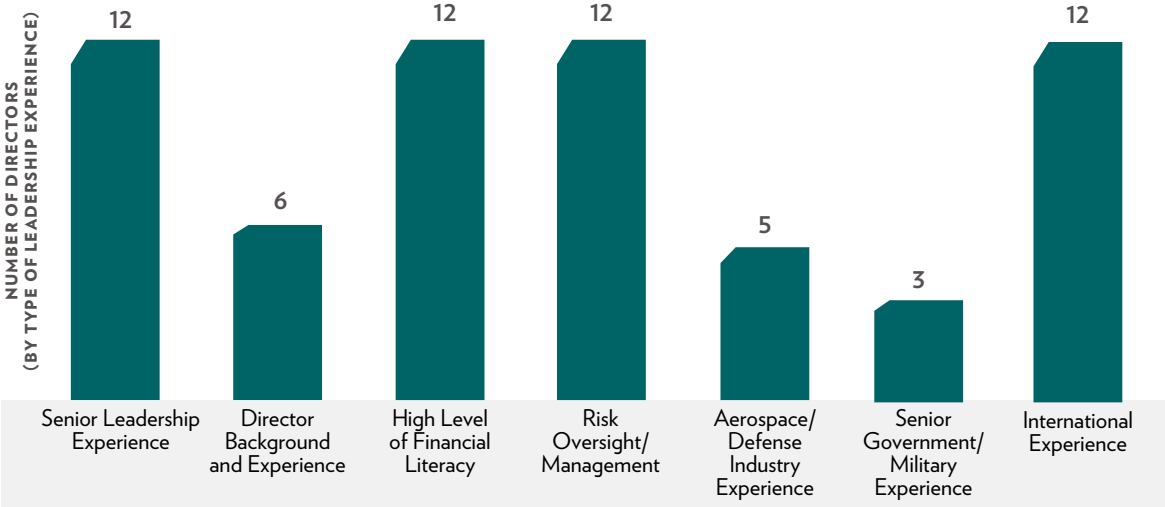
# BOARD COMPOSITION AND TENURE

As of December 31, 2015, the Board comprised 12 directors, 11 of whom are independent. The Board represents a diverse group of accomplished directors who bring a wide range of experience. The average tenure on our Board is 6.7 years. Two of the directors are women, and two are people of color. We believe our directors possess the professional reputation, education, professional background and skills most beneficial to the Board and to our shareholders.

Each year, the Board and each of its committees conduct an assessment of performance and discuss the results and opportunities for improvement in executive session. In addition, the directors conduct an annual assessment of each individual director's performance. The Lead Independent Director discusses the results of this assessment with each director individually.

Directors receive part of their compensation in the form of deferred stock units, which may be paid out at a future date in the form of Northrop Grumman stock. In addition, all directors are required to own Northrop Grumman stock equal to five times the annual cash compensation they receive for their services as director.

**Our directors are required to have a significant financial interest in Northrop Grumman to help ensure their interests align with those of the company's shareholders.**



The Board is responsible for overseeing our risk-management activities among other duties. Each of our Board committees assists the Board in this role. The audit committee focuses on risks that could affect our financial performance and receives reports from management addressing the nature of material financial risks and how we respond to, and mitigate, these risks. The audit committee also reviews the company's periodic filings with the Securities and Exchange Commission. The compensation committee reviews a risk assessment of our compensation programs and, together with its independent compensation consultant, evaluates the mix of at-risk compensation linked to stock performance. The governance committee regularly reviews our corporate governance policies and practices. The policy committee assists the Board in identifying and evaluating global security; political, budgetary, environmental and sustainability issues; health and safety matters; and trends that could impact Northrop Grumman business. The policy committee also receives a periodic report from management on our ethics and corporate responsibility programs including a review of the annual Corporate Responsibility Report.

The Board also receives regular reports on the activities of the company's Enterprise Risk Management Council, which seeks to identify the most significant risks and ensure effective mitigation programs are in place for each risk.

## HUMAN RIGHTS

We, at Northrop Grumman, have long demonstrated a strong commitment to human rights, which is reflected in our business practices. Our Human Rights policy highlights our commitment to treat employees, suppliers, customers and competitors with dignity and respect and prohibits unlawful discrimination, harassment or retaliation. Additionally, the policy covers freedom of association, fair working conditions, ethical procurement practices, health and safety of employees and business associates and protection of the environment and the well-being of community residents. We have also adopted policies to combat human trafficking.

## BOARD OVERSIGHT OF RISK

The Board has four standing committees: audit committee, compensation committee, governance committee and policy committee. A summary of the duties of each committee is in our 2016 Proxy Statement. Each of the committee charters is posted on the Northrop Grumman [website](#).

## POLITICAL PARTICIPATION DISCLOSURE

Political activities at Northrop Grumman are consistent with the company's principles of good governance and the highest standard of ethics. We publish an annual report detailing political contributions on the Northrop Grumman [website](#).

## ETHICS AND INTEGRITY

We at Northrop Grumman are committed to a values-based ethics program. Values-based ethics go beyond the minimum standards to create and sustain an open environment that fosters trust, helps employees achieve their goals and improves our performance. By making the right decisions based on values, Northrop Grumman employees maximize individual and company success.

**Ethics Vision** To foster a workforce that takes ownership of our ethical culture, operates with integrity and lives our company values.

**Ethics Mission** To promote an ethical culture where leaders create and encourage an open and ethical work climate, foster trust and lead by example. These guiding tenets enable employees to act with integrity and in compliance with all ethical and legal responsibilities by providing necessary tools and knowledge.

We pledge to conduct ourselves with integrity to encourage and support an internal environment of innovation and trust. Our ethical obligations extend to all employees and those who represent the interests of Northrop Grumman anywhere in the world.

## 2015 HIGHLIGHTS

- **New Ethics Branding** We rebranded our ethics program with "Ethics: Own It, Live It, Lead It" messaging and refreshed our existing ethics training, communications, brochures and publications. Leadership and employee response to the re-branding was positive and enthusiastic.
- **Manager-led Discussions** We successfully piloted Integrity Talks, a toolkit to encourage and facilitate manager-led ethics discussions. Managers provided favorable feedback, and we will broaden the program moving forward.
- **Investigation Training** All OpenLine and reported allegations of fraud, waste and abuse are investigated. We provided training to employees including ethics investigators, business conduct officers and subject matter experts.
- **Global Training** In 2015, we translated our global training in several languages and established a new eLearning system in Australia and Europe to enhance our annual ethics and compliance training globally.
- **Common Training Platform** We consolidated annual ethics and compliance training for all Northrop Grumman sectors into a common learning management platform for more comprehensive, consistent and accurate reporting.
- **"Know Your BCO" Campaign** Our Business Conduct Officer network is an integral part of establishing and maintaining a strong ethical culture at Northrop Grumman. In 2015, we worked to enhance visibility of these individuals with Ethics Awareness Week activities, company communications and newsletter articles and by including images of business conduct officers on our OpenLine posters.
- **Ethics Awareness Week** Held the third week in September, this global event included more than 60 leadership Meet-and-Greet sessions, 570 Manager-led Integrity Talks discussions, 35,000 ethics-branded giveaways and 14,000 employee prizes for ethics-related quizzes, games and interactive events.
- **Ethics Website and International Corporate Intranet** As part of an enterprise initiative, the ethics organization reviewed and redesigned both the U.S. and international ethics websites to include updated guidance and resources to assist with ethical dilemmas and decision making.
- **External Partnerships** Ethics staff and the business conduct officers community are encouraged to lead, partner, participate and support external ethics and compliance organizations for professional development and industry best practices. This effort includes memberships with the Defense Industry Initiative, Ethics and Compliance Initiative, Society of Corporate Compliance and Ethics, Institute of Business Ethics (UK), International Forum on Business Ethical Conduct and Aerospace Industries Association of America.



## TRAINING FOCUS 100% WORLDWIDE

Ethics and compliance training is a requirement for all Northrop Grumman employees. In 2015, we enhanced global training by translating training content into Dutch, German, French and Italian. We also launched a new international eLearning system, for use in Europe and Australia, to improve tracking and reporting capabilities. Training modules in the system included information on our Standards of Business Conduct, mandatory disclosure rule, retaliation, import compliance, anti-corruption, bullying and harassment, human trafficking, conflicts of interest, protecting personal information, information security, quality and various key corporate procedures.

Feedback from an internal training survey showed positive responses to improvements in content, format and structure. The Ethics organization piloted a manager-led Integrity Talks initiative that provided manager toolkits with ethics resources to initiate discussions at staff and team meetings. Additionally, we supplemented training and discussions with the quarterly enterprise [High Road](#) newsletter highlighting important ethics topics and current issues.

**GOAL** Strategic evaluation and assessments of the efficacy of, and ongoing compliance with, the policies and procedures related to the standards of business conduct and ethics awareness programs.

**PERFORMANCE** Conducted a company-wide audit of the Ethics and Business Conduct program that concluded with the assessment that, overall, our program is effective. Recommendations for process improvements centered on consistency in our OpenLine tracking system including tracking voluntary and involuntary terminations as a result of an OpenLine investigation.

## ● BUSINESS CONDUCT OFFICER LOCATIONS

We currently have a network of more than 140 U.S. and international part-time business conduct officers at Northrop Grumman sites.



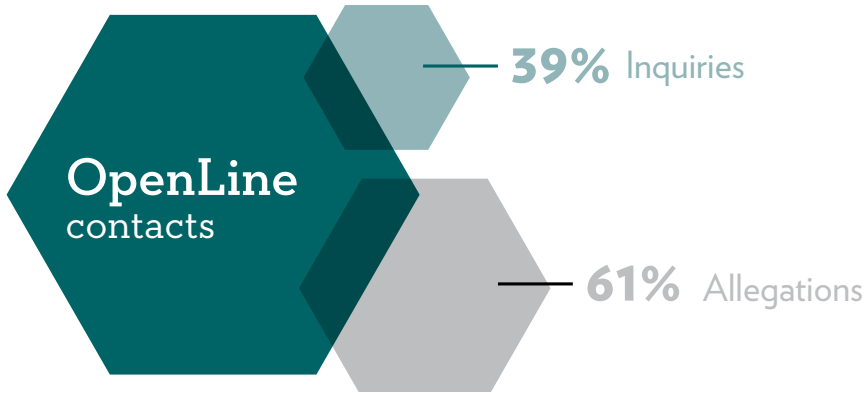
*Business conduct officers provide ethics leadership to management and employees, implement enterprise ethics and compliance initiatives, raise concerns and potential risks and respond to questions and concerns raised by employees about the company values, ethics and business conduct.*

In March 2015, the Ethics organization hosted a combined U.S. and international two-day Business Conduct Officers workshop in Reston, Virginia. Our executive leaders shared their views on ethics and integrity, and the business conduct officers had the opportunity to discuss challenges, share best practices and lessons learned and develop strategic plans for program enhancements. Business conduct officer development continued with monthly training webinars on compliance topics, trends and current issues, external alliances with ethics organizations and professional certifications.

