

2023 Sustainability Report



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CEO Message



“Northrop Grumman’s pioneers and innovators lead the way as we navigate a complex and dynamic global environment.”

At Northrop Grumman, our commitment to excellence defines us.

When we combine our shared values with the determination and intelligence of our mission-driven team, there is no limit to what we can accomplish.

United by our values, Northrop Grumman’s advanced technologies, innovative problem solving and financial stewardship are pioneering solutions to transform our world for the better.

We are committed to a sustainable future and conserving resources for future generations.

Partnering with the Trust for Public Land, The Nature Conservancy and Palmer Land Conservancy, we worked to conserve buffer lands around military installations, helping maintain the area’s original ecological status.

Our workplace continues to be recognized for our conduct and culture of belonging. We were again named one of DiversityInc’s “Top 50 Companies for Diversity,” ranking as a top company for Veterans, employee resource groups, people with disabilities, executive diversity councils, Black executives, LGBTQ employees, Native American and Pacific Islander employees and Latino executives.

Further, our best-in-class ethics and compliance program promotes a speak-up culture and provides engaging education and training to leaders and employees. With our Standards of Business Conduct and Standards of Business Conduct for Suppliers and Other Trading Partners, we continue to expand the reach of our strong corporate governance foundation.

At every level of this company, our team is committed to doing the right thing.

Northrop Grumman’s pioneers and innovators lead the way as we navigate a complex and dynamic global environment. No matter what the future holds, the greater the problem, the more determined we are to solve it.

Inspired by our mission, we have the talent, passion and ingenuity to build a better and brighter future for all.

Sincerely,

KATHY J. WARDEN

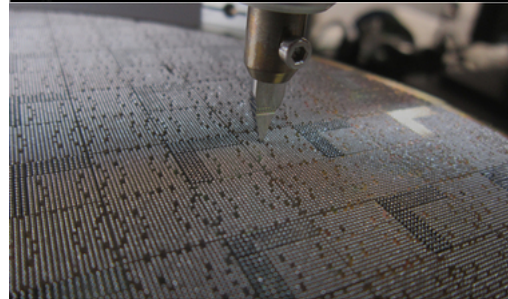
Chair, Chief Executive Officer and President
March 15, 2024



Our Company

Northrop Grumman Corporation (herein referred to as “Northrop Grumman,” the “company,” “we,” “us” or “our”) is a leading global aerospace and defense technology company. Our pioneering solutions equip our customers with the capabilities they need to connect and protect the world, and push the boundaries of human exploration across the universe. Driven by a shared purpose to solve our customers’ toughest problems, our employees define possible every day.

Across our four operating sectors, we foster a culture of inclusive innovation, where pioneering isn’t about the few, it’s about the many.



AERONAUTICS SYSTEMS

Strike | Air Dominance | Battle Management and Control | Unmanned Aircraft Systems | Intelligence, Surveillance and Reconnaissance (ISR)

Leader in the design, development, production, integration, sustainment and modernization of advanced aircraft and autonomous systems for the U.S. Air Force, the U.S. Navy, other U.S. government agencies, and international customers.

DEFENSE SYSTEMS

Integrated Battle Management Systems | Weapons Systems | Aircraft and Mission Systems Sustainment and Modernization

Leader in the design, development, integration and production of advanced tactical weapons, missile defense solutions, and sustainment, modernization and training of manned and unmanned aircraft and electronics systems for the U.S. military and a broad range of international customers.

MISSION SYSTEMS

Radar, Electro-optical/infrared (EO/IR) and Acoustic Sensors | Cyber | C4ISR Systems | Electronic Warfare Systems | Advanced Communications and Network Systems

Leader in advanced mission solutions and multifunction systems, primarily for the U.S. defense and intelligence community, and international customers.

SPACE SYSTEMS

Satellites and Spacecraft Systems | Ground Systems | Missile Defense Systems and Interceptors | Launch Vehicles and Related Propulsion Systems | Strategic Missiles

Leader in delivering end-to-end mission solutions through the design, development, integration, production and operation of space, missile defense, launch and strategic missile systems for national security, civil government, commercial and international customers.



Our Values

Our Values reflect who we are and how we treat others; they define our culture and how we act and operate and enable us to deliver on our shared purpose. Our Values reaffirm what is important to us and explicitly state what we should expect from our company and from one another. These Values make our company special.



CSO Message



At Northrop Grumman, environmental sustainability is an integral part of our ethos, propelling us forward as stewards of the planet and pioneers of technological advancement. That's why I am so excited to share our environmental sustainability progress in Northrop Grumman's 2023 Sustainability Report to showcase all that we're doing to minimize our environmental footprint, foster sustainable growth and better the state of the world around us via technology.

In the past year, Northrop Grumman's commitment to sustainability remained steadfast as our business grew, resulting in significant strides towards our footprint reduction goals. Through strategic investments in longer-term projects, including strong progress on renewable energy initiatives in the regions in which we operate, we are actively working towards our vision of a more sustainable future.

Completing our first comprehensive lifecycle assessment this year was a major milestone in driving us towards our handprint goal. This assessment provided invaluable insights into the environmental impacts of one of our products and associated operations, and will support further value chain engagement and allow us to map the impacts of similar products and processes.

In addition to successes in our business, we also contributed to the ecological successes of the communities in which we operate. In one example, through a partnership via our Technology for Conservation initiative, we supported The Nature Conservancy in a pilot of its BurnCast system, which forecasts weather and other conditions for specific geographies to optimize planning and burn safety. In early piloting, 10-day forecasts from BurnCast proved to

be incredibly accurate, and representative of how innovative technology can help us benefit the natural world and the firefighters who help protect it.

As we continue our sustainability journey, we remain committed to transparency and accountability. This report reflects that commitment, as well as our ongoing efforts to integrate sustainability into every aspect of our business operations, from product design to supply chain management.

What you see in this report is reflective of the unwavering commitment to sustainability held by Northrop Grumman employees, partners, and stakeholders. Together, we will continue to enable a more connected and protected world with greater understanding of the universe and how we sustain it for generations to come.

Sincerely,

A handwritten signature in blue ink that reads "MIKE WITT".

MIKE WITT
Chief Sustainability Officer
March 15, 2024

"Together, we will continue to enable a more connected and protected world with greater understanding of the universe and how we sustain it for generations to come."



Sustainability at Northrop Grumman: Our Approach

At Northrop Grumman, our sustainability ethos defines who we are and how we impact the world around us. We push technological boundaries in order to deliver world-class products—advancements made possible by bringing our authentic selves to our work, being mindful of our impact on natural resources, and prioritizing doing the right thing, always. These factors help us build on the innovative spirit that has guided us for decades and help proactively address the change we face in our industry, communities and daily lives.

Our progress in 2023, reflected in this report, has given us the opportunity to drive momentum in the areas of global security, technological innovation and human progress. These efforts are designed to connect and protect the world and to build resilience against tough challenges, like climate change, facing our planet. This report reflects who we are at Northrop Grumman—a company of technological pioneers who commit to making a safe, sustainable and inclusive world possible.

Non-Financial Performance Metrics

We are dedicated to developing a fair and equitable workplace for our employees and enhancing environmental sustainability while maintaining an unrelenting focus on our performance. To reinforce these commitments, we include related non-financial performance metrics in our annual incentive compensation program. These metrics align our commitment to achieving a high level of environmental, social and governance (ESG) performance with our overall strategy. This report covers our performance against these metrics, as well as other important ESG metrics and goals that drive our company forward.



DIVERSITY



EMPLOYEE EXPERIENCE



ENVIRONMENTAL SUSTAINABILITY



QUALITY



CUSTOMER SATISFACTION



About This Report

This report follows the Global Reporting Initiative (GRI) Standards, a voluntary framework widely used to support transparency in ESG reporting. Our GRI Index is located in the Appendix, along with our Sustainability Accounting Standards Board (SASB) Index and ESG Performance Data Matrix. We provide details of our climate governance, strategy, risk management, metrics and goals in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in 2023, we published an updated [TCFD report](#).

This report addresses certain items which are most important to the company from an ESG reporting perspective, consistent with the GRI Standards. Information disclosed in this report should not be interpreted as meaning an item is material for purposes of the U.S. Securities and Exchange Commission (SEC) rules and regulations, including those related to SEC reporting and disclosure obligations, or any other securities laws or U.S. Generally Accepted Accounting Principles (GAAP). We periodically review our assessment of those items that are important from an ESG reporting perspective and update such assessments as appropriate.

How to Use this Report

This report has features to enhance your reading experience and understanding of our ESG program:

- Icons indicate where we discuss a topic related to our non-financial metrics.
- Icons remind the reader of our environmental sustainability goals.
- Links between sections and to external sources to learn more information.




Our Environmental Sustainability Goals

We introduced our current environmental sustainability goals in early 2022, and last year's report announced additional goals for reducing, reusing and replenishing water, and reducing waste sent to landfills or incinerators. In all, these goals will help us better chart our progress across our three environmental sustainability mission areas: Footprint, Handprint and Blueprint. The symbols associated with these mission areas appear throughout this report to indicate that a 2023 action supports a goal listed on this page.

Mission

Goals

Progress

 <p>FOOTPRINT</p> <p>Address the fundamental needs driving sustainability by minimizing the footprint of our operations.</p>	<ul style="list-style-type: none"> Net Zero greenhouse gas (GHG) emissions in our operations (Scopes 1 and 2) by 2035. Interim target of 50% GHG emissions reduction by 2030.¹ Source 50% of total electricity from renewable sources by 2030. Reduce 10% of absolute water withdrawals,¹ reuse 10% of water withdrawals and replenish 10% of water withdrawals, focusing in water-stressed regions—all by 2030. Reduce solid waste sent to landfill and incineration by 10% by 2030.¹ 	<ul style="list-style-type: none"> Achieved 11% reduction in emissions, compared to 2019 base year and sourced 16% of electricity from renewable sources. Water withdrawals increased 1% and waste sent to landfills/incineration increased 7% from the 2019 base year. These increases occurred during a period of strong business growth and we continue to focus on identifying high impact projects to reduce water use and disposed waste.
 <p>HANDPRINT</p> <p>Enhance sustainability within the aerospace and defense industry by supporting customer needs and supply chain objectives.</p>	<ul style="list-style-type: none"> In collaboration with key customers, work to develop a pioneering product stewardship program focused on material efficiency, product design and lifecycle assessment. Update the company's "Standards of Business Conduct for Suppliers and Other Trading Partners" to incorporate industry-leading sustainability practices by 2023. 	<ul style="list-style-type: none"> Engaged with customers, industry trade associations and internal stakeholders on product stewardship, chemical management, material efficiency, product design and lifecycle assessment. Completed our first comprehensive lifecycle assessment. Updated our Standards of Business Conduct for Suppliers and Other Trading Partners, published in January 2024.
 <p>BLUEPRINT</p> <p>Affirm our leadership in sustainability by collaborating to protect ecosystems and define environmental opportunities in our communities.</p>	<ul style="list-style-type: none"> Expand Technology for Conservation (T4C) initiatives in proximity to Northrop Grumman's U.S. locations by 2030, in collaboration with external partners. 	<ul style="list-style-type: none"> Expanded T4C initiatives to 74 sites. Launched several new T4C projects, including Cultural SITES and FLOURISH.

¹ Indicated footprint reduction goals and/or targets have a base year of 2019.

2023 Success Indicators

Net Zero

Northrop Grumman is committed to achieving Net Zero GHG emissions in our operations by 2035

\$1.8 billion

In capital investment (CapEx)

11.2%

Reduction in GHG emissions from 2019

\$39.3 billion

Total sales

42 million

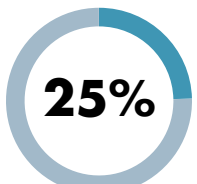
pounds of waste diverted from landfill

\$1.2 billion

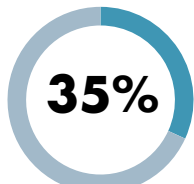
In R&D investments

17

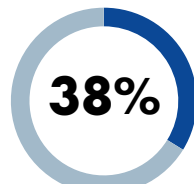
Green Buildings in our portfolio, totaling more than 2.1 million square feet of floor space



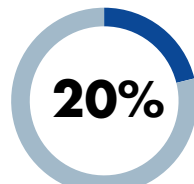
Female employees



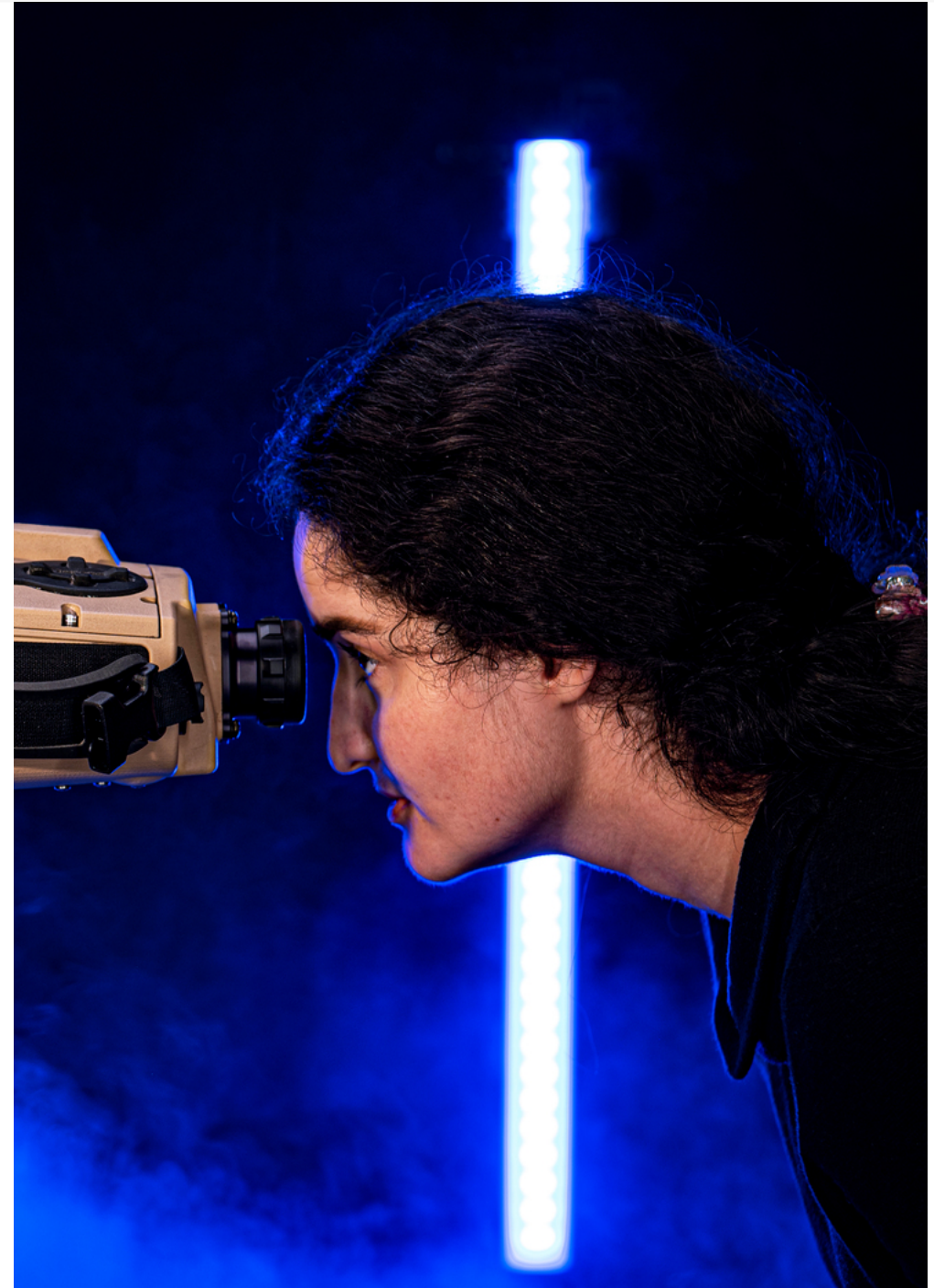
Female leadership (Vice President and above)



Employees of color



People of color in leadership (Vice President and above)



Awards and Recognitions



One of DiversityInc's "Top 50 Companies for Diversity," as well as a top company for Veterans, employee resource groups, people with disabilities, executive diversity councils, Black executives, LGBTQ employees, Native American/Pacific Islander executives and Latino executives

Participated in the CDP Climate Survey for the 12th consecutive year, receiving a B score

Named as one of LinkedIn's best places to grow a career

MSCI ESG Rating of AA

Achieved a perfect score on the CPA-Zicklin Index of Corporate Political Disclosure and Accountability

Named as one of JUST Capital's "100 Most Just Companies" for 2023

Included on the Dow Jones Sustainability North America Index for the eighth consecutive year and included on the World Index in 2023 and 2021

Achieved a perfect score on the Corporate Equality Index and designated as a "Best Place to Work for LGBTQ+ Equality"

19th consecutive year that Northrop Grumman has exceeded the U.S. government's 23% small business statutory goal



Pioneering Performance

GOVERNANCE

Championing Our Culture of Ethics and Integrity

Our Values define who we are as people and as a team, underpinning how we act, operate and succeed. Our approach to governance is at the core of our ESG program. The policies, systems, Values and principles to which we commit ourselves are fundamental to our innovation and long-term growth. Governance sets us on a path to success—the kind of success we can be proud of—that is sustained by ethics, responsibility and motivation to go beyond what is required and, instead, to do what is needed.

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Company Performance

We are focused on performance, our portfolio and a balanced approach to capital deployment as foundational elements for long-term value creation for our shareholders. We assess our performance using a comprehensive set of measures important to our shareholders, customers, employees and other stakeholders. Our performance-based executive compensation programs are designed to align with our shareholders' interests, reflecting our company's objectives and our strategy for investing for and delivering long-term profitable growth.

We utilize both financial and non-financial metrics to assess our performance and progress. For 2023, our non-financial metrics included measures focused on Diversity, Employee Experience, Environmental Sustainability, Quality and Customer Satisfaction. Non-financial metrics have been key elements of our compensation programs since 2010, and our annual incentive plan has included non-financial metrics as part of our core metrics since 2022 (as opposed to negative only modifiers). This reflects our continued focus on ESG and alignment for employees, shareholders and other stakeholders. The non-financial metrics account for 10% of the overall 2023 annual incentive plan score. For more information regarding our annual incentive plan, please see our [2024 Proxy Statement](#).

FINANCIAL

\$39.3 billion
Annual sales

2023 Revenue Breakdown

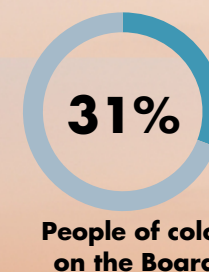
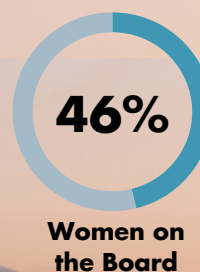


NON-FINANCIAL

101,000
Employees

51 million
Square feet of floor space

Board Of Directors Diversity



6.9
Years average tenure

** All company performance data on this page is as of and for the year ended December 31, 2023 and numbers shown are rounded. Board data based on the full slate of Board nominees, as reflected in the 2024 Proxy Statement.

Governance Structure

We are committed to maintaining high standards of ethics, integrity and transparency, consistent with our Values, in service to our shareholders, employees, customers and other stakeholders. [Our Principles of Corporate Governance](#) and [Standards of Business Conduct](#), among other documents, set the foundation for our strong corporate governance practices, which reflect and reinforce our commitment to our Values and robust governance practices.

Board of Directors

With strong oversight from our Board of Directors (Board), our corporate governance program is designed to promote the long-term success of our company to benefit our shareholders, customers and other stakeholders. Our Board is well-informed, diverse, talented and inclusive. Our Board members possess the skills and experience, as well as the necessary time and resources, to devote to our company and our shareholders. This diversity of backgrounds and experiences enhance the Board's overall effectiveness. The Board is composed of 13 directors, 12 of whom are independent. The Board has four standing committees: Audit and Risk; Compensation and Human Capital; Nominating and Corporate Governance; and Policy. In 2023, the Board held nine meetings, including a meeting focused on reviewing long-term strategy.

For more information regarding our Board, including committees of the Board and their roles and responsibilities, please see our [2024 Proxy Statement](#), committee charters and other corporate governance policies available on our [website](#).

Risk Oversight

The Board is responsible for overseeing our enterprise risk management activities, with a focus on the company's significant risks and each of our Board committees assists in this role. The Board and the Audit and Risk Committee also receive reports on our Enterprise Risk Management Council, which seeks to ensure we have identified and understood the more significant risks facing our business and that we have effective mitigation measures in place to address them.



Key Corporate Governance Elements

A number of key elements help ensure the strength of our governance structure and systems.

- Board committees comprised entirely of independent directors.
- Annual election of all directors.
- Mandatory director retirement at age 75.
- A lead independent director with significant and clearly defined responsibilities.
- Annual board, committee and director self-evaluations.
- Majority voting for directors in uncontested elections with a director resignation policy if a director fails to receive a majority of votes cast "for" their election.
- Proxy access bylaw provision, providing for eligible shareholders to include their own director nominees in Northrop Grumman's Proxy materials, under certain circumstances.
- Ability of shareholders to act by written consent.
- Ability of shareholders to call a special meeting at a 15% threshold.
- Ability of shareholders to communicate and meet directly with our management and directors.
- Annual advisory vote on executive compensation.
- Recoupment policy for incentive compensation.
- Stock ownership guidelines for directors and executive officers.
- Robust insider trading policy and procedures.
- Policy prohibiting hedging, pledging and other specified derivative transactions involving Northrop Grumman stock by directors, executive officers and those receiving performance-based compensation.

ESG Oversight

BOARD OF DIRECTORS

Our Board provides leadership and oversight with respect to ESG practices, among other duties, and regularly receives reports from management throughout Northrop Grumman on these matters.

AUDIT AND RISK COMMITTEE

- Reviews and discusses the company's global compliance programs with our General Counsel and Chief Ethics and Compliance Officer (CECO), including the tone set by leaders throughout the organization.
- Reviews, at least quarterly, matters that are communicated through the OpenLine reporting system.
- Assists the Board in its oversight of financial and enterprise risk management responsibilities, including review of the company's financial risks, as well as risks pertaining to anti-corruption, cybersecurity, insurance, nuclear, natural and environmental (including climate change) matters and the company compliance program.
- Responsible for overseeing the audit and assurance processes for ESG reporting.

POLICY COMMITTEE

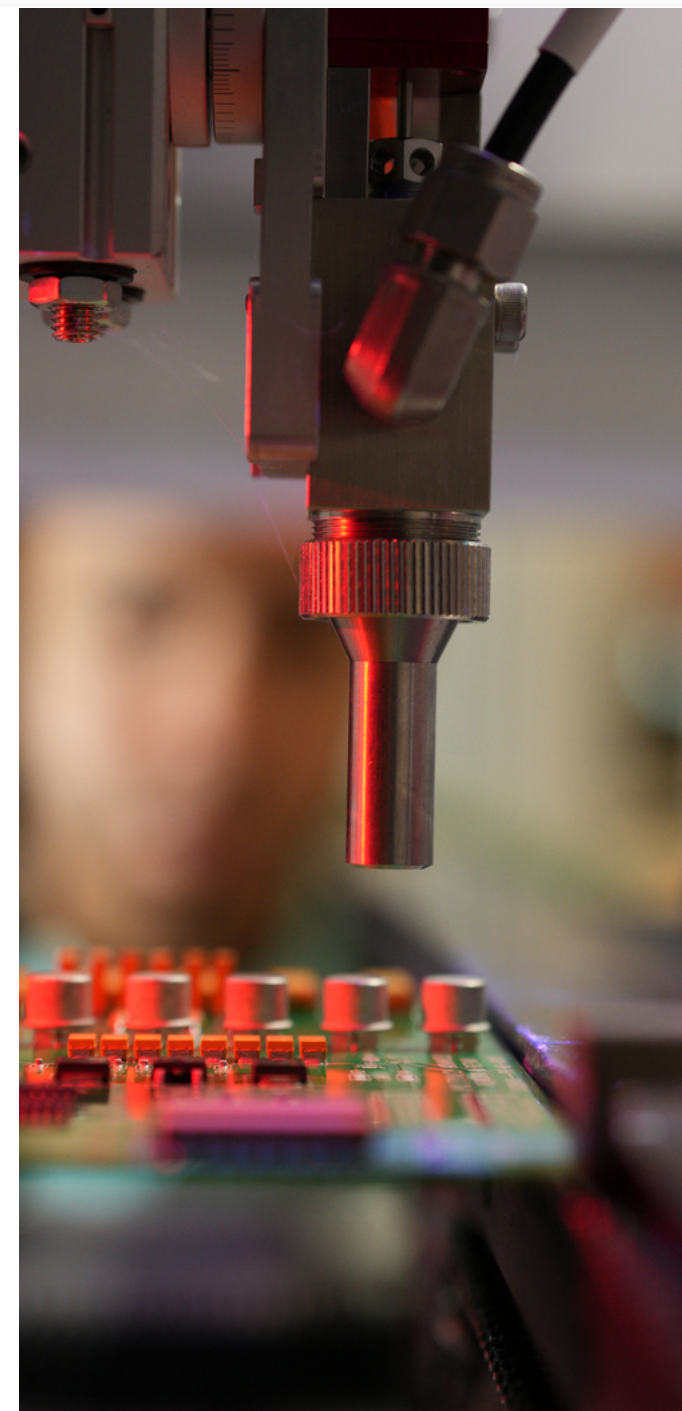
- Reviews and provides oversight over our ethics and corporate social responsibility programs, including our Standards of Business Conduct; and reviews and oversees practices with respect to sustainability and environmental matters, human rights, health and safety, and charitable organizations.
- Reviews and provides oversight over the company's environmental policies and programs, including climate change, Net Zero operations, water and waste reduction plans; receives updates from the Chief Sustainability Officer; and oversees TCFD evaluations and our annual Sustainability Report.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

- Assists the Board in its oversight of the company's corporate culture and governance-related risks.
- Oversees corporate governance policies and practices, the composition and effectiveness of our Board, with a focus on succession planning, and engagement with our shareholders, including on shareholder proposals.

COMPENSATION AND HUMAN CAPITAL COMMITTEE

- Oversees the company's management of human capital risks, oversees the results of the company's policies and practices with respect to diversity, equity and inclusion (DE&I) and reviews a risk assessment of the company's compensation programs.
- Approves goals, including financial and non-financial metrics (which incorporate DE&I and environmental goals), for our compensation programs.



Ethics, Compliance and Responsible Business Practices

Our commitment to ethics and integrity is the foundation of our business culture, as evidenced by our first company Value—“We do the right thing”. We believe we must own our Values, live our Values in how we perform every day and lead with our Values and the ethics and integrity inherent in them. When we lead with honesty and integrity, we create a work environment where each employee is empowered to speak up and perform at the highest standards.

Our ethics and compliance program, overseen by the Northrop Grumman CECO, helps ensure that we meet or exceed our performance standards and set ourselves and our stakeholders up for success. Located within the company’s law department and reporting directly to the General Counsel, the CECO and team promote and facilitate a company culture of integrity, ethics and compliance with applicable laws, helping us to achieve our strategic goals. We have full-time ethics directors and advisors in place across our businesses to assist in implementing our programs and initiatives. We provide our employees with guidelines and resources to make ethical decisions and support compliance with company policies, procedures and legal requirements.

