FINAL ASSESSMENT
HUNTINGTON INGALLS INDUSTRIES, INC

The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>65%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>45.8%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>78.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>48.7%</strong></td>
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</table>

TI has found no evidence that the company is involved in offsets and has therefore removed the two relevant questions (A13a and A13b).
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:
1

Comments:
Based on public information, there is evidence the company publishes statements from the Chief Executive Officer supporting the ethics and anti-corruption agenda of the company. TI notes that this includes a video released in January 2014. However, the main statement within the Code of Ethics and Business Conduct dates from March 2011. The company therefore scores 1.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.1:
‘A Message from the President and Chief Executive Officer
Dear Shipbuilders:
An effective ethics and business conduct program is, and will always be, part of the way we do business at Huntington Ingalls Industries, Inc. (HII). Our program not only provides you with guidelines for your daily work life, it helps all of us demonstrate the values that serve as the foundation for how we conduct business at HII. Although our name has changed and we now operate as an independent and publicly traded company, our commitment to doing business the right way is stronger than ever. In fact, our new company posture presents us with an opportunity to reaffirm our commitment to a strong set of values and a vital ethics and business conduct program.
This Code of Ethics and Business Conduct is a statement of our commitment to integrity and high ethical standards in all that we do at Huntington Ingalls Industries, defining what we expect from our officers, directors, and employees as we perform our jobs. It also defines the conduct we expect of non-employees who act on the company’s behalf in any capacity.
While working more efficiently is a business objective, we must not do so at the expense of product quality or by ignoring our values. Each of us should clearly understand that working “leaner” does not mean taking shortcuts that will compromise our business integrity and our legal obligations.
This first edition of our Code of Ethics and Business Conduct contains changes from the previous Standards of Business Conduct booklet. These changes reflect our new company values as well as government laws and regulations that impact the way we do business. It also reflects the emphasis Huntington Ingalls Industries places on ethical business practices. Please read the entire booklet carefully and keep it as a quick reference for complying with proper business conduct practices. If you have any questions, speak to your Supervisor, Manager, Human Resources, Business Conduct Officer or anonymously through the company’s toll free 24/7 OpenLine number: 1-877-631-0020.

Supervisors are responsible for making sure their employees know what constitutes proper business conduct and standards. They are also responsible for serving as role models by personally following all rules and regulations and by demonstrating our values daily. I appreciate your support in this important area and everything you do to build the best military ships in the world.

From the President

Mike Petters
President and Chief Executive Office’.

http://www.huntingtoningalls.com/about/docs/codeofethics.pdf

Ethics and Compliance Video Transcript (January 2014):

‘Mike Petters, President and CEO, Huntington Ingalls Industries:

Hello! As we begin 2014, I want to remind everyone how important ethics and compliance are at Huntington Ingalls Industries. It’s often the case that you only hear about ethics and compliance when something has gone wrong. Think of the news reports you’ve heard about bribes, embezzlement, harassment and other forms of misconduct. Those are obviously very big and very serious violations. Yet ethics and compliance involve smaller things too. And it’s the small things—the decisions we make each and every day—that add up to create our culture. At HII, our decisions and actions are based on our company values, compliance with the law, and our company policies and procedures. We do the right thing. At all times. Even if “no one is looking.” Rather than hearing more about the importance of ethics and compliance from me, let’s hear from some of the employees who have been recognized through HII’s Ethics Award program … Alfredia Seals, Ingalls Shipbuilding: “Ethics is doing the right thing and treating people the way you want to be treated on a daily basis, not just treating those people who you think might be of service to you.”

David Hamm, Newport News Shipbuilding: “It’s got to maintain the same ethical footing. … I’m as good as my word is, and that’s the way I have to work with the customer, and with my area and my supervision, my management chain expects nothing but.”

Seals: “The main thing is: Treat everybody with respect. You treat people the way you want to be treated; in return, everybody will have a better day.”

Hamm: “If you do the right thing, the folks around you will take notice, and it encourages them to do the right thing. It’s a growth of behaviors that will occur by emulation, not by teaching lessons.”

[Back to Petters.] Now maintaining the highest ethical standards requires open communication. That’s why I encourage you to talk about ethics and compliance on a
regular basis—not just when it happens to be in the news. I’m also asking you to model the behavior you expect from yourself and from others and to live the company values: Integrity, Honesty, Engagement, Responsibility and Performance.

Importantly, if you believe you’ve been asked to do something illegal or unethical—or something that violates company policies or procedures—speak up and voice your concerns to your supervisor immediately. If you’re not comfortable talking to your supervisor, contact an HR Business Partner or Business Conduct Officer or call the company OpenLine.

Thank you, as always, for helping to “Shape the Culture” of ethics and compliance at HII. And best wishes for another successful year! Send feedback to: HII_Communications@hii-co.com’.

A2:
Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

1

Comments:
Based on public information, there is some evidence that the company’s Chief Executive Officer has demonstrated a personal, external facing commitment to the ethics and anti-corruption agenda of the company in the last two years. The Chief Executive Officer gave a speech at the Old Dominion University, which included a focus on leading with integrity. TI also notes a statement made by the Chief Executive Officer, which is outside the two year timeframe of the question. The company therefore scores 1.

References:
Public:
Old Dominion University website: Huntington Ingalls President Is First Speaker for Landmark Executive-in-Residence Series (September 2012)

‘Mike Petters, president and CEO of Huntington Ingalls Industries, is the first Landmark Executive-in-Residence speaker of the 2012-13 series sponsored by Old Dominion University’s College of Business and Public Administration.’

‘The business college’s Landmark Executive-in-Residence speaker series is designed to enrich students' entrepreneurial spirit, their awareness of the success that can be built on their academic experience, and their understanding of the importance of leading with integrity’.


‘Petters paid special tribute to the men and women who build aircraft carriers. "Integrity, commitment, steadfastness, honesty and uncompromising ethics. These are the qualities we will model as we take steel, electronics and millions of components, to create a fitting tribute and living testament to a president who took a country in need and in pain and..."”
provided a much needed sense of calm and unity," said Petters. « We are shipbuilders, this is our duty, our obligation, a job we take very seriously, and one we are honored to perform ».

A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure of personal engagement with employees on this issue.

References:
Public:
NA
A4:
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

2

Comments:
Based on public information, there is evidence the company publishes a number of statements of values and commitments representing high standards of business conduct, including honesty, trust, integrity. The company clearly demonstrates how these are translated into company policies and codes.

References:
Public:
Company Website: Company Values
‘Values and Commitments
Our Values
We believe that putting our values into practice creates long-term benefits for shareholders, customers, employees, suppliers, and the communities we serve. To meet our commitments, we must always demonstrate our Company Values:
Integrity
Integrity is at the heart of who we are and what we do. We are each personally accountable for the highest standards of ethics and integrity. We will fulfill our commitments as responsible citizens and employees. We will consistently treat customers and company resources with the respect they deserve.
Honesty
We are committed to being honest and fair with our customers, our employees, our stakeholders and each other. We will be truthful, trustworthy and honorable in all aspects of our work.
Engagement
Employees are very involved in what they do and take ownership of their work and their work processes. Engagement is a heightened level of ownership where employees want to do whatever they can for the benefit of their internal and external customers, and for the
Responsibility
We seek and accept personal responsibility for our actions and results. We keep promises and commitments made to others. We are responsible for ensuring quality is built into everything we do. We take pride in providing outstanding customer service.

Performance
We hold ourselves to a very high standard of performance. We are committed to improving our company performance while upholding our strong values. Superior performance and quality ensure future trust and confidence in our products. We promote continuous improvement, innovation, and creativity.

