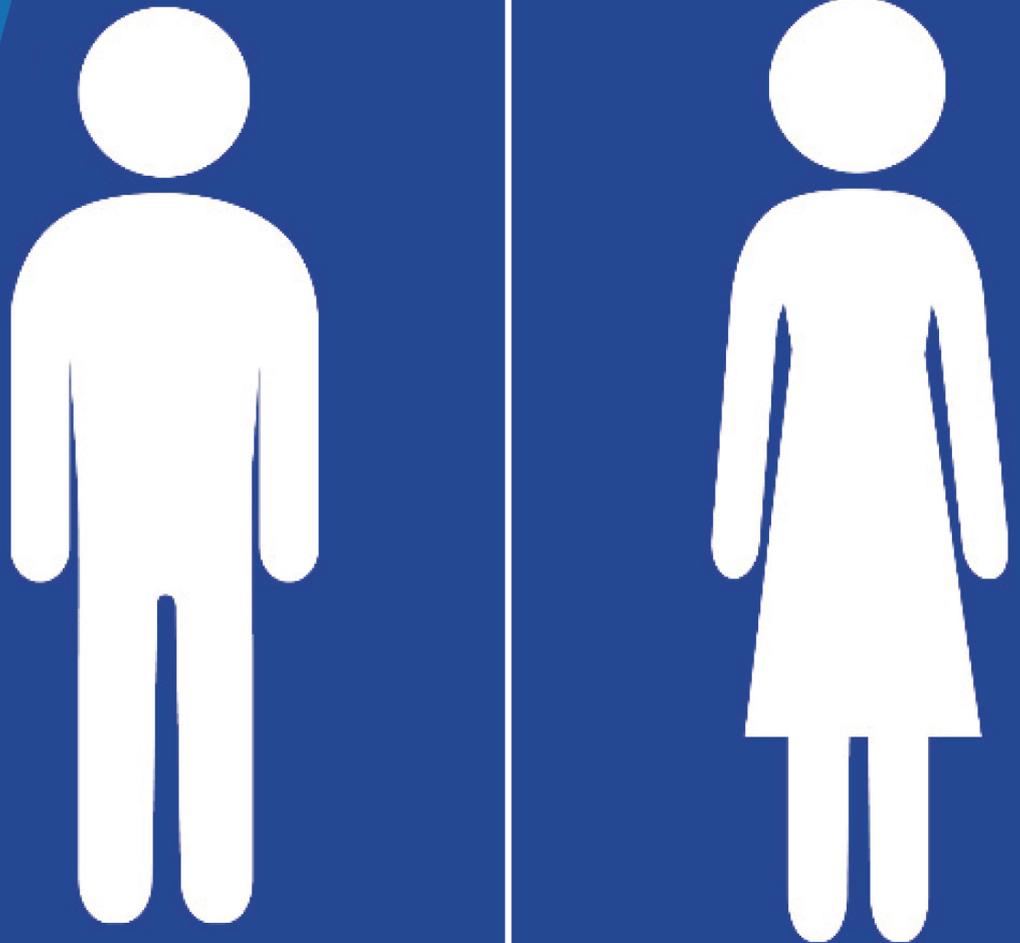
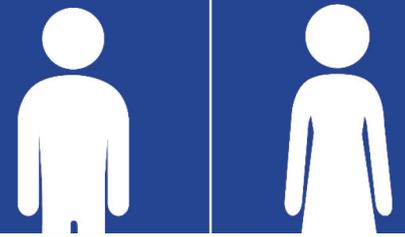


Northrop Grumman UK Ltd
Gender Pay Gap

NORTHROP GRUMMAN

REPORT 2018





A MESSAGE FROM NICK CHAFFEY, CHIEF EXECUTIVE, UK & EUROPE

Last year, under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, companies employing more than 250 employees in the United Kingdom were required to report certain gender pay information by April 2018 and for each following year. It is important to note that the UK gender pay gap reporting differs significantly from an equal pay analysis. We remain committed to paying women and men equally for equal work. We have continued our work in the last year to increase our pipeline of talent, develop women leaders and welcome this opportunity to provide an overview of Northrop Grumman's key enterprise-wide programmes and initiatives, and NGUKL's 2018 gender pay report.

