



**LEIDOS 2013**

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# Corporate Responsibility Report

**THINKING FORWARD TO SUPPORT OUR  
PEOPLE, ENRICH OUR COMMUNITIES,  
AND PROTECT THE ENVIRONMENT.**



# Corporate Responsibility

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Beyond the contributions we make to science and technology, we're committed to using our time and resources to support people, enrich communities, and protect the environment. This commitment, coupled with the freedom to think forward, defines our philosophy on corporate responsibility and sustainability.

We value our inspired, passionate and united employees. Not only do they further the Leidos mission to provide national security, health, and engineering solutions, they are equally active in their communities, are ethically-minded, and make a positive difference in the world.

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We hope that you'll explore our fifth annual corporate responsibility report to learn more about how Leidos is thinking forward on behalf of our employees, our communities, and our world.

Leidos is a great company with exceptional talent and leadership, a keen ability to adjust to challenges and opportunities, a deep commitment to ethics and integrity, and a passion for customer success. Corporate responsibility is one of the pillars of our culture, and I am proud of our efforts to empower our people, contribute to the communities where we live and work, and protect the environment.

Corporate responsibility initiatives are led by our employees and supported by a team of subject matter experts from across the enterprise. But we couldn't do this work without the support of our business and community partners, suppliers, and other stakeholders. Thanks to them, we've been able to accomplish more than we could have accomplished alone—and we can do even more in the years ahead.

To support our communities in 2013, we made over \$2 million in charitable donations and our employees contributed over 16,000 hours of their talent to a wide variety of causes, including STEM education, basic needs and wellness, ethics and leadership, and the needs of our military and intelligence personnel and their families. Many of our employees also serve on the boards of nonprofit organizations across the country. These activities underscore the passion of our 20,000 employees—I continue to be impressed by their unwavering commitment to improve the world around us.

As I visit our operations across the country, I am equally privileged to see firsthand how our employees achieve results the right way, operating with the highest standards of ethics and integrity. That's a source of pride for all of us. We are continually enhancing our ethics program and practices—critical to our culture and the sustainability of our company.

Four years ago, we set a goal to reduce greenhouse gas emissions by 25% by the year 2020. I am pleased to announce that owing to significant corporate restructuring, real estate reductions and concerted efforts by our united employees, we have reached our 2020 goal six years ahead of schedule. As part of our continuous improvement efforts, we will remain focused on efforts to further minimize our environmental impact.

Perhaps our greatest contribution to environmental stewardship comes through the work we do for our customers. Leidos energy, environmental and infrastructure solutions help address some of the world's most pressing issues. Our experts bring a wealth of technical expertise backed with solid business experience for which we have been widely recognized with national and industry awards. I welcome you to explore how our dedicated professionals are changing the world.

Moving forward, we realize that corporate responsibility is a continuous journey, not a fixed destination. We remain deeply committed to thinking forward on behalf of our families, our communities, and our world.

A handwritten signature in black ink, appearing to read "Roger A. Krone". The signature is fluid and cursive, with a long horizontal stroke at the end.

Roger A. Krone  
Chief Executive Officer



# EXECUTIVE SUMMARY

## 2013 WAS A YEAR DEFINED BY EXCITING CHANGE AND STRONG PROGRESS.

Each year, the Leidos Corporate Responsibility Report takes stock of the progress and impact of our company across multiple areas that we deem important to our growth and sustainability. We strengthened our exceptional workforce, maintained our focus on hiring veterans and wounded warriors, achieved our Greenhouse Gas (GHG) reduction target, refocused and enhanced our already strong ethics programs, and increased our outreach and involvement in the communities where we live and work.

GRI™ G4 Indicators  
reported in this section:

General Standard  
Disclosures 2, 13

On September 27, 2013, SAIC, Inc. separated into two independent, publicly traded companies: [New SAIC and Leidos](#). We achieved a tremendous milestone with the successful spin-off of our technical services and enterprise information technology services business and the continuation of our solutions business under a new name, Leidos. We created two great American companies, both of whom continue strong commitments to corporate responsibility.

The highlights below are just a few of our key accomplishments and successes in major focus areas during calendar year 2013.

### OUR PEOPLE

- ▶ Through our partnership with SkillSoft, a leader in the e-learning space, Leidos offers more than 3,000 online courses on topics such as business, management and information technology, at no cost to employees or their organizations.
- ▶ Leidos currently employs over 4,000 military veterans, comprising approximately 20 percent of our workforce. For our efforts, we were ranked #35 on the Military Times “Best for Vets” Employers for 2014, based on 2013 data.
- ▶ We are focused on assisting employees affected by government contract changes. Our Enterprise Redeployment Council works with staffing managers to match employees with open internal opportunities. Our redeployment rate for affected employees has an overall increase of 35 – 40 percent since 2009.

# Executive Summary

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## OUR COMMUNITIES

- ▶ We made over \$2 million in charitable donations and our employees contributed over 16,000 hours of their talent to a wide variety of causes, including STEM education, basic needs and wellness, ethics and leadership, and support to our military and intelligence personnel and their families.
- ▶ In 2013, Leidos donated over three hundred thousand dollars to STEM education programs, and our employees logged over 5,000 volunteer hours, approximately one-third of all volunteer hours logged for the year, to help foster America's next generation of technical professionals.
- ▶ Leidos continues to be recognized for our outstanding efforts with small businesses of all categories. Notable recognition in recent years includes over 30 prestigious Small Business Administration and Department of Defense awards.

## OUR ENVIRONMENT

- ▶ We reduced our overall environmental portfolio footprint by approximately 26% and reduced the number of actual office locations by approximately 33%. This was the largest contributing factor to reaching our 2020 Greenhouse Gas (GHG) reduction goal of 25%, six years ahead of schedule.
- ▶ Our environmental professionals helped drive the global conversation on environmental challenges, advancing innovative ideas through Leidos.com, magazines and trade journals, and presentations at conferences like DistribuTECH® 2013.
- ▶ Leidos was ranked 23rd in Engineering News-Record's 2013 Top 200 Environmental Firms.

We have a lot to be proud of when looking back on 2013. Our corporate responsibility report outlines the actions we pursued to help our company grow and become more sustainable. The report complies with the Global Reporting Initiative™ G4 Reporting Framework.



# COMMUNITY

## WE SERVE OUR COMMUNITIES, ENGAGE OUR EMPLOYEES, AND ALIGN OUR OUTREACH WITH COMPANY BUSINESS GOALS.

Leidos actively supports the communities where we live and work, providing some of the most inspired and passionate examples of how we are forward thinking as a company. Through our philanthropic efforts, we are striving to create a sustainable future, including working side-by-side with community organizations that provide critically important services and opportunities to those most in need. United with our partners, our efforts position individuals and families to succeed today and as well as position future generations for success.

We focus on the following four broad categories with an overarching goal of combining charitable giving with employee volunteerism whenever possible:

**Basic needs/wellness:** We help sustain our local communities by providing food, clothing, and housing and by helping to tackle major health challenges of our time.

**National security personnel and their families:** We support active-duty and veteran service members, as well as the broader defense and intelligence communities, and their families. Our employees are passionate about making a difference for the men and women who serve our nation.

**Education (Science, Technology, Engineering, and Mathematics, or STEM, focus):** We continue to expand our focus on STEM education and skills development, from kindergarten through college and beyond.

**Ethics/leadership:** We collaborate with chambers of commerce and schools to develop ethics and leadership programs for the next generation workforce. Leidos was ranked 23rd in Engineering News-Record's 2013 Top 200 Environmental Firms.

GRI™ G4 Indicators reported in this section:
Specific Standard Disclosures
EC: 1
SO: 1

# Spotlight on Community

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## Leidos inspires the next generations of engineers through FIRST Robotics.

We serve our communities, engage our employees, and align our outreach with company business goals.

Leidos built a relationship with For Inspiration and Recognition of Science and Technology (FIRST®), because the nation-wide program touches students at elementary through middle and high school levels, allowing employees to make an impact in their communities, whether working with individual robotics teams or volunteering at competitions. The FIRST® mission is to inspire young people to be science and technology leaders by engaging them in exciting mentor-based programs that build science, engineering and technology skills, inspire technology, and foster well-rounded life capabilities including self-confidence, communication, and leadership. In any given year, Leidos sponsors, and employees mentor, over 120 elementary, middle, and high school robotics teams. Over five years, Leidos has donated nearly two million dollars to this important program, and in 2013 alone, Leidos employee volunteers logged more than 5,000 hours supporting K-12 STEM/ FIRST® activities. Thousands of students and hundreds of employees benefit from our Leidos-FIRST® relationship—illustrating an ongoing commitment to K-12 STEM education and to making a positive impact in the communities where we live and work.



# Community

## CORPORATE PHILANTHROPY

### WE BELIEVE THAT CORPORATE PHILANTHROPY SHOULD SERVE THE COMMUNITIES WHERE LEIDOS OPERATES AS WELL AS ALIGN WITH OUR BUSINESS OBJECTIVES.

Our philanthropy is designed to improve the lives of our employees as well as residents of the communities where we live and work. Overall, we concentrate our support on localized community outreach where the preponderance of our employees and customers work and live. Marshaling resources to this aim, we identify causes and organizations that align with our specific priorities and the unique needs of the communities in which Leidos does business.

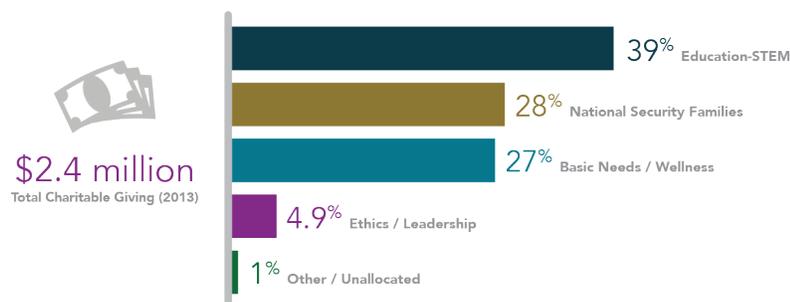
Specifically, we focus on:

Building strong relationships with non-profit partners who are motivated to overcome important challenges of our time.

- ▶ Making charitable donations to qualified non-profits and also providing in-kind services.
- ▶ Organizing company-sponsored volunteer opportunities for employees and also supporting their personal volunteerism interests.
- ▶ Collaborating with other stakeholders (e.g., chambers of commerce and government agencies) to improve our local communities.

### CHARITABLE GIVING

During calendar year 2013, the approximate distribution of our enterprise-wide charitable giving by emphasis area (shown below) is consistent with our prior year and planned future year spending on a percentage basis.



Note: Total giving reflects full-year Leidos, despite company separation.

To most effectively pursue our philanthropic strategy, we identify and reach out to those organizations that best align with our giving priorities and objectives as a company. Generally speaking, Leidos does not accept unsolicited requests for grants, sponsorships or donations.

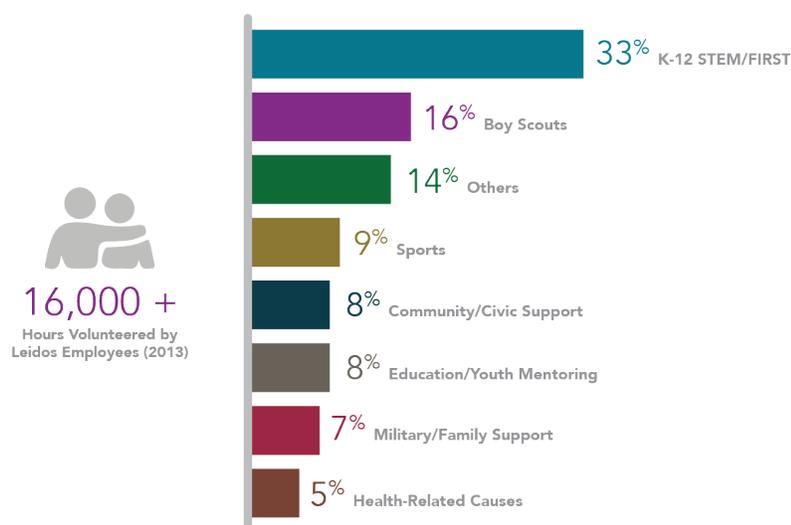
# Community

## CORPORATE PHILANTHROPY (cont'd)

### VOLUNTEER OUTREACH

Volunteering continues to be an important component of the overall Leidos philanthropic profile and we recognize the unique value it brings to our employees, communities, customers, and workplace. Our ongoing commitment continues to drive notable changes in our culture, reflected in how we select non-profit partners, plan outreach activities, and recognize the successes of our passionate employee volunteers.

Employees reported over 16,000 hours in 2013 (shown below), an especially strong showing given a period of intense company transition. The breadth of our employees' efforts is tremendous, reflecting the varied passions and interests of our diverse workforce.



### VOLUNTEERISM CATEGORY DETAILS

We currently track employee volunteerism in 13 different categories. The table below provides detailed descriptions for each and references to some of our key outreach activities and associated partners.

CATEGORY	DESCRIPTION
Animals	Domestic, rescue, and wild animals all benefit from our volunteers. Employees are making time to ensure that distressed and neglected animals receive attention while going through rehabilitation, waiting for adoption, or living in rescue facilities.
Boy Scout	Employees volunteering with the Boy Scouts of America (BSA) around the country often spend time each week helping to mentor scouts and support BSA activities. Although some of the hours logged relate to the Cub Scouts, the vast majority of those logged are with the Boy Scouts.

# Community

## CORPORATE PHILANTHROPY (cont'd)

CATEGORY	DESCRIPTION
Community & Civic Support	This broad category includes the range of activities our employees engage in to improve their communities that are not specifically called out in another category. Examples in this category include environmental improvement projects, working with Habitat for Humanity, volunteering at community celebration events, and helping to address hunger and homelessness.
Education Support & Mentoring	Helping a child learn to read or develop critical thinking skills takes the time, patience, and dedication that many of our employees commit to providing. Employees across the country mentor children both in person (e.g., the Literacy Council of Northern Virginia) and through virtual programs.
Emergency & Crisis Response	Numerous employees serve as emergency medical technicians (EMTs), paramedics, and members of volunteer rescue squads. These skilled volunteers train for and respond to crisis situations, often devoting significant amounts of time over weekends to provide coverage, participate in drills, or address emergencies in progress. Also included in this category are employee hours dedicated to American Red Cross blood donation drives, assault crisis center volunteering, and other crisis-related programs and initiatives.
Faith Based Outreach	Employees focus their faith-based outreach in many different ways. They may be working with children or young adults, helping local communities in need, offering spiritual support to people who have lost their way down a criminal path, or engaging with people from around the world who share their beliefs.
FIRST® Robotics	Employees volunteering as coaches and mentors for teams put in significant hours during the build season to help students turn their concepts into robotic reality. Our volunteers are involved throughout the year with teams or helping to staff the numerous competitions that take place each spring.
Girl Scouts	Similar to the Boy Scouts of America, many of our volunteers involved with the Girl Scouts of the USA spend time regularly with their troops performing various activities including being a troop leader or helping out at scout meetings.
Health Related Causes	Employees walk, run, ride, and hike to help the fight against serious diseases through their participation in fundraising events such as Heart Walk, Relay for Life, MS Walk, the Walk to Fight Diabetes, the Tour de Cure, and numerous events to help fight breast cancer. In addition, many employees volunteer at hospitals participate in support groups and provide other services that help improve the health and well-being of people worldwide.

# Community

## CORPORATE PHILANTHROPY (cont'd)

CATEGORY	DESCRIPTION
K-12 STEM	Employees are deeply involved in helping young students become engaged in the study of science, technology, engineering, and math (STEM). Apart from volunteering with FIRST®, tracked separately, employees volunteer at science fairs and demonstrations, with STEM-related clubs and organizations, and with Project Lead the Way™, an organization that advance STEM curriculum in our schools.
Military & Their Families	Whether writing letters to deployed service personnel, helping them communicate with their families overseas, easing the transition of wounded soldiers back into society or being active in one of the many organizations (e.g., Paralyzed Veterans of America, Tragedy Assistance Programs for Survivors, and the USO, just to name a few) that are aimed at making those who have and are serving in our military feel appreciated, the commitment of our employees who volunteer to support those in the military and their families helps improve lives every day.
Sports	Employee volunteerism in the sports category favors Little League baseball, volleyball, and the variety of sports included in Special Olympics. Similar to the Boy and Girl Scouts, many of our employees who volunteer with sports teams log regular hours each week as team coaches.
Youth Support & Mentoring	Employees volunteer through a wide variety of organizations including the YMCA, Boys & Girls Clubs, Big Brothers Big Sisters, 4-H, various youth service clubs, and nonprofits that support disadvantaged youths. Significant hours are also spent with exchange students and helping both domestic and international orphans.

