



**Newport News
Shipbuilding**

A Division of Huntington Ingalls Industries

Supplier Ethics and Compliance Webinar

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Newport News Shipbuilding
Huntington Ingalls Industries, Inc.

- Why?
- Present Responsibility
- Assessment
- Engagement
- Preventing Failures
- Our Annual Compliance Plans

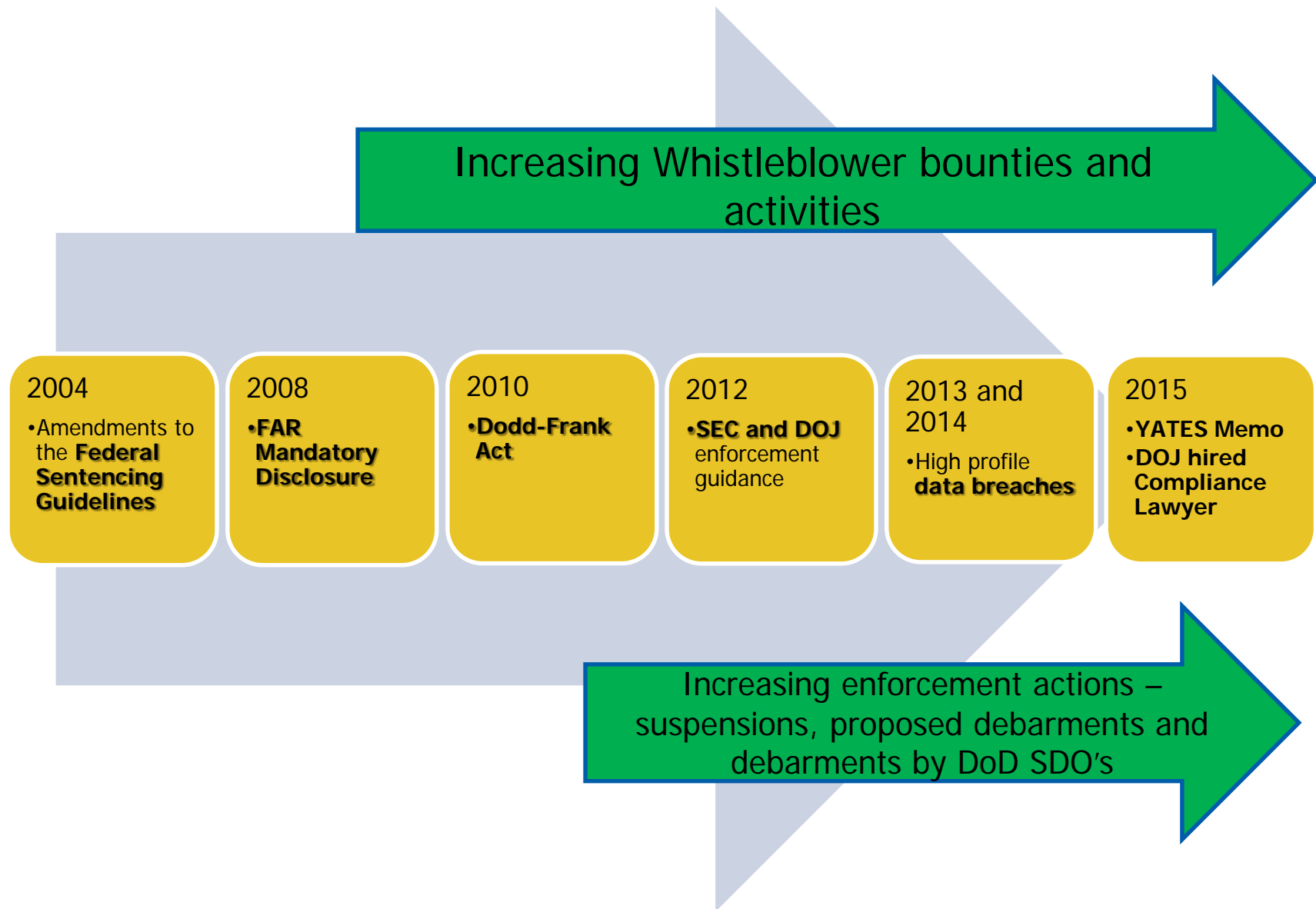


Why have an ethics and compliance program

- Mitigating our business risks
- Meeting our customers' expectations (there's more than one)
- Continuously improving your company and our industry
- Need to demonstrate “present responsibility”
- Complying with laws and regulation
 - Environmental, Health, and Safety
 - Human Rights/Trafficking
 - Anti-Corruption
 - Conflict Minerals
 - Cybersecurity
 - Counterfeit Parts



Why—Increasing Risks



- HII must ensure that its suppliers are “presently responsible”
- Responsible – generally means supplier is capable of performing Purchase Order in accordance with the requirements AND can do so in an ethical manner
- FAR Part 9.104-1 – baseline responsibility:
 - Contractor has adequate financial resources to perform the contract;
 - Contractor has ability to comply with the actual or proposed performance schedule;
 - Contractor has a satisfactory performance record;
 - *Contractor has a satisfactory record of integrity and business ethics;*
 - Contractor has the necessary organization, experience, accounting, operational controls and technical skills;
 - Contractor has the necessary production, construction, technical equipment and facilities; AND
 - Contractor is otherwise qualified and eligible under applicable laws and regulations.
- These requirements apply to both HII and its suppliers:
 - HII is responsible for vetting and monitoring its suppliers
 - How do we do that?
 - Annual reps and certs required for PO
 - Supplier scorecard
 - Quality audits/ site visits
 - Proactive supplier engagement / training



- Government has authority to monitor and audit HII's subcontracts
- Failure to establish subcontractors' "present responsibility" could result in significant legal consequences for subcontractors
- Penalties for contractual / legal non-compliance or acting unethically can include
 - "Non-responsibility" determination and loss of contract award
 - Existing contract(s) terminated
 - Suspension or debarment
 - *Civil* and *Criminal* False Claims Act liability
 - Individuals – loss of employment
 - Harm to business reputation