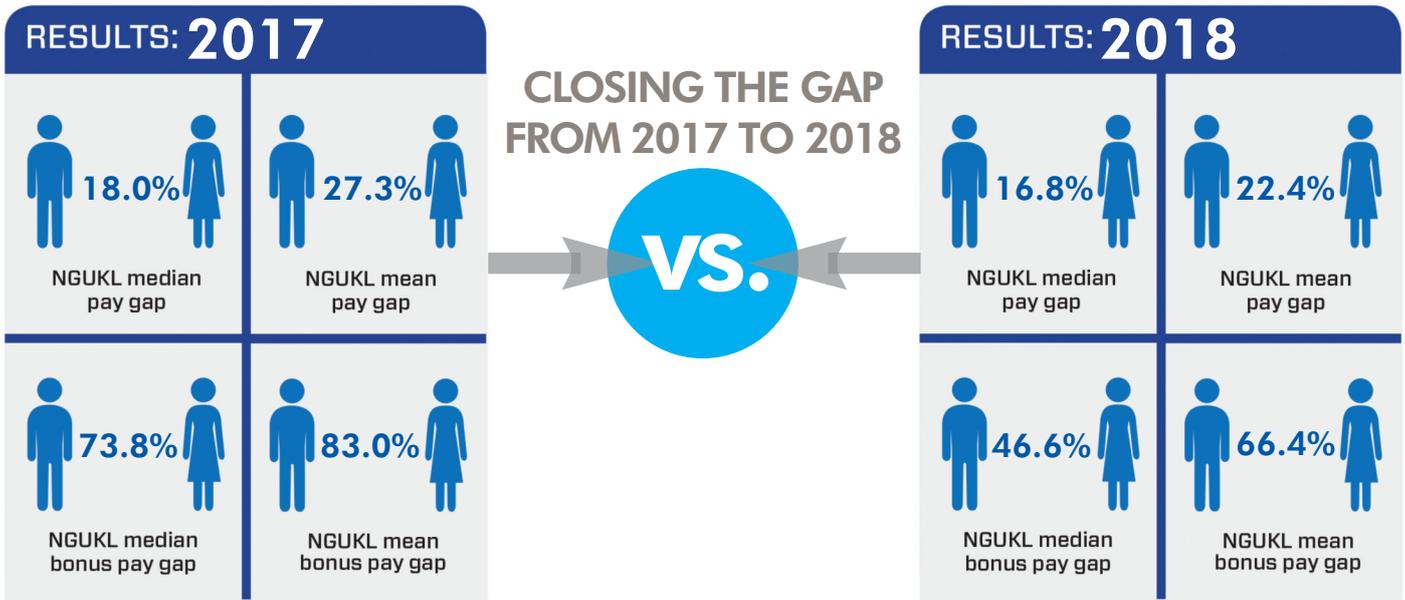
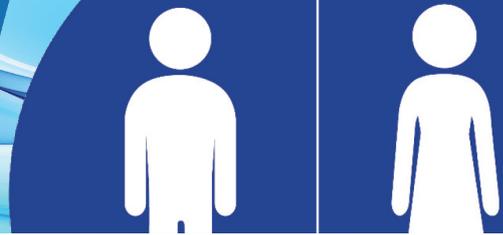
ABOUT US

Northrop Grumman Corporation is a leading global security company providing innovative systems, products and solutions to government and commercial customers worldwide, offering an extraordinary portfolio of capabilities and technologies for applications from undersea to outer space and into cyberspace. We have approximately 85,000 employees located in 40 countries.

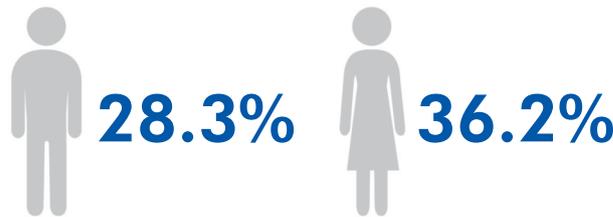
Northrop Grumman UK Ltd. ("NGUKL"), the subject of this report, is a key supplier of operationally strategic programmes in the defence, security, cyber, intelligence, information systems, and public safety communications markets, providing a range of capabilities and technologies in support of the Armed Forces, emergency services and other civil organisations.

NGUKL had just over 380 employees at 5 April 2018. Our workforce composition is 66% professional, 16% management and 16% other technical, manufacturing and business support roles. We are an employer of science, technology, engineering and mathematics (STEM) occupations.

