

Investor Advocates
for Social Justice 

February 5, 2021

Via e-mail at shareholderproposals@sec.gov

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by Northrop Grumman Corporation to omit proposal submitted by the Sisters of St. Francis of Philadelphia, Sisters of St. Dominic of Caldwell, New Jersey and the School Sisters of Notre Dame Cooperative Investment Fund

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, the Sisters of St. Dominic of Caldwell, New Jersey, the Sisters of St. Francis of Philadelphia, and the School Sisters of Notre Dame Cooperative Investment Fund (together, the “Proponents”) submitted a shareholder proposal (the “Proposal”) to Northrop Grumman Corporation (“Northrop Grumman” or the “Company”). The Proposal asks Northrop Grumman to report to shareholders on the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

In a letter to the Division dated January 12, 2021 (the “No-Action Request”), Northrop Grumman stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company’s 2021 annual meeting of shareholders. Northrop Grumman argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(10), on the ground that the Company has substantially implemented the Proposal; and Rule 14a-8(i)(3), urging that the Proposal is excessively vague. As discussed more fully below, Northrop Grumman has not met its burden of proving its entitlement to exclude the Proposal on either of those bases, and the Proponents respectfully request that Northrop Grumman’s request for relief be denied.

The Proposal

The Proposal states:

Resolved: Shareholders request that Northrop Grumman publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

Substantial Implementation

Rule 14a-8(i)(10) permits exclusion of a proposal that has been “substantially implemented,” which can be achieved where the company has already satisfied the proposal’s “essential objective.” Northrop Grumman tries to frame the Proposal’s essential objective so vaguely—as “[t]ransparency” on the Company’s “salient human rights issues”¹--that almost any disclosure on human rights would substantially implement it. In 2020, Northrop Grumman unsuccessfully advanced a similar argument, claiming that the essential objective of a proposal nearly identical to the Proposal was “[t]ransparency” and that its existing disclosures satisfied that objective.²

Northrop Grumman urges that revisions made to its existing disclosures since last year’s determination compel a different outcome here.³ Even with the revisions, however, Northrop Grumman still does not disclose the information sought by the Proposal. As was true last year, none of the disclosures to which Northrop Grumman points—its Human Rights Policy (the “Policy”), 2019 Sustainability Report and 2020 proxy statement disclosures--identifies actual and potential human rights impacts from the Company’s high-risk products, services or business relationships, the Proposal’s essential objective.

Northrop Grumman asserts that the Policy “describes in some detail the Company’s ‘salient human rights issues’ and the Company’s approach to them, as well as the Company’s assessment process.”⁴ Specifically, Northrop Grumman states that the Policy “addresses our training, communications, reporting, investigating, oversight and assessment of our human rights program.”⁵

The Policy consists of general principles and aspirational goals such as “We treat our employees with respect and dignity, actively protecting and progressing

¹ No-Action Request, at 6.

² Northrop Grumman Corporation (Mar. 13, 2020).

³ See No-Action Request, at 4 n.8.

⁴ No-Action Request, at 6.

⁵ No-Action Request, at 6 (quoting from its Sustainability Report).

their human rights” and “Company employees have the right to fair working conditions, competitive wages and reasonable working hours.” The Policy also describes Northrop Grumman’s interactions with its suppliers: for example, it states that “[w]e require suppliers to adhere to a detailed Supplier Code of Conduct, along with relevant terms and conditions” and that the Company monitors suppliers’ performance, investigates misconduct allegations and takes appropriate remedial action, including contract termination.⁶ It discusses the oversight provided by the Human Rights Working Group and board’s Policy Committee, including evaluating the Company’s existing program and recommending enhancements, and the fact that the Company “may conduct additional audits or assessments.”⁷

Northrop Grumman also points to a brief mention of human rights risk oversight in its 2019 Sustainability Report, which touches on oversight by the Human Rights Working Group, and a statement in the Company’s 2020 proxy statement that the Policy “addresses various processes the Company follows to consider a wide range of potential risks.”⁸

All of that disclosure relates to human rights policies and processes, which are not the subject of the Proposal. None of the documents on which Northrop Grumman relies contains information about business relationships, products or services Northrop Grumman considers high-risk, or the actual or potential impacts caused by such aspects of the Company’s business. These are key elements of a human rights impact assessment and the core requests of the Proposal.

More specifically, the Proposal seeks information on actual and potential human rights impacts in conflict-affected areas. The only mention of conflict in the Policy is a section on conflict minerals, limited to supply chain compliance, which is irrelevant to the Proposal’s request for disclosure of human rights impacts associated with products and services used in conflict-affected areas. The Policy asserts that Northrop Grumman is “mindful of how its products might be used over time and potential unintended uses,” but fails to identify either impacts associated with such uses or impacts associated with the intended use of the weapons and technologies it sells, such as civilian deaths, forced displacement, and heightened conflict.

Because the Proposal requests disclosure of the results of human rights impact assessment, rather than the Company’s policies and processes, many of the determinations on which Northrop Grumman relies are inapplicable here. The proposals in Apple,⁹ PPG Industries¹⁰ and Wendy’s,¹¹ cited on pages 4-5 of the No-

⁶ See <http://www.northropgrumman.com/CorporateResponsibility/Pages/HumanRightsPolicy.aspx>.

⁷ No-Action Request, at 7.

⁸ See No-Action Request, at 6.

⁹ Apple, Inc. (Dec. 17, 2020).

¹⁰ PPG Industries, Inc. (Jan. 16, 2020).

¹¹ The Wendy’s Company (Apr. 10, 2019).

Action Request, asked the companies to report on the systems and/or processes they used to implement human rights commitments. Each of the companies argued that its existing disclosures, which included disclosures regarding the companies' expectations for suppliers, supplier audits, and violation reporting processes, substantially implemented the proposals, and the Staff agreed. Here, by contrast, the Proposal does not ask for information on Northrop Grumman's processes, so such disclosure is unresponsive.

Nor has Northrop Grumman disclosed a significant proportion of the matters requested by the Proposal, as occurred in the determinations the Company cites on page 5-6 of the No-Action Request. For example, in Wal-Mart,¹² the company had adopted principles that covered most, but not all, of the matters contained in the proposal's six principles to stop global warming. Similarly, the Staff allowed MGM Resorts International¹³ and Alcoa¹⁴ to exclude reporting proposals where the companies had reported some but not all requested information. That is not the case here.

In sum, Northrop Grumman has not substantially implemented the Proposal. The Company's existing disclosures describe policies and processes, which are irrelevant to the Proposal, and do not address actual and potential human rights impacts from the Company's products, services or business relationships, as the Proposal requests. The new revisions touted by Northrop Grumman are simply more of the same. Accordingly, Northrop Grumman should not be permitted to omit the Proposal in reliance on Rule 14a-8(i)(10).

Vagueness

Rule 14a-8(i)(3) permits a company to exclude a proposal that is so vague that "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires."¹⁵ Northrop Grumman claims that the term "impacted rightsholder" is "undefined and leaves open significant room for interpretation."¹⁶ The term, Northrop Grumman urges, "could easily refer to those at risk of suffering a human rights violation or could refer to company stakeholders, such as customers, suppliers, employees, regulators or others."¹⁷

¹² Wal-Mart Stores, Inc. (Mar. 30, 2010).

