

2023 Sustainability Report Executive Summary



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.

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 is reflected in our Sustainability Report. This Executive Summary Report contains select highlights and achievements from 2023. For more detailed information on any of these topics, please see our full [2023 Sustainability Report](#).

“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.”



Mike Witt,
Chief Sustainability Officer

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, in 2023, 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

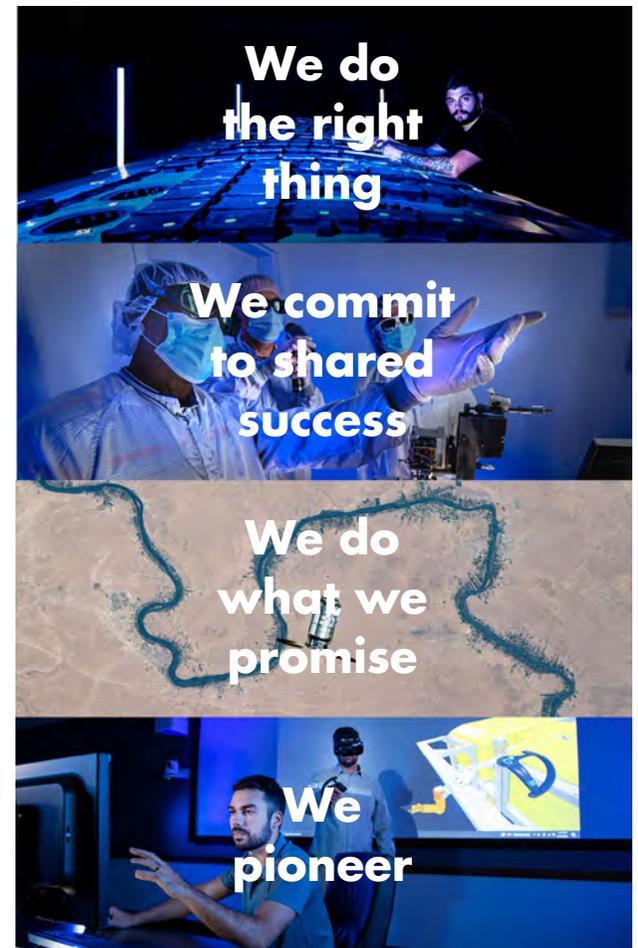


QUALITY



CUSTOMER SATISFACTION

Our Values





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.

Mission

Goals

Progress



FOOTPRINT

Address the fundamental needs driving sustainability by minimizing the footprint of our operations.

- 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

- 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.



HANDPRINT

Enhance sustainability within the aerospace and defense industry by supporting customer needs and supply chain objectives

- 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.

- 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.



BLUEPRINT

Affirm our leadership in sustainability by collaborating to protect ecosystems and define environmental opportunities in our communities

- Expand Technology for Conservation (T4C) initiatives in proximity to Northrop Grumman's U.S. locations by 2030, in collaboration with external partners.

- 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

11.2%

reduction in GHG emissions from 2019

42 million

pounds of waste diverted from landfill

17

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

25%

Female employees

35%

Female leadership (Vice President and above)

38%

Employees of color

20%

People of color in leadership (Vice President and above)

