Northrop Grumman Corporation is a publicly owned company whose common stock is listed on the New York Stock Exchange (NYSE: NOC). Northrop Grumman is a leading global security company providing innovative systems, products and solutions in autonomous systems, cyber, C4ISR, space, strike, and logistics and modernization to customers worldwide. We offer a broad portfolio of capabilities and technologies that enable us to deliver innovative products, systems and solutions for applications that range from undersea to outer space and into cyberspace. We participate in many high-priority defense and government programs in the United States and abroad. We conduct most of our business with the U.S. Government, principally the Department of Defense (DoD) and intelligence community. We also conduct business with foreign, state and local governments and commercial customers. Northrop Grumman established its environmental sustainability program, greeNG, in 2008 to reduce the company’s environmental footprint by improving operational efficiency and integrating environmental sustainability practices into all our operations. Our greeNG Program strives to expand environmental sustainability awareness throughout our organization, supporting our corporate values and meeting the expectations of our diverse set of stakeholders. greeNG is a catalyst for environmentally sustainable performance that drives long-term affordability into our operations, benefiting our customers as well as our shareholders. Northrop Grumman has committed to the following 2020 environmental sustainability goals: a 30% reduction in absolute GHG emissions from 2010 levels, a 20% reduction in potable water use from 2014, and a 70% solid waste diversion rate from landfill.
(C0.3) Select the countries/regions for which you will be supplying data.
Australia
Belgium
Canada
Denmark
France
Germany
Italy
Japan
Netherlands
Norway
Republic of Korea
Saudi Arabia
Switzerland
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.
USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.
Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?
Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

<table>
<thead>
<tr>
<th>Position of individual(s)</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board/Executive board</td>
<td>The highest level of responsibility resides with Northrop Grumman's Policy Committee of the Board of Directors. As noted in the Proxy Statement, the Policy Committee is comprised of 6 committee members, all of whom are independent directors, who assist the Board in overseeing policy, government relations and corporate responsibility, which includes review and oversight of the Company's environmental sustainability program, including climate-related topics. In addition, the Board of Directors oversees our risk management activities and its Committees provide oversight of our risk management process, including the Enterprise Risk Management Council (ERMC). The Policy Committee of the Board is responsible for identifying and evaluating global security, political, and budget issues as well as trends (including environmental) that could impact the business; the Audit Committee receives reports on legal and other compliance risks including how the Company is addressing and mitigating risks.</td>
</tr>
</tbody>
</table>
(C1.1b) Provide further details on the board’s oversight of climate-related issues.

<table>
<thead>
<tr>
<th>Frequency with which climate-related issues are a scheduled agenda item</th>
<th>Governance mechanisms into which climate-related issues are integrated</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled – some meetings</td>
<td>Reviewing and guiding strategy Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues</td>
<td>The Policy Committee oversees policy, government relations, corporate responsibility, and environmental sustainability. Generally on an annual basis, the Policy Committee is provided a comprehensive update on the environmental sustainability program. This includes financial investments, annual project completions, progress towards 2020 goals, developments on climate-related risks, disclosure programs, and future initiatives. In addition, the Compensation Committee of the Board of Directors establishes the annual non-financial metric which includes environmental sustainability (greenhouse gas, water, and solid waste).</td>
</tr>
</tbody>
</table>

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

<table>
<thead>
<tr>
<th>Name of the position(s) and/or committee(s)</th>
<th>Responsibility</th>
<th>Frequency of reporting to the board on climate-related issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Operating Officer (COO)</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>Annually</td>
</tr>
<tr>
<td>Risk committee</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>Annually</td>
</tr>
</tbody>
</table>

(C1.2a)
(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

- Per our Proxy Statement: At the company level, the Board of Directors and its Committees provide oversight of the Company's risk management processes, including the Enterprise Risk Management Council (ERMC). The ERMC is led by the Chief Operating Officer and is comprised of all members of the Corporate Policy Council (includes the CEO, COO, CTO, CFO, CHRO, CGBDO, VP General Counsel, VP Communications, VP Government Relations, and the five sector presidents), the Chief Accounting Officer, Chief Compliance Officer, Secretary, head of Internal Audit and Treasurer.

- Climate-related issues are included within the ERMC responsibilities as a result of its oversight of Northrop Grumman's integrated, company-wide risk management process. The ERMC seeks to ensure that the Company has identified the most significant risks and implemented effective mitigation plans for each; this includes climate-related risks related to natural disasters, environmental laws and regulations, and Company reputation.

- Certain members of the ERMC have responsibility for specific risks and are responsible for assessing risks, developing and executing risk mitigation plans, and monitoring status and trends. Specific climate-related issues such as natural disaster, environmental and regulatory, and Security including the Business Continuity Program are the responsibility of the CFO, VP General Counsel, and President of Enterprise Services respectively.

- The ERMC meetings consist of updates from certain members on the risks they manage and includes changes in the risks since the last meeting, risk mitigation efforts, or other potential risks that have been identified. For example, natural and environmental disaster risks are monitored at the site/asset level through the Business Continuity Program, annual inspections, risk modeling to identify interruption exposures, and other actions. Any material changes in these results, trends, or risk management approach may be included in the update provided to the ERMC as the committee regularly monitors all risk factors for the company.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a
(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
As noted in the 2018 Proxy Statement, under our Annual Incentive Plan, we use a mix of financial and non-financial metrics to measure our performance for purposes of determining award payout to our Named Executive Officers (including the CEO, CFO, COO, and others), (or as CDP refers to it the Corporate Executive Team) annually. Environmental Sustainability is one of six non-financial metrics that is measured in terms of reductions in absolute greenhouse gas emissions, potable water use consumption, and improvement in solid waste diversion. Performance against non-financial metrics can result only in a downward adjustment to the financial metric score.

Who is entitled to benefit from these incentives?
All employees

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
Non-financial metrics influence bonus payments to all eligible employees. Environmental Sustainability is one of six non-financial metrics that is measured in terms of reductions in absolute greenhouse gas emissions and potable water use consumption, and improvement in solid waste diversion.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

<table>
<thead>
<tr>
<th></th>
<th>From (years)</th>
<th>To (years)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Medium-term</td>
<td>1</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Long-term</td>
<td>5</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

C2.2

(C2.2) Select the option that best describes how your organization’s processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.
Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a
(C2.2a) Select the options that best describe your organization’s frequency and time horizon for identifying and assessing climate-related risks.

<table>
<thead>
<tr>
<th>Frequency of monitoring</th>
<th>How far into the future are risks considered?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annually</td>
<td>3 to 6 years</td>
<td></td>
</tr>
</tbody>
</table>

C2.2b

(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.

- The Board of Directors oversees our risk management activities and its Committees provide oversight of our risk management process, including the Enterprise Risk Management Council (ERMC), which leads the Company’s integrated, company-wide risk management processes. The ERMC is led by the Chief Operating Officer and is comprised of all members of the Corporate Policy Council, the Chief Accounting Officer, Chief Compliance Officer, Secretary, head of Internal Audit and Treasurer. The ERMC seeks to ensure that the Company has identified the most significant risks and implemented effective mitigation plans for each; this includes climate-related risks such as those related to natural disasters, environmental laws and regulations, and Company reputation. Certain members of the ERMC have responsibility for specific risks and are responsible for assessing risks, developing and executing risk mitigation plans, and monitoring status and trends. The ERMC meetings consist of updates from certain members on the risks they manage and includes changes in the risks since the last meeting, risk mitigation efforts, or other potential risks that have been identified.

- At the facility (asset) level, the Business Continuity Program leverages annual physical security surveys to evaluate risks and opportunities and their potential impacts to the company, personnel, and/or operations. The survey’s risk factors include climate-related such as natural disasters and also includes non-climate related risk factors such as disease control and/or outbreaks. Risks are evaluated to determine if the risk is acceptable or if investment in controls is required. In addition to business continuity planning at the asset level (individual facilities), risk and opportunities are addressed by the environmental sustainability program through site-specific greenhouse gas, energy, water, and solid waste assessments. These assessments provide more thorough understanding of site-specific risks to environmental sustainability indicators (e.g. water availability) as well as opportunities to improve the efficiency, minimize emissions, and/or reduce the risks to facility operations (e.g. through water conservation initiatives).

- Business Impact Analysis is performed annually to assess the potential risk size and scope, prioritize recovery order of sites and business processes, and identify gaps in recoverability. The analysis assesses the impact to the company by determining the financial, reputational and known legal impact if recovery is not achieved.

- Through the Business Continuity Program, all site/asset risks are consolidated and evaluated at the site and sector-leadership levels to determine the relative significance of the risk, if the risk is acceptable, or if investment in controls is required. All risks identified, whether climate-related or not, are prioritized based on probability, business impact, and recovery time.

- Our Annual Report, Item 1A: Risk Factors, lists factors that may have material adverse effect on our financial position, results of operations and/or cash flows. Specific to the Business Impact Analysis process at the site/asset level, the impact is determined on a scale of low, medium, or high based on a percentage of the company’s annual sales with medium and high impacts representing a substantive financial impact.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization’s climate-related risk assessments?