¹³ MGM Resorts International, Inc. (Feb. 28, 2012).

¹⁴ Alcoa Inc. (Feb. 3, 2009).

¹⁵ Staff Legal Bulletin 14B (Sept. 15, 2004).

¹⁶ No-Action Request, at 12.

¹⁷ No-Action Request, at 12.

But the context in which the term is used--a sentence noting that Northrop Grumman does not currently “disclose its salient human rights issues or the nature and extent of the participation of impacted rightsholders in its assessment process”-makes the meaning abundantly clear: An impacted rightsholder is someone who is adversely affected by Northrop Grumman’s business activities, as determined by a human rights impact assessment. The remainder of the supporting statement, which discusses examples of Northrop Grumman’s actual and potential human rights impacts, reinforces that meaning. There is no textual basis for concluding, as Northrop Grumman suggests, that the term is meant to refer to the Company’s stakeholders, a much broader group, unless those stakeholders faced adverse human rights impacts from the Company’s business activities.

It is also worth noting that the term appears not in the Proposal’s resolved clause, which sets forth the requested action, but in a whereas clause. That fact renders Northrop Grumman’s argument even less compelling than its unsuccessful effort last year to convince the Staff that the terms “high-risk” and “conflict-affected areas,” which were used in the resolved clause, were excessively vague. Both Northrop Grumman and its shareholders will have no difficulty determining what the Proposal is requesting.

* * *

For the reasons set forth above, Northrop Grumman has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8 (i)(10) or (i)(3). The Proponents thus respectfully request that Northrop Grumman’s request for relief be denied.

The Proponents appreciate the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at (973) 509-8800.

Sincerely,



Mary Beth Gallagher
Investor Advocates for Social Justice
On behalf of Sisters of St. Dominic of
Caldwell, Sisters of St. Francis of
Philadelphia, and School Sisters of Notre
Dame

cc: Meredith B. Cross
WilmerHale
Meredith.Cross@wilmerhale.com

Jennifer McGarey
Northrop Grumman
Jennifer.mcgarey@ngc.com

Meredith B. Cross

+1 202 663 6644 (t)
+1 202 663 6363 (f)
meredith.cross@wilmerhale.com

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Via E-mail to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

**Re: Northrop Grumman Corporation
Exclusion of Shareholder Proposal Submitted by the Sisters of St. Dominic of
Caldwell New Jersey, School Sisters of Notre Dame Cooperative Investment
Fund and Sisters of St. Francis of Philadelphia**

Ladies and Gentlemen:

We are writing on behalf of our client, Northrop Grumman Corporation (the “Company”), to inform you of the Company’s intention to exclude from its proxy statement and proxy to be filed and distributed in connection with its 2021 Annual Meeting of Shareholders (the “Proxy Materials”) the enclosed shareholder proposal and supporting statement (collectively, the “Shareholder Proposal”) submitted by the Sisters of St. Dominic of Caldwell New Jersey, School Sisters of Notre Dame Cooperative Investment Fund and Sisters of St. Francis of Philadelphia (the “Proponents”) requesting that the Company “publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.”

The Company respectfully requests that the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(10) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on the basis that the Company has substantially implemented the Shareholder Proposal, or, alternatively, pursuant to Rule 14a-8(i)(3), on the basis that the Shareholder Proposal is impermissibly vague and indefinite so as to be materially misleading in violation of Rule 14a-9.

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Pursuant to Rule 14a-8(j) of the Exchange Act and Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), the Company is submitting electronically to the Commission this letter and the Shareholder Proposal and related correspondence (attached as Exhibit A to this letter), and is concurrently sending a copy to the Proponents, no later than eighty calendar days before the Company intends to file its definitive Proxy Materials with the Commission.

Background

On December 3, 2020, the Company received the Shareholder Proposal from the Proponents, which states:

Whereas: As the world’s fourth-largest defense company, Northrop Grumman’s most severe human rights impacts are likely to result from the use of its products and services, such as controversial arms trade, military training, nuclear weapons, and border surveillance systems. Business relationships with the U.S. Government and foreign governments whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks.

Under the UN Guiding Principles on Business and Human Rights (UNGPs), companies have a responsibility to respect human rights which is distinct from the duties of states. The high likelihood of severe impacts linked to business in conflict-affected and high-risk areas warrants heightened due diligence. A 2019 Amnesty International report found that the defense industry is failing to carry out effective human rights due diligence. This requires conducting human rights impact assessments to identify and evaluate the actual and potential adverse human rights impacts of the company’s business activities.¹ The findings from the impact assessments should inform business decision making, prevention and mitigation efforts, and public disclosure.

Northrop Grumman has contracts with or supplies weapons to multiple states engaged in conflict, including Saudi Arabia, the United Arab Emirates, India, Israel, Morocco, and Colombia.²

Northrop Grumman is one of the Saudi Arabian Armed Forces’s largest defense partners, supplying weapons since 1971, and is heavily involved in military

¹ <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

² www.northropgrumman.com/AboutUs/OurGlobalPresence/Pages/default.aspx; www.upi.com/DefenseNews/2015/10/16/Colombia-receives-Northrop-Grumman-ANTPS-78-radar/4871445000556/; www.moroccoworldnews.com/2018/05/246179/morocco-cargo-m1a2s-laser-tanks-us/; <https://news.northropgrumman.com/news/releases/northrop-grumman-delivers-center-fuselage-for-firstisraeli-f-35-aircraft>

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training.³ A 2020 report by the UN Human Rights Council alleges that Saudi-led coalition airstrikes in Yemen “may amount to war crimes” and the supply of weapons from the U.S. and other countries “has helped to perpetuate the conflict.”⁴

The Department of State’s 2020 due diligence guidance on foreign sales of “products or services that have surveillance capabilities” states companies should consider if “the end-user will likely misuse the product or service to carry out human rights violations.”⁵

The company also has at least \$68.3 billion in outstanding nuclear weapons contracts with the U.S. and foreign governments.⁶ As the Treaty on the Prohibition of Nuclear Weapons enters into force in 2021, nuclear weapons sales expose Northrop Grumman to increasing regulatory and reputational risks.

Northrop Grumman has a contract with the U.S. Department of Homeland Security to develop infrastructure for the Homeland Advanced Recognition Technology (HART) database. It will hold sensitive biometric and biographical data for 260 million people, which presents risks of privacy rights violations, increased surveillance, racial bias, and harm to immigrant communities.⁷

While Northrop Grumman has a Human Rights Policy, it does not disclose its salient human rights issues or the nature and extent of the participation of impacted rightsholders in its assessment process.