\$1.8 billion

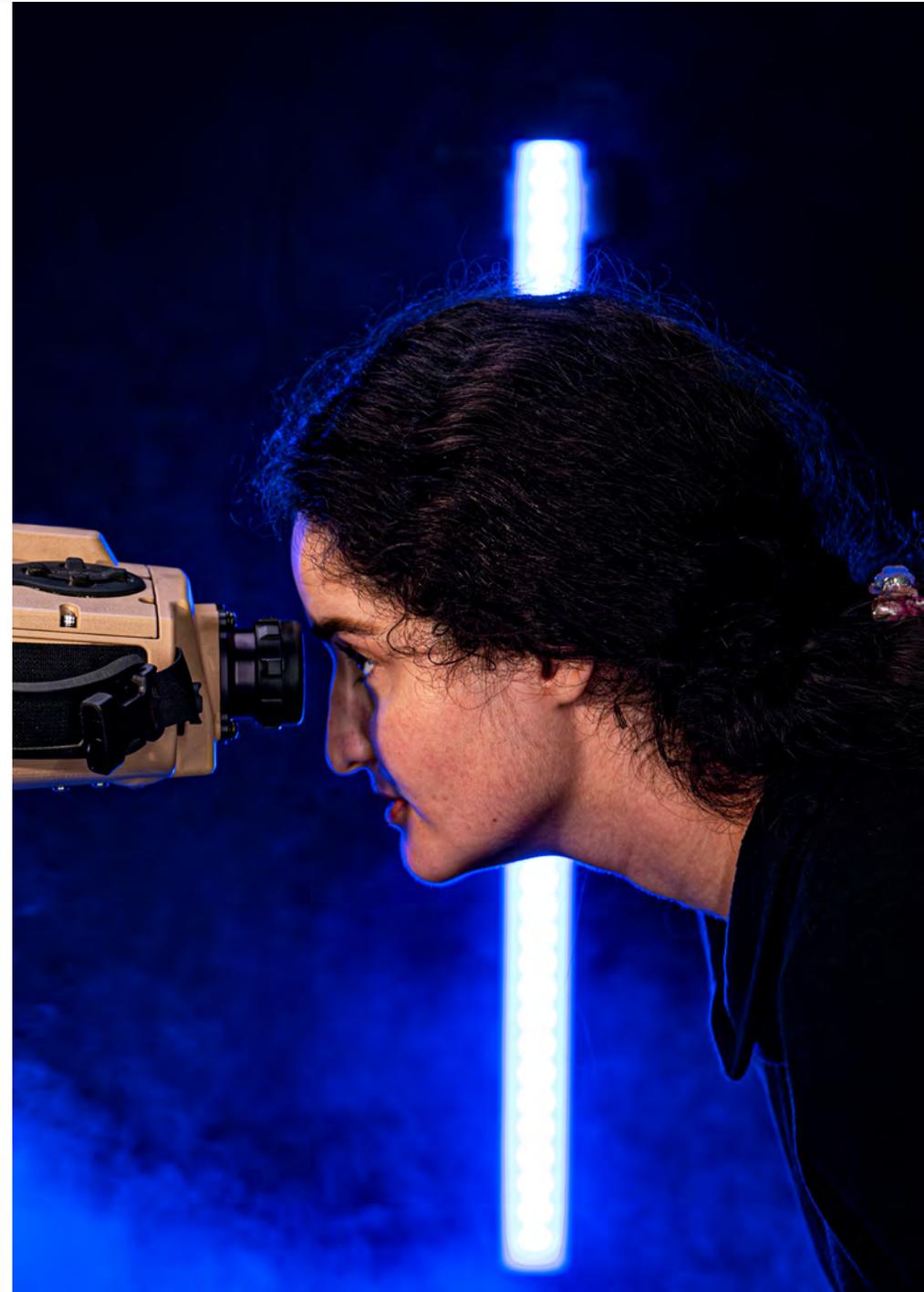
in capital investment (CapEx)

\$39.3 billion

total sales

\$1.2 billion

in R&D investments



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.

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. These measures include both financial and non-financial metrics, as described in our [2024 Proxy Statement](#).

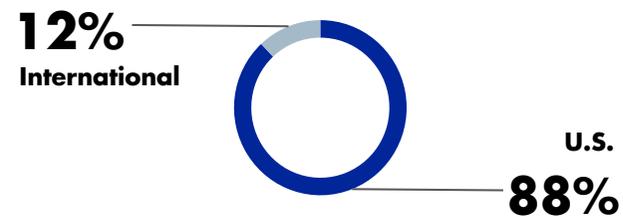
We are committed to maintaining high standards of ethics, integrity and transparency, consistent with our Values and in service to our shareholders, employees, customers and other stakeholders. Our Principles of Corporate

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.

