

# HUNTINGTON INGALLS INDUSTRIES, INC.

## CORPORATE GOVERNANCE GUIDELINES

The primary responsibility of the Board of Directors (the “Board”) is to foster the long-term success of Huntington Ingalls Industries, Inc. (the “Company”), consistent with representing the interests of the stockholders. In accordance with this philosophy, the Board has adopted Corporate Governance Guidelines, which reinforce the Company’s values by promoting responsible business practices and good corporate citizenship. The Board reviews these Guidelines no less frequently than annually to determine whether they can be improved upon or if they should be modified in response to changed circumstances, or to advance the best interests of stockholders. The Company’s Corporate Governance Guidelines can be found on the Company’s website and are available in print to any stockholder who requests them.

### **Role of the Board and Director Responsibilities**

The day-to-day business and affairs of the Company are conducted by its employees and officers, under the direction of the Chief Executive Officer (“CEO”) and the oversight of the Board. In discharging the obligation of oversight, directors are encouraged and expected to ask questions of and raise issues with management as part of their careful and cautious oversight. To that end, directors should be entitled to rely on the Company’s senior management and its outside advisors and auditors, except to the extent such person’s integrity, honesty, or competence is in doubt. The Board recognizes that the long-term interests of the Company and its stockholders are advanced when they take into account the concerns of interested third parties including employees, customers, suppliers, government officials, and the public at large.

The Board’s general oversight responsibilities include, but are not limited to, the following:

- Review, approve, and monitor the Company’s financial condition, long-range business strategies, and significant corporate actions;
- Understand and assess the risks to the Company and monitor the management of these risks;
- Oversee and evaluate the CEO’s and the elected officers’ performance;
- Elected officer succession planning;
- Oversee policies to maintain the integrity of the Company, including the integrity of the financial statements, compliance with law and ethics, and the integrity of relationships with customers and suppliers;
- Provide advice and counsel to management; and
- Evaluate the overall effectiveness of the Board and its committees.

Directors are encouraged to communicate freely amongst themselves.

### **Independence of Directors**

Except as may otherwise be permitted by the rules of the New York Stock Exchange (the “NYSE”), a majority of the members of the Board must be independent directors. All members of the Audit, Compensation and Governance and Policy Committees shall consist of only independent directors. To be considered independent: (1) a director must be independent as

determined under Section 303A.02(b) of the NYSE Listed Company Manual and (2) in the Board's judgment, the director must not have a material relationship with the Company (either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Company).

A director may be considered to have a material relationship with the Company if, among other potential considerations, he or she:

- i. has, or has an immediate family member (as defined in the NYSE Listed Company Manual) who has, within the prior three years, owned, either directly or indirectly as a partner, stockholder or officer of another company, more than 5% of the equity of an organization that has a material business relationship with (including as a significant purchaser or supplier of goods or services), or more than 5% ownership in, the Company; or
- ii. serves as an officer, director or trustee of a tax exempt organization, and the Company's discretionary contributions to such organization exceed the greater of \$1 million or 2% of that organization's consolidated gross revenues. (The Company's automatic matching of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose.)

Ownership of a significant amount of the Company's stock, by itself, does not constitute a material relationship.

For relationships not covered by the considerations set forth above, the determination of whether a material relationship exists shall be made by the other members of the Board who are independent as defined above.

### **Chairman of the Board**

The Company's Bylaws establish the position of Chairman of the Board. The Board believes that it is in the best interests of the Company and its stockholders for the Board to have the flexibility to determine the best director to serve as Chairman of the Board. The Chairman of the Board will generally be an Independent Director or the CEO. The Chairman of the Board shall have such duties and responsibilities as the Board may determine from time to time.