Our ethics are reflected in our Values, the Standards of Business Conduct and leadership behaviors. In 2023, we refreshed our Standards of Business Conduct to provide additional guidance, features and resources for employees further to enable ethical decision-making. We also updated the content to ensure the most relevant

topics are covered, including emerging topics that might present ethical dilemmas, that accurate information is available and that new risks are addressed. Our Standards of Business Conduct, including a newly developed digital version, are available and accessible to our global population and translated into several languages. For more information on our policies and practices, please see our [Ethics and Business Conduct](#) webpage.

Our CECO chairs the company’s Compliance Council, which includes senior representatives from Internal Audit, Human Resources, Finance, Sustainability, Security, Quality, Information Technology, Global Corporate Responsibility and all four of our operating sectors.



Our Compliance Council:

- Provides leadership and guidance on effective and agile internal policies, procedures and processes that are globally accessible to our employee base.
- Meets regularly to identify and assess compliance risks and evaluate the continued effectiveness of the company’s system of policies and procedures, as well as elements of the compliance program itself.
- Monitors changes in the regulatory environment and supports effective implementation of new or revised compliance plans to address evolving requirements in the U.S. and globally.
- Promotes a “speak-up” and safe culture (in collaboration with Human Resources, Global Corporate Responsibility and other functions) to enhance business performance and help enable employees to report issues without fear of retaliation.
- Regularly evaluates and adapts the company’s ethics and compliance program to reflect the changing nature of our business, our long-term objectives, our customers’ evolving requirements, our shareholders’ interests and the global environment.



2023 Ethics and Compliance Highlights

- Sustaining a best-in-class ethics and compliance program focused on doing the right thing, promoting a speak up culture, implementing effective policies and procedures and providing engaging education and training to leaders and employees.
- Updated our Standards of Business Conduct and Standards of Business Conduct for Suppliers and Other Trading Partners as part of our continuing efforts to enhance and build upon our strong corporate governance foundation.
- Honed investigative skills of teams from our Ethics, Employee Relations, Human Resources, Security and the Law Departments through a two-day investigator workshop for 195 in-person and virtual participants.
- Supporting the development and implementation of digital transformation and information technology projects designed to manage risk and further integrate compliance into company operations.
- Helping lead the company's strategy to deliver emerging technology responsibly to our customers in a manner consistent with our Values.

We are also active in the ethics and compliance community outside our company to promote ethics and integrity throughout the global defense industry and beyond. For more information, please see the list of partnership organizations in the [Appendix](#).

Additionally, we have robust policies and procedures to assess U.S. and non-U.S. third parties, such as sales representatives, partners, consultants, suppliers and teammates, for compliance with applicable laws and other requirements. We expect our partners to share our commitment to do business with high levels of ethics and integrity and comply with all applicable laws and regulations. As articulated in our Standards of Business Conduct for Suppliers and Other Trading Partners, we also require our partners and suppliers to share our commitment to human rights. For more information, please see the [Global Supply Chain](#) section.

Our “Speak-Up” Culture

We are committed to ensuring our employees feel safe to speak up, share ideas and challenge how things are done without fear of retaliation. Employees may raise concerns and ask questions through their managers, members of our Human Resources or Law Department teams, Business Conduct Advisors (BCAs) or the global OpenLine reporting system. Our Ethical Decision Guide and Ethical Dilemma Conversation Guide provides employees with a framework and tools to help both the employee and the leader navigate conversations around ethical issues. We encourage employees to seek guidance on ethics questions and report possible violations of our Standards of Business Conduct, company policy or the law.



Ethics Training

We require ethics training during onboarding for all new employees. Ethics training for new employees sets expectations and covers key topics, including our Standards of Business Conduct, time and labor charging, business courtesies and conflicts of interest.

Each year, we provide annual ethics training that focuses on informing and updating employees on ethical practice and obligations. This annual refresher training is required for all full- and part-time employees and is an interactive course that connects our company Values to key topics. The 2023 training covered our refreshed Standards of Business Conduct, the importance of our Speak-Up culture, conflicts of interest, property awareness, accurate record keeping, intellectual property and protection of proprietary information.

For both the new employee and annual training, printed training materials are available to manufacturing and production employees who do not have access to a work computer and are also translated into Dutch, French, German, Italian, Polish and Arabic.

All employees must certify at the completion of the training that they are familiar with and will abide by the Northrop Grumman Standards of Business Conduct. In addition, we periodically require our U.S. employees and, as applicable, many of our international employees to certify that they do not have any new or undisclosed conflicts of interest.

Over
99%

of our full- and part-time employees completed ethics training in 2023

Annual Ethics and Business Conduct Award

We expect all of our employees to live our Values. We recognize those employees and teams who go above and beyond in modeling ethical leadership through our annual Ethics and Business Conduct Award. In 2023, we recognized 75 award winners, including the Network and Field Service (NFS) Business Area Training Team. The NFS team develops training material and delivers instructions to soldiers in preparation for their deployment to hazardous regions. The basic requirement was to provide this training, but our NFS team went above and beyond by creating an atmosphere of trust and mutual respect, where the trainees felt comfortable speaking up when faced with training challenges. The result is that the soldiers are more prepared to successfully manage the risk of their missions.

Business Conduct Advisors

Business Conduct Advisors (BCAs) are essential to the success of the ethics program. BCAs are well-respected Northrop Grumman employees who are nominated and selected by their leadership and the Corporate Ethics Office because they demonstrate high ethical standards. BCAs are key stakeholders who promote ethics awareness to management and employees, coach colleagues through ethical dilemmas, raise concerns and potential risks to their departments or the corporate ethics office and respond to questions and concerns from employees.

Northrop Grumman has more than 150 BCAs located at major company sites around the globe. Through monthly BCA meetings and the BCA Share Center, we provide updates on ethics initiatives, trends and additional resources to support their role and responsibilities. In 2023, we held a global BCA workshop which consisted of 16 sessions including a new BCA refresher course, executive leadership panels, the relationship between law, ethics and compliance, the partnership with human resources and employee relations, and sector trends and actions of which the BCAs should be aware. Each session was designed with specific focus for the BCA's region. The sessions were held over two weeks and included sessions for our U.S., Asia-Pacific (APAC) and Europe, the Middle East and Africa (EMEA) BCAs.

Northrop Grumman OpenLine

All Northrop Grumman employees, business partners, suppliers and other stakeholders are encouraged to use the OpenLine to report any concerns or potential violations of the law, regulations or company policies without fear of retaliation. The OpenLine phone is a toll-free, third-party phone number which is available 24/7 and in multiple languages so all employees can speak to a representative in their native language. Web-based reporting is also available to employees as permitted by local laws.

To efficiently address and resolve OpenLine contacts, we first categorize them as either inquiries, business conduct allegations or employee relations concerns:

- We assign inquiries to subject matter experts. These questions typically call for a response based on Northrop Grumman policy or procedures. Most inquiries relate to business courtesies and conflicts of interest.
- Our Ethics Investigations Group handles most business conduct allegations, such as matters relating to suspected fraud, waste and abuse. The more serious allegations may be referred to an attorney for investigation.
- Employee relations investigators typically address reported cases of employee misconduct and employment practices.

In 2023, approximately 43% of contacts to the OpenLine, including allegations of wrongdoing, were substantiated, in whole or in part. This compares to 35% in 2022. A total of 551 actions were taken as a result. The percentage of substantiated allegations was slightly higher than the NAVEX 2023 Ethics Hotline & Incident Management Benchmark Report (NAVEX Report) figure (41%) which includes over 3,400 companies.

Employees or other parties who contact us through the OpenLine typically share their name, but they have the option to remain anonymous, entirely at their discretion. In 2023, 36% of contacts were anonymous. In comparison, the NAVEX Report average for anonymous contacts was 56%.

We analyze OpenLine metrics quarterly to identify trends and areas of potential concern and share findings with the Corporate Ethics Committee, which consists of members of the Executive Leadership Team, and also with other senior leaders, external auditors and the Audit and Risk Committee of our Board. We provide department and site leadership with quarterly OpenLine metrics and address trends through leadership actions, including targeted communications and additional training.

2023 Allegations and Inquiries



Business Conduct Allegations: 699

52% substantiated

Top Allegations:

Time Reporting/Mischarging/
Overpayments: **363**

Security: **81**

Misuse of Company
Resources: **70**

Employee Relations Allegations: 1,425

36% substantiated

Top Allegations:

Employee Conduct: **649**

Employment Practices: **293**

Harassment Policy
Violation: **198**

2023 Actions Taken¹

as a Result of Investigations Substantiated in Whole or in Part

Coaching or Counseling	199
Written Warning	140
Terminations	124
Memo of Expectations	79
Verbal Warning	6
Suspension and Demotion	3

¹ Incidents may have one or more actions associated with them.

Ethics Communications

We use a variety of engagement channels to highlight the importance of ethics and integrity in the workplace. In 2023, we implemented an annual communication plan, increasing the frequency of our messaging series which covers ethics topics, employee expectations, policies and compliance information.

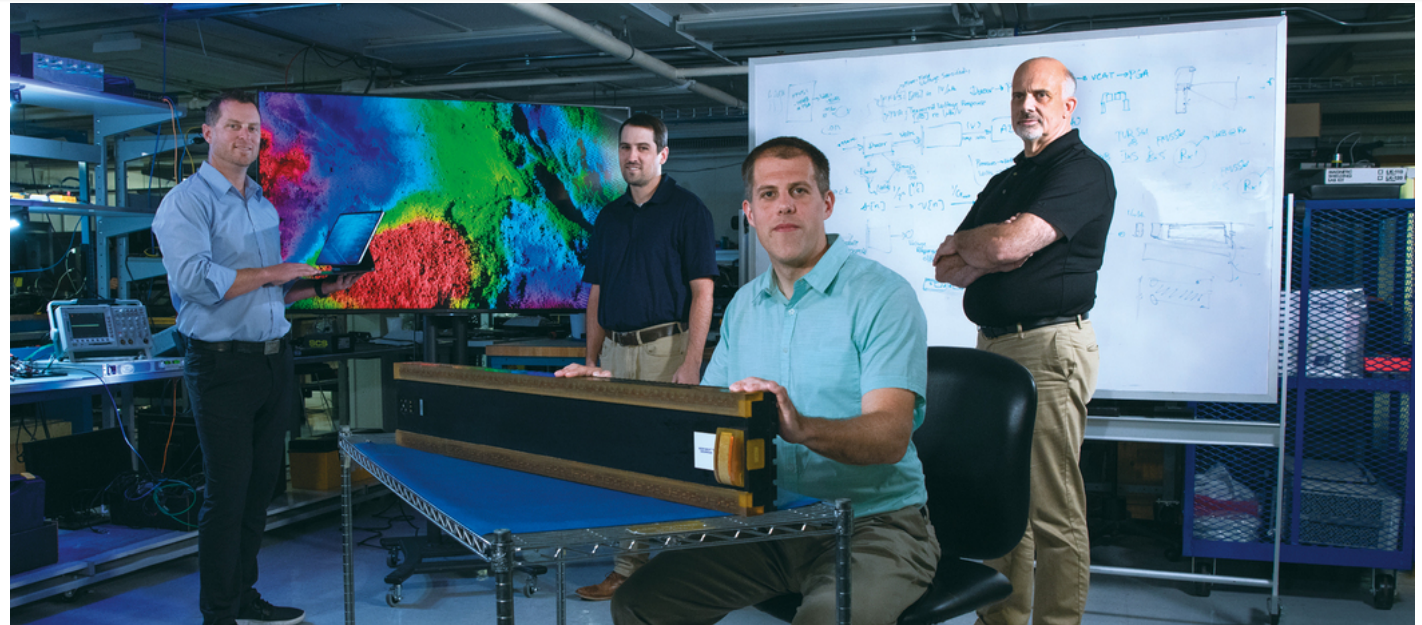
September 2023 was Ethics Awareness Month. We offered focused leadership communications, a Standards of Business Conduct contest, giveaways and on-site activities. We also offered over 90 on-site events, announced 75 ethics award winners and thousands of employees participated in ethics contests.

Political Involvement

We participate in the democratic process at the federal, state and local levels and express views on important public policy issues.

Our Chief Strategy and Development Officer manages political activities, including lobbying, and reports directly to the CEO. The Policy Committee of the Board reviews the company's government relations strategy, which includes providing oversight of the governance and compliance of the company's Political Action Committee and the company's policies and practices with respect to political contributions. The Policy Committee receives regular reports on political activities.

We engage in political activities in accordance with applicable laws. Our engagement is consistent with our company Values and ethical standards, to support long-term, sustainable growth and, more broadly, the objectives of our company and shareholders. Our company policies, approval procedures and required disclosures for involvement in political activities are made available to our employees.



We are committed to transparency in our political activities and comply with all public disclosure requirements. We are proud to be recognized by the Center for Political Accountability (CPA) and the Zicklin Center for Business Ethics Research for our transparency, policies and strong disclosure practices related to political expenditures. Based on voluntarily disclosed information, the Zicklin Index measures electoral spending transparency among the largest corporations in the U.S. Northrop Grumman was one of 18 companies to receive a 100% score in the 2023 CPA-Zicklin Index. We have received a 100% score for the last five years, the only aerospace and defense company to consistently receive this recognition of our longstanding political transparency.

For more information on the company's political activity practices, as well as links to publicly available disclosure reports, please see our [Political Contributions](#) webpage.

Northrop Grumman is the only aerospace and defense company to receive a 100% score on the CPA-Zicklin Index for five consecutive years.

Anti-Corruption Compliance

We recognize that trust is earned by acting with integrity, honesty and doing the right thing. We share an unwavering commitment to our customers, shareholders, employees, suppliers and other stakeholders to execute business transactions in accordance with applicable anti-corruption laws.

We compete in the global marketplace based on the quality of our products and services and the value we create for our customers by offering those products and services at a competitive price. We have zero tolerance for bribes, kickbacks or any other illegal business practices. Our best-in-class global anti-corruption program is a critical enabler to help us achieve our business objectives in an ethical and legally compliant manner. Details of our global anti-corruption program can be found at our [Anti-Corruption Compliance](#) webpage.



Product Sales

We have robust procedures to ensure we do not conduct business in countries or with customers who are not properly approved by the U.S. government, or, even if permissible, where the risk is too significant and cannot adequately be mitigated. We focus on doing business that aligns with our company Values and applicable laws. We incorporate our ESG responsibilities and customer support into decision-making, including the products we design, develop, manufacture and sustain.

Sales to international countries include both Foreign Military Sales (FMS) and Direct Commercial Sales (DCS):

- FMS Arms sales are administered through the Defense Security Cooperation Agency, with approval from the State Department and other federal agencies. Potential sales which exceed certain thresholds must also obtain Congressional approval. Under FMS, the U.S. government and foreign government enter into a government-to-government agreement where the U.S. government directly procures products or services on behalf of a foreign defense ministry.
- DCS are contracted directly with foreign entities and require an export license from the State Department's Directorate of Defense Trade Controls for defense-related products and services, pursuant to the International Traffic in Arms Regulations.

In addition to following all applicable laws and regulations, we maintain a rigorous risk-based internal due diligence process and policy for international business activities.

Controversial Weapons

We are committed to high standards of ethical and business conduct in relation to how we develop, offer and

provide goods and services. We consider potential risks and impacts at different stages throughout the lifecycle of a product. We consider potential risks and impacts as we assess how best to design and manufacture products, as well as to whom and under what circumstances they can be sold. We are mindful of how our products might be used over time and of potential unintended uses.

We adhere to robust processes and procedures that are designed to ensure that we do not do business in certain countries or sell products to certain customers. If the risks of pursuing a business opportunity are unacceptable, we will decline the opportunity regardless of whether it is legally permissible. We also have made the following commitments related to certain products:

- We do not manufacture or sell cluster munitions or components of such munitions, as defined in the Convention on Cluster Munitions issued on May 30, 2008 as initiated at the Oslo Conference in 2007 (Oslo Conference).
- We do not manufacture or sell anti-personnel mines or components of such articles, as defined in the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on their Destruction (Ottawa Treaty).
- We do not manufacture or sell biological or chemical weapons or components of such articles, as defined in the Biological and Toxin Weapons Convention and the Chemical Weapons Convention.
- We do not manufacture or sell white phosphorus weapons or components of such articles.

In 2023, the company concluded its production of depleted uranium ammunition under the final production year of its prime contract for the U.S. government. Accordingly, the company is no longer producing depleted uranium munitions.

Human Rights

We deeply respect individual and human rights. To that end, we maintain a robust **Human Rights Policy**, as well as other company policies, practices and procedures that reflect and reinforce our commitment. Our policies address discrimination, harassment and retaliation; they also cover freedom of association, fair working conditions, ethical procurement practices, health and safety and the protection of the environment. Our Human Rights Policy also addresses how we do business, including how we develop and provide our goods and services and how we work with our supply chain. In 2023, we published our first **Human Rights Report** and published an updated Human Rights Report in early 2024. This report provides a review of our human rights policies and practices and provides insight into our program for our shareholders and other stakeholders.

We have a Human Rights Working Group that was established to help ensure our Human Rights Policy is implemented effectively. The General Counsel or her designee leads the working group, which consists of senior representatives from Global Corporate Responsibility, Human Resources, the Law Department, Global Supply Chain, Investor Relations, Contracts, Environmental, Health and Safety (EH&S), Global Business Office, Government Relations, Communications and each of our four operating sectors.

Our Board provides oversight of both our Human Rights Policy and our practices. The Policy Committee in particular provides oversight of company policies supporting human rights. The Policy Committee receives reports from the Human Rights Working Group, our Vice President of Global Corporate Responsibility and our General Counsel on how we implement our Human Rights Policy, as well as areas of concern or suggestions for improvement.

Labor Relations

We are committed to strong management practices in support of our employees. Currently, collective bargaining agreements cover approximately 4% of Northrop Grumman employees in the United States. At our facilities, employees are free to choose to exercise their rights of freedom of association. In places where we have unions, we work cooperatively with them and engage in constructive negotiations on labor topics that include wages, schedules and hours, job progression, training and education, health and safety, non-discrimination and benefits, including employee assistance resources. In places where we do not currently have unions, we prefer to maintain direct relationships with our employees. We believe it benefits the business and our employees for management to be able to engage and communicate directly with employees as individuals.

Anti-Human Trafficking and Forced Labor

We have zero tolerance for human trafficking or forced labor and support the elimination of both from the supply chain. As reflected in our **Standards of Business Conduct for Suppliers and Other Trading Partners**, we require our suppliers to comply with all applicable local laws in the country or countries in which they operate and our standard terms and conditions prohibit trafficking of persons and the use of forced labor. We require our suppliers to integrate applicable terms and conditions into their lower tier purchase orders and continue to prohibit trafficking in persons and the use of forced labor.

More broadly, we provide our employees and suppliers with targeted awareness training regarding the global problem of human trafficking and forced labor through online training modules, communication campaigns, posters at applicable work sites and postings on our websites. For information on our

Anti-Human Trafficking and Slavery Statement, please see our **Anti-Human Trafficking Compliance** webpage.

Responsible Sourcing of Minerals/Conflict Minerals

We are committed to responsibly sourcing minerals in our supply chain. In accordance with our Standards of Business Conduct for Suppliers and Other Trading Partners, we require our suppliers to comply with any applicable laws and regulations regarding conflict minerals (i.e., tin, tantalum, tungsten and gold) and assist us in meeting our obligations under applicable conflict minerals laws and regulations. We report known or potential use of conflict minerals to the SEC, consistent with requirements. We also regularly review our process for opportunities to improve our conflict minerals due diligence and oversight practices. For more information, please see our **Conflict Minerals Statement**.

Business Continuity and Operational Resilience

Our enterprise-wide business continuity practices encompass standards and systems that allow us to pivot quickly and address challenges. These practices are critical in our responses to natural disasters, the global health and economic environment, acts of violence and continued supply chain challenges, among other disruptions. We require each sector of our business to have an established, effective security program that considers relevant risks and vulnerabilities, including crisis management, emergency response, IT disaster recovery and business recovery and resumption. We work to protect and secure our personnel, resources and information—while maintaining compliance with customer, federal, state, local and risk management requirements and regulations. We engage with other functional areas to build a resilient enterprise to support not only our customers, but our employees.

OUR RESILIENCE IN PRACTICE

Typhoon Mawar, which made landfall in Guam at the end of May 2023, affected not only Northrop Grumman employees, but dependents who accompanied them on assignments. The Enterprise Crisis Management Team coordinated on the initial warnings of the incoming storm through the evacuation of some employees and the recovery following the typhoon's aftermath. Multiple functional areas, sectors and programs engaged to care for our employees while considering the business needs of customers and operational resumption goals.





Global Supply Chain



Our robust supplier base supports our ability to perform, fuels our sustained growth and positions us for the future. Our ability to manage our suppliers and foster these supplier relationships consistent with our Values and Standards of Business Conduct for Suppliers and Other Trading Partners helps ensure our successful performance. To help create the most cutting-edge solutions for our customers and generate shared value, we prioritize suppliers who provide high-quality, ethically sourced raw materials, products and services.

Supplier Responsibility

We are committed to mindful acquisition and usage of the world's natural resources, as well as upholding high standards of ethics and human rights through responsible sourcing.

We expect our suppliers to act consistently with our Values and manage our supply chain with a particular focus on performance, risk management and transparency. We require our suppliers to comply with all applicable laws, regulations and contract terms, sanctions and/or embargoes related to the procurement or use of prohibited articles and articles produced or provided by prohibited sources and to adhere to our [Standards of Business Conduct for Suppliers and Other Trading Partners](#) (or approved equivalent).

Our standard terms and conditions include a provision that requires suppliers and other trading partners to comply with our Standards of Business Conduct for Suppliers and Other Trading Partners (or approved equivalent) as a condition of doing business.

These standards apply to our suppliers at all tiers, as well as those who work for them, and encompass a variety of topics, including ethics and integrity, labor and employment practices, diversity and inclusion, human rights protection and environmental sustainability. If a violation of these standards occurs, we reserve the right to terminate the subcontract.

We support our suppliers in many ways, including by providing training materials and resources through our online [Supplier Portal](#). These resources support engagement and collaboration with our suppliers and facilitate long-term, mutually beneficial relationships. We regularly communicate and engage with our suppliers regarding social responsibility and regulatory compliance in areas including, but not limited to, affirmative action, anti-human trafficking, conflict minerals, counterfeit parts, cybersecurity, equal employment opportunity, harassment and discrimination, and international trade.

For more information about our work to prevent human trafficking and forced labor within the global supply chain, please see the [Anti-Human Trafficking and Forced Labor](#) section.



Supply Chain Sustainability

We partner with our suppliers to operate in a world facing global environmental challenges like climate change. Externally, the “Handprint” Mission within our Next-Generation Sustainability Goals helps enable sustainable practices within our supply chain and within the aerospace and defense industry by supporting our customers’ needs and supply chain objectives. We continue to collaborate internally across the enterprise and externally with our stakeholders and the aerospace and defense industry, including trade associations. In 2023, we built upon the Global Supply Chain (GSC) sustainability working group that we established in 2022 to broaden its reach—it is now the Enterprise Global Supply Chain (EGSC) sustainability working group. The EGSC aligned its organization to establish an enterprise focus on sustainability and to support continued strong supplier and customer relationships.

The EGSC sustainability working group reports to the Supply Chain Leadership Council and is composed of a cross-functional team—including members of the supply chain team at both the corporate and sector levels, investor relations, sustainability, supplier diversity, mission assurance and the law department. Core members of the team meet regularly to develop and refine the GSC Sustainability Strategy, which is built on industry best practices and focuses on the ongoing integration and advancement of ESG considerations.

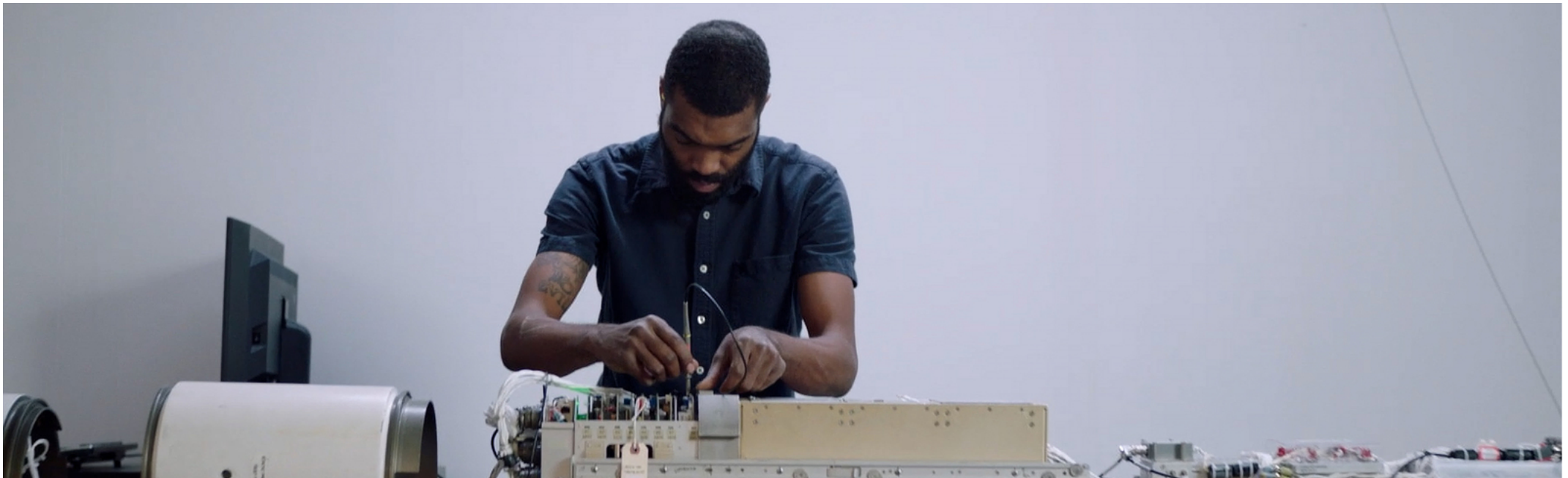
The EGSC is also working on advancing internal and external goals and developing programs and processes to implement these goals. In 2023, we updated our Standards of Business Conduct for Suppliers and Other Trading Partners to incorporate leading sustainability practices. The updated standards, published in early 2024, are available on our [website](#).

Additionally, the working group is focused on remaining in close collaboration with the industry as a whole on supply chain sustainability. We have become active and consistent participants on efforts in the International Aerospace Environmental Group’s Work Group 11, which is focused on ESG in the industry, particularly as it relates to value chain engagement.

