

Purpose

To define the Voluntary Disclosure Reporting process.

Principles

ES is committed to principles of business ethics and conduct that address its responsibility to the United States Government and the public. The corporation believes compliance with federal procurement laws is the responsibility of every company employee in the defense industry. As a signatory to the *Defense Industry Initiative* on Business Ethics and Conduct, the corporation is committed to adopting procedures for voluntary disclosures of procurement law violations to appropriate government authorities and the subsequent corrective action. Compliance with federal procurement laws is a management responsibility throughout the corporation. Allegations of civil or criminal irregularities involving Government contracts or subcontracts are to be promptly referred to executive management, the Law Department, or the Ethics **OpenLine**. Violations of the company policy or the Standards of Business Conduct shall be reported to the ES Ethics Office, **OpenLine**, or Business Conduct Officer.

Process

As required under Corporate **Procedure CO A201A, Voluntary Disclosure to the Government of Procurement Irregularities Under the 1986 Defense Industry Initiatives**, management will follow the established process of notifying cognizant government officials of administrative, accounting, or clerical errors and will take appropriate corrective action.

Compliance Determination

To determine if a particular matter is one that warrants disclosure to the government, the Business Conduct Board (see **Committee Charter No. CC 04, Business Conduct Board**) considers, among other factors, the following:

- Weight of the evidence - The greater the evidence that a violation of federal procurement laws has occurred, the greater the presumption that the matter should be reported.
- Clarity of law and applicability of law to the facts - The Business Conduct Board considers the Law Department's evaluation of how clear the law is and the law's applicability to the facts.

- Adverse financial impact to the Government.
- Compromise of product integrity - Any circumstance of this type (i.e., compromises to product specifications, composition, performance, etc.) is to be disclosed to the customer of the product.
- Violation of the *Anti-Kickback Act of 1986*, 41 U.S.C. 51-58. With the advice from legal counsel, line/staff management, and when Northrop Grumman has reasonable grounds to believe that a violation of the *Anti-Kickback Act* may have occurred, the Business Conduct Board shall direct the appropriate individual to submit a written report to either the contracting agency's inspector general or agency head or to the Department of Justice.

In all cases, the *OpenLine* reporting process should be utilized to inform the Business Conduct Board about such situations. To provide maximum accessibility, reports to the *OpenLine* may be made in confidence or anonymously, without fear of reprisal.

Responsibilities

All ES employees, agents, representatives and consultants, subcontractors, Commission Sales Representatives and subsidiary organizations are responsible for utilizing the *OpenLine* reporting process to communicate instances that could result in a voluntary disclosure. *Management* Adheres to and implements the voluntary disclosure and *OpenLine* reporting processes.

References

Command Media

CC 04, *Business Conduct Board*

CO A201A, *Voluntary Disclosure to the Government of Procurement Irregularities Under the 1986 Defense Industry Initiative*

Other

41 USC 51-58, *Anti-Kickback Act*

Defense Industry Initiative

OpenLine