

Ethics déjà vu

Current events bring ethics to the forefront (again)

Donna Davis, Director, Ethics & Business Conduct

Veteran employees may recall what the defense industry went through during the mid-80s. It was a good news, bad news storyline. Increased budgets and contracts, as well as scandalous media reports and federal investigations into fraud, waste, and abuse.

Are we headed down that road again? “The procurement environment today is becoming much like 1980s. Moreover, ethical issues surrounding Enron, Andersen, and other companies in the past few months have made everyone aware of the potential for misconduct,” said Frank Daly, corporate director of ethics and business conduct.

The year 2002 marks the 16th anniversary of the creation of six principles that constitute what has become known as the Defense Industry Initiative (DII) on Business Ethics and Conduct. At the time these were created, the industry was under intense scrutiny. However, since their creation, the defense ethics program has served as a model for other industries.

“The current environment brings more attention to business in general and to our industry in particular,” Daly said. “As a result, we must routinely evaluate how well we are adhering to our values and the practices and policies based on them.”

When the DII principles were established in 1986, Northrop Grumman committed itself to putting them in place and to further developing a program that involved employees in the effort. The company framed the beginnings of what is now the Ethics & Business Conduct Office. A few years later, Chairman and CEO Kent Kresa led the company in developing and implementing a formal values-based ethics program.

Employees are encouraged to utilize the company values as guideposts every day by asking themselves, “Will my words and actions demonstrate that I value people, quality, leadership, integrity, customer satisfaction, and supplier relationships?”

Employees are also asked to seek out guidance when uncertain about a situation or issue. This is the primary purpose of the Ethics OpenLine. Employees may call the corporate toll-free number at (800) 247-4952 or contact the ES OpenLine on (410) 765-5546 to discuss the right thing to do or to get more information on a subject. Calls are confidential and may also be anonymous.

The company values and ethics program is designed to help people make good

Northrop Grumman Values

Value Northrop Grumman PEOPLE . . .

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

We take responsibility for QUALITY . . .

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

Provide LEADERSHIP as a company and individuals . . .

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

Act with INTEGRITY in all we do . . .

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

Deliver CUSTOMER SATISFACTION . . .

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

Regard our SUPPLIERS as essential team members . . .

We owe our suppliers the same type of respect that we show to our customers. Our suppliers deserve fair and equitable treatment, clear agreements and honest feedback on performance. We consider our supplier’s needs in conducting all aspects of our business.

decisions, not to catch them doing something wrong. Mr. Kresa, who serves on the DII steering committee, has perhaps said it best: “At Northrop Grumman, ethics is *not* about policing. It’s about creating the kind of climate in which people are encouraged to make the right decisions in the first place. The values and standards [of business conduct] are important resources to help us all exercise good judgment in ethical matters as we go about our work every day.”

For more information, log on to the Ethics web sites: Intranet — <http://w789900.md.essd.northgrum.com/> and Internet — <http://sensor.northgrum.com/ethics/default.htm>.