HANDPRINT GOAL



Update the company’s “Standards of Business Conduct for Suppliers and Other Trading Partners” to incorporate industry-leading sustainability practices by 2023



Supplier Performance

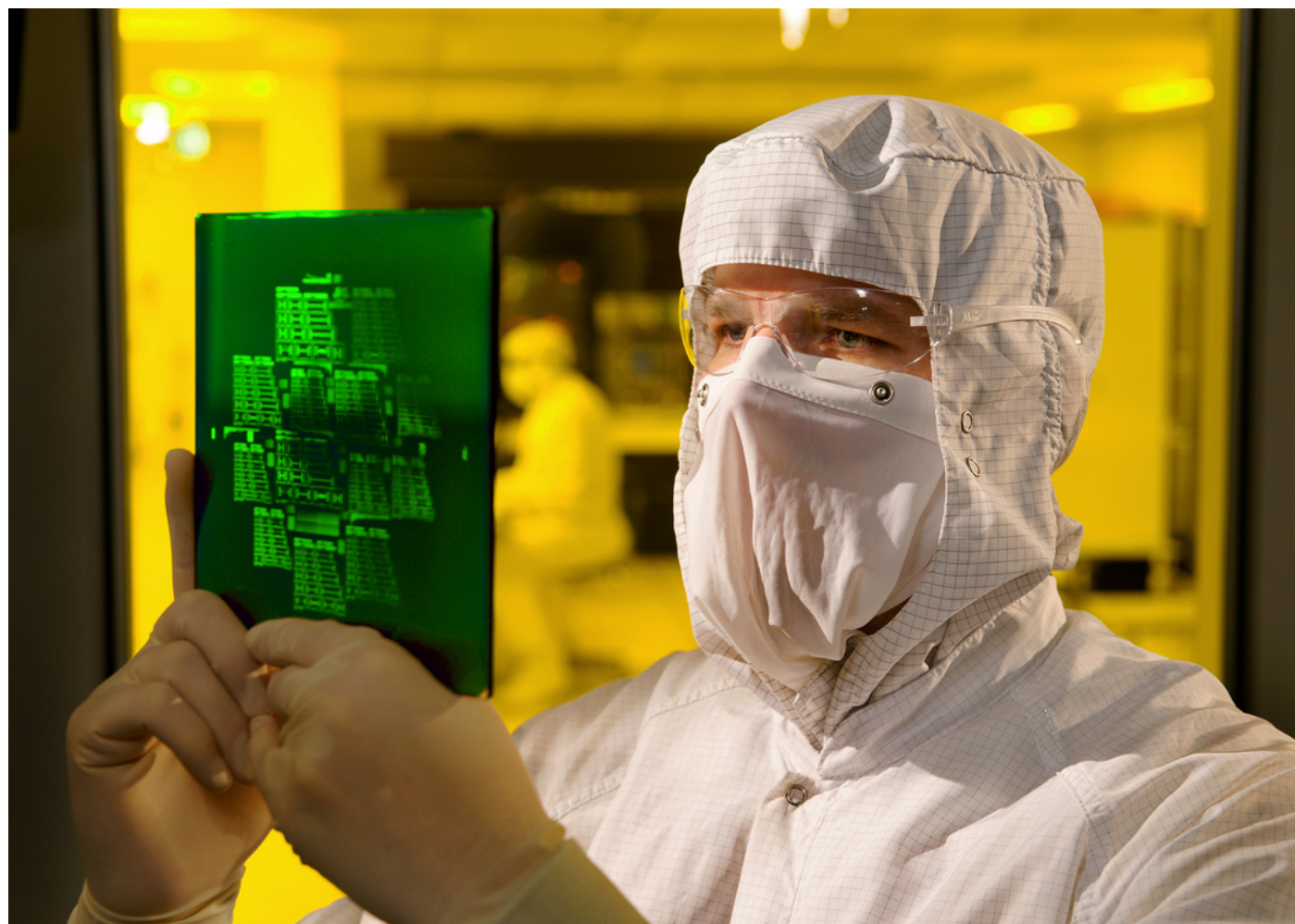
We evaluate supplier performance across several major categories, including management, technical, schedule, cost, proposal, mission assurance, security, cybersecurity, supply chain management and customer satisfaction. We monitor and assess our current and potential suppliers across a variety of risk and resilience factors that measure their overall capability and capacity to meet current and expected supply chain demands. We place an additional focus on those suppliers who are most vital to our core business requirements, using essential supplier criteria including:

- Criticality of program.
- Past performance.
- Dollar value and total spending.
- Open purchase order value and volume.
- Sole-source or single-source.
- Number of programs supplied
- Affordability.
- Risk/financial health.
- Investments, business agreements and small business categories.
- Unique technology and strategic partnering.

Our supplier rating and evaluation processes help us identify superior supplier performance, drive future sourcing decisions and address potential supplier performance issues. Evaluations can occur at several points, including at the time of onboarding, annually through certification reviews, triennially with full scope reassessments or whenever a business experiences significant changes. These evaluations enable the management of supply chain risks and the development of corrective action plans as required.

Supply Chain Risk Management

We utilize a formal process to identify, assess and mitigate risks that have the potential to disrupt our supply chains. The Enterprise Global Supply Chain Risk Council assesses supply chain risk across multiple financial, operational and business characteristics, including regulatory compliance, supply chain sustainability, cybersecurity, market conditions, supplier delivery and quality trends. Insights from a diverse set of organizational stakeholders are leveraged in this process and are critical to evaluate the likelihood, potential impact and velocity of risks. In 2023, we began evaluating tools and services to enhance our supply chain risk management process, aiming to strengthen our proactive supply chain risk scenario planning.





Transportation and Logistics

Throughout our global supply chain, we pursue opportunities to improve efficiency and reduce our greenhouse gas (GHG) emissions associated with transportation and logistics. We are proud that we have been a registered U.S. Environmental Protection Agency (EPA) SmartWay Transport Partner since 2008. Today, we use SmartWay Carrier Partners across our business to meet many of our freight transportation requirements. We continue to integrate sustainability requirements beyond SmartWay into our transportation contracts and all new requests for proposals.

We also consider environmental impacts as part of our transportation management strategy. We continue to consolidate domestic shipments and switch from air to ocean freight carriers to further drive down GHG

emissions for Scope 3 transportation where feasible. Where air freight carriers must be utilized, we have prioritized partnerships with providers who use sustainable aviation fuel and consolidate traffic at the container level. We are also pursuing opportunities to reduce emissions by modally diverting shipments from air to surface transportation through partnerships with logistics service providers (LSPs) who deploy zero-emission vehicles (ZEVs) or utilize alternative fuels for the movement of our goods.

Our focus for 2023 and beyond is to strengthen our partnerships with LSPs who are actively embracing Net Zero goals, have ZEVs in their fleet or utilize alternative fuels such as sustainable aviation fuels for their aircrafts, or biodiesel, green methanol or green ammonia fuels for their vessels.

We remain committed to exploring additional opportunities to reduce emissions, such as pursuing circular transportation and increasing electric vehicle availability within our own fleet, as well as improving our ability to measure emissions by gathering additional Tier 2 and 3 supplier data.



Supplier Diversity

Our Global Supplier Diversity Program (GSDP) is an operational imperative, aimed at fostering an inclusive supply chain that mirrors the diverse experiences and perspectives of our teams and stakeholders. Through the GSDP, we work to expand our relationships with small and diverse suppliers, including businesses owned by minorities, women, veterans, service-disabled veterans, people with disabilities, the LGBTQ+ community and businesses located in historically underutilized business zones, such as HUBZone small businesses. The GSDP also partners with Historically Black Colleges and Universities, Hispanic-serving institutions and tribal colleges and universities. Additionally, we work with our Employee Resource Groups (ERGs) to help identify diverse supplier candidates.

We manage supply chain diversity at both the enterprise level and within our sectors. Our sector supply chain teams make annual commitments for their sector and are responsible for increasing diverse business spend where possible and consistent with our responsibilities as a U.S. government contractor. In addition, we leverage our current supplier relationships for training and subcontracting, examine sourcing decisions that impact diverse suppliers and utilize nonprofit organizations for training opportunities.

We embrace different ways of engaging and encouraging small and minority owned and operated businesses to partner and succeed. We support small and diverse business growth and development through mentoring programs and academic sponsorships. Our supply chain teams engage in the Mentor-Protégé Program, which pairs prime contractor mentors with small business protégés to help protégés expand their business skills and better compete for contracts.

Supplier Excellence Awards

High-performing suppliers enable our performance as a business. In 2023, we recognized our highest-performing suppliers with our first Supplier Excellence Awards recognition event. Our Executive Leadership Team, along with Global Supply Chain managers and personnel, invited 60 suppliers who have performed at the highest level throughout five consecutive quarters around three categories:

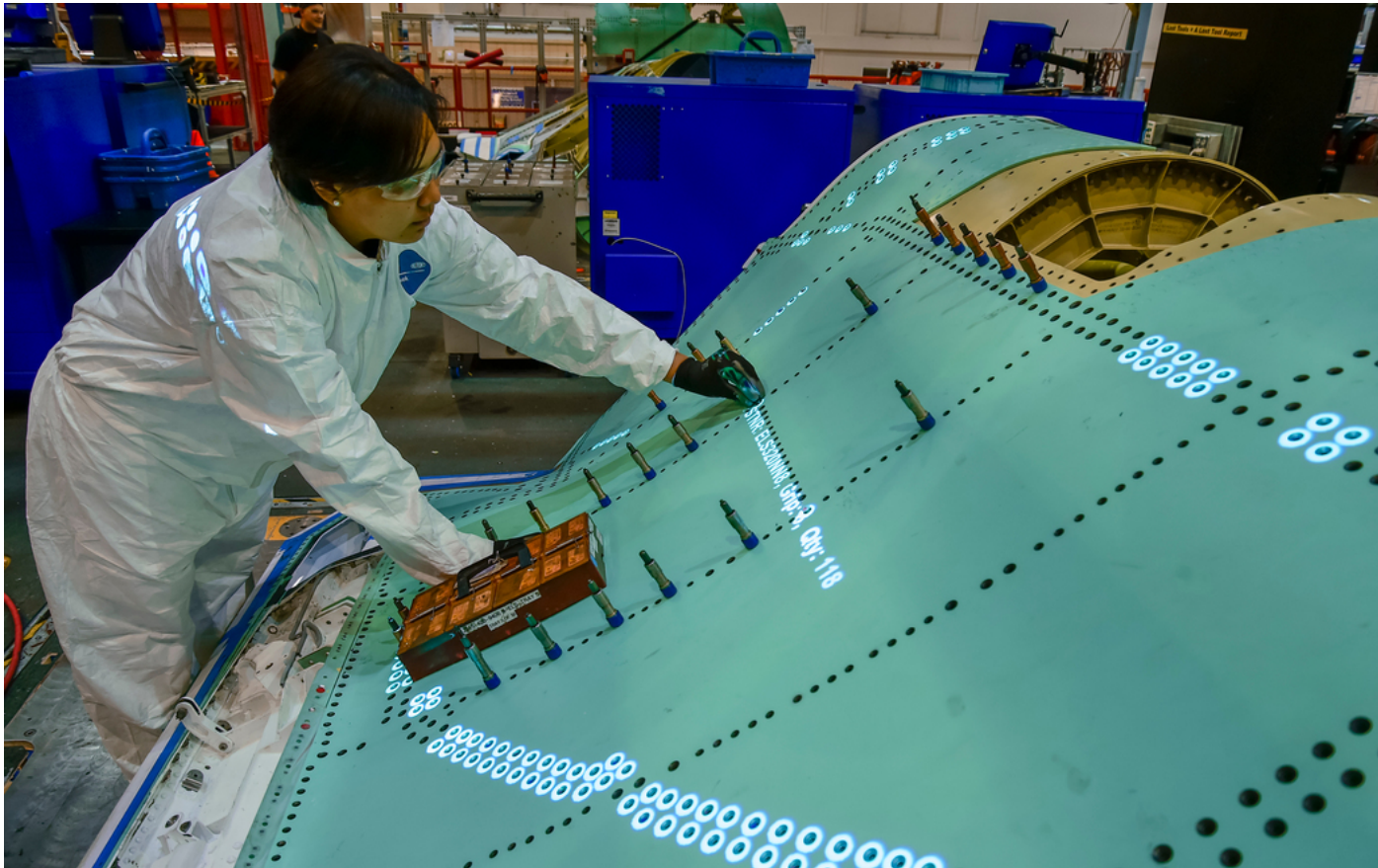
- 15 Supplier Performance Excellence Awards – Suppliers who maintained blue or green status in Northrop Grumman's Supplier Assessment Management System.
- 21 Supplier Quality Excellence Awards – Suppliers who demonstrated greater than 99.5% on-time delivery and zero defects.
- 24 Supplier Strategic Excellence Awards – Suppliers who met the unique needs of critical business or specific programs at the sectors.

We remain focused on assisting our small business suppliers as they navigate today's challenging economic environment. In addition to continuing the Accelerated Payment process we began during the COVID-19 pandemic, we continue to provide favorable payment terms to vulnerable small business suppliers. We also continue to support the National Minority Supplier Development Council Business Consortium Fund's mission to provide diverse businesses with access to low-cost loans to grow and sustain their businesses.

Northrop Grumman spent approximately \$12.4 billion domestically on subcontractors during the U.S.

government's fiscal year 2023. Of this, \$4.1 billion was awarded to small business suppliers, representing 33% of our total domestic spend. This marks the 19th consecutive year that Northrop Grumman has exceeded the U.S. government's 23% small business statutory goal reflected in our government contracts. These expenditures represent important investments in the local economies where our subcontractors operate.

For more information on our supplier diversity efforts, please see the [GSDP](#) webpage.



Mission Systems Industry Day

We support our small business partners by offering them opportunities to expand the business they do with us and to learn more about our technological capabilities to create stronger partnerships in the future. In September 2023, our Linthicum, Maryland (BWI), site hosted its first Industry Day to foster the relationships we have with our existing small businesses to help them expand their business relationships. The location is home to one of our largest divisions and some of our critical programs and provided significant opportunity to participants.

Nearly 60 suppliers attended the event, as well as Northrop Grumman leadership and program management. The small business representatives were exposed to unique technology programs offered at the Linthicum campus through presentations and discussions throughout the day. This allowed them to engage more directly with leaders and program managers while simultaneously showcasing their specialized capabilities as small business leaders. The event was well-received by both our suppliers and our programs in attendance. We intend to make this an annual event with each year focusing on a different site critical to the success of our Mission Systems sector.



Supply Chain Security

Securing our supply chain is an integral part of protecting company and customer property and information, including intellectual assets. We collaborate with government and industry partners to develop common strategies and standards that mitigate risks associated with cybersecurity, counterfeit material and global trade security. Our company-wide approach to supplier security identifies and assesses risks across the business with a consistent strategy.

We have implemented Supply Chain Security and Risk Management policies and procedures to lessen the burden on small business suppliers, while maintaining high security standards. We provide our partners with resources and guidance that align with our security expectations consistent with applicable federal, state and local laws, regulations and internal policy. Additionally, our program's digital transformation activities are continuing to refine and develop our approach to supply chain security, particularly with regards to lower-tier suppliers.

Supply Chain Cybersecurity Model

Our supply chain cybersecurity maturity model aligns with the National Institute of Standards and Technology Special Publication 800-161, Supply Chain Management Practices for Federal Information Systems and Organizations. This maturity model includes targeted improvements in the areas of risk definition, governance, impact levels, support process, supplier information security, supplier management and incident response.

We actively participate in the Aerospace Industries Association (AIA) Supplier Management Council Cybersecurity working group and the Defense Industrial Base Sector Coordinating Council (DIB SCC) Supply

Chain Cyber Task Force, which is aligned with the National Defense Information Sharing and Analysis Center. By participating in these groups, we share best practices and provide suppliers with additional resources to keep their operations secure.

In 2023, we provided additional resources to assist our suppliers in implementing effective cybersecurity risk mitigation strategies. Northrop Grumman partnered with the DIB SCC to publish Cyber/Cybersecurity Maturity Model Certification (CMMC) Level 1 & 2 training to build awareness for DIB suppliers of the likely requirements of CMMC and their obligation to meet FAR 52.204-21 (basic cyber hygiene) and DFARS 252.204-7012 (specialized data handling and protection requirements). The CyberAssist Cyber/CMMC Level 1 & 2 training modules can be accessed [on our website](#). Trainings are self-paced and intended for a range of roles and responsibilities including, but not limited to, executives, project managers and technical staff from organizations seeking certification and need to comply with CMMC. For additional information, please see our [Cybersecurity Resources for Suppliers](#) webpage.

Material Authenticity and Counterfeit Parts

We design our procedures and procurement strategies to help detect and prevent counterfeit material from entering our supply chain. We expect our suppliers to maintain full compliance with our counterfeit parts prevention processes, as well as government regulations, as applicable. We provide material authenticity training to our supply chain, quality, engineering, program management and receiving organizations. This training offers guidance on prevention, detection and mitigation practices to keep counterfeit parts from entering our supply chain.

Beyond training, our Counterfeit Material Detection and Avoidance program requires us to source materials from suppliers confirmed to have appropriate counterfeit prevention processes. If an approved supplier is not available, we apply rigorous quality control measures to validate the authenticity of parts received.

Global Trade Security

As a company with global operations and a dedication to security, we are committed to complying with global trade security standards. We participate in U.S. Customs and Border Protection's (CBP) Customs Trade Partnership Against Terrorism (CTPAT) program and encourage our international partners to participate in their respective Authorized Economic Operator (AEO) or other supply chain security programs. Participation allows for common and approved processes that support a more secure supply chain ecosystem.

CTPAT and AEO programs minimize disruptions, improve import predictability and reliability and foster a high level of trust with the U.S. government and a strong partnership with CBP. For more information, please see our [Global Trade Security \(CTPAT\)](#) webpage.





Cybersecurity and Data Protection

We recognize the critical importance of maintaining the security of our systems and data, both internally and throughout our supply chain. We aim to continually improve our approach to guard against threats as our business and the threat environment evolves. We are vigilant in protecting our networks, systems and intellectual property, as well as company, customer, partner and employee data. For more information about our cybersecurity oversight and risk management, please see our [2023 Form 10-K](#).

We implement leading data protection standards through a comprehensive approach that complies with global, federal, state and local laws, where applicable. In 2023, we certified under the 2023 EU-U.S. Data Privacy Framework (EU-U.S. DPF), the UK Extension to the EU-U.S. Data Privacy Framework (UK Extension to the EU-U.S. DPF), and the Swiss-U.S. Data Privacy Framework (Swiss-U.S. DPF).

Our Corporate Privacy Office manages our global commitment to respect the personal information of our employees, customers and other stakeholders. Our website notifies users of the cookies we track, which meets global best practices and provides awareness to all website visitors, regardless of location or nationality. Our privacy professionals monitor emerging global privacy standards to help ensure our practices remain aligned with evolving requirements. We regularly seek to enhance our privacy governance framework through training and awareness initiatives for employees, audits, self-assessments, access controls, international and third-party supplier risk assessments, effective privacy notices, compliant cross-border transfers of data and other risk mitigation measures.





Pioneering People

SOCIAL

Growing a Culture of Belonging

We are a company of over 100,000 employees who shape the future of technology, together. This future is only possible through our culture of belonging, equal opportunity for all and strength in diversity. The success of what we do for our business, our communities and our planet is strengthened by our diverse experiences and perspectives. We live our definition of belonging each day by embracing the communities in our workplaces to foster well-being, connections with colleagues and contributions to our teams. We develop ourselves and our careers in tandem, by bringing our innovative spirit to creating the latest tools, resources and experiences for personal growth. When we are empowered to share and nurture who we are and what we do, we thrive.

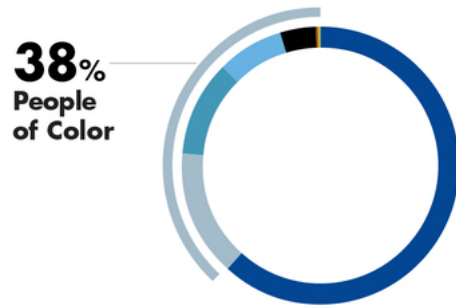
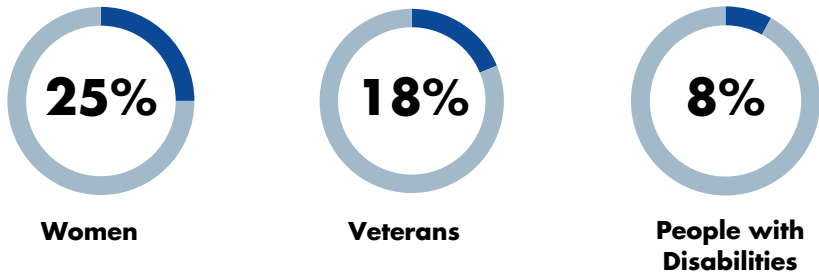
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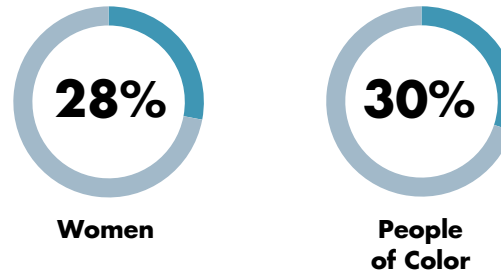
Our Diverse Workforce

TOTAL POPULATION:¹

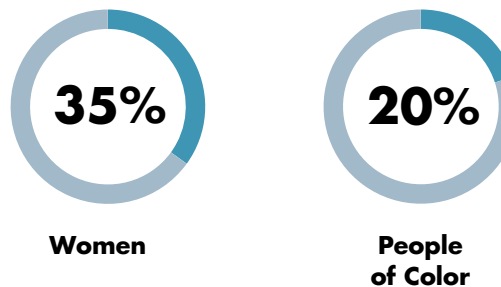


White	62%
Hispanic/Latino	15%
Asian	11%
Black / African American	8%
Two or More Races	4%
American Indian / Native American or Alaska Native	0.4%
Native Hawaiian / Other Pacific Islander	0.4%

LEADERSHIP - TOTAL MANAGEMENT POPULATION:¹



LEADERSHIP - VICE PRESIDENT AND ABOVE POPULATION:¹



2023 HIRES:^{1,2}

14,500
External Hires

3,300
Women

6,200
People of Color

3,100
Veterans

1,100
People with Disabilities

¹ All demographic data reflects U.S. population only.

² New hires may fall into one or more diversity categories and numbers are rounded to the nearest hundred employees.

Diversity, Equity and Inclusion

Our culture allows us to recognize the many forms of diversity and foster an environment where all employees feel welcome and belong. We strive to support our employees by providing inclusive workplaces that emphasize the people behind our business who make real impact.

The rate of women in leadership roles increased from 27% in 2022 to 28% in 2023. The rate of people of color in leadership roles continued to increase, from 29% in 2022 to 30% in 2023.

The Enterprise DE&I Leadership Council (EDEILC) is an additional element to set and oversee our DE&I strategy. Chaired by the CEO and the Global Corporate Responsibility Vice President, the EDEILC has served as the governing body of our related activities, including developing our company-wide strategic direction, policies and initiatives, and oversight of working groups. The EDEILC's 2023 initiatives focused on diverse technical talent, belonging and allyship, and front-line leader development.

The EDEILC coordinates with DE&I practitioners at various levels of the company. Each Northrop Grumman sector has a dedicated DE&I team and a sector-focused Diversity Council comprised of company leaders and sector action teams. Each Diversity Council works in coordination with the EDEILC, serving as a link between our DE&I organization and our employees and managing priority topics from a corporate and sector level. The Compensation and Human Capital Committee of our Board reviews the company's progress in workforce diversity on at least a semi-annual basis.



NON-FINANCIAL METRIC: DIVERSITY

Representation of females and people of color in all management level positions with respect to internal and external benchmarks.

Equal Opportunity

We are committed to equal opportunities for all. We reinforce that commitment through our Equal Employment Opportunity (EEO) compliance activities as a federal contractor, and through U.S. government and global reporting related to gender, race and ethnicity, disability and veteran status. Our Equality and Equity Compliance team oversees equal opportunity efforts across our employment hiring and selection processes. The team also develops affirmative action plans in the United States to help ensure our programs comply with EEO laws and regulations and enable us to leverage the diversity of the available talent pool when recruiting candidates for employment.

We are committed to equitable pay for all employees. In support of this goal, we benchmark our pay through external salary surveys, use a performance-based incentive system and make further adjustments to promote internal equity. As of 2023, we include salary ranges for all job descriptions and support U.S. requisitions to improve pay transparency.





A Culture of Inclusion and Belonging

Our Values define our culture and how we act and operate as a company, starting with our first Value—“We do the right thing.” This includes valuing diversity and fostering safe and inclusive environments and a culture of belonging where every voice is heard, respected and valued. We can only do what we promise, commit to shared success and advance when we acknowledge the vital role of everyone.

To live our Values, we have implemented successful programs and initiatives to drive awareness and educate our employees on DE&I matters of opportunity and interest. These initiatives include:

ACHIEVEMENT CONFERENCES:

We leverage achievement conferences to recruit prospective employees to build our diverse talent pipeline and expand leadership reach. Examples of these external events we sponsor are: BEYA (Black Engineer of the Year), Disability:IN, and Society of Women Engineers. We also offer our employees guidance in the award nomination process with the conferences to recognize their incredible contributions and performance through individual achievement awards.

INCLUSION AND BELONGING PROMOTION:

Our continued focus on creating an inclusive culture is highlighted in the results of our annual Employee Experience Survey, which demonstrated that 82% of employees responded favorably to questions related to inclusion.

TRAINING AND EDUCATION:

We continued to offer every employee optional monthly learning opportunities as well as access to thousands of additional toolkits in the areas of allyship, belonging, micro-inequities and other professional development topics. In 2023, 99% of newly hired employees completed inclusion and unconscious bias training to bring them up to the same education level as current employees.

PERFORMANCE RECOGNITION:

We continuously partner with best-practice programs that connect leaders and employees with solutions and next steps to face today's diverse workforce needs and challenges. Our initiatives include both internal and external partnerships. During 2023, company performance was assessed by more than 18 external organizations, after which the volume and value of accomplishments were recognized with annual awards (see [Appendix](#) for a list of awards). Externally, we participated in events such as the White House Office of Science and Technology Policy's STEM Initiative and Workforce Pledge Activities, both of which focus on developing a diverse talent pipeline.

COUNCILS:

At the enterprise level and within each sector, DE&I Councils and their working teams lead our strategy from the top and foster a culture of understanding and commitment around the world. As an example, in 2023, the councils developed a company-wide focus group initiative to better understand the employee experience and potential needs of our self-reported multi-racial population.



EMPLOYEE RESOURCE GROUPS

Our ERGs play a key role in fostering belonging, inclusion, engagement and allyship. All ERGs are open to all employees and more than 30,000 employee ERG members volunteer their time to learn about and engage in meaningful conversations with their colleagues. These ERG members belong to 14 ERGs in 280 chapters across the U.S., the UK and Australia. We added 15 new chapters across all of our operating sectors, which helped Northrop Grumman rank #4 on DiversityInc's Top Companies for ERGs.

Our ERGs' efforts include numerous in-person and virtual experiences, such as leadership development events, retention and engagement activities, community outreach and competitive sporting events with industry companies. As part of our Black History Month celebration, our African American Task Group (AATG) ERG developed a webinar on building resilience that was hosted multiple times at the request of local chapters. NGCare and our Asian-Pacific Professional Network (APPN) ERG offered a Coming Together session attended by over 160 employees to process grief in response to the mass shooting in Los Angeles during the Chinese New Year. Our VOICE ERG hosted a listening session to understand the needs of our neurodiverse employees and family members and led trainings for

leaders to increase awareness about how to make the workplace more inclusive for all employees.