Resolved: Shareholders request that Northrop Grumman publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

³ www.northropgrumman.com/AboutUs/OurGlobalPresence/MiddleEastAndAfrica/Pages/Who-We-Are-in-the-Middle-East.aspx

⁴ <https://www.ohchr.org/Documents/HRBodies/HRCouncil/GEE-Yemen/2020-09-09-report.pdf>

⁵ <https://www.state.gov/wp-content/uploads/2020/10/DRL-Industry-Guidance-Project-FINAL-1-pager-5081.pdf>

⁶ <https://www.dontbankonthebomb.com/northrop-grumman/>

⁷ <https://theintercept.com/2020/11/17/dhs-biometrics-dna/>

<http://www.documentcloud.org/documents/6542043-MSLS-Industry-Day-Presentation-FINAL.html>

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Bases of Exclusion

I. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Shareholder Proposal⁸

The purpose of the Rule 14a-8(i)(10) exclusion is to “avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by management.” Commission Release No. 34-12598 (July 7, 1976). While the exclusion was originally interpreted to allow exclusion of a shareholder proposal only when the proposal was “‘fully’ effected” by the company, the Commission has revised its approach to the exclusion over time to allow for exclusion of proposals that have been “substantially implemented.” Commission Release No. 34-20091 (August 16, 1983) and Commission Release No. 34-40018 (May 21, 1998). In applying this standard, the Staff has noted that “a determination that the [c]ompany has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal.” *Texaco, Inc.* (March 6, 1991, *recon. granted* March 28, 1991). In addition, when a company can demonstrate that it already has taken actions that address the “essential objective” of a shareholder proposal, the Staff has concurred that the proposal has been “substantially implemented” and may be excluded as moot, even where the company’s actions do not precisely mirror the terms of the shareholder proposal.

The Staff has consistently permitted the exclusion of shareholder proposals under Rule 14a-8(i)(10) when it has determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal or where the company had addressed the underlying concerns and satisfied the “essential objective” of the proposal, even where the company’s actions did not precisely mirror the terms of the shareholder proposal. The Staff has recently taken this approach in the context of human rights proposals. For instance, in *Apple Inc.* (December 17, 2020), the Staff concurred in exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that the company report annually to shareholders on the company’s management systems and processes, oversight mechanisms and responsive actions to government or third-party demands with respect to human rights matters regarding free expression and access to information. Despite not publishing a consolidated annual report, the company argued that it had substantially implemented the proposal by recently publishing its

⁸ The Company acknowledges that the Staff was unable to concur in exclusion of a shareholder proposal last year involving human rights that the Proponents submitted to the Company for inclusion in the Company’s proxy materials for its 2020 Annual Meeting of Shareholders. See *Northrop Grumman Corporation* (March 13, 2020). Notwithstanding that the resolution in last year’s proposal made the same request concerning human rights, the Company responded to the substantive requests in last year’s proposal by enhancing its Human Rights Policy and providing additional human rights disclosures in the Company’s proxy statement for its 2020 Annual Meeting of Shareholders and 2019 Sustainability Report, as described herein. Accordingly, the Company is of the view that the Staff’s decision in *Northrop Grumman Corporation* (March 13, 2020) should not govern the requests set forth in this letter.

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human rights policy and through existing disclosures in various public guidelines, reports, policies, and charters. *See also PPG Industries, Inc.* (January 16, 2020) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that the company report annually to shareholders on “implementing human rights commitments within company-owned operations and through business relationships,” where the company argued that it had substantially implemented the proposal through existing public disclosures contained in the company’s global code of ethics, global supplier code of conduct, supplier sustainability policy, sustainability report, and other disclosures) and *The Wendy’s Company* (April 10, 2019) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that the company issue a report by November 2019 on the company’s process for identifying and analyzing potential and actual human rights risks of operations and supply chain that addresses specific items set forth in the proposal, on the basis that “the Company’s public disclosures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal,” where the company argued that its existing company codes, public disclosures and existing risk management frameworks collectively reflected the company’s substantial implementation of the proposal).

The Staff has taken a similar approach with other types of proposals, as well, including in *Wal-Mart Stores, Inc.* (March 30, 2010), where the proposal requested that the company adopt six principles for national and international action to stop global warming. The company argued that its Global Sustainability Report, which was available on the company’s website, substantially implemented the proposal. Although the Global Sustainability Report set forth only four principles that covered most, but not all, of the issues raised by the proposal, the Staff concluded that the company’s “policies, practices and procedures compare favorably with the guidelines of the proposal and that Wal-Mart has, therefore, substantially implemented the proposal.” *See also Applied Materials, Inc.* (January 17, 2018) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that the company “improve the method to disclose the Company’s executive compensation information with their actual compensation,” on the basis that the company’s “public disclosures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal,” where the company argued that its current disclosures follow requirements under applicable securities laws for disclosing executive compensation); *Kewaunee Scientific Corporation* (May 31, 2017) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that nonemployee directors no longer be eligible to participate in the company’s health and life insurance programs, on the basis that the company’s “policies, practices and procedures compare favorably with the guidelines of the proposal and that Kewaunee . . . substantially implemented the proposal,” where the board had adopted a policy prohibiting nonemployee directors from participating in the company’s health and life insurance programs after December 31, 2017); *MGM Resorts International* (February 28, 2012) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting a report on the company’s sustainability policies and performance and recommending the use of the Governance

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Reporting Initiative Sustainability Guidelines, on the basis that the company’s “public disclosures compare favorably with the guidelines of the proposal and that MGM Resorts has, therefore, substantially implemented the proposal,” where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); and *Alcoa Inc.* (February 3, 2009) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting a report describing how the company’s actions to reduce its impact on global climate change may have altered the current and future global climate, where the company published general reports on climate change, sustainability and emissions data on its website that did not discuss all topics requested in the proposal).

The Shareholder Proposal’s supporting statement asserts that the Company “does not disclose its salient human rights issues.” Transparency in this regard is an “essential objective” of the Shareholder Proposal, as further evidenced by the Shareholder Proposal’s resolution, and the Company has provided significant disclosures that substantially implement this objective. Most prominently, the Company’s extensive Human Rights Policy⁹ describes in some detail the Company’s “salient human rights issues” and the Company’s approach to them, as well as the Company’s assessment process. Indeed, the Company’s consideration of actual and potential human rights impacts associated with the Company’s products and services informed many of the extensive revisions the Company adopted last year to its Human Rights Policy. The Company believes that by revising and publishing its Human Rights Policy, and providing the further explanation in the Company’s proxy materials for its 2020 Annual Meeting of Shareholders, the Company is meeting and communicating the disclosure requested in the Shareholder Proposal, and is doing so in the most reasoned and appropriate manner “at reasonable cost and omitting proprietary information” per the Proponents’ request. The Company’s proxy materials for its 2020 Annual Meeting of Shareholders buttresses this view, affirming that “[t]he Human Rights Policy also addresses various processes the Company follows to consider a wide range of potential risks – including risks to human rights – as it develops products and determines whether to undertake certain business opportunities.” Additionally, as the Company’s most recent Sustainability Report¹⁰ notes,

Northrop Grumman recently released an enhanced Human Rights Policy to better reflect the company’s commitment. The revised policy also addresses our training, communications, reporting, investigating, oversight and assessment of our human rights program. We also established a Human Rights Working Group to help ensure our human rights program is being implemented effectively and is achieving our goals.

