

Resolved: Shareholders request the Board of Directors annually conduct an evaluation and issue a public report, at reasonable cost and omitting proprietary information, describing the alignment of its political activities (including direct and indirect lobbying and political and electioneering expenditures) with its Human Rights Policy. The report should list and explain instances of misalignment, and state whether and how the identified incongruencies have or will be addressed.

Whereas: Northrop Grumman (Northrop), in its Human Rights Policy, states its “deep respect for individuals and human rights” and recognizes the UN Guiding Principles on Business and Human Rights as important guidance for companies to meet their human rights responsibilities. However, Northrop’s political activities suggest it actively lobbies, makes political contributions, and otherwise pushes for government sales of its defense products and services to customers linked to irremediable human rights impacts, especially in conflict-affected and high-risk areas.¹ Engaging in political activities misaligned with its Human Rights Policy presents material legal, reputational, regulatory, and litigation risks to the Company.² Shareholders lack sufficient disclosure to analyze whether there is alignment with the Company’s stated policies.

Northrop has high-risk business activities in the areas of controversial arms trade, military training, nuclear weapons, and border militarization.³ Investors lack assurance Northrop’s political activities are not encouraging sales of products that present significant human rights risks. In October 2023, Northrop’s CEO stated Northrop is “working closely” with its customers, of which the US government is the largest, to “navigate the fiscal pressures they see to ensure our programs remain well supported.”⁴ Northrop’s influence can be seen in its \$13.3 billion nuclear missile contract awarded in 2020 by the Air Force.⁵ Nuclear weapons are illegal under international law due to their indiscriminate and disproportionate impacts on civilians.⁶ Before the contract was approved, Northrop lobbied against an amendment which would have required the Pentagon explore alternatives to these missiles.⁷ The Company currently has \$81 billion in outstanding nuclear contracts.⁸

In 2022, Northrop spent nearly \$11 million on federal lobbying.⁹ Investors lack disclosure on these lobbying activities, particularly how they align with the Company’s Human Rights Policy.¹⁰ The UN has criticized the “symbiotic relationship” between governments and defense contractors, “which can cause States to approve arms exports despite genuine human rights risks that should

¹ <https://www.opensecrets.org/news/reports/capitalizing-on-conflict/yemen-case-study>

² <https://www.sec.gov/Archives/edgar/data/1636143/000121465923005876/b424231px14a6g.htm>

³ <https://investigate.afsc.org/company/northrop-grumman>

⁴ <https://seekingalpha.com/article/4643929-northrop-grumman-corporation-noc-q3-2023-earnings-call-transcript>

⁵ <https://news.northropgrumman.com/news/releases/northrop-grumman-awarded-contract-to-replace-aging-icbm->

[system#:~:text=8%2C%202020%20%E2%80%93%20Northrop%20Grumman%20Corporation,Ground%20Based%20Strategic%20Deterrent%20\(GBSD\)](https://news.northropgrumman.com/news/releases/northrop-grumman-awarded-contract-to-replace-aging-icbm-system#:~:text=8%2C%202020%20%E2%80%93%20Northrop%20Grumman%20Corporation,Ground%20Based%20Strategic%20Deterrent%20(GBSD))

⁶ https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch_XXVI_9.pdf

⁷ <https://www.armscontrol.org/act/2021-05/features/inside-icbm-lobby-special-interests-national-interest>

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https://assets.nationbuilder.com/ican/pages/3785/attachments/original/1686495965/ICAN_Spending_Report_2023_sm.pdf?1686495965

⁹ <https://www.opensecrets.org/orgs/northrop-grumman/summary?id=D000000170>

¹⁰ <https://www.opensecrets.org/orgs/northrop-grumman/congressional-committees?id=D000000170>

prevent them.”¹¹ Additionally, Northrop’s significant contributions to think tanks, such as the Center for a New American Security, lack transparency.¹² A recent report published that Northrop donated at least \$1.6 million in 2022 to think tanks that cover nuclear weapons.¹³

Although Northrop commits to declining business opportunities with clients, “regardless whether it is legally permissible,” if human rights risks are “unacceptable,”¹⁴ its political activities appear misaligned with its human rights commitments. Establishing clear policies and reporting on misalignment is critical to mitigating material risks that harm shareholder value.

¹¹ <https://www.ohchr.org/sites/default/files/2022-08/BHR-Arms-sector-info-note.pdf>

¹² [https://3ba8a190-62da-4c98-86d2-](https://3ba8a190-62da-4c98-86d2-893079d87083.usrfiles.com/ugd/3ba8a1_c7e3bfc7723d4021b54cbc145ae3f5eb.pdf)

[893079d87083.usrfiles.com/ugd/3ba8a1_c7e3bfc7723d4021b54cbc145ae3f5eb.pdf](https://3ba8a190-62da-4c98-86d2-893079d87083.usrfiles.com/ugd/3ba8a1_c7e3bfc7723d4021b54cbc145ae3f5eb.pdf)

¹³

https://assets.nationbuilder.com/ican/pages/3785/attachments/original/1686495965/ICAN_Spending_Report_2023_sm.pdf?1686495965

¹⁴ <https://www.northropgrumman.com/corporate-responsibility/northrop-grumman-human-rights-policy/>