<table>
<thead>
<tr>
<th>Relevance &amp; inclusion</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant, always included</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes current regulations as part of its risk assessment and management programs. Environmental matters, including unforeseen costs associated with compliance could have a material adverse effect on our reputation and our financial position, results of operations and/or cash flows. Our operations are subject to and affected by a variety of federal, state, local and foreign environmental laws and regulations, including as they may be changed over time. Compliance with these environmental laws and regulations requires, and is expected to continue to require, significant operating and capital costs. For example, we may be subject to increased cost of emissions mitigation or reporting obligations in locations with existing climate-related regulations. We have major operations in California including our El Segundo, Manhattan Beach, Redondo Beach, Palmdale, Sunnyvale, and other sites that may be subject to existing climate-related regulations within the state, specifically programs like Assembly Bill 32, Green House Gas Solution of Act (Chaptered 2006). Internationally, where we have major operations such as in Australia, we assess programs such as the Australia National Greenhouse and Energy Reporting Requirements to ensure our local operations are meeting climate-related reporting requirements, if applicable.</td>
</tr>
<tr>
<td>Relevance &amp; inclusion</td>
<td>Please explain</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Emerging regulation</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes emerging regulations as part of its risk assessment and management programs. Environmental matters, including unforeseen costs associated with compliance, could have a material adverse effect on our reputation and our financial position, results of operations and/or cash flows. Our operations are subject to and affected by a variety of federal, state, local and foreign environmental laws and regulations, including as they may be changed over time. Compliance with these environmental laws and regulations requires, and is expected to continue to require, significant operating and capital costs. We have major operations in California including our El Segundo, Manhattan Beach, Redondo Beach, Palmdale, Sunnyvale, and other sites that may be impacted by increased cost of emissions mitigation or reporting obligations resulting from evolving climate-related regulatory environment within the state.</td>
</tr>
<tr>
<td>Technology</td>
<td>Our customers (the U.S. Government, principally the Department of Defense and intelligence community, and foreign governments) define the priorities and specifications for the products and services required to meet their evolving mission requirements. Northrop Grumman’s products and services are designed specifically to meet contractual requirements of our customers and thus, due to the nature of our business and customers’ requirements this risk type is not relevant.</td>
</tr>
<tr>
<td>Legal</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes legal risks as part of its risk assessment and management programs and the ERMC assigns this responsibility to our Vice President General Counsel. Per CDP’s definition of climate-related legal risks (climate-related litigation claims), this does not currently impact Northrop Grumman.</td>
</tr>
<tr>
<td>Market</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes market risks as part of its risk assessment and management programs, and our Strategy organization continually assesses global security trends and how that may impact our customer’s needs. For example, the opening of arctic shipping routes requires maritime products, such as our Marine Navigation Radar Turning Units, that can withstand the extreme temperatures in those areas. In connection with our U.S. Government contracts, we are required to procure certain materials, components and parts from supply sources approved by the customer. We also are facing increased and changing regulatory requirements, both domestically and internationally, many of which apply to our subcontractors and suppliers. In some cases, there may be only one supplier for certain components. If a sole source supplier cannot meet our needs or is otherwise unavailable, we may be unable to find a suitable alternative. Climate-related issues have an impact on global stability and security and is one of many macro-trends that are considered in business strategy as an influencer on the current and future needs of our customers.</td>
</tr>
<tr>
<td>Reputation</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes reputational risks as part of its risk assessment and management programs. Northrop Grumman remains committed to sustainable performance through effective environmental stewardship, strong corporate citizenship, devotion to diversity and inclusion and maintenance of high standards of ethics, business conduct and corporate governance. They are integral to our culture and fundamental to our business and our interactions with customers, employees, suppliers and the communities where we operate. As stated in our 2017 Corporate Responsibility Report, talent management is key to our near- and long-term growth. Without a best culture workplace, which includes strong environmental management, we may not be able to attract and retain the most diverse talent from top colleges and the labor market. Our environmental sustainability program and 2020 goals specifically address climate-related issues of greenhouse gas emissions reductions, potable water conservation, and solid waste diversion and help ensure we are minimizing our impact on the environment.</td>
</tr>
<tr>
<td>Acute physical</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes acute physical risk as part of its risk assessment and management programs. Our business is subject to disruptions caused by natural disasters that could adversely affect our overall financial position. We have significant operations located in regions that may be exposed to damaging storms and other natural disasters. One example is our St. Augustine, Florida Aircraft Integration Center of Excellence where the E-2D Hawkeye aircraft is manufactured. This facility is located in North Florida, near coastal waterways, and subject to hurricanes and tropical storms. Natural and environmental disasters could also disrupt the critical infrastructure needed for normal business operations.</td>
</tr>
<tr>
<td>Chronic physical</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes chronic physical risks as part of its risk assessment and management programs. We leverage insurance modeling systems to determine the maximum windstorm and earthquake exposure when designing new buildings and use this as a basis for annual insurance coverage. An example of considering chronic risks is represented in the design of the new Building 100 at our St. Augustine, Florida site. The design requirements included the capability to withstand an ultimate wind speed of 130 mph into the building structure design and the roof-mounted, integrated solar panels.</td>
</tr>
<tr>
<td>Upstream</td>
<td>Northrop Grumman’s Enterprise Risk Management Council includes upstream (supply chain) risks as part of its risk assessment and management programs. We rely on other companies to provide raw materials and major components and subsystems for our products and to produce hardware elements and sub-assemblies, provide software and intellectual property, and perform some of the services we provide to our customers, and to do so in compliance with all applicable laws, regulations and contract terms. Disruptions or performance problems caused by our subcontractors and suppliers, or a misalignment between our contractual obligations to our customers and our agreement with our subcontractors and suppliers could have various impacts on the company, including on our ability to meet our commitments to customers. Our subcontractors and suppliers are also subject to natural and environmental disasters that could affect their ability to deliver or perform under a contract. Anticipating Hurricane Irma in 2017, Northrop Grumman established a crisis management team to prepare. Through our risk management process, the site had already identified potential supply chain issue with fuel delivery that is required to run generators supporting mission critical systems. The crisis management team worked to have extra fuel delivered days in advance in order.</td>
</tr>
<tr>
<td>Downstream</td>
<td>Downstream climate-related issues are not relevant to Northrop Grumman at this time. Northrop Grumman’s products and services are designed to meet contractual requirements of our customers including the U.S. Government, principally the Department of Defense and intelligence community. Due to the nature of our business and customer specific requirements this downstream climate-related risks are not relevant to our products and services.</td>
</tr>
</tbody>
</table>
C2.2d Describe your process(es) for managing climate-related risks and opportunities.

- The company performs detailed Business Impact Analysis on the work performed within our buildings. When possible we establish contingency plans in case our personnel or buildings are unavailable due to risks such as climate-related natural disasters. When we are unable to mitigate the issues, the risk is elevated on our annual resilience report to the sector and company leadership for key decision-making on whether to accept the risk or invest in controls to transfer or mitigate. The decision is generally based on the cost of investment and the impact to the corporation. To capitalize on these opportunities, Northrop Grumman’s environmental sustainability program (greeNG) was created and collaborates internally to analyze, address, and pursue potential opportunities from resource efficiency to stakeholder engagement. By working towards our 2020 goals of a 30% reduction in greenhouse gas emissions from a 2010 base year, a 20% potable water use reduction from a 2014 base year, and 70% solid waste diversion from landfill, we are actively reviewing and implementing initiatives that not only reduce our environmental footprint, but are also opportunities that can positively influence the company through cost savings, resiliency, or company reputation.

- Business Impact Analysis is performed annually to assess the potential risk size and scope, prioritize recovery order of sites and business processes, and to identify gaps in recoverability. Through the Business Continuity Program, all site/asset risks are consolidated and evaluated at the site and sector leadership levels to determine if the risk is acceptable or if investment in controls is required. All risks identified, whether climate-related or not, are prioritized based on probability, business impact, and recovery time. Per 2.4a, our climate-related opportunities focus on efficiency in our direct operations. These opportunities are driven by Northrop Grumman's environmental sustainability program and in partnership with other internal organizations (e.g. Facilities Management). Opportunities are evaluated on factors including the benefit to our 2020 goals, cost savings for the company, stakeholder engagement, etc. Efficiency projects are prioritized for investments based on these evaluating factors as well as other factors such as current goal performance and capital availability.

- One example of applying this process to a physical risk includes preparation for acute risks from extreme weather events. We have significant operations located in regions that may be exposed to damaging storms and other natural disasters. An example includes our Melbourne, Florida Manned Aircraft Design Center of Excellence. This facility is located in North Florida, near coastal waterways, and subject to hurricanes and tropical storms. This physical risk is reviewed by the ERMC and assessed by the Business Continuity Program through a Business Impact Analysis which assesses the potential risk size and scope of a hurricane disrupting operations. A response plan is developed includes detailed strategies and protocols for preemptive tactical and post-event activity. Those strategies were put into action when Hurricane Irma made landfall September 2017, impacting our Melbourne facility and tens of thousands of Northrop Grumman employees. As a result of the Business Impact Analysis, risk handling and preparation by the Business Continuity Program, and oversight by the ERMC, the company was prepared to safeguard the health and safety of its employees before, during and after the hurricane. Five days before the hurricane made landfall, crisis management teams met and messaging distributed to employees. Two days before landfall, corporate aircraft transported vital supplies to employees and fuel trucks delivered the supply needed to operate generators running mission critical systems and during the hurricane these generators kept mission critical systems online. After the hurricane passed, first response teams arrived to sites as did RVs for business resumption purposes.

- One example of applying our risk management process to a transition risk includes increased operating costs due to compliance requirements. As a result of California Executive Order B-29-15 Drought Response that was signed by Governor Brown on April 1, 2015, we worked with our California site teams to perform an analysis to understand the financial impacts of the Executive Order on drought restrictions and drought utility charges on our operations. To mitigate the risk, we accelerated site water use assessments and also accelerated our water conservation project investment plan which resulted in $2.5 million being authorized for water conservation measures in order to mitigate the risk and impact of any potential drought restrictions.

C2.3

C2.3 Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

C2.3a Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

- Identifier
  Risk 1

- Where in the value chain does the risk driver occur?
  Direct operations
Risk type
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver
Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism)

Company-specific description
Our business is subject to disruption caused by natural and/or environmental disasters that could adversely affect our revenues, profitability and our overall financial position. We have significant operations located in regions that may be exposed to damaging storms and other natural disasters. Examples include our St. Augustine, Florida Aircraft Integration Center of Excellence where the E-2D Hawkeye aircraft is manufactured and our Melbourne, Florida Manned Aircraft Design Center of Excellence. These facilities are located in North Florida, near coastal waterways, and subject to hurricanes and tropical storms. Natural and environmental disasters could also disrupt the critical infrastructure needed for normal business operations.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

Potential financial impact
750000

Explanation of financial impact
The financial impact represents the impact to our Melbourne operations during Hurricane Irma and includes lost production hours, employee time off and overtime, post-event cleanup, etc.

Management method
The Business Continuity Program is designed to enable the company to respond effectively to unanticipated events (e.g. natural disasters) with an emphasis on the protection of people, information and assets as well as continuity of mission. At the facility (asset) level, the Business Continuity Program leverages annual physical security surveys known as a Business Impact Analysis, to evaluate risks and opportunities and their potential impacts to the company, personnel, and/or operations. The Business Impact Analysis also determines prioritization of recovery order of sites and business processes, and identifies gaps in recoverability. The analysis assesses the impact to the company by determining the financial, reputational and known legal impact if recovery is not achieved.