We are honored that the Department of Defense (DoD) asked us to share our best-in-class ERG practices, processes, procedures and samples of our program as the DoD begins to develop its own ERG initiative. As an example, Northrop Grumman ERG and Talent Acquisition teams presented our collaboration on an addendum to offer letters that discusses company culture. This add-on is signed by an ERG member, who is available for follow-up discussion with candidates.

Throughout 2023, our DE&I organization partnered with our ERGs and hosted nine ERG summits, which were open to all employees regardless of membership in a specific ERG. The ERG summits provided our people with additional opportunities to connect and learn from guest speakers and colleagues about a variety of DE&I and ERG-specific topics. In total, our ERG summits brought together more than 1,500 attendees in-person and virtually in 2023. Many of the summits had record-level participation. For example, the African-American Task Group (AATG) ERG was attended by more than 400 employees.

For more information on our ERGs, please see our [website](#).



Workplace Accommodations and Accessibility

As part of our efforts to enhance inclusion, we provide workplace accommodations to employees, applicants and visitors through a centralized process. The Workplace Accommodations team addresses qualifying accommodation requests that reflect a diverse range of needs, including, but not limited to, deploying job equipment and assistive technology, providing services, including American Sign Language (ASL) interpreters, modifying job duties and schedules, modifying the work environment and more.

This year, we saw a significant growth in the volume of accommodation requests received, reflecting the increased and streamlined visibility to the process. In 2023, over 2,500 accommodation requests were received through the centralized process.



Employee and Family Well-Being

When our employees and their families have the tools to care for what matters most to them, we all thrive. Successful careers are supported by a foundational well-being program that encompasses many aspects of life. Our program supports four key dimensions of well-being—emotional, physical, financial and social. Our strategy is focused on building awareness, encouraging employee participation, equipping leadership with the right tools and using data analytics to promote, execute and evaluate the program's ability to meet the needs of our employees every day.

We recognize the importance of supporting employees' total well-being. From confidential counseling and mental health resources to financial education, health coaching and family care, our well-being program helps employees at all life stages and experiences. We invest in employee whole health so they can be their best, both inside and outside of the workplace, for themselves and their families. Through NGCare, our Employee Assistance Program (EAP), employees and their family/household members can access eight free counseling sessions per issue, per year to help them manage life's challenges, such as family conflicts, grief support, stress and anxiety, and more.

We support working parents and caretakers in various stages of life. To help new parents, we provide four weeks of paid parental leave for primary and non-primary caregivers, as well as lactation accommodations and

reasonable break times for employees who are nursing. Employees can also take advantage of subsidized back-up childcare and eldercare with an exchange option for virtual tutoring and camps for children, discounts to childcare centers, college advising and support for parents of children with special needs. In 2023, employees used over 3,200 days of back-up child and elder care support through Bright Horizons. Additionally, employees who are caregivers of adult children and aging parents often seek support, and NGCare co-sponsored several events in 2023 in collaboration with the NGFAMILY ERG. These events offered employees the opportunity to learn about support services, build community with colleagues and ask questions.

We understand it's important to maintain a healthy balance between personal and professional lives, which is why we not only offer but encourage time away from work. In addition to paid time off, many of our sites offer 9/80 schedules and flexible work arrangements.

Throughout 2023, we focused on raising awareness of our employee-facing Total Rewards Gateway, which highlights services and resources available to all employees and their families.

Other 2023 Initiatives Included:

- Rebranding our monthly well-being newsletter:** In May 2023, we introduced a reimagined monthly newsletter, THRIVE. The new format allowed for more creativity, storytelling and flexibility. The purpose of the newsletter is to share timely, relevant content that our employees and their families can relate to. We do this by sharing personal experiences of employees that showcase how our benefits support total well-being.
- Continuing to encourage employees to receive their annual physical with a well-being incentive:** Research shows an annual physical is key to the early detection of health problems. The Well-being Incentive Program offers eligible employees and their covered spouse or domestic partner the opportunity to earn \$500 for completing an annual physical and health risk assessment. More than 30,000 employees and covered dependents completed the requirements in 2023.
- Expanding our Well-being Champion Network:** More than 100 employees volunteered to drive awareness of our well-being program. Champions help promote a culture of health in the workplace, encourage participation in well-being programs and educate employees about initiatives. In addition, as champions, employees can gain professional development skills and have the opportunity to network with colleagues across the company.
- Launching a new stretch break program:** Mondays in Motion invites employees to virtually participate in 10-minute stretch breaks each Monday. A live instructor leads participants through low-impact exercises paired with coaching on the holistic benefits of movement, such as the improved mood and relaxation that comes from releasing muscular tension. The weekly sessions brought over 6,000 attendees to the program this year.



2023 Well-Being Initiatives

30,000

employees and their family members accessed the NGCare services, including counseling, work/life support, financial and legal consultations, webinars and workplace support following a crisis, more than 30,000 times in 2023.

930

employees attended a Fidelity Wealth Webinar Wednesday to learn more about finances, budgeting and saving.

Hosted
77

NGCare webinars that were attended by more than 10,000 attendees. Sessions covered a variety of tailored topics and some were in partnership with our ERGs.

\$1.9 million

saved through employee discounts on gym memberships, travel, entertainment and other services.

\$6.2 million

saved in legal fees for advice, consultation tax preparation and more through a voluntary legal plan.

More than
3,800

employees enrolled in our team-based activity challenge, Race to the Finish. Nearly 700 teams worked together to walk more than 700 million steps.

Almost
3,700

employees completed Fidelity's financial wellness check-up.

More than
3,000

Anthem members registered for Vida Health coaching and 1,490 are active participants who receive support for weight management, diabetes management, nutrition, smoking cessation and other well-being needs.

Provided nearly
100

mindfulness programming sessions for employees and interns, with nearly 5,000 attendees in addition to hosting trainings on the benefits of mindfulness.



Building Mental Health Awareness

We continue to focus on destigmatizing access to mental health care. In addition, we're building a culture where our leaders understand their role in supporting employees' mental health, including discussing concerns, like stress and burn-out, and encouraging access to mental health care.

A leader's role often requires a basic understanding of how mental health works and how a person's job can affect their well-being. We held six sessions of Mental Health Awareness trainings for almost 400 leaders across the organization in 2023. We trained approximately 100 leaders in Mental Health First Aid at Work, which teaches participants how to notice and

support individuals who may be experiencing a mental health concern or crisis at work. In 2023, these certifications focused on front-line leaders, Human Resources staff and VERITAS ERG leaders.

In 2023, we continued our Real Talk about Mental Health series. Executive leaders shared their own personal stories of accessing mental health resources and encouraged employees and families to seek free, confidential support through our NGCare program. This year, we added Real Talk discussions focused on men's mental health. In collaboration with our NGWIN ERG, we included a special session for women during our Mental Health Awareness month events in May. To support back-to-school preparation, in August, we partnered with our NGFAMILY ERG to host several webinars focused on mental health for children and teens. Our newsletters

and magazines also help us normalize conversations about mental health, offering a platform in which employees share their real life stories of trauma, tragedy and triumph.

We continue to look for opportunities to support, counsel and collaborate with leaders and partners across our global operations so they can provide support and offer solutions to teams around the world.

Employee Health and Safety

The health of our employees, customers, visitors and contractors is critical to our success. We work diligently to protect their health and safety, and we evolve our safety program to address emerging challenges. We're devoted to excellence in every endeavor, providing our customers with the best solutions for mission success—this includes excellence in safety.

Health and Safety

We work every day to maintain a safe workplace. Our safety effort includes, but isn't limited to, a focus on training, risk and hazard identification, abatement and prevention.

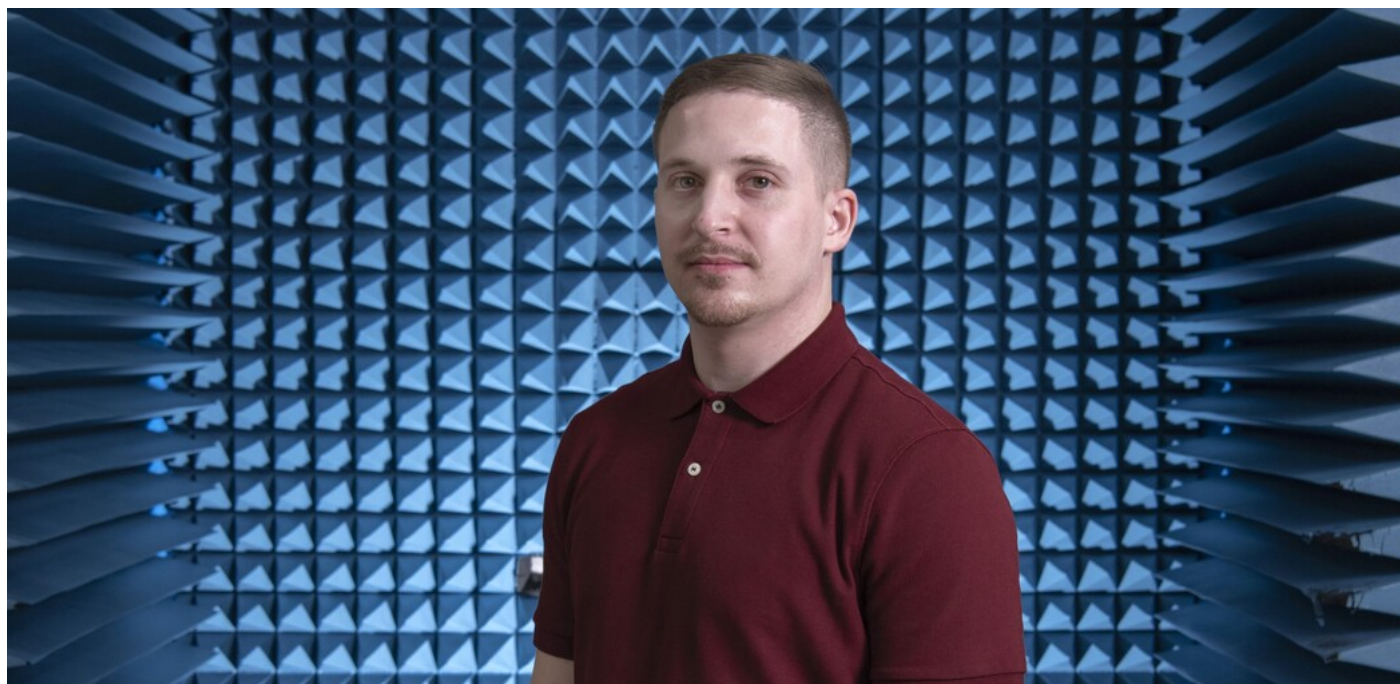
Everyone at Northrop Grumman has a responsibility to safely perform tasks and identify workplace hazards. We empower employees to report concerns or hazards directly to their supervisors, to safety professionals at our sites or through our confidential reporting system, OpenLine, without fear of retaliation.

Employees have the right and responsibility to stop work if they feel unsafe or there is imminent danger to a co-worker. To aid this vigilance, we provide occupational health and safety training, tailored to employees' job duties, through in-person and online training modules. Trainings help employees recognize common workplace hazards and establish methods for reporting and remediating safety issues. Supervisors help ensure their employees have completed assigned trainings.

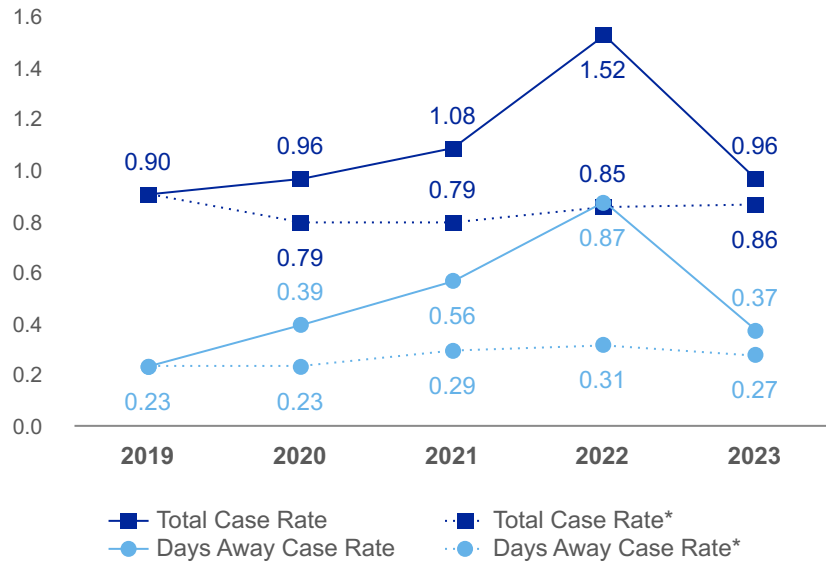
The Safety Committee advises the EH&S Leadership Committee as well as corporate and sector management on health and safety at Northrop Grumman, including

procedures and best practices across the company as a whole and in individual sectors. Our Safety Committee includes representatives of each of our sectors and meets regularly to share best practices. EH&S specialists also work to verify compliance with regulatory requirements and best practices, and review the effectiveness of our hazard risk assessment program through periodic self-inspections and audits. To proactively prevent employee injuries, we expanded implementation of a near miss/good catch program which encourages employees to report safety concerns to EH&S staff and management for evaluation and correction.

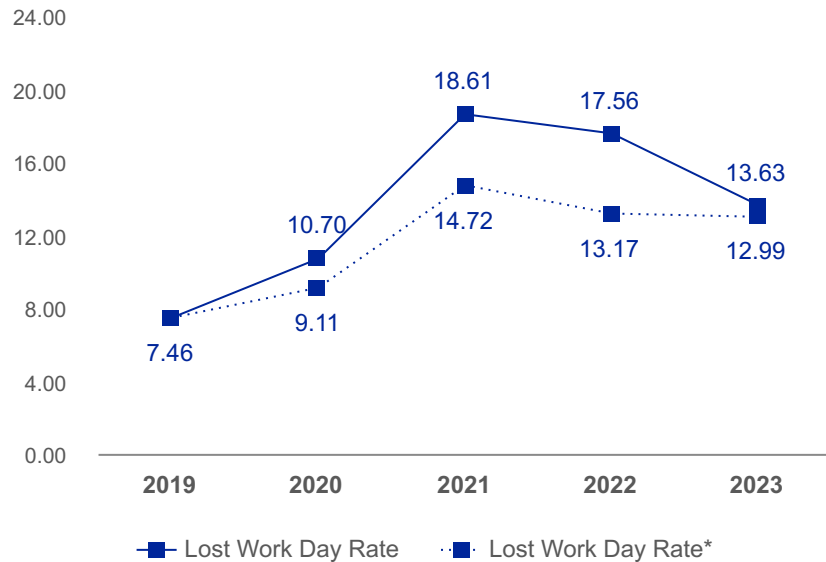
EH&S staff also collaborate with our sectors to investigate the root causes, identify potential preventive actions and make recommendations to prevent safety incidents. We review data on all safety incidents and related events to identify and address injury trends by type and location. We take action to mitigate safety concerns where necessary, working with internal and external experts, including industrial hygienists, to identify and reduce workplace hazards. At select locations, on-site medical personnel are available to treat injuries and illnesses if and when they occur.



TOTAL CASE RATE & DAYS AWAY CASE RATE



LOST WORK DAY RATE



* Health and Safety metrics excluding COVID-19 cases

Continued Public Health Support

Employee health and safety is built upon a foundation of public health and safety. The COVID-19 pandemic demonstrated the importance of protecting the health of our employee population, and we learned important lessons during it that we carry with us. That’s why we created the Public Health and Occupational Health Working Group. This Working Group comprises members of EH&S, Medical, Communications, Workplace Accommodations and Worker’s Compensation.

The Working Group shares best practices on employee health-related issues and plans how the Total Worker Health approach can be used to help our employees stay safe and healthy at work. **Total Worker Health** (TWH) is an evidence-based approach to occupational health and safety that is championed by the Centers for Disease Control and the National Institute for Occupational Safety and Health. Traditional occupational health and safety programs aim to protect workers from potential harms that can arise from specific work activities. TWH also recognizes that the overarching conditions of work—such as wages, workload, social interactions and access to benefits—affect the health and well-being of workers, families and communities. TWH incorporates this understanding of work as a social determinant of health into its approach, encouraging policies, programs and practices that holistically advance worker well-being.

The Public Health and Occupational Health Working Group is our first expertise center in EH&S and will serve as a model for establishing other health and safety expertise centers in the coming years.

In 2023, the company received awards for outstanding safety performance from the Chesapeake Region Safety Council and the Utah Safety Council for performance at numerous facilities.

Health and Safety Performance Summary

We evaluate the effectiveness of our internal health and safety programs by conducting trend analyses of our past performance and externally through benchmarking with industry peers and the U.S. Bureau of Labor Statistics.

Consistent with the U.S. Occupational Safety and Health Administration guidance beginning in 2020, COVID-19 cases that are confirmed to be work-related are tracked as recordable cases and days away. For reference, we also provide our health and safety performance data excluding COVID-19 cases to provide insight into our health and safety performance more broadly.

Talent Strategy

The driving force behind our success is our team of over 100,000 mission-driven employees. Their dedication, expertise and vision distinguish us. We invest in their growth, ensuring that as our company evolves, so do our people. This investment requires a global talent strategy that can address shifts in external and internal environments, and can anticipate and proactively adjust as new trends emerge. Our talent strategy is focused on broadening our talent pools, enhancing the employee experience, building leaders of the future and enabling employee career growth.

Broadening Our Talent Pools

To define possible, we rely on diverse experiences and perspectives of our team, which include highly talented people from many different backgrounds. Valuing those varied experiences, growing those teams and nurturing that talent is essential to our success as a company. To spur that success, in 2023, we remained focused on building and maintaining an inclusive pipeline of skilled workers through targeted expansion and improvements, including:

- Shape our recruitment marketing efforts to attract inclusive talent pools.
- Reach a wider range of candidates by promoting jobs through various channels.
- Provide tailored experiences to share what life at Northrop Grumman is like.

- Incorporate a skills-driven talent strategy.
- Ensure a consistent interview structure that reflects our Values and Leadership Behaviors.
- Strengthen our internal partnerships with Employee Resource Groups (ERGs).

As we seek top talent, we continue to explore the best ways to measure and evaluate skills in the hiring process, such as skills-based hiring. This helps to ensure that we include all qualified potential candidates in our hiring pool, regardless of background, to ultimately hire the best qualified individuals.

Skills-Based Hiring

Our hiring practices focus on the skills and competencies required for the job, rather than solely specific degrees or certifications. We continue to utilize hiring data to closely track and analyze sector-specific unique skills which inform our upskilling and development efforts across the

organization. In 2023, we launched manager training on Skills Based Hiring to complement the training completed by our Talent Acquisition team members in 2022. Approximately 600 hiring managers in the Defense Systems sector participated in instructor-led training on the benefits of skills-based hiring and best practices for hiring top talent. This skills-based hiring training and change management will continue across the enterprise in 2024, as will our ongoing partnership with our internal technical development team to upskill current employees for job opportunities.

Through our work with OneTen, we collaborate with peer companies to identify new ways to recruit skilled candidates without requiring them to have specific degrees or credentials.

Our involvement with OneTen is an example of how we invest and engage with additional trusted partners to grow and support a diverse talent pipeline. In 2021, we joined OneTen, a coalition of companies representing



a wide range of industries that seek to advance racial justice and close the opportunity gap for Black talent in the U.S. OneTen aims to train, hire and promote one million Black individuals over the next 10 years into family-sustaining careers with opportunities for advancement. During 2023 we also began to advertise positions at Northrop Grumman on the OneTen job platform. In 2023, we hired or promoted almost 300 employees into OneTen eligible jobs.

Hiring Military Veterans

We honor and cultivate the mutually beneficial relationship between Northrop Grumman and military veterans. Their contributions bolster our company success. Each year, approximately 200,000 service members transition out of the United States military, and these individuals present an important source of talent. We take care to recruit this talent and, in 2023, nearly 18% of our total workforce self-identified as veterans. We support and work with military veterans through several initiatives, including:

- Operation IMPACT, our unique, award-winning program focused on helping wounded service members in their transition to civilian careers.
- The NG6 Partnership, in conjunction with Los Angeles County, assists unhoused veterans in identifying employment opportunities and provides funding for housing.
- Our partnership with Embry-Riddle Aeronautical University as a primary hiring partner in their Aviation Maintenance Program, which provides education and training. Embry-Riddle currently enrolls thousands of active-duty service members, reservists and veterans through its online Worldwide Campus programs.

- Participation in the Department of Defense SkillBridge program, where we host internships for transitioning veterans during their last 180 days of service, followed by a full-time role post-internship. Since 2020, Northrop Grumman has hosted almost 500 transitioning military members and maintains a 97% full-time employment offer rate.
- Participation at three military and veteran conferences in 2023, focused on increased hiring of transitioning military members and veterans. Conferences included Student Veterans of America, Service Academy Careers Conference and Value of a Veteran Recruitment Conference.

2023 Veteran Hiring Highlights

3,100

Veterans hired, representing 21% of external hires

Over 100

Veterans hired through Operation IMPACT

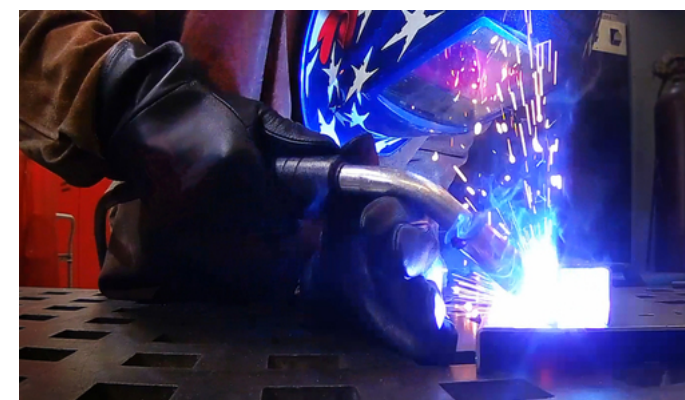
6

Unhoused veterans hired as a result of the NG6 Partnership Program

Achievement Conferences

We attended, sponsored and hired talent at several conferences, including the American Indian Science and Engineering Society, Black Engineer of the Year Awards, National Society of Black Engineers, Disability:IN, Grace Hopper Celebration, Great Minds in STEM, Society of Asian Scientists and Engineers, Society of Hispanic Professional Engineers, Society of Women Engineers, Out and Equal Workplace Summit, and Out in Science, Technology, Engineering, and Mathematics. Through these conferences we extended over 800 written offers.

We enhanced our onsite conference presence through our “Defining Possible” lounge for candidates to network with various Northrop Grumman employees and executives. The lounge gave candidates a glimpse into our culture of belonging and a unique opportunity to experience Northrop Grumman firsthand and up close. We also hosted offer celebrations for those candidates who were extended an offer during the conferences. These celebrations served as additional opportunities to meet employees and learn more about the company.



InnovatHER

We launched the InnovatHER Pathfinding Invitational at our Melbourne, Florida, site to build a pipeline and foster female technical talent. InnovatHER expands on established internal cohorts created to address challenges facing the A&D industry around hiring, retaining, and advancing this critical talent pool. We hosted more than 30 student engineers from 14 universities for two days at our Melbourne campus, where they participated in engaging workshops, networking opportunities, tours and interviews for summer internships and entry-level opportunities. As a result, 18 female engineers will be joining us in 2024 and will have the opportunity to continue their development through our internal cohort programs.



Internships and Early Career Hiring

Students at four-year institutions and community colleges receive hands-on work experience through our summer internship program. Interns build their professional network, learn more about our company culture and better understand potential STEM career paths. Interns get direct interaction with leadership through sessions led by directors and vice presidents, weekly vice president spotlights and social events with leadership in attendance. More than 700 interns from last year's cohort converted to full-time employees in 2023. We also offer apprenticeships in select locations to hire and train new talent to gain additional skills.

In 2023, our summer internship program hired over 3,300 interns and was named the #1 Internship Program of the Year by WayUp/Yello.

Our approach to early career talent promotes the development of strategic knowledge, skills and abilities that support the success of our business, beyond hiring. One such program that supports this approach is our Pathways Program, which gives select early-career hires the opportunity to fast-track their development through three targeted rotations. The program lets early career employees explore their potential at Northrop Grumman, right at the start of their career at the company.

Approximately

67%

Of eligible interns convert to full-time employees every year

94%

Of our interns said they would recommend Northrop Grumman to others

iReturn

Our iReturn program serves as a conduit for identifying latent talent often overlooked in traditional recruitment due to career gaps. In 2023, we refined the iReturn program to align more closely with our business needs and accommodate a broader participant



Sheri
Manager, Electronics Engineering and iReturn Alum

base. Introducing a continuous enrollment option alongside the cohort-based model enhances our recruitment capabilities, providing career returners the flexibility to re-enter the workforce throughout the year. The revamped iReturn program remains dedicated to facilitating a structured reintegration for seasoned professionals with career breaks of two years or more.

Through robust professional development, self-guided reentry resources and networking opportunities, participants seamlessly reintegrate into the workforce. iReturn offers us access to a pool of candidates with valuable skills and experience. In 2023, multiple business sectors actively embraced the iReturn initiative, welcoming 28 participants. Since 2017, the iReturn program has successfully welcomed 159 participants, with an impressive 75% retention rate.

45 universities

Our recruiting team engaged with potential future employees at 45 colleges and universities in 2023

Enhancing the Employee Experience

Recruiting diverse and skilled talent is only the beginning. A culture of belonging means that everyone hired at Northrop Grumman is valued and welcomed for bringing a unique perspective, ensuring our solutions are both visionary and effective. We place our employees at the center of everything we do. We listen to and learn from our employees, intentionally seeking their input and feedback to create the policies, resources, programs and initiatives that support them in their careers and in their lives. With the immense scale and scope of our business, we help employees shape their experience at Northrop Grumman to expand their expertise, feed their curiosity and fuel their passions.

Employee Engagement

Our focus on enhancing the employee experience requires continuous listening and ongoing improvements at every level of the company. Employees provide honest feedback through continuous mechanisms, like surveys deployed in the flow of work, as well as quarterly pulses and an annual experience survey. Key areas of feedback focus include career development, enablement, team culture, manager effectiveness, belonging and well-being.

Our biggest opportunity for employee feedback is through our annual experience survey. Our performance on the annual survey is compared to the Qualtrics Global Benchmark. In 2023, we met or exceeded this benchmark for 29 of 33 survey items. In addition, 87% of employees feel their experience at Northrop Grumman is meeting or exceeding their expectations.

In the survey, our employees identified support for career goals, alignment with company values, innovative culture and pride in the mission as areas of strength for Northrop Grumman. They also identified enablement resources and following up on survey feedback as areas of opportunity. We received over 93,000 specific comments through the survey. Our leaders review the survey responses and work collaboratively with their teams to take meaningful action based on survey results.



NON-FINANCIAL PERFORMANCE METRIC: EMPLOYEE EXPERIENCE

Perform at or above the Qualtrics Global Norm, with a focus on inclusion and engagement. Results are derived from the annual employee survey with a “percent favorable response” measurement scale.