**Leadership Engagement** Ethics and integrity messaging is a consistent and essential component of corporate and sector communications. The 2015 ethics message from our CEO, Wes Bush, focused on our re-branded messaging. The message went across the company, underscoring the absolute importance of maintaining the highest levels of ethics and integrity at all times. All levels of our leadership support this commitment, and

the message is reinforced throughout the company using email, the ethics [website](#), videos and announcements.

**Ethics OpenLine** Our Northrop Grumman OpenLine provides an additional resource where employees, business partners, and other stakeholders can seek guidance on ethics questions and report suspected violations of laws, regulations and company policy. The toll-free, 24/7 number, administered by a third-party service provider, is communicated on brochures, posters, the company intranet and internet sites. Callers may choose to remain anonymous. In addition, an online reporting system is available to employees with international contacts for Europe and Asia. In 2015, the ethics organization dedicated OpenLine numbers in the U.K., Australia, Switzerland, Saudi Arabia and United Arab Emirates. OpenLine posters with phone numbers and business conduct officer contact information are located throughout all Northrop Grumman facilities.



2013	2014	2015
1,087 Inquiries	1,064 Inquiries	899* Inquiries
1,245 Allegations	1,349 Allegations	1,388** Allegations

\*The decrease in inquiries reflects a company-wide change in how we classify ethics and compliance inquiries.

\*\* The increase in allegations is a positive sign of our ongoing communication campaigns that encourage employees to report through our OpenLine process.

**Contacts** We actively encourage our employees to raise ethics concerns or questions, including through our confidential OpenLine. We monitor trends and potential hot spots, track and report aggregated data on issue type and review actions taken. This tracking enables us to assess training needs to develop targeted training and communications to employees. Allegations are investigated and addressed in a manner that respects the individual who has reported a concern and the trust they have placed with us.

**Protecting Our Employees** We are committed to non-retaliation. We have a clear, enforceable policy prohibiting retaliation for reporting and have disciplinary measures for employees who breach the policy. The company’s non-retaliation policy is prominently posted online and in brochures and clearly states zero tolerance of direct or indirect retaliation against any individual who reports a concern in good faith. Another way we protect employees is by maintaining necessary confidentiality of personal information during OpenLine investigations.

## REGULATORY AND LEGAL COMPLIANCE

We maintain and continuously seek to improve our company-wide compliance program, with strong corporate values and integrity at the center of all our actions. This strong foundation assists in effectively managing legal and regulatory risks. As we grow globally, we are ensuring that we understand and comply with applicable laws not only of the United States, but also other countries where we conduct our business and operations.

**EHS Regulatory Agency Reviews** Northrop Grumman operations are subject to review and audit by regulatory agencies and other authorities including federal, state and local environmental, health and safety agencies, as well as building inspectors and fire marshals. These reviews and audits provide an important perspective on operational compliance and effectiveness of our programs and procedures.

In 2015, EHS-regulatory agency representatives corresponded with us, or visited Northrop Grumman sites, 165 times resulting in 23 EHS-related administrative actions.\* We resolved each action with none resulting in significant fines.

\*“Administrative action” refers to an action by a federal, state or local government agency with authority over EHS requirements that is resolved through the payment of a fine or penalty.

## DATA PRIVACY AND SECURITY

At Northrop Grumman, our objective with data privacy and information security is clear: safeguarding our computing environments, products and the data our customers, business partners and employees entrust to us. Information security and data privacy are critical components of our corporate risk management processes.

The Corporate Privacy Office is charged with implementing our corporate commitment to respect the privacy of individuals, including employees, whose personal information we possess. We employ a Privacy Governance Framework designed to implement a comprehensive set of personal information protections including privacy training and awareness initiatives, access controls, internal and third-party supplier risk assessments, and other risk mitigation measures.

Vital to Northrop Grumman’s business operations is the successful protection from cyber threats of our products and computing environments. Our comprehensive Information Security Governance framework includes policies and standards governing computing

- **Commitment from Management:** From the top of our business, led by Wes Bush, our chairman, CEO and president, through our ranks of management, Northrop Grumman's leadership demonstrates a proactive, visible and steadfast commitment to ethics and integrity. Our compliance program has been designed, and is implemented, to build on and enhance our corporate values across the company.
- **Standards and Policies:** In addition to our Standards of Business Conduct, we develop, enhance and maintain a comprehensive set of policies and procedures designed to implement robust internal controls. We also disclose litigation and enforcement actions related to non-compliance with laws and regulations, investigations and other issues that may relate to claims of non-compliance as appropriate in our public filings.
- **Oversight and Resources:** Our Office of the Chief Compliance Officer; Compliance Council; Global Corporate Responsibility; Ethics; Internal Audit; and other functions work together to provide the needed oversight and resources to drive our compliance program.
- **Risk Assessment:** Our Enterprise Risk Management Council evaluates the risk factors disclosed in our public filings and the strategies to mitigate or address those issues.
- **Incentives and Discipline:** We publicly recognize employees who do the right thing. We have also established trusted and effective processes for addressing allegations and administering discipline to those employees who commit misconduct.
- **Due Diligence:** We devote significant resources to evaluating and carefully selecting third parties with whom we do business as sales representatives, partners, consultants, suppliers or teammates. We clearly communicate our expectations that these third parties must share our commitment to doing business with the highest levels of ethics, integrity, privacy and compliance with applicable laws and regulations.

- **Review and Audits:** Through feedback mechanisms such as employee surveys and our well-established corporate audit program, we review and identify areas for potential enhancement of our compliance program.
- **Anti-Corruption Compliance:** Northrop Grumman conducts all business in accordance with high ethical standards and in compliance with all applicable anti-corruption laws. We maintain a zero-tolerance policy with regard to bribery and corrupt business practices. Anti-corruption compliance is not only the responsibility of compliance personnel but also it is the responsibility of every employee.

We ensure that our anti-corruption compliance program is integrated with our international growth strategy. We conduct internal risk assessments and evaluate the strength of our anti-corruption compliance program against standards provided by government authorities and industry best practices. Our continuous improvement program helps ensure that our compliance programs and resources are effectively applied and deployed for the risk presented.

In 2015, we implemented several significant anti-corruption compliance initiatives. These include a revised international anti-corruption policy, an enhanced third-party due diligence procedure allowing for a more refined risk-based approach to our assessment of business relationships and new technologies to embed industry best practices for anti-corruption compliance more seamlessly into our business processes.

environments and company-wide services that enhance our overall security posture. It focuses on identifying, avoiding and mitigating evolving cyber threats. Key elements of our information security program include:

- **Maintaining and Retaining Information Security Talent:** We are passionate about investing in our highly talented information security workforce to ensure these dedicated employees, including incoming cyber professionals, have access to the necessary information, tools and training to perform their jobs.
- **Investment in Technology:** We deploy multilayered defenses, including our own leading-edge technologies and innovative solutions, in an effort to protect our computing environment and products from cyber threats. Focused on the evolving threat landscape and associated risks, we regularly evaluate new technologies to maintain our security posture.
- **Third-party Risk Assessments:** Before hosting sensitive data in a computing environment managed by a third party, we conduct an information security assessment and implement contractual provisions.
- **Training and Awareness Program:** We understand that our employees' ability to identify, avoid and mitigate cyber threats is a crucial element of our information security program. Among the elements of our training and awareness program are mandatory annual training and email spear phishing exercises.
- **Information Sharing and Collaboration:** As a developer of innovative solutions to complex global security challenges, we know the value of collaborating with government, customer, industry and supplier partners. Information sharing and engaging with other organizations enhances our ability to protect our own networks and can substantively contribute to the overall security posture of others. We participate in multiple cybersecurity-related, information-sharing programs and are committed to continuing our work with government and other private entities, including our business partners, to address cyber threats. ❖

# INNOVATION

## PRODUCTS AND SERVICES



**Aerospace Systems** Northrop Grumman Aerospace Systems is a premier provider of military aircraft, autonomous and space systems and next-generation solutions to assist our customers worldwide, preserve freedom and advance human discovery.



**Missions Systems** Northrop Grumman Mission Systems is a leading global provider, manufacturer and integrator of advanced, secure and agile software-defined systems and solutions. Our differentiated C4ISR and cyber solutions deliver timely, mission-enabling information and provide superior situational awareness and understanding to protect the U.S. and its global allies.



**Technology Services** Northrop Grumman Technology Services is a global provider of innovative and cost-effective solutions. Through sustainment and modernization, supply chain management, training, simulation and high technology services, we offer a full-spectrum of support.

“Fostering a strong Systems Thinking culture, including world-class Systems Engineering across Northrop Grumman, is a key discriminator and allows us to better execute on programs, increase customer confidence and grow our business.”

>> *Gene Fraser, vice president of corporate programs, quality and engineering*

## RESEARCH AND DEVELOPMENT

At Northrop Grumman, we drive innovation across a portfolio of research and development to provide advanced defense/security solutions and capabilities to our customers. We conduct a wide range of research and development work; we partner with leading universities, small businesses and national laboratories to create advanced capabilities; we attract and develop a highly innovative technology workforce including leading scientists and engineers who actively contribute to their fields; and we contribute meaningfully in advancing science and human discovery.

Research and Development active areas include, but are not limited to:

- Aeronautics and Space Systems
- Information and Cyber Systems
- Microelectronics
- Sensors

**Systems Thinking at Northrop Grumman** At Northrop Grumman, a foundational element to our business success is Systems Thinking, which allows us to design and deliver complex products that are critical to preserving freedom and advancing human discovery.

### Systems Engineering at a Glance

- Using a high-performing Systems Engineering team triples the chance of project success.
- Studies indicate an 80 percent correlation between Systems Engineering and program success.
- Systems Engineering activity between 8 percent and 19 percent is usually optimum.

In 2015, we included Systems Engineering as a key tenet of our annual Quality Symposia. At each event, we conveyed the importance of Systems Engineering and its role in creating first-time quality and sustainable performance. We also are working to communicate and emphasize the importance of Systems Thinking company-wide, across all functions, to ensure strategic value creation.