- We continue to enhance our engagement of suppliers on ethics and compliance
- Questions we are starting to ask all tiers of our supply base:
 - Do you have an ethics and compliance program?
 - Do you have a written code of ethics?
 - What is your process for communicating your code of ethics and compliance to your employees? Does this include new hires?
 - Can you employees make anonymous reports? Are DOD posters in the workplace as required by 252.203-7004? Or Are DOE posters in the workplace (if applicable)?
 - Do you provide written communications to employees on whistleblower protection policies?
 - What is your process for reporting FAR Mandatory Disclosure violations?
 - What is your process to ensure complaints are addressed in a timely manner?
 - In the event that misconduct occurred, do you have a corrective and preventive process to prevent similar future misconduct?



Resources for Suppliers

- Supplier ethics and compliance toolkit developed aimed at small businesses
 - Form codes of conduct, and even a process for working with your employees to develop company values and a code of conduct
 - DoD hotline posters
 - DoD whistleblower posters
 - Sample policies on the basics of a compliance program
 - Non-retaliation
 - Investigations
 - Mandatory disclosure
- Visited just to discuss ethics and compliance with many of our key suppliers
- Web page:
http://supplier.huntingtoningalls.com/sourcing/ethics_and_business_conduct_supplier_tools.html



Resources for Suppliers (contd.)



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Purchase Order Resources

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Small Business Office

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Training & Continuous Improvement

NNS Family Access Information

Ethics and Business Conduct Supplier Tools

To assist suppliers in having a robust ethics and compliance plan, Newport News Shipbuilding (NNS) is providing the following tools that can be used as reference material and/or starting point for your own comparable documents. You are free to use and update these documents to support your program

Please click the links to access the content described below:

- DoD Hotline Poster - DoD Instruction 7050.01 "DoD Hotline Program," December 13, 2007 outlines the requirement to

REPUTATION 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 our relationship with the company.

Huntington Ingalls Industries resources including time, property, information, and services should be used only for authorized business purposes.