Building Leaders of the Future

We work to create and protect the future every day. This includes building the leaders we need in the future. Our employee and leadership development offerings are rooted in our Values and Leadership Behaviors, including:

- Aiming to strengthen the skill sets, behaviors and mindsets that support both our current and future business needs.
- Fostering knowledge-sharing and supporting career growth and progression.
- Encouraging employees to pursue diverse job experiences that expand their knowledge of our business, products and customers.

- Expecting our leaders to provide performance feedback, coaching and development opportunities to employees to foster a culture of continuous improvement.
- Empowering every leader to bring out the very best from our teams to align to our strategy and focus areas.

Leaders are expected to have ongoing coaching, performance, development and feedback conversations with their employees, focusing on their strengths and developmental opportunities that inspire their employees' maximum potential. Employees own their career journeys in partnership with leaders and leverage resources, such as the Career Development Hub, to prepare for performance conversations with leaders. Employees should review their goals at various points throughout the year with their leaders and update as needed. In 2023, 98% of our employees completed a performance review, and 14% of our employees were promoted in the company, reflecting development and growth in the workforce.

Executive and Leadership Development

The Executive Assessment and Development program continues to focus on high-potential senior executives. We completed the first masterclass series with 18 participants and have begun offering masterclasses to our latest cohort, which will conclude in 2024.

Our leadership and human resources teams hold regular talent review discussions to create line of sight to talent at various levels of the organization. Succession plans are refreshed and reviewed to promote a robust, diverse talent pipeline and business continuity, which encourages a tight linkage to development. We focus on accelerating the learning and growth of our leaders by providing a combination of experiences, exposure and education.

Vice President Mentoring

We offered structured mentoring for high-potential talent for the seventh year in a row, demonstrating our commitment to develop current and future leaders. High-level company leaders engage in monthly mentoring sessions focused on accelerating growth and mobility through position-based development and skill-building. Of the over 190 employees who participated in this high-level mentoring program in 2023, 36% were women and 36% were people of color, reflecting our commitment to growing our pool of diverse internal talent.

The Leading for Impact (LFI) program serves as our core leadership development program for frontline leaders across the business. As part of the LFI program, Foundational Skills for Managers (FSM) provides leadership development focused on three essential competencies: communication, coaching and delegation. We advanced FSM completions through concerted efforts to optimize and operationalize this offering, and through cultivating partnerships within the talent and sector organizations. Collectively, we have been able to serve approximately 2,100 leaders, an accomplishment that embodies our “We commit to shared success” Value.

In addition to the core curriculum, employees have completed over 3,000 self-paced courses from the extended library. Approximately 3,700 leaders have honed their skills by leveraging various learning modalities, including virtual instructor-led, in-person and web-based trainings, in addition to micro-courses.

Professional and Technical Development

We aim to deliver innovative, purposeful, employee-centered and integrated learning solutions that align to business priorities. We work with subject matter experts across the company to provide relevant and timely employee development paths in critical skill areas.

Using input gathered from a range of employees—junior engineers to seasoned Northrop Grumman Fellows—we created a Technical Career Progression resource to help employees direct their careers. Our Systems Engineering development path, the newest of 11 technical development paths, continued to help upskill employees from beginner- to expert-level. Employees completed over 6,000 pathways across all technical development paths in 2023.

Our employees have access to countless learning opportunities, including on-the-job training, formal training and platform-based learning. We leverage learning technology platforms to enable our people to access and explore curated content tailored to their needs and interests to help them expand their knowledge, develop new skill sets and support their career growth. Employees can utilize these learning opportunities both independently and together to make a career plan, develop skills and establish professional connections.

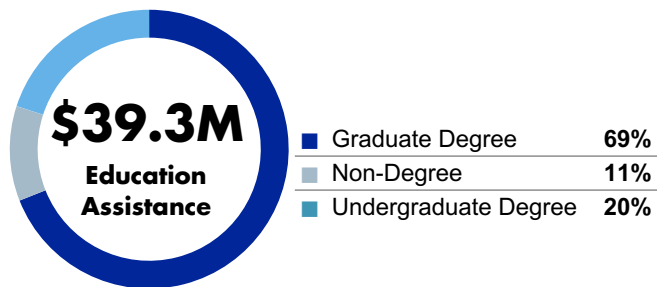
Since 2020, nearly 100,000 employees have benefited from our primary point of access for all professional and career development, My Learning Experience. This platform uses machine learning to recommend related resources and create a personalized training experience for each employee. All learning materials are accessible 24/7 and on-demand from this single location. The platform also features integrated social interaction and the ability to connect with subject matter experts across the company. In 2023, its employee user base grew 92% to 92,000 employees. This year alone, employees completed two million items and created almost 4,400 pieces of content. In September 2023, we unveiled the next generation of the Career Development Hub, an all-in-one platform with resources and tools to help employees define possible in their career. Employees and managers can explore career development

resources and tools—such as career planning, performance management, networking, and skill development—enabling them to define possible in their careers.

Education Assistance

We support growth opportunities for employees through continued education. We offer Education Assistance benefits to employees who pursue a college degree or professional or technical certification that directly aligns with our present and future skills requirements. We cover a portion of tuition per year for education at any accredited institution with manager approval. We also partner with a third-party firm to negotiate discounted tuition rates for our employees at several academic institutions. Coaching services are available to employees who want to discuss topics such as education decisions, field of study choices and financing. In 2023, we invested \$39.3 million in education assistance for almost 7,000 employees who used this benefit to enhance their career journeys.

Breakdown of Education Assistance Provided to Employees



Talent Pipeline Development

We utilize key data and analyze performance trends to develop our talent pipeline to capitalize on the breadth of available talent to meet our future needs. Local partnerships with colleges and universities continue to bring in ready-to-learn talent, and our hands-on training programs, such as **ASTAR**, provide the tools and resources for new hires to succeed.

We also provide on-the-job training to develop students skills through our **manufacturing apprentice program**. The program, in partnership with El Camino College (ECC) and the South Bay Workforce Investment Board (SBWIB), gives students hands-on, real world experience. By focusing on career development and on-the-job training, the apprenticeship program has now become a model of how to partner with organizations and educational institutions to grow a skilled technical workforce. In 2022, the National Space Council named Northrop Grumman a leader of the Southern California Regional Pilot Program, one of three regional partnerships stood up around the country to support careers in space. Since then, we continued partnering with ECC and SBWIB to explore more ways to scale similar programs within Northrop Grumman and with other companies in the space industry.

We also financially support engineering and technology-based programs and initiatives that engage, excite and develop today's students. In 2023, we continued to increase our support to enable the enrollment and success of a diverse STEM pipeline at two- and four-year universities. Our funding to diversity-focused efforts, including programs, activities and clubs, increased by 5% over 2022. For additional partnerships, please see our list of partnerships in the **Appendix**.



Software Education Programs

Our Aeronautics Systems sector launched a pilot Software Education Program with Codecraft Works that teaches entry-level software development to veterans with bachelors degrees. This 16-week program, tailored to Northrop Grumman skills, included 12 cohort participants in the pilot and improved participant access to the Northrop Grumman technical software career path.

In addition to the Software Education Program, graduates from the Codecraft Works program as well as current Northrop Grumman employees can now obtain an accelerated Software Engineering degree through a partnership with Embry Riddle Aeronautical University (ERAU).

The Software Education Program and the expanded partnership with ERAU for accelerated Software Engineering Bachelor of Science degrees are just two of the ways we are building skilled talent to meet our engineering talent needs and creating career opportunities. Graduates of both programs will have guaranteed interviews with Northrop Grumman for positions that match their new skills. These programs will also expand from the Aeronautics Systems sector and be leveraged enterprise-wide so that we can continue to focus on the largest renewable source of cleared talent: our veteran community.

We work closely with a variety of colleges and universities to attract a diverse, highly skilled cohort of candidates prepared for the future of work. This includes HBCUs, from which we hired 179 graduates across the country in calendar year 2023—the most in our history—through the HBCU Invitational event.

Many employees learn best while on the job, so we continued our vision of “Learning in the Flow of Work” in 2023. Alongside dedicated training sessions, “Learning in the Flow of Work” means taking advantage of the important moments for learning and growth that happen within the context of everyday work. This approach focuses on developing our employees’ knowledge and skill sets through learning on the job and on the go, as opposed to classroom or web-based training.

We also support our employees in broadening their expertise through various technical development cohort programs that bolster critical skill areas and build their internal network. Cohorts not only provide regular

opportunities for career development, but in some instances have also evolved into communities of practice with long-term impacts on the company. Some examples of our technical development cohorts include:

- The Enterprise Women in Science and Engineering (WiSE) Cohort focuses on empowering early- to mid-career female technical employees by providing opportunities to develop skills, make informed decisions about available career paths at Northrop Grumman and build their community by forming lasting relationships. In 2023, Enterprise WiSE had 200 participants, with 45% of the cohort comprised of people of color, representing all sectors of the business. Many participants mentioned how they resonated with the cohort themes and speakers, with one participant stating:

“[The] content was excellent and has given me a number of tools that I will be able to use going forward. I do feel more confident with managing my teams in the future.”

- The TechStarter Cohorts are aimed at early- to mid-career technical employees looking to jump start their learning in a critical skill area. The cohorts include attracting diverse talent within the company to one of the following critical skill areas: Artificial Intelligence, Cyber or Model-Based Systems Engineering. In 2023, Northrop Grumman supported over 200 participants, with 49% people of color and 25% women, representing all sectors. One participant remarked:

“The program was informative and challenging. The guided learning and opportunity to interact with a mentor and cohort were excellent, and I’m looking forward to continuing my education, as well as exploring the many resources provided.”



Corporate Citizenship

Corporate Citizenship at Northrop Grumman is rooted in the success of people—the people we employ, the people in our communities and the people who may become part of our workforce. All partner together on the mission to make our communities stronger.



Corporate Citizenship Strategy

Corporate Citizenship's partnerships are core to our philanthropic mission and outreach, and we strive in our grant-making and volunteerism to strengthen our impact in the communities where we live and work.

Our vision of Corporate Citizenship means doing our part to make strong, sustainable communities in the places where our employees live and where we operate. Our approach to enhancing our communities focuses on several key actions. We use our time, talent and charitable dollars to strengthen our communities and to address key issues that our communities care about. We develop a diverse STEM workforce in our communities and reinforce our commitment to diversity, equity, inclusion and belonging.

We drive operational excellence, with a focus on digital transformation, and we engage and retain our employees through opportunities for meaningful volunteerism and skills and career development.

We understand that we don't operate in a vacuum, and that our success depends on the success of our communities. Our Values—"We do the right thing" and "We commit to shared success"—exemplify how we treat relationships with our communities and underpin our commitment to Corporate Citizenship.



Volunteering and Charitable Giving

One way we support the diverse needs of our communities is through strategic charitable giving. Northrop Grumman, the Northrop Grumman Foundation and our generous employees all contribute to our core giving areas and programs.

The Northrop Grumman Foundation is dedicated to expanding and enhancing sustainable science, technology, engineering and mathematics (STEM) education opportunities for students and young adults globally, as well as grants in support of disaster response. Northrop Grumman also gives back to the communities we serve through direct corporate contributions.

Our employees also give back through volunteering. As we develop our partnerships, we seek ways to connect the passions and talents of our employees to the community. Our volunteerism and outreach initiatives align with our corporate citizenship strategic pillars and focus areas.

Throughout 2023, employees logged nearly 100,000 volunteer hours valued at \$3.1 million. Those who logged 40 or more hours within a calendar year were awarded a

Community Service Grant to benefit the nonprofit or school where they volunteer. We distributed \$220,000 to nonprofits through this program during 2023.

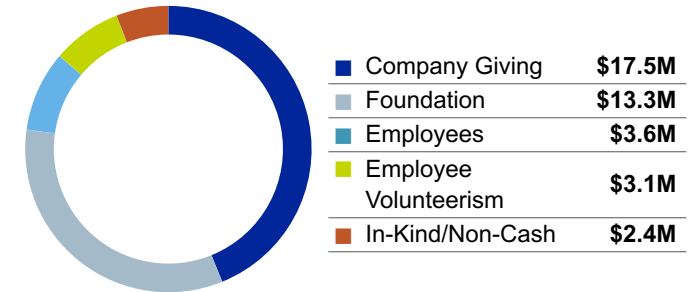
The Northrop Grumman Foundation's **Matching Gifts for Education program** is designed to acknowledge and support our employees' personal commitment to education. Matched on a dollar-for-dollar basis, verified personal donations for education from \$50 to \$2,500 are eligible for matching. In 2023, nearly 1,000 employees submitted requests that were matched for a total of \$1 million.

The **ECHO Workplace Giving** program enables employees to make automatic payroll contributions to their favorite charities. Schools, robotics clubs, animal shelters, food banks and conservation organizations are just a few types of organizations that employees support through ECHO. Northrop Grumman pays all of the administrative costs, which ensures 100% of the tax-deductible donations go directly to the charities. Over 2,330 employees participated in ECHO in 2023, with donations totaling over \$1.7 million.

SOCIAL VALUE GENERATED

\$40 million

In social value generated by Northrop Grumman



FOCUS AREA

STEM Education and Workforce Development

With a global shortage in students with an interest in STEM careers, we are leveraging our Corporate Citizenship efforts to engage with students and young adults from elementary school through vocational school or college and beyond. We work closely with our colleagues in University Relations and Recruiting and the Chief Technology Office to identify the fundamental skills required for key company disciplines, then develop strategic partnerships with nonprofit organizations and education institutions focused on engineering- and technology-based experiences designed to excite, engage and educate students, and match the company's current and future needs for top talent.

In 2022, we set a goal to reduce disparities in K-12 STEM education for underrepresented students by providing 5 million STEM experiences annually through informal and formal programming and teacher professional development. Building on that goal, we provided 4.8 million STEM experiences in 2023. Through our annual Education Equity Goal, we have committed a minimum of 50% of our education funding to resources or programs that support groups who are underrepresented in STEM, with particular attention to engaging with girls and women, people of color, people with disabilities, low-income individuals and Indigenous Peoples. In 2023, we exceeded our goal by contributing 61% of our education funding to support education equity.



The TryEngineering Together virtual mentoring program aligns well with our focus on developing a diverse STEM workforce. The organization pairs Northrop Grumman employees with students in grades six through eight who attend low socio-economic schools. The program curriculum exposes students to standards-aligned STEM topics such as aerospace, engineering and technology. Within the curriculum, students are able to access articles that feature Northrop Grumman employees, programs or products that bring to life the critical skills and educational pathways essential to solving the toughest problems in our industry. Through our volunteer engagement, we work to provide students opportunities to engage with role models and explore potential STEM careers. During the current academic year, Northrop Grumman employees are helping mentor over 400 students in 19 classrooms across eight states.

High School Involvement Partnership Mentoring Program

In support of our focus on enhancing the workforce readiness for STEM students, the High School Involvement Participation (HIP) mentoring program pairs high school juniors and seniors with employees to provide them with business exposure and hands-on experiences in real-world environments. HIP exposes these students to our core capabilities, technologies, mission and business priorities by contributing to their development and the enhancement of critical skills necessary for success in career pathways leading to vocation, college and beyond. The HIP program will continue to engage students who are on a four-year, technical college path, but we will also expand the program to include vocational and manufacturing pathways. During the 2023–2024 school year, 251 students are participating in HIP in communities near Northrop Grumman sites.

FOCUS AREA

Military and Veterans

We take great pride in supporting our veterans, military members and their families through volunteerism and giving. We contribute to programs focused on employment, homelessness, mental health, and services for the wounded, ill and injured, as well as appreciation events that recognize the important contributions made by our military members.



Making Informed Choices to Benefit Military Members

Blue Star Families' annual Military Family Lifestyle Survey (aMFLS), in partnership with the U.S. Department of Defense, has been providing a comprehensive understanding of the experiences and challenges encountered by military families since 2009. It offers crucial insight and data to help inform national leaders, local communities and philanthropic actors as they work to support military and Veteran families. The survey also presents the opportunity to increase dialogue between the military community and broader American society by highlighting areas for improvement and offering solutions to bridge the civil-military divide, strengthen communities and bolster the health and sustainability of the All-Volunteer Force. The aMFLS captures the experiences of respondents worldwide and generates millions of data points. It remains the largest and most comprehensive survey of active-duty, National Guard and Reserve service members, Veterans and their families. The 2023 aMFLS results can be found at this [website](#).



Blue Star Careers/Spouseforce

Blue Star Careers is a national program to help end the crisis of military spouse un- and under-employment. By partnering with a wide variety of employers, the program connects spouses and family members with employment opportunities that recognize and value military life experience. Through the *Spouseforce* virtual social community, a younger demographic of military spouses are able to benefit from an array of training and networking opportunities. Through The Neighborhood, a bilingual initiative, Hispanic/Latino/a/x spouses are able to access Spanish language materials and resources as part of the Blue Star Careers program.

FOCUS AREA

Environment

Each year, our employees uphold our commitment to the environment by supporting important causes in their local ecosystems. We extend this mindset through our philanthropic partnerships with local and national nonprofit organizations to help protect our natural environment and provide a more resilient planet for future generations. We aim to promote sustainability and conservation and inspire the next generation of environmental stewards.

We are mindful of the fact that low-income and communities of color are often disproportionately affected by climate change. We prioritize these communities in our philanthropic giving to contribute to a more inclusive and equitable future for all people.



©Spayne Martinez, courtesy of Trust for Public Land

The Tribal Schoolyards Program

Northrop Grumman contributed funding to a pilot program launched by the U.S. Department of the Interior's Bureau of Indian Education (BIE) and the Trust for Public Land (TPL) to create and steward nine Tribal Community Schoolyards.

The pilot program supports the BIE's mission to provide a culturally relevant, high-quality education by increasing opportunities for nature-based solutions that advance environmental justice and amenities to support outdoor learning and health while celebrating cultural identity.

Nine pilot schools from seven states were identified through a data-informed, community-engaged planning process to prioritize the most impactful locations to advance health, education and environmental justice outcomes.

The TPL and the BIE will work closely with tribal and school leadership to hire tribal and indigenous organizers, designers and artists to lead engagement, design and stewardship activities with the students, school staff and tribal communities within the nine locations, which closely align with Northrop Grumman operating communities.



©Isaac Lane Koval, courtesy of Trust for Public Land

Protecting Buffer Lands Around Military Installations

In November 2023, Trust for Public Land, The Nature Conservancy and Palmer Land Conservancy announced the launch of a major multiyear initiative working with local military. The new Security, Open space and Agricultural Resiliency (SOAR) Initiative targets spaces that act as buffers for critical training areas, in this case, around Colorado Springs-area military installations, including the United States Air Force Academy, for conservation activities.

Protecting these spaces ensures that they retain their original ecological status while giving students and military personnel secure space to train.

SOAR's first project was the acquisition of 11,900 acres of the historic Bohart Ranch, a 48,000-acre ranch owned by the Colorado State Land Board located east of Colorado Springs. The skies above the Bohart Ranch and a remote runway on the property known as Bullseye Auxiliary Airfield are critical Air Force training areas.

Northrop Grumman is the first corporation to support this effort, committing \$1 million of catalytic funding to the SOAR Initiative in 2023.

FOCUS AREA

Environment (continued)**Supporting Sustainable Agriculture with the Navajo Nation**

Located in the Four Corners region of New Mexico, the Navajo Nation is the largest Native American community in the United States. In partnership with Northrop Grumman's Technology for Conservation initiative, we are providing leadership opportunities for Navajo Nation community members around Sawmill, Navajo Red Lake and Crystal, in New Mexico, where local veterans are working with students and faculty from Villanova University to explore innovative solutions to sustainable agriculture practices.

The long-term goal for this work includes demonstrating innovative engineering solutions to support Navajo ranchers and returning veterans to implement sustainable agriculture techniques more broadly. This goal includes training and capacity building initiatives that demonstrate the successful implementation of innovative solutions. Beyond reaching and training the members of the local community that are affected by this project, this work will be a template for training thousands of other Navajo ranchers and veterans in the region.

The project seeks to build community members' capacity to implement new technologies to augment indigenous agricultural practices and thereby increase the overall resiliency of the community.



FOCUS AREA

Health and Human Services

Both hunger and disaster relief are critical issues we address within Northrop Grumman's Health and Human Services focus area. We remain committed to our goal of donating 10 million meals to people in need by 2030. As 2023 unfolded, we again exceeded our projections. The company and our employees donated approximately 1.8 million meals in 2023. In 2023, our employees further demonstrated their commitment to ending hunger by organizing 60 food drives and volunteering more than 5,800 hours at 93 hunger-related events.

GOAL:

Donate 10,000,000 meals to people in need by 2030



Pioneering for the Planet

ENVIRONMENT

Partners in Resilience

The widespread and, at times, unpredictable effects of global climate change present some of the greatest challenges facing our planet. Catastrophic floods, deadly heat events and devastating wildfires require people, companies and countries to constantly rebuild and adapt to new norms. We built our business on the ability of our employees to rise to meet new challenges, and this is the mindset we use to confront uncertainties facing our natural world. Protecting our planet and utilizing its resources responsibly is essential, and we know that this mission will require our collective imagination, foresight and expertise as we work with our stakeholders to chart a sustainable path forward.

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Our Approach to Environmental Stewardship

The impact of climate change on the environment and on society affects us all. We recognize that we have an important role to play in ensuring a sustainable future for our business and stakeholders, including our communities and our shared environment.

We describe our full approach to identifying and addressing climate risks and opportunities within our Task Force on Climate-related Financial Disclosures (TCFD) Report. We issued our latest update to this report in early 2023, in which we enhanced our disclosure on climate change strategy, risks and opportunities.

Our sustainability goals help drive our business as we strive to continually understand the evolving needs of our stakeholders and customers. As we continue to innovate,

integrate and strategize, we remain transparent about our progress toward achieving our goals. In 2022, we set the direction for our sustainability program through bold, ambitious goals and strategies. Today, our business is focused firmly on execution and achievement of those goals and the positive impact we can have on our environment.

Updates to Climate Strategy

We recognize that environmental sustainability is a matter of national security. We see the impacts of climate change as a destabilizing force in our world today—with increasing and intensifying natural disasters displacing populations and leading to critical resource shortages.

The significance of these impacts helps drive our climate strategy, which aims to reduce the environmental impact of our operations, solutions and products in a way that benefits our customers, stakeholders and the planet.

As a leader in the aerospace and defense industry, we support climate science and the need for society as a whole to limit global temperature rise to 1.5 degrees Celsius and drive global GHG emissions to Net Zero by 2050.

We have a long history of serving as global stewards of environmental sustainability, with over a decade of progress in reducing our environmental footprint. Established in 2022, our Next-Generation Environmental Sustainability Goals continue to advance our environmental and climate strategy. The goals include our commitment to achieving Net Zero operations by 2035.¹

Our Net Zero operations transition plan includes a multifaceted strategy focusing on:

- Sourcing renewable and zero-emissions energy.
- Identifying and implementing sound energy management practices across our sites.
- Embedding resource conservation and efficiency measures within our processes.
- Pursuing electrification and alternative fuels, where possible.

¹ “Net Zero operations” is defined as our goal to reach Net Zero GHG emissions in our operations (i.e., our Scope 1 and 2 GHG emissions) by 2035. Our baseline year for tracking interim progress on the goal is 2019.



We coupled an interim target of 50% reduction in Scope 1 and 2 GHG emissions by 2030 from a 2019 baseline year with a complementary goal to source 50% of our electricity from renewable sources by 2030 to help drive progress toward our Net Zero operations goal.

Minimizing our own emissions footprint is a critical step to support global climate ambitions, so we continue to explore new opportunities to invest in zero-emissions technologies and prioritize emissions reductions in our operations.

We also recognize that focusing on our operational footprint alone will not be enough to mitigate the impacts of climate change on our planet, so we are using our Handprint and Blueprint goals to drive sustainability throughout our value chain. Through these initiatives, our team is engaging with our customers and supply chain to advance sustainability across the industry and drive positive impact. For more information on these goals, please see the [Supply Chain](#) and [Products](#) sections.



Expanding Renewable Energy Opportunities

Sourcing renewable electricity is an important component of our mission to achieve Net Zero operations by 2035. In 2023, we sourced 16% of electricity from renewable sources. To achieve our 50% renewable electricity goal by 2030, we are performing engineering studies and negotiating terms for a mix of onsite and offsite renewable energy opportunities across our locations. In support of onsite solar, we developed standard solar power purchase and site license agreements that can be utilized by sites throughout our portfolio. We have two onsite solar projects under active assessment and/or negotiation and four under development. Furthermore, we have commissioned a new study to evaluate the feasibility of hosting onsite solar on some of our environmental remediation sites.

In addition to onsite projects, we are actively exploring opportunities to procure large-scale offsite renewable electricity. We prioritize developments located near our major electricity load centers so that our investment in renewable electricity benefits the communities in which we live and operate. To date, we have assessed 30 potential large-scale offsite solar projects and are making substantial progress in negotiations for developments that will provide renewable electricity and environmental attributes to our load centers in California and Maryland. These opportunities will build on our current work in Orange County, Virginia, where we are continuing development for a 62.5 megawatt solar facility constructed by Dominion Energy as part of our 15-year virtual power purchase agreement (VPPA). This project alone accounts for approximately 9% of our electricity needs across the company. Together with our onsite renewable projects, these offsite developments will help us meet our renewable electricity procurement goal.

Driving Toward Zero Emission Vehicles

Providing our employees with avenues to contribute to our climate strategy is a central part of our environmental sustainability mission. One way we do this is by supporting our employees' growing use of electric vehicles (EVs) by providing access to onsite charging stations. In 2023, almost 1,300 new drivers enrolled in our Electric Vehicle Workplace Charging Program, representing a 46% increase in EV drivers that can access our onsite EV charging resources since 2022. At the end of 2023, we had approximately 4,100 drivers in the program. Seven new sites began providing EV charging for employees in 2023 and a total of 67 new charging connections were added across the enterprise to accommodate employee demand for this service.

Business and regulatory considerations are pushing vehicle fleets toward decarbonization, and we are preparing for a ZEV transition by beginning to replace fleet trucks and buses, investing in dedicated fleet charging stations and assessing infrastructure updates needed to support the increased electricity demand. This year, we installed dedicated EV charging stations for fleet vehicles at our Palmdale, California, site that will allow for charging up to 32 fleet vehicles. We are also taking steps to reduce emissions in our upstream transportation. For more information, please see the [Transportation and Logistics](#) section.

FOOTPRINT GOAL



By 2030: Source 50% of total electricity from renewable sources

Environmental Operations and Management

Environmental stewardship is at the heart of our operations and management approach, and we continuously explore how our business processes can be more environmentally sustainable. We strive to operate with a sustainability mindset in all that we do, which inspires us to find new ways to meet our sustainability goals and reduce our impact on the environment.

GHG Emissions

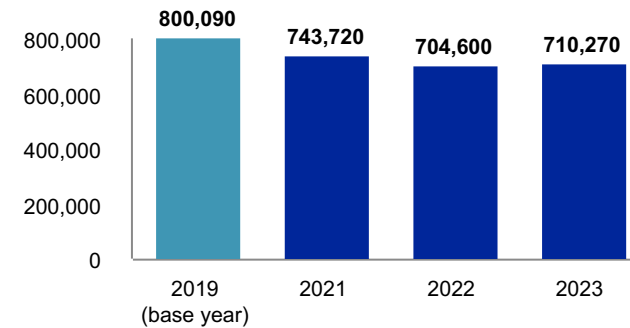
Our disclosed GHG emissions, which are reported in accordance with our protocols, demonstrate our progress against the company’s GHG emissions goals. As we undertake activities to meet this commitment, we remain focused on implementing projects and initiatives that further reduce our emissions, support energy efficiency and improve operational performance.