Cost of management
0

Comment
There is no additional cost in managing risks of extreme weather events as our Business Continuity Program is part of our regular course of business.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver
Reputation: Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)

Company-specific description
Northrop Grumman is committed to sustainable performance through effective environmental stewardship, strong corporate citizenship, devotion to diversity and inclusion and maintenance of high standards of ethics, business conduct and corporate governance. They are integral to our culture and fundamental to our business and our interactions with customers, employees,
suppliers and the communities where we operate. As stated in our 2017 Corporate Responsibility Report, investments in “talent management” is key to our near- and long-term growth. Without a best culture workplace, which includes strong environmental management, we may not be able to attract and retain the most diverse talent from top colleges and the labor market.

**Time horizon**
Current

**Likelihood**
More likely than not

**Magnitude of impact**
Low

**Potential financial impact**

**Explanation of financial impact**
The qualitative implications of a negative reputation with any of our stakeholders could impact our ability to attract and retain top talent, to win contracts, and to maintain or expand operations in local communities.

**Management method**
We work to attract and retain the best employees through managing the environmental impact of our operations, engaging with our employees, and being good corporate citizens in our local communities. We manage environmental sustainability and climate-related issues through our environmental sustainability program and 2020 goals. Internally, we work to educate employees through initiatives such as the new environmental sustainability training module.) Our environmental-focused employee resource group engages employees through volunteerism at work and in the communities. We align our corporate responsibility programs and environmental sustainability priorities and support environmental protection in the communities in which we operate. For example, in alignment with our water stewardship focus and the locations where we have operations, we support Heal the Bay in Santa Monica, California and the Chesapeake Bay Foundation in Annapolis, Maryland through corporate giving and employee volunteer events.

**Cost of management**
545550

**Comment**
The cost of management for just one of the management methods described represents environmentally focused corporate giving programs for 2017. This investment is in addition to funding for environmental sustainability program management, efficiency and emissions projects, program staff, and other related administration.

**Identifier**
Risk 3

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type**
Transition risk

**Primary climate-related risk driver**
Policy and legal: Enhanced emissions-reporting obligations

**Type of financial impact driver**
Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company-specific description**
Environmental matters, including unforeseen costs associated with regulatory compliance, could have a material adverse effect on our reputation and our financial position, results of operations, and/or cash flows. Our operations are subject to and affected by a variety of federal, state, local and foreign environmental laws and regulations, including as they may be changed over time. We have major operations in California including our El Segundo, Manhattan Beach, Redondo Beach, Palmdale, Sunnyvale, and other sites that may be subject to existing climate-related regulations within the state, specifically programs like Assembly Bill 32, Green House Gas Solution of Act (Chaptered 2006). Sites in the South Coast Air Quality Management District are subject to Rule 1100 which requires replacement of boilers to meet NOx concentration limits. Internationally, where we have major operations such as in Australia, we assess programs such as the Australia National Greenhouse and Energy Reporting Requirements to ensure our local operations are meeting climate-related reporting requirements, if applicable.

**Time horizon**
Medium-term

**Likelihood**
About as likely as not

**Magnitude of impact**
Medium-low

**Potential financial impact**
18000000

**Explanation of financial impact**
The estimated financial impact represents the a single example of requirements to respond to new regulations from the South Coast Air Quality Management District are subject to Rule 1100 for NOx concentration limits. The estimated cost represents replacement of approximately 40 boilers in our California operations at an average estimated unit cost, of $450,000.

**Management method**
Northrop Grumman manages this risk through the company’s Environmental, Health & Safety (EHS) and greeNG Environmental Sustainability organizations. The EHS team heads the company’s efforts to provide a safe and healthy workplace for our employees and to ensure that we conduct our operations in an environmentally responsible manner and that we conduct our business activities in accordance with applicable legal requirements. To manage potential greenhouse gas emissions reporting obligations the greeNG environmental sustainability program was established in 2008. Our current, and second, greenhouse gas emissions-reduction goal is to reduce emissions by 30% from 2010 to 2020. By proactively and voluntarily reducing our emissions, we are minimizing exposure to future environmental regulations from the federal government and states (e.g. AB 32) where we do business.

**Cost of management**
4000000

**Comment**
The cost of management represents the 2017 investments in emissions reductions activities that enable the company to minimize its greenhouse gas emissions and meet its 2020 reduction goal. Last year this included 63 greenhouse gas emissions reductions projects across the company will reduce annual emissions by approximately 4,077 MTCO2e; these projects have an average payback between 3 and 5 years.

---

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

**Identifier**
Opp1

**Where in the value chain does the opportunity occur?**
Direct operations

**Opportunity type**
Resource efficiency

**Primary climate-related opportunity driver**
Use of more efficient production and distribution processes

**Type of financial impact driver**
Reduced operating costs (e.g., through efficiency gains and cost reductions)

**Company-specific description**
Resource efficiency, driven by Northrop Grumman’s environmental sustainability program and 2020 goals, creates an opportunity for reduced operating costs at our sites. Each year we invest in our infrastructure through energy efficiency and greenhouse gas emissions reductions projects, reducing the cost of our operations and minimizing our environmental footprint across all of our...
global operations. These investments drive performance towards our 2020 greenhouse gas reduction goal of 30% from a 2010 base year and reduce operation costs.

**Time horizon**
Current

**Likelihood**
Virtually certain

**Magnitude of impact**
Low

**Potential financial impact**
9800000

**Explanation of financial impact**
The estimated financial impact represents the lifetime cost savings of the 2017 investment in greenhouse gas emissions-reductions projects which is calculated over an estimated 10-year minimum lifespan of the projects. The average simple payback for these projects is between 3 and 5 years.

**Strategy to realize opportunity**
Each year we implement energy efficiency and greenhouse gas reduction projects to drive performance to our 2020 greenhouse gas reduction goal. In 2017 alone, our execution of 63 greenhouse gas emissions-reductions projects across the company will reduce annual emissions by approximately 4,077 MTCO2e; these projects have an average payback between 3 and 5 years. Examples of these projects include HVAC replacements, LED lighting upgrades, building controls systems, and installations of variable frequency drives on motors and pumps. For example, a LED lighting upgrade project at our Warner Robins facility reduced 192 MTCO2e, had a simple payback of 3.4 years and reduces operational costs by $38,000 annually.

**Cost to realize opportunity**
4000000

**Comment**

<table>
<thead>
<tr>
<th>Identifier</th>
<th>Opp2</th>
</tr>
</thead>
</table>

**Where in the value chain does the opportunity occur?**
Direct operations

**Opportunity type**
Resource efficiency

**Primary climate-related opportunity driver**
Reduced water usage and consumption

**Type of financial impact driver**
Reduced operating costs (e.g., through efficiency gains and cost reductions)

**Company- specific description**
Water conservation, driven by Northrop Grumman’s environmental sustainability program and 2020 goals, creates an opportunity to reduce the operating costs of our individual sites. Each year we invest in our infrastructure through water conservation projects that reduce water use and reduce costs. These investments drive performance towards our 2020 potable water use reduction goal of 20% from a 2014 base year.

**Time horizon**
Current

**Likelihood**
Virtually certain

**Magnitude of impact**
Low

**Potential financial impact**
2950000

**Explanation of financial impact**
The estimated financial impact represents the lifetime cost savings of the 2017 investment in potable water conservation projects which is calculated over an estimated 10-year minimum lifespan of the projects.
Strategy to realize opportunity

Each year we implement potable water conservation projects to drive performance to our 2020 potable water use reduction goal and reduce operational costs. In 2017, our execution of more than 30 water conservation projects across the company will reduce annual potable water use by approximately 64 million gallons. One unique example of a project completed in 2017 was the connection of our Redondo Beach facility to the municipal reclaimed water line. This project represents a significant investment of approximately $1 million and will reduce annual potable use by 16 million gallons.

Cost to realize opportunity

1950000

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

Climate-related issues may increase demand for technologies and capabilities provided by Northrop Grumman that support environmental and weather research. From observations to decision support, Northrop Grumman develops and operates systems and services to deliver environmental intelligence through science, sensors and enterprise services. Examples include the Global Hawk air vehicle that is being used by NASA earth science missions, sustainment services for the Air Force Weather program, and the AstroMesh-Lite(R) reflector being developed for NASA JPL's Soil Moisture Active Passive spacecraft.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Potential financial impact

9000000

Explanation of financial impact

The financial impact represents the lowest contract value from the examples provided below. Financial impacts vary based on individual contract value. Example programs include the $300 million Air Force contract for the Systems Engineering, Management and Sustainment III, the $121 million Advanced Technology Microwave Sounder for NOAA's Joint Polar Satellite System, and the $9 million Scalable Space Inertial Reference Units for the Korea Aerospace Research Institute GEO-KOMPSAT-2 space satellite program.

Strategy to realize opportunity

The methods used to manage these opportunities include Northrop Grumman's business development/customer relationship management practices. Northrop Grumman has supported NASA environmental data missions since the 1980s and our support has matured and evolved. We showcase our expanded suite of technical capabilities and supporting IT platforms, including those designed for environmental and climate monitoring via press releases and our public website. Our environmental and weather information solutions have a dedicated page on our capabilities website which describes our initiatives that support weather and environmental science. Northrop Grumman extended the NASA Space Act Agreement into 2018 to continue joint use and shared cost of the Northrop Grumman-produced Global Hawk unmanned aircraft for science missions, hurricane surveillance, atmospheric research and exploration of new mission capabilities.