At Leidos, we regularly highlight employee volunteer accomplishments. This helps to increase employee engagement by incentivizing new volunteer projects and ultimately contributes to both improved retention and hiring. In addition, to better understand causes most important to our employees, we regularly solicit feedback from across the enterprise.

In 2013, as part of a communications campaign *30 Days of Purple*, we celebrated the spirit of volunteerism and philanthropy during, "Leidos Gives Week." Employees shared stories about how they give back to their community and what volunteering means to them. They also made their voices heard by voting for charities that they felt Leidos should support going forward. This is an important stakeholder engagement activity which helps shape new and existing partnerships and leads to expanded outreach campaigns supporting the American Cancer Society, Habitat for Humanity, and the USO, among others. While there are hundreds of worthy causes important to our employees, voting provided insight into interests at the intersection of Leidos strategy and employee passion.

By combining corporate giving with passionate and inspired employee participation, Leidos is making a meaningful difference to those in need in our communities.

# Community

## STRATEGIC UNIVERSITY ALLIANCES

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### OUR UNIVERSITY ALLIANCE PROGRAM CONNECTS LEIDOS WITH WELLSPRINGS OF INNOVATION FOUND AT LEADING UNIVERSITIES.

Leidos is committed to bringing high-technology solutions to the nation's most challenging problems, and universities are one of the wellsprings of innovation into which the company can and does tap.

We have established a number of strategic university alliances to focus on-campus activities to support our strategic goals, particularly by strengthening the Leidos science and technology core. Our eight university partners were chosen through a rigorous, collaborative process that included business and technology leadership across the company. Partnering with universities is an important element of the overall Leidos corporate responsibility program, where time and resources are combined to support our people, enrich our communities, and protect the environment.

Strong relationships with select universities reinforces our commitment to STEM education, provides opportunities for growing our business, supports thought leadership in the markets in which we compete, and provides enhanced access to both professors and students. Leidos has appointed a senior campus executive for each university who serves as an official representative and spokesperson. Each campus executive is allocated discretionary funding to support their activities with the university and is supported by an advisory council drawn from stakeholders across the company. Together, this team sets goals and objectives for each campus and determines how to best invest discretionary resources.

The following higher learning institutions are key partners with Leidos in building academic, research, and recruiting programs:

 UC San Diego



 THE GEORGE WASHINGTON UNIVERSITY  
WASHINGTON, DC





# ENVIRONMENT

## OUR PASSION FOR ENVIRONMENTAL STEWARDSHIP HAS NEVER BEEN STRONGER.

The greatest contribution Leidos makes to environmental stewardship comes through the work we do for our customers. Our energy, environmental and infrastructure solutions help address some of the world's most pressing issues. Leidos experts bring a wealth of technical expertise backed with solid business experience for which we have been widely recognized with national and industry awards.

Our engineering business growth objectives have also contributed to a more strategic environmental approach for the company. We disclose all possible environmental impacts of our business and take steps to mitigate those impacts through programs that are beneficial to our environment, our customers, and our company. We have long recognized the global concern about greenhouse gasses (GHGs) and pollutant air emissions. In 2011, our legacy company set a goal to reduce GHG emissions by 25% by the year 2020. Partly owing to corporate restructuring, real estate reductions and concerted efforts by our united employees, Leidos is proud to announce that we have reached our 2020 goal six years ahead of schedule.

Leidos promotes environmental sustainability as a key element of corporate responsibility, contributing to the environmental, social and financial well-being of the communities where we live and work. We aim to contribute to our high-performance culture by creating a greener, more cost-effective company that showcases the commitment of our employees as environmental stewards.

Finally, operating a sustainable business requires a safe and healthy environment. Leidos is committed to protecting the health and safety of our employees, our communities, our customers and the environment.

GRI™ G4 Indicators  
reported in this section:

Specific Standard  
Disclosures  
EN: 3, 6, 15-16, 23  
LA: 6

# Spotlight on Environment

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## Leidos Accomplishes Green House Gas Emissions Goal



In 2011, our legacy company set a goal to reduce GHG emissions by 25% by the year 2020. Leidos is proud to announce that we have reached our 2020 goal, six years ahead of schedule, in part due to corporate restructuring, real estate reductions and the concerted efforts of our united employees.

# Environment

## ENVIRONMENTAL SERVICES, THOUGHT LEADERSHIP AND PERFORMANCE

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**OUR GREATEST CONTRIBUTION TO ENVIRONMENTAL STEWARDSHIP IS THROUGH INNOVATIVE SOLUTIONS WE PROVIDE TO CUSTOMERS AND OUR ABILITY AND DESIRE TO ADVANCE THE GLOBAL CONVERSATION.**

Leidos Engineering focuses on solutions that deliver clean, affordable, reliable and secure energy. We have identified energy and the environment as a strategic growth area and plan to expand our offerings and customer base to meet growing demand. Energy is a strategic growth area for several reasons, including the following factors impacting our customers' businesses:

- ▶ Increasingly constrained availability of natural resources;
- ▶ The need for secure access to energy supplies;
- ▶ The desire for energy at affordable and predictable prices;
- ▶ The development of a market for electric vehicles;
- ▶ Technological advances that allow for the more nimble and innovative use of the u.S. Electric grid;
- ▶ The establishment of renewable portfolio (energy) standards;
- ▶ Concerns about the impacts of greenhouse gases emitted through the combustion of fossil fuels on the natural and built environment; and
- ▶ New regulations requiring the mitigation of greenhouse gas emissions.

Over the last several years, Leidos invested substantially to provide solutions across the lifecycle of our products and services affected by the factors described above. Leidos added several capabilities to its portfolio, including acquiring The Benham Companies, LLC (new capabilities to deliver design-build engineering services, including those focused on energy efficiency) in 2007, R.W. Beck Group, Inc. (a leading provider of business and technical consulting services in engineering, energy and infrastructure) in 2009, and Patrick Energy Services (a provider of leading performance-based electrical transmission and distribution power system solutions) in 2011. Consolidating these capabilities into a wholly-owned subsidiary, Leidos Energy, Environment & Infrastructure, created a commercial facing entity to address energy and sustainability solutions outside the federal government marketplace.

Leidos has over 40 years of energy, environmental stewardship and critical infrastructure experience. Highlighted in this report are just a few projects that demonstrate why we have been an industry leader in energy and environment for more than four decades. Learn more by selecting the links in each section below. (or by visiting <https://www.leidos.com/about/corporate-responsibility/environment/environmental-services-thought-leadership-and-performance>.)

### ENERGY EFFICIENCY

Ameren Illinois

[ActOn® Energy Business Energy Efficiency Program](#)

State of Wisconsin Focus on Energy

[Industrial and large consumer energy efficiency program](#)

# Environment

## ENVIRONMENTAL SERVICES, THOUGHT LEADERSHIP AND PERFORMANCE (Cont'd)

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General Motors

[Energy Management and Efficiency initiatives](#)

### RECYCLING/REUSE

Alameda County Waste Management Authority (StopWaste)

[Groundbreaking Waste Prevention Campaign](#)

### REMEDIATION/ASSESSMENT

U.S. Army Corps of Engineers, Fort Worth District

[Innovative Remedial Investigation and Feasibility Study](#)

U.S. Army Corps of Engineers, St. Louis District

[Investigation and Remediation at Iowa Army Ammunition Plant](#)

Space and Naval Warfare Systems Center (SPAWAR)

[Demonstration of the Leidos Laser Line Scan System for Underwater Site Assessment](#)

### CLEAN/RENEWABLE ENERGY

Plainfield Renewable Energy

[EPC for Biomass Generating Facility](#)

Tennessee Department of Environment and Conservation (TDEC)

[Environmental Assessments and Community Outreach](#)

Gradient Resources

[Engineering, Procurement, and Construction Services for 62.5 Megawatt Geothermal Plant](#)

### THOUGHT LEADERSHIP

Leidos is committed to maintaining a position at the forefront of the latest thinking and newest technologies in the energy, environment, and infrastructure markets. To find market segment thought leadership publications written by our experts: <https://www.leidos.com/engineering/articles>

# Environment

## ENVIRONMENTAL SERVICES, THOUGHT LEADERSHIP AND PERFORMANCE (cont'd)

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### INDUSTRY RECOGNITION

Leidos energy, environment, and infrastructure capabilities are consistently recognized by customers and the media. Learn more by visiting

<https://www.leidos.com/engineering/industry-rankings>

Business Achievement Award - Consulting & Engineering: Renewable Energy Practice

*Climate Change Business Journal - January 2013*

Business Model Innovation Award - Smart Grid & Energy Management

*Climate Change Business Journal - January 2013*

Platts Global Energy Award for Industry Leadership in Grid Optimization

*Bonneville Power Administration Synchrophasor Project - 2013*

Federal Energy and Water Management Award

*U.S. General Services Administration Energy Division Demand Response Auctions - 2013*

2013 ENERGY STAR®

*Partner of the Year*

Sustained Excellence Award for Energy Management

*General Motors Program - 2013*

American Council for an Energy-Efficient Economy (ACEEE) Exemplary Energy Efficient Program

*Wisconsin Focus On Energy Industrial and Commercial Program - 2013*

# Environment

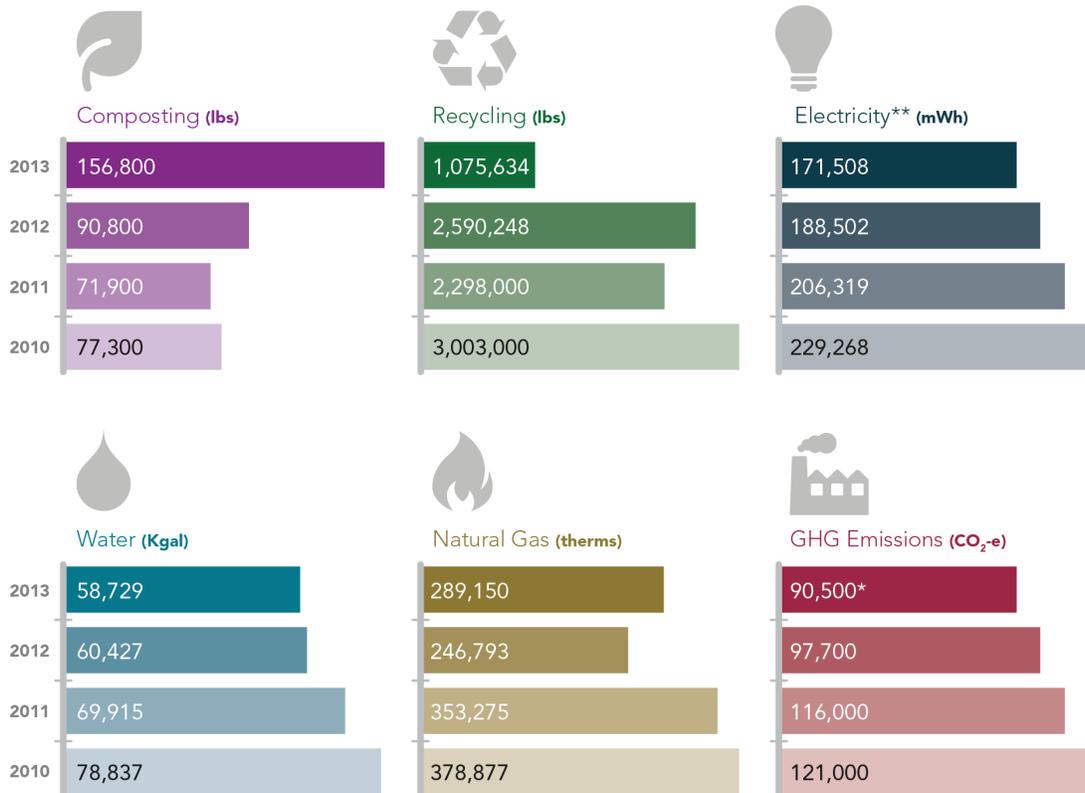
## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP

### WE ARE COMMITTED TO REDUCING OUR ENVIRONMENTAL IMPACT

2013 was a year of intense change for Leidos. On September 27, 2013, SAIC, Inc. separated into two independent, publicly traded companies: New SAIC and Leidos. As part of the company split, we made specific real estate decisions to eliminate underperforming assets and improve operating efficiencies across the remaining real estate portfolio, with an emphasis on a flexible workplace. As a result, we reduced our overall environmental portfolio footprint by approximately 26% and reduced our number of actual office locations by approximately 33%. This was the single largest contributing factor to Leidos reaching its 2020 GHG reduction goal of 25%, six years early. Leidos remains primarily a service-oriented company, with the majority of our real estate portfolio being commercial office space. Leidos continues to occupy lab, warehouse, and data center space that contributes to the company's environmental footprint. Our operations are lower impact in nature when compared to many of our competitors that specialize in heavy manufacturing, an emission-heavy business model.

### FOOTPRINT AT A GLANCE

The table below illustrates the primary metrics that we track and manage, including greenhouse gas (GHG) emissions, energy consumption, waste generation, and water use. We are also monitoring transportation and material consumption.



\* 2013 GHG emissions are calculated but not yet verified.

\*\* Leidos has updated the Electricity mWh shown above to include leased real estate where utility bills are paid by the landlord.

# Environment

## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

### GHG EMISSIONS

Leidos views GHG emissions as an important metric that is a good representation of our overall environmental impact and mitigation progress. Each year, the GHG emissions from our North American real estate portfolio and vehicle fleet are measured, publicly reported to The Climate Registry (TCR), and verified by a third party. Since we announced our commitment to reduce greenhouse gas emission in 2011, we have met our target of a 25 percent absolute reduction from a 2010 baseline.

### GHG Inventory Overview

Reporting Requirement	Direct GHG Emissions (SCOPE 1)	Energy Indirect GHG Emissions (SCOPE 2)
2013 GHG Emissions (mtCO <sub>2</sub> e) <sup>1</sup>	3,400	87,100
Gases included in calculation	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs
Base Year	2010	2010
Base Year Emissions (mtCO <sub>2</sub> e)	3,000	117,900
Base Year Rationale	2010 is considered the base year, because it was the first year that SAIC/Leidos began developing a GHG inventory and reporting GHG emissions to The Climate Registry.	
Standard, Methodologies and Assumptions	Leidos uses standards, methodologies and assumptions from The Climate Registry's (TCR) General Reporting Protocol. <sup>2</sup>	
Emissions Factor Sources	Leidos uses conversion factors from The Climate Registry's General Reporting Protocol. These factors generally come from the U.S. Environmental Protection Agency, the Intergovernmental Panel on Climate Change, and the U.S. Department of Energy. <sup>3</sup>	
Consolidation Approach	Operational Control	

<sup>1</sup>2013 GHG emissions results have not yet been third-party verified.

<sup>2,3</sup>TCR's General Reporting Protocol & Conversion Factors can be found here:

<http://www.theclimateregistry.org/resources/protocols/general-reporting-protocol/>

Leidos pursued several emissions reduction strategies to achieve the GHG target, including:

- ▶ Utilizing real estate effectively through the following strategies:
  - » Disposing of underperforming or underutilized assets
  - » Improving the density of existing space
  - » Implementing alternative workplace strategies
- ▶ Reducing energy consumption and investing in renewable energy across the enterprise:
  - » Identifying and implementing energy efficiency projects
  - » Exploring opportunities for onsite renewable and alternative energy production
  - » Purchasing renewable energy credits through a proven and innovative energy auction conducted by the Leidos Energy Solutions Team

# Environment

## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

- ▶ Documenting our efforts to enhance technology and network support, including upgrades to more energy-efficient equipment (e.g., thin clients and blade servers) and cloud-based IT service delivery, enabling greater workplace flexibility
- ▶ Improving employee awareness of environmental sustainability and educating employees on how to improve workplace behavior to reduce wasteful energy consumption.

### ENERGY

In 2013, we began to institute energy savings opportunities identified in our Strategic Energy Management Plan. We continue to drive savings through standardized operating procedures and design practices. The tables below detail additional energy consumption and reduction results within the organization.

