HII – Huntington Ingalls Industries

Serving our shared future

Climate Transition Plan 2025

HII

Table of Contents

Introduction to the Climate Transition Plan

Huntington Ingalls Industries (HII) is a global, all-domain defense provider, building and delivering the world's most powerful, survivable naval ships and technologies that safeguard America's sea, sky, land, space, and cyber domains. Sustainability is an increasingly important priority for our company, investors, customers, and other stakeholders, requiring, among other things, an understanding of the potential impacts of climate change on our organization and the industry. We are committed to maintaining transparency in our sustainability initiatives and climate-based risk management processes.

HII is comprised of three divisions: Newport News Shipbuilding (NNS), Ingalls Shipbuilding (Ingalls), and Mission Technologies (MT).

Since 1886, the ships built at Newport News Shipbuilding, like the American shipbuilders who built them, have served our nation in peace and war, in times of adversity and times of abundance. HII's legacy of "Always Good Ships" includes the design, construction, overhaul and repair of hundreds of ships for the U.S. Navy and commercial customers.

Today, HII's NNS division is the nation's sole designer, builder and refueler of nuclear-powered aircraft carriers and one of only two shipyards capable of designing and building nuclear-powered submarines, leveraging our unique expertise in nuclear propulsion, naval design and manufacturing. NNS provides fleet services for our ships worldwide.

In 1938, Ingalls Shipbuilding Corporation was founded on the East Bank of the Pascagoula River in Mississippi. It started out building commercial ships until the 1950s, when Ingalls started bidding on Navy work.

Today, HII's Ingalls Shipbuilding division has pioneered the development and production of technologically advanced, highly capable warships for the surface Navy fleet, U.S. Coast Guard, U.S. Marine Corps, and foreign and commercial customers.

Mission Technologies was founded in 2016 as HII's third division. Mission Technologies develops integrated solutions that enable today's connected, all-domain force. Capabilities include C5ISR systems and operations; the application of AI and machine learning to battlefield decisions; defensive and offensive cyberspace strategies and EW; unmanned autonomous systems; LVC solutions; fleet modernization; and critical nuclear operations. Headquartered in McLean, Virginia, MT has more than 100 facilities across the globe.

Climate change and the global shift towards a low carbon economy present both risks and opportunities for HII, potentially impacting our future operations. This challenge requires the implementation of a climate transition plan to meet our long-term emission reduction goal and fulfill our strategic ambition. This report details the steps that HII is taking and will continue to take to meet the Greenhouse Gas (GHG) emission reduction target set to combat the business' impact on climate change. Various frameworks including the Transition Planning Task Force (TPT) were utilized in the development of this transition plan.

References in this report to "we," "our," "us," and similar terms refer to Huntington Ingalls Industries (HII). This report addresses certain items that are important to the Company from a Task Force on Climate-Related Financial Disclosure (TCFD) reporting perspective, which is a framework for companies to report on climate related risks and opportunities, strategies to mitigate the risks, governance over the climate risks, and any associated metrics and targets. Additionally, this report helps to meet existing legislation that may be triggered by HII conducting business in respective jurisdictions. Information disclosed in this report should not be interpreted as meaning an item is material for purposes of the U.S. Securities and Exchange Commission's rules and regulations, including those related to SEC reporting and disclosure obligations, or U.S. GAAP.

Welcome

As our CEO has stated:

" At HII, our mission requires the best of us — the utmost character and values. Our long-term success and growth depend on truly living out our values in our relationships with all our stakeholders. This is vitally important work to secure another century of success at HII."

– Chris Kastner, CEO and President

LETTER FROM THE CSO

At HII, our Sustainability strategy is rooted in our shared mission to serve our employees, communities, shareholders, customers and the brave servicemembers who protect our freedom. To achieve our objectives, we are committed to doing business with the utmost integrity and responsibility and an unrelenting focus on performance and safety. We've been serving that mission for generations, and we're built to last for many more.