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

FINANCIAL

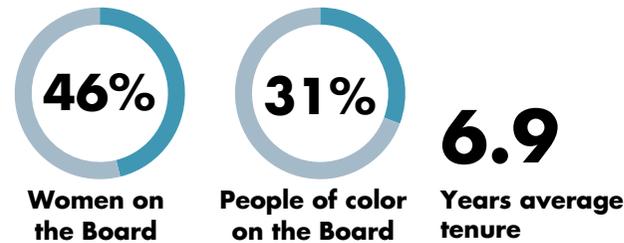
2023 Revenue Breakdown



\$39.3 billion
Annual sales

NON-FINANCIAL

Board of Directors Diversity



101,000
Employees

51 million
Square feet of floor space

** 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.



2023 Governance Highlights

Ethics, Compliance and Responsible Business Practices

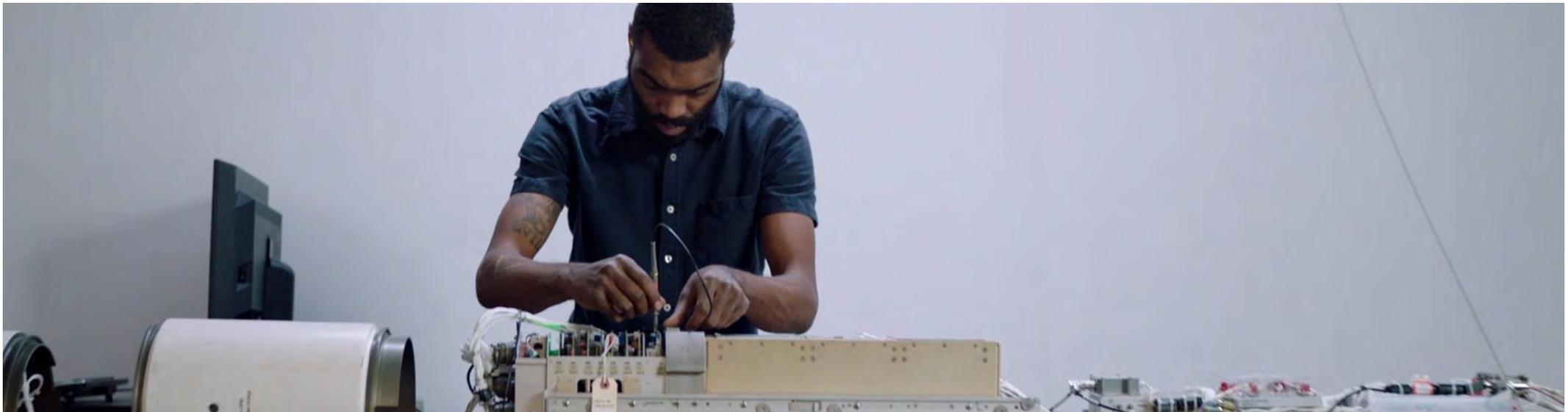
Our commitment to ethics and integrity is the foundation of our business culture, as evidenced by our company Values. We act responsibly at all times, whether it's in the way we engage in the political process or how we develop our products and determine where we sell them. We have robust processes and procedures in place to guide our business decisions, upholding our commitments.

- Updated our Standards of Business Conduct as part of our continuing efforts to enhance and build upon our strong corporate governance foundation.
- Over 99% of our full- and part-time employees completed ethics training in 2023.
- Received a 100% score on the 2023 CPA-Zicklin Index for the fifth consecutive year, in recognition of our transparency in political contributions disclosure.
- Published our first Human Rights Report in 2023 and will publish an updated report in 2024.
- Concluded our 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.

Global Supply Chain

Our robust supplier base supports our ability to perform, and we manage those supplier relationships consistent with our Values and our Standards of Business Conduct for Suppliers and Other Trading Partners.

- Updated our Standards of Business Conduct for Suppliers and Other Trading Partners to incorporate industry-leading sustainability practices, among other updates.
- Exceeded the U.S. government's 23% small business statutory goal for the 19th consecutive year.
- Recognized our highest-performing suppliers with our first Supplier Excellence Awards recognition event.



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.



TOTAL POPULATION:¹

25%

Women

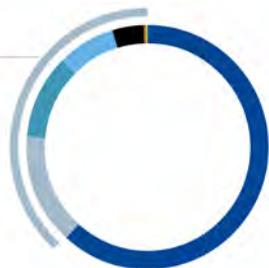
18%

Veterans

8%

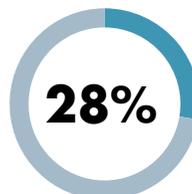
People with Disabilities

38%
People of Color

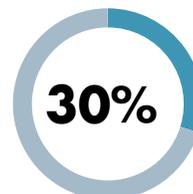


White	62%
Hispanic/Latino	15%
Asian	11%
Black / African American	8%
Two or More Races	4%
American Indian / Native American or Alaska Native	0.4%
Native Hawaiian / Other Pacific Islander	0.4%

LEADERSHIP – TOTAL MANAGEMENT POPULATION:¹

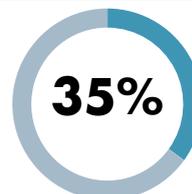


Women



People of Color

LEADERSHIP – VICE PRESIDENT AND ABOVE POPULATION:¹



Women



People of Color

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.



2023 Highlights

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.

