

NEWSLETTER

December 2021

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Key Dates

May 30: Memorial Day

July 4: July 4th

Message From Ray Montgomery

Ray Montgomery, Director, Strategic Sourcing

Does everyone have a full cadre of skilled workers with ample candidates to fill growing needs? I didn't think so! Whether I am at NNS meetings, Navy meetings, supplier conferences or on supplier visits, there is a great deal of focus on workforce development. While there are many critical aspects in supplying quality products for our U.S. Navy, I sense that workforce hiring and training are now at the top of that list. Collectively, we all need to support existing workforce pipelines and create new ones. Individually, we can also engage at the community college, high school or middle school levels to raise enthusiasm for skilled trade careers. I applaud the collective efforts centered around recent initiatives such as the Danville Institute for Advanced Learning and Research (IALR) and the Pennsylvania Pipeline Project presented at the recent NDIA Delaware Valley Chapter Greater Philadelphia Region Submarine Symposium. I am personally getting involved with maritime and other career pathway efforts in

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Weld Engineering

Craig Smith, Welding Engineering

WELD PROCEDURE VIOLATIONS

Welding is a complex process with weld procedure technical information that must be followed precisely without any deviation from the requirements. These technical details within the procedure are reviewed and approved to NAVSEA standards that are designed to

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Latest Newport News Shipbuilding Activities

- Leadership Changes at NNS —
 - ◊ President and CEO - Chris Kastner to Replace Mike Petters
 - ◊ Vice President, Chief Information Officer - Jason Sutton to Replace Brian Fields
 - ◊ Vice President of Plant Operations—Karey Malyszko succeeds Dru Branche



Weld Engineering (Cont.)

ensure each weld will hold up to the expected demands placed on them from the Navy's submarines and aircraft carriers. A weld procedure violation could lead to a weld joint that does not have the strength and quality characteristics that engineering, and the Navy, expects it to have. With this in mind, our suppliers need to know how to recover from them.

What is a weld procedure violation?

A weld procedure violation is a situation where weld is deposited on an NNS contract in which one or multiple essential elements of the NNS approved weld procedure are violated.

As a supplier, what should I do?

- First, make sure that the component or material that the weld procedure violation occurred on is immediately placed on quality hold in your non-conformance system and all discrepant weld areas marked.
- Second, contact NNS through the Vendor Information Request (VIR) system outlining your plan to correct the discrepant weld areas and requesting guidance and direction. This plan should include, but may not be limited to:

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Small Business Subcontracting Program

Katina Adams, Small Business Administration

ISRs: NNS suppliers with a small business subcontracting plan that has been approved for a NNS purchase order should have submitted an individual subcontract report (ISR) in the electronic subcontracting reporting system (eSRS) no later than Sunday November 14, 2021. Please submit ISRs in eSRS immediately if you have not already done so. Please contact smallbusiness@hii-nns.com with questions.

NAICS Codes and Size Standards: NNS suppliers may have noticed that solicitations for subcontracts now include a NAICS code and size standard in the "Header text".

NAICS Code: 336611 **Size Standard:** 1,250 employees (*for subcontracts invoking Appendix A-DOD CONTRACTS or A-DOD COMMERCIAL*)

NAICS Code: 561210 **Size Standard:** \$41,500,000 (*for subcontracts invoking Appendix A-KESSELRING*)

The North American Industry Classification System (NAICS) code describes the principal purpose of the subcontract. The size standard, which is usually stated in number of employees or average annual receipts, represents the largest size that a business (including its subsidiaries and affiliates) may be in order to be classified as a small business for federal contracting programs.

For the NAICS code and size standard assigned in the subcontract, NNS subcontractors are required to represent that their size and socioeconomic status, as a small business, small disadvantaged business, veteran-owned small business, service-disabled veteran-owned small business and/or women-owned small business, is current, accurate and complete as of the date of offer for the subcontract.