This Climate Transition Plan documents our progress toward prudent strategies to ensure our operations are safe, efficient, compliant with laws and regulations, and responsible in our use of resources and electricity. The impact of our decisions and operations on our neighbors and communities is a responsibility we take seriously. Heavy manufacturing on and near waterways and the development and deployment of high-tech, big data processes and AI products are all promising but resource-intensive technological innovations. Therefore, it's extremely important we ensure wise stewardship of our environmental resources, which in turn ensures wise stewardship of our financial resources and reduces any potential adverse impacts of our business on our neighbors.

Minimizing waste, preventing pollution, and continuously improving our efficiencies are a stewardship priority. But these goals are also a risk management strategy. The effects of climate change, volatile weather, and challenged access to resources and power are all risks to our performance and success as a company. All pose safety and operational risks that HII must manage to be set up to succeed well into the future.

We hold ourselves responsible for protecting shared resources and the environment because it is required for the sustainment of our current and future strength as a company and community. This is a vivid example of our values in action in service of our business success and our national security mission.

Thank you,

Paul C. Harris
Executive Vice President
Chief Sustainability and Compliance Officer

Relevance to the business

OUR EMISSIONS PROFILE

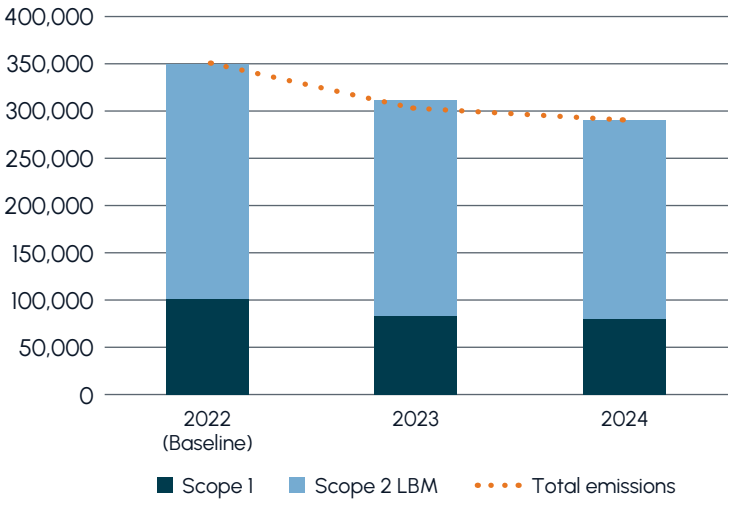
In 2022, we performed a baseline calculation of HII's operational greenhouse gas emissions (Scope 1 and 2). This evaluation guided our strategy for establishing the emissions reduction target of 30% by 2035. As we have a clear understanding of the organization's current emission profile, this helped us to identify the primary sources of our carbon footprint and assisted in prioritizing and executing identified emission reduction strategies. See below our operational Scope 1 and 2 GHG emissions profile and pathway[1]:

