



# Ethics Corner: The Fox and the Hen House and Other Conflicts of Interest

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*Never put a fox in charge of a hen house.* This old adage tells us in simple, straightforward terms how to avoid a conflict of interest. A fox with his mind on a chicken dinner is likely to do a lousy job of guarding the hens.

When it comes to making good decisions on the job, we're not like the fox, just waiting for a chance to pounce. But we need to realize that our decisions can be clouded by influence from outside ties—political, financial, or social. When that happens, we can lose our ability to make judgments that serve the best interests of Northrop Grumman.

## Joe's Widgets

As an example, suppose your friend owns Joe's Widgets. Joe's prices are competitive, and our company could use his products, so you'd like to recommend Joe's company as a supplier of widgets. Is this a conflict of interest?

It is not, provided you disclose the possible conflict when you recommend Joe's company. You must let your manager know that Joe is a personal friend and also remove yourself from the process of deciding whether or not to buy from him. In addition, if Joe's is chosen as a supplier, you cannot be directly involved in supervising the account.

## Moonlighting

You can also run into a conflict of interest if you take a second job or "moonlight". Moonlighting may work out okay, as long as you can still perform efficiently as a Northrop Grumman employee. It can become a problem if your second job starts to detract from the time and energy you should be devoting to your "day job". Our company doesn't want to interfere with your personal life, but it does expect you to honor your commitment to the organization.

Moonlighting poses another potential hazard. If your second job involves a competitor or potential competitor of Northrop Grumman, it may force you into a conflict of interest, even if you can still perform your regular job duties effectively. To avoid any misunderstandings, it's best to discuss the circumstances of a second job with your manager and disclose the situation on a C-196 Conflict of Interest form.

## Other Potential Conflicts

You should always consider your ties to outside interests when making business decisions. Ask yourself these questions to evaluate potential conflicts:

- Is the outside interest causing you to perform your regular job with less than the expected commitment?
- Are you diverting business from Northrop Grumman?
- Is the outside interest competing with one of Northrop Grumman's business activities?
- Are you being influenced to make a decision that is not in Northrop Grumman's best interests?
- Are you misusing company resources?

## Appearances Count

When it comes to conflicts of interest, appearances and possible misperceptions count. Even if your actions are unintentional or accidental, the perception of a conflict of interest can be just as harmful as an actual one. It can hurt your personal reputation and that of the company.

## When in Doubt, Disclose

In order to ensure that your business decisions are objective, avoid investments and associations that might cloud your decision-making process. If you aren't sure whether an outside interest might be construed as a conflict of interest, don't keep it to yourself or wait for the annual Conflict of Interest certification process. Disclose it to your manager and complete a new C-196 form as soon as possible. Your manager and your local Business Conduct Officer will review the situation with you to ensure that there is no conflict of interest.

## Conflicts of Interest Q&A

*Q: What are some examples of conflicts of interest?*

A: Conflicts of interest include: having a substantial financial interest in a competing company or supplier; hiring a supplier managed by a relative; and working a second job with a competitor of our company.

*Q: A long-time friend recently took a job with one of our company's suppliers. We've been friends for years. Does my friend's new job turn our friendship into an ethical problem?*

A: Company policy is not intended to disrupt personal friendships. However, your friendship could be a problem if you play a role in selecting your friend's company as a supplier or have to deal with your friend on behalf of Northrop Grumman. Tell your manager about this friendship and excuse yourself from participating in decisions or negotiations with your friend and the supplier.

*Q: I'm considering a temporary job that requires me to work nights and weekends. I am usually on call for overtime in the evenings, but my temporary job will make that impossible. What should I do to resolve the overtime issue?*

A: If overtime is part of your job requirement here, your temporary job will interfere with your ability to meet performance standards. You should discuss the matter with your manager prior to making any new commitments.