

2014



Corporate Responsibility Report

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



Corporate Responsibility

Our solutions transform business and change the world. We're equally committed to using our time and resources to support people, enrich communities, and protect the environment. This commitment 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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Message from CEO Roger Krone



By exploring our sixth annual corporate responsibility report you will learn more about how Leidos is committed to sustaining 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 2014, we made \$1.8 million in charitable donations and our employees contributed over 14,500 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 employees — I continue to be inspired by their unwavering commitment to improve the world around us.

Working with 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. Our ethics program and practices are critical to our culture and the sustainability of our company.

We set a goal to reduce our GHG emissions by 25% no later than 2020 relative to a 2010 baseline. I'm proud that our legacy company achieved this goal six years ahead of schedule, largely due to restructuring and real estate reductions as well as the concerted efforts of our employees. In 2014, as Leidos, we reduced GHG emissions by 13% owing to similar efforts, but also due to increased use of renewable energy to power our owned facilities. 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 extending to the right.

Roger A. Krone
Chief Executive Officer



EXECUTIVE SUMMARY

2014 WAS DEFINED BY TRANSITION 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. In our first full year as Leidos, we strengthened our exceptional workforce, maintained our focus on hiring veterans and wounded warriors, further reduced our Greenhouse Gas (GHG) emissions, refocused and enhanced our already strong ethics programs, and strengthened our engagement in the communities where we live and work.

GRI™ G4 Indicators
reported in this section:

General Standard
Disclosures 2, 13

The highlights below are just a few of our key accomplishments and successes in major focus areas during calendar year 2014.

OUR PEOPLE

- ▶ We increased our diversity efforts in 2014 by instituting three new Employee Resource Groups (ERGs). ERGs are company-sponsored affinity organizations composed of employees who join together based on shared characteristics or life experiences. Leidos ERGs include the Military Alliance Group, the Women’s Network, and the Millennials. A fourth, the Lesbian, Gay, Bisexual, Transgender, and Questioning (LGBTQ) ERG, was approved in 2015.
- ▶ We expanded our development opportunities for employees by adding Massive Open Online Courses (MOOCs) to our already broad range of tools and resources available to all employees. Leidos continues to offer more than 3,000 online courses at no cost to employees or their organizations on topics such as business, management and information technology.
- ▶ 15 percent of our workforce are veterans, illustrating a strong affinity with the military, both in our lines of business and our workforce. For our Operation Military Veteran Program (MVP) efforts, we ranked #44 on the Military Times “Best for Vets” Employers for 2015, based on 2014 data and we remain focused on hiring veterans, including wounded warriors.
- ▶ We further increased our focus on recruiting and retaining our most critical asset — our people. Our talent acquisition efforts improved through redesigned college outreach and strategic university alliance programs, as well as large-scale, diversity-focused marketing efforts to target candidates through job

Executive Summary

scraping, magazine ads, email campaigns, and more. Our Talent Resource Program works with staffing managers to match employees with open internal opportunities and our redeployment rate for affected employees has achieved an overall increase of 35 – 40 percent since 2009.

OUR COMMUNITIES

- ▶ We made \$1.8 million in charitable donations and our employees contributed over 14,500 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.
- ▶ Spanning six years, Leidos has donated over two million dollars to STEM education programs, and our employees logged over 6,600 volunteer hours alone to this cause in 2014. Representing nearly one half of all volunteer hours logged for the year, Leidos employees continue to help foster America's next generation of technical professionals. During 2014, Leidos conducted an enterprise-wide Habitat for Humanity® campaign. Supported by \$100,000 in donations and thousands of volunteer hours, nearly 300 Leidos employees worked on two dozen construction and rehabilitation projects across eleven states, helping 30 families to secure affordable housing.

OUR ENVIRONMENT

- ▶ Between 2013 and 2014 we saw an additional 13% reduction in GHG emissions due to additional real estate restructuring, efficiency programs, and the increased use of renewable energy to power our owned facilities.
- ▶ Our environmental professionals continue to drive the global conversation on environmental challenges, advancing innovative ideas through Leidos.com, magazines and trade journals, and presentations at conferences like DistribuTECH®.
- ▶ Leidos was ranked 33rd in Engineering News-Record's 2014 Top 200 Environmental Firms.

We have a lot to be proud of when looking back on 2014. 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 help individuals and families to succeed today and 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:

1. **Education (Science, Technology, Engineering, and Mathematics, or STEM, focus):** We continue to focus on STEM education and skills development, from kindergarten through college and beyond.
2. **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.
3. **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.
4. **Ethics/leadership:** We collaborate with chambers of commerce and schools to develop ethics and leadership programs for the next generation workforce.