Total fuel consumption from non-renewable sources, including fuel types used

	Fuel Type	2013 Consumption
BUILDINGS	Natural Gas	28,915 (MMBtu)
	Propane	8,724 (gal)
	Diesel – Generators	1,139 (gal)
FLEET	Gasoline	129,360 (gal)
	Diesel – Fleet	26,746 (gal)
	E85	16,488 (gal)

Total energy consumption (Gigajoules)

	Fuel Type	2013 Consumption
BUILDINGS	Electricity	617,370
	Natural Gas	30,505
	Propane	838
	Diesel – Generators	166
FLEET	Gasoline	17,059
	Diesel – Fleet	3,894
	E85	1,568
<b>TOTAL</b>		<b>671,400</b>

# Environment

## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

Overall reduction in energy consumption achieved through conservation and efficiency initiatives

		Fuel Type	Changes Relative to 2012
BUILDINGS		Electricity	-16,994 (MWh)
		Natural Gas	5,228 (MMBtu)
		Propane	3,252 (gal)
		Diesel – Generators	79 (gal)
FLEET		Gasoline	-3,774 (gal)
		Diesel – Fleet	780 (gal)
		E85	2,150 (gal)
		<b>Total Energy (GJ)</b>	<b>-55,513</b>
		<b>Total Energy (%)</b>	<b>-8%</b>

### Standards, Methodologies, and Assumptions Used for Energy Calculations

To the extent possible, The Climate Registry's General Reporting Protocol was followed for data collection and calculation standards, methodologies, and assumptions.

#### Building-specific Assumptions

- ▶ For owned buildings and leased buildings where Leidos is responsible for paying utility bills, electricity, natural gas, and propane data were collected from utility billing information.
- ▶ For leased buildings where Leidos is not responsible for paying utility bills, 2013 data provided by landlords was used where available. Where landlord data was not available, 2013 electricity consumption was estimated by multiplying the square footage of each lease by an assumed electricity intensity factor based on building type (see table below). The resulting consumption was prorated based on the fraction of the year for which Leidos occupied each lease. Natural gas consumption was not estimated for these facilities, since data is not available on which facilities are using natural gas and which facilities are not.
- ▶ Diesel fuel use for generators at owned facilities was estimated by multiplying the number of hours each generator was in use during 2013 by the fuel consumption rate (gallons per hour) specific to each generator model.

# Environment

## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

### Electricity consumption by building type (kWh/sqft/yr)

Building Type	Electricity Intensity Factors
Office	17.3
Warehouse/Storage	7.6
Lab/R&D/Other	22.5

#### Fleet-specific Assumptions

- ▶ Leidos vehicle data is taken from insurance policy data that is updated on a quarterly basis.
- ▶ Fuel consumption was prorated based on the disposal date of the vehicle. If the vehicle did not have a disposal date, it was assumed to have been used for the entire calendar year.

**Type of energy included (fuel, electricity, heating, cooling, steam, or all):** All, however, only fuel and electricity are used by Leidos (no heating, cooling, or steam energy is purchased by Leidos).

**Base year and rationale:** 2010 is the base year, because it was the first year that SAIC/Leidos began reporting GHG emissions to the TCR. Since most GHG emissions in the SAIC/Leidos inventory result from energy, this is the logical baseline for energy reduction comparisons.

**Conversion factors:** Leidos uses conversion factors from The Climate Registry's General Reporting Protocol. These factors generally come from the U.S. Environmental Protection Agency, the Intergovernmental Panel on Climate Change, and the U.S. Department of Energy.

#### WASTE

In 2013, we continued to follow responsible waste practices throughout our operations. Highlights include our San Diego campus, recognized by the City of San Diego as the 2013 Recycler of the Year for its achievements and dedication to protecting San Diego's environment as well as our landfill free campus in McLean, Virginia. Leidos has national contracts with professional waste management companies for both recycling and waste disposal at all owned facilities.

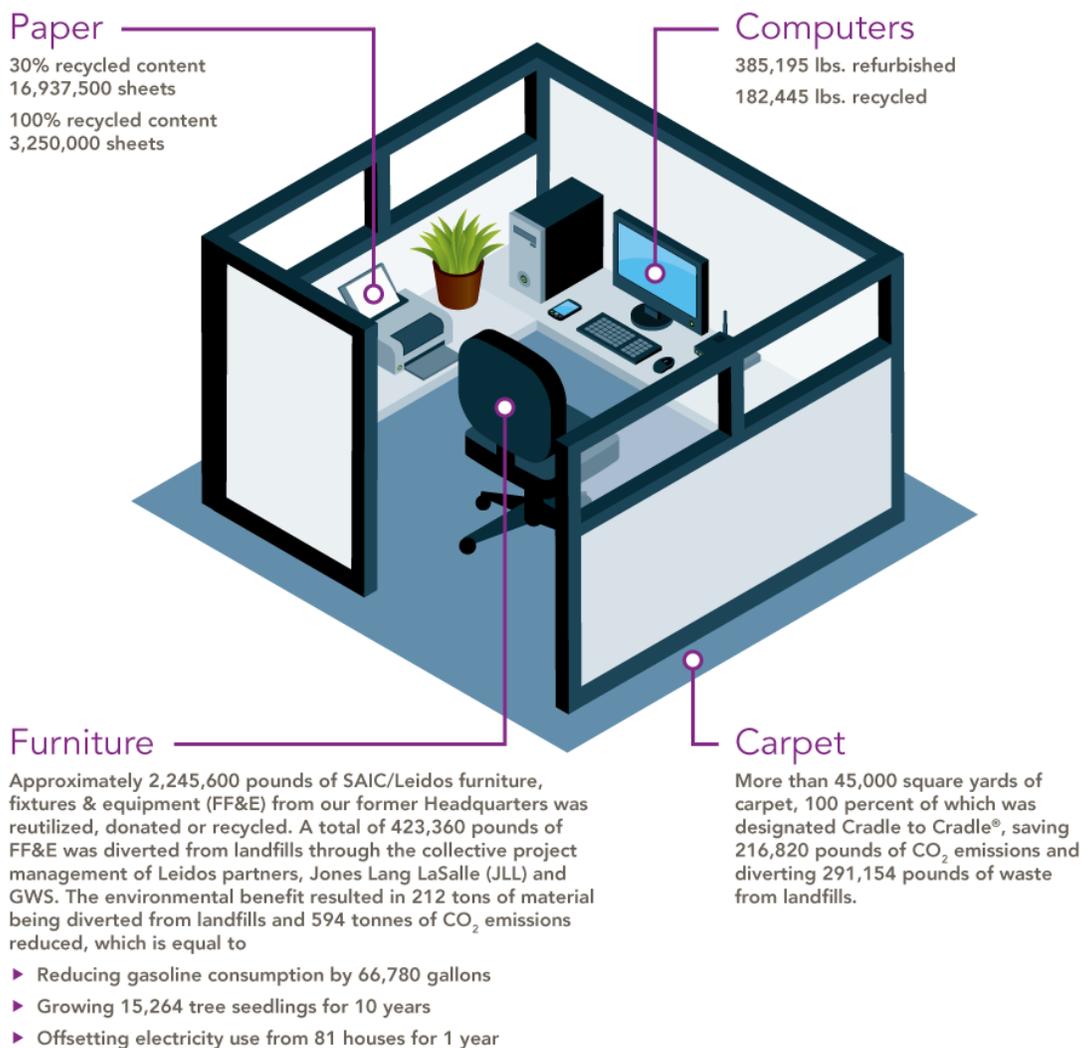
#### MATERIAL USE AND ENVIRONMENTAL SUPPLIER ASSESSMENT

Purchase and consumption of materials in support of our customers and our own operations and associated waste are important impacts which we strive to reduce. Leidos is transitioning our supplier portal to a new Supplier Information and Performance Management (SIPM) system, which is integrated into our new Enterprise Resource Planning System called Ariba. SIPM requires our suppliers to complete an onboarding process where they provide company background information, including capabilities and environmental responsibility policies. SIPM will allow Leidos to quickly sort and manage our supplier base by being able to filter criteria we seek such as environmental policies and controls. SIPM will also allow us to properly screen businesses and select only those that meet our high business standards.

# Environment

## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

Leidos works closely with many of our vendors to support our business operations with environmentally friendly materials. Printing and paper use are daily impacts that we do our best to manage. Because these activities touch our employees on a daily basis, our procurement vendors have restricted the types of products that can be used in printing and paper use. When Leidos specifies new occupied space or updates existing space, we attempt to use the most environmentally friendly options possible. Our carpet and furniture vendors have been especially helpful by providing cost-competitive and environmentally friendly products.



Equivalencies above were calculated using the US EPA 2014 Greenhouse Gas Equivalencies Calculator (<http://www.epa.gov/cleanenergy/energy-resources/calculator.html>) as well as data from the U.S. Energy Information Administration and Government of Canada.

# Environment

## CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

### WATER

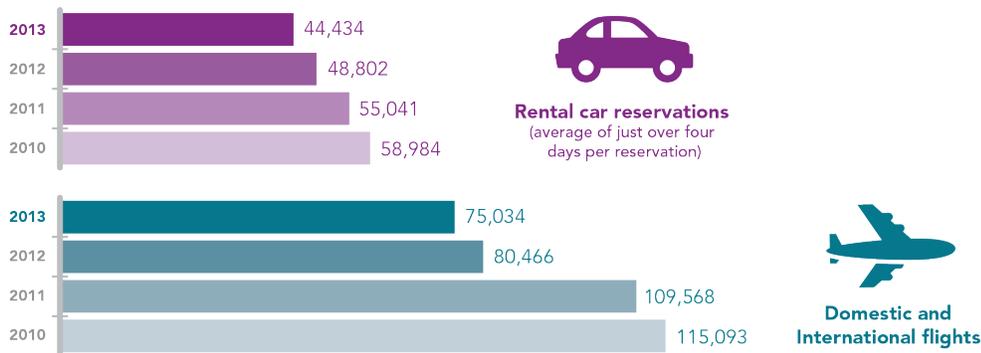
Water use at Leidos is mostly limited to typical commercial office consumption, which does not have a significant effect on national or local water sources. We monitor our water use and work to reduce its use through water-efficient technology, especially in water-sensitive climates like Southern California. For example, our San Diego campus taps into the city's reclaimed water distribution system to supply irrigation to our landscaping, a practice that conserves community drinking water resources.

### TRANSPORTATION

Reducing the environmental impact of commuting is important to Leidos. We continue to encourage and support commuting alternatives to single-rider vehicle use. Our Commuter Incentive Program provides a financial incentive to employees who choose to commute by mass transit, carpools, vanpools, bike, or foot. Our major campuses in San Diego and the National Capital Region are connected to commuter rail by free shuttles for Leidos employees and visitors. Ridesharing and carpool matching are made available on our intranet to employees through local commuter web sites. Our transportation actions have been awarded twice with a Best Workplace for CommutersSM designation by the National Center for Transit Research.

### BUSINESS TRAVEL

Business travel, both internally and in support of customer requirements, amounts to a considerable portion of our environmental impact. Airline travel and rental car reservations continue to decline across the company due to more efficient business processes. We will continue to track travel data and look at mechanisms to measure the associated Scope 3 GHG emissions. Our new headquarters in Reston, Virginia, has been outfitted with advanced technology to encourage video-conferencing and reduced business travel across the Enterprise.



### FLEX WORK

Leidos promotes flexible work environments to improve employee work-life balance, promote a high-performance culture, and help reduce the company's environmental impact. When leasing new or renovating existing space, Leidos business units are encouraged to promote increased telework and shared desking options for employees. Our efforts aim to reduce employee commuting stress and emissions while also reducing the company's real estate footprint

# Environment

## ENVIRONMENTAL HEALTH AND SAFETY

### **WE ARE UNITED IN PROTECTING THE HEALTH AND SAFETY OF OUR EMPLOYEES, CUSTOMERS, COMMUNITIES, AND THE ENVIRONMENT.**

Leidos is a leader in the field of occupational health and safety (OH&S) and we place a strong emphasis on these activities, both internally and on behalf of our customers. Internally, we emphasize direct management responsibility, corporate policies and directives, OH&S program implementation, employee training, and compliance assessments. Our corporate policies and procedures fully support compliance with all OH&S regulations at work locations. We have a proactive compliance program of employee education, training, auditing, and reporting that, through employee awareness and integration into our business operations, improves our commitment to a safe and healthy work environment.

Leidos operates joint management-worker health and safety committees at several locations where it is required by state regulation, namely in Washington State. In addition, several Leidos locations in California have formal management committees that focus on OH&S. At customer locations, Leidos also actively participates in OH&S committees, depending on the needs of our customers and the specific program requirements. The overall percentage of our workforce represented in these types of committees is approximately one percent.

#### 2013 EH&S Statistics

##### *Injury and Illness Rates\**

With the exception of unique exposures associated with a particular contract in 2010, which negatively affected the company's injury and illness rate performance, Leidos continues to achieve injury and illness rate performance well below the industry average. More aggressive management of the health and safety aspects associated with those contract exposures, which continued into 2011 and 2012, resulted in significant performance improvements in our 2011 and 2012 injury and illness rate performance.

Rates	2009	2010	2011	2012	2013
Injury Cases (OSHA 300 Col. M1)	0.4	0.9	0.4	0.5	0.5
Illness Cases (Occupational Diseases) (OSHA 300 Col. M2-M6)	0.01	0.04	0.03	0.05	0.05
Days Away From Work Cases (Lost Days) (OSHA 300 Col. H)	0.1	0.3	0.1	0.2	0.2
Fatalities (OSHA 300 Col. G)	0	0	0	0	0

\* Leidos Injury and Illness Case Rates for 2009-2011 are based on locations, excluding subsidiaries, reporting to the U.S. Bureau of Labor Statistics (BLS). Post 2012, rates are not limited to locations reporting to BLS, though subsidiaries are still excluded.



## ETHICS AND COMPLIANCE

### WE SET THE HIGHEST PROFESSIONAL AND PERSONAL EXPECTATIONS.

Leidos maintains an industry-leading ethics and compliance program. The combination of robust policies, procedures, training and communications compose a comprehensive program, which touches every aspect of employee conduct.

Leidos has a long history of ethical business conduct. Since the Employee Ethics Council's founding in 1984, our executive leadership team has placed a premium on behavior and values. Ethics and compliance is everyone's responsibility at Leidos. Our employees proudly reflect these standards through their work and interactions.

Managers at all levels are expected to model the behavior they expect from their teams. Accountability goes hand-in-hand with managerial authority at our company and our managers are held responsible for everything their organizations do, or fail to do.

GRI™ G4 Indicators  
reported in this section:

General Standard  
Disclosures  
56-58

Specific Standard  
Disclosures  
LA: 15-16  
SO: 4, 8  
PR: 8

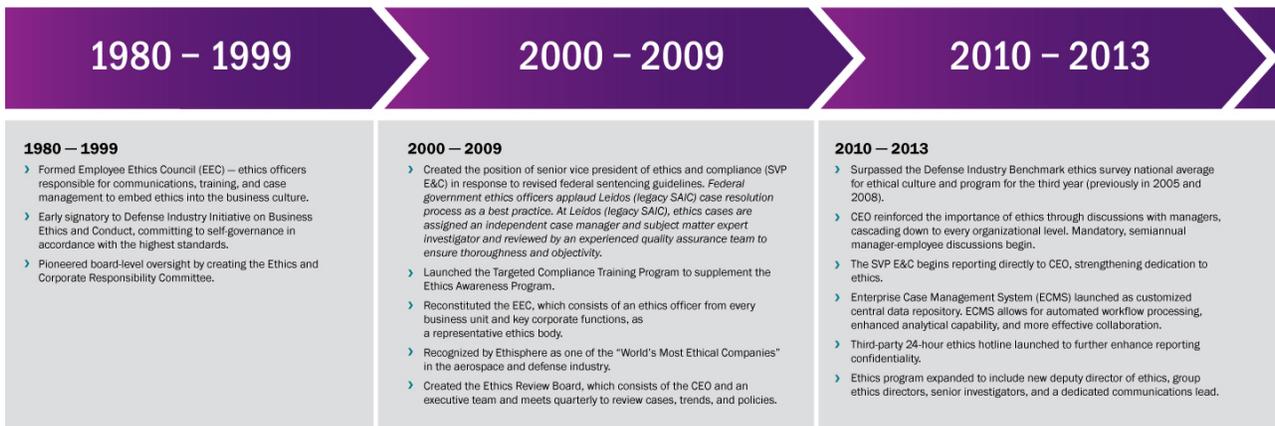
# Ethics and Compliance

## HISTORY OF ETHICS

### LEIDOS HAS PLACED ETHICS AT THE FOREFRONT SINCE 1969.

Since 1969, ethical business conduct has been a hallmark of our business. We established ethics and compliance as a cornerstone of employee behavior with the inception of the Employee Ethics Council in 1984. Made up of ethics ambassadors from each group and sector organization, as well as key corporate functions, the council continues today in its role as the conscience of the company.