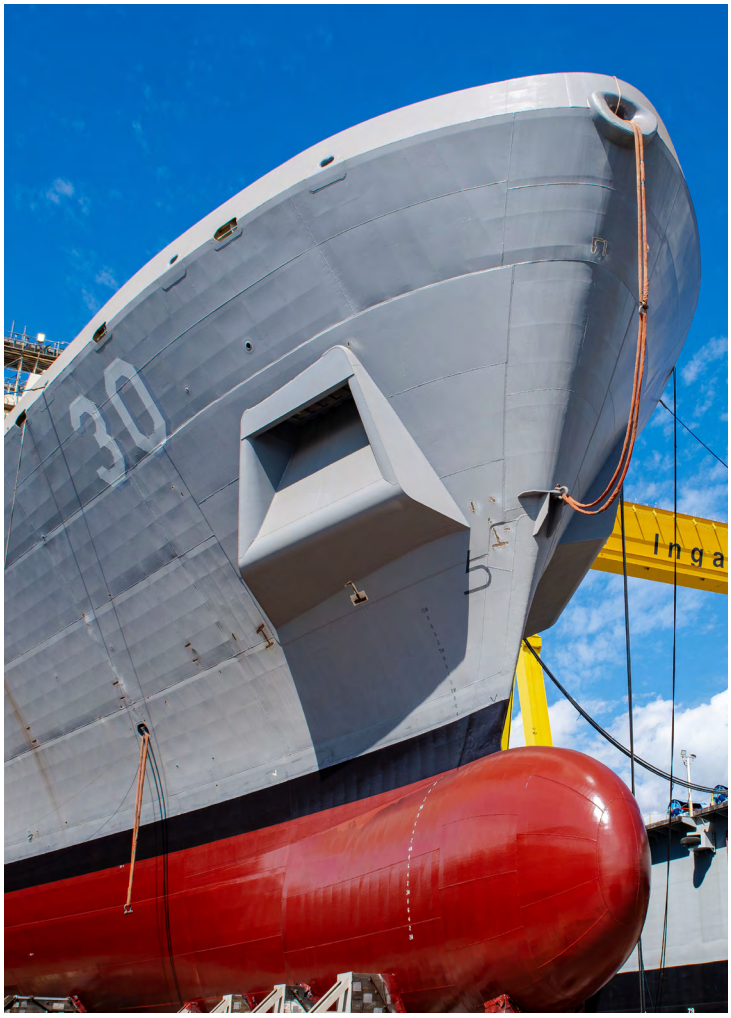
In addition to our current emissions and energy metric tracking, we are currently beginning the process of conducting our initial screening estimation of our relevant Scope 3 GHG emissions categories. Estimating our Scope 3 GHG emissions will provide us with a more comprehensive view of our total GHG emissions footprint. We recognize that various stakeholders, including regulators and investors, appreciate the transparency that comes with a full emissions profile. Additionally, understanding the Scope 3 emissions profile will help us to identify risks in our value chain, which will drive further transparency, trust and engagement with our suppliers and ultimately improve our business practices.

Table 1: Emissions profile

Metric	2022	2023	2024
Scope 1	102,002 MT CO_2e	84,380 MT CO_2e	80,948 MT CO_2e
Scope 2 (Location Based)	246,234 MT CO_2e	229,095 MT CO_2e	210,283 MT CO_2e
Scope 2 (Market Based)	248,950 MT CO_2e	219,862 MT CO_2e	213,314 MT CO_2e

Figure 1: HII Current Emissions Profile





[1] See 2025 Sustainability Report for latest data related to the emissions profile.

OUR CLIMATE RISK ASSESSMENT

In 2024, we conducted a qualitative climate risk assessment of our business. By identifying and evaluating climate-related risks and opportunities, we were able to make more informed decisions and further understand our climate adaptation and mitigation strategies. This assessment has become an integral part of our climate transition plan, since it provided HII with an initial understanding of the potential impacts of climate change on our organization's operations and assets, helped to meet regulatory requirements, assisted in developing strategies for business resiliency, and enhanced stakeholder confidence. Integrating the results of the climate risk assessment into this transition plan will assist us in adapting to future impacts of climate change and in achieving our emissions reduction goal.

Through peer benchmarking and a prioritization exercise with our key stakeholders, we developed an initial universe of climate-related risks and opportunities. Table 1 below illustrates the list of prioritized climate-related risks and opportunities for climate scenario analysis.

Since this assessment has been conducted, we have worked to implement strategies that help to minimize some of these risks through emissions reduction and moving forward with our emission reduction targets.