Suppliers have no action if the supplier's size and socioeconomic status identified in section 10 in the Supplier Data & Certifications, form SBF P9152, is current, accurate, and complete for the NAICS code and size standard assigned in the subcontract.

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Weld Engineering - (cont.)

- a. Removing (excavation) of the discrepant filler material with an additional 1/8” of surrounding base material from the weld site.
- b. Performing NDT of the excavated areas.
- c. Performing a weld repair (build-up) of the base metal back to original drawing/purchase order requirements with matching strength weld metal.
- d. Performing NDT of the weld repaired area of the base metal.

Again, the weld procedure technical information was developed over years of research and testing to develop the controls needed to produce strong quality welds. “Self-correcting” weld procedure violations without getting shipyard guidance and direction may lead to incorrectly fixing discrepant welds and inadequate quality weld joints. Just performing nondestructive testing (NDT) to prove a weld procedure violation is not enough to determine if the discrepant welds have sufficient strength and quality. Having NNS oversight and feedback on how to correct a weld procedure violation helps ensure that the discrepant weld is corrected and the strength & quality of the weld joint is maintained.

If you should have any questions related to this topic, please contact Craig Smith, Weld Engineering, at (757) 688-1896 or CA.Smith@hii-nns.com.

Third Party Due Diligence— Supply Chain

Britta Brown-Whitehead,, NNS Compliance Program Manager

In addition to our own employees, our company relies on a vast network of third parties to deliver high-quality products (services) to our customers. Those third parties can range from companies that supply raw materials to firms that manufacture, assemble, package, warehouse and distribute products. Even that isn’t a complete list because we also rely on individuals and organizations to meet our basic business needs. That might include billing and payroll, advertising, customer service, internet service and scores of other services.

Our Responsibilities

Our customers want to know that the products they buy from us are safe and effective. They also want to know that our products are made under high ethical standards. Ultimately, we are responsible for meeting those expectations, whether the work is performed by our employees or those of a third party.

We choose our third party associates carefully and monitor them for compliance with relevant laws, regulations and our Supplier Code of Conduct. Assuring compliance can be especially challenging because our third parties typically have their own supply chains of subcontractors, vendors, suppliers and third-party entities. Sometimes, those supply chains can include hundreds of entities and extend across many countries.

What Kinds of Misconduct?

No matter how challenging, it is up to us to prevent, detect and address any illegal or unethical conduct – no matter where it occurs. Here are some of the types of misconduct that require quick action on your part:

- Bribery of anyone, anywhere
- Corruption including fraud, conflict of interest and bid rigging
- Human rights violations such as trafficking and child labor

Weld Procedure Approval

Craig Smith, Welding Engineering

Newport News Shipbuilding (NNS) has recognized an issue in the supply base with understanding the requirements for welding procedure approval. Almost all welding, whether planned production welding or repair welding such as on a casting, requires approval of the welding procedure from the primary shipyard issuing the purchase order. This prime shipyard approval is based on the requirements of the Navy ship specifications for the class of ship the part is going on, and may be different from the ship specification requirements of other naval vessels built at other shipyards in the country. Some welding procedure requirements such as post weld heat treatment, minimum cleaning distance, preheat and interpass temperatures differ from ship class as well as fabrication standard requirements. Vendors must be diligent and understand that the welding procedure and its supporting PQR qualification data are application specific to the material type, thickness, and vessel class contracts that the part will be used on. If there is any question on where the part is to be used, the NNS Buyer or Supplier Quality Engineer needs to be consulted.

NNS attempts to provide welding procedure approval information for subsequent purchase orders on the same part. Welding procedure and PQR approvals have been provided on many different company forms which can be confusing to vendors as to who is actually providing approval when company names and forms have changed throughout the years. A welding procedure approval stated on a form with Northrop Grumman letterhead was recently misunderstood as approval for all shipyards once belonging to Northrop Grumman. This is not the case as Newport News Shipbuilding and Ingalls Shipbuilding are two different shipyards, once owned by Northrop Grumman, who are now under the Huntington Ingalls parent company name and have never shared welding procedure approval authority for each other. Welding procedures initially approved for use on aircraft carrier contracts at NNS, must be separately written for and approved by Ingalls shipbuilding for any welding on an Ingalls purchase order.