Leidos pioneered a number of industry best practices in developing our Ethics and Compliance Program. We were one of the early signatories to the Defense Industry Initiative on Business Ethics and Conduct (DII), and Leidos is now considered a leader among the 85 companies that comprise the DII. We created the Ethics and Corporate Responsibility Committee (ECRC) of the Board of Directors in 1988 and the position of senior vice president of ethics and compliance in 2005. Most recently, this role was elevated to report directly to our CEO. Through comprehensive training, continuous communication and leadership by example, these actions have helped to embed our values-based program into everyday activity across the enterprise.



# Ethics and Compliance

## ETHICS PROGRAM STRUCTURE AND 2013 UPDATE

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### THE LEIDOS ETHICS PROGRAM TOUCHES EVERY ASPECT OF EMPLOYEE CONDUCT.

Combining policies, procedures, materials, training and communications, the Leidos ethics program is comprehensive and touches every aspect of employee conduct.

#### POLICIES AND PROCEDURES

Leidos is constantly focused on revising and strengthening our foundational policy on ethics and compliance, our Standards of Business Ethics and Conduct. Our Ethics Review Board (ERB), an executive management committee, meets quarterly, in conjunction with an Audit Review Board, to review significant enterprise ethics and compliance matters and strengthen the ability to review risk across the company. Members of the ERB include the CEO, chief financial officer, general counsel, executive vice president for Human Resources, sector presidents and corporate executive vice presidents.

The ERB provides senior managers with methodical and direct oversight of our Ethics and Compliance Program. The scope of its reviews include significant ethics cases, trends, disciplinary actions, remedial measures, compliance risks, policy issues, training, communications, and new developments and initiatives.

#### ETHICS AND CORPORATE RESPONSIBILITY COMMITTEE

The Ethics and Corporate Responsibility Committee (ECRC), a standing Leidos Board of Directors committee, meets quarterly and is responsible for reviewing the ethical and administrative policies, procedures and responsibilities of Leidos employees and consultants under our Code of Conduct. The ECRC recommends agreed-upon enhancements to such policies and procedures to the broader Board and executive management.

The ECRC reviews policies and practices in the areas of corporate responsibility, including the safety and protection of the environment; charitable contributions; and political, social and environmental issues that may affect the company's business operations, performance, public image or reputation. The ECRC also reviews enterprise cases brought to its direct attention, in addition to a summary of reported cases. Lastly, the ECRC provides recommendations to management on the Leidos Ethics and Compliance Program, policies and procedures.

#### EMPLOYEE ETHICS COUNCIL

The Employee Ethics Council (EEC) continues to be an important resource and a strong part of the Leidos Ethics and Compliance organization. The EEC comprises representatives from each business unit in the enterprise, each of whom works closely with line managers to identify and resolve ethics and compliance issues. EEC members also serve as the front line for employee reporting. Chosen for their interpersonal skills and familiarity with the Code of Conduct, EEC members take their responsibilities seriously and are a key component of our strong Ethics and Compliance Program. The EEC meets monthly to exchange information, discuss best practices and present concerns of interest to the enterprise.

Independent case management of every assigned ethics and compliance case is crucial to the successful execution of the program's goals. This bedrock concept ensures that all issues are methodically investigated and impartially adjudicated and that whistleblowers are fully protected from retaliation. Before closure, all reported cases are thoroughly reviewed by experienced quality assurance managers.

# Ethics and Compliance

## ETHICS PROGRAM STRUCTURE AND 2013 UPDATE (cont'd)

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### ETHICS COMMUNICATIONS

To be effective, an Ethics and Compliance Program has to be understood and accepted by employees. Key to this effort at Leidos is a robust annual employee communication and engagement plan. This plan begins each year with a “year in review” memorandum from the Senior Vice President of Ethics and Compliance. Policy updates are disseminated regularly via the company intranet and we also communicate changes to the Code of Conduct as well as current training requirements through a number of vehicles. Articles and announcements posted to the intranet include comment sections for employees and managers at all levels.

### REPORTING CHANNELS

One of the keys to the strong Leidos ethics program are the eight ways employees can report suspected violations of the Code of Conduct or any ethics concern. Leidos encourages employees to use any of the eight channels listed below to voice an ethics concern (many with anonymous options).

1. Their supervisor or other individual in the management chain.
2. The local Workplace Relations group or sector director, or executive vice president for Human Resources.
3. The Leidos Hotline which connects employees to a third-party specialist.
4. The Employee Ethics Council or electronic submission of concerns through the company (Voice a Concern).
5. The General Counsel; Senior Vice President, Ethics and Compliance; or Chief Security Officer.
6. The CEO or Chairman of the Leidos Board of Directors.
7. The Chair of the Ethics and Corporate Responsibility Committee of the Leidos Board of Directors or the Chair of the Audit Committee of the Leidos Board of Directors.
8. The Leidos Board of Directors or Lead Director.

### 2013 ETHICS PROGRAM UPDATE

In 2013, the leadership team refreshed our Values, Beliefs & Expectations. Action, Accountability, and Assistance are included in the Code of Conduct, which each employee must read to earn their annual certification. Required biennial ethics training consists of a values-based, CEO-led ethics introduction video to kick off the rules-based online training to address key risk areas.

Leidos manager-led discussions on core values cascade down from the CEO to each manager and then to their direct reports. Key to this effort are scenarios highlighting the importance of each core value. These scenarios enable managers to discuss the importance of doing the right thing, how to report concerns, and help reiterate our zero tolerance of retaliation.

# Ethics and Compliance

## ETHICS PROGRAM STRUCTURE AND 2013 UPDATE (cont'd)

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Leidos achieved a Code of Conduct certification and Ethics Awareness Training completion rate of 100 percent in 2013. This exceptionally high rate demonstrates our focus and attention on employee ethics training. We also enhanced our ethics case process, ensuring a thorough and objective investigation through corrective and disciplinary action follow-up.

In 2013, Leidos continued an ongoing ethics and awareness campaign to focus all employees on the necessity of ethical behavior and to emphasize our commitment that ethics concerns will reach the right people, that swift corrective action will be taken in valid ethics cases, and that we have zero tolerance for retaliation.

The campaign message is simple and clear: Ethics, Everyone, Every Day 365 days a year. Since the campaign launched, the Leidos Ethics and Compliance Office remains focused on increasing employees' understanding of how our Code of Conduct translates into day-to-day work experience.

Continued success depends on directly challenging employees to be constant defenders of doing what's right and to follow the guiding principles that give employees a sense of direction - philosophical beliefs, moral compasses, Leidos policies, and the laws of our nation.

# Ethics and Compliance

## DATA PRIVACY

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### **WE INTEGRATE PRIVACY INTO OUR CODE OF CONDUCT AND EMPLOYEE TRAINING PROGRAMS.**

In March, 2012, our CEO at the time, John Jumper, stated, "Protection of information is a commitment we make to our customers, and it is a business imperative. Improper handling of sensitive information, even by a single individual, can have grave consequences for our company." His statement came in response to a health data loss during Leidos contract operations.

Due to the nature of the event, the company assembled a protecting information team comprising representatives from security, information technology, legal counsel, business units, export control, program execution, and communications to tackle information protection issues across the enterprise. The team examined current policy and business practices to identify potential risks and mitigate them through an aggressive program. The results included continuous improvement programs, awareness products and an enterprise communication campaign focused on individual responsibility to protect several categories of sensitive information.

Our Code of Conduct reflects our commitment to data privacy and we also created a manager's toolkit to inform and discuss potential risks with employees, change employee behavior and monitor employee activities. The protecting information team produced high-quality products and concepts that have since been recognized by our government customers and industry colleagues.



# PEOPLE

## WE BELIEVE IN DOING WHAT'S RIGHT AND TREATING PEOPLE RIGHT – ALWAYS.

Leidos is defined by the talent, character and passion of every employee. Our people are driven and smart, focused on solving the world's most daunting challenges. The work requires insight, ingenuity, and commitment. Our values, which are embedded into everything that we do, are reflective of this:

**INSPIRED** to make a difference

**PASSIONATE** about customer success

**UNITED** as a team

**INTEGRITY** is the foundation for all that we do

Leidos fosters career growth through tools and resources that help guide employees at all stages in the employment lifecycle. Training and education resources offer skill-building benefits to employees seeking career development. Our informal and formal mentoring programs support the company's ability to attract and retain a diverse work force and foster a more inclusive work environment.

We are keenly aware that the workforce needed to grow our business and deliver creative solutions is one rich in diversity of thought, experience and culture. Our diversity and inclusion efforts are focused on building and maintaining that type of talent.

GRI™ G4 Indicators reported in this section:

General Standard Disclosures  
6, 10

Specific Standard Disclosures  
LA: 9-10, 12

# Spotlight on People

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## Leidos Named “Best for Vets” Employer by Military Times

Company Recognized for Culture and Policies Supporting Veterans

Leidos has been named as one of the “Best for Vets” Employers for 2014 by Military Times. The list honors 59 companies that most successfully focus on culture and policies that support military veterans. Employers were scored on a nearly 90-question analysis of a company’s efforts to connect with veterans and provide an environment for success. Leidos, which ranked # 35 on the list, operates a dedicated military veteran outreach program, Operation MVP. Through the program, Leidos teams with military transition centers, military associations, and veteran organizations in an effort to identify and hire separating and retiring military veterans. The Operation MVP team participates in specific career development and networking events geared towards the veteran and military dependent/caregiver population, and stays actively engaged with military transition offices, Department of Labor representatives, as well as veteran non-profit and membership organizations.



“Leidos offers a wide range of outreach programs to veterans,” said Mike Bruni, Leidos talent acquisition manager and Operation MVP director. “It’s through personally managing these programs that I’ve been fortunate to connect with and recruit from an incredibly talented pool of veteran candidates.”

“Leveraging the skills and experience of our veterans is paramount to our success at Leidos,” said Sarah Allen, Leidos chief human resources officer. “We’re proud to be recognized by Military Times for our commitment to veteran hiring.”

The Military Times newsweeklies and digital platforms are a trusted source for independent news and information for service members and their families. The military community relies on Air Force Times, Army Times, Marine Corps Times, and Navy Times for reporting on important topics, including pay, benefits, finance, education, health care, recreational resources, retirement, promotions, product reviews, and entertainment. Military Times is published by Gannett Government Media. To learn more, visit [www.militarytimes.com](http://www.militarytimes.com).

## Operation **MVP**

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**MILITARY VETERAN PROGRAM**

# People

## CAREER DEVELOPMENT AND MENTORING

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### **LEIDOS IS COMMITTED TO PROVIDING EMPLOYEES WITH THE OPPORTUNITIES AND RESOURCES THEY NEED TO SUCCEED.**

Our people are our most valuable assets. To support them, a broad range of career development tools and resources are available to all Leidos employees, and managers are empowered to assist in identifying career interests, developmental goals, and building career plans. Leidos understands that attracting, developing and retaining the most qualified and capable workforce is vital to our success and to that of our employees.

Leidos enables employees to drive their own careers through a number of programs and resources. We offer a suite of career development and training resources to employees to help them learn new skills that improve job performance and to prepare for more advanced positions. Our course catalogue includes required training such as ethics, security, and time charging; technical and functional skills training in areas such as program management and systems engineering; and several certification courses in IT and a variety of other advanced competencies and disciplines. In addition, employees can access a library of e-books, discover different recognition programs, and take advantage of internal mentoring and networking programs.

### EDUCATION ALLIANCE PROGRAM

The Leidos Education Alliance Program is a set of established relationships with universities that provide discounted degree programs in areas of study that support our business objectives. These relationships enable us to offer a variety of areas of study and delivery options (online and on-campus) that meet the unique needs of employees at all Leidos locations. The discounted tuition rates and structure vary by school and some include discounts for family members as well.

### TRAINING ALLIANCE

We have also established relationships and alliances with training vendors that offer employees opportunities to advance their proficiency in technical and professional skills through online training or open enrollment programs at vendor locations. These vendors offer employees significant discounts for public, online and virtual offerings.

Through our partnership with SkillSoft, a leader in the e-learning space, Leidos offers more than 3,000 online courses on topics such as business, management, and information technology at no cost to employees or their organizations. Through Skillsoft's Books24x7® Referenceware® service, all employees also have access to the complete unabridged contents of thousands of the latest and best business and technology books. Professionals across all disciplines can use Referenceware for continuous learning to help solve job-critical challenges.

# People

## CAREER DEVELOPMENT AND MENTORING (cont'd)

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### RETAINING OUR MOST CRITICAL ASSET

Developing and retaining a talented workforce is essential to our success. The dynamic nature of government contract work means that our employees may be faced with position reductions and reorganizations when a program is canceled, recompeted, or otherwise modified. Leidos is keenly aware of the stress this can place on our people, and we are committed to retaining and strengthening our highly skilled professional workforce while communicating clearly and openly at all times.

When employees are affected by contract changes, the ideal situation is for them to quickly find new positions elsewhere in Leidos. Our Redeployment Services Teams partner with the Talent Acquisition teams and Hiring Managers to identify potential open internal opportunities. Redeployment Service specialists provide one-on-one coaching and support. Various resources are available to employees which include redeployment overview sessions, six different workshops on-line and inclusion in our enterprise redeployment listing aimed at ensuring that redeploying employees are highly visible to hiring managers and recruiters. Through the service team's efforts, our redeployment rate for affected employees has an overall increase of 35 – 40 percent since 2009.

### MENTORING

Mentoring and coaching are important to our workforce development goals. Both informal and formal mentoring programs at Leidos support the company's ability to attract and retain a diverse work force and foster a more inclusive work environment. We also take a comprehensive approach to leadership development that includes personalized assessments and one-on-one coaching provided by both internal and external resources.

Informal mentoring, often referred to as situational mentoring, is encouraged across the organization and supported by internal resources to train both mentors and proteges in developing effective mentorship connections.

Formal mentoring is a year-long commitment which begins with matching protégés with mentors across the company who are best suited to provide guidance specific to their individual career path. This connection is then supported throughout the year with development opportunities, career planning, and networking created in collaboration with internal and external resources.

# People

## DIVERSITY AND INCLUSION

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### WE BELIEVE DIVERSITY AND INCLUSION CREATE THE COHESIVE AND COLLABORATIVE TEAMS THAT DRIVE INNOVATION.

Differences in thought, style, backgrounds, and opinions are valued at Leidos. To help us attract and retain talented people, our commitment to diversity and inclusion is reflected in:

- ▶ How we recruit talent, both internally and externally.
- ▶ Our focus on development
- ▶ Our core values and the way we operate every day.

A more diverse workforce helps us grow by leveraging the unique contributions of every employee. We recognize that the talent needed to grow our business depends on cultivating a workforce rich in diversity of thought, experience and culture.

Leidos is executing a strategy to target a more diverse population of candidates to positively affect areas of underutilization. In order to reach more candidates, we take a multi-pronged approach to recruiting. Our college campus outreach focuses on partner schools with diverse engineering clubs that produce students and graduates well-suited to fill intern and entry-level positions. We participate in career fairs near our primary locations that specifically target different minority groups, the disabled, and military personnel. In addition, Leidos has a dedicated military veteran outreach program focused on attracting and retaining veterans.