- Maintain 14 ERGs in 280 chapters across the U.S., the UK and Australia with more than 30,000 employee ERG members. Added 15 new chapters across all of our operating sectors, which helped our company rank #4 on DiversityInc's Top Companies for ERGs.
- Received an 82% favorable response rate from employees on questions related to inclusion in our annual Employee Experience Survey.

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.

- Established our first EH&S Expertise Center in Public Health and Occupational Health. This team launched a Total Worker Health approach to EH&S, and continues to share best practices and advance initiatives to promote health and safety.
- Received awards for safety performance from the Chesapeake Region Safety Council for performance at numerous facilities.

Talent Strategy

Our talent strategy is focused on broadening our talent pools, enhancing the employee experience, building leaders of the future and enabling employee career growth.

- 87% of employees feel their experience at Northrop Grumman is meeting or exceeding their expectations.
- Since 2020, nearly 100,000 employees have benefited from our primary point of access for all professional and career development, My Learning Experience.

Corporate Citizenship

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.

- Generated \$40 million in social value in 2023 through our corporate citizenship activities.
- Logged nearly 100,000 employee volunteer hours valued at \$3.1 million.
- Provided 4.8 million STEM experiences in 2023 through informal and formal programming and teacher professional development.

Employee and Family Well-Being

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.

- Connected more than 30,000 employees and their family members with NGCare services, including counseling, work/life support, financial and legal consultations, webinars and workplace support following a crisis.
- In 2023, employees used over 3,200 days of back-up child and elder care support through Bright Horizons.



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.

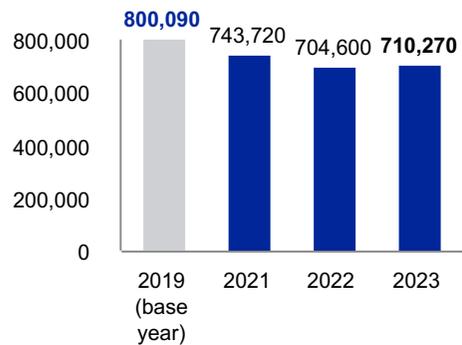


GHG

3,400 MT CO₂e

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

SCOPE 1 & SCOPE 2 EMISSIONS (TOTAL MT CO₂E)

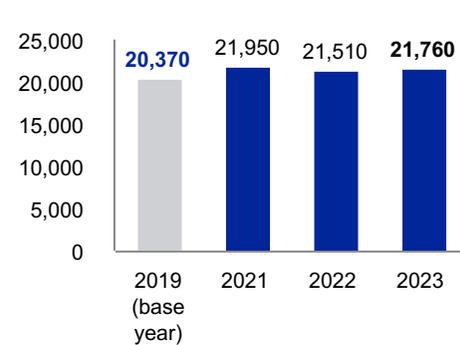


WASTE

260 Tons Total

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

SOLID WASTE SENT TO LANDFILLS/INCINERATION (TONS)

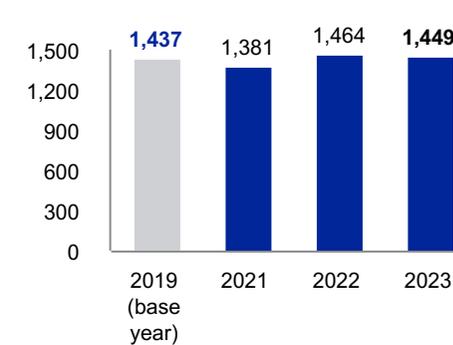


WATER

29M Gallons

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

TOTAL WATER WITHDRAWALS (IN MILLION GALLONS)



16%

Of electricity sourced from renewable sources

\$8.0 million

Of funding allocated across the company for environmental footprint projects and initiatives

74 sites

Engagement with Technology for Conservation (T4C) grew to 74 sites in 2023



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.



2023 Highlights

Expanding our Digital Transformation

Across our business, we are scaling digital technologies to transform how we manage our portfolio of products at every stage of their lifecycle to meet customer needs.

- Expanded usage of the Northrop Grumman Integrated Digital Environment to include nearly 140 programs and over 15,000 employees.

Quality

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.

- Exceeded our quality and customer satisfaction targets for our non-financial metrics in 2023.

Product Stewardship

We advance sustainability throughout our value chain by promoting product stewardship principles, like material efficiency, product design and lifecycle assessments.

- Developed our first detailed product Life Cycle Assessment to gain better transparency into the environmental impacts of our products and technologies.

Responsible 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. In 2023, we aligned with the 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.

Look for our other reports:



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.