Submarine contracts are sometimes even more complicated. Depending on which class of submarine, NNS and EB can share weld procedure approvals, as is allowed for Virginia Class Submarines. This may not be permitted for contracts involving Columbia class or other submarine class overhauls. While the final designated hull number is always called out on a PO, vendors may not know the ship classification by this number so it is always good to thoroughly interrogate all contract documents, and ask if needed before assuming you know the correct ship class the part is going on.

If you should have any questions related to this topic, please contact Craig Smith, Weld Engineering, at (757) 688-1896 or CA.Smith@hii-nns.com.



A. Nelson welds an Enterprise (CVN 80) unit in the Steel Production Facility in Hot Shots, June 2021
Photo by Ashley Cowan

Third-Party Due Diligence – Supply Chain (cont.)

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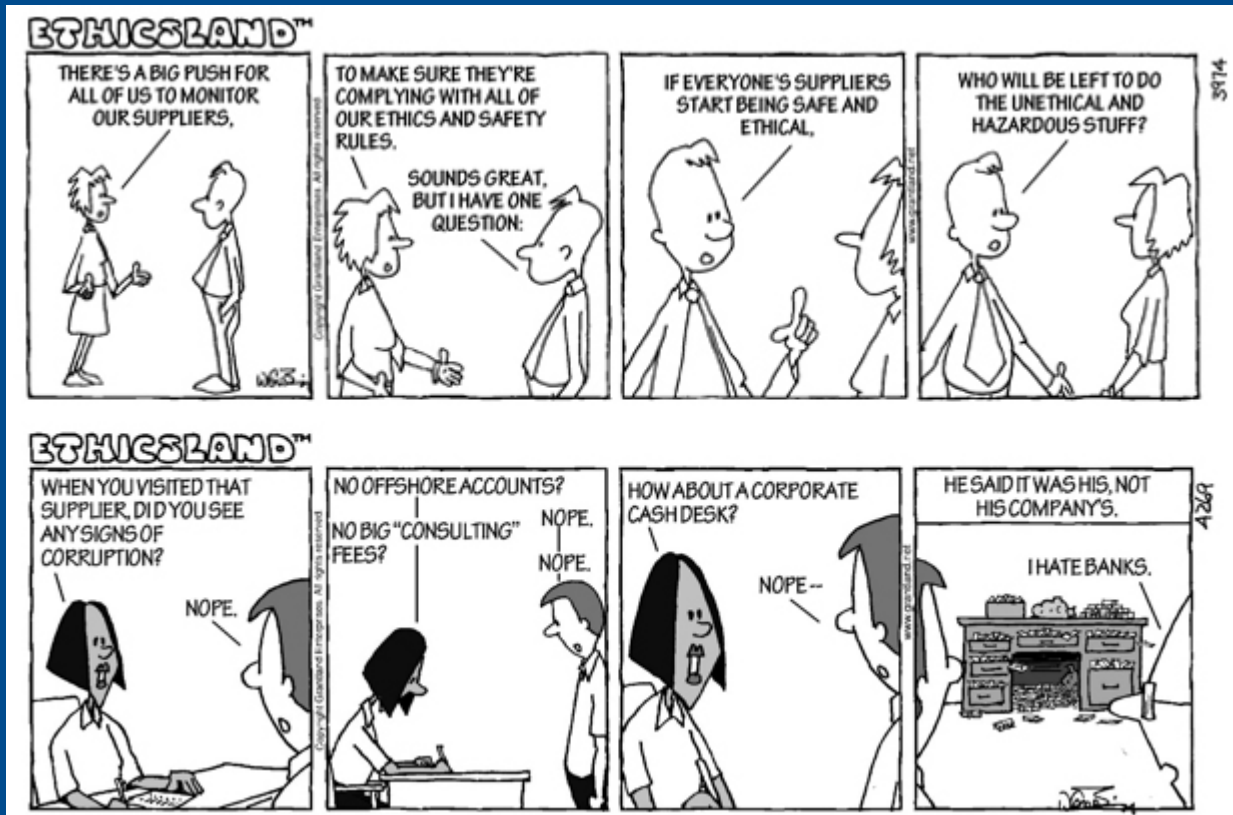
- Unfair labor practices such as an unsafe workplace or withheld wages
- Sanctions violations
- Environmental violations
- Financial mismanagement
- Data security violations
- Conflict minerals
- Theft of intellectual property