If the Chairman is an Independent Director, he or she may have the title non-executive Chairman. A non-executive Chairman shall, among other responsibilities:

- Chair all Board and stockholder meetings, including executive sessions of the Independent Directors;
- Serve as a liaison between the CEO and the Independent Directors;
- Ensure the quality, quantity and timeliness of the flow of information from management sent to the Board – although management is responsible for the preparation of the materials for the Board, the non-executive Chairman may specifically request the inclusion of certain materials;
- Prepare the agendas of the Board meetings and assist the chairman of each standing committee with preparation of agendas for the respective committee meetings, taking into account the requests of other Board and committee members;
- Set an appropriate schedule for Board meetings to assure that there is sufficient time for discussion of all agenda items;

- Along with the chairman of the Governance and Policy Committee, interview all Board candidates and make recommendations to the Governance and Policy Committee and the Board;
- Have the authority to call meetings of the Board and meetings of the Independent Directors; and
- If requested by the CEO, be available for consultation and direct communication with stockholders.

### **Lead Independent Director**

If the Chairman is not independent, the Independent Directors shall annually designate from among them a Lead Independent Director. If so designated, the Lead Independent Director shall, among other responsibilities:

- Preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the Independent Directors;
- Serve as liaison between the Chairman and the Independent Directors;
- In collaboration with the Chairman, ensure the quality, quantity and timeliness and flow of information sent to the Board from management. Although management is responsible for the preparation of materials for the Board, the Lead Independent Director may specifically request the inclusion of certain materials;
- Approve the agendas of the Board and committee meetings, taking into account the requests of the other Board and committee members;
- Approve the schedule of Board meetings to assure that there is sufficient time for discussion of all agenda items;
- Have the authority to call meetings of the Independent Directors;
- Interview, along with the Chairman and the chairman of the Governance and Policy Committee, all Board candidates and make recommendations to the Governance and Policy Committee and the Board; and
- If requested by the CEO, be available for consultation and direct communication with stockholders.

### **Board Membership**

The size of the Board and election and term of directors will be set in accordance with the Company's Certificate of Incorporation and Bylaws. Stockholders may propose director candidates to the Governance and Policy Committee in writing, accompanied by a description of the proposed nominee's relevant biographical information and qualifications, and an indication of the consent of the proposed nominee. The stockholder recommendation should be addressed to the Governance and Policy Committee in care of the Corporate Vice President, Associate General Counsel & Secretary at 4101 Washington Avenue, Newport News, Virginia 23607. The Governance and Policy Committee will evaluate candidates recommended by stockholders in the same manner as candidates identified through other means. Stockholders may also directly nominate Board candidates in accordance with the procedures set forth in the Company's Bylaws. Between annual meetings of stockholders, the Board has authority under the Company's Certificate of Incorporation and Bylaws to fill director vacancies and new directorships.

The Board believes that its members, collectively, should possess a variety of skills, professional experience and diversity of backgrounds in order to effectively oversee the Company's business. The Governance and Policy Committee is responsible for periodically

reviewing the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board and, based on this assessment, shall develop and recommend membership criteria to the Board.

Nominees for election will be reviewed by the Governance and Policy Committee. In evaluating potential candidates, the Governance and Policy Committee has determined that there are minimum qualifications for Board membership:

- High personal and professional integrity and ethical standards;
- Relevant educational and professional background;
- Ability to represent the best interests of all stockholders; and
- Willingness to submit to a background check necessary for obtaining a security clearance (confidential, secret or top secret).

The Governance and Policy Committee will also consider, among other things, an individual's business experience and skills, judgment, independence, reputation, leadership and industry experience, the individual's understanding of such areas as finance, marketing, regulation and public policy, whether the individual has the ability to commit sufficient time and attention to the activities of the Board, and the absence of any potential conflicts with the Company's interests. In identifying director candidates from time to time, the Governance and Policy Committee may establish specific skills and experience that it believes the Board should seek in order to constitute a balanced and effective Board.

The Company has a retirement policy whereby a director will not be re-nominated at the annual meeting following the earlier of his or her 76th birthday or 15 years of service on the Board. Upon the recommendation of the Governance and Policy Committee, the Board may waive either of these requirements as to any director if the Board deems waiver to be in the best interests of the Company.

### **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, written materials on the Company and its various products and operations and tours of the Company's significant physical facilities.

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.