- Correct charging of time helps determine how employees are paid, customers are billed, costs are estimated for new work, contract costs are allocated, and performance is reported.
- Time records submitted must be accurate. Misrepresenting time worked is prohibited. Intentionally changing time to the wrong contract or account is mischarging. Expenses must be documented accurately, adequately, and submitted promptly.
- Property, especially electronic media, should never be used for purposes which are disruptive or considered offensive.
- Information is an asset as valuable as money. We do not seek information to which we are not entitled, especially sensitive procurement information, nor will we violate copyrights or licensing agreements. Company information may not be used for personal gain and classified information must be handled and safeguarded in strict compliance with Security Procedures.
- Anyone acting on the company's behalf is strictly prohibited from circumventing the company's system of internal controls or providing misleading information on company documents.



Huntington Ingalls Industries

CODE OF CONDUCT
WE HOLD FOR SUPPLIERS

ethics & Compliance
SHAPING THE CULTURE

HUNTINGTON INGALLS INDUSTRIES VALUES
We, the women and men of Huntington Ingalls Industries, are guided by the following VALUES. They describe our company as we want it to be. We want our decisions and actions to demonstrate these Values. We believe that putting our Values into practice creates long-term benefits for shareholders, customers, employees, suppliers, and the communities we serve.

At Huntington Ingalls Industries, We Value:

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.

SAFETY
We value our employees above all else and will not compromise on maintaining a safe and healthy work environment for them. We expect everyone to actively participate and take responsibility for their own safety and the safety of those around them. Employees can report safety concerns without fear of reprisal and are empowered to stop work if an operation presents significant risk or danger. We continuously evaluate and improve our operations to understand and mitigate risk.

HONESTY
We are committed to being honest and fair with our customers, our employees, our stockholders and each other. We will be factual, trustworthy and honorable in all aspects of our work.

ENGAGEMENT
We are committed to an engaged workforce. Our employees are very involved in what they do and take ownership of their work and 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 success of the organization as a whole.

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 a component of 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 and services. We promote continuous improvement, innovation and creativity.

"Leaders of all levels must be committed to live the company values and adhere to the highest ethical standards. We must continue to do everything in our power to keep the culture of the Company grounded in our integrity"

Mike Petters
President and Chief Executive Officer
Huntington Ingalls Industries, Inc.

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NNS Suppliers

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- Small Business Office
- Purchase Order Resources
- Training & Continuous Improvement
 - Supplier Training
 - Supplier Continuous Improvement

Supplier Training and Continuous Improvement

[Feedback & Suggestion Box](#)

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[Supplier Ethics and Compliance](#)

[Other Useful Resources](#)

[Announcements & Quality Alerts](#)

Our level sets and experienced subject matter experts assist the supplier by administering the following

Programs:

- [Supplier Development and Continuous Improvement Program](#)
- [Supplier Training](#)
- [Supplier Feedback and Suggestion Box](#)

Click on the links above to be directed content details or use the following email address for more information. Please include your existing supplier number in all correspondence. If you are new to NNS and interested in become a supplier, please see the Prospective Suppliers webpage.