## INNOVATION ECOSYSTEM

We implemented an Innovation Ecosystem that engages our creative and entrepreneurial workforce with challenges and opportunities. The effort has resulted in 394 innovation proposal submissions and nine awards, a 57 percent increase in results from 2014. We recently created an innovation “FabLab” that now has more than 1,100 members. These participants

Our ongoing innovation projects have driven innovation throughout the company while also producing cost-saving outcomes.

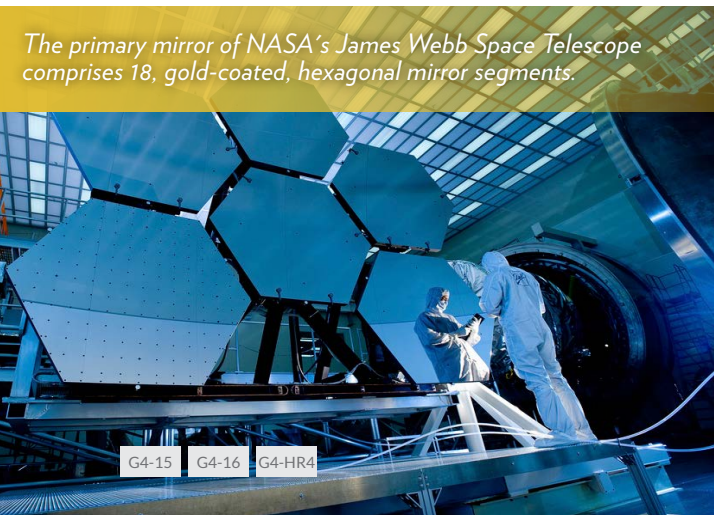
volunteered for and received more than 2,000 hours of training. They also participated in five hack-a-thon/build-a-thon events throughout the company. The innovation pipeline has resulted in 25 funded innovation projects. The goal with all innovation efforts is to transform ideas into inventions and unleash new ways of designing, manufacturing and collaborating. ❖

### Partners and Professional Associations

In conjunction with direct customer efforts, we maintain affiliations with organizations including those listed below to enhance business performance, collaboration, community involvement, diversity and inclusion, employee relations, the environment, health and safety, sustainability strategies and initiatives, innovation and supplier relationships.

- 100,000 Jobs Mission
- AbilityOne
- Aerospace Industries Association
- American Indian Science and Engineering Society
- Asian American Engineer of the Year
- Asian Business Association
- Association of Climate Change Officers
- Association of Corporate Contributions Professionals
- Black Business Association
- Black Engineer of the Year
- Boston College Center for Corporate Citizenship
- Capital Area Gay and Lesbian Chamber of Commerce
- Corporate EcoForum
- Conservational International Business & Sustainability Council
- Department of Veterans Affairs Center for Verification and Evaluation
- Great Minds in STEM
- International Aerospace Environmental Group
- International Audit Protocol Consortium
- Latin Business Association
- Military Spouse Employment Partnership
- National Association of Asian American Professionals
- National Association of Environmental Management
- National Association of Women Business Owners
- National Center for American Indian Enterprise Development
- National Society of Black Engineers
- ORC Health, Safety & Environmental Strategies
- Out and Equal Workplace Summit
- Small Business Innovation Research and Small Business Technology Transfer programs
- Society of Hispanic Professional Engineers
- Society of Women Engineers
- United States Hispanic Chamber of Commerce
- U.S. Business Leadership Network
- Women of Color in Technology

Note: Partial list.



The primary mirror of NASA's James Webb Space Telescope comprises 18, gold-coated, hexagonal mirror segments.

# ENVIRONMENTAL

## ENVIRONMENTAL SUSTAINABILITY

**Our Strategy:** greeNG: A Catalyst for Performance

We are integrating environmental sustainability into our organizational culture, applying a multifaceted strategy that supports our corporate values and drives value and performance. To increase and maintain focus on performance, our executives are accountable for achieving sustainability goals. Environmental sustainability is one of six non-financial corporate performance metrics.

The link between environmental sustainability and executive compensation demonstrates the level of commitment from our Board of Directors and reinforces the role of leadership and engagement throughout Northrop Grumman.

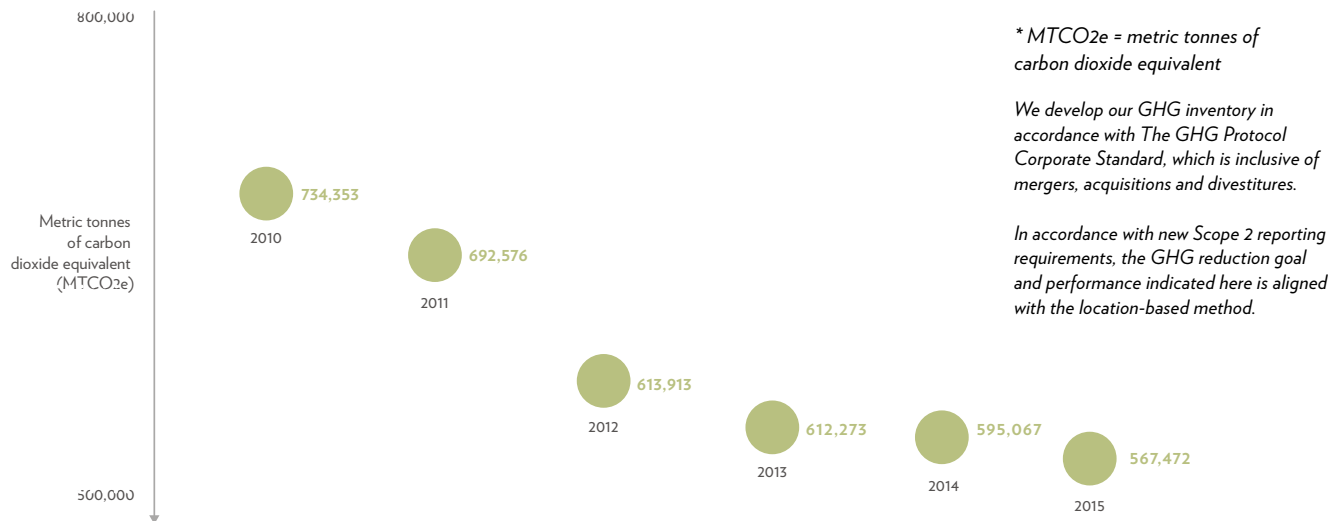
## 2020 ENVIRONMENTAL SUSTAINABILITY GOALS

By year-end 2020, Northrop Grumman has committed to:

- Reduce absolute greenhouse gas (GHG) emissions by 30 percent from 2010 levels
- Reduce absolute potable water use by 20 percent from 2014 levels
- Achieve a 70 percent solid waste diversion rate (percentage of total solid waste that is diverted from landfill)



## ABSOLUTE GHG EMISSIONS 2010-2015 PERFORMANCE



## GHG EMISSIONS FOOTPRINT

567,472 MTCO<sub>2e</sub>  
22.7% reduction 2010-2015

## WATER USE FOOTPRINT

863 million gallons  
8.9% reduction 2014-2015

## SOLID WASTE FOOTPRINT

26,069 tons diverted      13,718 tons disposed

65.5% diversion rate  
12.3% improvement 2014-2015

## 2015 ENVIRONMENTAL PERFORMANCE SUMMARY

**PERFORMANCE** We maintained strong environmental sustainability performance in 2015:

- **Greenhouse Gas Emissions** >> Our 2015 performance was driven by our continued focus on building efficiencies and systems, information technology infrastructure, and engineering and manufacturing process modifications. Initiatives implemented in these areas in 2015 were estimated to reduce approximately 18,245 MTCO<sub>2e</sub> and are setting the foundation for meeting our 2020 goal.

For a fifth consecutive year, we received “reasonable assurance” for our GHG inventory (2015 data), the highest level of third-party verification in accordance with ISO 14064-3. For the second consecutive year, we received “limited assurance” via third-party verification of our Scope 3 Business Travel GHG inventory. This performance reflects industry-leading levels of assurance.

*We disclose our complete GHG inventory, including our market-based emissions inventory and Scope 3 emissions, in the annual CDP Climate Change Investor Response, which is publicly available via the CDP.*

- **Water Use Reduction** >> We are committed to conserving this precious resource, emphasizing action in regions where water stress is a reality, including California, the southwestern U.S. and Australia. In response to the unprecedented drought conditions and the California governor’s executive order B-29-15, we prioritized water conservation at our sites in the state. Specifically, we:

- Completed water use assessments at our large California sites to evaluate operational conservation and source alternatives to reduce potable water use.
- Established the Northrop Grumman Water Council, comprised of facilities, engineering and EHS professionals, to recommend water conservation project priorities that balance cost, water use reduction and local water risk.
- Implemented water conservation projects in California that are estimated to annually save approximately 86 million gallons of water.

- **Solid Waste Diversion** >> Consistent with the principles of lean manufacturing and Six Sigma, elimination of waste is a proven objective that drives cost savings. Likewise, diverting solid waste from landfills through reduction, reuse and recycling initiatives makes good business sense.

In 2015, we conducted comprehensive solid waste assessments at four representative sites to evaluate the sources of waste generation and identify opportunities for waste generation reduction and end-of-life diversion.

Common solid waste diversion opportunities include:

- Strengthen supplier requirements and materials specifications to minimize packaging waste and establish take-back programs.
- Promote and harness employee engagement and empowerment to solicit and respond to opportunities across operations and business units.
- Right-size disposal services to avoid unnecessary costs and improve disposal data accuracy. ❖

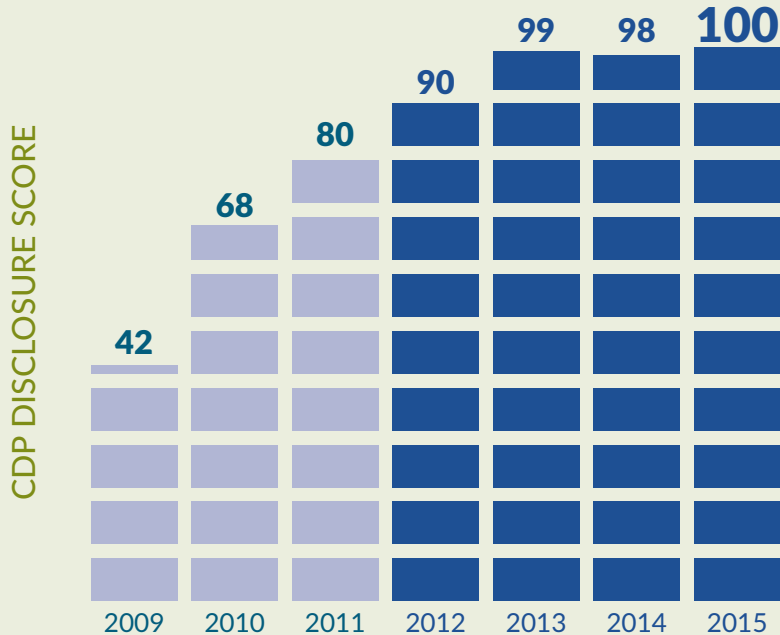
# ENVIRONMENTAL SUSTAINMENT HIGHLIGHTS

**Electric Vehicle Charging Stations** Our electric vehicle Workplace Charging Program continues to grow, supporting employees who use low/no emission vehicles to commute. We currently have 40 "Level 2" charging connections at nine sites, including Southern California; Cincinnati, Ohio; Melbourne, Florida; and our Corporate Office in Falls Church, Virginia.