⁹ <https://www.northropgrumman.com/corporate-responsibility/northrop-grumman-human-rights-policy/>.

¹⁰ <https://www.northropgrumman.com/wp-content/uploads/Northrop-Grumman-2019-Sustainability-Report.pdf>.

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To illustrate in greater detail how the Company's Human Rights Policy reflects its assessment of and response to human rights risks, the Company's Human Rights Policy provides as follows with regards to the oversight and assessment of human rights risks:

Oversight

We assess potential human rights risks, the severity of the potential risk, and the relevant mitigation measures. We integrate relevant findings into our policies and procedures as needed, based upon assessments. We track various aspects of our progress as part of the Company's efforts continuously to improve.

We have established a Human Rights Working Group to help ensure this Policy is being implemented effectively and achieving our goals. The Human Rights Working Group considers the effectiveness of the program, the nature of the risk environment, and evolving best practices. As appropriate, the Human Rights Working Group will recommend changes to this program. This team is led by the General Counsel (or designee) and includes senior representatives from, among others, Global Corporate Responsibility, Human Resources, Legal, Global Supply Chain, Investor Relations, Contracts, EHS, Global Business Office, Government Relations, Communications and our Sectors.

The Board of Directors oversees the Company's commitment to human rights. The Policy Committee of the Board has specific responsibility to provide oversight of the Company's human rights program, including reviewing and making recommendations for enhancements, as appropriate. The Vice President, Global Corporate Responsibility, and the Chair of the Human Rights Working Group meet at least annually with the Policy Committee of the Board of Directors to provide an update on the Company's human rights program and to discuss any areas of concern.

Assessment

The Company may conduct additional audits or assessments, as appropriate, to measure compliance related to various of the above commitments.

The Company's Human Rights Policy also contains copious disclosure concerning the Company's commitment to human rights, the principles and frameworks used in defining human rights, the processes and controls in place to enforce the Company's human rights commitments, the stakeholders involved, and the human rights risks the Company seeks to address with its Human Rights Policy. The following excerpts from the Company's Human Rights Policy exemplify this point:

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Company employees have the right to fair working conditions, competitive wages and reasonable working hours. Northrop Grumman does not tolerate the use of child labor, forced labor, bonded labor or human trafficking of any kind.

...

We also work with our suppliers to help them to embrace similar values and to further our commitment to human rights. We require suppliers to adhere to a detailed Supplier Code of Conduct, along with relevant terms and conditions. Among other things, that Code sets out requirements related to ethics and integrity, labor and employment practices, protecting human rights, sustainability, and diversity and inclusion. The Code requires our suppliers to protect the rights of workers in our extended supply chain, including with regard to health and safety standards and local wage and hour laws. It prohibits the use of forced labor, child labor or human trafficking of any kind. We specifically require compliance with each of the Federal Acquisition Regulation Combatting Trafficking in Persons, UK Modern Slavery Act, and California Transparency in Supply Chains legislation. We proactively seek to mitigate any risk of conflict minerals both through the Supplier Code and our conflict minerals programs. That program makes clear our expectations that our products will not contain conflict minerals that directly or indirectly finance or benefit armed groups.

Before entering into supply agreements, we undertake due diligence on potential suppliers to assess whether they will be able to meet our requirements. And during performance on contracts, we further monitor their performance. We take very seriously any issues with human rights or other aspects of labor practices in our supply chain. We investigate allegations of misconduct and take appropriate remedial action, including termination of contracts.

...

Northrop Grumman considers potential risks – including risks to human rights, as well as risks related to technical issues, legal requirements, financial considerations or performance obligations, and risks to the Company’s reputation, sustainability and long-term value – at different stages throughout the life-cycle of a product. The Company considers potential risks as it assesses how best to design and manufacture products, as well as to whom and under what circumstances they can and should sell them. The Company is mindful of how its products might be used over time and potential unintended uses.

Northrop Grumman has robust processes and procedures in place to help ensure the Company does not do business in countries or sell products to customers not

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properly approved by the US Government. In addition, the Company has procedures in place to engage in due diligence, to assess and potentially to mitigate risks – including to human rights or, more broadly, the reputation of the Company – before undertaking certain business opportunities, even if they are or would be approved. Where the risks of agreeing to such a business opportunity are unacceptable, the Company will decline the opportunity regardless whether it is legally permissible.

More broadly, the Company follows robust processes to consider both risks and opportunities before entering into contracts for the development or production of its products.

...

Effective training and communication are critical to the success of our human rights program. The Company provides periodic training to all employees on various elements of our human rights program. The Company provides more targeted training to leaders and to employees based on their roles and responsibilities, including under the policies and procedures described in this Policy. For example, we provide additional training to our Business Conduct Officers who are positioned globally and may be called upon to identify and address human rights related concerns.

As demonstrated in the various descriptions of its Human Rights Policy, respect for human rights is embedded in the Company's culture and day-to-day business operations. Employees are required to abide by Company policies in performing their duties, and such policies clearly reflect the Company's core commitment to respecting human rights and appreciation for the human rights risks associated with operating a leading global security company. As evidenced by its public website disclosures, 2019 Sustainability Report and disclosures in its proxy materials for its 2020 Annual Meeting of Shareholders, the Company is clearly committed to its Human Rights Policy and responding to the risks it is intended to address. The detail within the policy, including with respect to people, supply chains, programs and products, communities, and the environment, transparently reflects the Company's consideration of its human rights impact assessments.

Consistent with the line of precedent cited above, the Company believes that it has substantially implemented the Shareholder Proposal. While the resolutions of the Shareholder Proposal speak in terms of a report regarding human rights impact assessments, the Shareholder Proposal's supporting statement indicates that the essential objective relates to transparency into "salient human rights issues," which is the essential objective of the Shareholder Proposal that the Company has more than satisfied. As described, in response to the Proponents' request last proxy season, the Company has provided these disclosures in its most recent Sustainability

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Report, the proxy materials for its 2020 Annual Meeting of Shareholders and the enhanced Human Rights Policy, which was informed by the Company's review of potential human rights impacts in a number of areas, including the development of products and the pursuit of business opportunities. These disclosures compare favorably with the Shareholder Proposal by underscoring the Company's transparency surrounding human rights risks and balancing that transparency with the limitations of reasonable cost and the omission of proprietary information, thereby satisfying the essential objective of the Shareholder Proposal. Accordingly, the Company believes that the Shareholder Proposal may be excluded from the Company's Proxy Materials because it is not in the Company's shareholders' interest to be asked to vote on a proposal that has been substantially implemented in accordance with Rule 14a-8(i)(10).

II. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(3) Because It Is Impermissibly Vague and Indefinite So As to Be Materially Misleading in Violation of Rule 14a-9

Rule 14a-8(i)(3) permits a company to exclude all or portions of a shareholder proposal “[i]f the proposal or supporting statement is contrary to any of the Commission’s proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials.” The Commission has determined that a proposal may be excluded pursuant to Rule 14a-8(i)(3) where “neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires.” Staff Legal Bulletin No. 14B (September 15, 2004). The Staff also has noted that a proposal may be materially misleading as vague and indefinite when the “meaning and application of terms and conditions . . . in the proposal would have to be made without guidance from the proposal and would be subject to differing interpretations” such that “any action ultimately taken by the company upon implementation [of the proposal] could be significantly different from the actions envisioned by shareholders voting on the proposal.” *See Fuqua Industries, Inc.* (March 12, 1991).