Cost to realize opportunity

0

Comment

There is no additional cost to realize the opportunity as engaging with customers to demonstrate our capabilities is part of our
(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

<table>
<thead>
<tr>
<th>Impact</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products and services</td>
<td>Impacted for some suppliers, facilities, or product lines Northrop Grumman provides an array of products that support climate and earth monitoring activities. The data acquired from these systems provide important information that is required to better understand the Earth's changing climate. The continued need for these systems provides further opportunity to leverage Northrop Grumman capabilities (Opportunity #3). In 2017, the JPSS-1 satellite was launched carrying two Northrop Grumman-developed sensors that monitor atmospheric data. The NASA Global Hawk developed by Northrop Grumman is used for various climate monitoring missions and has recently been used to closely monitor hurricanes and aid in disaster relief efforts. Consistent with 2.4a, Opportunity #3, the magnitude of direct impact to our business overall is low.</td>
</tr>
<tr>
<td>Supply chain and/or value chain</td>
<td>Impacted for some suppliers, facilities, or product lines Our subcontractors and suppliers are also subject to natural and environmental disasters that could affect their ability to deliver or perform under a contract. During Hurricane Irma, our Melbourne, Florida site experienced supply chain availability and delivery issues for diesel fuel as a result of high-demand, road closures, and damage from the hurricane. The magnitude of this impact may vary depending on the event and range from low (in the example described) to significant.</td>
</tr>
<tr>
<td>Adaptation and mitigation activities</td>
<td>Impacted We have significant operations located in regions that may be exposed to hurricanes and other damaging storms and natural disasters. Although preventative measures may help to mitigate damage, the magnitude of the impact, damage and disruption resulting from natural and environmental disasters may be significant. Our robust Business Continuity Program deploys an array of preventative and active measures that help to mitigate impacts from natural and/or environmental disasters on our employees, operations, and physical infrastructure. In addition, mitigation efforts during the construction of the new Building 100 at our St. Augustine, Florida site required additional investment to incorporate the capability to withstand an ultimate wind speed of 130 mph into the building structure design and the roof-mounted, integrated solar panels. The magnitude of impact of the risks (Risk #1) and opportunities (Opportunity #1 and #2) directly to our business is low to medium overall per C2.3a and C2.4a.</td>
</tr>
<tr>
<td>Investment in R&amp;D</td>
<td>Not impacted Climate-related risks and opportunities are not directly impacted our investment in R&amp;D due to the nature of our business. Our products and services are designed to meet contractual requirements of our customers, primarily the U.S. Government and principally the Department of Defense and intelligence community. Company-sponsored R&amp;D investment strategy includes significant investment to support future technologies and mission solutions primarily related to government programs.</td>
</tr>
<tr>
<td>Operations</td>
<td>Impacted for some suppliers, facilities, or product lines Our business is subject to disruption caused by natural and/or environmental disasters that could adversely affect our profitability and our overall financial position. We have significant operations located in regions that may be exposed to hurricanes and other damaging storms and natural disasters. In 2017, Hurricanes Irma and Maria impacted our St. Augustine, Florida and Melbourne, Florida operations and resulted in employee evacuations, lost work-hours, and limited infrastructure damage. The magnitude of impact of the risks (Risk #1) and opportunities (Opportunity #1 and #2) directly to our business is low to medium overall per C2.3a and C2.4a.</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>Please select</td>
</tr>
</tbody>
</table>

C2.6
**C3. Business Strategy**

**C3.1**

**(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

**C3.1a**

**(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

Yes, qualitative and quantitative
C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

- Northrop Grumman's environmental sustainability program, greeNG, was established in 2008 in response to the growing stakeholder expectations surrounding environmental sustainability including climate and greenhouse gas emissions, water conservation, solid waste management. To ensure integration into the business and business strategy, environmental sustainability and specifically greenhouse gas emissions reductions projects, was established as one of the Company’s six non-financial performance metrics that influence compensation for executives and eligible employees. The Board of Directors Policy Committee has oversight of the environmental sustainability program and is updated annually on the environmental sustainability program, 2020 goal performance, and stakeholder-engagement activities. The company's current 2020 environmental sustainability goals for 30% greenhouse gas emissions reductions from 2010, 20% potable water use reduction from 2014, and 70% solid waste diversion from landfill continue our commitment to addressing climate-related issues.

- We have operations located in regions that may be exposed may be exposed to hurricanes and other damaging storms and natural disasters (e.g. coastal Florida). Our Business Continuity program analyzes acute physical climate-related issues and uses weather trends to perform quantitative analyses that include financial implications of business disruption from natural disasters. This analysis drives various risk management programs to be implemented across the company. Climate-related issues also have an impact on global stability, both near and long-term. It is one of many macro-trends that are considered in business strategies as an influencer on the future needs of our customers and may increase demand for some Northrop Grumman capabilities and products such as the Global Hawk that can be used for disaster relief efforts and climate monitoring.

- The company’s strategy includes our 2020 environmental sustainability goals for greenhouse gas emissions reductions of 30% from a 2010 base year.

- A substantial business decision made as a result of integration of climate-related issues, specifically related to the aspect of greenhouse gas emissions reductions, was the decision to look beyond just our 2020 goals and minimize our impact to the environment as our operations expand. This is being accomplished through investing in LEED certification for new construction to ensure our business operations minimize greenhouse gas emissions, water use, and solid waste generation. New buildings in St. Augustine, Florida, Melbourne, Florida, and Linthicum, Maryland have achieved LEED certifications and the two Florida locations also installed onsite solar systems.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

<table>
<thead>
<tr>
<th>Climate-related scenarios</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other, please specify (Northrop Grumman defined Scenario)</td>
<td>Northrop Grumman recognizes the impacts of climate change on global stability, both near (&lt;5 years) and long-term (&gt;5 years); it is one many macro-trends that is considered in business and product strategies, influences the future needs of our customers, and may increase demand for disaster relief and climate-monitoring systems such as the Global Hawk. Business Continuity analyzes acute physical climate change impacts within a short (&lt;1 year) and medium-term (1-5 years) time horizon. Consistent with Question 2.3a, we have operations located in regions that may be exposed to increased severity of natural disasters (e.g. coastal Florida). We use weather trends to perform quantitative analyses that includes the period of time within which operations must be recovered and the financial implications through loss of work-hours, revenue, asset values and insurance claims. We perform additional qualitative analyses to understand any reputational implications due to potential product delivery delays as a result of business disruption from natural disasters. In addition, our 2020 greenhouse gas reduction of 30% from a 2010 base year reflects consideration of science-based climate change projections, inclusive of sources such as The 3% Solution, to ensure our goal is impactful. The WWF 3% Solution calculator identified 19-24% as a the range for total percentage emissions reduction based on Northrop Grumman's base year emissions, industry classification, business unit emissions distribution/attribution and expected market share change over the goal period time horizon (2010-2020).</td>
</tr>
</tbody>
</table>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target
(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

**Target reference number**
Abs 1

**Scope**
Scope 1+2 (location-based)

**% emissions in Scope**
100

**% reduction from base year**
30

**Base year**
2010

**Start year**
2014

**Base year emissions covered by target (metric tons CO2e)**
732736

**Target year**
2020

**Is this a science-based target?**
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**% achieved (emissions)**
100

**Target status**
Underway

**Please explain**
This is Northrop Grumman's second greenhouse gas and first absolute reduction goal. This goal reflects consideration of science-based climate change projections, inclusive of sources such as The 3% Solution, to ensure our goal is impactful. The analysis was conducted prior to the development of CDP’s standards that define a science-based goal as including a Scope 3 target and WRI's publication of the updated Scope 2 Accounting Guidance. The WWF 3% Solution calculator identified 19-24% as a the range for total percentage emissions reduction based on Northrop Grumman's base year emissions, industry classification, business unit emissions distribution/attribution and expected market share change over the goal period time horizon (2010-2020).

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

**Target**
Waste

**KPI – Metric numerator**
% waste diverted from landfill

**KPI – Metric denominator (intensity targets only)**
N/A

**Base year**
2014

**Start year**
2014

**Target year**
### 2020

**KPI in baseline year**
58.3

**KPI in target year**
70

**% achieved in reporting year**
89.9

**Target Status**
Underway

**Please explain**
This goal is to increase solid waste diversion from landfill in our global operations by diverting via various alternative strategies such as recycling, composting, etc. In 2017, our solid waste diversion rate was 62.9% diversion from landfill.

**Part of emissions target**
N/A

**Is this target part of an overarching initiative?**
Other, please specify (Environmental Sustainability 2020 Goals)

---

### Target
Other, please specify (Potable Water Use)

**KPI – Metric numerator**
Potable water usage

**KPI – Metric denominator (intensity targets only)**
N/A

**Base year**
2014

**Start year**
2015

**Target year**
2020

**KPI in baseline year**
0

**KPI in target year**
20

**% achieved in reporting year**
33

**Target Status**
Underway

**Please explain**
The goal is a 20% reduction in potable water use within our global operations.

**Part of emissions target**
N/A

**Is this target part of an overarching initiative?**
Other, please specify (Environmental Sustainability 2020 Goals)
(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Number of projects</th>
<th>Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under investigation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To be implemented*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Implementation commenced*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Implemented*</td>
<td>63</td>
<td>4122</td>
</tr>
<tr>
<td>Not to be implemented</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Description of activity</th>
<th>Estimated annual CO2e savings (metric tonnes CO2e)</th>
<th>Scope</th>
<th>Voluntary/Mandatory</th>
<th>Annual monetary savings (unit currency – as specified in CC0.4)</th>
<th>Investment required (unit currency – as specified in CC0.4)</th>
<th>Payback period</th>
<th>Estimated lifetime of the initiative</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy efficiency: Building services</td>
<td>Other, please specify (Includes HVAC, lighting, motors, etc. ) 10 various projects in engineering and manufacturing operations focused on behavioral and process changes. Include items such as emissions recapture systems, thermal test chambers scheduling, gas abatement systems, equipment shutdown programs.</td>
<td>3932</td>
<td>Scope 1</td>
<td>Voluntary</td>
<td>980000</td>
<td>4000000</td>
<td>4 - 10 years</td>
<td>11-15 years</td>
<td>Building efficiency projects including HVAC, lighting, motors, controls, and boilers continue to provide opportunities for cost and GHG savings which have an average payback period of approximately 4 years. Additional GHG savings, 5,204 MTCO2e, are achieved through maintenance activities that have higher investments and extended ROIs. The additional cost for energy efficiency gains beyond standard replacement is difficult to isolate and is not included in this line item</td>
</tr>
<tr>
<td>Process emissions reductions</td>
<td>green IT initiatives including client and data center initiatives Process materials selection</td>
<td>190</td>
<td>Scope 1</td>
<td>Voluntary</td>
<td>0</td>
<td>1000</td>
<td>&gt;25 years</td>
<td>&lt;1 year</td>
<td>Replacement of aerodusters that contain HFC134a with a low GWP alternative.</td>
</tr>
</tbody>
</table>
(C4.3c) What methods do you use to drive investment in emissions reduction activities?

<table>
<thead>
<tr>
<th>Method</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedicated budget for energy efficiency</td>
<td>We make annual financial investments in energy efficiency projects in our buildings and operations to support progress towards our 2020 greenhouse gas emissions reductions, potable water use reductions, and solid waste diversion goals.</td>
</tr>
<tr>
<td>Dedicated budget for other emissions reduction activities</td>
<td>We make annual financial investments in projects that increase efficiency and directly or indirectly result in GHG emissions reductions to support progress towards our 2020 greenhouse gas emissions reductions, potable water use reductions, and solid waste diversion goals.</td>
</tr>
<tr>
<td>Internal incentives/ recognition programs</td>
<td>Environmental sustainability (measured in terms of reductions in absolute greenhouse gas emissions, potable water use consumption and improvement in solid waste diversion) is one of the Company’s six non-financial metrics that influence compensation for executives and eligible employees and can result only in a downward adjustment to the financial metric score.</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>Employee awareness and behavior is an important element of efficiency and emissions-reductions activities. We engage with employees through our environmentally focused Employee Resource Group, signage in our facilities, webinars, and voluntary training.</td>
</tr>
</tbody>
</table>

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No
(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2010

Base year end
December 31 2010

Base year emissions (metric tons CO2e)
171412

Comment

Scope 2 (location-based)

Base year start
January 1 2010

Base year end
December 31 2010

Base year emissions (metric tons CO2e)
561324

Comment

Scope 2 (market-based)

Base year start
January 1 2010

Base year end
December 31 2010

Base year emissions (metric tons CO2e)
561324

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.