Commitments
At Huntington Ingalls Industries, we are committed to:

Our Employees
Our employees demonstrate their integrity, dedication and commitment to quality in their daily work and are committed to improving performance and creating success.

Our Customers
We are honored to build products that help them defend and protect our freedom. It’s a job we take very seriously and we are intently focused on meeting or exceeding our customer commitments.

Our Shareholders
We are committed to creating and enhancing both short-term and long-term value in our company through improved performance and an intense focus on delivering excellent results.

Our Communities
We are dedicated to being a visible and positive corporate citizen in every community where we do business.

Our Suppliers
They are an integral part of our team and paramount to our ability to achieve our business objectives’.

http://www.huntingtoningalls.com/about/values

Company website: Ethics and Compliance
‘Our program not only provides employees with guidelines for your daily work life, it helps all of us demonstrate the values that serve as the foundation for how we conduct business at HII.

Ethics & Compliance
Our company posture presents us with an opportunity to reaffirm our commitment to a strong set of values and a vital ethics and business conduct program.

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the conduct we expect of non-employees who act on the company's behalf in any capacity.’
http://www.huntingtoningalls.com/about/ethics

Company website: California Transparency in Supply Chains Act of 2010
‘Huntington Ingalls Industries maintains a robust, broad-based ethics and compliance program that stresses values, leadership, training, audits, inspections, certifications and accountability. This broad-based program is intended to ensure that Huntington Ingalls Industries complies with all applicable laws and maintains a culture committed to ethics and integrity’.
http://nns.huntingtoningalls.com/about/supplychainsact

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‘A Message from the President and Chief Executive Officer
Dear Shipbuilders:

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From the President
Mike Petters
President and Chief Executive Office

(pp.1-2): ‘Huntington Ingalls Industries has embraced a set of values and established high ethical standards for the conduct of our business. Huntington Ingalls Industries considers adherence to our company Values and Code of Ethics and Business Conduct, as well as strict observance of all U.S. and foreign laws and regulations, to be not only a legal requirement but an ethical obligation for all. Everyone associated with Huntington Ingalls Industries is expected to make this commitment his/her own. This includes non-employees, such as consultants, agents, contract labor, employees of limited liability companies, joint ventures, and anyone who represents the company in any capacity – regardless of their position. Individuals are responsible for the integrity and consequences of any actions that are taken on behalf of Huntington Ingalls Industries’.
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:

2

Comments:
Based on public information, there is evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption. Specifically, the company is a member of the Defense Industry Initiative on Business Ethics and Conduct (DII).

References:
Public:
DII website: Signatories
‘Huntington Ingalls Industries’.
[http://www.dii.org/signatories](http://www.dii.org/signatories)

DII website: Huntington Ingalls Industries
‘Huntington Ingalls Industries (HII) designs, builds and maintains nuclear and non-nuclear ships for the U.S. Navy and Coast Guard and provides after-market services for military ships around the globe. For more than a century, HII has built more ships in more ship classes than any other U.S. naval shipbuilder at its Newport News Shipbuilding and Ingalls Shipbuilding divisions. Employing about 37,000 in Virginia, Mississippi, Louisiana and California, HII also provides a wide variety of products and services to the commercial energy industry and other government customers, including the Department of Energy.’

[http://www.dii.org/groups/huntington-ingalls-industries](http://www.dii.org/groups/huntington-ingalls-industries)
A6:

Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

2

Comments:

Based on public information, there is evidence that the company has appointed a Board committee with overall corporate responsibility for its ethics and anti-corruption agenda. TI notes that the Audit Committee has this responsibility and its duties and authorities are outlined in an Audit Committee Charter.

References:

Public:
Audit Committee Charter (February 2014), p.5:
‘Other Duties and Authorities
...18. Establish and periodically review procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
...22. Discuss guidelines and policies with respect to risk assessment and risk management including insurance risk management, addressing the Company’s major financial risk exposures and the steps that management has taken to monitor and control such exposures.
23. Oversee the Company’s compliance program, including the Company’s Code of Ethics and Business Conduct, and, at least annually, meet to review the implementation and effectiveness of the Company’s compliance program with the General Counsel, who shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of the Code of Ethics and Business Conduct, including any matters involving criminal or potential criminal conduct’.

(p.2):
‘Meetings
The Committee shall meet at least four times annually, or more frequently as required. The Committee shall conduct its meetings with the appropriate representatives of the Company’s internal audit department and the independent auditor and such other members of management as determined by the Chairman of the Committee. The agenda for each regularly scheduled meeting shall provide for the opportunity, at the Committee’s discretion, for separate sessions with Company management, the appropriate representatives of the Company’s internal audit department, and the independent auditor, and for an executive session of only the Committee members (and advisors).

A majority of the members of the Committee shall constitute a quorum for any meeting. Any action of a majority of the members of the Committee present at any meeting at which a quorum is present shall be an action of the Committee. The Committee shall maintain written minutes of its meetings. These minutes shall be filed with the minutes of the meetings of the Board. All actions by the Committee shall be reported to the Board at the Board meeting next succeeding such Committee actions’.

http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjI5NDU2fENoaWxkSUQ9LTF8VHlwZT0z&t=1
A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:
2

Comments:
Based on public information, there is evidence the company has appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda. TI notes that Kenneth Rogers holds the position of Corporate Director Compliance and Ethics.

References:
Public:
Company website:
‘For additional information on the ethics program, including ethics and business conduct policies and procedures, training, publications and other materials, contact information for site Business Conduct Officers, or to raise an ethics or compliance question or concern, contact one of the ethics offices below:
Corporate
Kenneth Rogers
Corporate Director, Compliance and Ethics
4101 Washington Ave.
Newport News, VA 23607
kenny.rogers@hiico.com’

http://www.huntingtoningalls.com/about/openline
A8:
Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:
2

Comments:
Based on public information, there is evidence that the Audit Committee meets both quarterly and at least annually to review the implementation and effectiveness of the company’s compliance program with the General Counsel.

References:
Public:
Audit Committee Charter (February 2014), p.5:
‘Other Duties and Authorities
...18. Establish and periodically review procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
...22. Discuss guidelines and policies with respect to risk assessment and risk management including insurance risk management, addressing the Company’s major financial risk exposures and the steps that management has taken to monitor and control such exposures.
23. Oversee the Company’s compliance program, including the Company’s Code of Ethics and Business Conduct, and, at least annually, meet to review the implementation and effectiveness of the Company’s compliance program with the General Counsel, who shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of the Code of Ethics and Business Conduct, including any matters involving criminal or potential criminal conduct’.

(p.2):
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The Committee shall meet at least four times annually, or more frequently as required. The Committee shall conduct its meetings with the appropriate representatives of the Company’s internal audit department and the independent auditor and such other
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A majority of the members of the Committee shall constitute a quorum for any meeting. Any action of a majority of the members of the Committee present at any meeting at which a quorum is present shall be an action of the Committee. The Committee shall maintain written minutes of its meetings. These minutes shall be filed with the minutes of the meetings of the Board. All actions by the Committee shall be reported to the Board at the Board meeting next succeeding such Committee actions.

http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjI5NDU2fENoaWxkSUQ9LT8VHlwZT0z&t=1
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

0

Comments:
Based on public information, there is no readily available evidence a formal, clear, written plan is in place on which the review of the ethics and anti-corruption agenda by the Audit Committee is based, and evidence of improvement plans being implemented when issues are identified. TI notes the Audit Committee Charter provides a brief overview of the Committee’s review procedure, which is insufficient evidence to score on this question.