### **Service on Public Company Boards**

Directors should not serve on more than four other boards of publicly traded companies in addition to the Company's Board, and directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of publicly traded companies in addition to the Company's Board, in each case without the approval of the chairman of the Governance and Policy Committee. A director who is a full-time employee of the Company may not serve on the board of more than two other publicly traded companies unless approved by the Board. No member of the Audit Committee may serve on the audit committees of more than three publicly traded companies (including the Company) without the approval of the Board, which must

determine annually that such simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee, and the Company must disclose this determination. Directors should advise the Chairman of the Board, the Lead Independent Director, if applicable, and the chairman of the Governance and Policy Committee prior to accepting an invitation to serve on another publicly traded company board.

### **Change in Principal Occupation**

When a director's principal occupation or business association changes substantially during his or her tenure as a director, the Board expects that director to tender his or her resignation for consideration by the Governance and Policy Committee and the Board. The Governance and Policy Committee will recommend to the Board the action, if any, to be taken with respect to the resignation offer.

### **Majority Voting for Directors**

Any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withhold Vote") in an uncontested election of directors shall tender to the Board his or her offer of resignation within five days following certification of the stockholder vote. For these purposes, an "uncontested election" means an election in which the number of nominees for election is not greater than the number of directors to be elected. The Governance and Policy Committee will promptly consider the resignation offer and make a recommendation to the Board as to whether to accept or reject the tendered offer of resignation. The Board will act on the Governance and Policy Committee's recommendation within 90 days following certification of the stockholder vote. Thereafter, the Board will promptly disclose its decision regarding whether to accept the director's resignation offer, including its rationale therefor, in a report furnished to or filed with the Securities and Exchange Commission.

The Governance and Policy Committee in making its recommendation, and the Board in making its decision, shall each consider the best interests of the Company and its stockholders and may each consider any other factors or other information that it considers appropriate and relevant, including, but not limited to, (i) the stated reasons, if any, why stockholders withheld their votes, (ii) possible alternatives for curing the underlying cause of the withheld votes, (iii) the director's tenure, (iv) the director's qualifications, (v) the director's past and expected future contributions to the Company, and (vi) the overall composition of the Board and its committees, including whether, if such offer of resignation is accepted, the Company will no longer be in compliance with any applicable law, rule, regulation, or governing document.

Any director who tenders his or her offer of resignation pursuant to this provision shall not participate in the Governance and Policy Committee deliberation or recommendation or Board deliberation or action regarding whether to accept the resignation offer. If a majority of the Governance and Policy Committee receives a Majority Withhold Vote at the same election, then the Independent Directors (other than those who received a Majority Withhold Vote in that election) will instead appoint a committee among themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if such Independent Directors who did not receive a Majority Withhold Vote constitute two or fewer directors, all Independent Directors may participate in the action regarding whether to accept the resignation offers, except that each director who has tendered his or her offer of resignation shall recuse himself or herself from the deliberations and voting with respect to his or her individual offer to resign.

If a director's resignation offer is not accepted by the Board, such director will continue to serve for the term for which he or she was elected and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation offer is accepted by the Board, then the Board, in its sole discretion, in accordance with the Company's Bylaws, may fill any resulting vacancy or may decrease the size of the Board.

### **Committee Membership**

The Board has established the following standing committees to assist it in effectively discharging its responsibilities: Audit, Compensation, Governance and Policy and Finance. All of the standing committees shall be comprised entirely of Independent Directors satisfying applicable legal, regulatory and NYSE requirements.

The Board, with recommendations from the Governance and Policy Committee, appoints the members and chairmen of the committees. These appointments are based on an analysis of the skills, experience and other qualities of each individual director in relation to the requirements of the particular committee. Committee membership is reviewed annually and members are rotated as appropriate. Each standing committee has its own charter which sets forth the purposes, goals and responsibilities of the committee. The charters are published on the Company's website.

The Board may, from time to time, establish and maintain additional standing or ad hoc committees as it deems appropriate.

### **Board and Committee Meetings and Executive Sessions**

The Board meets as frequently as necessary to discharge its responsibilities. Regular meetings of the Board are held at least quarterly. Special meetings are held as necessary.