Other, please specify (IAEG Aerospace GHG Reporting Guidance)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

IAEG GHG Reporting Guidance for the Aerospace Industry a supplement to the GHG Protocol Corporate (Snce 1&2) and Value Chain (Scope 3) Accounting and Reporting Standards

C6. Emissions data

C6.1
### (C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

<table>
<thead>
<tr>
<th>Row</th>
<th>Gross global Scope 1 emissions (metric tons CO2e)</th>
<th>End-year of reporting period</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>140537</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>130431</td>
<td>2016</td>
<td>This figure is a restatement due to the historical data correction process capturing a more complete annual inventory for RY 2016.</td>
</tr>
<tr>
<td>3</td>
<td>141688</td>
<td>2015</td>
<td>This figure is a restatement due to the historical data correction process capturing a more complete annual inventory for RY 2015.</td>
</tr>
<tr>
<td>4</td>
<td>142043</td>
<td>2014</td>
<td>This figure is a restatement due to the historical data correction process capturing a more complete annual inventory for RY 2014.</td>
</tr>
</tbody>
</table>

### C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

<table>
<thead>
<tr>
<th>Row</th>
<th>Scope 2, location-based</th>
<th>Scope 2, market-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>We are reporting a Scope 2, location-based figure</td>
<td>We are reporting a Scope 2, market-based figure</td>
</tr>
</tbody>
</table>

### C6.3
### C6.3 What were your organization's gross global Scope 2 emissions in metric tons CO2e?

**Row 1**

- **Scope 2, location-based**
  
  370677

- **Scope 2, market-based (if applicable)**
  
  361725

**End-year of reporting period**

<Not Applicable>

**Comment**


**Row 2**

- **Scope 2, location-based**
  
  402674

- **Scope 2, market-based (if applicable)**
  
  393767

**End-year of reporting period**

2016

**Comment**

This figure is a restatement due to the historical data correction process capturing a more complete annual inventory for RY 2016.

**Row 3**

- **Scope 2, location-based**
  
  433331

- **Scope 2, market-based (if applicable)**
  
  424981

**End-year of reporting period**

2015

**Comment**

This figure is a restatement due to the historical data correction process capturing a more complete annual inventory for RY 2015.

**Row 4**

- **Scope 2, location-based**
  
  466259

- **Scope 2, market-based (if applicable)**
  
  456904

**End-year of reporting period**

2014

**Comment**

This figure is a restatement due to the historical data correction process capturing a more complete annual inventory for RY 2014.

---

### C6.4

**C6.4a**

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes
(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

**Source**
Mobile emissions for small fleets (<10 vehicles)

**Relevance of Scope 1 emissions from this source**
Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**
No emissions excluded

**Relevance of market-based Scope 2 emissions from this source (if applicable)**
No emissions excluded

**Explain why the source is excluded**
Fuel consumption (diesel, gasoline and propane) for all reporting sites comprises 0.64% of the baseline total inventory. Therefore, it was concluded that emissions associated with sites that have fewer than 10 vehicles are immaterial to the GHG inventory. This category is continuously monitored and was reflected in the NGC GHG inventory that received limited assurance through third party verification.

**Source**
Non-utility fuel data for sites less than 100,000 square feet

**Relevance of Scope 1 emissions from this source**
Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**
No emissions excluded

**Relevance of market-based Scope 2 emissions from this source (if applicable)**
No emissions excluded

**Explain why the source is excluded**
For sites less than 100,000 square feet, fuel deliveries that are not utility based (e.g., natural gas and propane) are excluded because they are not common at Northrop Grumman and are immaterial to the baseline inventory. This category is continuously monitored and was reflected in the NGC GHG inventory that received limited assurance through third party verification.

**Source**
Process Emissions excluded for buildings less than 100,000 square feet

**Relevance of Scope 1 emissions from this source**
Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**
Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**
No emissions excluded

**Explain why the source is excluded**
A majority of manufacturing and testing is performed at the Northrop Grumman sites and campuses that are greater than 100,000 sq.ft. The majority of buildings in the Northrop Grumman real estate portfolio that are less than 100,000 sq. ft are used primarily as office space and not for manufacturing operations. Thus, any process emissions related to operations in these sites are considered immaterial. This category is continuously monitored and was reflected in the NGC GHG inventory that received limited assurance through third party verification.

**Source**
Refrigerant emissions of HFCs

**Relevance of Scope 1 emissions from this source**
Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**
No emissions excluded

**Relevance of market-based Scope 2 emissions from this source (if applicable)**
No emissions excluded
Explain why the source is excluded
Baseline assessments of refrigerant (HFC) emissions were made for both processes (e.g. thermal chambers) and fugitive (e.g. facility HVAC equipment) and were considered immaterial to the inventory. This was reassessed in 2012 and immateriality threshold is still met. This category is continuously monitored and was reflected in the NGC GHG inventory that received limited assurance through third party verification.

Source
Emissions of PFCs from fire suppression systems

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
No emissions excluded

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions excluded

Explain why the source is excluded
Northrop Grumman tracks fire suppression system leaks and releases. In our baseline year, releases accounted for less than 0.05 percent of the GHG inventory and were deemed immaterial to the inventory. This category is continuously monitored and was reflected in the NGC GHG inventory that received limited assurance through third party verification.

C6.5

(C6.5) Account for your organization’s Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Capital goods

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Fuel-and-energy-related activities (not included in Scope 1 or 2)

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**
25881

**Emissions calculation methodology**
Northrop Grumman calculated metric tonnes of CO2e due to distribution loss using the average U.S. nation-wide loss provided by the EIA (https://www.eia.gov/tools/faqs/faq.php?id=105&t=3). The nation-wide loss was approximately 4.9%. Based on Northrop Grumman's purchased electricity for 2017 (1,102,695,400 kWh), we calculated the amount of electricity that would have been needed to deliver those kWh taking into consideration a 4.9% loss. We then calculated the kWh that were lost during distribution and applied the eGRID 2016 U.S. average emission factor of 1,004.27 lb/kWh CO2e, which resulted in 25,881 metric tonnes of CO2e due to transmission and distribution loss.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
0

**Explanation**
The primary kWh data used by Northrop Grumman comes from bill pay IT system. However, 4.9% assumed distribution loss came from EIA. Therefore, stating that 0% of data came from suppliers or value chain partners.

Upstream transportation and distribution

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**
918709

**Emissions calculation methodology**
Northrop Grumman is an EPA SmartWay partner and utilizes ground shipment data collected, managed and provided by our partner shipping organization. It is broken down into two categories: i) tracked mileage data through our partner’s Freight Bill Audit Program (FBAP) and ii) number of shipments based on receipts not input into FBAP. The GWP's are consistent with our Scope 1 and Scope 2 emissions inventory and come from the IPCC Fourth Assessment Report. Emission factors are provided by our shipping partner. The information is tracked by our shipping partner and 98.8% of the emissions reported for upstream distribution is calculated using primary data from the SmartWay program. The remaining emissions data is calculated using receipts and average emissions derived from the SmartWay program. Receipt data uses an average miles per shipment (based on tracked shipments) to get total miles travelled. The estimated mileage data is converted to MTCO2e using an average CO2/mile emission factor, which is derived from the SmartWay program.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
0

**Explanation**
98.8% of shipping emissions are reported via SmartWay.

Waste generated in operations

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**
4435

**Emissions calculation methodology**
Northrop Grumman auditable sites track their annual waste by category (commodity, product, unit, etc.) and by management method. Northrop Grumman waste categories were mapped to corresponding categories using the EPA WARM model, which generates emissions in MTCO2e for each material category and management method. The reported emissions represent the actual waste data collected that was sent to landfill in 2017 as calculated by the EPA WARM model.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
63

**Explanation**
The primary data collected comes from waste hauler-provided receipts demonstrating actual tonnage and the remainder is estimated based on applying a standard factor to facility headcount.
Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
143331

Emissions calculation methodology
All activity data related to business travel is provided by Northrop Grumman's central travel management system. Activity data include number of hotel nights booked, rental car miles travelled and emissions, train miles travelled, and number of air miles travelled. The emissions from air travel and train travel are calculated using emission factors from the U.S. EPA Center for Corporate Climate Leadership GHG Emission Factors Hub. Emissions from hotel stays are calculated using the respective emission factor from Carbon Fund. Emissions from car rentals are provided by the central travel management system. The GWPs are consistent with our Scope 1 and Scope 2 emissions inventory and come from the IPCC Fourth Assessment Report. The GHG inventory for business travel achieved Limited Assurance via Third Party Verification from LRQA America’s Sustainability, Inc.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
99.4

Explanation
A portion of emissions from car rentals are extrapolated based on spend data.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
180370

Emissions calculation methodology
Employee commuting accounts for the emissions associated with Northrop Grumman employee commutes to/from work. The GWPs are consistent with our Scope 1 and Scope 2 emissions inventory and come from the IPCC Fourth Assessment Report. The emissions are calculated using emission factors from the U.S. EPA Center for Corporate Climate Leadership GHG Emission Factors Hub. Employee headcount is primary data from the Annual Report (10K) filing. Estimating factors and averages are used from reputable public sources (e.g., EPA). Each business sector provides an average vehicle ridership (AVR) value for the sector. If not available, an average is used. The AVR value is multiplied by the number of employees per sector and an average fuel economy; it is then multiplied by the emission factor for the total commuting emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
10.9