**Transparency & Disclosure** We scored a perfect 100 on the 2015 CDP Climate Change Investor Response, earning our fourth consecutive disclosure leadership distinction and third consecutive year on the Carbon Disclosure Leadership Index for the S&P 500. Northrop Grumman is among a distinguished group of public companies with greenhouse gas emissions reduction performance using financially and environmentally beneficial business strategies.



Our sustained performance and leadership recognition by CDP signals to shareholders and the investor community that we are taking proactive measures to address the interrelationship between environmental risks (e.g., resource availability), operational growth and business sustaiment. ❖



**Alternative and Renewable Energy** The first Northrop Grumman-owned, on-site solar power systems were activated in 2015 in St. Augustine and Melbourne, Florida. The systems generate 0.56 MW of clean power for the two sites.

We continue to evaluate options for alternative and renewable energy at our owned sites and maintain our multi-year purchase commitment for renewable energy certificates (RECs) purchased in 2012 that support renewable energy installations directly linked to the electricity grid. Through utility providers and the energy market, our REC purchases support solar, wind and geothermal energy installations. We selected Virginia-based RECs derived from wind power due to our business presence in Virginia, including our corporate office.

**Green Buildings** Seven Northrop Grumman operating facilities are certified to the U.S. Green Building Council's "Leadership in Energy and Environmental Design" (LEED) standards, and two are certified under the U.S. Environmental Protection Agency's ENERGY STAR® program for energy-efficient equipment and building systems design.

**Ecosystem Conservation** We support protection, conservation and restoration of critical ecosystems through numerous volunteer cleanup efforts nationwide and financial support of conservation-based carbon offset projects. In 2015, we purchased 11,000 MTCO<sub>2</sub>e of American Carbon Registry-certified carbon offsets generated in association with the Mississippi Valley Reforestation Project in the southeastern United States and certified by the American Carbon Registry. The project objective is to re-forest 1 million acres of the Lower Mississippi Alluvial Valley, regarded as one of the most important ecosystems in North America.

ENVIRONMENTAL



The sunshield of NASA's James Webb Space Telescope is the size of a tennis court and constructed of five individual layers of Kapton, a polyimide film that can withstand the harshest of conditions. Deployed sunshield models undergo testing at our Space Park facility in Redondo Beach, California.

## EHS COMPLIANCE

Inherent in our complex and diverse operations are a multitude of environmental, health and safety risks. Our Environmental, Health and Safety organization leads assessment and risk-mitigation efforts across the company. Compliance is fundamental to our operations. At Northrop Grumman, our objectives are simple:

**Objective** To ensure that everyone at Northrop Grumman is able to deliver top performance in a safe workplace that complies with all applicable EHS laws and regulations.

- Provide a safe and productive work environment to protect our people.
- Strive for environmental compliance and excellence and promote efficiency, affordability, innovation and forward thinking in our operations.
- Integrate environmental sustainability into the way we do business.

Environmental, health and safety professionals across the company are responsible for implementing programs and practices that support compliance across our diverse operations. They also work with management to provide employees with the resources and support necessary to operate safely and prevent and mitigate environmental impacts.

## CUSTOMER FOCUS AREAS

**Government and Industry** Northrop Grumman employees provide leadership and expertise to establish industry best practices and policies to help achieve environmental sustainability. We interact with our government and industry partners every day and often collaborate to achieve shared goals.

In March 2015, we attended the White House Supplier Greenhouse Gas Roundtable, hosted by President Obama and the Council on Environmental Quality and launched in conjunction with Executive Order 13693 “Planning for Federal Sustainability in the Next Decade.” A stated objective of executive order 13693 is to reduce federal agency greenhouse gas (GHG) emissions and encourage similar reductions in the federal supply chain. To focus attention and promote GHG emissions reductions in the federal government and its value chain, the Office of Management and Budget established, and will maintain, an annual Federal Supplier GHG Management Scorecard to identify those major suppliers that have established a public goal to reduce GHG emissions beyond 2015 and that publicly disclose annual Scope 1 and 2 GHG emissions data (Scope 1 and 2).

## 2015 REMEDIATION GOALS & PERFORMANCE SUMMARY

**GOAL** Effectively address environmentally impacted properties in compliance with applicable regulatory requirements. We pursue this goal by seeking to work cooperatively with government agencies, conservation groups, citizen groups and other stakeholders to address the environmental impacts at our remediation sites in a productive manner that protects human health and the environment, is cost-effective and addresses further environmental impact.

**PERFORMANCE** In 2015, we were involved in approximately 170 environmental remediation projects with an approximate annual remediation budget of \$52 million. We continued to seek cost-effective alternatives to traditional resource-intensive remediation practices, which reduce environmental disturbance and energy use and promote ecosystem recovery.

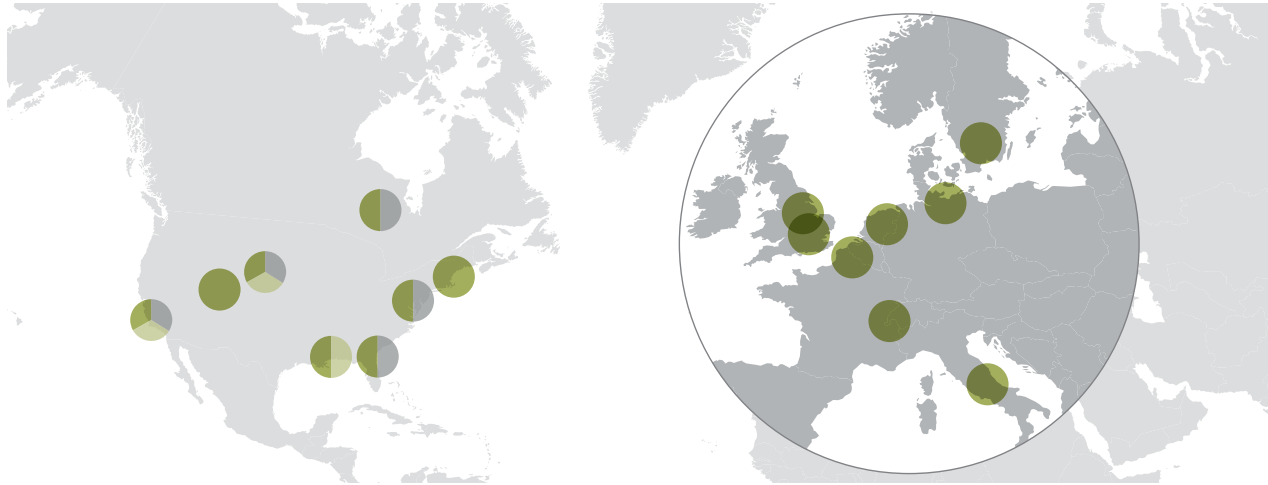
From 2005 to 2015, we successfully completed active remediation at 92 sites and removed them from the company’s portfolio of impacted properties. During the same decade, we also accomplished life-cycle cost reductions exceeding \$57 million by using innovative engineering approaches. To learn more about how we are improving remediation efforts and exploring innovative and cost-effective remediation techniques, please visit our [Corporate Responsibility microsite](#).

## 2015 EHS COMPLIANCE GOALS & PERFORMANCE SUMMARY

**GOAL** To achieve an average score of 90 (out of 100) for completeness and implementation of management systems at audited sites. Evaluation of management systems includes assessments of applicable environmental, health, and safety compliance programs, policies and practices.

**PERFORMANCE** As part of the audit process, we assessed the degree to which applicable environmental, health and safety program elements were implemented effectively at the site level. We then evaluated and scored each site for management systems maturity. In 2015, our overall score was 93 percent.

Global Environmental and Safety Certifications: Major Northrop Grumman Facilities



● International Organization for Standardization (ISO) 14001 — Environmental Management Systems: An international standard that establishes the required framework for effective environmental compliance management systems.

● Occupational Health and Safety Assessment Services (OHSAS) 18001: An international health and safety management system that supports occupational risk management and health and safety performance.

● Voluntary Protection Program (VPP): U.S. Occupational Health and Safety Agency program that requires preventive measures that go beyond regulatory requirements to improve worker health and safety.

EHS AUDIT PROGRAM

Our internal EHS Audit Program supplements our day-to-day compliance management and provides an objective assessment of how effectively we are implementing EHS management system(s) and regulatory compliance programs in our operations. Our policy is to conduct EHS compliance audits at auditable sites every three to five years. The internal EHS audit teams comprise EHS professionals from across the company who are appropriately scheduled to ensure sufficient subject matter expertise and time for review to conduct a thorough evaluation of EHS programs and management at the auditable sites.

The scope of the audits includes federal/national, state and local regulatory requirements, standards organization codes (e.g., fire codes) and company policy and procedures. Management systems assessments are based on the ISO 14001 and OHSAS 18001 standards, as well as industry and EHS management best practices, with an emphasis on effectiveness and integration of management systems fundamentals into day-to-day business operations.

In previous years, we reported results of our internally managed EHS audits; however, in 2015, we initiated a benchmarking and continual improvement assessment of our internal EHS Audit Program. The purpose of the assessment is to evaluate and identify opportunities for improved efficiency and effectiveness. As a result, the program is undergoing systemic updates, including program performance metrics. Therefore, EHS Audit Program results similar to those previously disclosed are not currently available.

**Hazardous Waste and Toxics Release Inventory**  
 Between 2010 and 2014, we reduced our generation of hazardous waste by more than 72 tons and our use of Toxic Release Inventory (TRI) chemicals by 17 tons. As a Department of Defense contractor, our use of hazardous materials is influenced by emerging technologies, material specifications from our customers, and fluctuations in intensity of demand for our products. While we experience periodic increases in hazardous waste generation and use of TRI chemicals, our use of these chemicals and generation of hazardous waste is trending downward.