References:
Public:
TI notes:
Audit Committee Charter (February 2014), p.5:
‘Other Duties and Authorities
...18. Establish and periodically review procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
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(p.2): ‘Meetings

The Committee shall meet at least four times annually, or more frequently as required. The Committee shall conduct its meetings with the appropriate representatives of the Company’s internal audit department and the independent auditor and such other members of management as determined by the Chairman of the Committee. The agenda for each regularly scheduled meeting shall provide for the opportunity, at the Committee’s discretion, for separate sessions with Company management, the appropriate representatives of the Company’s internal audit department, and the independent auditor, and for an executive session of only the Committee members (and advisors).

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A9: Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:

1

Comments:
Based on public information, there is evidence that the company has a formal process for review of its policies and practices in response to actual or alleged instances of corruption. Indeed, it is the responsibility of the General Counsel ‘to communicate directly to the Committee, promptly, about actual and alleged violations of the Code of Ethics and Business Conduct, including any matters involving criminal or potential criminal conduct’. However, it is not clear that updates are made in response to such conduct. The company therefore scores 1.

References:
Public: Audit Committee Charter (February 2014), p.5:
‘Other Duties and Authorities
...18. Establish and periodically review procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
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A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:
0

Comments:
Based on public information, there is limited evidence that the company has a formal risk assessment procedure implemented enterprise-wide. TI found no readily available details outlining this procedure and nothing indicating that it comprises a specific focus on anti-corruption.

References:
Public:
TI notes:
Audit Committee Charter (February 2014), p.5:
‘Other Duties and Authorities
...18. Establish and periodically review procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. ...22. Discuss guidelines and policies with respect to risk assessment and risk management including insurance risk management, addressing the Company’s major financial risk exposures and the steps that management has taken to monitor and control such exposures’. 
A10:

Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:

0

Comments:

Based on public information, there is limited evidence that the company has a formal risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied. TI found no readily available details outlining this procedure and nothing indicating that it comprises a specific focus on anti-corruption.

References:

Public:

TI notes:

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A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence when selecting its agents.

References:
Public:
NA
A12:
Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption.

References:
Public:
NA
A13:
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

2

Comments:
Based on public information, there is evidence that the company makes clear to contractors, sub-contractors, and suppliers, through policy terms, its stance on bribery and corruption and the consequences of breaches to this stance. The Supply Chains section of the company website states that any supplier in breach of the company’s code of values will be subject to termination.

References:
Public:
Company Website: California Transparency in Supply Chains Act of 2010
‘Direct suppliers of Huntington Ingalls Industries are required not only to comply with applicable laws and regulations in providing us goods and services, but also to adhere to the company’s values and standards of business conduct. We provide these values and standards to our vendors in a "Business Associates Brochure," which is available on our website (...). Suppliers who fail to adhere to our standards are subject to termination. Huntington Ingalls Industries suppliers and employees have access to a toll free open-line that enables them to raise questions and concerns and report violations of laws, regulations and our standards of conduct’.
http://www.huntingtoningalls.com/about/supplychains

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as the foundation for how we conduct business at HII. Although our name has changed and we now operate as an independent and publicly traded company, our commitment to doing business the right way is stronger than ever. In fact, our new company posture presents us with an opportunity to reaffirm our commitment to a strong set of values and a vital ethics and business conduct program. This Code of Ethics and Business Conduct is a statement of our commitment to integrity and high ethical standards in all that we do at Huntington Ingalls Industries, defining what we expect from our officers, directors, and employees as we perform our jobs. It also defines the conduct we expect of non-employees who act on the company’s behalf in any capacity.

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From the President

Mike Petters
President and Chief Executive Office’.

Values, Ethics and Business Conduct for Huntington Ingalls Industries Business Associates (April 2011), p.1:

‘Responsibilities and Consequences

Our company Code of Ethics and Business Conduct applies to anyone who represents or is affiliated with Huntington Ingalls Industries. Violating rules relating to our relationships with the U.S. Government or to our commercial customers may result in serious consequences up to and including termination of one’s relationship with the company’.

http://www.huntingtingalls.com/about/docs/ethicsba.pdf
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:
NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:
1

Comments:
Based on public information, there is evidence that the company has an ethics and business conduct program that prohibits corruption in some of its forms. Specifically, TI notes that the policy is not as explicit as it could be on the various forms of corruption that exist. The company therefore scores 1.

References:
Public:
Corporate Governance Guidelines (December 2013), p.7:
‘Code of Ethics and Business Conduct and Conflicts of Interest Ethics and values are central to the Company’s identity. The Board expects all directors, officers, employees and representatives to act ethically at all times and to avoid conflicts of interest or the appearance of a conflict of interest. The Company has adopted the Code of Ethics and Business Conduct that applies to all directors, officers, employees, consultants, agents, contract labor and anyone who represents the Company in any capacity. The Code of Ethics and Business Conduct is available on the Company’s website. Waivers of the Code of Ethics and Business Conduct will be reviewed by the Governance and Policy Committee for any director or executive officer.
If an actual or potential conflict of interest arises for a director, the director shall promptly inform the CEO, the Chairman and the Lead Independent Director, if any. The Governance and Policy Committee shall review and resolve any such conflicts. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Governance and Policy Committee shall resolve any conflict of interest question involving the CEO or a senior vice president, and the CEO shall resolve any conflict of interest issue involving any other officer of the Company’.

http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjQ5MDUyfENoaWxkSUQ9LTF8VHlwZT0z&t=1

Annual Report (2013), p.115:
We have adopted a Code of Ethics and Business Conduct for all of our employees, including the principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics and Business Conduct can be found on our internet website at www.huntingtingalls.com under "Investor Relations—Corporate Governance—Highlights." A copy of the Code of Ethics and Business Conduct is available to any stockholder who requests it by writing to: Huntington Ingalls Industries, Inc., c/o Office of the Secretary, 4101 Washington Avenue, Newport News, VA 23607. If we make any substantive amendments to the Code of Ethics and Business Conduct or grant any waivers, including any implicit waiver, from a provision of the Code of Ethics and Business Conduct to our Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer, we will disclose the nature of the amendment or waiver on our website.

Code of Ethics and Business Conduct (March 2011), pp.9-10:

‘Relationships
We will endeavor to deal fairly with Huntington Ingalls Industries’ customers, suppliers and competitors. To this end, we will not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice involving unfair dealing.

1) With Customers: We expect our customers, both government and commercial, to select our products because of quality, service and price. We conduct our business in an open and aboveboard manner and we do not seek any improper influence. Our policies, procedures and practices are designed to prevent even the appearance of such influence.

Our products are expected to conform to the customer’s requirements. Changes to these requirements must be made in accordance with applicable contract procedures and requirements. The nature of our business requires that we be especially attentive to the strict standards that government agencies have established for their employees. As a general rule, business courtesies such as gifts, entertainment, services or favors should not be offered to any actual or potential government customer or representative. See Huntington Ingalls Industries’ Business Courtesies Policy. When dealing with non-government personnel in connection with government contract or subcontract activities, similar restrictions apply. Under certain circumstances, it is a crime to offer or give anything to a government employee because of an official act performed or to be performed. Also, offering, providing, soliciting or accepting anything of value to or from anyone in return for favorable consideration on a government contract or subcontract is called a kickback and is a crime. Finally, business courtesies offered to commercial, non-government customers must demonstrate good business judgment and be reasonable (for example, not frequent or lavish), legal and offered in a manner that could not hurt Huntington Ingalls Industries’ reputation for impartiality and fair dealing.