In 2023, our total GHG emissions decreased 11.2% compared to our 2019 base year. Although our operations are growing to support new business, we continue to invest in emissions reduction initiatives and identify process improvements to increase efficiency. In 2023, we focused our investments in higher-impact emissions reduction initiatives that have longer implementation timelines. For example, we are diversifying our energy portfolio with renewables, conducting site-wide energy efficiency assessments at our major manufacturing sites, pursuing large-scale equipment replacements and planning for the ZEV transition. While the benefit of these investments was not fully realized in our 2023 performance, their impact will support progress towards our long-term goals.

This year, 100% of our electricity usage in Virginia was offset with Renewable Energy Certificates; this usage will continue to be offset by renewable energy once our Orange County, Virginia, VPPA comes online. In addition,

we implemented innovative solutions through the execution of 68 projects, which are expected to save a total of 3,400 metric tonnes of carbon dioxide-equivalent (MT CO₂e) emissions annually to continue on a path toward Net Zero operations. One example is the centralized scrubber system installed at our BWI site, which will reduce operating and maintenance costs while decreasing electrical, water and chemical consumption needed in plating operations. This is estimated to reduce 59 MT CO₂e/year. We also conducted onsite assessments throughout the year, with long-term plans to modernize buildings and associated utilities infrastructure. We anticipate reductions in energy consumption and water withdrawals in the coming years as a result.

SCOPE 1 & SCOPE 2 EMISSIONS (TOTAL MT CO₂E)*



* We have adjusted our reporting of our 2019 base year to reflect gross emissions and exclude carbon removals purchased in 2019

FOOTPRINT GOAL



By 2035: Net Zero GHG emissions in our operations

By 2030: 50% reduction in GHG emissions, from a 2019 base year

2023 GHG Performance Highlights

3,400 MT CO₂e

Implemented 68 greenhouse gas and energy projects across the company, estimated to reduce emissions by 3,400 MT CO₂e annually

1,200 MT CO₂e

Invested in LED lighting upgrades, reducing over 1,200 MT CO₂e annually

460 MT CO₂e

Completed HVAC and boiler upgrades saving 460 MT CO₂e annually

430 MT CO₂e

Implemented energy management and sub-metering, saving 430 MT CO₂e annually



NON-FINANCIAL PERFORMANCE METRICS

Environmental Sustainability: Annual progress toward achieving net zero greenhouse gas emissions in the company’s operations by 2035.

Energy Conservation

Energy conservation is essential to achieving our Net Zero operations and renewable energy goals, reducing our climate impact and lowering costs within our operations. Our energy conservation strategy leverages both external partnerships and internal initiatives to drive efficiencies.

Externally, we collaborate with the EPA as members of the ENERGY STAR Partner program. We consulted with EPA leaders to develop an energy management vision that includes a playbook to provide sites with guidelines, tools, procedures and other resources for ingraining energy management practices into everyday facility operations. The vision and playbook incorporate ENERGY STAR's guidelines for energy management, which is the foundation for the International Organization for Standardization (ISO) 50001 Energy Management

Standard. We have 17 “green” buildings in our portfolio, certified to ENERGY STAR and LEED standards (including seven facilities that are LEED Gold certified), and totaling over 2.1 million square feet of floor space.

Our internal Energy Management Committee is a collaboration forum to share information, data, ideas, best practices, innovations and trends in the energy management arena. With over 100 internal members, this committee works to enhance energy management across our corporation by identifying and acting on opportunities for improvement and mitigating barriers to improvement.

In 2023, our electricity consumption increased by 1% and natural gas usage increased by 10% when compared to 2022. Business growth drove these increases, which were partially offset by the energy reduction projects and initiatives described on the previous page.

Energy Efficiency Streamlining Across the Business

We are exploring opportunities to make it easier for our employees to implement sustainability projects and practices at their facilities as we work toward our Next-Generation goal achievement. In 2023, we increased and enhanced utilization of our “Energy Efficiency As-A-Service” initiative across the enterprise. Our operating sectors use a Master Energy Efficiency As-A-Service Agreement (ESA) to enable design, engineering and implementation of projects at their facilities for improving operational efficiency and reducing energy and water usage. We anticipate that using the master ESA will allow projects throughout the business to move forward more efficiently. We have initiated ESAs for 15 sites in 2023, representing 36% of our total Scope 1 and 2 emissions. We plan to build on this foundation in the coming years to achieve our goals and improve employee engagement across the business.



Waste

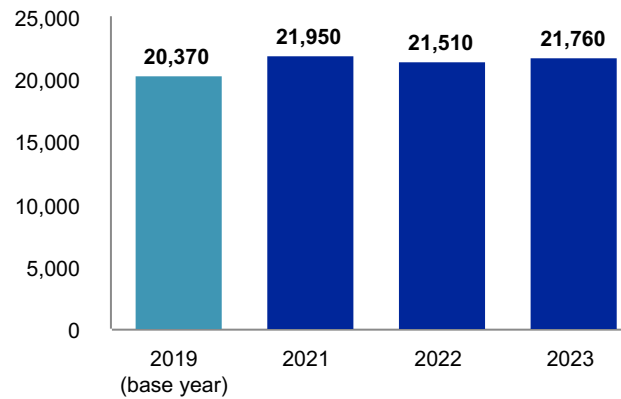
We recognize the importance of reducing our waste streams and maintaining diversion practices across our operations. In 2023, we established our Next-Generation solid waste reduction goal and began working toward achieving that goal. We continued to increase our solid waste management infrastructure, pursued processes to recycle unique commodities and identified waste reduction opportunities, with a focus on our largest sites. For example, we conducted waste assessments at many of our top manufacturing sites to understand the composition of our waste streams. This information will enable us to take steps to minimize the amount of waste sent to landfills/incineration.

We experienced a slight increase in disposed waste in 2023 as many programs across the company continued to grow and more employees returned to the office. We remain focused on reducing our waste footprint as our goal strategy matures. As one example, at the facility level, we installed additional compactors and cardboard balers, as well as expanded composting programs to collect organic waste. We also launched projects to recycle solvents for reuse and to evaporate wastewater that would otherwise be shipped off-site for treatment, as well as focused on initiatives within our office spaces such as reuse of decommissioned furniture. Some of our sectors also established working groups that will further address waste problems.

While we pursue our waste reduction goal, we continue to emphasize the proper management of our waste streams in adherence with applicable regulatory requirements. For hazardous waste in particular, we collaborate across sectors to compile and maintain a list of treatment, storage and disposal facilities that we have approved for use by our authorized waste vendors.



SOLID WASTE SENT TO LANDFILLS/INCINERATION (TONS)



FOOTPRINT GOAL



By 2030: Reduce solid waste sent to landfill and incineration by 10% from a 2019 base year

2023 Waste Performance Highlights

260 tons

Implemented 15 solid waste projects across the company, estimated to divert or reduce 260 tons from landfills/incineration annually

136 tons

Installed evaporation system to treat wastewater, reducing 136 tons

27 tons

Installed solvent recovery still, allowing solvent reuse and reducing 27 tons



Residual melt material from crystal growth and spent crystal material from fabrication, a waste stream which a team at our SYNOPTICS operation innovated to address.

Waste Projects

To achieve our waste goal, we know that we'll have to find new opportunities for both reducing and diverting the waste we generate. We face unique challenges in alternative disposal methods due to the nature of many of our processes and products; however, around the company, our teams' innovative spirit drives creative solutions to these challenges.

For example, carbon fiber composites are critical to our aircraft and propulsion systems businesses. However, not only is composite scrap one of our largest sources of waste, but, by its nature, it is more challenging to recycle or reuse compared to scrap metal. That's why we are studying carbon fiber composites at multiple stages of the product lifecycle, from design, to tracking and optimizing use during manufacturing, to end-of-life recycling in several of our sectors. These efforts will lay the groundwork for potential future landfill diversion of this important material for our business.

Our SYNOPTICS operation identified an innovative way to solve a waste stream problem specific to growing crystals for laser production. The process, which requires rare earth oxides, generates waste with a high concentration of rare earth elements and other critical elements. Nearly seven tons of this waste was sent to landfills each year. The team at SYNOPTICS connected with researchers at West Virginia University, who developed a process to transform this waste into critical materials that could be sold for use in defense applications, reducing price fluctuations and national security risks presented by acquiring these elements from other countries.

Water

Water is a vital natural resource for our company and our communities. It requires responsible management and conservation to help ensure its availability for current and future generations. In 2023, we established our Next-Generation water goal and have been integrating sustainable water management into our core strategies and practices to sustainably grow our operations. Compared to last year, our water withdrawals have remained steady with a slight decrease due to ongoing maintenance of our water intensive equipment and processes along with increased repair and replacement of systems. We continue to seek opportunities to drive efficiencies and reduce impacts, particularly in water-stressed regions.

In 2023, we reevaluated our risk analyses using the updated World Resources Institute's Aqueduct Water Risk Atlas to identify operations in water-stressed locations and better understand the impacts our water withdrawals have on the community and environment. We executed 15 projects, including nine in water-stressed locations, to align the company to our 2030 water goals.

FOOTPRINT GOAL



By 2030:

Reduce 10% of absolute water withdrawals from a 2019 baseline

Reuse 10% of water withdrawals

Replenish 10% of water withdrawals, focusing in water-stressed regions

2023 Water Performance Highlights

29 million gallons

Implemented 15 water conservation projects across the company, as detailed below, expected to reduce 29 million gallons annually (70% in water-stressed locations)

17 million gallons

Upgraded water intensive equipment and/or processes at seven sites, anticipating annual reductions of 15 million gallons in water-stressed sites out of the 17 million gallons

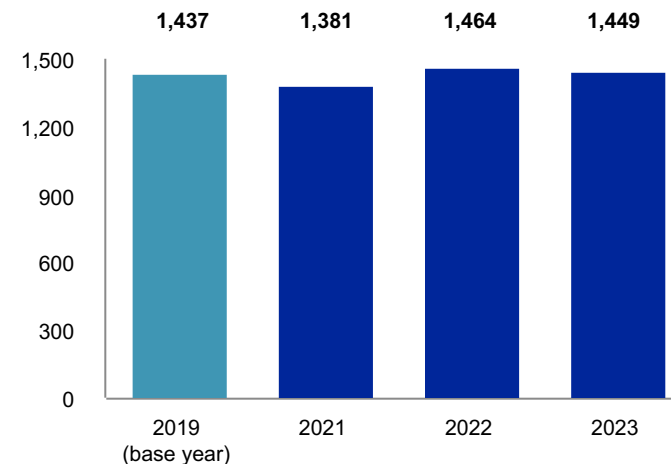
9 million gallons

Implemented water reuse initiatives at four sites, three of which are water-stressed, with an expected annual reduction of nine million gallons

3 million gallons

Improved the water leak detection system and identified maintenance opportunities at four sites, two of which are water-stressed, with an expected annual reduction of three million gallons

TOTAL WATER WITHDRAWALS (MILLION GALLONS)





Water Projects

In addition to implementing sustainable solutions to increase efficiency in our operations, a key strategy in our 2030 water goal achievement is reusing water and sourcing alternative non-potable water where possible. We focus on limiting the use of potable water in areas where it is not required, especially in water-stressed locations.

At our Redondo Beach, California, site, potable water used in our cooling towers and for irrigation has been converted to reclaimed water. The reclaimed water is treated wastewater provided by the municipality. Cooling towers are the biggest water users, especially in the summer months. Through upgraded engineering designs and multiple months of construction, we were able to source non-potable water to conserve freshwater resources.

At our Apopka, Florida, site, we replaced an existing on-site wastewater treatment plant to enhance system capabilities using ion-exchange allowing us to use process wastewater as make-up water to the cooling tower and also reduce chemical usage and hazardous waste generation.

By integrating sustainable practices into our water management strategy, we work to balance our growth as a company with environmental responsibility to build a resilient and sustainable water future.

Environmental and Efficiency Program

We advance efficiency by employing environmental conservation across Northrop Grumman with a centralized investment mechanism to allocate additional targeted capital funding. Through our environmental and efficiency (E&E) allocated capital, we solicit project ideas from across the company and fund impact-oriented projects that drive efficiency and performance against our goals. In 2023, the E&E allocation totaled \$8.0 million, nearly triple the 2022 allocation of \$2.7 million. The funding was distributed across the company for projects and initiatives across all environmental footprint elements. Among the selected projects were a variety of LED retrofits, estimated to reduce 900 MT CO₂e; a cooling tower efficiency upgrade and irrigation-related projects, expected to save more than 15 million gallons of water; and wastewater evaporation and solvent recovery projects, estimated to reduce more than 160 tons of waste. We are continuing with the same level of investment in 2024 to incentivize and encourage innovation and operational efficiencies that support environmental sustainability.

Environmental Management

We aim to conduct all operations in an environmentally responsible manner with a particular focus on the health and safety of our employees, contractors, visitors and communities. We are committed to sound environmental management and environmental sustainability, and we strive for continuous improvement through our environmental programs. Our **Environmental Health and Safety (EH&S) policy** and associated procedures help reduce risk and maintain compliance with applicable laws, regulations and company-established directives.

Navigating the complex and evolving nature of environmental management requires a firm foundation coupled with the flexibility to adapt to emerging issues. We take a multi-pronged approach to responsibly managing our environmental impacts:

- **Program Execution:** We position our EH&S professionals at all levels of the company to manage and support our environmental programs. These employees are responsible for executing site-level compliance activities, implementing key projects, conducting compliance reviews, maintaining EH&S management systems, tracking our performance against established goals and targets and engaging with internal and external stakeholders. The work these individuals perform and facilitate is critical to the implementation and success of our environmental programs.
- **Compliance Assurance:** We conduct site-level EH&S compliance reviews to help evaluate how key fundamentals of our environmental programs are being successfully integrated into day-to-day operations. In 2023, we largely resumed our normal cadence of in-person compliance and management system reviews. In total, we conducted compliance and management systems reviews at 37 of our sites, which account for roughly 41% of the sites included in this program.
- **EH&S Management Systems:** We maintain an internal EH&S Management System requirement, which is a pillar of our compliance program and based on ISO 14001. We require the implementation and maintenance of a management system for our sites that actively manage complex or specific EH&S risks. In addition, currently 20 of our sites hold an external environmental certification, such as ISO 14001. These sites account for approximately 23% of our global footprint.

- **Employee and Other Stakeholder Engagement:** We implement training and educational campaigns to help make employees aware of and understand job-specific requirements and company environmental priorities. We also engage with external stakeholders, including regulatory agencies, industry organizations, peers and our local communities. Interacting with these stakeholders allows us to share insights on industry-wide issues, benchmark our performance and gather feedback to inform our environmental priorities.



Environmental Remediation and Conservation

We are committed to safe, effective and sustainable environmental remediation, and it is our goal to return our sites to beneficial use in our communities and conserve our environment for generations to come. Our remediation team works in close coordination with federal, state and local regulators and stakeholders and in accordance with scientifically sound approaches. We use our research and development (R&D) innovations to provide effective and lasting solutions in lieu of more traditional, resource-intensive remediation practices to help reduce the overall impact of our remediation efforts on the surrounding environment.

In 2023, we continued to make significant progress on key projects.

Bethpage, New York

We have been engaged in extensive, science-based remedial activities for over 30 years related to legacy operations at the former U.S. Navy and Grumman facilities in Bethpage, New York.

With oversight from state regulators, we believe our work complements the work the Navy has agreed to undertake. The collective effort benefits the citizens of Bethpage and surrounding communities—including local water districts.

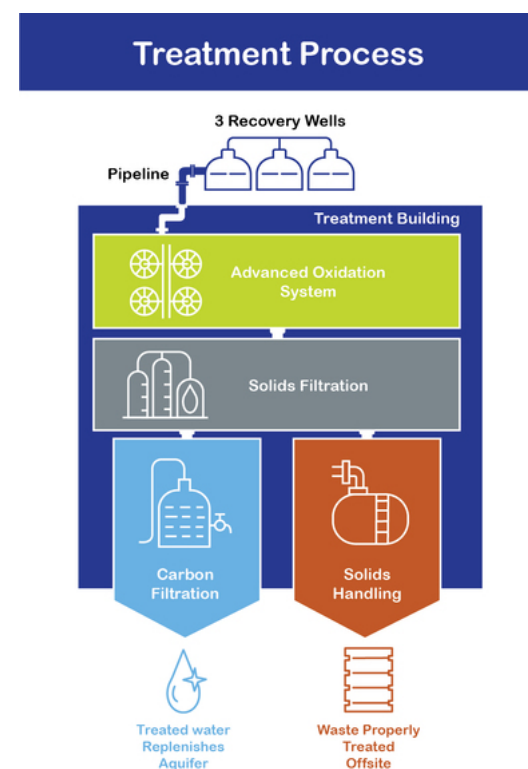
Beginning in 2021, we installed 2.1 miles of underground piping and constructed a 13,500-square-foot building housing a new groundwater treatment system. The system was designed and built using an advanced

oxidation process (AOP) to address 1,4-dioxane. The system began full operations in mid-2023. This system, shown in the figure to the right, has treated 2.2 million gallons of water per day since commencing operations and replenishes the local aquifer to support local water districts.

In 2022, we agreed with the state of New York to implement additional ground water and soil remediation activities. The Agreement also included payments to benefit local water districts, funding for other public water supply and restoration projects, and resolved claims for natural resource damages. Our new remedial field work is currently underway and we will implement additional state-approved science-based remedies in the area, consistent with the results of this effort.

In 2023, we began construction of Phase Two of our in-situ thermal soil remediation system in nearby Bethpage Community Park. Phase One was completed in 2022, and our work at the park exceeded New York State's clean-up objectives. This remediation technology is an "in-ground" application. The innovative treatment heats the soil to effectively collect and successfully process the targeted contaminants. There is no need to excavate truckloads of soil and transport the materials to an off-site disposal facility.

We are actively engaged with key community stakeholders including residents, business owners, elected officials, and organizations. For more information, please see our project [website](#).



Project Highlights:

- We recycled almost 3,800 tons of construction material during the construction of the RW-21 pipeline and treatment building.
- We purchased 750 tons of reconstituted construction material for the pipeline and new treatment system building.
- With the offsite groundwater treatment system online, we have pumped and treated (to NYS drinking water standards) approximately 330 million gallons of water—returning water to the local aquifer.
- We are now pumping and treating more than 6 million gallons a day and have treated more than 2.1 trillion gallons since groundwater treatment operations began in November 1988.

Puente Valley, City of Industry, California

After several years of construction, the first Puente Valley water treatment plant was finished in 2021. The state-of-the-art treatment plant, capable of treating more than two million gallons of water per day, will be operated by the local water district and will produce potable water that could benefit residents in the San Gabriel Valley Groundwater Basin area.

We are currently working through an extensive permitting process to reach our goal of delivering potable water to the local community, and we anticipate delivering this new water resource to the community shortly after permits are obtained. We value our partnership with the local water district, and the project benefited from the guidance of the U.S. EPA and state and local regulatory agencies.

We remain focused on identifying innovative approaches to deliver practical solutions in cleanup efforts to ensure the protection of the environment and public health while simultaneously addressing the increased demand for local water supplies.

Westminster, Massachusetts

To address dissolved cadmium in groundwater at several hot-spot areas at this former facility located in Western Massachusetts, we injected calcium polysulfide (CPS) into the groundwater. The CPS dosing was adjusted for site-specific conditions, and the injection was timed to correlate with the highest annual groundwater levels at the site.

The result was an approximately 70% to 99% decrease in dissolved cadmium impacts in groundwater, compared

to pre-injection analytical data. We continue to monitor and evaluate post-remediation groundwater conditions so that we can repeat the process if necessary.

Advanced Oxidation Technologies

Advanced oxidation processes (AOPs) are an emerging technology to remediate groundwater at sites in a more sustainable way. These AOPs remove impacts in water that cannot be removed via traditional filtering methods, such as granular activated carbon or air stripping. The AOP process uses ultraviolet (UV) light, hydrogen peroxide, or ozone to efficiently convert difficult to treat

volatile organic compounds (VOCs) and other compounds into stable inorganic compounds, such as carbon dioxide, salts, and water.

At our Springfield, Missouri, remediation site, we currently use AOP as a component of our treatment of volatile organic compounds (VOCs). The UV AOP system uses the natural processes of photolysis coupled with oxidation by hydrogen peroxide to destroy VOCs at the site. The treatment process occurs in the UV chamber by creating oxidizing radicals that instantaneously attack and decompose contaminants, so they are no longer harmful. The process effectively treats a wide range of VOCs, some of which are difficult to treat with conventional treatment approaches.



Conservation and Biodiversity

Biodiversity is critical to maintaining the stability of natural resources and providing resilience in the face of climate-related events. Because our land footprint and direct biodiversity impacts are comparatively small, we believe the biggest role we can play in protecting biodiversity is through our technological contributions that support conservation efforts for critical habitats around the world.

Through our **Technology for Conservation (T4C)** initiative, our engineers work with third-party partners to address some of the toughest conservation challenges facing our planet's ecosystems. T4C teams are developing innovative technologies that conservationists use to collect data in conditions that can be harsh or remote. These partners gain access to advanced systems and engineering expertise suitable for their needs, while our employees get the opportunity to use their technical skills to help their communities and the planet thrive.

T4C teams devise advanced technical and tactical solutions that provide our conservation partners with unique insights to better analyze, predict and address environmental issues such as climate change and biodiversity loss. This work capitalizes on our innovative spirit, and underscores our understanding of the role conservation and sustainability play in securing a safer world. We are working to expand T4C initiatives in proximity to our U.S. locations, and in collaboration with external partners, by 2030.

In 2023, we expanded engagement with T4C to include employees from two additional sites and launched five new projects.

BurnCast

In 2023, T4C supported The Nature Conservancy in a pilot of its BurnCast system to enhance their ability to use prescribed burns as an important forest management tool. This technology provides weather forecasts for highly specific geographies to optimize planning, burn safety, labor scheduling and approvals for prescribed burns.

In early piloting, 10-day forecasts from BurnCast proved to be more accurate than the 24-hour forecasts from the National Weather Service. The BurnCast tool opens a new window for allowing technology to support healthy ecosystems: successful burns based on sound forecasting result in optimal outcomes for the landscape; safer burns protect the workforce and generate increased public support for using prescribed burns for forest management; and effective scheduling preserves labor, equipment and funding.

Engagement with T4C grew to **74 sites in 2023**

BLUEPRINT GOAL



Expand T4C initiatives in proximity to Northrop Grumman's U.S. locations by 2030, in collaboration with external partners.

FLOURISH

The Fostering Landscapes Of Uniqueness and Resilience In Sensored Habitat (FLOURISH) project converts landscaped space (i.e., manicured grass, non-native or water-intensive plants) to native gardens. The gardens are then equipped with sensor packages to detect creatures that visit the converted space. That data will then be tracked year-over-year to monitor biodiversity in those spaces and to guide expanded native planting, with the goal of continuing to enhance biodiversity in the area.

Plants that attract native and threatened species, such as milkweed for monarch butterflies, were selected and installed to encourage long-term growth, biodiversity and pest resistance.

T4C worked with GreeNG, an employee resource group focused on environmental stewardship, to engage local employees in planting events on site. Currently, FLOURISH has been installed at two sites, Promontory, Utah, and Baltimore, Maryland, with additional sites planned.



Chesapeake Bay Foundation

We continued our long-standing collaboration with the Chesapeake Bay Foundation (CBF) this year in support of its mission to revitalize the health of the Chesapeake Bay. Restoring the oyster population and monitoring water quality are key activities in their mission. In 2022, our team handed over a suite of sensors to the CBF—sensors that were developed to enable remote monitoring of oyster reefs. Since then, we've provided maintenance support and hardware upgrades, as well as data collection and analysis tools. In 2023, we also launched an add-on project, called Modular Sensor Hub (MSH), which builds on our collaboration with the CBF. In MSH we used a mesh network of sensors to demonstrate a water quality monitoring system to the Pennsylvania, Maryland and Virginia chapters of the CBF. Our team continues to work side-by-side with the CBF to ensure that the technology we helped develop provides scientists and researchers the tools and data they need to continue their fight to restore the Chesapeake.

Cultural SITES

We debuted the **Cultural Scans for an Interactive 3D Experience (SITES)** project to bring our technological expertise to cultural conservation. Typically, T4C projects focus on the natural environment, but the SITES team is expanding the T4C focus to help conserve important historical sites.

The team's first project locations are in New Mexico. The team contacted the New Mexico Humanities Council (NMHC)—which had previously expressed interest in using technology to preserve historic locations that are inaccessible or lack resources for study—to ask if NMHC would be interested in a partnership. The SITES team worked with the NMHC and the New Mexico Historic Sites system to select places to scan. Two scans took place in 2023, both located on the historic El Camino Real, an indigenous trade route later used by Spanish settlers.

The first project location was Fort Selden, which was constructed in the 1800s and used by the U.S. military, including four units of "Buffalo soldiers," regiments of Black soldiers that formed after the Civil War and served primarily in the western United States. To scan Fort Selden, the team employed photogrammetry, or image-based modeling, which uses photographs and drone imagery.

The second project location, called Sevilleta, is one of the few pueblos that has experienced little disturbance due to erosion, looting, human development, or other damage that has claimed so many other pueblo sites. Sevilleta was home to the Piro people, Native Americans who lived in New Mexico during the 16th and 17th centuries. At the location, the Northrop Grumman team gathered Light Detection and Ranging (LiDAR) data for processing.

Data from both projects is being used to create 3D models of sites with the aim to display the models as walk-through experiences and teaching tools in 2024.





Pioneering Technology

PRODUCTS

Delivering Beyond the Possible

We bring to life innovations once thought impossible. From the depths of the ocean to the vastness of space, what we create meets the challenges facing our world to help ensure global security. Our leading-edge technologies and pioneering research make a difference to our customers, communities and the pace of innovation. By pushing boundaries while keeping our Values at the center of everything we do, we're not just a leader within our industry—we're a visionary team that is building the future of technological advancement.

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Expanding our Digital Transformation

We strive to be a leader in harnessing digital technologies to meet customer needs. We are scaling enterprise-wide implementation of modern digital technologies, collaborative tool suites and integrated operations, deploying capabilities and creating efficiencies faster and more effectively than ever before. This approach is transforming how we contract, design, build, test, certify, sustain and manage our portfolio of products.

In addition to adding value for our customers, digital transformation is opening doors to broader workforce inclusion and productivity. We now have a variety of career options, empowering our teams to connect and collaborate globally through integrated business systems

and secure virtual operations. These factors, combined with the transition to a data-driven digital operations culture, contribute to an even smaller carbon footprint by diminishing travel demands and reducing paper and other waste, while also increasing communication and efficiency.

The Northrop Grumman Integrated Digital Environment (NGIDE) is one of the tools we've developed to enable digital transformation across our company. Every day, we onboard more of our industry team into this ever-expanding platform, which connects people, processes, tools, environments and data across a product lifecycle. By affording a more seamless approach to collaborating across programs, large or small,

throughout the enterprise, we reduce costs, increase efficiencies and create more opportunities for collaboration and innovation. In addition to our major franchise programs, every day nearly 140 programs and over 15,000 employees reap the benefits of the efficiencies from the NGIDE.