### EMPLOYEE RESOURCE GROUPS (ERGS)

At Leidos, our ERGs, also known as affinity groups or employee networks, are company-sponsored employee organizations that are composed of employees who join together based on shared characteristics or life experiences. Although temporarily suspended as employees moved to their assignments in either SAIC or Leidos, they are being re-established in 2014 as an important operational element of the Leidos culture. Each ERG is aligned with the goals and objectives of Leidos through their engagement in three critical areas:

- ▶ Our workforce: attraction and retention of a diverse workforce
- ▶ Our workplace: support of an inclusive workplace
- ▶ Our marketplace: outreach to suppliers and communities in our various markets

Leidos ERGs currently being established include:

- ▶ **The Women's Network** — provides a forum for learning, understanding and supporting the professional growth of women.
- ▶ **The Millennials** — connects early-career employees with others in the company to help foster learning, career development, and professional growth.
- ▶ **The Military Alliance Group (MAG)** — serves as an advocate and resource for Leidos employees and their families who are former as well as currently serving military service members.

# People

## DIVERSITY AND INCLUSION (cont'd)

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### EQUAL EMPLOYMENT OPPORTUNITY (EEO) AND AFFIRMATIVE ACTION (AA)

Leidos is committed to providing employees and employee candidates the right to equal employment opportunity and a discrimination-free work environment, where employment practices are based upon an individual's capabilities and qualifications without regard to race, gender, age, color, religion, national origin, sexual orientation, disability, veteran or marital status or any other protected characteristics as established by applicable law. This policy of equal employment opportunity applies to all personnel policies and procedures including recruitment and hiring, promotions, transfers, and terminations, as well as compensation, benefits and other terms, conditions and privileges of employment.

Additionally, Leidos takes affirmative action to recruit, hire and promote qualified minorities, women, disabled persons and covered veterans pursuant to Executive Order 11246 and other statutes that proscribe government contractors from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. Affirmative action efforts, objectives and strategies are documented in the company's Affirmative Action Plans (AAPs).

Leidos develops annual AAPs to identify any areas of underutilization of women and minorities in the workforce; and to establish good faith efforts to address any such areas of underutilization.

All Leidos employees share in the responsibility for fostering a discrimination-free work environment, where employees are treated with dignity and respect. All managers and supervisors are responsible for making good faith efforts and demonstrating performance toward the implementation of company AAPs and achievement of plan objectives.

# People

## VETERAN HIRING

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### **LEIDOS HAS A LONG-STANDING COMMITMENT TO SUPPORTING MILITARY VETERANS AND THEIR FAMILIES.**

Leidos has a strong affinity with the military, both in our lines of business and in our workforce. We are proud that almost 4,000 of our 22,000 employees — nearly 20% — are military veterans. For our efforts, we were ranked #35 on the [Military Times “Best for Vets” Employers for 2014](#), based on 2013 data. We assist veterans through the often difficult transition from military life to a career in the private sector. Leidos is committed to supporting veterans as they pursue challenging and rewarding careers within our many business areas.

Our dedicated military veteran outreach program is called Operation MVP (Military Veteran Program). Through the program, Leidos teams with military transition centers, military associations, and veteran organizations in an effort to identify and hire separating and retiring military veterans. The Operation MVP team participates in specific career development and networking events geared towards the veteran and military dependent/caregiver population, and stays actively engaged with military transition offices, Department of Labor representatives, as well as veteran non-profit and membership organizations. We further help wounded warriors by providing career workshops, offering help with résumé building and interview preparation, and conducting job fairs and interview events.

Joining Forces is a White House initiative to encourage veteran hiring spearheaded by First Lady Michelle Obama and Dr. Jill Biden and led by the Center for New American Security. The comprehensive national initiative intends to mobilize all sectors of society to give U.S. service members, veterans and their families the opportunities and support they have earned. In 2012, we exceeded our hiring goal, but in the face of high market uncertainty and amidst the reorganization involved in splitting our company, decided not to set a veteran hiring goal in 2013. Despite that, Operation MVP continued to support veteran hiring at Leidos, with 1280 veterans hired. We will continue to work hand-in-hand with Joining Forces and related veteran hiring initiatives going forward.

Military spouses are often overlooked in armed forces support efforts. That’s why Leidos opens our doors to military spouses and offers flexibility to those already on our team. Leidos participates in the Military Spouse Employment Partnership, which provides targeted recruitment and employment solutions designed to create connections between military spouses and companies. Our employees with spouses in the military are often asked to uproot due to redeployment. We do our best to place those employees at Leidos locations closer to their new homes.

# People

## EMPLOYEE DEMOGRAPHICS AND STATISTICS

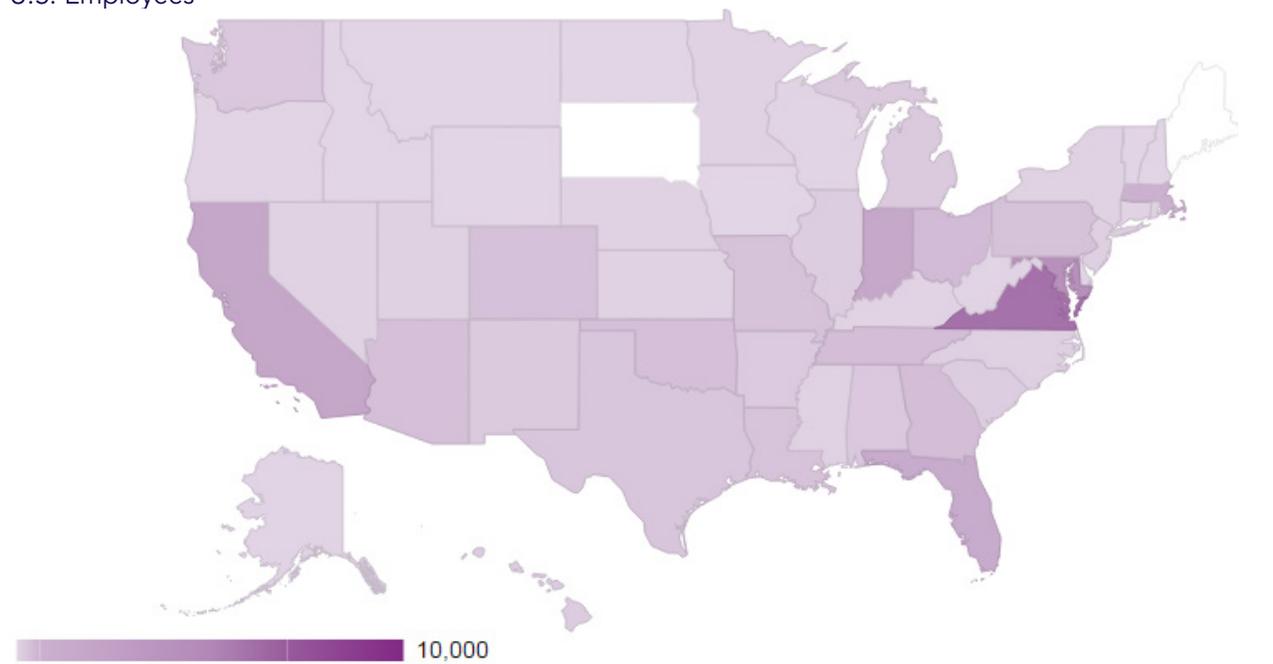
### ANALYZING DEMOGRAPHIC DATA HELPS LEIDOS DEVELOP PRACTICES TO BETTER SERVE OUR EMPLOYEES.

Leidos is a global company with nearly 22,000 employees worldwide. Of that population, over 21,000 are in the U.S. in 51 states, territories, and the District of Columbia. The largest concentration of our employees is in the National Capital Region, with about 6,000 employees in the Washington, D.C. Metropolitan area.

We also have locations in 17 countries around the world, as well as Armed Forces abroad in Europe and the Pacific regions. Our total number of employees decreased in 2013 as a direct result of splitting into two companies, as well as related organizational changes resulting from that separation.

### LOCATIONS

#### U.S. Employees



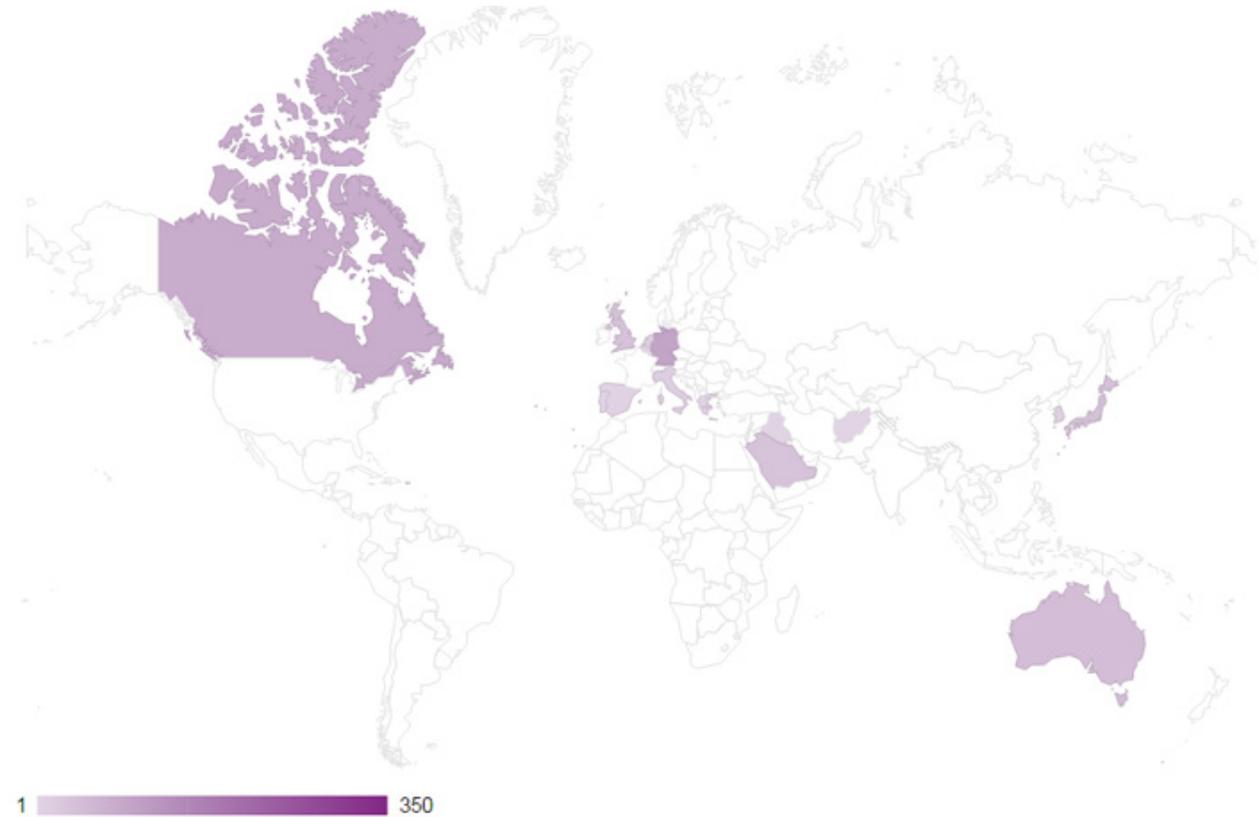
STATE	#	STATE	#	STATE	#	STATE	#	STATE	#
Alabama	218	Guam	6	Michigan	187	North Carolina	82	Utah	76
Alaska	15	Hawaii	134	Minnesota	58	North Dakota	3	Vermont	3
Arizona	360	Idaho	6	Mississippi	66	Ohio	443	Virginia	5896
Arkansas	183	Illinois	142	Missouri	334	Oklahoma	354	Washington	216
California	1785	Indiana	1674	Montana	6	Oregon	13	West Virginia	24
Colorado	345	Iowa	1	Nebraska	46	Pennsylvania	333	Wisconsin	21
Connecticut	30	Kansas	51	Nevada	49	Puerto Rico	7	Wyoming	1
Delaware	1	Kentucky	35	New Hampshire	1	Rhode Island	48		
DC	102	Louisiana	313	New Jersey	81	South Carolina	133		
Florida	1202	Maryland	4059	New Mexico	187	Tennessee	391		
Georgia	388	Massachusetts	630	New York	48	Texas	263		

U.S. employees that work remotely or at customer sites without an established Leidos office are assigned to a Leidos office and are counted according to that assignment. For this map, employees working in Washington, D.C. remotely or at a customer site are assigned to the Reston, VA headquarters location.

# People

## EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

### International Employees



COUNTRY	#	COUNTRY	#	COUNTRY	#	COUNTRY	#	COUNTRY	#
Afghanistan	2	Canada	79	Italy	12	Portugal	1	United Kingdom	36
Australia	46	Germany	96	Japan	41	Qatar	1		
Bahrain	1	Greece	2	Korea, Republic of	8	Saudi Arabia	36		
Belgium	3	Iraq	3	Netherlands	8	Spain	4		

Leidos employs 436 U.S. Armed Forces abroad (349 Europe and 87 Pacific) that are not shown on this map.

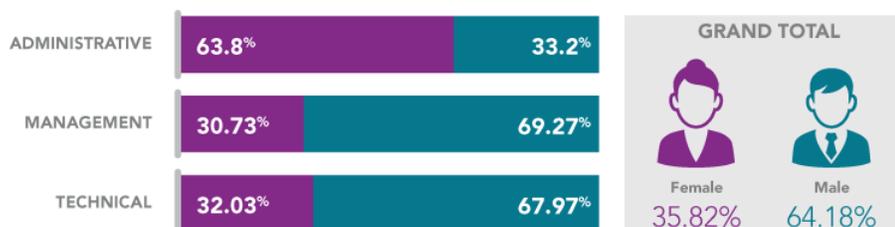
# People

## EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

### WORKFORCE COMPOSITION

The overall composition of our workforce has remained steady over the past few years and through the company split. Initiatives to positively impact our diversity, such as affinity groups like our ERGs and recruiting efforts that focus on minorities are ongoing.

#### Employees by gender



Employee Category (Administrative, Technical, Management) data is based on EEO Job Classifications. Technical Employees include the preponderance of Leidos workforce. "Professionals" make up the majority of the category with 13,812 employees. Management is comprised of all levels of managers, including executive managers.

### EMPLOYEES BY REGION AND GENDER

REGION	TOTAL EMPLOYEES	% FEMALE	% MALE
USA	21,037	36.2%	63.8%
US Armed Forces	436	18.8%	81.2%
North America (non-US)	86	45.3%	54.7%
Europe	162	39.5%	60.5%
Asia	98	22.4%	77.6%
Australia / New Zealand	46	15.2%	84.8%
<b>TOTAL</b>	<b>21,865</b>	<b>35.8%</b>	<b>64.2%</b>

### EMPLOYEES BY EMPLOYEE CATEGORY AND AGE GROUP

AGE GROUP	ADMINISTRATIVE	MANAGEMENT	TECHNICAL	TOTAL
Under 30	18.2%	0.6%	10.6%	10.1%
30 - 50	53.3%	44.9%	51.7%	50.9%
Over 50	28.5%	54.6%	37.7%	39.0%

# People

## EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

### EMPLOYEES BY EMPLOYEE CATEGORY AND RACE/ETHNICITY

RACE / ETHNICITY	ADMINISTRATIVE	MANAGEMENT	TECHNICAL	TOTAL
White	60.2%	85.3%	74.8%	74.6%
Black	25.0%	5.5%	9.3%	10.6%
Asian	4.2%	4.5%	8.3%	7.3%
Hispanic	8.1%	3.2%	5.3%	5.3%
Other	2.4%	1.6%	2.2%	2.2%

### TURNOVER

ALL EMPLOYEES	NEW HIRES	HIRE RATE	TERMINATIONS	TOTAL TURNOVER RATE
TOTAL	4,307	18.4%	7,448	31.8%

### TURNOVER BY GENDER

GENDER	NEW HIRES	HIRE RATE	TERMINATIONS	TOTAL TURNOVER RATE
Female	1,572	19%	2,617	31.6%
Male	2,735	18.1%	4,831	31.9%

### TURNOVER BY AGE GROUP

AGE GROUP	NEW HIRES	HIRE RATE	TERMINATIONS	TOTAL TURNOVER RATE
Under 30	942	38.9%	852	31.8%
30-50 years old	2,231	18.6%	3,616	30.1%
50+ years old	1,135	12.6%	2,981	33.1%

# People

## EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

### TURNOVER BY REGION

REGION	NEW HIRES	HIRE RATE	TERMINATIONS	TOTAL TURNOVER RATE
USA	4,055	18.2%	6,645	29.8%
USA - Armed Forces	136	18.8%	674	93.4%
North America (non-US)	15	15.2%	34	34.3%
Europe	71	42%	59	34.9%
Asia	25	24.3%	31	30.1%
Australia / New Zealand	6	13.6%	6	13.7%
Africa	0	0%	0	0%



# SUPPLIERS AND SMALL BUSINESS RELATIONSHIPS

## WE ARE UNITED WITH OUR SUPPLIERS AND SMALL BUSINESSES TO MAKE A DIFFERENCE IN THE WORLD

Maintaining strong and committed relationships with over 10,000 suppliers as well as continuing our award-winning small businesses advocacy programs is essential to our mission of providing outstanding support to our customers.