2) With Suppliers: Helpful, friendly, professional relationships are essential to any business. While cultivating such relationships with our suppliers, we must also maintain an honest, objective and efficient procurement process. The purchase of materials and services must be in accordance with Huntington Ingalls Industries procurement policies and procedures. Huntington Ingalls Industries employees and members of their immediate families may not
solicit or accept gifts, payment or gratuities from our suppliers. (Promotional items of nominal value may be accepted.) See Huntington Ingalls Industries’ Business Courtesies Policy. Any substantial financial interest in a Huntington Ingalls Industries supplier or someone seeking to become a supplier must be reported to the company. Huntington Ingalls Industries policies in this area go beyond the law prohibiting kickbacks. We must avoid even the appearance of improper conduct in all our business dealings. Exceptions to the Code of Ethics and Business Conduct are not allowed unless specifically provided for in the company’s written procedures’.
A16:
Is the anti-corruption policy explicitly one of zero tolerance?

Score:

1

Comments:
Based on public information, there is no readily available evidence that the company’s anti-corruption policy is explicitly one of zero tolerance. However, the company has a zero tolerance policy of violations of the Code of Ethics and Business Conduct. The company therefore scores 1.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.17:
‘Responsibility and Consequences
1) Responsibility: In addition to the Chief Executive Officer, the Chief Financial Officer and all other managers and employees, the Huntington Ingalls Industries Code of Ethics and Business Conduct applies to members of the Board of Directors, consultants, agents, contract labor (job shoppers) and anyone who represents the company in any capacity. It is the responsibility of all of these parties to comply with the Code, to seek advice and guidance when questions arise and to report violations of the Code of Ethics and Business Conduct of which they have knowledge. Employees are encouraged to raise such issues with their manager first. In the event that is not possible, contact the local Business Conduct Officer, legal counsel, human resources or the OpenLine. The company will treat such reports as confidential to the extent practical, except where disclosure is required to investigate a report or by applicable law or legal process. You may make an anonymous report if you desire. In any case, company policy prohibits direct or indirect retaliation on anyone reporting a violation of the Code of Ethics and Business Conduct.
2) Consequences: Employees who violate the Code of Ethics and Business Conduct will be subject to disciplinary action up to and including termination of employment. Violations may also result in civil or criminal penalties. An employee who witnesses such a violation and fails to report it may be subject to discipline. Also, a supervisor or manager may be subject to discipline to the extent that the violation reflects inadequate supervision or lack of diligence’. 
Waivers of provisions of the Code of Ethics and Business Conduct will be granted only in exigent circumstances. Any waiver of the Code of Ethics and Business Conduct for an executive officer or director may only be made by the Board of Directors or a committee of the Board of Directors and must be promptly disclosed to the shareholders as required by law. Waivers for other individuals must be approved in writing by the company’s Chief Executive Officer, General Counsel or the company’s Business Conduct Officer.”
A17:
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

1

Comments:
Based on public information, there is evidence that the company's anti-corruption policy is accessible on the company website to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company. However, TI notes that the documents are only available in English. The company therefore scores 1.

References:
Public:
Company Website, Ethics and Compliance:
http://www.huntingtingalls.com/about/ethics

Code of Ethics and Business Conduct (March 2011):
http://www.huntingtingalls.com/about/docs/codeofethics.pdf

Values, Ethics, and Business Conduct for Huntington Ingalls Industries Business Associates (April 2011):
http://www.huntingtingalls.com/about/docs/ethicsba.pdf
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:
1

Comments:
Based on public information, there is evidence that the policy is largely understandable; however, TI notes the use of legal language and legal references, which might be more difficult to understand for a non-legal audience. TI also notes the lack of examples or detail on some points, which would have added to the clarity of the policy. The company therefore scores 1.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.27:
‘Anti-Bribery and Anti-Corruption
Anti-Kickback Act of 1986: Directly or indirectly offering, providing, soliciting or accepting anything of value in return for favorable treatment in connection with a government contract or subcontract is a violation of company policy and federal law, which may result in company discipline as well as severe civil or criminal penalties. Foreign Corrupt Practices Act: FCPA, as it is known, is intended to prevent bribery of foreign officials by representatives of U.S. companies for the purpose of securing an improper business advantage. It prohibits the payment or offering of anything of value directly or indirectly to a foreign government official, political party, party official or candidate for the purpose of influencing an official act of the person or the government in order to obtain such an advantage. Byrd Amendment: This law prohibits the use of federally appropriated money to pay any person for influencing or attempting to influence officials of the Executive or Legislative branches of U.S. government, including members of Congress and their staffs, in connection with the award or modification of U.S. government contracts‘.
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:

Based on public information, there is evidence that the company’s anti-corruption policy explicitly applies to all employees and members of the Board.

References:

Public:
Code of Ethics and Business Conduct (March 2011), p.5:
‘The Code applies to officers, directors and employees regardless of position or level of responsibility. It also applies to non-employees who act on the company’s behalf in any capacity. Everyone is responsible for the integrity and consequences of their actions’.

(p.17):
‘Responsibility and Consequences
1) Responsibility: In addition to the Chief Executive Officer, the Chief Financial Officer and all other managers and employees, the Huntington Ingalls Industries Code of Ethics and Business Conduct applies to members of the Board of Directors, consultants, agents, contract labor (job shoppers) and anyone who represents the company in any capacity. It is the responsibility of all of these parties to comply with the Code, to seek advice and guidance when questions arise and to report violations of the Code of Ethics and Business Conduct of which they have knowledge. Employees are encouraged to raise such issues with their manager first. In the event that is not possible, contact the local Business Conduct Officer, legal counsel, human resources or the OpenLine. The company will treat such reports as confidential to the extent practical, except where disclosure is required to investigate a report or by applicable law or legal process. You may make an anonymous report if you desire. In any case, company policy prohibits direct or indirect retaliation on anyone reporting a violation of the Code of Ethics and Business Conduct’.
A20: Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score: 2

Comments:
Based on public information, there is evidence that the company does have a policy on potential conflicts of interest that applies to both employees and board members. TI notes that the company provides examples of potential conflicts of interest.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.8:
‘Personal Political Activities
The company encourages individual participation by employees in the political process. This includes service on governmental bodies and participation in political activities. However, such activities should not be carried on in a way that interferes with the employee’s job responsibilities or creates a conflict of interest. It is important that officers and employees review the company policy on Political Contributions and Activities. Employees should seek immediate advice from the Law Department or Ethics Office whenever they have a question concerning political activities’.

(pp.10-11):
‘Conflict of Interest
Every member of Huntington Ingalls Industries’ board of directors, officer and employee occupies a position of trust and is responsible for complying with the Code of Ethics and Business Conduct and the Corporate Conflict of Interest Procedure. We must be particularly sensitive to any situation, on or off the job that might erode that trust or cause others to doubt our fairness or to question the good faith of our acts or decisions. Potential conflicts can involve customers, suppliers, present or prospective employees, shareholders or members of the communities in which we live and work. Even if you are the most conscientious person, a conflicting interest may influence you and the mere existence of that interest may cause the good faith of your acts to be questioned. Avoiding the appearance of a conflict can be as important as avoiding an actual conflict because others
tend to judge a situation by what they think it is. If you have any questions in this area, ask for help and guidance.

Situations in which personal or financial interests involving you or your immediate family conflict with Huntington Ingalls Industries responsibilities must be carefully avoided. If you or any member of your family has a substantial financial interest in any firm which is supplying goods or services to Huntington Ingalls Industries or which is bidding on or proposes to do work for Huntington Ingalls Industries, you must promptly advise your management and disclose in writing the nature of your interest on the Conflict of Interest (C-196) form. A substantial interest is defined on the form and in Corporate Conflict of Interest Procedure.