Table 1: Climate-related risks and opportunities prioritized for climate scenario analysis

Category	Type	Description
Physical	Acute	Increasing frequency and severity of extreme weather events could lead to impacts on property and equipment, resulting in increased operating costs
Physical	Acute	Increasing frequency and severity of extreme weather events could lead to disruptions to workplace operations, resulting in reduced revenue and higher operating costs
Physical	Chronic	Sea level rise could lead to operational disruptions and impacts to assets, resulting in increased operating costs and reduced revenue
Transition	Policy and legal	New and emerging regulations related to disclosures and GHG reductions could lead to increased compliance costs and debarment from contracts
Transition	Policy and legal	Introduction of carbon tax schemes could lead to increased operating costs
Transition	Reputation	Noncompliance with environmental performance regulation and actions of suppliers could adversely impact our relationship with customers, and lead to concern from the public and stakeholders, resulting in an inability to attract talent
Opportunity	Resource efficiency	Utilization of lower-emission energy sources instead of fossil-fuel based energy sources could lead to lower operating costs
Opportunity	Resource efficiency	Reducing the consumption of resources such as water could lead to reduced operating costs at sites and a reduced environmental footprint

To understand the potential impact of climate-related risks and opportunities to HII, we conducted a qualitative climate scenario analysis on our assets and operations. For more information on our climate risk assessment, see our 2024 TCFD report here.

OUR ENTERPRISE-WIDE GHG EMISSIONS REDUCTION TARGET

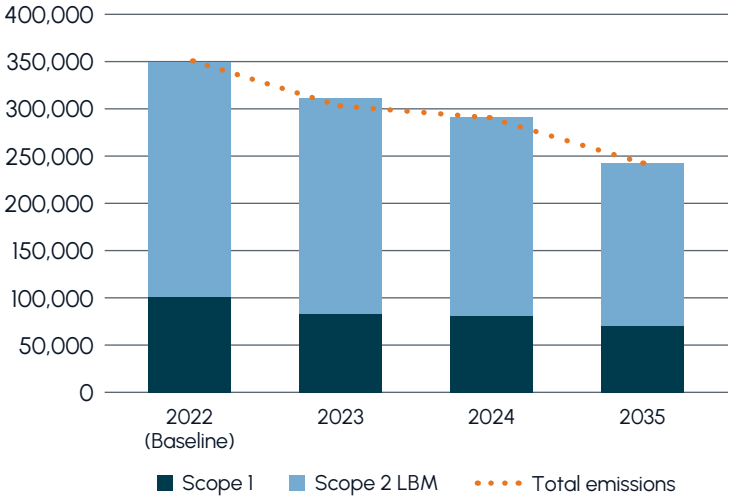
Glide path

Absolute target: 30% reduction in Scope 1 and 2 GHG emission by 2035

Table 2: Absolute Emissions Target

2022 (Baseline)	2023	2024	2035 (Target)
348,236 MT CO_2e	313,275 MT CO_2e	291,231 MT CO_2e	243,765 MT CO_2e

Figure 2: Absolute Emissions Target



We are considering an intensity metric based on sales, but this decision is not final.

Our Path Forward – how we will achieve our target

OUR STRATEGIES

To achieve our goal of reducing our GHG emissions by 30% by 2035 from a 2022 baseline, HII is focused on three strategic pillars:

Electrification:
Explore opportunities to replace technology and processes with electrically powered alternatives to reduce fossil fuel usage

Maximize efficiencies:
Invest in new technology and products to reduce the amount of energy required to support the business

Clean energy opportunities:
Explore partnerships that enable us to harvest and purchase energy from clean, sustainable sources

The following strategic initiatives are either currently underway or being taken into consideration for future implementation:

Electrification:

- **Expansion of fleet electrification:** There is opportunity for expanding and replacing the shipyard automotive service fleet with electric-powered vehicles. NNS and Ingalls continue to investigate opportunities for electrification of recapitalized assets, as well as insertion of electrical-powered assets in areas where new capabilities are being established.
- **Electrification of Ford Class aircraft carriers:** The *Nimitz*-class aircraft carriers at NNS utilize a large steam plant for heating, catapult operations and ship propulsion. Following a midlife overhaul, the Nancy Lee test steam barge is utilized to produce steam from burning natural gas to test the various ship systems. This results in the creation of about 49,000 tonnes of GHG for each ship test program. The new design *Ford*-class aircraft carriers utilize all electric plants that allow system testing utilizing electricity rather than steam, thus reducing our GHG footprint.
- **Electrification of steel yard and portal cranes:** The bridge crane at the Ingalls shipyard is powered by diesel powered engine within a generator. Electrifying the crane, as well as others around the shipyard, could reduce Scope 2 emissions significantly.
- **Heat pump technology installation:** New heat pump technology will be installed as existing steam and natural gas-fired building HVAC equipment reaches the end of its useful lifetime at NNS.
- **Exploration of battery bank usage:** In 2024, Ingalls kicked off the first phase of a Microgrid feasibility study. This study is intended to provide recommendations and 30% engineering design for the addition of solar charged battery banks. Based on the recommendations, these banks could replace or augment standby generators in critical areas, to reduce Scope 2 emissions.
- **Electric vehicle feasibility study:** At MT, our Environmental Health & Safety team will conduct a market survey and feasibility study of electric vehicles as alternatives to fossil fuel vehicles.