Explanation
National averages for commute miles to work, MPG, and AVR are used to calculate employee commuting emissions. Approximately 11% of our data is considered actual data from value chain because it is reported through compliance mechanisms.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions calculation methodology
Northrop Grumman reports emissions from leased spaces as part of Scope 1 and Scope 2 inventories since we consider leased space within our operational control. Therefore, we do not have additional emissions to report as part of this Scope 3 category.
Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
According to the Voluntary GHG Reporting Guidance for the Aerospace Industry (IAEG, 2016), downstream transportation and distribution emissions are most often captured in a customer's Scope 1 emissions or are more appropriately quantified in Scope 3 Category 4. Therefore, Category 9 is irrelevant to the aerospace industry. The International Aerospace Environmental Group (IAEG) is a non-profit organization of global aerospace companies created to collaborate on and share environmental solutions for the industry.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Products and services provided by Northrop Grumman do not require further processing, transformation or inclusion in another product before use by the end consumer. This status is a function of Northrop Grumman's role as a prime contractor to the U.S. and allied governments. Where Northrop Grumman is a supplier to another prime contractor, post-processing is minimal and considered immaterial.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Northrop Grumman's customer base is primarily the U.S. Government, principally the Department of Defense and intelligence community. We also conduct business with foreign, state and local governments, as well as commercial customers. Our products and services are designed to meet contractual requirements of our customers. Detailed insight into the use patterns of our products or services once they are in our customer's possession is not publicly available. Due to the nature of our business and customers' requirements, performance and use specifications are not publicly available. Northrop Grumman believes that "not relevant, explanation provided" is the most appropriate available response.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Northrop Grumman's customer base is primarily the U.S. Government, principally the Department of Defense and intelligence community. We also conduct business with foreign, state and local governments, as well as commercial customers. Our products and services are designed to meet contractual requirements of our customers. Products are sold to government customers who take formal possession of the product. Customers have their own property disposition process for owned-property, especially products used for military and defense operations. Due to the nature of our business and customers' requirements, Northrop Grumman believes that "not relevant, explanation provided" is the most appropriate available response.
Downstream leased assets

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
1718

Emissions calculation methodology
As of December 2017, Northrop Grumman had approximately 35 million square feet of floor space, of which approximately 220,000 square feet were leased to third parties. We calculated Northrop Grumman’s average MWh/sq ft, based on the facilities within our operational control. By multiplying the average MWh/sq ft, we derived electricity usage for the facilities Northrop Grumman leases to third parties. Using the U.S. national average CO2e emission factor from eGRID2016, we calculated GHG emissions from downstream leased assets.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
Emissions for this category are immaterial. As of December 2017, Northrop Grumman had approximately 35 million square feet of floor space, of which approximately 220,000 square feet was leased to third parties. Source: http://www.northropgrumman.com/AboutUs/AnnualReports/Documents/pdfs/2017_noc_ar.pdf p. 19

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Northrop Grumman does not own or operate franchises.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Northrop Grumman is not a financial institution or financial services organization. Therefore, in accordance with the WRI Scope 3 Protocol, this category of emissions is not relevant to Northrop Grumman.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Other (downstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10
(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000019812

Metric numerator (Gross global combined Scope 1 and 2 emissions)
511215

Metric denominator
unit total revenue

Metric denominator: Unit total
25803000000

Scope 2 figure used
Location-based

% change from previous year
8.9

Direction of change
Decreased

Reason for change
Implemented in 2017 a wide range of emissions-reduction activities, including building and process efficiency projects and green IT initiatives, such as multiple lighting upgrades resulting in approximately 1000 MT CO2e savings and boiler replacements resulting in approximately 150 MT CO2e.

Intensity figure
0.0144

Metric numerator (Gross global combined Scope 1 and 2 emissions)
511215

Metric denominator
square foot

Metric denominator: Unit total
35379000

Scope 2 figure used
Location-based

% change from previous year
8.3

Direction of change
Decreased

Reason for change
Implemented in 2017 a wide range of emissions-reduction activities, including building and process efficiency projects and green IT initiatives. Square footage represents owned and leased square footage and excludes subleased space as reported in the Annual Report.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?
Yes
(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

<table>
<thead>
<tr>
<th>Greenhouse gas</th>
<th>Scope 1 emissions (metric tons of CO2e)</th>
<th>GWP Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td>1,236,090</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>CH4</td>
<td>56</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>N2O</td>
<td>303</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>HFCs</td>
<td>2,922</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>PFCs</td>
<td>651</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>SF6</td>
<td>1,293,000</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>NF3</td>
<td>65</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>Other, please specify (Methylene Chloride)</td>
<td>1</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
</tbody>
</table>

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Scope 1 emissions (metric tons CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>1,386,180</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>0</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>27</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>0</td>
</tr>
<tr>
<td>Belgium</td>
<td>33</td>
</tr>
<tr>
<td>Germany</td>
<td>607</td>
</tr>
<tr>
<td>Denmark</td>
<td>104</td>
</tr>
<tr>
<td>France</td>
<td>636</td>
</tr>
<tr>
<td>United Kingdom of Great Britain and Northern Ireland</td>
<td>391</td>
</tr>
<tr>
<td>Italy</td>
<td>68</td>
</tr>
<tr>
<td>Netherlands</td>
<td>53</td>
</tr>
<tr>
<td>Australia</td>
<td>0</td>
</tr>
<tr>
<td>Norway</td>
<td>0</td>
</tr>
<tr>
<td>Canada</td>
<td>0</td>
</tr>
</tbody>
</table>

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a
(C7.3a) Break down your total gross global Scope 1 emissions by business division.

<table>
<thead>
<tr>
<th>Business division</th>
<th>Scope 1 emissions (metric ton CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Systems</td>
<td>53896</td>
</tr>
<tr>
<td>Mission Systems</td>
<td>74286</td>
</tr>
<tr>
<td>Enterprise Services</td>
<td>9923</td>
</tr>
<tr>
<td>Technology Services</td>
<td>2432</td>
</tr>
</tbody>
</table>

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Scope 2, location-based (metric tons CO2e)</th>
<th>Scope 2, market-based (metric tons CO2e)</th>
<th>Purchased and consumed electricity, heat, steam or cooling (MWh)</th>
<th>Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1</td>
<td>1</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>United States of America</td>
<td>360321</td>
<td>351369</td>
<td>1080634</td>
<td>22111</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>55</td>
<td>55</td>
<td>92</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>88</td>
<td>88</td>
<td>159</td>
<td>0</td>
</tr>
<tr>
<td>South Korea</td>
<td>145</td>
<td>145</td>
<td>252</td>
<td>0</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>77</td>
<td>77</td>
<td>105</td>
<td>0</td>
</tr>
<tr>
<td>Belgium</td>
<td>24</td>
<td>24</td>
<td>102</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1</td>
<td>1</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>Germany</td>
<td>5638</td>
<td>5638</td>
<td>10499</td>
<td>0</td>
</tr>
<tr>
<td>Denmark</td>
<td>13</td>
<td>13</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>198</td>
<td>198</td>
<td>2381</td>
<td>0</td>
</tr>
<tr>
<td>United Kingdom of Great Britain and Northern Ireland</td>
<td>1549</td>
<td>1549</td>
<td>3760</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>1068</td>
<td>1068</td>
<td>2495</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>46</td>
<td>46</td>
<td>89</td>
<td>0</td>
</tr>
<tr>
<td>Norway</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Australia</td>
<td>1453</td>
<td>1453</td>
<td>1819</td>
<td>0</td>
</tr>
</tbody>
</table>

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.
By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

<table>
<thead>
<tr>
<th>Business division</th>
<th>Scope 2, location-based emissions (metric tons CO2e)</th>
<th>Scope 2, market-based emissions (metric tons CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Systems</td>
<td>149536</td>
<td>149536</td>
</tr>
<tr>
<td>Mission Systems</td>
<td>185334</td>
<td>182320</td>
</tr>
<tr>
<td>Enterprise Services</td>
<td>11736</td>
<td>6520</td>
</tr>
<tr>
<td>Technology Services</td>
<td>24071</td>
<td>23349</td>
</tr>
</tbody>
</table>
C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

<table>
<thead>
<tr>
<th>Change in emissions (metric tons CO2e)</th>
<th>Direction of change</th>
<th>Emissions value (percentage)</th>
<th>Please explain calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in renewable energy consumption</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other emissions reduction activities</td>
<td>Decreased 10181</td>
<td>1.91</td>
<td>The emissions-reduction activities undertaken in RY 2017 resulted in a decrease of 10,181 MT CO2e. The total gross S1 + S2 emissions in RY 2016 was 533,105 MT CO2e; therefore (10,181/533,105) x 100% = 1.91% total reduction in emissions due to emissions-reduction activities.</td>
</tr>
<tr>
<td>Divestment</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mergers</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in output</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in methodology</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in boundary</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in physical operating conditions</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unidentified</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?
Location-based

C8. Energy
C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?
More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Indicate whether your organization undertakes this energy-related activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of fuel (excluding feedstocks)</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumption of purchased or acquired electricity</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumption of purchased or acquired heat</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of purchased or acquired steam</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of purchased or acquired cooling</td>
<td>No</td>
</tr>
<tr>
<td>Generation of electricity, heat, steam, or cooling</td>
<td>Yes</td>
</tr>
</tbody>
</table>

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Heating value</th>
<th>MWh from renewable sources</th>
<th>MWh from non-renewable sources</th>
<th>Total MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of fuel (excluding feedstock)</td>
<td>LHV (lower heating value)</td>
<td>0</td>
<td>645956</td>
<td>645956</td>
</tr>
<tr>
<td>Consumption of purchased or acquired electricity</td>
<td>&lt;Not Applicable&gt;</td>
<td>21393</td>
<td>1102695</td>
<td>1124088</td>
</tr>
<tr>
<td>Consumption of purchased or acquired heat</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Consumption of purchased or acquired steam</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Consumption of purchased or acquired cooling</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Consumption of self-generated non-fuel renewable energy</td>
<td>&lt;Not Applicable&gt;</td>
<td>718</td>
<td>&lt;Not Applicable&gt;</td>
<td>718</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>&lt;Not Applicable&gt;</td>
<td>22111</td>
<td>1748651</td>
<td>1770762</td>
</tr>
</tbody>
</table>

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

<table>
<thead>
<tr>
<th>Application</th>
<th>Indicate whether your organization undertakes this fuel application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of fuel for the generation of electricity</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of fuel for the generation of steam</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of fuel for the generation of cooling</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of fuel for co-generation or tri-generation</td>
<td>No</td>
</tr>
</tbody>
</table>

C8.2c
(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

**Fuels (excluding feedstocks)**

**Aviation Gasoline**

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

613

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

**Fuels (excluding feedstocks)**

**Diesel**

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

11060

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

**Fuels (excluding feedstocks)**

**Motor Gasoline**

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

8231

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>
MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Jet Gasoline