For more information about our approach, please see our [Digital Transformation](#) webpage.





Responsible Artificial Intelligence (AI)

Enabled by our expanding digital ecosystem, we are implementing strategies to leverage advanced technologies and harness the power of secure, ethical and responsible Artificial Intelligence (AI) applications for the defense industry.

AI is fundamentally changing the way we work and the way our systems perform. AI presents us with an opportunity to enhance performance for next-generation mission solutions. With that opportunity comes the responsibility to develop AI products and systems ethically and securely.

In 2023, we continued working with government and trade organizations, as well as industry and academic partners, to build policies for implementing responsible AI. We will continue to follow the lead of our customers and partners closely to mitigate the risks and harness the potential of AI applications. In 2023, we aligned with the National Institute of Standards and Technology (NIST) AI Risk Management Framework, a nonbinding, voluntary set of requirements for AI risk management. Our team contributed to draft frameworks, analyzed our policies against the framework and published a new internal AI governance procedure.

We developed technical solutions to enable Responsible AI development, testing and operations. These actions will help us continue to meet the high ethical standards and expectations set by our Values, our customers, and laws and regulations—including the 2023 Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence. Looking to the future, operationalizing generative AI in a responsible way is of utmost importance.

We recognize the unique opportunity that AI presents to enable our products and systems to perform at unprecedented levels and continually adapt to the fast-evolving environment around them. As we continue to push the boundaries of AI and integrate it into our business, our top priority will be delivering this technology to our customers in a safe, effective and ethical way. For more information, please see our [AI Ethics](#) webpage.



Quality



Northrop Grumman delivers products and services that meet or exceed both internal and external customer quality requirements to enable our customers' mission success. We leverage digital solutions to quickly discover, address and correct challenges. Our culture of continuous improvement drives our teams to find new ways to push the boundaries of technology and research to deliver industry-leading product innovations.

Every year, we celebrate our culture of quality at our Quality Symposium. At the 2023 Quality Symposium, we recognized the efforts our enterprise and sector teams are leading to maintain a focus on quality effectiveness, enhance quality management systems across the enterprise, and guide mission assurance and quality harmonization across the company.

Our Quality Foundation

Our enduring commitment to quality is an integral part of our culture and systems. This commitment to quality demands that Northrop Grumman employees, suppliers and contractors be responsible and accountable for:

- A culture dedicated to total quality and continual improvement
- Global commitment to customer satisfaction
- Excellence in our technologies, people, processes, services, and products
- Dedication to making quality personal every day

Our sites implement a Quality Management System (QMS) consistent with either ISO 9001 or the aerospace industry-specific AS9100 standards, as appropriate. Leadership and quality professionals curate quality management policies, report on metrics and share best practices on a quarterly basis.

Product and Service Quality

Product quality is essential to ensuring mission assurance and success for our customers. Our engineers assess product quality systematically and take personal responsibility in achieving high quality outcomes. They assess the impact of decisions on the overall product performance, ensuring the product meets or exceeds customer requirements and expectations. From observation to implementation, our infrastructure enables our engineers and manufacturing professional to make data driven decisions, using real-time insight and visibility into our quality processes, that sustain efficient operations and consistently deliver customer satisfaction, quality and product safety.

Supplier Quality

Through partnership with our suppliers, customers, and internal organizations we drive first time quality throughout our supply base. In a world facing operational challenges, we leverage metrics and data to assess supplier performance and mitigate risk to ensure mission success. We identify and leverage best practices and efficiencies in processes and tools to enable our suppliers to deliver quality products on time.

Awards for Excellence

The Awards for Excellence (AFE) are Northrop Grumman's highest honor, reserved for those who live our values and make exceptional contributions to our customers, business and company. The AFE recognizes teams for extraordinary performance and contributions in six areas—customer excellence, innovation excellence, operational excellence, program excellence, quality excellence and systems engineering excellence. This year the award honored 14 teams whose 81 winners represent the depth and breadth of our portfolio and capabilities. In this report, we highlight two of those teams, which both won these awards in the “Customer Excellence” category.

B-21 UNVEILING AND ADVANCING AERONAUTICS EXPO

In partnership with the U.S. Air Force and broader DoD community, we unveiled the world's first sixth-generation aircraft—the B-21 Raider—in late 2022.

The B-21, our nation's latest bomber platform, is the product of a nationwide team that was assembled to design, test and build the world's most advanced strike aircraft. The team included more than 8,000 personnel from Northrop Grumman, industry partners and the U.S. Air Force, with more than 400 suppliers across 40 states.

The unveiling was witnessed by an in-person audience of more than 2,000 program employees and nearly 1,000 distinguished visitors from across the DOD, Congress, allied countries, members of the press and third-party partners and was watched by millions.

F-35 GERMANY CENTER FUSELAGE STAND-UP

Through new partnerships with international industry, we are poised to continue a track record of advanced manufacturing excellence to meet the demand from allies for cutting-edge airpower capabilities.

We partnered with Rheinmetall AG to establish a second F-35 center fuselage Integrated Assembly Line (IAL) facility in Weeze, Germany. Our first F-35 center fuselage IAL in Palmdale, California, showcases our deep history of aircraft design, technological prowess and innovative approaches to military aircraft production. We designed and created the IAL using innovations from the automobile industry as a guide, marking the first time automotive and aircraft technologies were integrated at such scale.

The groundbreaking for the second IAL occurred in August 2023. Rheinmetall is building the facility and Northrop Grumman will share manufacturing technologies and expertise to enable production of F-35 fuselages there by 2025. The partnership will provide expanded capabilities for F-35 customers worldwide.



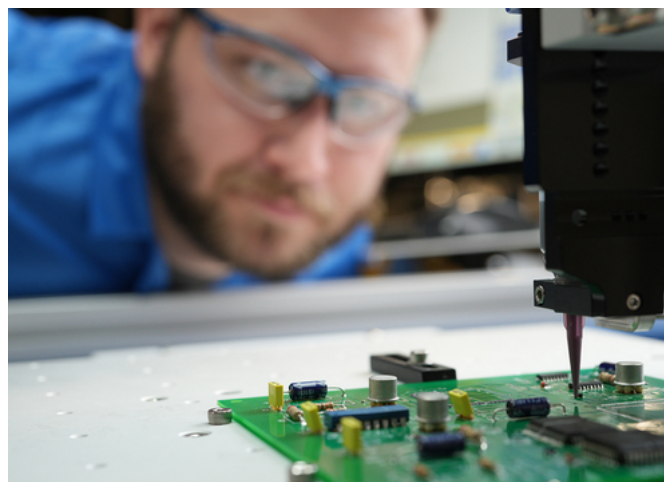


Customer Satisfaction and Quality Metrics

Customer satisfaction is crucial to our continued success. We hold ourselves accountable for quality performance excellence, and we demonstrate our commitment to our customers through continuous performance analysis and refinement. Our Programs, Quality and Engineering teams oversee performance in these key areas and implements strategic initiatives to support our programs.

Corporate leadership reviews customer satisfaction and quality metrics each month to ensure that we remain mission driven. When programs fail to meet performance expectations, our teams supply additional oversight and resources to make enhancements and improve performance. We also provide teams with guidance on developing and executing our “Return to Green” plan, corporate engagement with partners and suppliers, and regular meetings between corporate executives and program leaders.

We are proud to report that we exceeded our quality and customer satisfaction targets in 2023.



Product Safety

We implement processes that include our QMS and corporate systems engineering policy to ensure our products remain safe and reliable for our customers. We develop individualized system safety plans for each program, which address potential hazard sources such as hardware, software, environmental and organizational issues. These safety system plans also apply to our partners and suppliers, helping ensure sound practices and performance throughout our supply chain.

Northrop Grumman’s experienced safety engineers oversee each of our product safety programs. The team applies industry best practices, discussed and collected through our company-wide, cross-sector Safety Community of Practice (COP), to identify, analyze and manage risk. Engineers on the team track safety risks, provide oversight when they conduct hazard analyses on programs, ensure compliance with applicable standards and work closely with customer and regulatory safety personnel to communicate and address any residual risks.

Assessing Airworthiness

Airworthiness is an integral aspect of product safety for the air systems Northrop Grumman develops and is synonymous with being trusted to fly. Our team continues to build trust within our company, and with customers and airworthiness authorities through several key initiatives. We are a leader in the industry in airworthiness training and education standardization, and through our competency and credentialing effort we’re ensuring our programs have the appropriate skills in safety-critical positions.

We continue to embrace the digital transformation of airworthiness to stay aligned with customers’ expectations for modern and agile airworthiness compliance. Our CO-AW100 Airworthiness Enterprise Governing Procedure empowers an airworthiness lead sector to oversee company-wide compliance with military and civil airworthiness regulations, and is the authority for the airworthiness governance of all of Northrop Grumman’s sectors. In 2023, we received no airworthiness directives.

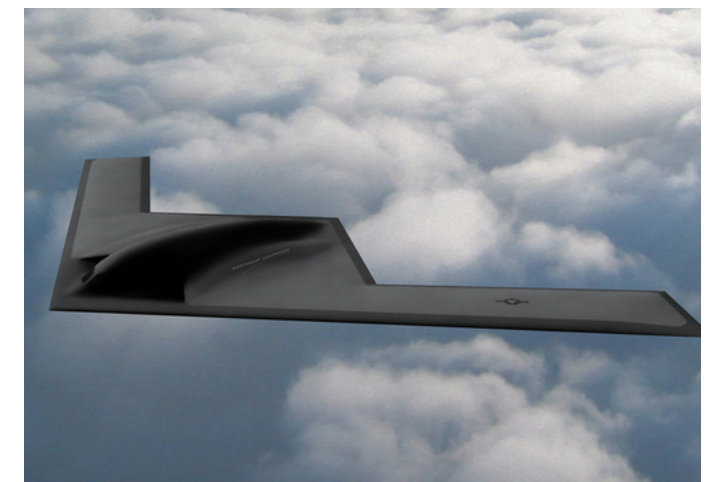


NON-FINANCIAL PERFORMANCE METRICS

Customer Satisfaction: Customer feedback, including customer-generated performance scores, award fees, and verbal and written feedback



Quality: Program-specific objectives, including defect rates, process quality, supplier quality, planning quality or other appropriate criteria for program type and phase



Product Stewardship

We are committed to delivering thoughtfully designed, high-quality products that meet the mission of our customers efficiently and effectively. Maintaining strong lines of communication with our customers, partners and suppliers allows us to better understand the needs and expectations of our stakeholders and to align on shared goals and initiatives, like sustainability. Promoting product stewardship principles like material efficiency, product design and lifecycle assessments is one way that we are looking to advance sustainability throughout our value chain.

We leverage the same systems-thinking approach that underpins our strong manufacturing and design processes to examine product environmental impacts and identify opportunities to create efficiencies and align with customer objectives. Through cross-functional engagements with experts from teams such as engineering, EH&S and supply chain, we work together to better understand our designs and processes and to identify new opportunities for improving the health, safety, environmental and social impacts of our products while continuing to support our customers' needs.

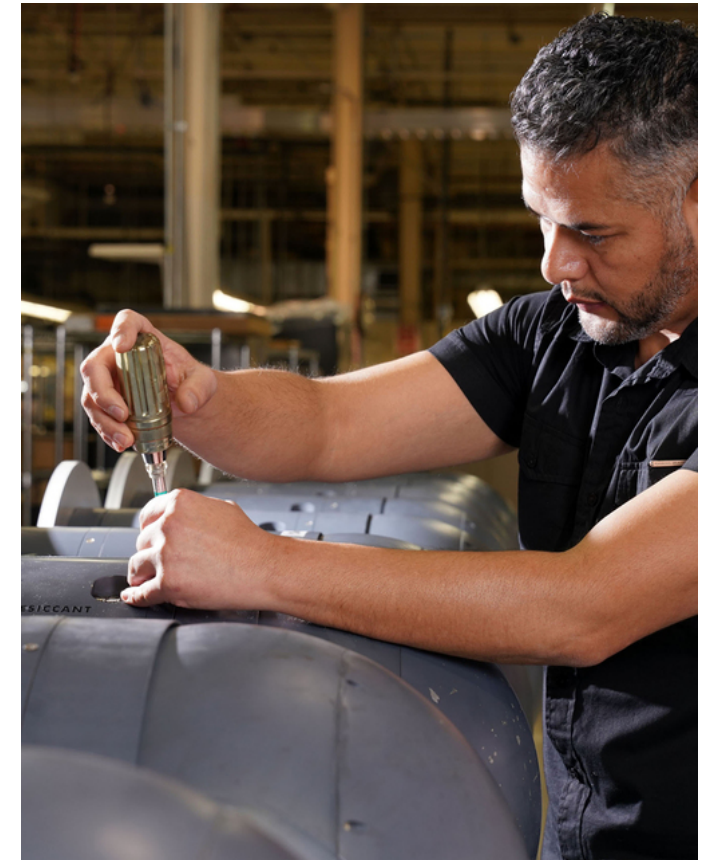
In 2023, we increased engagement with our partners and customers to better understand and assess the environmental footprint of our products. We held discussions with our technical industry groups and our customers on topics like promoting chemical transparency throughout the value chain and methods for calculating lifecycle emissions of highly complex aerospace and defense products. Connecting with our key partners to discuss pain points, shared experiences and lessons learned is helping to identify areas within our value chain where we can make the biggest impact.

Product Life Cycle Assessment

In 2023, we developed our first detailed product Life Cycle Assessment (LCA) in an effort to gain better transparency into the environmental impacts of our products and technologies. This effort supports our public goal to develop a pioneering product stewardship program. We hope to better understand the environmental hotspots throughout the product value chain from the materials, chemicals, technologies and processes we use in production to the use phase impacts and end-of-life treatment of the products.

Our first detailed LCA focused on the Modular Avionics Control Hardware (MACH 3) product from our Launch and Missile Defense Systems business. The MACH 3 is the principal avionics system on all our launch vehicles. This technology splits the control and monitoring functions of a launch unit into individual modular segments, which can be stacked and combined to support any vehicle configuration. The highly adaptable nature of this technology provides flexibility in system design to support the needs of any unique launch vehicle cost effectively. The high visibility into the product's value

chain and the numerous use cases for this product made it an ideal candidate for our first complete product LCA. The knowledge we gained from this exercise provides key data points that will support further value chain engagement and allow us to map the impacts of similar products and processes.



HANDPRINT GOAL



In collaboration with key customers, work to develop a pioneering product stewardship program focused on material efficiency, product design and lifecycle assessment



Space Debris Hackathon

In 2023, more than 150 Northrop Grumman employees from a variety of sectors and physical sites participated in our latest sustainability hackathon, Space Sweep. The goals of our sustainability hackathons are to brainstorm strategies for making areas of our business more environmentally sustainable, to proactively connect with people who could implement these strategies and to provide support for the resulting initiatives. Most importantly, hackathons increase employee understanding of and engagement with our environmental sustainability goals and raise employees' awareness that sustainability can be incorporated into customer work.

Space Sweep participants faced the challenge of developing innovative ideas for the best, most cost-effective ways of removing, reusing and/or preventing space debris orbiting Earth—ideas that could result in new product lines for Northrop Grumman. As space exploration continues to grow, so too does the challenge of space debris. Currently, more than 9,000 metric tons of artificial debris, which includes non-functional rocket bodies, spacecraft and mission-related objects left by humans, orbits the Earth. If this orbital debris is not mitigated, tracked or remediated, orbits could be rendered unsafe or unusable for our customers and satellites.

Sixteen of the formal projects submitted during Space Sweep reached the exploration of funding stage. One project is being developed into a demo planned for 2024.

Research and Development

Exploration and experimentation through R&D play a critical role in the long-term growth of our business. Our R&D portfolio encourages innovation at every level of our organization, while empowering our technologists and researchers to deploy innovations within and across each of our business departments. Company-wide, our R&D approach fosters data-informed decision-making across our technology areas.

Understanding the rapidly evolving technology landscape is key to our industry leadership. We leverage a concept known as the “Technology Web” to help us identify and lead, leverage, or monitor new technologies. This is done through a variety of means, including enterprise-wide campaigns, technology scouting and partnerships with universities and other cutting-edge technology organizations.

Early development for the Technology Web and cooperative customer R&D agreements help improve the research opportunities available to the company. The agreements allow Northrop Grumman to explore the application of technologies while also familiarizing the company and its employees with the technologies and applications.

We make strategic investments in R&D, which allows us to create and identify cutting-edge technologies and integrate those technologies into our proven systems and services. In 2023, we invested \$1.2 billion in company sponsored R&D. Our approach to R&D positions us all for ongoing success in tackling the most complex missions for our nation and its allies.

The Northrop Grumman Corporate Technology Council (CTC) is a key part of our R&D approach. The CTC identifies and supports company campaigns and investment focus areas that define success for our customers’ most critical missions. In 2023, the CTC continued to partner with our Joint All Domain Command and Control campaign to identify various cross-sector technologies and investments that could be utilized in creative, non-traditional ways to achieve better results for our customers. Recent campaigns also include examining AI, which evolved into an Enterprise Governance Council for further management.

Collaborations like these campaigns enable the CTC to provide innovative solutions to the most challenging problems facing our customers and our company.

Technology and Business Innovation and Operations

We remain committed to fulfilling the needs of our customers by focusing on the advancement of critical technology, supply chain and team priorities, which are vital to our national security.

In 2023, we focused on key trends, including partnerships to create efficient technology investments, creating and fielding capabilities at speed and scale, and creating the foundations for research and development through policy. For example, through a partnership with AT&T and Fujitsu, we demonstrated 5G-enabled intelligence, surveillance and reconnaissance capabilities. Through this collaboration, we leveraged AT&T’s commercial 5G network and our robust portfolio of capabilities that advance military technology. With the



growth in opportunities in the space domain, we have also grown our international partnerships with stakeholders in this area.

We also continued our focus on domestic technology investment in 2023, primarily in securing the supply lines in critical areas. This focus is aligned with that of the U.S. government, as evidenced through the CHIPS and Science Act of 2022, which directed \$280 billion in spending over 10 years, including approximately \$53 billion for semiconductor manufacturing, R&D and workforce development.

We also align our technology priorities with our strategic university partners. We are committed to maturing technical talent through our partnerships with universities across the country. The close collaboration in critical technology areas is vital to the innovative thinking that drives the development of solutions to the most complex environments. Our ongoing collaborations include projects and engagements that define and shape future generations of talent.



TechFest

We seek to solve the world's most challenging problems through technology and innovation. Our TechFest event offers an opportunity for employees from across the company to learn from each other, share ideas and demonstrate new technologies that drive innovative results for us and our customers. These technologies identify connecting threads to build and strengthen our technical leadership, as well as demonstrate the strategic impact our technologies have for our stakeholders. Through TechFest, we collectively share and expand our knowledge and capabilities to become a more effective solution provider.

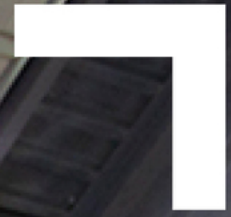
Our 2023 TechFest featured programs that encouraged connection between our employees and stakeholders:

- **Mission Threads:** End-to-end scenarios demonstrating the integration of independent research and development (IR&D) projects in realistic situations relevant to customer missions.
- **TechExpo:** An immersive, collaborative forum showcasing a broad spectrum of innovative technologies developed under our IR&D and innovation programs aligned to cross-sector initiatives.

The 2023 TechFest also featured workshops, presentations and discussions focused on Joint All Domain Command and Control (JADC2), Artificial Intelligence and Advanced Networking campaigns, Digital Transformation initiatives, Diversity, Equity, Inclusion and Belonging, Lean-Agile, Dev*Ops, MBx, Enterprise Tools and many other topics for employees. In addition, employees took advantage of opportunities to develop their technical talents through being exposed to a wide array of advanced technologies and opportunities for long-term career development.



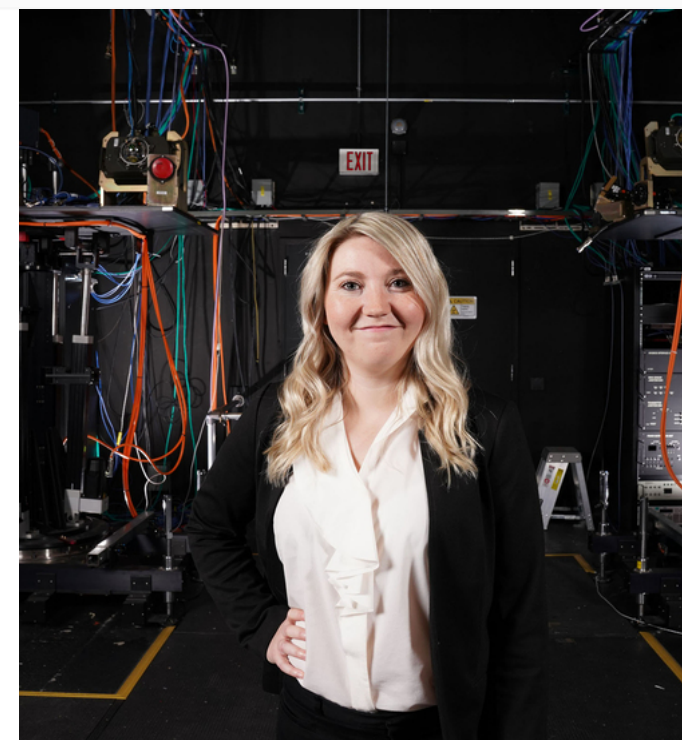
Appendix



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Selected Awards & Recognitions

- 100% rating for the ninth consecutive year on the Human Rights Campaign's Corporate Equality Index "Best Place to Work for LGBTQ+ Workplace Inclusion"
- 2023 Best of the Best Top Employers and Top LGBTQ+ Friendly Companies lists by Black Employment & Entrepreneur Journal
- 2023 Best of the Best Top Supplier Diversity Programs and Top Veteran-Friendly Company by U.S. Veterans Magazine
- 2023 Best of the Best Top Supplier Diversity Programs, Top Employers and Top LGBTQ+ Friendly Companies, Hispanic Network Magazine
- 2023 Best of the Best Top Disability Friendly Companies, DIVERSEability Magazine
- 2023 Gold HIRE Vets Medallion Award from the U.S. Department of Labor
- 2023 JUST Capital's 100 Most JUST Companies
- AA rating from MSCI for ESG management
- American Heart Association Workplace Health Achievement Index Gold Level Recognition
- Champion of Veterans Enterprise Award from the National Veterans Small Business Coalition
- Disability Equality Index "Best Place to Work for Disability Inclusion." Achieved 100% for nine consecutive years
- DiversityInc's Top 50 Companies for Diversity (#27). Specific lists: Top Company for Veterans (#4), ERGs (#4), Native American/Pacific Islander (#22), Top Company for People with Disabilities (#5), Executive Diversity Councils (#13), Black Executives (#15), LGBTQ Employees (#21) and Latino Executives (#24)
- Forbes 2023 World's Best Employers List
- Military Friendly® (Gold) and Military Friendly Spouse awards from Victory Media
- Named to the S&P Global Dow Jones Sustainability Index, North America and Global
- National Organization on Disability Leading Disability Employer for 9th consecutive year
- One of only two A&D companies to receive a 100% Score on the CPA-Zicklin Index for Corporate Political Contributions
- One of the Top 100 Employers of Choice by the American Opportunity Index and the Top Company in Aerospace & Defense and Manufacturing
- One of the Top 50 Employers by CAREERS & the disABLED Magazine and named Private-Sector Employer of the Year for 2023



- One of the Top 50 LinkedIn 2023 Companies for investment in talent and helping employees build their careers for long-term success
- One of the Top 15 supporters of HBCUs by Career Communications Group, Inc.
- Participated in the CDP climate change questionnaire for the 12th consecutive year, receiving a B score
- Ranked #1 Internship Program of the Year by WayUp/Yello
- Selected as the 2023 Society of Asian Scientists and Engineers (SASE) Organization of the Year

Organizations & University Partnerships

Northrop Grumman maintains affiliations with a variety of organizations and universities that inform and enhance our performance. Some of these organizations are listed below. In addition, our list of trade association memberships is available on our [trade associations webpage](#).

Organizations

- Advancing Minorities Interest in Engineering (AMIE)
- Aerospace Industries Association
- American Association of Exporters and Importers
- Asian Business Association
- Association for Supply Chain Management
- Association of Corporate Citizenship Professionals
- Black Business Association
- Black Engineer of the Year
- Boston College Center for Corporate Citizenship
- Boston College Center for Work & Family Workforce Roundtable
- Business Roundtable
- Corporate Eco Forum
- Defense Industry Initiative on Business Ethics and Conduct
- Disability:INDiversity Best Practices
- Ethics and Compliance Initiative
- Gartner Advisory Group
- Great Minds in STEM
- Greater Washington Partnership
- Greater Los Angeles African American Chamber of Commerce
- HUBZone Contractors National Council
- Human Rights Campaign
- Industrial Security Awareness Council
- Institute for Supply Management
- Institute of Business Ethics
- International Aerospace Environmental Group
- International Forum on Business Ethical Conduct
- Latin Business Association
- National Association of Manufacturers
- National Association of Women Business Owners
- National Center for American Indian Enterprise Development
- National Defense Industrial Association
- National LGBT Chamber of Commerce
- Capital Region National Minority Supplier Development Council
- National Science Teaching Association
- National Society of Black Engineers
- National Veteran Small Business Coalition
- OneTen
- Out & Equal Workplace Summit
- Points of Light Corporate Service Council
- Public Affairs Council
- Responsible Minerals Initiative
- Society of Asian Scientists and Engineers
- Society of Hispanic Professional Engineers
- Society of Women Engineers
- Southern California Minority Supplier Development Council
- The Conference Board
- The Telemus Group LLC
- U.S. Pan Asian American Chamber of Commerce
- Virginia Chamber of Commerce



Universities

- Alabama A&M University
- Antelope Valley College
- Arizona State University
- Bowie State University
- California Institute of Technology
- California Polytechnic State University, San Luis Obispo
- California State Polytechnic University, Pomona
- California State University, Long Beach
- California State University, Northridge
- Carnegie Mellon University
- Colorado School of Mines
- Embry-Riddle University
- Florida A&M University
- Florida Institute of Technology
- George Mason University
- Georgia Institute of Technology
- Howard University
- James Madison University
- Massachusetts Institute of Technology
- Morgan State University
- North Carolina A&T State University
- Pennsylvania State University
- Purdue University
- San Diego State University
- University of Alabama, Huntsville
- University of Arizona
- University of California, Irvine
- University of California, Los Angeles
- University of California, San Diego
- University of California, Santa Barbara
- University of Central Florida
- University of Colorado, Boulder
- University of Florida
- University of Illinois, Chicago
- University of Illinois, Urbana-Champaign
- University of Maryland, Baltimore County
- University of Maryland, College Park
- University of Michigan
- University of Oklahoma
- University of Puerto Rico, Mayaguez
- University of Southern California
- University of Utah
- Utah State University
- Virginia Polytechnic Institute and State University
- Weber State University



Materiality

This report addresses certain items that are most important to the company from an ESG reporting perspective consistent with the GRI Standards.