GRI™ G4 Indicators
reported in this section:

Specific Standard

Disclosures

EC: 1

SO: 1

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. 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.

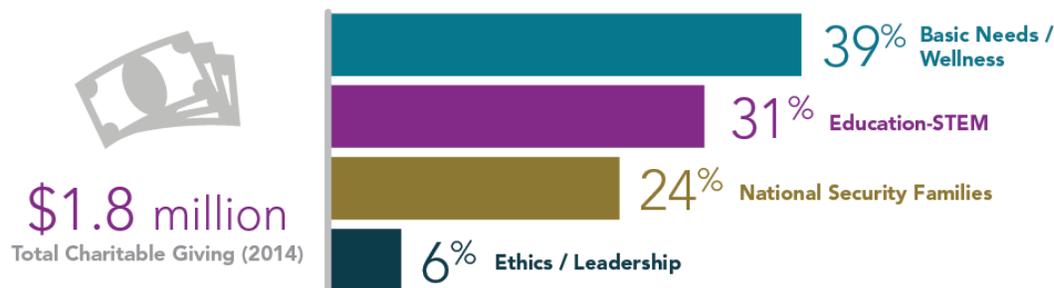
Specifically, we focus on:

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

- ▶ 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, academic institutions, and government agencies) to improve our local communities.

CHARITABLE GIVING

During calendar year 2014, the approximate distribution of our enterprise-wide charitable giving by emphasis area (shown below) is consistent with our prior year spending on a percentage basis, with a future priority to more evenly distribute our spending across emphasis areas. Total spending decreased by 25% over 2013 levels owing to a reduction in the size of the company and associated resources compared to the prior period.



Leidos does not have a foundation and does not generally accept unsolicited requests for grants, sponsorships or donations. To execute our philanthropic strategy, we identify and reach out to those organizations that best align with our giving priorities and objectives as a company.

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 14,000 hours in 2014 (shown below), a slight decrease over calendar year 2013 owing to a period of intense organizational transition combined with an overall decrease in the total number of Leidos employees. In addition to supporting company-sponsored efforts, our employees also pursue numerous other cause areas, reflecting their varied passions and interests.



At Leidos, we regularly highlight employee volunteer accomplishments. This helps to increase employee engagement by incentivizing new volunteer projects and ultimately contributes to improved retention and hiring, respectively. In 2014, we celebrated the company's spirit of volunteerism and philanthropy as part of our Inspired to Make a Difference campaign, where each day during the holiday season we highlighted a Leidos employee and their passion for giving back. Similarly, as part of the Leidos Operation MVP Military Veteran Program, we celebrated the "Heroes of Leidos," honoring our veteran employees for their service and sacrifice on behalf of our nation. Every day, our employees are change agents in their communities.

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

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 sources 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. In 2014, we increased to eleven university partners by adding three additional schools to our program (Howard University, West Virginia University, and the U.S. Naval Academy). All schools are 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:





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 environmental issues.

Internally, we use our energy, environmental, and infrastructure expertise to inform our own accountability with regard to environmental impacts. 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 set a goal to reduce our greenhouse gas (GHG) emissions by 25% no later than 2020 relative to a 2010 baseline. Our legacy company achieved this goal six years ahead of schedule, largely due to restructuring and real estate reductions as well as the concerted efforts of our employees. In 2014, as Leidos, we reduced GHG emissions by 13% owing to similar efforts, as well as the use of renewable energy to power our owned facilities.

Leidos promotes environmental stewardship as a key element of corporate responsibility, contributing to the environmental 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 is consistent with corporate values to be a good environmental steward in the communities where we live and work.

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

Environment

ENVIRONMENTAL SERVICES, THOUGHT LEADERSHIP AND PERFORMANCE

OUR GREATEST CONTRIBUTION TO ENVIRONMENTAL STEWARDSHIP IS THROUGH INNOVATIVE SOLUTIONS WE PROVIDE TO OUR CUSTOMERS.

Leidos has more than 40 years of energy, environment, and critical infrastructure experience. Our energy solutions advance the nation's need for clean, reliable, and secure energy with a strong emphasis on strategic energy management and efficiency. We have been a pioneer in the efficiency program industry for more than 30 years, and we continue to lead the energy efficiency industry with our innovations today. Leidos is also a leader in the environmental engineering space, with solutions ranging from planning through implementation, public participation, regulatory compliance, data management, and site remediation.