The Staff has previously concurred in the exclusion of shareholder proposals pursuant to Rule 14a-8(i)(3) in instances where the proposal is “vague and indefinite.” *See, e.g., Apple Inc.* (December 6, 2019) (in which the Staff concurred in the exclusion of a proposal requesting that the company “improve guiding principles of executive compensation,” while failing to define many key terms and leaving room for multiple interpretations); *eBay Inc.* (April 10, 2019) (in which the Staff concurred in the exclusion of a proposal requesting that the company “reform [its] executive compensation committee” without further instruction as to how to do so or in what regard it should be “reformed”); *Cisco Systems, Inc.* (October 7, 2016) (in which the Staff concurred in the exclusion of a proposal requesting that “[t]he board shall not take any action whose primary purpose is to prevent the effectiveness of shareholder vote without a compelling justification for such action” without further specifying what actions or measures were required to implement the proposal); *Walgreens Boots Alliance, Inc.* (October 7, 2016) (in which the Staff

January 12, 2021

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concluded in the exclusion of a proposal requesting that “[b]efore the board takes any action whose primary purpose is to prevent the effectiveness of shareholder vote, it shall make a determination as to whether there is a compelling justification for such action”); *Alaska Air Group, Inc.* (March 10, 2016) (in which the Staff concurred in the exclusion of a proposal requesting that the board amend the company’s bylaws and other governing documents that would require management to “strictly honor shareholders rights to disclosure identification and contact information to the fullest extent possible by technology”); *United Continental Holdings, Inc.* (March 6, 2014) (in which the Staff concurred in the exclusion of a proposal requesting the adoption of a bylaw providing that preliminary voting results would be unavailable for solicitations made for “other purposes” but would be available for solicitations made for “other proper purposes”); *The Home Depot, Inc.* (March 28, 2013) (in which the Staff concurred in the exclusion of a proposal requesting that the board of directors take necessary steps “to strengthen [the] weak shareholder right to act by written consent” where the proposal referenced two requested actions that the proposal “would include” but did not specify whether there were additional actions required to implement the proposal); *Newell Rubbermaid Inc.* (February 21, 2012) (in which the Staff concurred in the exclusion of a proposal requesting the board to take the steps necessary to amend the proper governing documents to provide the right to call a special meeting to shareholders “holding not less than one-tenth of the voting power of the Corporation . . . [o]r the lowest percentage of [the Corporation’s] outstanding common stock permitted by state law,” on the basis that “neither shareholders nor the company would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires”); *The Boeing Company* (January 28, 2011, *recon. granted* March 2, 2011) (in which the Staff concurred in the exclusion of a proposal requesting, among other things, that senior executives “relinquish . . . preexisting executive pay rights,” on the basis that “the proposal does not sufficiently explain the meaning of ‘executive pay rights’”); *Amazon.com, Inc.* (March 22, 2010, *recon. granted* April 7, 2010) (in which the Staff concurred in the exclusion of a proposal requesting that the board of directors take steps “to the fullest extent permitted by law” to give holders of 10% of the company’s outstanding stock the power to call a special shareholder meeting, including “that shareholders will have no less rights at management-called special meetings than management has at shareholder-called special meetings to the fullest extent permitted by law,” on the basis that “it is not clear what ‘rights’ the proposal intends to regulate”); *Verizon Communications Inc.* (February 21, 2008) (in which the Staff concurred in the exclusion of a proposal regarding adoption of a policy concerning senior executive compensation where the company argued that the formulas proposed in the proposal were internally inconsistent and not adequately defined and a number of key terms were undefined, including “industry peer group” and “relevant period of time”); *Wendy’s International Inc.* (February 24, 2006, *recon. denied* April 10, 2006) (in which the Staff concurred in the exclusion of a proposal requesting a report on progress made toward “accelerating development” of controlled-atmosphere killing, where the company argued that “accelerating development” was vague and indefinite); *Peoples Energy Corporation* (November 23, 2004, *recon. denied* December 10, 2004) (in which the Staff concurred in the exclusion of a proposal requesting

January 12, 2021

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amendment of a company's governance documents to provide that officers and directors shall not be indemnified from personal liability for acts or omissions involving gross negligence or "reckless neglect," on the basis that the proposal was vague and indefinite); and *The Coca-Cola Company* (January 30, 2002) (in which the Staff concurred in the exclusion of a proposal regarding inclusion of "ordinary" persons with certain characteristics on the board of directors where the proposal did not provide guidance as to its implementation or clarify whether the proposal mandates or recommends that such "ordinary" persons be on the board of directors).

Consistent with this precedent, the Company believes that the Shareholder Proposal is excludable on the basis that it is impermissibly vague and indefinite so as to be materially misleading. For example, the Shareholder Proposal's supporting statement asserts that the Company "does not disclose . . . the participation of impacted rightsholders in its assessment process." The term "impacted rightsholders" is undefined and leaves open significant room for interpretation. For instance, "impacted rightsholders" could easily refer to those at risk of suffering a human rights violation or could refer to company stakeholders, such as customers, suppliers, employees, regulators or others. When considering the Shareholder Proposal in totality, the actions requested in the Proponents' resolution could differ markedly depending upon the meaning of "impacted rightsholders." As a result, neither the Company nor its shareholders should be required to act upon the Shareholder Proposal, where the meaning and application of its terms are subject to differing and particularly poignant interpretations such that actions taken by the Company to implement such a proposal could differ significantly from the very actions envisioned by the Proponents and the shareholders voting on the Shareholder Proposal more broadly. Inclusion of the Shareholder Proposal in the Proxy Materials would run counter to the very purposes for which Rule 14a-8(i)(3) was established. The Company and its shareholders reviewing the Shareholder Proposal alongside disclosures in the Proxy Materials would struggle to "be able to determine with any reasonable certainty exactly what actions or measures the proposal requires," and may indeed form various views.

As a result, the Shareholder Proposal may be open to more than one interpretation and is impermissibly vague and indefinite such that neither shareholders voting on the Shareholder Proposal nor the Company in implementing the Shareholder Proposal, if adopted, may be able to determine with reasonable certainty what actions would be taken under the Shareholder Proposal. Accordingly, the Company believes that the Shareholder Proposal may properly be excluded under Rule 14a-8(i)(3) as impermissibly vague and indefinite so as to be materially misleading in violation of Rule 14a-9.

Conclusion

Based on the foregoing, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(10), on the basis that the Company has substantially implemented the Shareholder

January 12, 2021

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Proposal, or, alternatively, pursuant to Rule 14a-8(i)(3), on the basis that the Shareholder Proposal is impermissibly vague and indefinite so as to be materially misleading in violation of Rule 14a-9.