COMPLIANCE AND SUSTAINABILITY

As a founding member of the International Aerospace Environmental Group (IAEG), a global industry association, we support environmental compliance and sustainability initiatives in collaboration with our peers to address common industry challenges. We engage both at the Board level, supporting the organization’s governance and strategy, as well as at the working-group level, providing subject matter expertise for work groups including Chemical Reporting, Greenhouse Gas (GHG) Accounting and Reporting and Supply Chain Environmental Sustainability Survey Harmonization. Our participation in IAEG demonstrates our commitment to aligning with industry peers to address common challenges and achieve business and environmental objectives. ❖

# PEOPLE & CULTURE



## MANAGING OUR MOST VALUABLE RESOURCE: OUR TALENT

At Northrop Grumman, our employees are our most vital asset and are the driving force behind our focus on sustained top performance. Investing in our employees is investing in the future of the company.

Our strategy begins by first attracting the best, most diverse talent from the top colleges as well as talent inside and outside the defense industry. We hire veterans because

they are highly skilled, with commitment, experiences and knowledge that translate well into the defense industry. Additionally, their high ethical standards align closely with those of the company. We have a very specific focus on hiring and mentoring our nation's wounded warriors.

What it all comes down to is creating the best culture at Northrop Grumman to attract and retain the best employees. We do this by creating a diverse and inclusive workforce focused on employee and team engagement. Our annual employee survey pulses our employees across the globe on both engagement and inclusion, both of which are critical to our company's

culture. Other elements that are crucial to the best culture include a robust performance management process focused on recognizing Northrop Grumman's top performers. The performance management process coupled with our leadership development programs are a vital part of preparing our high-potential employees and the company for the challenges it will face in the future. We recognize that every employee at Northrop Grumman is a leader, and we provide many on-demand development opportunities for employees through our Northrop Grumman Development Center.

## ACQUIRING THE BEST TALENT

At Northrop Grumman, acquiring, engaging, developing and managing our talent goes beyond fulfilling a strategic priority. Our values-based culture provides the framework to help each employee maximize potential.

**College Connection** At Northrop Grumman, we maintain close relationships with representatives at top colleges across the globe. Through these partnerships, we provide expertise to university research programs and support various campus and student initiatives.

In 2015, we expanded and enhanced our Professional Development Program for new college hires, which provides up to three years of rotational opportunities. This program provides employees the chance to experience various skill challenges and locations. In 2015, approximately 500 of our new college hires participated.

In 2015, we recruited and hired more than 1,300 college graduates. Over the past five years, more than half of our new graduate hires have been women and people of color.

**Operation IMPACT** At Northrop Grumman, we aim to lead efforts to train and employ troops and wounded warriors with Operation IMPACT (Injured Military Pursuing Assisted Career Transition). In 2015, we celebrated the program's 10th anniversary. A dedicated team of employees provides program management, personalized placement assistance, community outreach and workplace accommodations for severely injured service members transitioning to civilian employment. Since inception, we have hired 195 employees through Operation IMPACT. If a service member is so severely injured that they are unable to work, their primary caregiver is enrolled into the program and is offered the same level of support.

**Strategic Sourcing and Military Recruiting** Our strategic sourcing and military recruiting team has a passion and dedication to help bridge the employment gap for our retiring and exiting service members. Through these efforts, we continue to partner with internal and external resources including Operation IMPACT and VERITAS, our employee resource group for veterans. The team continues to foster and grow existing partnerships with external groups such as the Military Officers Association of America, DoD Hiring Heroes, Virginia Employment Commission, Student Veterans of America and Corporate Gray.

Moving away from reactionary sourcing and recruiting, we partner with stakeholders to proactively establish programs and relationships. This includes upgrading our career portal to introduce our new military skills translator tool. This tool improves each veterans overall job-seeking experience. Also, we established a military talent acquisition information-sharing structure, work with strategic military personnel to establish local relationships and create a pool of candidates with needed, specific skill sets.

**Diversity and Strategic Sourcing** We understand a diverse organization is a forward-thinking organization and that the success of Northrop Grumman depends on the effective collaboration of different perspectives, skills and experiences. We are dedicated to identifying the best talent to supply the pipeline of future leaders and employees with strategic skills. In 2015, we continued to partner with numerous diversity-based organizations to connect with talented candidates.



*The Operation IMPACT Network of Champions is a group of private sector employers including Northrop Grumman, nonprofit organizations and U.S. Federal agencies to support wounded, ill and injured veterans.*

## DIVERSITY & INCLUSION

At Northrop Grumman, developing our people is more than a strategic priority. It's critical to attracting and retaining talent and shaping a culture of diversity and inclusion that defines our business. We have employees in 50 U.S. states and 25 countries. Our values-based culture creates a workplace that brings together these diverse cultures, backgrounds, skills and experiences.

**Equal Pay Assurance** We benchmark our salaries by position utilizing external salary surveys. We monitor pay rates to ensure equitable remuneration for women and people of color. Our incentive system is performance-based. Women hold more than 40 percent of executive positions and people of color hold nearly 20 percent of executive positions. Our Corporate Policy Council, the most senior executives of the company, is 38.5 percent female and 15.4 percent people of color.

**Equal Employment Opportunity** We adhere to Equal Employment Opportunity (EEO) and Affirmative Action (AA) principles and policies and build them into our operations across the company. We develop annual Affirmative Action plans, where applicable, that document specific actions to increase the representation of minorities, women, and people with disabilities, and continually improve our veterans hiring initiatives.

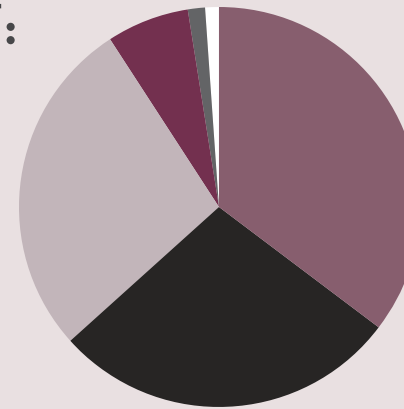
**Performance Reviews** All employees receive regular performance feedback and are eligible to participate in development programs to enable them to perform effectively in their current positions and to encourage achievement of

## EMPLOYEE DEMOGRAPHICS

### TOTAL POPULATION:

**27% FEMALE** 

**31.8% POC** 



### PEOPLE OF COLOR (POC) POPULATION

- Asian
- Hispanic
- Black
- Two or More Races
- American Indian / Native American or Alaska Native
- Native Hawaiian / Other Pacific Islander

PEOPLE & CULTURE

### VETERANS & PERSONS WITH DISABILITIES (PWD) POPULATION:

Veteran Population

**20.4%**

Veteran New Hires 2015

**26.6%**

PWD Population

**5.4%**

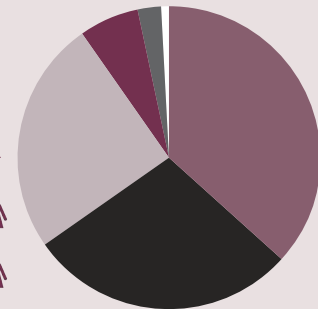
PWD New Hires 2015

**10.2%**

### MANAGEMENT POPULATION:

**24.5% FEMALE** 

**21% POC** 



### SENIOR EXECUTIVE POPULATION:

**40% FEMALE** 

**20% POC** 

individual career goals. Employees receive formal performance reviews every 12 to 15 months, based on their hire date within a calendar year and scheduling. In 2015, approximately 96 percent of our employees received an annual performance review, which includes feedback on development needs.

**Benefits** Our employees who are regularly scheduled to work 20 or more hours per week are eligible for health and welfare benefits under the Northrop Grumman Health Plan, including benefits for domestic partners and transgender benefits. Qualified full-time and part-time employees are eligible for the 401(k) plan, retirement plans, life and disability insurance, education assistance and many other employee benefits.

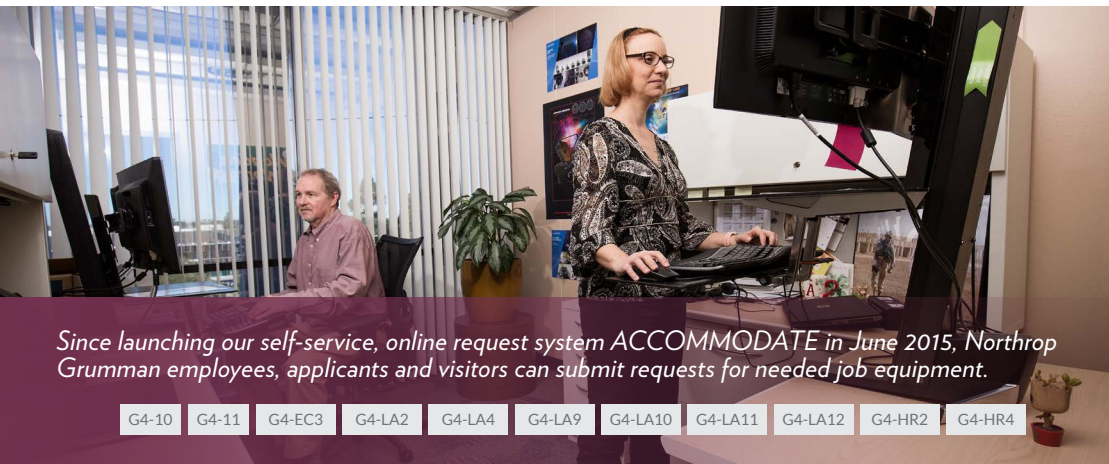
**Agency Complaints** In 2015, external agencies logged 31 complaints of discrimination across the company. We investigate all such complaints and take appropriate action. Of these complaints, we closed 13, with 18 still open/pending as of Dec. 31, 2015.

## We achieved a perfect 100 point rating on the Disability Equality Index “Best Places to Work”

**Collective Bargaining** Currently, collective bargaining agreements cover approximately 5 percent of Northrop Grumman employees. At Northrop Grumman facilities, our employees are free to exercise their rights of freedom of association and collective bargaining. ❖

## NEW WAY TO REQUEST ACCOMMODATIONS

We are committed to working with people of all abilities and providing needed accommodations including disability/medical, religious, academic and employment. Since 2009, our Accessibility team has helped to define our standards and accessibility tools as needs and technology evolve.



Since launching our self-service, online request system ACCOMMODATE in June 2015, Northrop Grumman employees, applicants and visitors can submit requests for needed job equipment.

## 2015 DIVERSITY AND INCLUSION GOALS & PERFORMANCE SUMMARY

**GOAL** Create an inclusive work environment that fosters creativity and innovation and promotes colleague engagement through awareness and inclusive leadership skills training.