If you are an employee and you are or may be involved in any of these or similar situations, you must promptly advise your management and disclose in writing the nature of your interest on the Conflict of Interest form. If you are an executive officer or director and you are or may be involved in any of these or similar situations, you must promptly advise the company’s Law Department or the Chair of the Governance Committee of the Board of Directors (the “Governance Committee”). The Office of the General Counsel, in coordination with the appropriate manager, will consider and resolve any conflict of interest questions concerning employees. The Governance Committee will consider and resolve any conflict of interest questions concerning executive officers or directors. Before serving as a consultant to, a director, trustee, officer or employee of a company, organization or government agency that competes or deals with or is a supplier to Huntington Ingalls Industries or one which is involved in national defense work, you must obtain management’s written approval. If you are recommending or approving the recommendation of a particular supplier or taking any similar action and you know that a member of your family or that of another Huntington Ingalls Industries employee is employed by or controls a substantial interest in that supplier, you shall disclose this fact in writing to the head of the organization in your company element as soon as you learn of it. Close personal relationships which are not familial but which could lead to questions about the objectivity of your judgment should also be disclosed’.

Corporate Governance Guidelines (December 2013), p.7:
‘Code of Ethics and Business Conduct and Conflicts of Interest Ethics and values are central to the Company’s identity. The Board expects all directors, officers, employees and representatives to act ethically at all times and to avoid conflicts of interest or the appearance of a conflict of interest. The Company has adopted the Code of Ethics and Business Conduct that applies to all directors, officers, employees, consultants, agents, contract labor and anyone who represents the Company in any capacity. The Code of Ethics and Business Conduct is available on the Company’s website. Waivers of the Code of Ethics and Business Conduct will be reviewed by the Governance and Policy Committee for any director or executive officer.

If an actual or potential conflict of interest arises for a director, the director shall promptly inform the CEO, the Chairman and the Lead Independent Director, if any. The Governance and Policy Committee shall review and resolve any such conflicts. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Governance and Policy Committee shall resolve any conflict of interest
question involving the CEO or a senior vice president, and the CEO shall resolve any conflict of interest issue involving any other officer of the Company.'
A21:

Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:

Based on public information, there is evidence that the company provides general guidance for the giving and receipt of gifts but it is lacking in specifics, such as upper limits or a threshold for senior authorisation. TI notes that further information may be provided in the company’s Business Courtesies Policy; however, this is not publicly available. The company therefore scores 1.

References:

Public:
Code of Ethics and Business Conduct (March 2011), pp.9-10:
‘Relationships
We will endeavor to deal fairly with Huntington Ingalls Industries’ customers, suppliers and competitors. To this end, we will not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice involving unfair dealing.
1) With Customers: We expect our customers, both government and commercial, to select our products because of quality, service and price. We conduct our business in an open and aboveboard manner and we do not seek any improper influence. Our policies, procedures and practices are designed to prevent even the appearance of such influence. Our products are expected to conform to the customer’s requirements. Changes to these requirements must be made in accordance with applicable contract procedures and requirements. The nature of our business requires that we be especially attentive to the strict standards that government agencies have established for their employees. As a general rule, business courtesies such as gifts, entertainment, services or favors should not be offered to any actual or potential government customer or representative. See Huntington Ingalls Industries’ Business Courtesies Policy.
When dealing with non-government personnel in connection with government contract or subcontract activities, similar restrictions apply. Under certain circumstances, it is a crime to
offer or give anything to a government employee because of an official act performed or to be performed. Also, offering, providing, soliciting or accepting anything of value to or from anyone in return for favorable consideration on a government contract or subcontract is called a kickback and is a crime.

Finally, business courtesies offered to commercial, non-government customers must demonstrate good business judgment and be reasonable (for example, not frequent or lavish), legal and offered in a manner that could not hurt Huntington Ingalls Industries’ reputation for impartiality and fair dealing.

(p.15):
‘Contacting with the U.S. Government
As our primary customer, the U.S. government operates under and expects its contractors to operate under and to comply with complex laws and regulations which govern business activities with the federal government. The following summaries of some of those laws are not comprehensive. Employees should look to their division procedures; consult their Business Conduct Officer (BCO), the Law Department, the company website or OpenLine if they have any questions about them.

1) Anti-Kickback Act of 1986: Directly or indirectly offering, providing, soliciting or accepting anything of value in return for favorable treatment in connection with a government contract or subcontract is a violation of company policy and federal law that may result in company discipline as well as severe civil or criminal penalties.


**Relationships with Customers, Government Officials, and Suppliers**

We expect our customers to select our products based on quality, service and price. We conduct our business in an open and above-board manner, and we do not seek any improper influence. Our policies, procedures and practices are designed to prevent any appearance of improper conduct and influence.

* We respect the restrictions that our government customers have with regard to business courtesies and want to avoid any actions that conflict with those restrictions. As a general rule, business courtesies such as gifts, entertainment, services or favors should not be offered to any actual or potential government customer or representative.
* Similar restrictions apply to non-government personnel in connection with government contracts or subcontracts.
* Business courtesies (see above) to employees or members of Congress are prohibited except in limited circumstances.
* Business courtesies offered to commercial customer representatives must be infrequent, not lavish, legal, and offered in a manner that will not compromise Huntington Ingalls Industries reputation for impartiality and fair dealing.
A22:

Does the company’s anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:

Based on public information, there is evidence that the company provides general guidance for the giving and receipt of hospitality but it is lacking in specifics, such as upper limits or a threshold for senior authorisation. TI notes that further information may be provided in the company’s Business Courtesies Policy; however, this is not publicly available. The company therefore scores 1.

References:

Public:
Code of Ethics and Business Conduct (March 2011), pp.9-10:
‘Relationships
We will endeavor to deal fairly with Huntington Ingalls Industries’ customers, suppliers and competitors. To this end, we will not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice involving unfair dealing.
1) With Customers: We expect our customers, both government and commercial, to select our products because of quality, service and price. We conduct our business in an open and aboveboard manner and we do not seek any improper influence. Our policies, procedures and practices are designed to prevent even the appearance of such influence.
Our products are expected to conform to the customer’s requirements. Changes to these requirements must be made in accordance with applicable contract procedures and requirements. The nature of our business requires that we be especially attentive to the strict standards that government agencies have established for their employees. As a general rule, business courtesies such as gifts, entertainment, services or favors should not be offered to any actual or potential government customer or representative. See Huntington Ingalls Industries’ Business Courtesies Policy. When dealing with non-government personnel in connection with government contract or subcontract activities,
similar restrictions apply. Under certain circumstances, it is a crime to offer or give anything
to a government employee because of an official act performed or to be performed. Also,
offering, providing, soliciting or accepting anything of value to or from anyone in return for
favorable consideration on a government contract or subcontract is called a kickback and is
a crime.

Finally, business courtesies offered to commercial, non-government customers must
demonstrate good business judgment and be reasonable (for example, not frequent or
lavish), legal and offered in a manner that could not hurt Huntington Ingalls Industries’
reputation for impartiality and fair dealing.

2) With Suppliers: Helpful, friendly, professional relationships are essential to any business.
While cultivating such relationships with our suppliers, we must also maintain an honest,
objective and efficient procurement process. The purchase of materials and services must
be in accordance with Huntington Ingalls Industries procurement policies and procedures.
Huntington Ingalls Industries employees and members of their immediate families may not
solicit or accept gifts, payment or gratuities from our suppliers. (Promotional items of
nominal value may be accepted.) See Huntington Ingalls Industries’ Business Courtesies
Policy. Any substantial financial interest in a Huntington Ingalls Industries supplier or
someone seeking to become a supplier must be reported to the company. Huntington
Ingalls Industries policies in this area go beyond the law prohibiting kickbacks. We must
avoid even the appearance of improper conduct in all our business dealings. Exceptions to
the Code of Ethics and Business Conduct are not allowed unless specifically provided for in
the company’s written procedures.»