### SUPPLIERS

Our diverse customer base and requirements for services and materials require us to work with suppliers both large and small who can offer capabilities and unique solutions while providing the best value to us and our customers.

Abiding by the highest standards of business ethics is an essential component of all of our supplier relationships. When purchasing direct-charge, non-commercial items or services, Leidos Buyers are required to apply Federal Acquisition Regulation (FAR) clauses appropriate to the contract. Supplier compliance is mandated with certain regulations and laws, including clauses that address:

- ▶ Gratuities
- ▶ Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
- ▶ Price or Fee Adjustment for Illegal or Improper Activity
- ▶ Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009
- ▶ Utilization of Small Business Concerns
- ▶ Notice to the Government of Labor Disputes
- ▶ Equal Opportunity (Only Paragraphs (b)(1) through (c)(11))
- ▶ Combating Trafficking in Persons
- ▶ Hazardous Material Identification and Material Safety Data
- ▶ Contractor Policy to Ban Text Messaging While Driving
- ▶ Conflict Minerals Policy

GRI™ G4 Indicators reported in this section:

General Standard Disclosures  
12

Specific Standard Disclosures  
LA: 14-15

# Suppliers and Small Businesses Relationships (cont'd)

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The vast majority of our suppliers are registered through the System for Award Management (SAM), the Official US Government acquisition system. All businesses must be registered in SAM in order to be awarded a US Government Contract. Any Leidos supplier not registered in SAM must complete an Annual Master Certification Questionnaire in which they must attest to their certifications and corporate status.

Due to the nature of our business, we are not able to restrict our sourcing needs to local suppliers and vendors.

Leidos is regularly solicited by our customers to complete supplier questionnaires. These questionnaires are part of supply chain sustainability programs that our customers are operating in an effort to improve their own sustainability. By complying, we provide valuable information on our environmental performance, but also a wide range of sustainability areas, including human rights, fair labor practices and health and safety issues.

## SUPPLIER SELECTION

Our supplier selection criteria are based on specific customer requirements, with an emphasis on suppliers that offer strategic and competitive pricing, quality products and services, focus on continuous improvement and commitment to performance in delivery of goods or services.

Our suppliers are reminded of our commitment to conduct business with uncompromising integrity. This commitment is clearly established in the Leidos Code of Conduct. Leidos requires suppliers to conduct themselves in a manner consistent with the principles of our Code of Conduct. In addition, we strongly encourage our suppliers to establish proactive and meaningful ethics and compliance programs within their organizations. We want our suppliers to understand, foster, and mirror the ethical conduct we expect from our employees in all business transactions.

At this time Leidos is transitioning to a new supplier portal system called "Supplier Information and Performance Management" (SIPM) which is integrated into the Leidos Enterprise Resource Planning System, Ariba. This transition should be complete by the latter half of FY15.

SIPM requires our suppliers to complete an onboarding process where they provide various company background information including capabilities and environmental responsibility. SIPM will allow Leidos to quickly sort and manage our supplier base by being able to filter criteria we seek. SIPM will also allow Leidos to properly screen businesses and select only those that meet our high business standards.

## SUPPLIER DIVERSITY

Leidos is committed to small businesses that provide affordable and relevant products and services. We continue to work closely with small businesses as part of our ongoing and award-winning mentor-protégé program, which we view as an integral part of our small business development strategy.

In an effort to increase our supplier diversity and better manage and leverage our spend, Leidos is currently working on our Preferred Provider Program (P3). P3's goal is to obtain and maintain a vetted number of suppliers that will enable Leidos to quickly and cost effectively source quality products and services. P3 aims to provide a diverse number of suppliers to compliment Leidos' goals of supporting the various categories of small businesses.

# Suppliers and Small Businesses Relationships (cont'd)

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Leidos understands the tremendous drive, experience and unique skills veterans contribute. Our commitment to veteran-owned firms reflects the innovation and value they deliver to our company and our customers. Helping veteran-owned firms succeed and grow also advances our goal of helping veterans transition successfully to the civilian workforce.

## SMALL BUSINESSES

Leidos has a proud history of providing maximum opportunities for small businesses to engage with us as we support our customers in the vital areas of National Security, Health, and Engineering. The commitments we have made to our customers in supporting the Nation's small business program are key to distinguishing us as a small business advocacy leader.

We work closely with all categories of small businesses, including small disadvantaged, women-owned, veteran-owned, service-disabled veteran-owned and historically underutilized business zone (HUBZone) companies, as well as historically black colleges and universities and minority institutions (HBCU/MIs). We continue to exceed the statutory goals for small disadvantaged, women-owned and service-disabled veteran-owned small businesses. As we continue with the forward progress made since our split on September 27, 2013, we do so while remembering that our success is strengthened by our legacy of commitment to small business engagement.

During government fiscal year 2013, Leidos awarded over \$2.3 billion in contracts to small businesses. This is the tenth year in a row that we subcontracted more than \$2 billion to small businesses.

Leidos exceeded most government requirements and received the rating of "Highly Successful" by the Defense Contract Management Agency (DCMA) for the period from April 1, 2013 to March 31, 2014.

These statistics illustrate the importance of small businesses to Leidos success, customer success and the dedication of Leidos Small Business Development Program to promoting strategic teaming with a variety of small businesses.

Leidos small business approach has three main areas of focus:

- ▶ Performing proactive marketing and outreach activities through our Small Business Development Program
- ▶ Fostering strategic relationships with small businesses that lead to subcontracting and prime contracting opportunities
- ▶ Providing training and business development assistance to small businesses - particularly minority-, women- and veteran-owned small businesses - to help them acquire the tools to grow and succeed.

Leidos has been recognized for well over a decade for its outstanding efforts and work with small businesses of all categories. Notable recognition in recent years includes well over 30 awards that include prestigious Small Business Administration (SBA) awards such as: the Dwight D. Eisenhower Award and the Frances B. Perkins Award; DoD's Nunn-Perry Awards for outstanding mentor-protégé performance; and NASA's Large Business Prime Contractor of the Year Award by NASA Small Business Programs, Marshall Space Flight Center award. Please see the list below for additional Leidos awards and recognitions.

# Suppliers and Small Businesses Relationships (cont'd)

Award	Description	Dates
National Veterans Small Business Coalition (NVSBC) Champions of Veterans Enterprise Award	Recognition of Leidos commitment in working with veteran-owned small businesses	2013, 2012, 2011
DoD Nunn-Perry Award	Recognition of Leidos exemplary performance in mentor/protégé arrangements under DOD program	2012, 2011, 2008, 2007, 2006, 2004, 2003, 2002, 2000, 1999, 1998
Best Corporations for Veteran-Owned Businesses by National Veteran-Owned Business Associations (NaVOBA)	Recognition of Leidos commitment in working with veteran-owned small businesses	2014, 2012, 2010, 2008, 2007, 2006, 2005
NASA Marshall Space Flight Center Large Business Prime Contractor of the Year Award	Recognition for small business performance and contributions to NASA's small business program	2011
Small Business Administration Eisenhower Award	Recognition of Leidos excellence in working with small business	2011, 2007, 2001
Small Business Administration Frances Perkins Vanguard Award	Recognition of Leidos commitment to working with women-owned small businesses	2010, 2004, 2002
DHS Mentor-Protégé Team of the Year Award	Recognition of Leidos exemplary performance in mentor-protégé arrangements under the DHS program	2010
NASA Goddard Space Flight Center Large Business Prime Contractor of the Year Award	Recognition for small business performance and contributions to NASA's small business program	2008

## OUTREACH ACTIVITIES

Leidos participates in a variety of outreach programs that provide opportunities to introduce Leidos to small businesses in every socio-economic category. In 2013, one day a week was set aside for small businesses to come to our offices and meet with our Small Business Office. Leidos also hosts targeted events in response to specific opportunities to foster “matchmaking” efforts that have been extremely successful with business developers, program managers, and procurement personnel meeting with small businesses to receive capability briefings and discuss active opportunities. Leidos frequently participates in industry and customer small business events that enable small businesses to find out about opportunities with Leidos. Over the years, Leidos has participated in numerous events and forums sponsored by various federal agencies including the Department of Defense, the SBA, and industry associations such as the National Defense Industrial Associate (NDIA), Armed Forces Electronics Association (AFCEA) and others.

Finally, Leidos hosts numerous small business events at its facilities to bring in small businesses interested in teaming opportunities as well as specific subcontracting opportunities. These matchmaking forums have been extremely successful with Leidos business developers, program managers, and procurement personnel meeting with small businesses to receive capability briefings and discuss active opportunities. Similarly, Leidos has held similar types of events for specific major programs and proposals.

# Suppliers and Small Businesses Relationships (cont'd)

## MENTOR-PROTÉGÉ PROGRAM

Leidos was one of the first contractors to be selected for DoD's pilot Mentor-Protégé Program in 1991. Leidos has formally mentored nearly 100 small businesses and is one of the most active participants in federal agency program, including approximately 10 current mentor-protégé agreements with agencies such as the Department of Army, Department of Health and Human Services (HHS), and National Geospatial-Intelligence Agency (NGA). At a minimum, Leidos provides the following to all of our protégés:

- ▶ **Training and Assistance:** Training and direct assistance in program management, human resources, contract administration, and finance. Assistance in creating and printing marketing material, development and implementation of marketing strategies, implementation of disciplined bid/no-bid processes, and proposal training.
- ▶ **Technology Transfer and Certifications:** Transfer of state-of-the art products/service improvement processes that support the customer. Facilitation of training unique to the protégé's needs. Assistance to some protégés in obtaining key technical certifications (ISO 9000 and SEI-CMMI certification).
- ▶ **Business Development:** Joint marketing, preferred subcontracting status on current and future Leidos prime contracts, and introduction to new customers and markets.

In addition to formal agreements, Leidos informally mentors many small businesses by providing assistance in the areas of joint marketing, task order response, human resources (HR), technology transfer, and administrative efforts. This approach fosters the development of our small business teammates while ensuring the highest levels of technical and programmatic performance.

## FEDERAL SUBCONTRACT AWARDS TO SMALL BUSINESS

The table below presents a snapshot of Leidos' performance with respect to overall small business utilization on federal contracts with percentages based on total subcontracted dollars.

Small Business Categories	GFY13	GFY12	GFY11
DoD Small Business Subcontracting	\$1,796,267,231 58.9%	\$1,361,229,049 60.1%	\$1,523,035,400 56.2%
Small Disadvantaged Business (SDB)	\$175,451,210 5.8%	\$136,791,308 6.0%	\$154,575,697 5.7%
Woman-Owned Small Business (WOSB)	\$289,352,890 9.5%	\$257,390,499 11.4%	\$246,882,231 9.1%
Historically Black Colleges/Universities (HBCU)	\$166,906 0.1%	\$285,084 0.2%	\$323,598 0.2%
HUBZone	\$33,759,419 1.1%	\$44,749,831 2.0%	\$55,214,792 2.0%
Veteran-Owned Small Business (VOSB)	\$359,625,158 11.8%	\$341,746,174 15.1%	\$395,886,262 14.6%
Service-Disabled Veteran-Owned (SDVO)	\$174,985,170 5.7%	\$162,348,659 7.2%	\$163,094,760 6.0%

# Suppliers and Small Businesses Relationships (cont'd)

The graphic below shows Leidos top 6 Federal Customers and illustrates our significant commitment to small business.

	DoD (\$B)	GSA (\$M)	DHS (\$M)	DOS (\$M)	VA (\$M)	DHHS (\$M)
<b>Total Sub-contract Award Value</b>	<b>3.1</b>	<b>606</b>	<b>113</b>	<b>177</b>	<b>26</b>	<b>17</b>
<b>Sub-contract Awards to Small Business (SB)</b>	<b>1.8</b>	<b>440</b>	<b>73</b>	<b>45</b>	<b>25</b>	<b>13</b>
<b>SB Percentage of Total Sub-contract Awards</b>	<b>58%</b>	<b>73%</b>	<b>65%</b>	<b>25%</b>	<b>96%</b>	<b>76%</b>

## VETERAN OWNED SMALL BUSINESSES

Leidos is an active supporter and sponsor of numerous veteran targeted events, which is not surprising considering more than 20% of Leidos' employees are veterans themselves. Leidos has developed a program aimed at enhancing the growth of SDVOSBs and VOSBs in the government contracting arena through cooperative efforts with veteran advocacy bodies. Over the past five years, Leidos' efforts to expand subcontracting to VOSBs have produced significant growth.

In 2013, Leidos hosted forums where VOSBs and SDVOBs met with Leidos program, business development, and procurement managers to discuss subcontracting opportunities and teaming. Additionally, since 2007, Leidos has provided marketing and proposal development training to 100 SDVOSB firms. Two day classes were held in McLean, VA, and San Diego, CA, where firms attended at no cost and received in-depth training with respect to pricing strategies and federal business development. Moreover, Leidos has mentored 18 VOSB firms under DoD and civilian agency mentor-protégé agreements.



## ABOUT OUR REPORTING

### OUR REPORTING PROCESS IS EVOLVING ALONG WITH OUR APPROACH TO CORPORATE RESPONSIBILITY

Corporate responsibility reporting at Leidos chronicles our progress toward improving the company's sustainability. This report, along with our [website](#), discusses how we balance efforts to support our people, enrich the communities where we live and work, and our efforts to reduce the environmental impact of our operations. We also highlight ethics, governance, and other related program areas that form the bedrock of our philosophy about corporate responsibility.

We publish this report annually. This year's report is our fifth, covering calendar year 2013. We utilize the GRI™ G4 Sustainability Reporting Framework for our corporate responsibility reporting. The GRI™ is a third-party organization developing the world's most widely used sustainability reporting framework. To ensure the highest degree of technical quality, credibility, and relevance, the framework is maintained through consensus-seeking participants drawn globally from business, civil society, labor, and professional institutions.

This report is in accordance (Core option) with the latest [GRI™ G4 Reporting Guidelines](#). The new guidelines eliminate scoring and emphasize materiality. In 2010, we originally self-declared our report at Level 'C,' increasing to Level 'B' by 2012 as a result of our ongoing efforts to improve transparency and accountability in all that we do.

Leidos defines report content by balancing our interest in providing the most comprehensive and transparent representation of the company's sustainability profile with the availability of data and resources. We strive to provide a robust report that addresses the interests of our stakeholders while aligning with the most relevant and significant indicators of our economic, environmental, and social performance.

2013 was a year of intense change for Leidos. On September 27, 2013, SAIC, Inc. separated into two independent, publicly traded companies: [New SAIC and Leidos](#). We achieved a tremendous milestone with the successful spin-off of our technical services and enterprise information technology services business and the continuation of our solutions business under a new name, Leidos. As Leidos, we retain the SAIC legacy, and that is reflected in the contents of this report.

GRI™ G4 Indicators  
reported in this section:

General Standard  
Disclosures  
18-19, 24-26

# About Our Reporting (cont'd)

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Because the separation occurred mid-year, our 2013 report contains a combination of pre-separation (SAIC and Leidos operating as one company) and post-separation (Leidos only) data. Generally, cumulative metrics will include data for the combined company pre-separation and Leidos only post-separation, while point in time metrics will draw on post-separation year-end data. The composition of all metrics will be indicated within the report.

In the past, we have published our corporate responsibility report mid-summer the year following the calendar year upon which we reported. This report aligns with and references our fiscal year [2014 Annual Report on Form 10-K](#).

## PROCESS

The CR Report is generated by a core group of individuals representing the Leidos Corporate Social Responsibility and Sustainability functions and a network of Subject Matter Experts (SMEs) throughout the company. To identify aspects for inclusion in the report, we reviewed the full list of GRI™ G4 aspects and determined which were material to Leidos and its stakeholders. We consulted with company SMEs to verify the significance of aspects and their boundaries. Aspect boundaries are discussed in each General Disclosure on Management Approach (DMAs) by aspect, but are generally limited to the stakeholders that are directly impacted or influenced by the aspect in question. Aspects judged to be material are the ones ultimately included in this report.