Globally, the number of women in STEM positions continues to be under-represented, which creates challenges for companies such as ours. In the UK, women account for 12% of engineering professionals and 22% of core STEM occupations. * [Wise Resources 2018](#)



PROPORTION OF EMPLOYEES RECEIVING A BONUS:

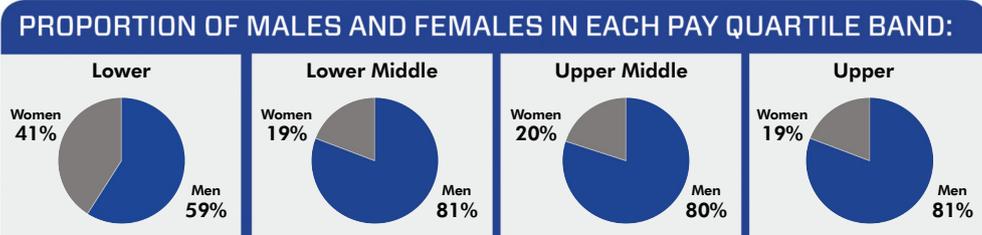


KEY:

Mean and Median: Figures show the difference between the median (mid-point) and mean (average) of hourly pay and bonus pay of all male and female employees, irrespective of job or level, expressed as a percentage of male employee's pay.

Pay Quartiles: Figures represent proportion of male and female employees in four quartile hourly pay bands ranked from lowest hourly rate to the highest hourly rate by dividing the workforce into four equal parts.

■ Men
■ Women

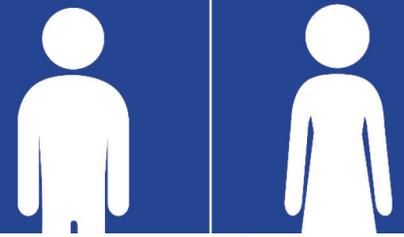


UNDERSTANDING OUR RESULTS:

NGUKL's results show strong improvement from 2017, with our mean and median gender and bonus pay gaps dropping. This is due partly to the measures that we are putting in place, but we should also acknowledge the impact of the ongoing development of our international business, with employees transferring to and from NGUKL, restructuring and workforce changes. We maintain the focus and commitment to an inclusive culture and gender balance, but our results may not always show linear improvement. Women continue to be less represented in our higher paying senior leadership and professional/technical roles. Senior management positions, just 5% of the overall workforce, offer greater bonus potential, demonstrated in the bonus results.

We are committed to providing competitive compensation and total rewards as well as ensuring equal pay. NGUKL conducts compensation peer analyses, inclusive of variables such as job type, grade/level and other relevant pay and job data such as geographic location or shift differentials.

We remain focussed on developing key programmes and initiatives designed to increase our pipeline of STEM talent and develop women leaders at Northrop Grumman.



ACTIONS TO BUILD THE TALENT PIPELINE:

Northrop Grumman's global diversity and inclusion programmes are part of the strong foundation which drives how we do business. We continue to invest in programmes designed to increase women in our workforce as well as develop and propel women into leadership positions across the organisation. These include:

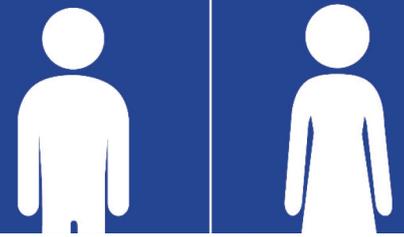
Science, Technology, Engineering and Mathematics (STEM) Education

Northrop Grumman together with the Northrop Grumman Foundation, a charitable non-profit organisation dedicated to funding sustainable STEM programmes, are committed to expanding and strengthening the pipeline of diverse and talented STEM students globally, across all education levels. In 2018, Northrop Grumman contributed more than \$20 million to support diverse STEM-related activities and groups worldwide.

To help address this issue and build a robust pipeline in the UK, Northrop Grumman provides significant investment in STEM outreach programmes. These include:

- **CyberCenturion**, the national youth cyber defence competition for 12-18 year olds. Now in its fifth year, the 2018-2019 competition has seen 450 teams, including 172 all-female and 45 cadet teams from across the country registered to participate.
- **Summer Time Advanced Aerospace Residency (STAAR)** programme, a residential camp for 14-15 year olds developed in partnership with the Royal Air Force and the Royal Air Force Museum. Launched in 2018 the programme has a 50/50 split of boys and girls and takes place at RAF Cosford.
- Other key UK STEM initiatives include **University Grants**, bursaries and mentorship for disadvantaged students, the **VEX Robotics** competition, and scholarships for students and teachers to attend Space camp at the **U.S. Space and Rocket Centre** in Huntsville, Alabama.