Values, Ethics and Business Conduct for Huntington Ingalls Industries Business Associates
(2011), p.2:

Relationships with Customers, Government
Officials, and Suppliers
We expect our customers to select our products based on quality,
service and price. We conduct our business in an open and above-
board manner, and we do not seek any improper influence. Our
policies, procedures and practices are designed to prevent any
appearance of improper conduct and influence.

• We respect the restrictions that our government customers have
with regard to business courtesies and want to avoid any actions
that conflict with those restrictions. As a general rule, business
courtesies such as gifts, entertainment, services or favors should
not be offered to any actual or potential government customer or
representative.

• Similar restrictions apply to non-government personnel in
connection with government contracts or subcontracts.

• Business courtesies (see above) to employees or members of
Congress are prohibited except in limited circumstances.

• Business courtesies offered to commercial customer
representatives must be infrequent, not lavish, legal, and
offered in a manner that will not compromise Huntington Ingalls
Industries reputation for impartiality and fair dealing.
A23:

Does the company have a policy that explicitly prohibits facilitation payments?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments.

References:

Public:
NA
A24:
Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

1

Comments:
Based on public information, there is evidence that the company prohibits “the payment or offering of anything of value directly or indirectly to a foreign government official, political party, party official or candidate”, under FCPA guidelines, and “the use of federally appropriated money to pay any person for influencing or attempting to influence officials of the Executive or Legislative branches, including members of Congress and their staffs, in connection with the award or modification of U.S. government contracts”, under the Byrd Amendment. However, there remains scope outside these legally defined terms to undertake political contributions and no readily available evidence was found to indicate that the company has addressed this. The company therefore scores 1.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.15:
‘International
Employees and consultants or agents representing the company abroad or working on international business in the United States should be aware that the company’s Code of Ethics and Business Conduct applies to them anywhere in the world. Less than strict adherence to laws and regulations that apply to the company’s conduct of international business would be considered a compromise of our Code of Ethics and Business Conduct (…).
3) Foreign Corrupt Practices Act: FCPA, as it is known, is intended to prevent bribery of foreign officials by representatives of U.S. companies for the purpose of securing an improper business advantage. It prohibits the payment or offering of anything of value directly or indirectly to a foreign government official, political party, party official or candidate for the purpose of influencing an official act of the person or the government in order to obtain such an advantage.
4) Laws of Other Countries: Abiding by the Code of Ethics and Business Conduct and strictly
observing all U.S. and foreign laws and regulations is not only a legal requirement but also an ethical obligation for all employees and anyone who represents the interests of Huntington Ingalls Industries anywhere in the world (...).

Contracting with the U.S. Government
As our primary customer, the U.S. government operates under and expects its contractors to operate under and to comply with complex laws and regulations which govern business activities with the federal government. The following summaries of some of those laws are not comprehensive. Employees should look to their division procedures; consult their Business Conduct Officer (BCO), the Law Department, the company website or OpenLine if they have any questions about them.

1) Anti-Kickback Act of 1986: Directly or indirectly offering, providing, soliciting or accepting anything of value in return for favorable treatment in connection with a government contract or subcontract is a violation of company policy and federal law that may result in company discipline as well as severe civil or criminal penalties.

2) Byrd Amendment: This law prohibits the use of federally appropriated money to pay any person for influencing or attempting to influence officials of the Executive or Legislative branches, including members of Congress and their staffs, in connection with the award or modification of U.S. government contracts’.
A25:
Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies.

References:
Public:
NA
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:
0

Comments:
Based on public information, there is no readily available evidence the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:
Public:
TI notes:
Annual Report (2013), p.3:
‘Workforce Development & Giving Back
In 2013, Huntington Ingalls Industries opened brand-new, state-of-the-art apprentice facilities in Virginia and Mississippi. These schools, both built through public/private partnerships, are a critical element of our workforce development investment strategy and our commitment to improving educational opportunities in the communities where we do business. As a company, we also have a long history of supporting the United Way and other important service providers, including the American Red Cross, Habitat for Humanity, Special Olympics, the USO and local food banks. Also in 2013, Huntington Ingalls Industries employees showed generous support for the Washington Navy Yard Survivors Fund and the victims of Typhoon Haiyan in the Philippines. This doesn’t even begin to account for the volunteer efforts of our employees who, as individual citizens, enthusiastically support many organizations, causes and activities’. 
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there some evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. TI notes that the Code of Ethics and Business Conduct provides some guidance. However, it is lacking detailed example scenarios and broader illustration of the points made. The company therefore scores 1.

References:

Public:
Code of Ethics and Business Conduct (March 2011), p.7:
1.5 Ethical Decision Making Model

Ethical dilemmas may not always be readily resolved through the use of the Codes of Ethics and Business Conduct. With every business decision our leadership makes, they are expected to ask themselves and their staff, “What unforeseen ethical implications might arise from this decision”. If you are ever unsure of what to do, ask yourself these five questions:

- Is it Legal?
- Will I be comfortable and guilt-free if I do it?
- Does it comply with our Policies and Procedures?
- Does it respect our Employees, Customers, Stockholders, Suppliers and Communities?
- Does it reflect HII Values and Ethical Standards?

If the answer to any of these questions is “No,” don’t do it! If you are unsure, ask for assistance.
A27:

Does the company have a training programme that explicitly covers anti-corruption?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a training programme that explicitly covers anti-corruption. TI notes that only limited information about employee training is available publicly.

References:

Public:
TI notes:
Code of Ethics and Business Conduct (March 2011), p.9:
‘Compliance with Law, Rules and Regulations
We will seek to comply with all laws, rules and regulations applicable to our business, both in the United States and abroad. Although we are not expected to know the details of all laws and regulations, we are expected to become familiar with the specific laws and regulations applicable to our activities. Huntington Ingalls Industries will from time to time provide training programs for this purpose, and employees are expected to participate in appropriate training programs’.
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:
0

Comments:
Based on public information, there is no readily available evidence that anti-corruption training is provided in all countries where the company operates or has company sites. TI notes that only limited information about employee training is available publicly.

References:
Public:
TI notes:
Code of Ethics and Business Conduct (March 2011), p.9:
‘Compliance with Laws, Rules and Regulations
We will seek to comply with all laws, rules and regulations applicable to our business, both in the United States and abroad. Although we are not expected to know the details of all laws and regulations, we are expected to become familiar with the specific laws and regulations applicable to our activities. Huntington Ingalls Industries will from time to time provide training programs for this purpose, and employees are expected to participate in appropriate training programs’.
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public:
TI notes:
Corporate Governance Guidelines (December 2013), p.4:
‘Director Orientation and Continuing Education
All new directors receive an orientation, which is individually designed for each director taking into account his or her experience, background, education, and committee assignments. This orientation includes one-on-one meetings with senior management and extensive written materials on the Company and its various products and operations. The Company maintains a list of continuing director education opportunities, and all directors are encouraged to periodically attend, at the Company’s expense, director continuing education programs offered by various organizations’.

Code of Ethics and Business Conduct (March 2011), p.9:
‘Compliance with Laws, Rules and Regulations
We will seek to comply with all laws, rules and regulations applicable to our business, both in the United States and abroad. Although we are not expected to know the details of all laws and regulations, we are expected to become familiar with the specific laws and regulations applicable to our activities. Huntington Ingalls Industries will from time to time provide training programs for this purpose, and employees are expected to participate in appropriate training programs’.
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:
Public:
TI notes:
Code of Ethics and Business Conduct (March 2011), p.9:
‘Compliance with Laws, Rules and Regulations
We will seek to comply with all laws, rules and regulations applicable to our business, both in the United States and abroad. Although we are not expected to know the details of all laws and regulations, we are expected to become familiar with the specific laws and regulations applicable to our activities. Huntington Ingalls Industries will from time to time provide training programs for this purpose, and employees are expected to participate in appropriate training programs’. 
A31: Does the company have a clear and formal process by which employees declare conflicts of interest?