If the Staff has any questions with respect to the foregoing, or if for any reason the Staff does not agree that the Company may exclude the Shareholder Proposal from its Proxy Materials, please do not hesitate to contact me at meredith.cross@wilmerhale.com or (202) 663-6644, or Jennifer C. McGarey, Corporate Vice President & Secretary, Northrop Grumman Corporation at Jennifer.McGarey@ngc.com. In addition, should the Proponents choose to submit any response or other correspondence to the Commission, we request that the Proponents concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Very truly yours,



Meredith B. Cross

Enclosures

cc: Jennifer C. McGarey
Mary Beth Gallagher, Investor Advocates for Social Justice
Patricia Daly, Sisters of St. Dominic of Caldwell New Jersey
Ethel Howley, School Sisters of Notre Dame Cooperative Investment Fund
Nora Nash, Sisters of St. Francis of Philadelphia

EXHIBIT A

From: Ethel Howley <ehowley@amssnd.org>
Sent: Friday, December 4, 2020 6:47 PM
To: McGarey, Jennifer C [US] (CO) <Jennifer.McGarey@ngc.com>
Subject: EXT :Northrop Grumman proposal

Ms. McGarey,

Attached is our proposal for consideration at your next annual meeting with the Sisters of St. Francis as the lead filer.

With peace,

Ethel Howley, SSND
School Sisters of Notre Dame Cooperative Investment Fund
Social Responsibility Resource Person
345 Belden Hill Road
Wilton, CT 06897

P: 203-762-3318

School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897

December 4, 2020

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

Dear Ms. Mc Garey:

The *School Sisters of Notre Dame Cooperative Investment Fund* is a Catholic institutional investor committed to aligning our investments with our values. Our responsible investing priorities and justice and peace ministry inform shareholder engagement with our portfolio companies. We are therefore co filing with the Sisters of St. Francis of Philadelphia this proposal on the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

The Sisters of St. Francis of Philadelphia are lead filer on Implementation of the Human Rights Impact Assessment. I submit it for inclusion in the proxy statement for consideration and action by the stockholders at the next annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the filers will attend the shareholders meeting to move the proposal. We hope that the company will be willing to take further steps to implement this proposal. Please note that the contact persons for this proposal will be: Nora Nash, and Mary Beth Gallagher, Investor Advocates for Social Justice.

Contact information is as a follows: nnash@osfphila.org 610-558-7661 or 610-675-5157
Mary Beth Gallagher mbgallagher@iasj.org tel: 973-509-8800

Sincerely,
Ethel M. Howley, SSND
Ethel M. Howley, SSND
Social Responsibility Resource Person
ehowley@amssnd.org
p: 203-762-3318

Whereas: As the world’s fourth-largest defense company, Northrop Grumman’s most severe human rights impacts are likely to result from the use of its products and services, such as controversial arms trade, military training, nuclear weapons, and border surveillance systems. Business relationships with the U.S. Government and foreign governments whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks.

Under the UN Guiding Principles on Business and Human Rights (UNGPs), companies have a responsibility to respect human rights which is distinct from the duties of states. The high likelihood of severe impacts linked to business in conflict-affected and high-risk areas warrants heightened due diligence. A 2019 Amnesty International report found that the defense industry is failing to carry out effective human rights due diligence. This requires conducting human rights impact assessments to identify and evaluate the actual and potential adverse human rights impacts of the company’s business activities.¹ The findings from the impact assessments should inform business decision making, prevention and mitigation efforts, and public disclosure.

Northrop Grumman has contracts with or supplies weapons to multiple states engaged in conflict, including Saudi Arabia, the United Arab Emirates, India, Israel, Morocco, and Colombia.²

Northrop Grumman is one of the Saudi Arabian Armed Forces’s largest defense partners, supplying weapons since 1971, and is heavily involved in military training.³ A 2020 report by the UN Human Rights Council alleges that Saudi-led coalition airstrikes in Yemen “may amount to war crimes” and the supply of weapons from the U.S. and other countries “has helped to perpetuate the conflict.”⁴

The Department of State’s 2020 due diligence guidance on foreign sales of “products or services that have surveillance capabilities” states companies should consider if “the end-user will likely misuse the product or service to carry out human rights violations.”⁵

The company also has at least \$68.3 billion in outstanding nuclear weapons contracts with the U.S. and foreign governments.⁶ As the Treaty on the Prohibition of Nuclear Weapons enters into force in 2021, nuclear weapons sales expose Northrop Grumman to increasing regulatory and reputational risks.

Northrop Grumman has a contract with the U.S. Department of Homeland Security to develop infrastructure for the Homeland Advanced Recognition Technology (HART) database. It will hold

¹ <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

² www.northropgrumman.com/AboutUs/OurGlobalPresence/Pages/default.aspx; www.upi.com/DefenseNews/2015/10/16/Colombia-receives-Northrop-Grumman-ANTPS-78-radar/4871445000556/; www.moroccoworldnews.com/2018/05/246179/morocco-cargo-m1a2s-laser-tanks-us/; <https://news.northropgrumman.com/news/releases/northrop-grumman-delivers-center-fuselage-for-firstisraeli-f-35-aircraft>

³ www.northropgrumman.com/AboutUs/OurGlobalPresence/MiddleEastAndAfrica/Pages/Who-We-Are-in-the-Middle-East.aspx

⁴ <https://www.ohchr.org/Documents/HRBodies/HRCouncil/GEE-Yemen/2020-09-09-report.pdf>

⁵ <https://www.state.gov/wp-content/uploads/2020/10/DRL-Industry-Guidance-Project-FINAL-1-pager-5081.pdf>

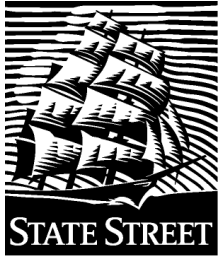
⁶ <https://www.dontbankonthebomb.com/northrop-grumman/>

sensitive biometric and biographical data for 260 million people, which presents risks of privacy rights violations, increased surveillance, racial bias, and harm to immigrant communities.⁷

While Northrop Grumman has a Human Rights Policy, it does not disclose its salient human rights issues or the nature and extent of the participation of impacted rightsholders in its assessment process.

Resolved: Shareholders request that Northrop Grumman publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

⁷ <https://theintercept.com/2020/11/17/dhs-biometrics-dna/>;
<http://www.documentcloud.org/documents/6542043-MSLS-Industry-Day-Presentation-FINAL.html>



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801 Pennsylvania Ave.
Kansas City, MO 64105

December 4, 2020

Sister Ethel Howley
School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897-3898

Re: School Sisters of Notre Dame Cooperative Investment Fund Proof of Ownership

Dear Sister Ethel:

This is to confirm that the following security is held in the above referenced account:

<u>Security</u>	<u>Current Shares</u>	<u>Acquisition Date</u>
NORTHROP GRUMMAN CORP	88.000	6/23/2003

The shares have been continuously owned for at least one year as of the Submission Date. They have been continuously owned since the Acquisition date.

To the best of my knowledge, the Sisters intend to continue to hold the shares through the date of their 2021 Annual Meeting.