Where Does Misconduct Occur?

Unfortunately, misconduct can occur at any point in any organization. Our employees work hard to protect our company's reputation for ethics and compliance. The majority of our third parties share our values but there are some business functions that are especially vulnerable to misconduct. Here are some of the things you can do to prevent or detect possible problems in key areas:

- Scrutinize new suppliers for their compliance, subcontractors, performance and existing

- relationships;
- Schedule regular monitoring of existing suppliers for consistent performance with their contractual responsibilities;
- Regularly examine third parties and their subcontractors for possible sanctions violations, especially if they change *their* third party associates;
- Conduct regular on-site audits of suppliers and their key suppliers with particular care for possible human rights violations such as child labor, trafficking, prison labor and unsafe working condition;
- Regularly audit supplier and compliance-required records;
- Consistently monitor financial records, especially those related to billing, expenses, subcontractor fees, and any unusual costs;
- Pay attention to anything that “doesn’t look right.” It might *not* “be right.”



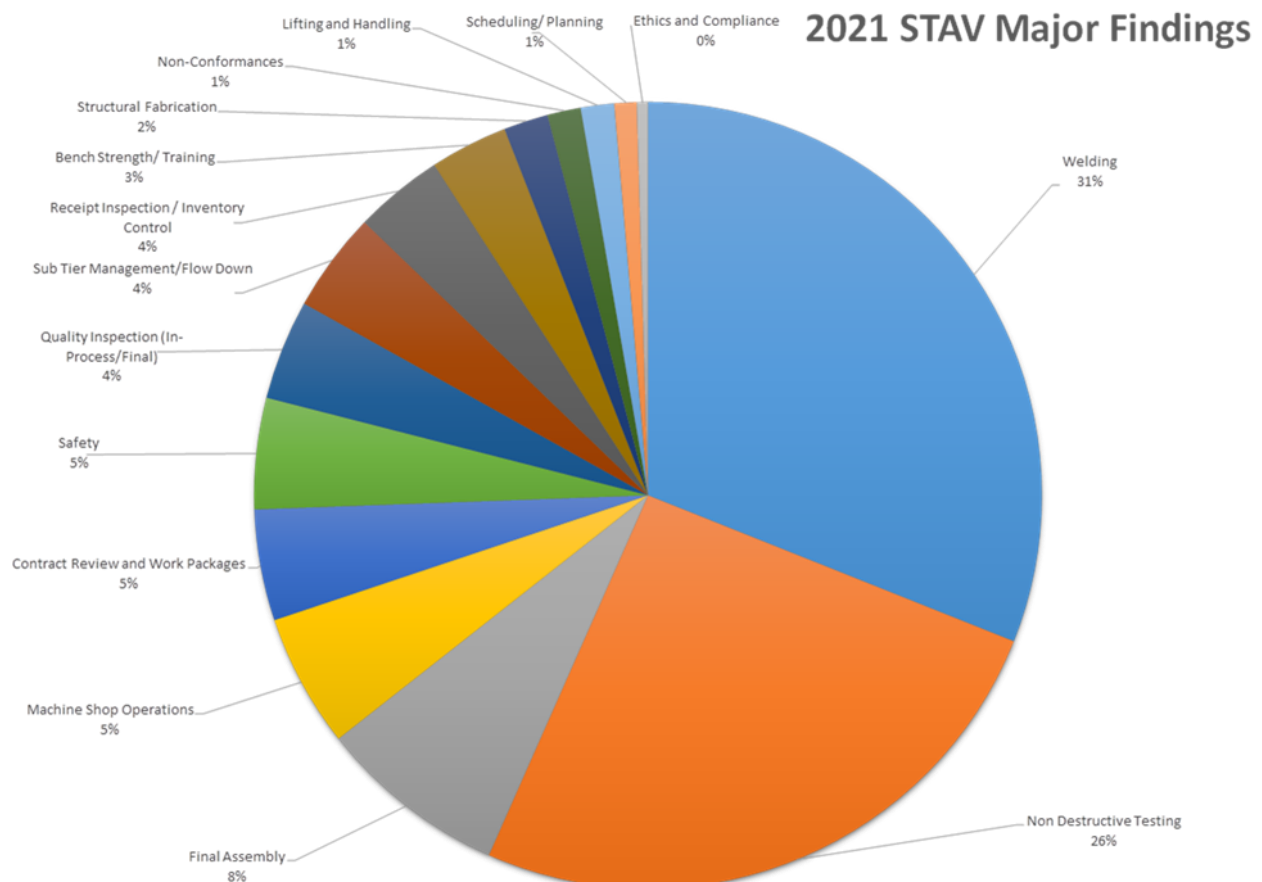
Supplier Technical Assessment and Validation