TALENT DEVELOPMENT:

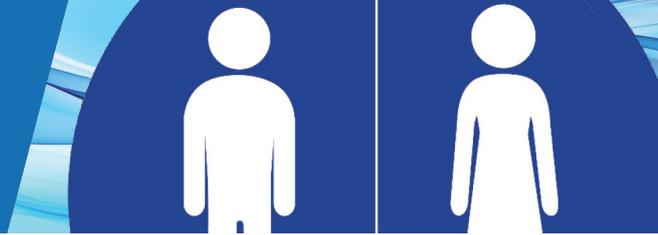
We provide developmental programmes and opportunities designed to strengthen and grow Northrop Grumman UK female employees into leadership positions. These include:

- The **Northrop Grumman Women's Conference** which brings together over 400 attendees biannually with the mission to enhance the development and leadership potential of women within the company by providing opportunities for learning and networking. The UK had 8 participants in the 2018 Conference, joining 'lightning talks' and discussion panels.
- **NGWIN (UK)** is a women focused employee resource group (ERG) with six chapters, aimed at facilitating professional and personal development, networking, recruiting, information sharing, and community outreach and alignment to the business.
- **International Women's Day (IWD)** is an annual celebration featuring powerful speakers and discussions centred on the advancement of women in the workplace. The UK participants play a key role in IWD broadcasts and events around the world.
- The **Northrop Grumman Inclusive Leadership Conference** held biannually to create Diversity & Inclusion ambassadors, includes women and other diverse talent from NGUKL.
- **Women in Leadership (WIL)**, Executive Leadership Programme, and the Leadership Cohort Programmes expansion to include UK participants. These programmes provide cross-business and cross-functional networks to build visibility with the executive team and understanding of strategic issues.

We were delighted to be recognised at the **UK Women in Defence Awards 2018**, where we were among the 30 finalists and had nominations in three categories; the Promotion of Gender Balance, Inclusive Teamwork and lastly the Unsung Heroines awards, which we won. This was the highest number of finalists from any company.

Participants from the Women in Leadership Forum





Highlights of Northrop Grumman’s Global Commitment to Diversity and Inclusion:
46% of executive leadership are females
33% of vice presidents are females

Our global company statistics on the representation of women demonstrates our commitment, investment, and the progress we have made in recent years to increase representation of women in leadership. In 2010, Northrop Grumman Corporation began its initiative, Building the Best Culture, Leveraging the Power of Women, to shape a diverse pipeline of leaders that would be ready for future executive positions. As the company was making plans for future growth, the lack of diversity in STEM and engineering disciplines required the company to design a comprehensive initiative to expand the leadership pipeline.

Our representation of women company-wide has increased across multiple levels from 2010 to 2018. Women’s representation on the board increased from 15.4% to 30.8%. During that same time period, women on our executive team significantly increased from 8.3% to 46.2%. At the vice president and above level, representation of women increased from 15.5% to 33.2%. In 2018, the Northrop Grumman board of directors elected its first woman president, Kathy Warden, who has since become the company’s Chief Executive Officer.

Northrop Grumman partners with external groups for benchmarking and to leverage best practices. On 20 March 2018, Northrop Grumman was one of four companies to receive a Catalyst award for accelerating progress for women through workplace inclusion.



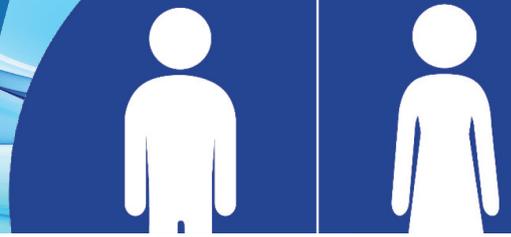
“At Northrop Grumman, we value our people. We believe in fair compensation for the contributions each person makes, regardless of gender. We strive to have a work environment which reflects the communities in which we reside and operate. We are committed to continuing our progress to achieve greater gender balance and ensure availability of critical STEM talent which enables us to accomplish our customers’ important missions. We do that through our investments in STEM outreach, education and talent development of our workforce.”

— Kathy Warden, Chief Executive Officer and President, Northrop Grumman Corporation



**International Participants
at the 2018 Northrop Grumman
Women’s Conference**

Pearl Ansley, Tina Walton, Jo Matthews,
Sam Newton, Janet Harrison, Claire Peacock,
Abigail Griffin, Lorraine Kennedy, Victoria Watts



BUILDING THE BEST CULTURE

NGUKL is committed to shaping the future inclusive of women in all levels and reflective of pay equity. We are proud of the work we have done to positively encourage and pull through STEM talent as part of our recruiting and development programmes. We look forward to the ongoing opportunity to create meaningful and sustainable positive impact to build the best culture at Northrop Grumman.

NICK CHAFFEY
CHIEF EXECUTIVE,
UK & EUROPE

I affirm that the data represented in this report is accurate and calculated in accordance with legislative requirements for the reporting snapshot date of 5 April 2018.

Finalists for the STEM in Defence Award, being presented with their awards, sponsored by Northrop Grumman at the UK Women in Defence Awards.



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