If you have any questions or need additional information, please call me at 816-871-7249.

Sincerely,

Tammie Henry
State Street Bank & Trust
US Asset Owners

From: patdalyop@gmail.com
To: [McGarey, Jennifer C \[US\] \(CO\)](mailto:McGarey, Jennifer C [US] (CO))
Cc: "Nora Nash"; mbgallagher@iasj.org
Subject: EXT :Shareholder Resolution from Sisters of St Dominic of Caldwell
Date: Thursday, December 3, 2020 2:30:51 PM
Attachments: [12.03.20 LTR Northrup Gruman.doc](#)
[Northrop Grumman 2021 HRIA Proposal FINAL.pdf](#)
[Northrop.Verification.Shareholder.Letter.2020.pdf](#)

Dear Jennifer:

Attached please find documents for the filing on our shareholder resolution. I'm putting them in the mail to you today. I'm also trying to fax you the documents, but can't get a number from your office yet.

Would you send it on?

Thanks for your time. We look forward to discussing these concerns.

Blessings,

Sister Pat

*Sister Patricia A Daly OP
Corporate Responsibility and Impact Investing
75 South Fullerton Avenue
Montclair NJ 07042
973 670-9674
patdalyop@gmail.com*

Sisters of St. Dominic of Caldwell New Jersey

Office of Corporate Responsibility
75 South Fullerton Ave.
Montclair NJ 07042

973 670-9674

patdalyop@gmail.com

December 3, 2020

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

Dear Ms. McGarey:

As socially responsible investors, the Sisters of St. Dominic of Caldwell NJ look for social and financial accountability when investing in corporations. Along with members of the Tri-State Coalition for Responsible Investment and the Interfaith Center on Corporate Responsibility, we appreciated the opportunity to have a dialogue with you and your colleagues on issues related to human rights and the contract with the Department of Homeland Security. However, we were disappointed on November 28th that although we had shared our specific concerns and areas for discussion, you did not have any information related to the implementation of the human rights policy, and particularly how this policy relates to vetting your contracts with the government. As a top military contractor, you cannot be complicit in human rights violations that may cause greater risk to the company reputation, shareholder value and more seriously to the human rights of individuals.

The Sisters of St. Dominic of Caldwell are therefore submitting the enclosed shareholder proposal as co-lead filer with the Sisters of St. Francis of Philadelphia on Report on Implementation of the Human Rights Policy. We submit it for inclusion in the proxy statement for consideration and action by the stockholders at the 2019 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the filers will attend the shareholders meeting to move the proposal. We hope that the company will be willing to dialogue with us about this proposal.

The Sisters of St. Dominic of Caldwell are the beneficial owners of 137 shares of Northrop Grumman stock. The Sisters of St. Dominic of Caldwell have held this stock continually for over one year and intend to retain the requisite number of shares through the date of the Annual Meeting. A letter of verification of ownership is enclosed.

Please copy all communication regarding this resolution to Mary Beth Gallagher of the Tri-State Coalition for Responsible Investment located at 40 South Fullerton Ave, Montclair, NJ 07042, email address: mbgallagher@tricri.org and phone number (973) 509-8800. We look forward to constructive dialogue with you and your colleagues about these concerns.

Sincerely,

Sister Patricia A. Daly, OP
Corporate Responsibility Representative

Whereas: As the world’s fourth-largest defense company, Northrop Grumman’s most severe human rights impacts are likely to result from the use of its products and services, such as controversial arms trade, military training, nuclear weapons, and border surveillance systems. Business relationships with the U.S. Government and foreign governments whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks.

Under the UN Guiding Principles on Business and Human Rights (UNGPs), companies have a responsibility to respect human rights which is distinct from the duties of states. The high likelihood of severe impacts linked to business in conflict-affected and high-risk areas warrants heightened due diligence. A 2019 Amnesty International report found that the defense industry is failing to carry out effective human rights due diligence. This requires conducting human rights impact assessments to identify and evaluate the actual and potential adverse human rights impacts of the company’s business activities.¹ The findings from the impact assessments should inform business decision making, prevention and mitigation efforts, and public disclosure.

Northrop Grumman has contracts with or supplies weapons to multiple states engaged in conflict, including Saudi Arabia, the United Arab Emirates, India, Israel, Morocco, and Colombia.²

Northrop Grumman is one of the Saudi Arabian Armed Forces’s largest defense partners, supplying weapons since 1971, and is heavily involved in military training.³ A 2020 report by the UN Human Rights Council alleges that Saudi-led coalition airstrikes in Yemen “may amount to war crimes” and the supply of weapons from the U.S. and other countries “has helped to perpetuate the conflict.”⁴

The Department of State’s 2020 due diligence guidance on foreign sales of “products or services that have surveillance capabilities” states companies should consider if “the end-user will likely misuse the product or service to carry out human rights violations.”⁵

The company also has at least \$68.3 billion in outstanding nuclear weapons contracts with the U.S. and foreign governments.⁶ As the Treaty on the Prohibition of Nuclear Weapons enters into force in 2021, nuclear weapons sales expose Northrop Grumman to increasing regulatory and reputational risks.

Northrop Grumman has a contract with the U.S. Department of Homeland Security to develop infrastructure for the Homeland Advanced Recognition Technology (HART) database. It will hold

¹ <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

² www.northropgrumman.com/AboutUs/OurGlobalPresence/Pages/default.aspx; www.upi.com/Defense-News/2015/10/16/Colombia-receives-Northrop-Grumman-ANTPS-78-radar/4871445000556/; www.moroccoworldnews.com/2018/05/246179/morocco-cargo-m1a2s-laser-tanks-us/; <https://news.northropgrumman.com/news/releases/northrop-grumman-delivers-center-fuselage-for-first-israeli-f-35-aircraft>

³ www.northropgrumman.com/AboutUs/OurGlobalPresence/MiddleEastAndAfrica/Pages/Who-We-Are-in-the-Middle-East.aspx

⁴ <https://www.ohchr.org/Documents/HRBodies/HRCouncil/GEE-Yemen/2020-09-09-report.pdf>

⁵ <https://www.state.gov/wp-content/uploads/2020/10/DRL-Industry-Guidance-Project-FINAL-1-pager-508-1.pdf>

⁶ <https://www.dontbankonthebomb.com/northrop-grumman/>

sensitive biometric and biographical data for 260 million people, which presents risks of privacy rights violations, increased surveillance, racial bias, and harm to immigrant communities.⁷

While Northrop Grumman has a Human Rights Policy, it does not disclose its salient human rights issues or the nature and extent of the participation of impacted rightsholders in its assessment process.

Resolved: Shareholders request that Northrop Grumman publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

⁷<https://theintercept.com/2020/11/17/dhs-biometrics-dna/>;
<http://www.documentcloud.org/documents/6542043-MSLS-Industry-Day-Presentation-FINAL.html>

Jennifer S. Williams
Senior Vice President
Senior Trust Officer

FL9-875-03-02824
A1A Highway North, Suite 300
Ponte Vedra Beach, FL 32082
T 904.686.3520 F 904.791.5564
jen.williams@bofa.com

December 3, 2020

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

RE: The Sisters of St. Dominic of Caldwell, NJ Inc.
Letter of Verification of Ownership

To Whom it may Concern,

This letter alone shall serve as proof of beneficial ownership of 303 shares of Northrop Grumman common stock for the Sisters of St. Domonic of Caldwell, NJ Inc.