Maximize efficiencies:

- **Efficient technologies:** NNS is aggressively installing LED lighting technology and modern lighting controls in all new buildings and retrofitting this technology in existing buildings. Ingalls has engaged a 3rd party to conduct a full site energy audit to assist us in determining the best opportunities for investment regarding energy efficiency. MT plans to begin reduction efforts at leased facilities via select tenant improvements (e.g., programmable thermostats, energy efficient lighting). MT will improve equipment efficiencies in industrial settings (e.g., implementing a semi-annual compressed air leak detection and repair initiative).
- **Expansion of HVAC/lighting schedules:** At NNS, we have begun a program to implement HVAC setbacks in large production shops during holiday periods when no one will be working. At Ingalls, we recently included the installation of upgraded Trane Tracer Ensemble controls in more buildings and infrastructure in the shipyard. We intend to continue using this technology to improve efficiencies and reduce energy consumption while integrating these platforms in additional buildings throughout the shipyard.
- **Chill water plant for cooling:** NNS is evaluating expansion of our existing chilled water plant and the installation of new plants to replace legacy HVAC systems. Ingalls is considering the insertion of small, localized chill water plants to replace legacy HVAC systems and in new construction projects.
- **Elimination of non-production natural gas usage:** To eliminate non-production natural gas usage, Ingalls will conduct an audit to identify areas of inefficiency. We will implement a strategy that includes transitioning to sustainable alternatives such as renewable energy sources and optimized production processes.
- **Welding production shop ventilation optimization:** NNS is studying ways to reduce ventilation air flow when actual work is less than the theoretical maximum. This will reduce electrical consumption (fan motor horsepower) and natural gas consumption to heat the makeup air in the winter months.
- **Compressed air optimization:** NNS recently installed a system wide Compressed Air Control System (CACS) that optimizes the operation of 12 high-capacity air compressors spread throughout our facility that matches the number of compressors in operation with the actual real-time compressed air demand to minimize the operation of unnecessary air compressors. In addition, NNS has a very aggressive program to identify and repair systems leaks to minimize the compressed air load in the facility.
- **Compressed air audits:** Conducting compressed air audits will identify wastage and inefficiencies, enabling a smooth transition to battery electric tools, significantly reducing energy consumption and maximizing efficiency in operations. Ingalls is actively investigating opportunities to utilize the latest technology to reduce or eliminate leaked gas.
- **Energy efficient vehicles:** MT will begin involving Environmental Health and Safety in the approval chain for vehicle purchases to seize opportunities for energy efficient alternatives.

Clean energy opportunities:

- **Partnerships with energy providers:** Ingalls is working with our energy providers and their industry partners to achieve our long range GHG reduction goals. These partnerships are resulting in investments in energy sub-metering infrastructure and software, feasibility studies in smart grid technologies, third party energy audits, and seeking funding for federal and or state funding to assist in GHG reduction investments. MT plans to leverage best value, available clean energy opportunities as provided by its utility companies or consider alternative providers. Additionally, NNS is partnering with Dominion Energy in Virginia to source renewable electricity. See VCEA section below for additional details.
- **Partnerships with non-utility energy providers:** NNS will continue to monitor the non-utility energy market and if economically viable, consider entering into purchase agreements for renewable electrical energy. MT EH&S group will conduct a market survey and feasibility study of alternative sources of clean energy.
- **Exploration of onsite alternative energy:** Based upon improvements in technology and lowering costs, NNS will explore opportunities to purchase and install on-site electrical renewable energy generation. Ingalls is investigating use of hydrogen fuel cells for rolling stock in addition to battery electrics. We are also exploring use cases for other new alternative energy technologies as they become available.
- **Exploration of offsite renewable energy:** Ingalls is looking for new ways to introduce local alternative energies into the electrical grid. Offsite renewable energy partnerships will allow us to procure clean power from sources like solar and wind facilities. These partnerships will allow us to reduce our carbon footprint and advance our commitment to sustainable practices.
- **VCEA renewable energy:** The 2020 Virginia Clean Economy Act (VCEA) legislates that NNS' electric utility supplier, Dominion Energy, transition to 100% renewable (carbon free) generation by 2045. This transition will reduce NNS Scope 2 GHG emissions in lock step with the implementation of new renewable energy generation resources by Dominion between now and 2045.

STAKEHOLDERS AND ENGAGING WITH THE INDUSTRY

Our utility providers – We consistently engage with our utility providers, such as Dominion Energy and Mississippi Power, to source renewable electricity to assist our decarbonization aspirations.

Our customers – Our work is mission critical, and we engage with the Navy to deliver the highest quality products that both support the needs of our armed forces and utilize sustainable technology for the best possible outcomes.

DEPENDENCIES ON THE CLIMATE TRANSITION PLAN

Specific dependencies exist for this climate transition plan, most importantly, the status of the Virginia Clean Economy Act (VCEA). This act necessitates the greening of the grid facilitated by Dominion Energy. This action taken by Dominion is necessary for our current plans to decarbonize our Scope 2 emissions as we have a plan in place to source renewable electricity from Dominion. If the VCEA is repealed by the Virginia State Legislature, this sets our decarbonization plans back for our current Scope 2 reduction strategies. The VCEA is a supportive legislation that has facilitated investment in clean technologies that allow us to plan to decarbonize our operations through 2035.

HII is strategically partnering with utility providers to decarbonize the grid beyond our NNS operations, a crucial step in further reducing our Scope 2 emissions. Our Ingalls group is partnering with Mississippi Power to attempt to bring 200MW of solar power into the local grid, with the intent to bring on 25MW of that generated electricity for sourcing to Ingalls specifically.

These initiatives with local providers are vital to aligning our GHG emission reduction target. Since Scope 2 emissions represent a substantial part of our operational footprint, reducing these emissions by sourcing electricity from cleaner energy sources is crucial to maintain contribution to climate mitigation efforts. These activities enhance our sustainability mission and support our values and vision for a more sustainable future.

Governance and Accountability

BOARD OVERSIGHT

Our board of directors (the "Board") provides overall oversight of our corporate governance framework in support of the Company's long-term success and the long-term interests of our stockholders. The Board has allocated oversight responsibility of the Company's sustainability program among the Board and certain Board committees for each of the Company's nine sustainability focus areas as follows:

- The Governance and Policy Committee provides oversight for HII's overall Sustainability Program, with focuses on ethical conduct, community relations, employee health and safety, and environmental compliance.
- The Compensation Committee provides oversight of human capital resources, with focuses on employee engagement.
- The Audit Committee provides oversight of energy management and greenhouse gas (GHG) emissions.
- The Cybersecurity Committee provides oversight of cybersecurity-related matters; and
- The Finance Committee provides oversight of financial capital management, with focuses on policies and strategies, capital structure and financial condition, and enterprise risk management.

Our Board and its committees are also responsible for overseeing HII's Enterprise Risk Management (ERM) Program, which incorporates climate-related risks and opportunities into our ERM framework. The Board receives annual briefings on enterprise risks from senior leadership, including a report on the results of our annual enterprise risk assessment process. In addition, our Chief Sustainability and Compliance Officer chairs HII's Corporate Sustainability Committee and provides periodic updates to the Board, including on climate-related matters.