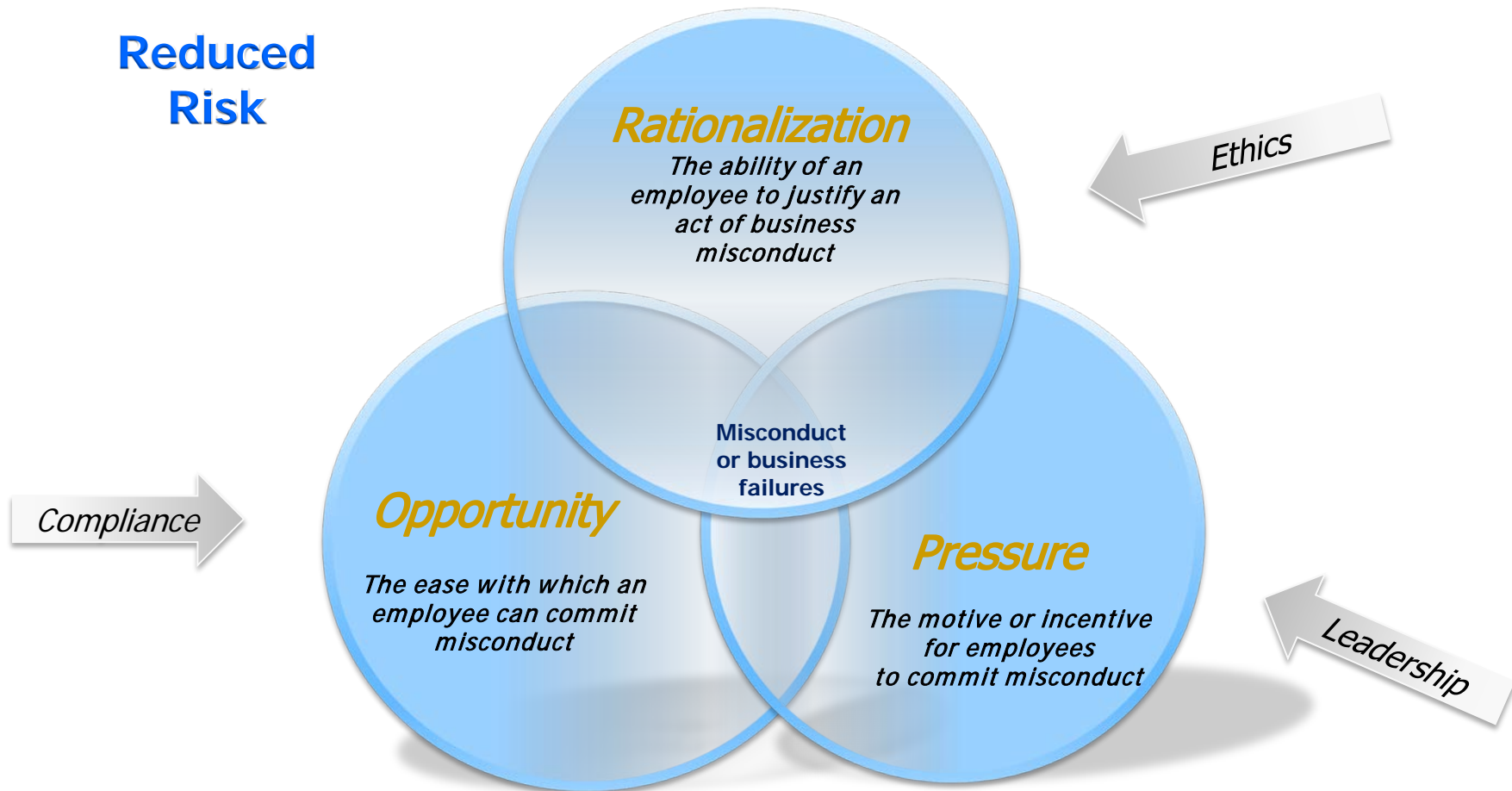
NNSSDCI@HII-NNS.com

Quick References to the SDCI emails contained within the Supplier Training, Development and Continuous Improvement web pages:

- NNSSDCI@HII-NNS.com
- SupplierTraining@HII-NNS.com



Preventing Business and Compliance Failures



An effective **Compliance** program along with strong **Leadership** and a sound **Ethics** program work together to reduce the risks of misconduct or business failures



Compliance Plans at HII

- Compliance plans
 - Core principles
 - Core elements (27 to 43)
 - Risk assessments
 - Core elements include metrics
 - Annual evaluations and assessments
 - Councils

- Core Principles
 - Maintaining Present Responsibility
 - Setting the right tone
 - Hiring the right people and business partners (due diligence)
 - Providing effective procedures
 - Providing effective training
 - Promoting the reporting of misconduct
 - Ensuring proper timekeeping
 - Creating incentives and enforcing discipline



Questions?

Please contact suppliertraining@hii-nns.com for any direct questions

