



## **Aug. 2, 2019 Podcast Transcript**

**Recording:** Welcome to HII Talking Points, a Huntington Ingalls Industries Podcast. Twice a quarter, we'll sit down with HII leaders to discuss topics of interest in our company and industry.

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**Phoebe Richards:** Hi, everyone, and welcome to HII Talking Points. Twice a quarter we talk to HII CEO and senior staff about what's important to them and the business. I'm your host, Phoebe Richards. Today I'm talking to Kellye Walker, HII's chief legal officer. Kellye, thank you for joining me today.

**Kellye Walker:** Thanks, Phoebe.

**Phoebe Richards:** So, in your role, you oversee HII's law department and outside counsel and you provide legal advice on a number of business activities. So I'd like to hear more about what you and the legal team do and how you see this role evolving. So, to start, what's a typical day like for you?

**Kellye Walker:** Oh, if there only was a typical day.

[Laughter]

I really don't have a typical day, but like many of us, I have a number of meetings during the day that I attend. But the most important thing that we do is really collaborating with my senior staff colleagues, collaborating with our business partners. And for the law department, all the people in the business are our internal clients and that's how we refer to them, and so making sure that we're collaborating with them.

I do a lot of work. I've got a really strong team, so I do a lot of work strategizing with my team on a variety of legal issues, whether it's litigation or investigations or thinking about what's happening with contracts in the business. And so a lot of what I do is really strategizing with them about how we will take positions from a legal perspective.

**Phoebe Richards:** How do you view legal's role in corporate America today, and how has it changed over the years?

**Kellye Walker:** The law department's role has really changed tremendously over the years. Many years ago, law departments really were just sit back and wait until called upon or answer the questions that were asked. But today most law departments – and this one in particular – are much more involved with the business. We have increased our business acumen tremendously. We work very, very closely with all of our business partners in the business, so we are part of their teams. We have seats at the table.

And so not just waiting for questions to be asked, but we are in a position to really try to anticipate the issues that may arise that can be a challenge for the business, and then try to provide solutions to those issues even before they arise so that the business can get on with doing what it does best.

**Phoebe Richards:** Right. Yeah, it sounds like the strategizing you mentioned is much more proactive than maybe it was years past.

**Kellye Walker:** Absolutely.

**Phoebe Richards:** So how do you see the legal function transforming as HII continues to transform?

**Kellye Walker:** Well, we have to because our role really is to support the business of the business. And so we actually have a law department strategy and we've created a little visual for that. And at the center of that are words that say "HII Strategy," and that's just to remind us that everything that we do has to be centered on what the business does. And so as the business grows and transforms, it is our responsibility to make sure that we are in a position to grow and transform as well, whether it's learning new areas of law, really thinking about the things that the business is facing as it's going into new types of businesses or new geography. And so we have to transform to be able to do our job appropriately.

**Phoebe Richards:** I'm just curious; what kinds of new law would potentially arise?

**Kellye Walker:** For example, we have our Technical Solutions division, and so it does a lot of things that are stretching muscles that the shipyards haven't had to stretch in the past. So whether it is, again, doing business internationally, there are a lot of new rules and regulations that we've not had to contend with in the past but now that we will as that particular division, as an example, grows and expands itself as well.

**Phoebe Richards:** Interesting. So what's the most challenging part of your job?

**Kellye Walker:** I think the most challenging part really is juggling the many priorities that we face as a business. So, as I mentioned, we've got all these new things that are happening with the business. There are new rules and regulations not just that affect the Technical Solutions division, but also that affect the organization as a whole. Congress is very active.

**Phoebe Richards:** Yes.

**Kellye Walker:** And so they create a lot of regulations and rules, and we have to stay on top of them and make sure that we are helping the business be prepared for addressing those things. So that's really important. We have – as I mentioned -- I've got a strong team, and I call it my small but mighty team, because for a business our size and with our complexity, we have a fairly lean legal team. And so the ability to be able to have everyone focused on the right things, with the right level of priority, is probably the biggest challenge.

And then, for me personally, it's very important that I do my job as a leader in trying to grow and develop and enhance the career opportunities for the members of my team, so finding a way to do that when they are really, really busy as well becomes challenging for me.

**Phoebe Richards:** Right. So, switching gears a little bit, we're hearing more about cyber security and cyber breaches in the news. How does your team...how does legal fit in?

**Kellye Walker:** Cyber is a multidimensional, multifunctional kind of effort whenever a company is looking at and addressing cyber issues, either anticipating and preparing for a cyber event or if a cyber event actually shows. So, first of all, we work with a multidisciplinary team. We work with the chief information officers, the chief information security officers. We work with the communications department, the executive team, sometimes even the board. And so we have to do all of that, so making sure that we are working together with everyone.

But as you can imagine, there are a lot of very specific legal requirements for companies with respect to cyber, so in our Navy contracts, there is what's called a cyber flow-down provision, where we have responsibilities to make sure that not only are we handling things appropriately but that we are flowing those things down to our suppliers.

And so the law department works with contracts and our supply chain group to make sure that those things are handled appropriately. And if there's a circumstance where they are not, then we as a law department have to be prepared for all of the aftermath that can come from that and making sure that at all junctures we are protecting the company and putting the company's best interests at heart.

**Phoebe Richards:** So some of our listeners may feel like the legal department is far from their own job function, but we know that we all play a role when it comes to compliance, so why is compliance so important for all of employees?

**Kellye Walker:** Well, compliance is important for a number of reasons. As a legal entity the corporation is, as a public company, there are a lot of responsibilities that we have. And compliance is not just about following the rules, although we have to make sure that we do that because when one person is not compliant, the whole company can be at risk, depending on what that is.

And so compliance is critically important for all of us because we work for an extraordinary company. We have a livelihoods tied with the company, so we want to make sure that the company continues to exist and to be able to execute on its mission. So we want to make sure that the company is here today and tomorrow and not subject to challenge as an ongoing entity because of compliance issues.

So compliance is an important thing for every single employee to be focused on. And interestingly, there are a lot of financial services companies that have big compliance departments, I mean armies of people that are the compliance team. We don't think about it that way here at HII. My department helps administer the compliance program, but the compliance department is everybody at this company.

**Phoebe Richards:** Right.

**Kellye Walker:** So everybody has a responsibility to make sure that the company that they work for and love continues on in the best possible way. And that's why compliance is important for us all.

**Phoebe Richards:** So we should all wear our compliance hats every day.

**Kellye Walker:** Absolutely.

**Phoebe Richards:** Excellent.

**Kellye Walker:** And it's not just about our own actions as well. I mean we have to make sure that we are doing what we're supposed to do individually, and that doesn't mean that we go off and say, "Hey, I know I'm not going to do the wrong thing," because oftentimes very good people who have no intentions of doing the wrong thing may trip up, not knowing. So it's a matter of making sure we understand our responsibilities and that we're also holding our fellow shipbuilders, our fellow HII employees accountable as well.

**Phoebe Richards:** Good advice. All right. Well, thank you, Kellye. Thanks for joining us today.

[Music playing]

**Kellye Walker:** Thank you very much, Phoebe.

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