EXECUTIVE MANAGEMENT ACCOUNTABILITY

Our Chief Sustainability and Compliance Officer oversees HII's sustainability governance and provides oversight of management's role in assessing and managing climate-related risks and opportunities. The Corporate Sustainability Committee (CSC), led by our Chief Sustainability and Compliance Officer, meets regularly to discuss our strategic sustainability priorities, including those related to climate-related risks and opportunities. The CSC is comprised of members of our senior leadership team and leaders from NNS, Ingalls, and Mission Technologies divisions, known as Divisional Points of Contact (POCs). These Divisional POCs serve as liaisons to our Chief Sustainability and Compliance Officer, addressing sustainability and climate-related matters relevant to their divisions and engaging with their teams to provide visibility to all focus areas.

The Sustainability Management Team (SMT) supports our Chief Sustainability and Compliance Officer by managing key sustainability priorities across our divisions. This team consists of director-level individuals who serve as focus area leads, providing direction over their respective focus areas. The SMT oversees the following focus areas: Workforce, Greenhouse Gas/Energy Management, Supply Chain Management, Health & Safety, Cyber, and Product Quality and Safety. Each focus area lead offers direction and guidance to the enterprise wide SMT members as they work to implement actions within their applicable focus areas.

Appendix

Clean energy opportunities:

The Transition Plan Taskforce framework was launched by the UK HM Secretary in March 2022 to bring leaders together from industries, academia and regulators alike to develop practices for transition plan disclosures for finance and the real economy. Transition plans are integral to assisting companies in the transition to a low-carbon economy. The framework is designed to be consistent with the ISSB standards and to be available for both mandatory and voluntary use by companies across the world.[2] HII has followed the blueprint of principles and disclosure elements from the TPT framework to communicate the ambition and decarbonization actions that are being taken. .

Cautionary Statement Regarding Forward-Looking Statements:

Statements in this Climate Transition Report and in our other information relating to HII's sustainability commitments, objectives, plans, expectations, performance and data, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "guidance," "outlook," "predicts," "potential," "continue," and similar words or phrases or the negative of these words or phrases. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable when made, we cannot guarantee future results, levels of activity, performance, or achievements. There are a number of important factors that could cause our actual results to differ materially from the results anticipated by our forward-looking statements, which include, but are not limited to our dependence on the U.S. Government for substantially all of our business; significant delays or reductions in appropriations for our programs and/or changes in customer priorities and requirements (including government budgetary constraints, shifts in defense spending, and changes in customer short-range and long-range plans); our ability to estimate our future contract costs, including cost increases due to inflation, labor challenges, changes in trade policy, or other factors and our efforts to recover or offset such costs and/or changes in estimated contract costs, and perform our contracts effectively; changes in business practices, procurement processes and government regulations and our ability to comply with such requirements; adverse economic conditions in the United States and globally; our level of indebtedness and ability to service our indebtedness; our ability to deliver our products and services at an affordable life cycle cost and compete within our markets; our ability to attract, retain, and train a qualified workforce; subcontractor and supplier performance and the availability and pricing of raw materials and components; our ability to execute our strategic plan, including with respect to share repurchases, dividends, capital expenditures, and strategic acquisitions; investigations, claims, disputes, enforcement actions, litigation (including criminal, civil, and administrative), and/or other legal proceedings, and improper conduct of employees, agents, subcontractors, suppliers, business partners, or joint ventures in which we participate, including the impact on our reputation or ability to do business; changes in key estimates and assumptions regarding our pension and retiree health care costs; security threats, including cyber security threats, and related disruptions; natural and environmental disasters and political instability; health epidemics, pandemics and similar outbreaks; and other risk factors discussed herein and in our other reports. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business, and we undertake no obligation to update or revise any forward-looking statements. You should not place undue reliance on any forward-looking statements that we may make.

[2] TPT Disclosure Framework: disclosure-framework-oct-2023.pdf