

Ethics and Business Conduct Program

June 7, 2003

Purpose

To provide the process for the ES Ethics and Business Conduct Program.

Definitions

COI Conflict of Interest
DII Defense Industry Initiative
DoD Department of Defense
EBC Ethics and Business Conduct
EIPA Employee Intellectual Property Agreements

Principles

The ES EBC program maintains the highest principles of ethics and business conduct that comply with federal and state laws, regulations, Corporate ***Policy A4, Ethics and Business Conduct***, Corporate ***Procedure A201, Employee/Supplier Standards of Conduct***, Command Media ***Policy A04, Ethics and Business Conduct***, and ***Standards of Business Conduct***. Compliance with these laws and Company policies and procedures is the responsibility of every company employee.

Process

ES Ethics and Business Conduct

The ES Ethics Office administers the EBC program and supports management by providing leadership and coordination to enhance a work environment of shared values, high ethical standards, and compliance with laws, policies, and procedures. The activities associated with the implementation of ES policies and procedures relating to business ethics and compliance include:

- EBC program visibility and general policy and guidance, including assistance and clarification relative to ES policies and procedures involving matters of ethics.
- Employee communications, ethics and compliance training.
- Providing Corporate and the ES Business Conduct Board with a quarterly activity status of all ethics investigations; Administrative Agreements Report requirements; and issues pertaining to the EBC program (refer to ***Committee Charter CC04, Business Conduct Board***).

- Records management to include the administration and maintenance of *Conflict of Interest Certifications* and *EIPA*.

COI/Relationships with Suppliers

Corporate ***Form C-196, Certificate on Conflict of Interest (COI), Relationships with Suppliers and Standards of Business Conduct***, is administered annually to all non-represented salaried Company and subsidiary employees that conduct business with the DoD in response to the *Defense Industry Initiative on Business Ethics and Conduct*.

Employees shall submit their completed COI forms to the Ethics Office in accordance with Corporate Procedure A201.

EIPA

As a condition of employment, all employees must sign Corporate ***Form C-100A, Employee Intellectual Property Agreement***, that informs employees of their obligations in identifying, documenting, and reporting inventions and items of new technology to the company. This includes patents, technical information, software, copyrighted works, and trademarks.

Employees shall submit the original signed and dated form to the Ethics Office for accountability and retention.

ES OpenLine Process

EBC maintains an operational ***OpenLine*** process, with a published ES OpenLine telephone number dedicated to:

- The timely response, investigation, and resolution of employee concerns regarding waste, fraud, violations of company policy; and
- Individuals seeking advice on questions related to ethical practices or the *Standards of Business Conduct*.

Additionally, a company-wide toll-free corporate OpenLine telephone number is published periodically for use by individuals that seek advice on ethics issues or have concerns about the Standards of Business Conduct.

Voluntary Disclosure

Ethics and Business Conduct participates in investigations that:

- Require disclosure of facts compliant with DII for Voluntary Disclosure Agreements (refer to Command Media ***Procedure A171, Voluntary Disclosure and OpenLine Reporting***, for guidance).
- Are conducted internally or by a government or outside agency.
- Are identified as attorney-client privilege.

Northrop Grumman Values

EBC conducts a Values awareness communication program to continually remind employees of:

- OpenLine telephone numbers.
- Identified Business Conduct Officer at each major ES location.
- Statements of Company Values.
- Roles and activities of the ES Business Conduct Board.
- Importance of compliance with Standards of Business Conduct. Lessons learned.
- Issues identified in administrative settlement agreements or those issues specific to an organization or function.

Refer to Command Media ***Policy A02, Values and Management Principles*** for guidance.

Ethics Training

EBC provides required ethics training on the Standards of Business Conduct, the OpenLine process, corporate and ES policies and procedures, and federal and state laws and regulations through systematic communications, classroom training programs, interactive computer training, information technology solutions, written certifications, and web-based training via the ***Ethics*** websites.

Responsibilities

All ES employees, agents, representatives and consultants, subcontractors, Commission Sales Representatives, and subsidiary organizations are responsible for ethical and business conduct in compliance with this procedure, the Northrop Grumman Standards of Business Conduct, and Northrop Grumman **Values**.

Business Conduct Officers

Maintains and reports ethics process activities for their locations and coordinating all related activities with the ES Ethics Office.

Corporate Vice President and President, ES

Appoints a Director, Ethics and Business Conduct.

Director, Ethics and Business Conduct

Appoints a Business Conduct Officer at each major location, including:

- Administering the ES EBC program, preparing and maintaining all EBC program correspondence, reports, certificates and other records and documents including COI Forms C-196 and EIPA Forms C-100A.
- Serving as the ES representative to interface with other defense industry EBC representatives and participate in defense industry ethics councils/forums, as appropriate.
- Assisting ES management in the administration of compliance audits conducted by internal or external audit agencies.
- Participating in potential DII voluntary disclosure investigations conducted internally or by a government or outside agency.

Coordinating with ethics programs within other Northrop Grumman locations that conduct business with the DoD.

Management

- Adhering to and implementing the ES EBC program;
- Being open to employee's concerns and providing employees with direction and a clear understanding of the Standards of Business Conduct and the consequences of violations;
- Managing departmental processes and systems to ensure compliance with legal and contractual requirements;

- Maintaining a work environment that promotes employee understanding and acceptance of responsibilities;
- Ensuring a work environment without retaliation for employees' efforts to uphold the Northrop Grumman Standards of Business Conduct and Northrop Grumman Values.

References

Command Media

CP A4, *Ethics and Business Conduct*

CO A201, *Employee/Supplier Standards of Conduct*

A02, *Values and Management Principles*

A04, *Ethics and Business Conduct*

CC04, *Business Conduct Board*

A171, *Voluntary Disclosure and OpenLine Reporting*

Forms

C-100A, *Employee Intellectual Property Agreement*

C-196, *Certificate on Conflict of Interest, Relationships with Suppliers and Standards of Business Conduct*

Other

Ethics website

Defense Industry Initiative on Business Ethics and Conduct

Northrop Grumman Values

OpenLine

Standards of Business Conduct