## STAKEHOLDER INCLUSIVENESS

We engage with our employees, communities, clients, industry teammates, government leadership and corporate responsibility thought leaders based on shared values. Our goal is to establish and nurture effective and productive relationships that align with our mission and values.

# About Our Reporting (cont'd)



## EMPLOYEES

**Leidos**

- ▶ Communicate enterprise goals and objectives
- ▶ Provide formal and informal performance feedback
- ▶ Conduct employee surveys and training
- ▶ Maintain a robust internal web site
- ▶ Channel feedback to corporate
- ▶ Provide career growth opportunities

**Stakeholder**

- ▶ Provide feedback to management
- ▶ Coordinate employee resource groups
- ▶ Respond to surveys
- ▶ Interact in non-workplace functions



## CUSTOMERS

**Leidos**

- ▶ Co-locate to support customer needs
- ▶ Deliver thought leadership and mission-focused solutions
- ▶ Conduct formal and informal project reviews

**Stakeholder**

- ▶ Provide performance feedback
- ▶ share future mission-critical challenges and needs



## SUPPLIERS, VENDORS AND SUBCONTRACTORS

**Leidos**

- ▶ Provide consistent procurement policies
- ▶ Interact collaboratively
- ▶ Disseminate supply chain sustainability questionnaires

**Stakeholder**

- ▶ Operate ethically and remain consistent with Leidos Code of Conduct
- ▶ Communicate goals
- ▶ Collaborate on supply chain sustainability improvements



## INVESTORS, STOCKHOLDERS AND ANALYSTS

**Leidos**

- ▶ Report in a timely, accurate manner
- ▶ Attend and present at investor conferences
- ▶ Conduct quarterly earnings calls
- ▶ Hold stockholder meetings
- ▶ Maintain the Investor Relations sections of leidos.com

**Stakeholder**

- ▶ Participate in earnings calls and investor conferences
- ▶ Submit individual questions
- ▶ Participate in shareholder meetings and voting

# About Our Reporting (cont'd)



**Leidos**

- ▶ Develop an present briefings
- ▶ Submit regulatory filings
- ▶ Participate in public forums
- ▶ Comply with laws and regulations

**Stakeholder**

- ▶ Issue regulations and Executive Orders (e.g., EO 13514) on leadership and performance
- ▶ Make public announcements
- ▶ Collaborate on best practices



**Leidos**

- ▶ Contribute sponsorships and donations
- ▶ Participate in nonprofits, professional associations and civil improvements
- ▶ Encourage employee volunteerism
- ▶ Deliver thought leadership

**Stakeholder**

- ▶ Collaborate through nonprofits and civic and local government agencies
- ▶ Communicate needs
- ▶ Provide feedback on impact



## FUTURE GENERATIONS

**Leidos**

- ▶ Perform skill-focused
- ▶ Operate with sustainable business practices
- ▶ Reinforce Leidos' ethical business model

**Stakeholder**

- ▶ Drivers of future requirements
- ▶ Participate in growth as future, technical workforce
- ▶ Provide expectations regarding corporate responsibility

Leidos, a new company, yet one with over 40 years of history, is evaluating and updating our sustainability and corporate responsibility programs and the ways in which we share our progress with stakeholders.

# Global Reporting Initiative (GRI™) G4 Index

The Leidos 2013 Corporate Responsibility Report is published in accordance with the GRI™ [G4 Sustainability Reporting Framework](#) (Core option). The new [G4 guidelines](#) eliminate scoring and emphasize materiality. The following index lists our responses to the G4 Core option (General Standard Disclosures and Specific Standard Disclosures for aspects deemed material) and provides links to relevant report content on Leidos.com where appropriate.

Note: For each specific standard disclosure aspect, Disclosures on Management Approach are contained in relevant sections on Leidos.com, including how Leidos manages each material aspect, any associated impacts, and related evaluations of management approach, where applicable.

## GENERAL STANDARD DISCLOSURES

### STRATEGY AND ANALYSIS

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position).	CEO Message
G4-2	Provide a description of key impacts, risks, and opportunities.	Executive Summary

### ORGANIZATIONAL PROFILE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-3	Report the organization name.	Leidos
G4-4	Report the primary brands, products, and services.	Science and technology solutions in the areas of: National Security   Health   Engineering
G4-5	Report the location of the organization's headquarters.	11955 Freedom Drive Reston, VA 20190
G4-6	Report the number of countries where the organization operates.	People > Employee Demographics and Statistics
G4-7	Report the nature of ownership and legal form.	Corporation (LDOS)
G4-8	Report the markets served.	SEC Form 10-K Part I, pgs. 1-4
G4-9	Report the scale of the organization (total number of employees, operations, net sales, total capitalization, quantity of products/services provided).	21,865 employees.  Two business sectors (National Security Sector; Health and Engineering Sector).  \$5.77B fiscal year ended January 31, 2014.  See SEC Form 10-K Part II, pgs. 33-36 and Part I, pgs. 1-4 for full capitalization metrics and details on products/services, respectively.
G4-10	Report employee demographics.	People > Employee Demographics and Statistics
G4-11	Report percentage of total employees covered by collective bargaining.	Currently, no Leidos employees are covered by collective bargaining agreements.
G4-12	Describe the organization's supply chain.	Supplier and Small Business Relationships

# Global Reporting Initiative (GRI™) G4 Index

## GENERAL STANDARD DISCLOSURES (cont'd)

### ORGANIZATIONAL PROFILE (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Executive Summary
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Leidos maintains a corporate-level Risk Council to review business activities identified by operating units that have the potential to pose significant risk, and to assist in the development and implementation of strategies to avoid, mitigate, or manage those risks. Business activities assessed to pose significant risk involving certain risk attributes are reviewed by the Risk Council prior to bidding or performing the covered work.
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	The Leidos corporate responsibility report is developed in compliance with the GRI G4 Reporting Framework. Additionally, Leidos subject matter experts participate in a number of collaborative efforts with stakeholders and external organizations.
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	Leidos participates in numerous professional industry associations and community/non-profit organizations related to all aspects of our business and the communities in which employees live and work, respectively. Leidos employees hold leadership positions in many of these organizations.

### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.  Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	See <a href="#">SEC Form 10-K</a> Part II, pgs. 33-36. All Leidos entities are covered by the report.
G4-18	Explain the process for defining the report content and the Aspect Boundaries.  Explain how the organization has implemented the Reporting Principles for Defining Report Content.	About Our Reporting
G4-19	List all the material Aspects identified in the process for defining report content.	About Our Reporting  GRI Index

# Global Reporting Initiative (GRI™) G4 Index

## GENERAL STANDARD DISCLOSURES (cont'd)

### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> <li>▶ Report whether the Aspect is material within the organization</li> <li>▶ If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:                             <ul style="list-style-type: none"> <li>» The list of entities or groups of entities included in G4-17 for which the Aspect is not material or</li> <li>» The list of entities or groups of entities included in G4-17 for which the Aspects is material</li> </ul> </li> <li>▶ Report any specific limitation regarding the Aspect Boundary within the organization</li> </ul>	<p>All statements regarding our core values and commitment to data privacy, ethics, and integrity apply to the entire enterprise. References to numbers of employees and associated metrics apply to the entire enterprise, except where noted otherwise. Most employee benefit programs addressed within this report relate to Leidos U.S. operations, which make up the preponderance of our workforce, and may exclude certain U.S. subsidiaries. In keeping with our workforce distributions, this report highlights activities within our U.S. operations, including subsidiaries and leased facilities, while presenting selected data on our worldwide enterprise. Information about our business and financial performance, reported pursuant to our fiscal year ended January 31, 2014, is provided in our SEC Form 10-K Parts I and II.</p>
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none"> <li>▶ Report whether the Aspect is material outside of the organization</li> <li>▶ If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified</li> <li>▶ Report any specific limitation regarding the Aspect Boundary outside the organization</li> </ul>	<p>See response to G4-20 above. Leidos reports Aspects that are deemed material and provides supporting data to the greatest extent that it is available. Aspect boundaries are discussed in the Disclosures on Management Approach (DMAs) for each aspect, but are generally limited to the stakeholders that are directly impacted or influenced by the aspect.</p>
G4-22	<p>Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.</p>	<p>This report contains no restatements of previously published SAIC (Leidos) corporate responsibility reports.</p>
G4-23	<p>Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.</p>	<p>This report contains no significant changes to scope, boundary, or measurement methods used in previously published corporate responsibility reports, other than necessary adjustments required under GRI 4.0 (vs. GRI 3.1)</p>

### STAKEHOLDER ENGAGEMENT

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-24	<p>Provide a list of stakeholder groups engaged by the organization.</p>	<p>About Our Reporting</p>
G4-25	<p>Report the basis for identification and selection of stakeholders with whom to engage.</p>	<p>About Our Reporting</p>
G4-26	<p>Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.</p>	<p>About Our Reporting</p>
G4-27	<p>Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.</p>	<p>This is addressed with the relevant Aspect reported.</p>

# Global Reporting Initiative (GRI™) G4 Index

## GENERAL STANDARD DISCLOSURES (cont'd)

### REPORT PROFILE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Calendar year 2013, with the exception of data about our financial performance, which is reported fiscal year ending, January 31, 2014.
G4-29	Date of most recent previous report (if any).	October, 2013.
G4-30	Reporting cycle (such as annual, biennial).	Annual.
G4-31	Provide the contact point for questions regarding the report or its contents.	Michael Coogan, Director, Corporate Responsibility.
G4-32	Report the 'in accordance' option the organization has chosen.  Report the GRI Content Index for the chosen option.  Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	In Accordance, Core  The Leidos 2013 report is not externally assured.
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organization and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	Leidos does not currently seek external assurance for its report, although several individual metrics, specifically regarding the company's environmental performance (e.g., Carbon Disclosure Project), are prepared or defined by outside parties.

### GOVERNANCE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Leidos is governed by a board of directors comprising nine directors, eight of which are independent directors as defined by the New York Stock Exchange and corporate governance guidelines. The board includes six standing committees, including an Ethics and Corporate Responsibility Committee, chartered with 1) reviewing policies and practices in area including, but not limited to, the safety and protection of the environment; contributions to charitable, educational and other tax-exempt organizations; monitoring political contributions, government relations and political action committees and activities, and 2) reviewing political, social, and environmental issues that may affect the business operations, performance, business continuity crisis planning, and public image or reputation of the Company.

[Leidos.com Investor Relations, Governance Overview](#)

# Global Reporting Initiative (GRI™) G4 Index

## GENERAL STANDARD DISCLOSURES (cont'd)

### ETHICS AND INTEGRITY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Ethics and Compliance
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Ethics and Compliance
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Ethics and Compliance

## SPECIFIC STANDARD DISCLOSURES

### ECONOMIC

#### ASPECT: ECONOMIC PERFORMANCE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EC1	<p><b>Direct economic value generated and distributed:</b></p> <p>Report the direct economic value generated and distributed (EVG&amp;D) on an accruals basis including the basic components for the organization's global operations.</p> <p>To better assess local economic impacts, report EVG&amp;D separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.</p>	<p>See SEC Form 10-K Part II, pgs. 33-36.</p> <p>Community &gt; Corporate Philanthropy</p>
G4-EC2	<p>Financial implications and other risks and opportunities for the organization's activities due to climate change:</p> <p>Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure, including:</p> <ul style="list-style-type: none"> <li>▶ A description of the risk or opportunity and its classification as either physical, regulatory, or other</li> <li>▶ A description of the impact associated with the risk or opportunity</li> <li>▶ The financial implications of the risk or opportunity before action is taken</li> <li>▶ The methods used to manage the risk or opportunity</li> <li>▶ The costs of actions taken to manage the risk or opportunity</li> </ul>	<p>Relative to Leidos corporate revenue generation and overhead support operations, typical physical operating risks associated with climate change include a greater propensity for severe weather events such as tornadoes, hurricanes/flash flooding, blizzards/ice storms, extreme heat, drought and gradual sea level rise/continental sinking. There are no significant regulatory or other climate change induced risk or opportunities.</p> <ul style="list-style-type: none"> <li>▶ Potential physical risks associated with events fostered by climate change are worksite displacement and personal inconvenience where impacted work locations are temporarily out of operation and/or employees residing in an impacted area suffer damage to their homes temporarily redirecting personal priorities away from career objectives to focus on restoring one's personal life as quickly as possible.</li> <li>▶ During the time that Leidos operating locations are out-of-operation and/or employees are unable to work due to the need to recover from impacts to restore their personal lives, work-related productivity, and therefore revenue generation, may be adversely impacted in specific locales for specific program activities.</li> <li>▶ The Leidos Crisis Management team routinely monitors projected and day-to-day weather conditions with the potential to adversely impact operating locations and employee residence locations for rapidly addressing any mitigation opportunities.</li> <li>▶ Leidos spends approximately \$500K/year to pay for third party products/services and employ the personnel who monitor acxfvnd maintain the internal crisis management functions and systems.</li> </ul>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### ECONOMIC

#### ASPECT: ECONOMIC PERFORMANCE (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EC3	<p><b>Coverage of the organization's defined benefit plan obligations:</b></p> <p>Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities. Where a separate fund exists to pay the plan's pension liabilities, report:</p> <ul style="list-style-type: none"> <li>▶ The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them</li> <li>▶ The basis on which that estimate has been arrived at</li> <li>▶ When that estimate was made</li> </ul> <p>Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>Report the percentage of salary contributed by employee or employer.</p> <p>Report the level of participation in retirement plans (such as participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact).</p>	<p>Leidos has two defined benefit plans, both associated with subsidiaries. As of January 1, 2014, the Leidos Biomedical Research plan has 877 active participants, 549 with deferred benefits and 423 receiving pensions. This plan is approximately 92 percent funded as of January 1, 2014, on a stabilized funding basis. This plan is closed to future participants and as of June 27, 2014, only about 35 percent of active participants are still accruing benefits. The second plan includes, as of March 31, 2014, approximately 194 deferred and 56 current pensioners. It is also closed to future participants, is sponsored by the Calanais Pension Trustee Co., Ltd., and is approximately 87 percent funded.</p>

### ENVIRONMENTAL

#### ASPECT: ENERGY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN3	<p><b>Energy consumption within the organization:</b></p> <p>Report total fuel consumption from non-renewable sources in joules or multiples, including fuel types used. Report total fuel consumption from renewable fuel sources in joules or multiples, including fuel types used. Report in joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> <li>▶ Electricity consumption</li> <li>▶ Heating consumption</li> <li>▶ Cooling consumption</li> <li>▶ Steam consumption</li> </ul> <p>Report in joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> <li>▶ Electricity sold</li> <li>▶ Heating sold</li> <li>▶ Cooling sold</li> <li>▶ Steam sold</li> </ul> <p>Report total energy consumption in joules or multiples. Report standards, methodologies, and assumptions used. Report the source of the conversion factors used.</p>	<p>Environment &gt; Corporate Footprint and Environmental Stewardship</p>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### ENVIRONMENTAL

#### ASPECT: ENERGY (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN4	<p><b>Energy consumption outside of the organization:</b></p> <p>Report energy consumed outside of the organization, in joules or multiples. Report standards, methodologies, and assumptions used. Report the source of the conversion factors used.</p>	<p>Leidos does not collect or track energy data from entities outside of the organization. Potential energy consumption sources outside of the organization might include employee commuting or business travel, but there is no available data to report for these sources.</p>
G4-EN5	<p><b>Energy intensity:</b></p> <p>Report the energy intensity ratio. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio. Report the types of energy included in the intensity ratio: fuel, electricity, heating, cooling, steam, or all. Report whether the ratio uses energy consumed within the organization, outside of it or both.</p>	<ul style="list-style-type: none"> <li>▶ Energy intensity ratio: 78 kBtu/sqft. (buildings energy only).</li> <li>▶ Organization-specific metric to calculate ratio: 7,885,000 Square Feet (buildings). The square footage metric represents annual equivalent square footage. This means that the square footage of each lease was prorated according to the fraction of the year each lease was active. For example, a 100,000 sqft building occupied by Leidos for ½ of the year is equivalent to 50,000 sqft occupied for the entire year.</li> <li>▶ Type of energy included (fuel, electricity, heating, cooling, steam, or all): Buildings energy only. Fuel and electricity are used by Leidos (no heating, cooling, or steam energy is purchased by Leidos). Fleet fuel consumption is not captured in the intensity ratio, because the base metric is square footage of buildings.</li> <li>▶ All reported energy is consumed within the organization.</li> </ul>
G4-EN6	<p><b>Reduction of energy consumption:</b></p> <p>Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <ul style="list-style-type: none"> <li>▶ Report the types of energy included in the reductions: fuel, electricity, heating, cooling, and steam</li> <li>▶ Report the basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it.</li> <li>▶ Report standards, methodologies, and assumptions used.</li> </ul>	<p>Environment &gt; Corporate Footprint and Environmental Stewardship</p>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### ENVIRONMENTAL