**PERFORMANCE** In 2015, in support of fostering an inclusive environment, we launched a newly designed Employee Engagement & Inclusion Survey. The results provided managers with new insight to engage employees and discuss diversity and inclusion. Our employee resource groups continued to show strong growth. We launched a global women’s network that expands outreach and development efforts for women.

**GOAL** Increase representation of women and people of color in leadership positions as benchmarked against labor market recruitment census and availability data. Increase the representation of veterans and people with disabilities.

**PERFORMANCE** In 2015, we launched a new, five-year diversity plan based on our analysis of current and projected population benchmarks. In 2014, we achieved modest growth in almost all areas. Female leaders increased from 23.8 percent in 2014 to 24.5 percent in 2015. People of color in leadership increased from 20 percent in 2014 to 21 percent in 2015. In 2015, more than 50 percent of college hires were diverse or female candidates, strengthening our future leaders’ pipeline. Our Persons with Disabilities representation in our overall population increased from 4.8 percent in 2014 to 5.4 percent in 2015. We also observed an increase in our overall veterans population from 19.8 percent in 2014 to 20.4 percent in 2015. In 2015, Persons with Disabilities made up 10.2 percent of our hires and veterans made up 26.6 percent of all hires.

**GOAL** Engage various external stakeholder groups that support and serve Northrop Grumman’s values and interests in recruiting, developing and recognizing a diverse workforce and contracting with diverse suppliers.

**PERFORMANCE** We continued to partner with many external organizations in support of the development and growth of diverse talent. In 2015, we attended 12 diversity conferences to recruit new diverse employees and develop STEM talent. We won awards from various LGBT organizations and were named a top company for executive women. We achieved a perfect 100 point rating on the Disability Equality Index “Best Places to Work for Individuals with Disabilities.” To strengthen our partnerships, senior leaders spoke at conferences such as Women in National Security Careers.



In June 2015, our Workplace Accommodations team launched an online, self-service request system called ACCOMMODATE. Employees, applicants, visitors and investors may submit requests for accommodations, which we qualify through a centralized budget. One of our employee resource groups, Victory Over Impairment & Challenge Enterprise (VOICE), was instrumental in providing input to implement the new system.

In 2015, we received the second half of 923 requests for accommodation. Common requests included job modifications (duties/hours), job equipment (chairs, lamps, mirrors, sit/stand desks), accessibility items (IT hardware/software, facilities adjustments to entrances) and services (interpreters, captioning, travel, lactation/prayer rooms, dietary).



Other 2015 highlights:

- We partnered with disability organizations such as the Office of Disability Employment Policy, U.S. Business Leadership Network, American Association for People with Disabilities and the Job Accommodation Network.
- To honor the 25th anniversary of the Americans with Disabilities Act of 1990 (ADA), we sponsored America’s Disability Rights Museum on Wheels featuring interactive learning and technology. The mobile exhibit toured major cities in the United States to educate people about the disability movement and civil rights passage of ADA.

## CREATING THE BEST CULTURE: EMPLOYEE ENGAGEMENT

**Creating the best culture** Two elements are critical to sustainable top performance and creating the best company culture: employee engagement and our ability to create and sustain an inclusive work environment. We are committed to providing an inclusive work environment wherein employees are receptive to diverse ideas, perspectives and talents to help solve our toughest customer challenges.

We are committed to providing this inclusive work environment where openness,

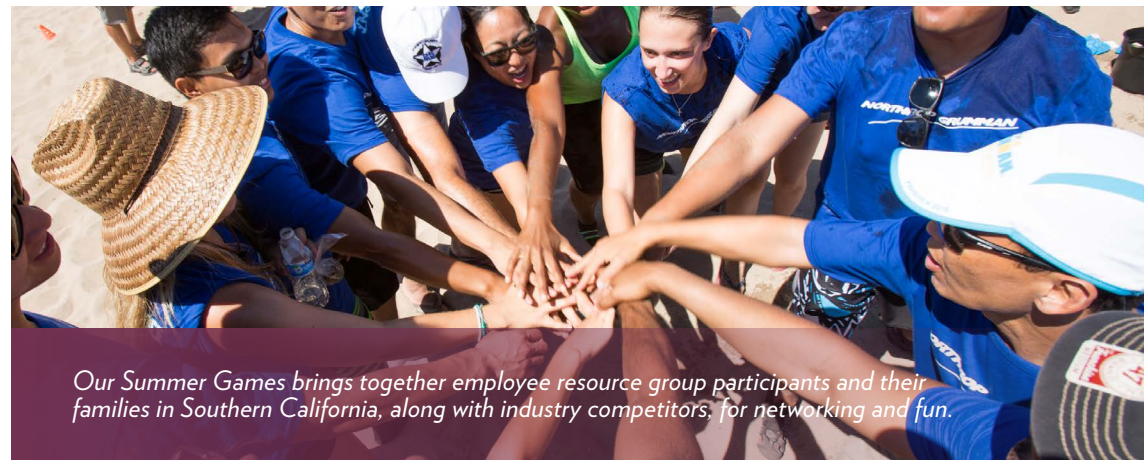
diverse ideas, perspectives and talents solve our customers’ toughest challenges. We want all employees to feel welcomed, respected, included and valued so everyone can contribute to innovation and achieving top performance.

**Employee Survey** Since 2010, we have conducted an annual employee survey to obtain candid feedback on our company culture. A third-party vendor administers the survey to ensure employee anonymity. Our goal is to better understand where we are currently meeting people’s needs in the workplace and to identify specific areas and actions where we can improve.

We redesigned the survey in 2015 to gather employee feedback regarding their perceptions on inclusion as well as engagement. Additionally, employees around the globe had the opportunity to provide feedback on focus areas such as company leadership, manager effectiveness, work environment, sustainable engagement, accountability and career development.

In 2015, 86 percent of Northrop Grumman employees completed the survey, which was made available in eight languages to employees in 30 countries. Overall, engagement and inclusion scores were on par with externally benchmarked, high-performing companies and exceeded the benchmark for other aerospace and defense companies included in the survey database.

Leaders with five or more direct reports who completed the survey are provided with personalized reports and access to a suite of online tools to interpret results and identify areas for improvement. Leaders and teams work together to analyze the results, determine areas of focus and create an action plan for the coming year. Progress on these plans provides employees with the chance to see their feedback in action and reinforces the message that participation in the survey benefits individuals, teams and the entire organization.



*Our Summer Games brings together employee resource group participants and their families in Southern California, along with industry competitors, for networking and fun.*

## EMPLOYEE RESOURCE GROUPS

We engage our employees in numerous ways. For example, Employee Resource Groups allow members to develop and build leadership skills, raise awareness, educate others and contribute to communities. In total, there are 12 different Employee Resource Groups at Northrop Grumman, in 200-plus chapters, representing more than 19,000 employees. These groups include a variety of focus areas most important to our employees. Some of our most distinctive groups focus on parents, generational collaboration and new employees.

Employees unite as volunteers to coordinate events based on common skill sets: personal development, community service, recruiting of prospective employees and leadership experience. Northrop Grumman management supports Employee Resource Group members by providing a culture that allows employees to be their best at work, at home, and in the community through a portfolio of work-life services that reflects a culture of inclusion, engagement and innovation. Northrop Grumman management and our Employee Resource Groups also partner on programming to create more inclusive cultures. For example, our lesbian, gay, bisexual and transgender (LGBT) group PRiDA helps review the Corporate Equality index. Another group, The VOICE, provides feedback on the national Disability Equality index.

## OUR COMMITMENT TO DEVELOPMENT

**Our commitment to development: Leadership, Professional and Technical Development**

Our collective diversity allows creativity and innovation to flourish, enabling us to create some of the most technically sophisticated products in the world.

At Northrop Grumman, we provide the tools and support to build leaders at every level regardless of an employee's title. We have high expectations for our leaders, so we provide numerous avenues to learn the skills for successful career development and enhanced team performance.

### The Foundation – Leadership Characteristics

The six Northrop Grumman leadership characteristics provide the foundation for skills all leaders must develop in order to be successful and deliver top-tier, sustainable performance. We believe that leadership behaviors define the culture of the company and, as such, leadership characteristics are given equal consideration, along with performance objectives, in our annual assessment process. The leadership behaviors are key to assessing potential in our annual succession planning process. In 2015, we introduced our Leadership Characteristics program, which provides a set of education, experience and exposure activities for each characteristic. Individuals and teams can participate in each unit, which explains in detail what constitutes each characteristic, how to demonstrate it and how to recognize and encourage it in others. More than 4,000 people have participated in the online program.

**New Manager Program** Employees promoted to manager complete the New Manager Program, which provides the information, tools and networking opportunities to help during a manager's first 90 days. Whether managers are new to a role or new to the company, they can create a transition plan and track progress in building a team and network, defining performance expectations, shaping strategic priorities and learning the business.

New managers complete required courses in leadership essentials, manager essentials, Northrop Grumman policies, ethics and employment laws. Weekly sessions with company leaders help new managers learn more about the business, and a virtual community site helps new managers connect with each other, ask questions and share resources. Following a successful transition and placement, front-line managers can continue to use the manager community as an avenue

to share their experiences and best practices and to find additional development opportunities for themselves and their teams.

**Executive Development** Our annual organizational leadership review process identifies and tracks high-potential employees and is critical to maintaining a diverse pipeline of talented professionals and delivering a diverse slate of candidates for senior and middle management positions. To further prepare and evaluate candidates for advancements, employees can attend a number of leadership programs including Strategic Leadership, Executive Leadership and Women in Leadership. Participants in many of these programs also receive one-on-one coaching and access to tools such as a 360 and executive assessments.

**Professional and Technical Development** Northrop Grumman Development Center is the online portal providing access to tools, guidance and courses for professional and career development. Because professional development is so much more than formal training, the online resource provides business exposure and supplemental education to employees at every level and every stage of their career.

Employees and leaders can visit the site to build a career plan, find a mentor, learn about tuition reimbursement or explore one of the functional development centers launched in 2015. These specialty areas focus on specific organizations including business management, engineering, global business development, logistics, program management and quality/mission assurance. We are adding additional functional development centers in 2016 including human resources, supply chain and enterprise security.



## HEALTH AND SAFETY

We are committed to providing a safe and healthy workplace for our employees and visitors. Central to our strategy is to empower employees and provide them with tools and resources to take ownership of their daily safety. At many Northrop Grumman sites, we employ safety observers who participate in safety committees and provide additional “eyes and ears” for regulatory compliance and safe working conditions. These committee members also engage with employees to share information, report concerns and make suggestions to management.

The link between employee safety and executive compensation demonstrates the level of commitment from our Board of Directors and reinforces the role of leadership and engagement throughout Northrop Grumman.