Summary January through October 2021

Billy Mallios, Supplier Engineering Group

The Supplier Technical Assessment and Validation (STAV) group performs In-depth Supplier Assessments, Technical Assessments, and Capability Assessments around current and future orders. From January into October, the assessment team has performed a total of 21 assessments, identified 121 risks, and 98 significant weaknesses. The three categories which account for the majority of the findings are Welding (31%), Non-destructive Testing (26%), and Final Assembly (8%). The assessment team is committed to working with the supply base to ensure potential and current risks are being identified and mitigated.

In-depth Supplier Assessments	Technical Assessments	Capability Assessments
13	7	1
Significant Weaknesses Identified:	Significant Weaknesses Identified:	Significant Weaknesses Identified:
96	2	0
Risks Identified:	Risks Identified:	Risks Identified:
94	26	1



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Third-Party Due Diligence – Supply Chain (cont.)

Awareness is key!

We know how hard you work every day to maintain our reputation for quality and ethical behavior. And we certainly recognize that no individual can know our entire network of third parties. But, just as it is important to stay alert to possible misconduct inside our company, it is also important to stay vigilant about actual or potential misconduct by third parties and report any problem to our compliance office or through our help line.

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Small Business Subcontracting Program (cont.)

If suppliers need to update their size and socioeconomic status due to the NAICS code and size standard assigned in the subcontract, the supplier shall complete and submit form SBF P9152 to supplierdata@hii-nns.com no later than the date of its offer for the subcontract.

Please contact smallbusiness@hii-nns.com with questions.

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Message From Ray Montgomery (cont.)

Hampton City Schools. While we all work the short game to meet our immediate needs, we must also spend energy working the long game by instilling within the next generation, what we all know to be a satisfying industry with an important mission. I look forward to seeing many of you in the coming year and hope to further conversation and action on workforce development and other subjects.

NNS Christened *New Jersey* on Saturday, Nov. 13



Shipbuilders in the Sail Loft put finishing touches on the flag that will cover *New Jersey* bow during the christening ceremony in Currents dated 11/8/2021

Photo by Ashley Cowan



Supplier Ideas for Next Newsletter

We are looking for ideas for our next newsletter. What would you like to know or see. Please provide your ideas by April 1 to

E-mail address:

SupplEngAdvocate@hii-nns.com



Aerial photograph of Newport News Shipbuilding
Hot Shots, September 2021
Photo by Ashley Cowan