In 2020, we conducted a comprehensive materiality* assessment of ESG topics with a third party to identify and prioritize those items that were most important to the company from an ESG reporting perspective.

In this process, we gathered and analyzed input by engaging with a diverse set of internal and external stakeholders, including company leadership, trade associations, university partners, nonprofits and suppliers. Our executive leadership reviewed and validated the results to ensure we had a list of topics that aligned with our business and reflected the feedback from our stakeholders. For a full description of our materiality assessment process, please see our [2020 Sustainability Report](#).

In 2022, we reviewed and refreshed this assessment, giving consideration to, among other things, our current ESG priorities, our strengths and opportunities and external trends. This report reflects the outcome of these assessments and highlights certain topics that are most important to our company and stakeholders from an ESG reporting perspective, including the ESG topics identified in the table.

These ESG topics are considered in shaping our sustainability strategies, goals, initiatives, risk management and more. We track emerging ESG issues and update our sustainability strategies periodically to address the topics that are important to our business and our many stakeholders.



Environmental

- Climate, GHG Emissions and Product Environmental Impact
- Environmental Impact of Operations
- Environmental Remediation

Governance

- Business Continuity
- Corporate Governance
- Cybersecurity
- Ethics
- Geopolitical Factors
- Regulatory Compliance

Social

- Community Engagement
- Diversity, Equity & Inclusion
- Employee Health, Safety and Well-being
- Human Rights
- Talent Acquisition, Management and Development

Product

- Customer Satisfaction
- Product Safety & Quality
- R&D, Innovation & Digital Transformation

* We do not use the term “materiality” as defined by or in the context of the U.S. Securities and Exchange Commission (SEC) laws including those related to SEC reporting and disclosure obligations, or any other securities laws, or as the term is used in the context of financial statements and financial reporting



Stakeholder Engagement

Our key stakeholders include academia, communities, customers, employees, governments, industry partners, policymakers, professional associations, shareholders and suppliers. We engage extensively with stakeholder groups through various means to promote understanding and dialogue regarding management of these material ESG issues.

Whom We Engage

How We Engage

Communities

Review programs and initiatives in collaboration with community partners and senior leadership; develop community engagement plans that align with strategic priorities

Network with leaders from organizations in our targeted areas, including military and veterans, STEM education and diversity-focused organizations, to understand key issues and needs

Customers

Work with customers on establishing program goals and priorities

Partner with government and industry partners to develop and drive common strategies and standards that support program performance, foster innovation and reduce supply chain risk

Employees

Consult and collaborate with employees through a variety of ways, including our annual employee survey, ERGs, Global and Sector Diversity and Inclusion Committees and all hands and small group forums

Offer volunteer opportunities and programs in areas such as mentoring, STEM education, environmental conservation, military and veterans, health and human services, matching gifts and payroll contributions to charities

Industry Partners

Represent the company on industry associations addressing security stakeholder topics such as critical technology protection, controlled unclassified information, insider threats and personnel security clearance

Participate in industry meetings with various nonprofit and government organizations

Shareholders

Collaborate with investment leads and actively managed shareholders

Meet with the governance leads of our largest shareholders

Suppliers

Host supplier outreach events and offer mentoring programs

Sponsor academic, customer and industry activities that support small business growth and development



Environmental Data Accountability Methodology

We have continued to prioritize tracking and maintaining high-quality data about our key operational environmental metrics, including GHG emissions, energy usage, water usage and solid waste reduction from landfills.

We report on environmental data on a government fiscal year basis (October-September). This shift accommodates an earlier report publication date and enables our data to include actual results for all months where data is available, improving our data quality and eliminating duplicative reporting efforts.

Our environmental footprint data is tracked across the full portfolio of our facilities where we have operational control, which represents more than 99% of our global footprint. Reporting for our historical data has also been adjusted to align with our current business composition,

structure and revised methodologies. Our GHG inventory was developed in accordance with the GHG Protocol Corporate Standard and in alignment with the International Aerospace Environmental Group Greenhouse Gas Reporting Guidance, and includes CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. We continue to engage third-party verifiers to validate our Scope 1 (direct), Scope 2 (indirect, location- and market-based) and Scope 3 (other indirect) Business Travel emissions to the ISO 14064-3 standard.

We also engaged a third-party verifier to validate our base year water withdrawals. Our sites withdraw water primarily from municipal and groundwater supplies with some surface water withdrawal. We do not use seawater or produced water sources. Wastewater discharges from our operations flow through onsite wastewater treatment

plants or directly to municipal sanitary sewers, and our sites adhere to local regulatory and permit requirements for water quality.

Our waste metric includes hazardous waste and, as such, reduction from landfill and incineration reflects both hazardous and non-hazardous waste; however, the waste metric does exclude non-hazardous construction and demolition debris and remediation wastes.

Forward Looking Statements

Statements in this report contain or may contain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “will,” “expect,” “anticipate,” “commit,” “intend,” “may,” “could,” “should,” “plan,” “project,” “forecast,” “believe,” “estimate,” “outlook,” “trends,” “goals” and similar expressions generally identify these forward looking statements. These forward-looking statements speak only as of the

date when made, and the company undertakes no obligation to publicly update or revise any forward-looking statements after the date of this release, except as required by applicable law. Forward-looking statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. A discussion of these risks and uncertainties is contained in the company’s filings with the SEC.





GRI Standards Content Index

The GRI content index indicates the location of each disclosure within this report, externally on our website or other reports or provides the information directly in a statement.

We have also indicated how our reporting topic areas align with the United Nations Sustainable Development Goals (UN SDGs). The SDGs address global challenges and are designed to encourage active participation by corporations, governments and nonprofit organizations to collaborate on finding solutions.

For more information, please see the [UN SDGs website](#).

Index	PR: 2023 Proxy Statement
	PCG: Principles of Corporate Governance

General Disclosures

Statement of Use	Northrop Grumman has reported with <i>reference</i> to the GRI Standards for the period January 1, 2023-December 31, 2023, unless otherwise noted.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

Disclosure	Location (Or Direct Information)	SDG Reference
2-1 Organization Details	<ul style="list-style-type: none"> a. Northrop Grumman Corporation (NYSE: NOC) b. Organization details can be found in the Our Company section and ownership information in the Form 10-K, p. 1 c. Location of Headquarters: Falls Church, Virginia, U.S. d. For location of operations, see the Northrop Grumman website, Contact Us 	
2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> a. Northrop Grumman Corporation 	
2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> a. Reporting period for sustainability reporting: January 1, 2023 to December 31, 2023, unless otherwise noted. For more information, see the Environmental Data Accountability Methodology. b. Reporting period for financial reporting: January 1, 2023 to December 31, 2023 c. See the Northrop Grumman website, Contact Us 	
2-4 Restatements of information	<ul style="list-style-type: none"> a. See Environmental Data Accountability Methodology 	
2-5 External assurance	<ul style="list-style-type: none"> a. Governance Structure – ESG Oversight b. We externally assure our Emissions and Water data using an independent assurance provider, LRQA. See our website. 	



Disclosure	Location (Or Direct Information)	SDG Reference
2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> a. Our Company b. For activities, products, services and markets served: Our Company. For information on the supply chain: Global Supply Chain c. We disclose our significant business relationships in the Supply Chain section of this report 	
2-7 Employees	Pioneering People; ESG Performance Data Matrix Employee data is as of 12/31/23	
2-8 Workers who are not employees	Pioneering People; ESG Performance Data Matrix	
2-9 Governance structure and composition	<ul style="list-style-type: none"> a. Governance Structure – ESG Oversight; Board of Directors; PR Proposal 1: Election of Directors b. Governance Structure – ESG Oversight; Board of Directors; PR Proposal 1: Election of Directors c. Board of Directors; PR Proposal 1: Election of Directors 	SDG 5, 16
2-10 Nominating and selecting the highest governance body	<ul style="list-style-type: none"> a. Board of Directors; PR Proposal 1: Election of Directors b. Board of Directors; PR Proposal 1: Election of Directors 	SDG 5, 16
2-11 Chair of the highest governance body	<ul style="list-style-type: none"> a. Board of Directors; PR Proposal 1: Election of Directors b. Board of Directors; PR Proposal 1: Election of Directors 	SDG 16
2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> a. Stakeholder Engagement; Board of Directors, Board of Directors: ESG Oversight; PCG Sections I, II, IV.G b. PR: Board Membership and External Relationships c. Stakeholder Engagement; Board of Directors, Board of Directors: Sustainability Oversight 	SDG 16
2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> a. Governance; PCG Section 11.B 	SDG 16
2-14 Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> a. Governance; PCG Section 11.B 	
2-15 Conflicts of interest	<ul style="list-style-type: none"> a. Ethics, Compliance and Responsible Business Practices; PCG Section III.E; VII; PR, Board Memberships and External Relations 	SDG 16
2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> a. PR Director Qualifications and Experience 	
2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> a. Governance; PCG Section VI.D b. PCG Section VI.D c. PR Annual Self-Assessment Process 	
2-19 Remuneration policies	<ul style="list-style-type: none"> a. PR Executive Compensation b. PR Compensation Philosophy and Objectives 	
2-20 Process to determine remuneration	<ul style="list-style-type: none"> a. PCG Section V.A, B ; PR Executive Compensation 	
2-21 Annual total compensation ratio	<ul style="list-style-type: none"> a. PR CEO Pay Ratio 	
2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> a. CEO Message 	



Disclosure	Location (Or Direct Information)	SDG Reference
2-23 Policy commitments	<ul style="list-style-type: none"> a. Ethics, Compliance and Responsible Business Practices; Global Supply Chain b. Ethics, Compliance and Responsible Business Practices; Global Supply Chain c. Standards of Business Conduct and Suppliers Standards of Business Conduct; Human Rights Policy; Anti-Human Trafficking and Slavery Statement d. Governance e. Ethics, Compliance and Responsible Business Practices; Global Supply Chain f. Ethics, Compliance and Responsible Business Practices; Global Supply Chain 	SDG 16
2-24 Embedding policy commitments	<ul style="list-style-type: none"> a. Our Values; Ethics, Compliance and Responsible Business Practices; PR Policy Committee 	
2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> a. Ethics, Compliance and Responsible Business Practices: Northrop Grumman OpenLine b. Ethics, Compliance and Responsible Business Practices: Northrop Grumman OpenLine c. Northrop Grumman OpenLine d. Business Conduct Advisors e. Ethics, Compliance and Responsible Business Practices: Northrop Grumman OpenLine 	
2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> a. Ethics, Compliance and Responsible Business Practices; Northrop Grumman OpenLine; ESG Performance Data Matrix 	SDG 16
2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> a. ESG Performance Data Matrix 	SDG 16
2-28 Membership associations	<ul style="list-style-type: none"> a. Organizations & Universities 	
2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> a. Stakeholder Engagement 	
2-30 Collective bargaining agreements	<ul style="list-style-type: none"> a. ESG Performance Data Matrix 	SDG 8
3-1 Defining report content and topic boundaries	<ul style="list-style-type: none"> a. About This Report; Materiality 	
3-2 List of material topics	<ul style="list-style-type: none"> a. Materiality 	



Disclosure	Location (Or Direct Information)	SDG Reference
3-3 Management of Material Topics	Ethics, Compliance and Responsible Business Practices	SDG 12
	Governance Structure	SDG 12
	Ethics, Compliance and Responsible Business Practices	SDG 12
	Cybersecurity & Data Protection	SDG 9
	Business Continuity & Operational Resilience	SDG 12
	Ethics, Compliance and Responsible Business Practices	SDG 8
	Global Supply Chain	SDG 8
	Research & Development, Technology & Business Innovation and Operations	SDG 9
	Product Stewardship	SDG 12
	Product Quality	SDG 9
	Enhancing Operations & Management	SDG 6, 7, 13, 14, 15
	Pioneering People	SDG 8
	Diversity, Equity & Inclusion	SDG 5, 10
	Employee Health and Safety	SDG 3, 8
	Enhancing Operations & Management	SDG 6, 7, 13, 14, 15
	Enhancing Operations & Management	SDG 6, 7, 13, 14, 15
	Corporate Citizenship	SDG 1, 2, 3, 4, 5, 11, 17



Topic-Specific Disclosures

Disclosure	Location (Or Direct Information)	SDG Reference	
Economic			
ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Company Performance; Annual Report; ESG Performance Data Matrix	SDG 2, 8, 9
PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	Global Supply Chain	SDG 12
ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Ethics, Compliance and Responsible Business Practices; Standards of Business Conduct ; Form 10-K, p. 9-25 (Business and Operational Risks)	SDG 16
205-2	Communication and training about anti-corruption policies and procedures	Governance Structure; Ethics, Compliance and Responsible Business Practices	SDG 16
205-3	Confirmed incidents of corruption and actions taken	Northrop Grumman Openline	SDG 16
Environmental			
ENERGY			
302-1	Energy consumption within the organization	ESG Performance Data Matrix; 2023 CDP Response	SDG 7, 12, 13
302-3	Energy Intensity	ESG Performance Data Matrix	SDG 7, 12, 13
302-4	Reduction of energy consumption	Energy Conservation	SDG 7, 12, 13
WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource	Enhancing Operations & Management	
303-2	Management of water discharge-related impacts	Enhancing Operations & Management	
303-3	Water withdrawal	Enhancing Operations & Management; ESG Performance Data Matrix	SDG 6
EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Enhancing Operations & Management; ESG Performance Data Matrix; 2023 CDP Response	SDG 12, 13
305-2	Energy indirect (Scope 2) GHG emissions	Enhancing Operations & Management; ESG Performance Data Matrix; 2023 CDP Response	SDG 12, 13
305-3	Other indirect (Scope 3) GHG emissions	2023 CDP Response	SDG 12, 13
305-4	GHG emissions intensity	ESG Performance Data Matrix	SDG 12, 13
305-5	Reduction of GHG emissions	ESG Performance Data Matrix; 2023 CDP Response	SDG 12, 13
WASTE			
306-3	Waste generated	Enhancing Operations & Management; ESG Performance Data Matrix	SDG 12
306-4	Waste diverted from disposal	Enhancing Operations & Management; ESG Performance Data Matrix	SDG 12
306-5	Waste directed to disposal	Enhancing Operations & Management; ESG Performance Data Matrix	SDG 12



Disclosure		Location (Or Direct Information)	SDG Reference
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	Global Supply Chain - Supplier Performance	
308-2	Negative environmental impacts in the supply chain and actions taken	Global Supply Chain- Supplier Performance	
Social			
EMPLOYMENT			
401-1	New employee hires and employee turnover	DE&I; ESG Performance Data Matrix	SDG 8
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee & Family Well-Being; My Well-being	SDG 8
401-3	Parental leave	Employee Resource Groups	SDG 8
OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	Employee Health & Safety	
403-2	Hazard identification, risk assessment and incident investigation	Employee Health & Safety	
403-3	Occupational health services	Employee & Family Well-Being; Northrop Grumman Total Rewards	
403-4	Worker participation, consultation and communication on occupational health and safety	Employee Health & Safety	
403-5	Worker training on occupational health and safety	Employee Health & Safety	
403-6	Promotion of worker health	Employee Health & Safety; Employee & Family Well-Being	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Global Supply Chain: Supplier Responsibility; Supplier Standards of Business Conduct	
403-8	Workers covered by an occupational health and safety management system	Employee Health & Safety	
403-9	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related injuries	ESG Performance Data Matrix	
TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Talent Strategy; ESG Performance Data Matrix	SDG 8
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Strategy	SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Strategy	SDG 8



Disclosure	Location (Or Direct Information)	SDG Reference	
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Governance Structure; Our Diverse Workforce; ESG Performance Data Matrix	SDG 5, 8
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	Ethics, Compliance and Responsible Business Practices; Northrop Grumman OpenLine	SDG 8
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Relations; ESG Performance Data Matrix	SDG 8
CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	Ethics, Compliance and Responsible Business Practices	SDG 8
FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Ethics, Compliance and Responsible Business Practices	SDG 8
SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	Global Supply Chain - Supplier Performance	
414-2	Negative social impacts in the supply chain and actions taken	Global Supply Chain - Supplier Performance	
PUBLIC POLICY			
415-1	Political Contributions	Northrop Grumman Political Contributions	SDG 16

SASB Index

The table below identifies the SASB indicators for which we have publicly available information, relevant to the Aerospace & Defense Standard (Version 2018-10).

Metric Code	Accounting Metric	Location or Direct Information
Energy Management		
RT-AE-130a.1	(1) Total energy consumed (in gigajoules (GJ))	(1) 10,913,490 GJ
	(2) Percentage of grid electricity	(2) 51%
	(3) Percentage renewable	(3) 8%
Hazardous Waste Management		
RT-AE-150a.1	Amount of hazardous waste generated, percentage recycled	3,430 tons 0% recycled
RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	0 reportable spills
Data Security		
RT-AE-230a.2	Description of approach to identifying and addressing data security risks in company operations and products	Cybersecurity & Data Protection
Product Safety		
RT-AE-250a.2	Number of counterfeit parts detected — While this quantitative metric is not reported, we provide a qualitative description of our management approach to protecting the integrity of our supply chain.	Global Supply Chain
RT-AE-250a.3	Number of Airworthiness Directives received; total units affected	0 Airworthiness Directive received 0 units affected
Fuel Economy & Emissions In Use-Phase		
RT-AE-410a.1	Revenue from alternative energy-related products	Not collected
RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and GHG emissions of products	Product Stewardship
Materials Sourcing		
RT-AE-440a.1	Description of the management of risks associated with the use of critical materials	Ethics, Compliance and Responsible Business Practices Global Supply Chain
Business Ethics		
RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain	Ethics, Compliance and Responsible Business Practices Global Supply Chain
Activity Metric		
RT-AE-000.B	Number of employees	101,000



ESG Performance Data Matrix

TOPIC	2021	2022	2023	GRI	SASB
COMPANY DATA					
Sales (million USD)	\$35,667	\$36,602	\$39,290	102-7	
Employees	88,000	95,000	101,000	102-7	RT-AE-000.B
Floor space (thousand square feet)	51,104	51,508	51,310	102-7	
CORPORATE CITIZENSHIP/COMMUNITY					
Direct community investment through philanthropy (million USD) ¹	\$34.3	\$33.4	\$30.8	201-1	
Company charitable grants—education (target 50%)	60%	56%	58%	201-1	
Company charitable grants—military and veterans (target 25%)	13%	14%	15%	201-1	
Company charitable grants—health and human services (target 20%)	13%	14%	9%	201-1	
Company charitable grants—environment (target 5%)	3%	4%	7%	201-1	
Company in-kind and non-cash contributions (million USD)	\$0.1	\$0.8	\$2.4	201-1	
Charitable donations as measured by Business for Societal Impact (company and foundation)	13%	18%	19%	201-1	
Community investments as measured by Business for Societal Impact (company and foundation)	87%	82%	81%		
Employee giving (million USD) ²	\$3.3	\$4.0	\$3.6		
Employee volunteerism (hours)	56,310	76,750	98,350		
Paid volunteerism (hours)	120	90	410		
STEM experiences provided to underrepresented students	NR	8,718,000	4,850,000		
Meals donated towards hunger relief	NR	4,158,000	1,777,000		
ENVIRONMENT					
Sites with ISO 14001 certification	22	21	20		
Significant fines and penalties (shown in years paid) (\$)	\$—	\$12,000	\$32,000		
Tons of toxic release inventory	667	57	N/A	103	

¹ Includes investments from Northrop Grumman and the Northrop Grumman Foundation; excludes donations from Northrop Grumman to the Northrop Grumman Foundation.

² Includes giving through ECHO, matched gifts and employee fundraising.

NR: Not reported publicly in prior years.



TOPIC	2021	2022	2023	GRI	SASB
HAZARDOUS WASTE					
Hazardous waste generation (tons)	3,670	3,480	3,430	306-3	RT-AE-150a.1
Hazardous waste (number of reportable spills)	0	1	0		RT-AE-150a.2
Hazardous waste recycled	1%	1%	0%	306-3	
SOLID WASTE (Non-Hazardous + Hazardous)					
Reuse (tons)	420	240	110	306-4	
Recycling (tons)	20,650	20,220	19,880	306-4	
Composting (tons)	1,370	1,230	960	306-4	
Recovery (including energy recovery) (tons)	810	680	990	306-4	
Landfill (tons)	21,140	20,830	20,770	306-5	
Diversion rate	51%	50%	49%	306-4	
ENERGY					
Energy consumption (GJ)	10,209,850	10,377,570	10,913,490	302-1	RT-AE-130a.1
Renewable energy consumption (GJ)	85,320	564,640	911,410		
Percentage of energy that is renewable	1%	5%	8%	302-1	RT-AE-130a.1
Percentage of energy supplied from grid electricity	53%	53%	51%		RT-AE-130a.1
Energy intensity (Joules/USD sales)	286,260	283,530	277,770	302-3	
Electricity consumption (MWh)	1,541,400	1,567,040	1,586,220		
Renewable electricity consumption (MWh)	23,700	156,840	253,170		
Onsite renewable electricity generation (MWh)	690	660	690		
Percentage of electricity that is renewable	2%	10%	16%		
EMISSIONS					
Direct (Scope 1) greenhouse gas emissions (tonnes CO ₂ e)	266,870	282,300	310,610	305-1	
Indirect (Scope 2) market-based greenhouse gas emissions (tonnes CO ₂ e)	476,850	422,300	399,650		
Total GHG emissions (market-based) (tonnes CO ₂ e)	743,720	704,600	710,270		
Greenhouse gas emission intensity (Scope 1 and Scope 2—location-based) (tonnes CO ₂ e/per USD sales)	0.00002085	0.00001925	0.00001808	305-4	
Reduction of greenhouse gas emissions (from 2019 base year)	-7.0%	-11.9%	-11.2%	305-5	



TOPIC	2021	2022	2023	GRI	SASB
WATER					
Water withdrawal (potable)—total (gallons)	1,380,767,000	1,463,594,000	1,448,512,000	303-3	
Water withdrawal source (potable)—surface water (gallons)	95,972,000	121,889,000	163,794,000	303-3	
Water withdrawal source (potable)—groundwater (gallons)	434,215,000	504,990,000	434,319,000	303-3	
Water withdrawal source (potable)—municipal supply (gallons)	850,580,000	836,715,000	850,399,000	303-3	
Water withdrawal (potable and nonpotable)—total (gallons)	1,434,025,000	1,525,127,000	1,507,149,000	303-3	
Water withdrawal source (nonpotable)—municipal reclaimed (gallons)	53,258,000	61,533,000	58,637,000	303-3	
Water withdrawal source (nonpotable)—rainwater (gallons)	0	0	0	303-3	
ETHICS AND INTEGRITY					
OpenLine inquiries	577	614	722	102-17	
OpenLine allegations	1,611	1,564	2,124	102-17	
GOVERNANCE³					
Members on the Board of Directors	13	13	13	102-18, 102-22	
Independent directors on the Board	12	12	12	102-18, 102-22	
Women/minority directors on the Board	6 (46%)	8 (62%)	8 (62%)	102-22, 405-1	
HEALTH AND SAFETY					
Work-related fatalities	1	0	2	403-9, 403-10	
Total case rate (per 100 workers) ⁴	1.08	1.52	0.96	403-9, 403-10	
Employee lost work day rate (per 100 workers) ⁵	18.61	17.56	13.63	403-9, 403-10	
Days away case rate (per 100 workers) ⁶	0.56	0.87	0.37	403-9, 403-10	
Lost-time injuries frequency rate (per one million hours worked) (LTIFR) ⁷	2.84	4.34	1.85		
Total recordable incident rate (TRIR) ⁸	1.08	1.52	0.96		
PRODUCTS					
Number of airworthiness directives received	0	0	0		RT-AE-250a.3
Number of airworthiness directives, units affected	0	0	0		RT-AE-250a.3
RESEARCH AND DEVELOPMENT AND INNOVATION					
Company-sponsored R&D expense (million USD)	\$1,100	\$1,200	\$1,200	201-1	

³ Board data for 2021, 2022 and 2023, respectively, reflects the full slate of Board nominees, as reflected in the 2022, 2023 and 2024 Proxy Statements, respectively.

⁴ Total case rate (per 100 workers) excluding COVID-19 cases was 0.79, 0.85 and 0.86, respectively, for the years ended December 31, 2021, 2022 and 2023, respectively.

⁵ Employee lost work day rate (per 100 workers) excluding COVID-19 cases was 14.72, 13.17 and 12.99, respectively, for the years ended December 31, 2021, 2022 and 2023, respectively.

⁶ Days away case rate (per 100 workers) excluding COVID-19 cases was 0.29, 0.31 and 0.27, respectively, for the years ended December 31, 2021, 2022 and 2023, respectively.

⁷ LTIFR excluding COVID-19 cases was 1.44, 1.53 and 1.37, respectively, for the years ended December 31, 2021, 2022 and 2023, respectively.

⁸ TRIR excluding COVID-19 cases was 0.79, 0.85 and 0.86, respectively, for the years ended December 31, 2021, 2022 and 2023, respectively.



TOPIC	2021	2022	2023	GRI	SASB
SUPPLY CHAIN					
Domestic spend on subcontractors (billion USD)	\$12.5	\$11.0	\$12.4		
Amount awarded to small business suppliers (billion USD)	\$3.8	\$3.9	\$4.1		
Percent of Small Business	30%	36%	33%	102-9	
Percent of Small Disadvantaged Business (SDB)	4%	4%	3%	102-9	
Percent of Women-Owned Small Business (WOSB)	6%	7%	6%	102-9	
Percent of HUBZone Small Business	3%	4%	4%	102-9	
Percent of Veteran-Owned Small Business (VOSB)	4%	4%	4%	102-9	
Percent of Service-Disabled Veteran-Owned Small Business (SDVOSB)	2%	2%	2%	102-9	
TALENT MANAGEMENT⁹					
Part-time employees	1,390	1,407	1,558	102-8	
Employee average age	44	43	42		
U.S. employees covered by collective bargaining agreements	4%	4%	4%	102-41	
Total population—men	75%	75%	75%	405-1	
Total population—women	25%	25%	25%	405-1	
Total population—non-binary	NR	0.1%	0.1%		
Total population—people of color	36%	37%	38%	405-1	
Total population—veterans	18%	18%	18%	405-1	
Total population—persons with disabilities	9%	8%	8%	405-1	
Management population—men	73%	73%	72%	405-1	
Management population—women	27%	27%	28%	405-1	
Management population—people of color	28%	29%	30%	405-1	
Vice president and above population—women	35%	34%	35%	405-1	
Vice president and above population—people of color	18%	19%	20%	405-1	
Women in revenue-generating management positions	NR	25%	26%		
Women in STEM-related positions	NR	17%	17%		
Average training hours per FTE ¹⁰	NR	11.0	18.6	404-1	
Total external hires	9,100	16,100	14,500	401-1	
Veteran external hires	21%	21%	21%		
Female external hires	23%	24%	23%		
Persons with disabilities external hires	11%	8%	8%		
People of color external hires	41%	44%	43%		

⁹ All demographic data reflects U.S. population only.

¹⁰ On average, 18.6 training hours per person were completed through our learning platform, GLX, in 2023. This does not include the other formal and on-the-job training opportunities our employees access regularly.

NR: Not reported publicly in prior years.

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