Score: 2

Comments: Based on public information, there is evidence that the company has a clear and formal process by which employees declare conflicts of interest. TI notes that this system includes escalating difficult issues to a higher independent authority.

References:

Public: Code of Ethics and Business Conduct (March 2011), p.8:
‘Personal Political Activities
The company encourages individual participation by employees in the political process. This includes service on governmental bodies and participation in political activities. However, such activities should not be carried on in a way that interferes with the employee’s job responsibilities or creates a conflict of interest. It is important that officers and employees review the company policy on Political Contributions and Activities. Employees should seek immediate advice from the Law Department or Ethics Office whenever they have a question concerning political activities’.

(pp.10-11):
‘Conflict of Interest
Every member of Huntington Ingalls Industries’ board of directors, officer and employee occupies a position of trust and is responsible for complying with the Code of Ethics and Business Conduct and the Corporate Conflict of Interest Procedure. We must be particularly sensitive to any situation, on or off the job that might erode that trust or cause others to doubt our fairness or to question the good faith of our acts or decisions. Potential conflicts can involve customers, suppliers, present or prospective employees, shareholders or members of the communities in which we live and work. Even if you are the most conscientious person, a conflicting interest may influence you and the mere existence of that interest may cause the good faith of your acts to be questioned. Avoiding the appearance of a conflict can be as important as avoiding an actual conflict because others...
tend to judge a situation by what they think it is. If you have any questions in this area, ask for help and guidance.

Situations in which personal or financial interests involving you or your immediate family conflict with Huntington Ingalls Industries responsibilities must be carefully avoided. If you or any member of your family has a substantial financial interest in any firm which is supplying goods or services to Huntington Ingalls Industries or which is bidding on or proposes to do work for Huntington Ingalls Industries, you must promptly advise your management and disclose in writing the nature of your interest on the Conflict of Interest (C-196) form. A substantial interest is defined on the form and in Corporate Conflict of Interest Procedure.

If you are an employee and you are or may be involved in any of these or similar situations, you must promptly advise your management and disclose in writing the nature of your interest on the Conflict of Interest form. If you are an executive officer or director and you are or may be involved in any of these or similar situations, you must promptly advise the company’s Law Department or the Chair of the Governance Committee of the Board of Directors (the “Governance Committee”). The Office of the General Counsel, in coordination with the appropriate manager, will consider and resolve any conflict of interest questions concerning employees. The Governance Committee will consider and resolve any conflict of interest questions concerning executive officers or directors.

Before serving as a consultant to, a director, trustee, officer or employee of a company, organization or government agency that competes or deals with or is a supplier to Huntington Ingalls Industries or one which is involved in national defense work, you must obtain management’s written approval. If you are recommending or approving the recommendation of a particular supplier or taking any similar action and you know that a member of your family or that of another Huntington Ingalls Industries employee is employed by or controls a substantial interest in that supplier, you shall disclose this fact in writing to the head of the organization in your company element as soon as you learn of it. Close personal relationships which are not familial but which could lead to questions about the objectivity of your judgment should also be disclosed'.
A32:
Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:

2

Comments:
Based on public information, there is evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have violated ethical standards or the Code of Ethics and Business Conduct, which includes the company’s anti-corruption policy.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.5:
‘The Code applies to officers, directors and employees regardless of position or level of responsibility. It also applies to non-employees who act on the company’s behalf in any capacity. Everyone is responsible for the integrity and consequences of their actions’.

(p.6):
‘Employees whose behavior is found to violate ethical standards will be subject to disciplinary action, up to and including termination’.

(p.17):
‘Responsibilities and Consequences
2) Consequences: Employees who violate the Code of Ethics and Business Conduct will be subject to disciplinary action up to and including termination of employment. Violations may also result in civil or criminal penalties. An employee who witnesses such a violation and fails to report it may be subject to discipline. Also, a supervisor or manager may be subject to discipline to the extent that the violation reflects inadequate supervision or lack of diligence’.
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

2

Comments:
Based on public information, there is evidence that the company has multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity.

References:
Public:
Company Website: OpenLine and Contact Information
‘OpenLine and Communication
Huntington Ingalls Industries offers an anonymous and confidential means to voice concerns or report a suspected violation of our Code of Ethics and Business Conduct without fear of recrimination or retaliation. The OpenLine (1-877-631-0020) is available 24 hours a day, seven days a week, and is administered by an external supplier. Individuals who witness or suspect that anyone is acting against our Code of Ethics and Business Conduct should raise the concern immediately with their management, Human Resources, Business Conduct Officer (BCO) or the OpenLine. For additional information on the ethics program, including ethics and business conduct policies and procedures, training, publications and other materials, contact information for site Business Conduct Officers, or to raise an ethics or compliance question or concern, contact one of the ethics offices below:
Corporate
Kenneth Rogers
Corporate Director, Compliance and Ethics
4101 Washington Ave.
Newport News, VA 23607
kenny.rogers@hii-co.com
Company website: OpenLine Automated Case Tracking Service
‘Huntington Ingalls - OpenLine Automated Case Tracking System
Welcome. Thank you for taking the time to come forward with your concern. Huntington Ingalls Industries has provided this website for you to report suspected violations of the Code of Ethics and Business Conduct, unethical behavior, and policy violations securely and confidentially. Your willingness to come forward is important to us’.
https://hii-openline.alertline.com/gcs/welcome

TI notes that the Ethics and Compliance section of the company website includes a link to details for the ‘Dept of Defense Hotline for Reporting Fraud, Waste & Abuse’.
The OpenLine at Work

The right choice isn’t always obvious. The Open Line offers a confidential way to ask questions, voice concerns, or report a suspected violation of our Code of Ethics and Business Conduct. Getting answers. The Open Line is one of Huntington Ingalls Industries’ support processes. It’s a confidential resource for guidance. Your Business Conduct Officer can help you get answers that may not be readily available elsewhere.

OpenLine Process

Open communication is especially important when our integrity as a company is compromised. The company’s OpenLine offers a confidential way to ask questions, voice concerns or report a suspected violation of the Code of Ethics and Business Conduct. Contact the OpenLine to raise concerns about:

• Time reporting (intentionally falsifying or misstating time)
• Mischarging (unallowable or shifting costs)
• Misuse of company resources/information
• Government overpayments
• Procurement fraud or contract fraud
• Bribery
• Gratuities
• Accounting issues
• Conflicts of interest (organizational, financial, personal)
• Customers or suppliers
• Quality/manufacturing
• Other ethical violations
• Export/import control compliance issues

Huntington Ingalls Industries OpenLine: 877-631-0020

The toll-free number is answered 24 hours a day, 7 days a week by an independent third party. OpenLine callers may identify themselves openly, remain anonymous or request confidentiality. Retaliation against any individual who in good faith reports a concern will not be tolerated. Web Reporting is also available at www.huntingtoningalls.com/about_us/ethics.html. While the OpenLine is one channel for reporting already in place, any employee with a concern about a financial, accounting or auditing matter can write directly to:

Chair, Audit Committee
Huntington Ingalls Industries, Inc.
4101 Washington Ave.
Newport News, VA 23607

Mail will be delivered unopened to the Chair of the Audit Committee. Concerns dealing with other than finance, accounting or audit will be returned to the Ethics Office OpenLine process.”
A33(a):

Are the whistleblowing channels available to all employees in all geographies?

Score:

2

Comments:

Based on public information, there is evidence that the whistleblowing channels are available to all employees in all geographies.