Directors are expected to attend all meetings of the Board and committees of which they are members and to review materials in advance of meetings. Directors are also expected to attend the Company's annual meeting of stockholders.

The Board shall endeavor to hold its meetings at a variety of Company locations to provide the directors with an in-depth review of the business at that location, a first-hand view of the operations and an opportunity for the Board members to interact with management at the facility.

The Board, with no members of management present (including directors who are also officers of the Company), shall have the opportunity to meet in executive session in connection with each regularly scheduled Board meeting as determined by the non-executive Chairman or the Lead Independent Director. At least one executive session of Independent Directors will be held each year. The non-executive Chairman or the Lead Independent Director, as applicable, presides over the executive sessions. The Audit Committee meets in executive session with management, the independent auditor and the appropriate representatives of the Company's internal audit department regularly. The Compensation Committee also meets in executive session on a regular basis. All other committees are given the opportunity to meet without management present as they deem necessary.

The Chairman, the Lead Independent Director, if any, and the committee chairmen will establish the agenda for each Board meeting. Any other member of the Board is free to suggest the addition of any other item(s). The chairmen of the committees will coordinate committee

meeting agendas with appropriate members of management. Other committee members are free to suggest additional agenda items. Each member of the Board is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

The Board and its committees shall be provided with appropriate materials in advance of each meeting.

### **Board of Directors Access to Senior Management and Outside Advisors**

Members of the Board have complete access to the Company's management. Senior members of management are invited to make presentations to the Board or committees to provide management insight into items being discussed by the Board or committees and to bring managers with high potential into contact with the Board. In addition, Board members always have free access to all other members of management and employees of the Company.

The Board and each of the committees may engage outside counsel and other advisors at the expense of the Company as the Board or the relevant committee deems appropriate or necessary to carry out its responsibilities.

### **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.

### **Director Compensation**

A director who is also an employee of the Company or one of its subsidiaries shall not receive additional compensation for service as a director. The Compensation Committee reviews and recommends to the Board non-employee director compensation. The Company's policy shall be to ensure that director compensation is appropriate and competitive to ensure the Company's ability to attract and retain highly qualified directors. The Compensation Committee may consult with outside advisors to design forms and amounts that are appropriate.

## **Evaluations**

Every year the Board and each committee (under the oversight of the Governance and Policy Committee) will conduct an assessment of their respective performances and at the conclusion of the evaluation process will discuss the results. The Board also considers the performance of each individual director on a regular basis.

## **Succession Planning**

The Board believes that providing for continuity of leadership is critical to the success of the Company. Therefore, processes are in place to:

- Annually evaluate the CEO based on a specific set of performance objectives;
- Annually provide the Board with an assessment of persons considered potential successors to certain management positions and report and discuss the results of these reviews with the Board; and
- Support continuity of top leadership, including CEO succession.

## **Stockholder Communication with Directors**

Interested parties may communicate directly with the full Board, the non-executive Chairman or Lead Independent Director, as applicable, the Independent Directors as a group, specified individual directors, or committees by writing to their attention in care of the Corporate Vice President, Associate General Counsel & Secretary at 4101 Washington Avenue, Newport News, Virginia 23607, or by utilizing the following email addresses to contact the non-executive Chairman or Lead Independent Director, or specific committee chairmen:

**Non-Executive Chairman/Lead Independent Director:** [ChairmanofBoard@hii-co.com](mailto:ChairmanofBoard@hii-co.com)

**Chair of the Audit Committee:** [ChairofAuditCommittee@hii-co.com](mailto:ChairofAuditCommittee@hii-co.com)

**Chair of the Compensation Committee:** [ChairofCompensationCommittee@hii-co.com](mailto:ChairofCompensationCommittee@hii-co.com)

**Chair of the Governance and Policy Committee:** [ChairofGovernanceCommittee@hii-co.com](mailto:ChairofGovernanceCommittee@hii-co.com)

**Chair of the Finance Committee:** [ChairofFinanceCommittee@hii-co.com](mailto:ChairofFinanceCommittee@hii-co.com)

Effective December 15, 2017.