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
72698

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
300

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Propane Liquid

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
6044

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>
### Fuels (excluding feedstocks)

<table>
<thead>
<tr>
<th>Fuel</th>
<th>Heating value</th>
<th>Total fuel MWh consumed by the organization</th>
<th>MWh fuel consumed for self-generation of electricity</th>
<th>MWh fuel consumed for self-generation of heat</th>
<th>MWh fuel consumed for self-generation of steam</th>
<th>MWh fuel consumed for self-generation of cooling</th>
<th>MWh fuel consumed for self-cogeneration or self-trigeneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas</td>
<td></td>
<td>546957</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Kerosene</td>
<td>LHV</td>
<td>53</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
</tbody>
</table>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.
Aviation Gasoline

Emission factor
8.52

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

Diesel

Emission factor
10.23

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

Jet Gasoline

Emission factor
9.84

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

Kerosene

Emission factor
10.18

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

Liquefied Petroleum Gas (LPG)

Emission factor
5.7

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment
Motor Gasoline

Emission factor
8.91

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

Natural Gas

Emission factor
0.58

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

Propane Liquid

Emission factor
5.74

Unit
kg CO2e per gallon

Emission factor source
US EPA eHUB Center for Corporate Climate Leadership

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

<table>
<thead>
<tr>
<th></th>
<th>Total Gross generation (MWh)</th>
<th>Generation that is consumed by the organization (MWh)</th>
<th>Gross generation from renewable sources (MWh)</th>
<th>Generation from renewable sources that is consumed by the organization (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>718</td>
<td>718</td>
<td>718</td>
<td>718</td>
</tr>
<tr>
<td>Heat</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Steam</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cooling</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

C8.2f
(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

<table>
<thead>
<tr>
<th>Basis for applying a low-carbon emission factor</th>
<th>Power Purchase Agreement (PPA) without energy attribute certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-carbon technology type</td>
<td>Solar PV</td>
</tr>
<tr>
<td>MWh consumed associated with low-carbon electricity, heat, steam or cooling</td>
<td>536</td>
</tr>
<tr>
<td>Emission factor (in units of metric tons CO2e per MWh)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Comment</strong></td>
<td>This low-carbon electricity represents solar power purchased from the landlord of a leased facility through an onsite power purchase agreement (PPA).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basis for applying a low-carbon emission factor</th>
<th>Energy attribute certificates, Renewable Energy Certificates (RECs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-carbon technology type</td>
<td>Solar PV</td>
</tr>
<tr>
<td>MWh consumed associated with low-carbon electricity, heat, steam or cooling</td>
<td>12000</td>
</tr>
<tr>
<td>Emission factor (in units of metric tons CO2e per MWh)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Comment</strong></td>
<td>Zero-emissions Renewable Energy Certificates certified by green-e standard</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basis for applying a low-carbon emission factor</th>
<th>Energy attribute certificates, Renewable Energy Certificates (RECs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-carbon technology type</td>
<td>Wind</td>
</tr>
<tr>
<td>MWh consumed associated with low-carbon electricity, heat, steam or cooling</td>
<td>8857</td>
</tr>
<tr>
<td>Emission factor (in units of metric tons CO2e per MWh)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Comment</strong></td>
<td>Zero-emissions Renewable Energy Certificates certified by green-e standard</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basis for applying a low-carbon emission factor</th>
<th>Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-carbon technology type</td>
<td>Solar PV</td>
</tr>
<tr>
<td>MWh consumed associated with low-carbon electricity, heat, steam or cooling</td>
<td>718</td>
</tr>
<tr>
<td>Emission factor (in units of metric tons CO2e per MWh)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Comment</strong></td>
<td>On-site solar systems</td>
</tr>
</tbody>
</table>

### C9. Additional metrics
C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

<table>
<thead>
<tr>
<th>Description</th>
<th>Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metric value</td>
<td>62.9</td>
</tr>
<tr>
<td>Metric numerator</td>
<td>Tons of solid waste diverted from landfill.</td>
</tr>
<tr>
<td>Metric denominator (intensity metric only)</td>
<td>Total tons of solid waste generated (div + disp)</td>
</tr>
<tr>
<td>% change from previous year</td>
<td>4.73</td>
</tr>
<tr>
<td>Direction of change</td>
<td>Increased</td>
</tr>
</tbody>
</table>

Please explain
We track percentage of solid (non-hazardous) waste from our operational boundary that is diverted from landfill via alternative disposal methods. We have a goal of 70% diversion by 2020, and have achieved 62.91% in RY2017, a 4.73% increase over the RY 2016 diversion rate, which was 60.07. 

\[
\frac{(62.91-60.07)}{60.07}=0.0473
\]

Description
Other, please specify (Water)

| Metric value | 6.6 |
| Metric numerator | Percent reduction of potable water use achieved. |
| Metric denominator (intensity metric only) | |
| % change from previous year | 1.54 |
| Direction of change | Increased |

Please explain
Our 2020 potable water use reduction goal of 20% is managed as an absolute reduction target, therefore the metric provided is reduction against our baseline year 2010 potable water use. In RY2017, we are reporting a 6.6% reduction of potable water use (gallons), whereas in RY2016 we reported a 6.5% reduction against the baseline. Therefore we have improved our potable water performance by 1.54% this reporting year \[(6.6-6.5)/6.5=1.54\%\] as compared to RY 2016.

C10. Verification

C10.1
(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Verification/assurance status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>Third-party verification or assurance process in place</td>
</tr>
<tr>
<td>Scope 2 (location-based or market-based)</td>
<td>Third-party verification or assurance process in place</td>
</tr>
<tr>
<td>Scope 3</td>
<td>Third-party verification or assurance process in place</td>
</tr>
</tbody>
</table>

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2017 GHG and Water Verification Statement.pdf

Page/ section reference
Page 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2017 GHG and Water Verification Statement.pdf

Page/ section reference
Page 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2017 GHG and Water Verification Statement.pdf

Page/section reference
Page 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
2017 GHG and Water Verification Statement.pdf

Page/section reference
Page 3

Relevant standard
ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a
(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

<table>
<thead>
<tr>
<th>Disclosure module verification relates to</th>
<th>Data verified</th>
<th>Verification standard</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>C9. Additional metrics</td>
<td>Other, please specify</td>
<td>ISO14064-3</td>
<td>Northrop Grumman’s annual potable water use is verified to limited assurance level. Our 2020 potable water use reduction goal of 20% and its performance is included in C9.1.</td>
</tr>
</tbody>
</table>

2017 GHG and Water Verification
Statement.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

<table>
<thead>
<tr>
<th>Credit origination or credit purchase</th>
<th>Credit purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project type</td>
<td>Forests</td>
</tr>
<tr>
<td>Project identification</td>
<td>Mississippi Valley Project</td>
</tr>
<tr>
<td>Verified to which standard</td>
<td>Other, please specify (American Carbon Standard)</td>
</tr>
<tr>
<td>Number of credits (metric tonnes CO2e)</td>
<td>11000</td>
</tr>
<tr>
<td>Number of credits (metric tonnes CO2e): Risk adjusted volume</td>
<td>11000</td>
</tr>
<tr>
<td>Credits cancelled</td>
<td>Yes</td>
</tr>
<tr>
<td>Purpose, e.g. compliance</td>
<td>Voluntary Offsetting</td>
</tr>
</tbody>
</table>
(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Offer financial incentives for suppliers who reduce your upstream emissions (Scopes 3)

% of suppliers by number
0.91

% total procurement spend (direct and indirect)
0.05

% Scope 3 emissions as reported in C6.5
72

Rationale for the coverage of your engagement
This engagement focuses on our shipping suppliers. Northrop Grumman is an EPA SmartWay Transport Partner and strives to leverage SmarWay certified carriers to reduce fuel use and greenhouse gas emissions resulting from ground shipments.

Impact of engagement, including measures of success
The impact of this engagement with SmartWay shipping carriers can be quantified by the average CO2/ton-mile measured versus that of non-SmartWay carriers. Success has been demonstrated by the lower emissions intensity of our SmartWay certified carriers. In 2017, the SmartWay carriers averaged approximately 1.526 tons CO2/ton-mile whereas the non-SmartWay carriers averaged approximately 1.765 tons CO2/ton-mile; this is a 13.5% reduction in greenhouse gas emissions per ton-mile.

Comment
(C12.1b) Give details of your climate-related engagement strategy with your customers.

**Type of engagement**
Education/information sharing

**Details of engagement**
Run an engagement campaign to educate customers about your climate change performance and strategy

**Size of engagement**
85

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
As stated in our annual report, 85% of our sales are to the U.S. government, and as such, we engage significantly with them on a variety of environment-related topics including climate. Recent climate-related engagement activities with the U.S. Government include responding to the General Services Administration request to disclose climate-related activity via the CDP Supply Chain Program and responding to the Council on Environmental Quality's Federal Supplier Greenhouse Gas Management Scorecard. These activities enable our customers to better understand our environmental sustainability performance and the climate-related programs we have developed.

**Impact of engagement, including measures of success**
Contributing in these climate-related requests has been impactful because it has enabled us to engage with 85% (based on sales) of our customer base. We can measure the success of these engagement by our achievement of a green rating on the 2016 scorecard in all three categories of emissions disclosure, targets, and climate risk.

---

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Our methods for engagement with partners include membership-based involvement with non-profit organizations. For example, Northrop Grumman is a founding member of the International Aerospace Environmental Group (IAEG), which was formed to develop collaborative approaches for global aerospace companies in the realm of environmental compliance and sustainability. Our strategy to engage with partners is to leverage groups or organizations that provide added value. Through the GHG Management and Reporting Workgroup #3, IAEG has developed GHG Reporting Guidance for the Aerospace Industry, a supplement to the GHG Protocol. The measure of success for this partner engagement is collaboration in development and adoption of the Guidance as well as the improvement in consistency in GHG emissions reporting within the aerospace industry.

---

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

---

(C12.3a)
(C12.3a) On what issues have you been engaging directly with policy makers?

<table>
<thead>
<tr>
<th>Focus of legislation</th>
<th>Corporate position</th>
<th>Details of engagement</th>
<th>Proposed legislative solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptation or resilience</td>
<td>Support</td>
<td>Northrop Grumman employees serve as members of scientific organizations, including the National Academy of Sciences (NAS) Board on Atmospheric Sciences and Climate. The Board advises Congress and governmental organizations such as the U.S. Global Change Research Program (USGCRP) regarding strategic decision-making on topics related to and directly impacted by global climate change.</td>
<td>The NAS Board advises Congress and governmental organizations such as the National Science Foundation and the U.S. Global Change Research Program (USGCRP), agencies including the Department of Defense (DoD), NASA, NOAA, and other agencies that address national security, regarding strategic decision-making on topics related to and directly impacted by global climate change.</td>
</tr>
</tbody>
</table>

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?
Yes

C12.3c
Enter the details of those trade associations that are likely to take a position on climate change legislation.