Please be advised that as of December 3, 2020, the Sisters of St. Dominic of Caldwell, NJ Inc:

- have continuously held the requisite number of shares of common stock for at least one year;
- intend to continue holding the requisite number of shares of common stock through the date of the next Annual Meeting of Shareholders.

Sincerely,

Jennifer S. Williams
Senior Vice President

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Trust and fiduciary services are provided by Bank of America Private Bank, a division of Bank of America, N.A., Member FDIC, and a wholly-owned subsidiary of Bank of America Corporation.

From: [Nora Nash](#)
To: [McGarey, Jennifer C \[US\] \(CO\)](#)
Subject: EXT :Human Rights Proposal
Date: Thursday, December 3, 2020 1:51:35 PM
Attachments: [Northrop Grumman letter 12.3.2020 final.rtf_email.rtf](#)
[Northrop Grumman 2021 HRIA Proposal FINAL.docx](#)
[Northrop Grumman Corp Comm- DEC 2020.docx](#)

Dear Jennifer,

I hope that you have had a good Thanksgiving break and that you continue to remain safe.

We are most appreciative of the disclosure changes that you have indicated in your human rights policy and we appreciate it. We encourage you to do a Human Rights Impact Assessment and the proposal for that is enclosed. A hard copy will go in the mail today.

Peace and blessings

Nora

Nora. M. Nash, OSF
Director, Corporate Social Responsibility
Sisters of St Francis of Philadelphia
609 S. Convent Road
Aston, PA 19014
610-558-7661

Website: www.osfphila.org

Become a fan on Facebook:

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Follow us on Twitter: <http://twitter.com/SrsofStFrancis> (<http://twitter.com/SrsofStFrancis>)



THE SISTERS OF ST. FRANCIS OF PHILADELPHIA

December 3, 2020

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

Dear Ms. Mc Garey:

Peace and all good! The Sisters of St. Francis of Philadelphia have been shareholders in Northrop Grumman for several years. As faith-based investors and active members of the Interfaith Center on Corporate Responsibility, we appreciate the opportunity to dialogue with you on issues related to human rights and further development of your policy. However, we continue to be concerned with the company's salient human rights issues and complicity with a government that perpetuates human rights risks around the world. As a top military contractor, we urge you to examine your salient risks and complete a Human Rights Impact Assessment for the purpose of reducing greater risks to the company reputation, shareholder value, and more seriously to the human rights of individuals.

The Sisters of St. Francis of Philadelphia are therefore submitting the enclosed shareholder proposal as lead filer on Implementation of the Human Rights Impact Assessment. I submit it for inclusion in the proxy statement for consideration and action by the stockholders at the next annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the filers will attend the shareholders meeting to move the proposal. We hope that the company will be willing to take further steps to implement this proposal. Please note that the contact persons for this proposal will be: Nora Nash, and Mary Beth Gallagher, Investor Advocates for Social Justice.

Contact information is as follows: nnash@osfphila.org 610-558-7661 or 610-675-5157
Mary Beth Gallagher mbgallagher@iasj.org tel: 973-509-8800

As verification that we are beneficial owners of common stock in Northrop Grumman, I enclose a letter from Northern Trust Company, our portfolio custodian/record holder attesting to the fact. It is our intention to keep these shares in our portfolio beyond the annual meeting.

Respectfully yours,

Nora M. Nash, OSF
Director, Corporate Social Responsibility

Enclosures

cc: Julie Wokaty, Interfaith Center on Corporate Responsibility (ICCR)
Mary Beth Gallagher, Investor Advocates for Social Justice

Whereas: As the world’s fourth-largest defense company, Northrop Grumman’s most severe human rights impacts are likely to result from the use of its products and services, such as controversial arms trade, military training, nuclear weapons, and border surveillance systems. Business relationships with the U.S. Government and foreign governments whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks.

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The company also has at least \$68.3 billion in outstanding nuclear weapons contracts with the U.S. and foreign governments.⁶ As the Treaty on the Prohibition of Nuclear Weapons enters into force in 2021, nuclear weapons sales expose Northrop Grumman to increasing regulatory and reputational risks.

Northrop Grumman has a contract with the U.S. Department of Homeland Security to develop infrastructure for the Homeland Advanced Recognition Technology (HART) database. It will hold

¹ <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

² www.northropgrumman.com/AboutUs/OurGlobalPresence/Pages/default.aspx; www.upi.com/DefenseNews/2015/10/16/Colombia-receives-Northrop-Grumman-ANTPS-78-radar/487144500556/; www.moroccoworldnews.com/2018/05/246179/morocco-cargo-m1a2s-laser-tanks-us/; <https://news.northropgrumman.com/news/releases/northrop-grumman-delivers-center-fuselage-for-firstisraeli-f-35-aircraft>

³ www.northropgrumman.com/AboutUs/OurGlobalPresence/MiddleEastAndAfrica/Pages/Who-We-Are-in-the-Middle-East.aspx

⁴ <https://www.ohchr.org/Documents/HRBodies/HRCouncil/GEE-Yemen/2020-09-09-report.pdf>

⁵ <https://www.state.gov/wp-content/uploads/2020/10/DRL-Industry-Guidance-Project-FINAL-1-pager-5081.pdf>

⁶ <https://www.dontbankonthebomb.com/northrop-grumman/>

sensitive biometric and biographical data for 260 million people, which presents risks of privacy rights violations, increased surveillance, racial bias, and harm to immigrant communities.⁷

While Northrop Grumman has a Human Rights Policy, it does not disclose its salient human rights issues or the nature and extent of the participation of impacted rightsholders in its assessment process.

Resolved: Shareholders request that Northrop Grumman publish a report, at reasonable cost and omitting proprietary information, with the results of human rights impact assessments examining the actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas.

⁷ <https://theintercept.com/2020/11/17/dhs-biometrics-dna/>;
<http://www.documentcloud.org/documents/6542043-MSLS-Industry-Day-Presentation-FINAL.html>



50 S. LaSalle Street
Chicago IL 60603

December 3, 2020

To Whom It May Concern:

This letter will confirm that the Sisters of St. Francis of Philadelphia hold **11** shares of **Northrop Grumman Corp. Common Stock (CUSIP : 666807102)**. These shares have been held continuously, for at least a one-year period preceding and including **December 3, 2020** and will continue to be at the time of your next shareholders meeting.

The Northern Trust Company serves as custodian/record holder for the Sisters of St. Francis of Philadelphia. The above mentioned shares are registered in the nominee name of the Northern Trust Company.

This letter will further verify that Sister Nora M. Nash and/or Thomas McCaney are representatives of the Sisters of St. Francis of Philadelphia and are authorized to act on their behalf.

Sincerely,

Lisa M. Martinez- Shaffer
Second Vice President