#### ASPECT: EMISSION

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN15	<p><b>Direct greenhouse gas (GHG) emissions (Scope 1):</b></p> <p>Report gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances. Report gases included in the calculation (whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all). Report biogenic CO2 emissions in metric tons of CO2 equivalent separately from the gross direct (Scope 1) GHG emissions. Report the chosen base year, the rationale for choosing the base year, emissions in the base year, and the context for any significant changes in emissions that triggered recalculations of base year emissions. Report standards, methodologies, and assumptions used. Report the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source. Report the chosen consolidation approach for emissions (equity share, financial control, operational control).</p>	Environment > Corporate Footprint and Environmental Stewardship
G4-EN16	<p><b>Energy indirect greenhouse gas (GHG) emissions (Scope 2):</b></p> <p>Report gross energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances. Report gases included in the calculation, if available. Report the chosen base year, the rationale for choosing the base year, emissions in the base year, and the context for any significant changes in emissions that triggered recalculations of base year emissions. Report standards, methodologies, and assumptions used. Report the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source, if available. Report the chosen consolidation approach for emissions (equity share, financial control, operational control).</p>	Environment > Corporate Footprint and Environmental Stewardship

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### ENVIRONMENTAL

#### ASPECT: EMISSIONS (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN17	<p><b>Other indirect greenhouse gas (GHG) emissions (Scope 3):</b></p> <p>Report gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent, excluding indirect emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization (these indirect emissions are reported in Indicator G4-EN16). Exclude any GHG trades, such as purchases, sales, or transfers of offsets or allowances. Report gases included in the calculation, if available. Report biogenic CO2 emissions in metric tons of CO2 equivalent separately from the gross other indirect (Scope 3) GHG emissions. Report other indirect (Scope 3) emissions categories and activities included in the calculation. Report the chosen base year, the rationale for choosing the base year, emissions in the base year, and the context for any significant changes in emissions that triggered recalculations of base year emissions. Report standards, methodologies, and assumptions used. Report the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source, if available.</p>	<p>Leidos does not track or report Scope 3 GHG emissions because data are not available to support TCR's optional Scope 3 GHG Protocol requirements.</p>
G4-EN18	<p><b>Greenhouse gas (GHG) emissions intensity:</b></p> <p>Report the GHG emissions intensity ratio. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio. Report the types of GHG emissions included in the intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3). Report gases included in the calculation.</p>	<ul style="list-style-type: none"> <li>▶ GHG Emissions intensity ratio: 11.3 kgCO2e/sqft.</li> <li>▶ Organization-specific metric to calculate ratio: 7,885,000 Square Feet (buildings) – the square footage metric represents annual equivalent square footage. This means that the square footage of each lease was prorated according to the fraction of the year each lease was active. For example, a 100,000 sqft building occupied by Leidos for ½ of the year is equivalent to 50,000 sqft occupied for the entire year.</li> <li>▶ Types of GHG emissions included in the intensity ratio: Scope 1 emissions from natural gas and propane combustion primarily for heating, diesel fuel combustion in generators, and fugitive refrigerants from large owned air conditioning and refrigeration equipment. Also, Scope 2 emissions from electricity purchases. Fleet emissions are not captured in the emissions intensity ratio, because the base metric is building square footage.</li> <li>▶ Gases included in calculation: CO2, CH4, N2O, HFCs.</li> </ul>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### ENVIRONMENTAL

#### ASPECT: EMISSIONS (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN19	<p><b>Reduction of greenhouse gas (GHG) emissions:</b></p> <p>Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent. Report gases included in the calculation (whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all). Report the chosen base year or baseline and the rationale for choosing it. Report standards, methodologies, and assumptions used. Report whether the reductions in GHG emissions occurred in direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3) emissions.</p>	<ul style="list-style-type: none"> <li>▶ 2013 GHG Emissions Reduction from Baseline was achieved as a direct result of initiatives to reduce emissions (mtCO2e): 30,500 MTCO2e. 2013 total GHG emissions represent a 25.2% reduction relative to the 2010 Leidos baseline. As a result, beginning in CY2014, Leidos achieved its 25% emissions reduction target.</li> <li>▶ Gases included in calculation: CO2, CH4, N2O, HFCs.</li> <li>▶ Base Year: 2010.</li> <li>▶ Base Year Rationale: 2010 is considered the base year, because it was the first year that SAIC/Leidos began developing a GHG inventory and reporting GHG emissions to The Climate Registry.</li> <li>▶ Standard, Methodologies and Assumptions: Leidos uses standards, methodologies and assumptions from The Climate Registry's General Reporting Protocol. Reductions were calculated by direct comparison of 2013 emissions estimates to 2012 emissions estimates.</li> <li>▶ Where Reductions Occurred: All reductions came from Scope 2 emissions resulting from decreased electricity purchases (Scope 1 emissions actually increased slightly in 2013 relative to the 2010 baseline).</li> </ul>

#### ASPECT: EFFLUENTS AND WASTE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN23	<p><b>Total weight of waste by type and disposal method:</b></p> <p>Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:</p> <ul style="list-style-type: none"> <li>▶ Reuse</li> <li>▶ Recycling</li> <li>▶ Composting</li> <li>▶ Recovery, including energy recovery</li> <li>▶ Incineration (mass burn)</li> <li>▶ Deep well injection</li> <li>▶ Landfill</li> <li>▶ On-site storage</li> <li>▶ Other (to be specified by the organization)</li> </ul> <p>Report how the waste disposal method has been determined:</p> <ul style="list-style-type: none"> <li>▶ Disposed of directly by the organization or otherwise directly confirmed</li> <li>▶ Information provided by the waste disposal contractor</li> <li>▶ Organizational defaults of the waste disposal contractor</li> </ul>	<p>Environment &gt; Corporate Footprint and Environmental Stewardship</p>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### ENVIRONMENTAL

#### ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-EN32	Report the percentage of new suppliers that were screened using environmental criteria.	Leidos did not screen suppliers for environmental criteria in 2013.
G4-EN33	<p><b>Significant actual and potential negative environmental impacts in the supply chain and actions taken:</b></p> <p>Report the number of suppliers subject to environmental impact assessments. Report the number of suppliers identified as having significant actual and potential negative environmental impacts. Report the significant actual and potential negative environmental impacts identified in the supply chain. Report the percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. Report the percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</p>	No known actual or potential supplier-related negative environmental impacts. Leidos does not currently require supply chain environmental impact assessments, however we expect that our suppliers will abide by our Code of Conduct.

### SOCIAL | LABOR PRACTICES AND DECENT WORK

#### ASPECT: EMPLOYMENT

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA1	<p><b>Total number and rates of new employee hires and employee turnover by age group, gender and region:</b></p> <p>Report the total number and rate of new employee hires during the reporting period, by age group, gender and region. Report the total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	People > Employee Demographics and Statistics

#### ASPECT: LABOR/MANAGEMENT RELATIONS

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA4	<p><b>Minimum notice periods regarding operational changes, including whether these are specified in collective agreements:</b></p> <p>Report the minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	While the minimum notice will depend on business necessity, as a practice, whenever possible, Leidos provides at least 30 days notice to employees of operational changes.

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | LABOR PRACTICES AND DECENT WORK

#### ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA6	<p><b>Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender:</b></p> <p>Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by:</p> <ul style="list-style-type: none"> <li>▶ Region</li> <li>▶ Gender</li> </ul> <p>Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by:</p> <ul style="list-style-type: none"> <li>▶ Region</li> <li>▶ Gender</li> </ul> <p>Report the system of rules applied in recording and reporting accident statistics.</p>	<p>Leidos reports for the company's overall injury rate by total workforce only (vs. by gender or region.)</p> <p>Environment &gt; Environmental Health and Safety</p>

#### ASPECT: TRAINING AND EDUCATION

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA9	<p><b>Average hours of training per year per employee by gender, and by employee category:</b></p> <p>Report the average hours of training that the organization's employees have undertaken during the reporting period, by:</p> <ul style="list-style-type: none"> <li>▶ Gender</li> <li>▶ Employee category</li> </ul>	People > Career Development and Mentoring
G4-LA10	<p><b>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings:</b></p> <p>Report on the type and scope of programs implemented and assistance provided to upgrade employee skills. Report on the transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p>	People > Career Development and Mentoring
G4-LA11	<p>Report the percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period</p>	100% of Leidos employees received an annual performance evaluation and career development review in CY2013.

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | LABOR PRACTICES AND DECENT WORK

#### ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA12	<p><b>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity:</b></p> <p>Report the percentage of individuals within the organization's governance bodies in each of the following diversity categories:</p> <ul style="list-style-type: none"> <li>▶ Gender</li> <li>▶ Age group: under 30 years old, 30-50 years old, over 50 years old</li> <li>▶ Minority groups</li> <li>▶ Other indicators of diversity where relevant</li> </ul> <p>Report the percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> <li>▶ Gender</li> <li>▶ Age group: under 30 years old, 30-50 years old, over 50 years old</li> <li>▶ Minority groups</li> <li>▶ Other indicators of diversity where relevant</li> </ul>	<p>People &gt; Employee Demographics and Statistics</p> <p>For governance composition, see G4-34 response.</p>

#### ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA14	<p>Report the percentage of new suppliers that were screened using labor practices criteria.</p>	Supplier and Small Business Relationships
G4-LA15	<p><b>Significant actual and potential negative impacts for labor practices in the supply chain and actions taken:</b></p> <p>Report the number of suppliers subject to impact assessments for labor practices. Report the number of suppliers identified as having significant actual and potential negative impacts for labor practices. Report the significant actual and potential negative impacts for labor practices identified in the supply chain. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labor practices with which improvements were agreed upon as a result of assessment. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labor practices with which relationships were terminated as a result of assessment, and why.</p>	<p>Supplier and Small Business Relationships</p> <p>Ethics and Compliance</p>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | LABOR PRACTICES AND DECENT WORK

#### ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-LA16	<p><b>Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms:</b></p> <p>Report the total number of grievances about labor practices filed through formal grievance mechanisms during the reporting period. Of the identified grievances, report how many were:</p> <ul style="list-style-type: none"> <li>▶ Addressed during the reporting period</li> <li>▶ Resolved during the reporting period</li> </ul> <p>Report the total number of grievances about labor practices filed prior to the reporting period that were resolved during the reporting period.</p>	Ethics and Compliance

### SOCIAL | HUMAN RIGHTS

#### ASPECT: NON-DISCRIMINATION

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-HR3	<p><b>Total number of incidents of discrimination and corrective actions taken:</b></p> <p>Report the total number of incidents of discrimination during the reporting period. Report the status of the incidents and the actions taken with reference to the following:</p> <ul style="list-style-type: none"> <li>▶ Incident reviewed by the organization</li> <li>▶ Remediation plans being implemented</li> <li>▶ Remediation plans have been implemented and results reviewed through routine internal management review processes</li> <li>▶ Incident no longer subject to action</li> </ul>	During FY2013, 26 discrimination investigations took place. Of those investigations, five were found to be valid. Of the valid cases, corrective action taken included two written warnings, two instances of training/counseling and one termination.

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | SOCIETY

#### ASPECT: LOCAL COMMUNITIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-SO1	<p><b>Percentage of operations with implemented local community engagement, impact assessments, and development program:</b></p> <p>Report the percentage of operations with implemented local community engagement, impact assessments, and development programs, including the use of:</p> <ul style="list-style-type: none"> <li>▶ Social impact assessments, including gender impact assessments, based on participatory processes</li> <li>▶ Environmental impact assessments and ongoing monitoring</li> <li>▶ Public disclosure of results of environmental and social impact assessments</li> <li>▶ Local community development programs based on local communities' needs</li> <li>▶ Stakeholder engagement plans based on stakeholder mapping</li> <li>▶ Broad based local community consultation committees and processes that include vulnerable groups</li> <li>▶ Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts</li> <li>▶ Formal local community grievance processes</li> </ul>	<p>Leidos does not currently track this metric. Most of our locations, however, engage in outreach within their communities. Included in this report are several examples of our efforts in both specific communities and amongst specific populations. We believe that these programs and activities are effective, yet continue to look for ways to maximize their positive effects and minimize any negative impacts.</p> <p>Community</p> <p>Community &gt; Corporate Philanthropy</p>

#### ASPECT: ANTI-CORRUPTION

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-SO3	<p><b>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified:</b></p> <p>Report the total number and percentage of operations assessed for risks related to corruption. Report the significant risks related to corruption identified through the risk assessment.</p>	<p>The Leidos Internal Audit department annually audits approximately 40%, or roughly eight, of our operations to ensure appropriate compliance with policies and procedures. Through this cyclical audit schedule, all business operations are audited regularly. In addition, the department conducted functional reviews throughout the corporation such as the audit of the Shared Service Center and Company-wide purchasing activity.</p>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | SOCIETY

#### ASPECT: ANTI-CORRUPTION (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-SO4	<p><b>Communication and training on anti-corruption policies and procedures:</b></p> <p>Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. Report the total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. Report the total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Report the total number and percentage of governance body members that have received training on anti-corruption, broken down by region. Report the total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	Ethics and Compliance
G4-SO5	<p><b>Confirmed incidents of corruption and actions taken:</b></p> <p>Report the total number and nature of confirmed incidents of corruption. Report the total number of confirmed incidents in which employees were dismissed or disciplined for corruption. Report the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. Report public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	None

#### ASPECT: PUBLIC POLICY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-SO6	<p><b>Total value of political contributions by country and recipient/beneficiary:</b></p> <p>Report the total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. Report how the monetary value of in-kind contributions was estimated, if applicable.</p>	The Leidos Political Action Committee (L-PAC) made \$380,000 in political contributions during the 2012-2013 election cycle (CY2013). No in-kind contributions were made. No political contributions were made to state and local candidates and committees and all L-PAC contributions were made within the United States.

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | SOCIETY

#### ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-SO7	<p>Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes:</p> <p>Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. Report the main outcomes of completed legal actions, including any decisions or judgments.</p>	None

#### ASPECT: COMPLIANCE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-SO8	<p><b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations:</b></p> <p>Report significant fines and non-monetary sanctions in terms of:</p> <ul style="list-style-type: none"> <li>▶ Total monetary value of significant fines</li> <li>▶ Total number of non-monetary sanctions</li> <li>▶ Cases brought through dispute resolution mechanisms</li> </ul> <p>If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient. Report the context against which significant fines and non-monetary sanctions were incurred.</p>	<p>None</p> <p>Ethics and Compliance</p>

### SOCIAL | PRODUCT RESPONSIBILITY

#### ASPECT: CUSTOMER PRIVACY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-PR8	<p><b>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data:</b></p> <p>Report the total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> <li>▶ Complaints received from outside parties and substantiated by the organization</li> <li>▶ Complaints from regulatory bodies</li> </ul> <p>Report the total number of identified leaks, thefts, or losses of customer data. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	<p>None</p> <p>Ethics and Compliance &gt; Data Privacy</p>

# Global Reporting Initiative (GRI™) G4 Index

## SPECIFIC STANDARD DISCLOSURES (cont'd)

### SOCIAL | PRODUCT RESPONSIBILITY

ASPECT: CUSTOMER PRIVACY (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2013 RESPONSE
G4-PR9	<p><b>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services:</b></p> <p>Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.</p>	None



## About Leidos

Leidos is a FORTUNE 500® science and technology solutions leader working to address some of the world's toughest challenges in national security, health and engineering. The Company's 21,000 employees support vital missions for our government and the commercial sector, develop innovative solutions to drive better outcomes, and defend our Nation's digital and physical infrastructure from 'new world' threats. Headquartered in Reston, Va., Leidos reported annual revenues of approximately \$5.77 billion for its fiscal year ended January 31, 2014, after giving effect to the spin-off of the company's technical services and information technology business.



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