References:

Public:
Code of Ethics and Business Conduct (March 2011), pp.18-19:
‘The OpenLine at Work
The right choice isn’t always obvious. The Open Line offers a confidential way to ask questions, voice concerns, or report a suspected violation of our Code of Ethics and Business Conduct. Getting answers. The Open Line is one of Huntington Ingalls Industries’ support processes. It’s a confidential resource for guidance. Your Business Conduct Officer can help you get answers that may not be readily available elsewhere.
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Huntington Ingalls Industries, Inc.
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Newport News, VA 23607

Mail will be delivered unopened to the Chair of the Audit Committee. Concerns dealing with other than finance, accounting or audit will be returned to the Ethics Office OpenLine process'.
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on publicly available information, there is evidence that the company seeks to encourage employees to report on instances of malpractice; however, it is not clear that the company has formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, such as ways to follow up with whistleblowers and monitor their experience.

References:
Public:

TI notes:
Code of Ethics and Business Conduct (March 2011), p.5:
‘Reporting Potential Violations
All officers, directors and employees must adhere to our Code of Ethics and Business Conduct. If you believe in good faith that a Code violation has occurred, or you are asked to engage in conduct that violates the Code, report such violations or suspected violations right away. Failure to report may itself violate this Code. You have many different channels to report violations or potential violations. You can contact your Supervisor, Manager, Human Resources, Law Department, Security, Internal Audit, Environmental, Health & Safety, EEO, Ethics Office, and the OpenLine: 1-877-631-0020, as appropriate. The company is prohibited from direct or indirect retaliation against employees who report suspected violations or provide information as part of an OpenLine investigation’.

(p.17):
‘Responsibilities and Consequences
An employee who witnesses such a violation and fails to report it may be subject to discipline. Also, a supervisor or manager may be subject to discipline to the extent that the violation reflects inadequate supervision or lack of diligence’. 
A34:

Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:

2

Comments:

Based on public information, there is evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues. TI notes particularly the existence of Business Conduct Officers within the company.

References:

Public:
Company Website: OpenLine and Contact Information
‘OpenLine and Communication
Huntington Ingalls Industries offers an anonymous and confidential means to voice concerns or report a suspected violation of our Code of Ethics and Business Conduct without fear of recrimination or retaliation. The OpenLine (1-877-631-0020) is available 24 hours a day, seven days a week, and is administered by an external supplier. Individuals who witness or suspect that anyone is acting against our Code of Ethics and Business Conduct should raise the concern immediately with their management, Human Resources, Business Conduct Officer (BCO) or the OpenLine. For additional information on the ethics program, including ethics and business conduct policies and procedures, training, publications and other materials, contact information for site Business Conduct Officers, or to raise an ethics or compliance question or concern, contact one of the ethics offices below:
Corporate
Kenneth Rogers
Corporate Director, Compliance and Ethics
4101 Washington Ave.
Newport News, VA 23607
kenny.rogers@hii-co.com
Newport News Shipbuilding
Code of Ethics and Business Conduct (March 2011), p.5:
‘Company policies, procedures and publications on ethics, as well as the ethics website, and your local Business Conduct Officer (BCO) can provide employees with further information on what is expected and answers to your questions’.

(pp.18-19):
‘The OpenLine at Work
The right choice isn’t always obvious. The Open Line offers a confidential way to ask questions, voice concerns, or report a suspected violation of our Code of Ethics and Business Conduct.
Getting answers.
The Open Line is one of Huntington Ingalls Industries’ support processes. It’s a confidential resource for guidance. Your Business Conduct Officer can help you get answers that may not
be readily available elsewhere.

OPENLINE PROCESS
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• Mischarging (unallowable or shifting costs)
• Misuse of company resources/information
• Government overpayments
• Procurement fraud or contract fraud
• Bribery
• Gratuities
• Accounting issues
• Conflicts of interest (organizational, financial, personal)
• Customers or suppliers
• Quality/manufacturing
• Other ethical violations
• Export/import control compliance issues

Huntington Ingalls Industries OpenLine: 877-631-0020

The toll-free number is answered 24 hours a day, 7 days a week by an independent third party. OpenLine callers may identify themselves openly, remain anonymous or request confidentiality. Retaliation against any individual who in good faith reports a concern will not be tolerated.

Web Reporting is also available at www.huntingtoningalls.com/about_us/ethics.html

While the OpenLine is one channel for reporting already in place, any employee with a concern about a financial, accounting or auditing matter can write directly to:

Chair, Audit Committee
Huntington Ingalls Industries, Inc.
4101 Washington Ave.
Newport News, VA 23607

Mail will be delivered unopened to the Chair of the Audit Committee. Concerns dealing with other than finance, accounting or audit will be returned to the Ethics Office OpenLine process’.
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

1

Comments:
Based on public information, there is evidence of a commitment to non-retaliation for bona fide reporting of corruption. However, it is not made clear what disciplinary measures are applied to employees who breach this commitment. The company therefore scores 1.

References:
Public:
Code of Ethics and Business Conduct (March 2011), p.5:
‘Reporting Potential Violations
All officers, directors and employees must adhere to our Code of Ethics and Business Conduct. If you believe in good faith that a Code violation has occurred, or you are asked to engage in conduct that violates the Code, report such violations or suspected violations right away. Failure to report may itself violate this Code. You have many different channels to report violations or potential violations.
You can contact your Supervisor, Manager, Human Resources, Law Department, Security, Internal Audit, Environmental, Health & Safety, EEO, Ethics Office, and the OpenLine: 1-877-631-0020, as appropriate. The company is prohibited from direct or indirect retaliation against employees who report suspected violations or provide information as part of an OpenLine investigation’.

(pp.18-19):
‘The right choice isn’t always obvious. The Open Line offers a confidential way to ask questions, voice concerns, or report a suspected violation of our Code of Ethics and Business Conduct.
Getting answers.
The Open Line is one of Huntington Ingalls Industries’ support processes. It’s a confidential resource for guidance. Your Business Conduct Officer can help you get answers that may not be readily available elsewhere.'
OPENLINE PROCESS

Retaliation against any individual who in good faith reports a concern will not be tolerated.

RETAILIATION

Retaliation is strictly prohibited against any person who, in good faith, reports concern. If you feel that you were retaliated against, please talk to your manager, Human Resources, your BCO or call the OpenLine. In conjunction with DoD contracts, 10 U.S.C. § 2409 prohibits contractors from discharging, demoting, or otherwise discriminating against an employee as a reprisal for disclosing, to any of the following entities, information that the employee reasonably believes is evidence of gross mismanagement of a DoD contract, a gross waste of DoD funds, a substantial and specific danger to public health or safety, or a violation of law related to a DoD contract (including the competition for or negotiation of a contract):

   (i) A Member of Congress.
   (ii) A representative of a committee of Congress.
   (iii) An Inspector General that receives funding from or has oversight over contracts awarded for or on behalf of DoD.
   (v) A DoD employee responsible for contract oversight or management.
   (vi) An authorized official of an agency or the Department of Justice.

Any employee who believes that he or she has been discharged, demoted, or otherwise discriminated against contrary to the prohibition set forth above may file a complaint with the DoD Inspector General'.
Information Sources:

Company Website:
http://www.huntingtingalls.com/

Code of Ethics and Business Conduct (March 2011):
http://www.huntingtingalls.com/about/docs/codeofethics.pdf

Values, Ethics and Business Conduct for Huntington Ingalls Industries Business Associates (April 2011):
http://www.huntingtingalls.com/about/docs/ethicsba.pdf

Corporate Governance Guidelines (December 2013):
http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjQ5MDUyfENoaWxkSUQ9LTF8VHlwZT0z&t=1

Ethics and Compliance Video (January 2014):

Audit Committee Charter (February 2014):
http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjI5NDU2fENoaWxkSUQ9LTF8VHlwZT0z&t=1