Providing a safe and healthy workplace protects everyone. Shown here is a group of employees at a regional dodgeball tournament in Florida to promote physical fitness.

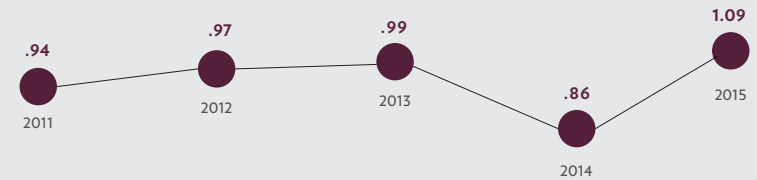


## 2015 HEALTH AND SAFETY GOALS AND PERFORMANCE SUMMARY

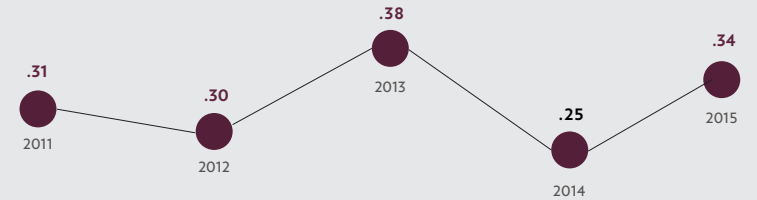
**GOAL** Keeping our people safe while abiding by all applicable regulations and compliance requirements.

**PERFORMANCE** We evaluate the effectiveness of our health and safety programs and identify systemic deficiencies or common challenges across our operations using the following metrics. For each safety metric, a lower statistic is indicative of better performance. Although there is frequently variability from year to year, our 2015 performance was consistent with, and in some cases, better than our five-year historical performance.

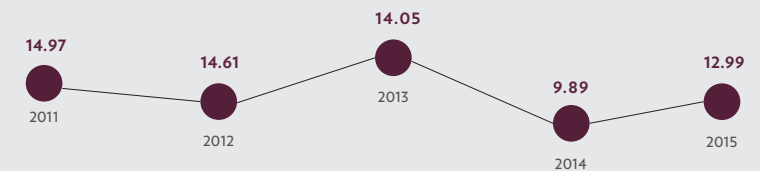
*Lower score = better performance*



**Total Case Rate** Total number of Occupational Safety and Health Administration-recordable occupational injuries and illnesses; i.e., cases requiring medical treatment beyond first aid, per 100 full-time workers.



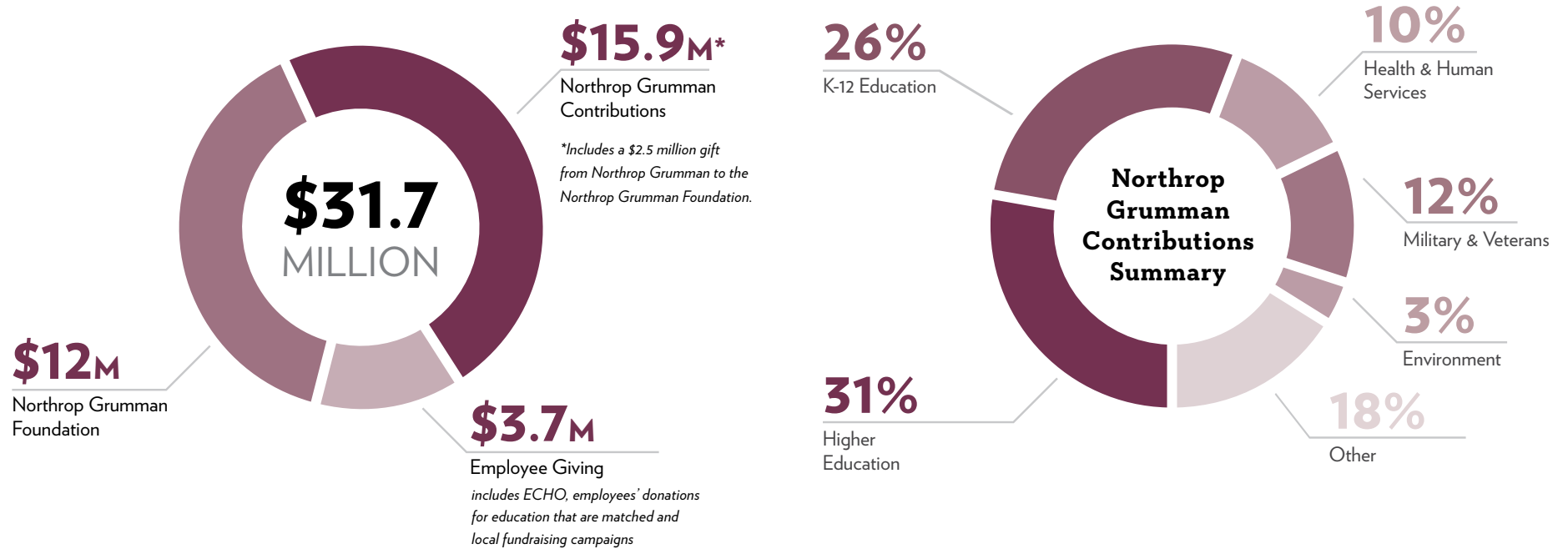
**Lost Work Day Rate** Total number of lost work days per 100 full-time workers.



**Days Away Case Rate** The total number of cases, per 100 full-time workers, that resulted in lost or restricted days or job transfer due to work-related illnesses or injuries. Used in conjunction with the other metrics, Days Away Case Rate helps identify the severity of workplace injuries and illnesses.

COMMUNITY INVESTMENT THROUGH PHILANTHROPY

Progress against goals for corporate contributions: \$13,462,801



PEOPLE & CULTURE

2015 CORPORATE CITIZENSHIP & STEM GOALS PERFORMANCE SUMMARY

**GOAL** Support initiatives that align with our business goals by providing financial, in-kind and volunteer resources, particularly in communities where our employees work and live.

**PERFORMANCE** Northrop Grumman, the Northrop Grumman Foundation and the employees of Northrop Grumman collectively donated more than \$31.7 million. Employees donated more than 30,558 unpaid, volunteer hours.

**GOAL** Invest in science, technology, engineering, and math (STEM) programs to improve education.

**PERFORMANCE** We invested more than \$17.4 million from Northrop Grumman contributions and the Northrop Grumman Foundation to fund STEM projects and programs globally that make a difference for students and their teachers while providing opportunities to engage our employees.

**GOAL** Continue our strong tradition and commitment to support programs that serve active-duty military and veterans and their families.

**PERFORMANCE** We donated \$1.6 million to nonprofit agencies that provide services and programs to benefit military and veterans and their families.

**GOAL** Through our philanthropy and volunteerism, strengthen communities where our employees work and live by supporting health and human services programs that address critical needs and offer disaster relief.

**PERFORMANCE** We donated \$1.4 million to nonprofit agencies that provide health and human services addressing basic human needs.

## CORPORATE CITIZENSHIP AND STEM

Building partnerships for stronger communities aligns with our vision at Northrop Grumman to be a responsible corporate citizen. The Global Corporate Citizenship team consults with leaders at Northrop Grumman sites within regions, nationally and internationally, to implement community engagement initiatives that align with business goals. We provide financial, in-kind and volunteer resources in the focus areas of K-12 education, military and veterans, health and human services and the environment.

### Investing in STEM education: Fostering the next generation of talent

Northrop Grumman's investment in STEM programs is part of our college readiness and access strategy to not only improve education but also to develop a pipeline of diverse talent to help ensure a future workforce for our nation and our company, specifically in the area of cybersecurity.

**CyberPatriot** CyberPatriot, a Northrop Grumman partnership with the Air Force Association, inspires students toward careers in cybersecurity. The program features the National Youth Cyber Defense Competition for middle and high school-aged students, cyber summer camps and an elementary school education program.

The CyberPatriot VII competition drew a record 2,175 teams, a 40 percent increase over 2014. There was representation from 50 states, the District of Columbia, Puerto Rico, Canada and U.S. Department of Defense Dependent Schools in both Europe and the Pacific. The CyberPatriot VII National Finals Competition featured 28 high school and middle school teams that competed to defend virtual networks and mobile devices from a professional aggressor team. We have extended our support to the Air Force Association to be the presenting sponsor through the CyberPatriot XI (2019) competition.

We launched the CyberPatriot Elementary School Education Initiative in the summer. This initiative includes several interactive modules in English and Spanish designed to excite K-3 students about computers and teach them basic practices for safe online usage. In addition to the foundation's support to CyberPatriot, we contribute Northrop Grumman employee volunteers, expertise, resources and paid internships as well as scholarships to members of the winning teams.

**Going Global: CyberCenturion** Northrop Grumman employees partnered with Cyber Security Challenge U.K. to launch a successful pilot of CyberCenturion, the United Kingdom's first team-based cybersecurity contest specifically designed to attract kids ages 12 to 18.

Eight teams competed in the 2015 National Finals Competition, each taking on the role of a cyber expert at a fictional video games company under attack by rival businesses. The CyberCenturions' task was to protect sensitive customer data and valuable intellectual property against theft by malicious hackers. Northrop Grumman has renewed its commitment to run CyberCenturion in 2016.

In 2015, we hosted a two-day cybersecurity awareness and training session called "CyberArabia" for students at King Saud University in Riyadh. The event helped build interest and excitement in Saudi Arabia for this critical, in-demand career field.

Other cybersecurity outreach programs we fund include the University of Maryland Baltimore County (UMBC) Cyber Scholars program, the University of Maryland Advanced Cybersecurity Experience for Students program, and the Cybersecurity Research Consortium, which is partnered with bwTech@UMBC on the Cync incubator program and operates its own Cyber Academy.

**VEX** Other efforts to advance student interest in STEM include the 2015 VEX Robotics World Championship with the Northrop Grumman Foundation as the presenting sponsor. A total of 850 teams, culled from more than 12,000 teams worldwide, qualified to compete in five divisions for ages 8 to 18-plus. Overall, more than 8,000 students from 29 countries participated.

**Manufacturing Day** We celebrated Manufacturing Day at 20 Northrop Grumman sites across the country to draw attention to outstanding opportunities in manufacturing and to showcase the company's capabilities. At 12 of our facilities, employees assisted STEM students from area high schools with a prosthetic hand assembly project. Traditional prosthetic hands can cost thousands of dollars, whereas the student-constructed devices cost \$40 or less and can be made using advanced, additive manufacturing. The hands were donated to Enabling the Future, a nonprofit that specializes in providing prosthetics to children around the globe.