**Trade association**
Business Roundtable

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association’s position**
The Business Roundtable believes, as stated on its website, that steps to address the risks of global warming are prudent and supports collective actions that will lead to the reduction of greenhouse gas emissions on a global basis. It also believes that harnessing America’s abundant renewable energy resources in a cost-effective manner diversifies U.S. energy supplies, enhances U.S. energy security and advances environmental stewardship. Business Roundtable CEOs are committed to sustainability and making life better in the communities in which their companies operate, while also creating greater prosperity by driving economic growth and job creation.

**How have you, or are you attempting to, influence the position?**
Northrop Grumman participates in the Business Roundtable’s annual Sustainability Report to reaffirm Northrop Grumman’s commitment to sustainability.

**Trade association**
International Aerospace Environmental Group

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association’s position**
IAEG™ is a non-profit corporation comprised of a global group of aerospace companies, established to facilitate harmonization of compliance amongst Aerospace Companies and their supply chains with the existing and emerging laws and regulations protecting human health and the environment. As a non-lobbying organization (as defined in the by-laws), IAEG™ seeks to achieve its objectives by promoting the development of voluntary consensus standards published by an independent standards organization harmonizing environmental requirements applicable to aerospace companies. For example, the IAEG GHG work group identified the need to develop a voluntary consensus standard for GHG Reporting, to drive common and consistent GHG reporting across aerospace companies and their suppliers, to promote improved accounting and accountability for GHG emissions reductions.

**How have you, or are you attempting to, influence the position?**
Engagement: Northrop Grumman is a founding Board member of IAEG and actively engaged in the organization’s governance, strategy and objectives. Northrop Grumman representatives at the Board and Work Group levels provide strategic direction and practical solutions for achieving the goals of the organization and the work groups.

**Trade association**
Aerospace Industries Association

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association’s position**
The Aerospace Industries Association (AIA), founded in 1919 only a few years after the birth of flight, is a trade association representing major aerospace and defense manufacturers and suppliers in the United States. AIA was one of four industry groups to write a collective statement on fuel efficiency and carbon dioxide (CO2) emissions to clarify that the International Civil Aviation Organization goals involve participation by the whole aviation sector using a broad array of measures, not just aircraft technology.

**How have you, or are you attempting to, influence the position?**
Northrop Grumman participates in the AIA Committee on the Environment.

---

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.
(C12.3e) Provide details of the other engagement activities that you undertake.

Northrop Grumman is a member of the Conservation International (CI) Business Sustainability Council (BSC). The BSC is a forum for corporate leaders taking positive environmental actions in their businesses and provides members a blend of CI thought leadership and science, practical experience from the field, and shared best practices across corporations and cultures. BSC offers members an annual meeting for collaboration amongst members, online learning and employee engagement tools, and technical and advisory support. Conservation International informs policy development by serving as a trusted advisor to local, regional and national governments around the world. CI data, methods and tools assist governments in understanding the value of oceans, forests, croplands, water supplies and wildlife populations, and help to inform actions necessary to protect these vital natural resources.

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Northrop Grumman ensures consistency of strategy through collaboration and regular updates with leadership and stakeholder engagement groups within our organization including the Vice Presidents of Operations/Quality (greeNG Environmental Sustainability Executive Sponsors), Environmental, Health and Safety Leadership Council (ELC), the Facilities Working Council (FWC), Government Relations, and Communications. Government Relations monitors and tracks state legislation, regulations, and local government ordinances related to environmental policy development and provides regular updates and guidance through facility operations management team meetings to ensure that the Northrop Grumman can adhere to regulations and policies. The facility team meetings serve as a forum for Government Relations to engage internal environmental stakeholders and share knowledge and ideas on how best to manage environmental regulation and policy development as part of our larger public and private partnerships. Environmental sustainability (greeNG) program representatives participate in monthly state and local update meetings organized by our Government Relations organization. These meetings provide our team further insights into local activities and they provide the Government Relations team a go-to resource for environmental sustainability topics. Environmental technical experts also participate in or maintain regular communication with Northrop Grumman representatives serving within our industry groups to ensure the activities are consistent with the company’s strategy.
(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

<table>
<thead>
<tr>
<th>Publication</th>
<th>In mainstream reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Attach the document</strong></td>
<td></td>
</tr>
<tr>
<td>2017_noc_ar.pdf</td>
<td></td>
</tr>
<tr>
<td>2018_noc_proxy.pdf</td>
<td></td>
</tr>
<tr>
<td><strong>Content elements</strong></td>
<td></td>
</tr>
<tr>
<td>Risks &amp; opportunities</td>
<td></td>
</tr>
<tr>
<td>Emission targets</td>
<td></td>
</tr>
<tr>
<td>Other metrics</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Publication</th>
<th>In other regulatory filings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Attach the document</strong></td>
<td></td>
</tr>
<tr>
<td>2018_noc_proxy.pdf</td>
<td></td>
</tr>
<tr>
<td><strong>Content elements</strong></td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td></td>
</tr>
<tr>
<td>Emission targets</td>
<td></td>
</tr>
<tr>
<td>Other metrics</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Publication</th>
<th>In voluntary sustainability report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Please select</td>
</tr>
<tr>
<td><strong>Attach the document</strong></td>
<td></td>
</tr>
<tr>
<td>2017-noc-cr-report.pdf</td>
<td></td>
</tr>
<tr>
<td><strong>Content elements</strong></td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
</tr>
<tr>
<td>Risks &amp; opportunities</td>
<td></td>
</tr>
<tr>
<td>Emissions figures</td>
<td></td>
</tr>
<tr>
<td>Emission targets</td>
<td></td>
</tr>
<tr>
<td>Other metrics</td>
<td></td>
</tr>
</tbody>
</table>

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization’s response. Please note that this field is optional and is not scored.

C14.1
(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

<table>
<thead>
<tr>
<th>Job title</th>
<th>Corresponding job category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>Vice President, Enterprise Services Operations and International</td>
</tr>
</tbody>
</table>

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Northrop Grumman Corporation is a publicly owned company whose common stock is listed on the New York Stock Exchange (NYSE: NOC). Northrop Grumman is a leading global security company providing innovative systems, products and solutions in autonomous systems, cyber, C4ISR, space, strike, and logistics and modernization to customers worldwide. We offer a broad portfolio of capabilities and technologies that enable us to deliver innovative products, systems and solutions for applications that range from undersea to outer space and into cyberspace. We participate in many high-priority defense and government programs in the United States and abroad. We conduct most of our business with the U.S. Government, principally the Department of Defense (DoD) and intelligence community. We also conduct business with foreign, state and local governments and commercial customers. Northrop Grumman established its environmental sustainability program, greeNG, in 2008 to reduce the company’s environmental footprint by improving operational efficiency and integrating environmental sustainability practices into all our operations. Our greeNG Program strives to expand environmental sustainability awareness throughout our organization, supporting our corporate values and meeting the expectations of our diverse set of stakeholders. greeNG is a catalyst for environmentally sustainable performance that drives long-term affordability into our operations, benefiting our customers as well as our shareholders. Northrop Grumman has committed to the following 2020 environmental sustainability goals: a 30% reduction in absolute GHG emissions from 2010 levels, a 20% reduction in potable water use from 2014, and a 70% solid waste diversion rate from landfill.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

<table>
<thead>
<tr>
<th>Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>25803000000</td>
</tr>
</tbody>
</table>

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

<table>
<thead>
<tr>
<th>ISIN country code (2 letters)</th>
<th>ISIN numeric identifier and single check digit (10 numbers overall)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row 1</td>
<td>US 6668071029</td>
</tr>
</tbody>
</table>
SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member
U.S. General Services Administration (GSA)

Scope of emissions
Please select

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions
Verified
Please select

Allocation method
Please select

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

2017 Northrop Grumman Corporate Responsibility Report

2017 Northrop Grumman Annual Repo

Both references are available on our public website: www.northropgrumman.com

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

<table>
<thead>
<tr>
<th>Allocation challenges</th>
<th>Please explain what would help you overcome these challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity of product lines makes accurately accounting for each product/product line cost ineffective</td>
<td>Northrop Grumman’s customer base is primarily the U.S. Government, principally the Department of Defense and intelligence community. We also conduct business with foreign, state and local governments, as well as commercial customers. Our portfolio of products and solutions include autonomous systems, cyber, C4ISR, strike, and logistics and modernization. Due to the nature of our business, broad product portfolio, and customer requirements the allocation of emissions to an individual product or customer is difficult. Consequently, we provide our full GHG inventory so that customers may allocate in accordance with their methodology.</td>
</tr>
</tbody>
</table>

SC1.4
Do you plan to develop your capabilities to allocate emissions to your customers in the future?
No

SC1.4b

Explain why you do not plan to develop capabilities to allocate emissions to your customers.

Northrop Grumman’s customer base is primarily the U.S. Government, principally the Department of Defense and intelligence community. We also conduct business with foreign, state and local governments, as well as commercial customers. Our portfolio of products and solutions include autonomous systems, cyber, C4ISR, strike, and logistics and modernization. Due to the nature of our business, broad product portfolio, and customer requirements the allocation of emissions to an individual product is difficult.

SC2.1

Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?
No

SC3.1

Do you want to enroll in the 2018-2019 CDP Action Exchange initiative?
No

SC3.2

Is your company a participating supplier in CDP’s 2017-2018 Action Exchange initiative?
No

SC4.1

Are you providing product level data for your organization's goods or services, if so, what functionality will you be using?
No, I am not providing data

SC4.2d

Have any of the initiatives described in SC4.2c been driven by requesting CDP Supply Chain members?
No
Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

<table>
<thead>
<tr>
<th>I am submitting my response</th>
<th>Public or Non-Public Submission</th>
<th>I am submitting to</th>
<th>Are you ready to submit the additional Supply Chain Questions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am submitting my response</td>
<td>Public</td>
<td>Investors</td>
<td>Yes, submit Supply Chain Questions now</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customers</td>
<td></td>
</tr>
</tbody>
</table>

Please confirm below
I have read and accept the applicable Terms