Participants from "Kids Blast Off to Space Camp" (front row from L to R) Silvia Choi, teacher, Sydney's Arthur Phillip High School and students Deniz Altinok and Christina Kirshore. Back row, from Northrop Grumman Australia: Richard Farkashazy, Customer Solutions architect, and Ian Irving, chief executive, Northrop Grumman Australia.

**Investing in Teachers** We provide funding for professional development programming for educators that enhances their understanding of STEM education and teaching techniques. Highlights include:

- The Northrop Grumman Foundation and the National Science Teachers Association launched the 2015-2016 Teacher Fellows in the Northrop Grumman Foundation Teachers Academy. Selected from targeted areas across the country, the 25 middle school teachers will participate in a year-long immersion to enhance teacher and classroom excellence in STEM, including understanding the skills needed for a scientific workforce.
- Maureen Barrett, a science teacher at Harrington Middle School in Mt. Laurel, New Jersey, received the Northrop Grumman Foundation Excellence in Engineering Education Award. This award recognizes and rewards an outstanding K-12 public school science/technology teacher who has demonstrated excellence in engineering education.
- We completed our \$1 million investment to the Virginia Initiative for Science Teaching and Achievement (VISTA) program to improve science teaching and student learning in elementary and secondary schools. VISTA was a statewide partnership among 80-plus Virginia school divisions, six state universities, the Virginia Department of Education and the U.S. Department of Education. Tens of thousands of elementary and secondary students were benefited by hundreds of teachers who were taught new areas of science instruction. VISTA achieved its objectives of building the state infrastructure to support effective science teaching and learning.

**Investing in Programs to Support the Military, Veterans and their Families** We funded 172 Northrop Grumman grants to nonprofit organizations that serve active-duty military, veterans and their families. Highlights include:

- Over the course of two weeks, 450 employees purchased T-shirts and raised \$17,295 for the USO in honor of Military Appreciation Month.
- We supported Operation Homefront Back to School Brigade that provides backpacks with school supplies to military children.
- Employees donated \$10,663 through an online toy drive to benefit Operation Homefront.
- We funded the USO/TAPS Good Grief Campout to allow 35 children with military parents to attend summer camp in San Diego.
- Employee volunteers in four locations built 400 bikes for Build-A-Bike for Military Families.
- We supported the Soldier On Hand Up program in Australia to help veterans transition to civilian life and gain employment.

**Strengthening communities by investing in health and human service programs** We partnered with 210 nonprofits that provide critical services in the health and human service focus area in the communities where we operate. These nonprofits include food banks, social services advocacy, homeless shelters and organizations set up to find cures for illnesses. During the summer, the Northrop Grumman Foundation supported the 2015 Special Olympics World Games and provided an additional matching opportunity for employees worldwide to support the games. More than 120 employees and their families attended the gymnastics competition at the University of California, Los Angeles, as “Fans in the Stands.”

**Disaster Relief** Our ongoing annual donation of \$200,000 to the American Red Cross provides a reliable funding base for disaster relief services. The contribution offsets a range of expenses and helps ensure that the American Red Cross can quickly be on the scene of disasters. In addition, we provided AmeriCares with a \$100,000 grant to become a global Annual Emergency Response Partner.

- Other key efforts to support disaster relief in 2015 included:
- **Nepal Earthquake:** Working with Give2Asia, we created a \$250,000 matching gifts program for Nepal, through the Northrop Grumman Foundation, and matched personal contributions of up to \$5,000 per employee. We processed more than 800 Nepal earthquake matching gifts for a total of \$115,663.
  - **U.S. flooding:** We activated the Emergency Contact Center to assist employees adversely impacted by flooding in Oklahoma and Texas.

## CORPORATE CITIZENSHIP ENVIRONMENTAL HIGHLIGHTS

Throughout Northrop Grumman, in 2015, we:

- Deployed employee-led green teams involved in recycling, employee engagement and volunteer projects.
- Launched a new partnership with Grades of Green, an environmental education program in schools, and continued our Keep America Beautiful partnership.
- Participated in America Recycles Day, which included electronic waste collection at our Falls Church, McLean and Herndon offices in Virginia.
- Had large Northrop Grumman volunteer turnouts in a community service event to clean parks in California (San Miguel Park, Washington Park in Sunnyvale and Guadalupe River in San Jose).
- Joined forces to clean up Ft. McHenry’s tidal basin in Maryland in support of National Public Lands Day and International Coastal Clean Up.

## NORTHROP GRUMMAN VOLUNTEERS: A GLOBAL FORCE FOR GOOD

PEOPLE & CULTURE



**\$2.2M**

ECHO payroll contributions



**30.6k**

Volunteer hours



**\$8k**

Back-to-school drive contributions



**10**

\$5K Excellence in Volunteerism grants awarded



**205**

\$200 community service grants awarded

### 'Commit to Serve' Volunteer Campaign

In conjunction with National Volunteers week, we kicked off a campaign called Commit to Serve, which encouraged employees to volunteer in their communities and post photos using #volunteer1ng. As part of that effort, we gave a \$10,000 grant to Global Giving based on employee involvement.

### How Our Employees Give

Our employees make a big difference in communities around the world. Here are some highlights of how they give their time, guidance, efforts and financial contributions:

### Employees Charity Organization of Northrop Grumman (ECHO)

- Employees can give to IRS-approved nonprofit organizations of their choice through payroll contributions.
- ECHO provides support to communities through community outreach funds or directed giving to non-profit organizations.
- Employees donated \$2,183,153 through ECHO payroll contributions in 2015.

### Volunteer1NG

This company-sponsored website allows our employees to be matched with volunteer opportunities in their communities and tracks volunteer hours.

- Giving Time: Employees volunteered 30,558 hours in 2015, valued at \$704,973 in community impact (based on independent value of volunteer time at \$23.07/hour).

- Beating Cancer: Along with participation in local efforts, employees raised \$187,903 for the American Cancer Society Relay for Life.
- Bowling For Life: More than 180 employees attended an event where 32 employees bowled to raise more than \$15,000 for the American Cancer Society Beach Cities Relay for Life.
- Back to School: Between July and August, more than 100 employees contributed more than \$8,000 to Northrop Grumman's online back-to-school drive. This led to contributions of more than 4,000 school supplies to students across the U.S.

### Recognizing and Supporting Our Volunteers

We recognize the efforts of our employees through several vehicles, including our Excellence in Volunteerism awards, community service grants and matching gifts:

- Excellence in Volunteerism: Each year, 10 employees or employee teams receive \$5,000 grants for the organizations they serve.
- Community Service Grants: Employees who volunteer 40 hours or more in a calendar year (with a qualified nonprofit or public school) can apply for a \$200 Community Service Grant. In 2015, 205 employees earned Community Service Grants.
- Northrop Grumman Foundation Matching Gifts for Education: Employees who donate to qualified education institutions are eligible to have the donation matched, dollar for dollar, from \$50 up to \$2,500. In 2015, 1,262 employees used the program totaling a match of \$1,001,260 toward education.



(Top) Northrop Grumman employees in San Diego participated in a bike build to benefit military families. (Bottom) California State Assembly Member David Hadley recognizes our employees who helped fulfill the wish lists of 185 children of deployed U.S. Marines. The employee resource group VERITAS (Veterans, Employees and Reservists Inspired to Act and Serve) sponsored the program.



## OUR GLOBAL COMMUNITY INVESTMENT INCLUDES FOUR PRIMARY CATEGORIES

The symbols on this map indicate our four focus categories, with highlights noted. Collectively, the map illustrates our commitment at Northrop Grumman to build partnerships for stronger communities around the world.



Education



Environment



Health and Human Services



Military and Veterans



**+** More than 250 elementary school students visited the San Diego, California, facility for a tour and STEM activities during Kids in Industry Discovering Science (KIDS) Day.

**+** Eight students in our High School Involvement Partnership program in Cincinnati worked with City of Fairfield Waterworks to build a robot to inspect the city's water main. The team entered the finished robot into a competition at the Ohio State Fair where they received the Outstanding Award for Technology Education and the 2015 Best Technology Exhibit.

**+** Employees collected 400 pounds of food and \$1,600 in toys and gift cards for the Martin Luther King Jr. Community Center in Middletown, Rhode Island.

**+** We funded Engineers Without Borders projects in Bolivia, Cameroon, Guatemala, Kenya, Nepal, Nicaragua, Peru, Rwanda, Sierra Leone, Tanzania and Thailand.

**+** More than 75 Northrop Grumman volunteers participated in L.A. Works Day, an annual day of community service that included projects at two elementary schools, two public parks, one YMCA and one homeless shelter.

**+** Bethpage, New York, volunteers and their families staffed the USO welcome center on the Staten Island pier for the USS Stout and the USS Barry during Memorial Day weekend.

**+** Northrop Grumman employees in Melbourne, Florida, raised \$10,226 with more than 100 participants in the Making Strides Against Breast Cancer Walk.

**+** VEX Robotics: In Australia, the number of teams sponsored by Northrop Grumman Foundation has grown from 12 to 38. In the UAE, the program we initiated in 2014 is now directly supported by the Ministry of Education, which will host the country's championship. We allocated additional grants to schools in Japan, South Korea, Australia and the U.K.

**+** Employees in the Technical Services Learning and Communications Solutions team volunteered their time and expertise for CreateAthon, a 24-hour creative marathon to design and produce print and web materials for nonprofits in New Mexico.

**+** Twenty-five employees from Irving, Texas, volunteered at Farmers Assisting Returning Military (FARM) for an extreme makeover that included mowing lawns, trimming bushes, creating a rock garden, cleaning windows and installing carpet, fans and light fixtures. Employees donated food, toiletries and cleaning supplies to fill 10 large boxes and brought surplus chairs and tables donated from Northrop Grumman.

**+** Employees in Oklahoma City filled more than 100 bags with 985 pounds of food for the Oklahoma Regional Food Bank Red Bag program to provide food for school children over a weekend.

**+** In Melbourne, Florida, employees donated more than 900 toys to the Toys for Kids Campaign to support children in Brevard County. St. Augustine employees donated 270 bikes, 209 bicycle helmets, two scooters and two large bags of toys to the Toys for Tots Campaign to support children in metropolitan Jacksonville.

**+** With a \$300 team sponsorship, 19 Austin, Texas, employees raised more than \$3,500 for the Leukemia and Lymphoma Society Light the Night Walk. Northrop Grumman employees raised more than \$24,000 with 165 participants walking for the same cause in Reston, Virginia, and Rockville, Maryland.

**+** In Palmdale, California, employees raised \$37,000 to benefit the USO through various bake sales, silent auctions, T-shirt sales, food sales, games and the USO Carnival & Car Show.

\*\*Multiple activities in the U.S.





# G4 GRI CONTENT INDEX

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