We have delivered innovative solutions for more than four decades to build a legacy of excellence for environmental services. Leidos has:

- ▶ Been ranked by Engineering News-Record among the Top 10 environmental management companies nationwide
- ▶ Completed more than 1,000 National Environmental Policy Act (NEPA) projects to date
- ▶ Completed more than 8,200 environmental remediation projects; 400 environment, health, and safety compliance and verification studies; and 500 hazardous, toxic, and radioactive waste projects to date
- ▶ Prepared the largest habitat conservation plan for aquatic resources in the United States
- ▶ Collected more than a quarter million environmental samples for testing and analysis

Our energy solutions are equally notable. Leidos has:

- ▶ Been ranked by Engineering News-Record among the Top 10 design companies nationwide in solar and wind power
- ▶ Helped utilities save more than 700,000 net megawatt hours annually through our energy efficiency services, enough to power more than 65,000 homes
- ▶ Provided nearly \$540 million in incentives from more than 40 large-scale energy efficiency programs
- ▶ Reviewed 530 renewable energy and 150 biofuel projects across six continents, with energy capacity in excess of 35,000 megawatts over the last two years

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.

Environment

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

ENERGY EFFICIENCY



ActOn® Business Energy Efficiency Program

Ameren Illinois



Statewide Energy Efficiency and Renewable Resource Program

State of Wisconsin Focus on Energy



Enterprise-Wide, Real-Time Energy Commissioning Services

General Motors



Advancing Energy Efficiency Upgrades in Florida

Florida PACE Funding Agency

ENVIRONMENTAL REMEDIATION/ASSESSMENT



Restoration and Remediation at New Jersey Air Force Base

Air Force Civil Engineer Center



Innovative Remedial Investigation and Feasibility Study at Louisiana Artillery Range

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



Investigation and Remediation at Iowa Army Ammunition Plant

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



Integrated Natural Resource Management and Support

U.S. Air Force Base Eglin

THOUGHT LEADERSHIP

Leidos and the solutions we deliver are consistently recognized by customers and the media. Learn more by visiting <https://www.leidos.com/engineering/industry-rankings>.

- ▶ Project Merit: Energy Efficiency (Ameren Illinois) *Climate Change Business Journal* - 2014
- ▶ Project Merit: Energy Efficiency (U.S. Automaker) *Climate Change Business Journal* - 2014
- ▶ Sustaining Member Firm of the Year Award *Huntsville Post of the Society of American Military Engineers* – 2014
- ▶ Occupational Excellence Achievement Award *National Safety Council* - 2014

Environment

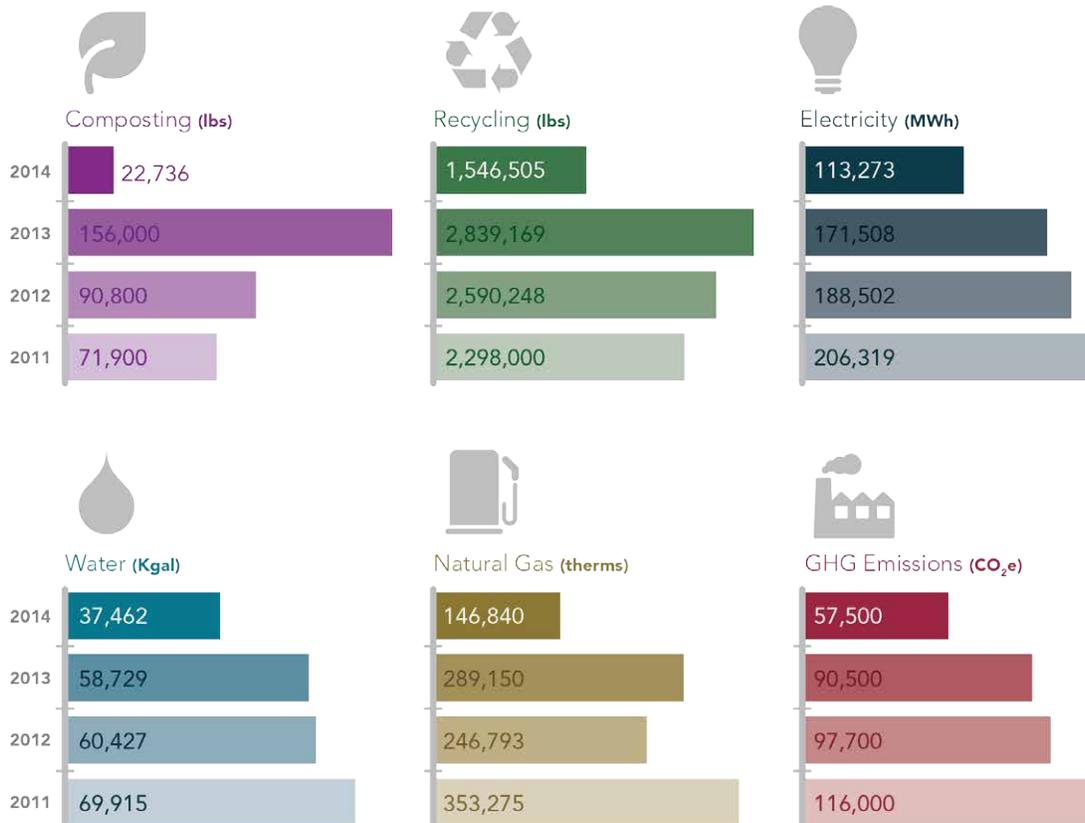
CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP

WE ARE COMMITTED TO REDUCING OUR ENVIRONMENTAL IMPACT

At Leidos, we have eliminated under-performing real estate assets and improved operating efficiencies across our entire real estate portfolio, including through flexible workplace initiatives. As a result, we reduced our overall carbon footprint by approximately 25% and decreased our number of actual office locations by approximately 33% in 2013. These reductions were the single largest contributing factor to reaching our Legacy 2020 greenhouse gas (GHG) reduction goal of 25% six years early. During the period 2013-2014, we reduced GHG emissions by 13% through continued real estate restructuring, improved efficiency programs and increased use of renewable energy to power our owned facilities. 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.



Notes:
 2011-2013 data reflects combined, legacy company (SAIC and Leidos); 2014 is Leidos-only.
 2013 and 2014 GHG emissions are calculated, but not yet verified.
 Electricity (MWh) includes all owned and leased real estate.
 Natural Gas (therms) includes owned and leased real estate where utility bills are paid for by Leidos.
 2013 Recycling (lbs) corrected owing to improved reporting (2,839,169 vs. 1,075,634 as reported previously).

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 GHG emissions in 2011, we have met our target of a 25 percent absolute reduction from a 2010 baseline.

In calendar year 2014, Leidos achieved a 13% reduction in GHG emissions from the prior year. This reduction is based solely on Leidos assets..

REPORTING REQUIREMENT	DIRECT GHG EMISSIONS (SCOPE 1)	ENERGY INDIRECT GHG EMISSIONS (SCOPE 2)
2014 GHG Emissions (MTCO ₂ e) ¹	2,000 Leidos only	55,500 Leidos only
Gases included in calculation	CO ₂ , CH ₄ , N ₂ O, HFCs	CO ₂ , CH ₄ , N ₂ O, HFCs
Base Year	2010	2010
Base Year Emission (MTCO ₂ e)	3,000 Leidos and SAIC only	117,900 Leidos and SAIC only
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. ²	
Consolidation Approach	Operational Control	

¹ 2014 GHG emissions results have not yet been third-party verified.

² TCR's General Reporting Protocol & Conversion Factors can be found on their web site.

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

Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

- » Purchasing renewable energy credits through a proven and innovative energy auction conducted by the Leidos Energy Solutions Team
- ▶ 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 (joules or multiples)

	FUEL TYPE	2014 CONSUMPTION
BUILDING	Natural Gas	14,684 (MMBtu)
	Propane	5,650 (gal)
	Diesel - Generators	844 (gal)
FLEET	Gasoline	93,859 (gal)
	Diesel - Fleet	14,421 (gal)
	E85	14,946 (gal)

Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

Total energy consumption (Gigajoules)

	FUEL TYPE	2014 CONSUMPTION
BUILDING	Electricity	407,784
	Natural Gas	15,492
	Propane	542
	Diesel - Generators	115
FLEET	Gasoline	11,289
	Diesel - Fleet	1,970
	E85	1,290
TOTAL		438,482

Overall reduction in energy consumption achieved through conservation and efficiency initiatives

	FUEL TYPE	CHANGE FROM 2013 - 2014
BUILDING	Electricity	-16,028 (MWh)
	Natural Gas	-7,133 (MMBtu)
	Propane	-3,074 (gal)
	Diesel - Generators	-45 (gal)
FLEET	Gasoline	-12,591 (gal)
	Diesel - Fleet	-3,558 (gal)
	E85	-1,542 (gal)
TOTAL ENERGY (GJ)		-67,664
TOTAL ENERGY (%)		13%

The changes reflected above are for Leidos assets only. 2013 Consumption from SAIC/legacy company assets was removed before the changes were calculated.

Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

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, 2014 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 2014 by the fuel consumption rate (gallons per hour) specific to each generator model.

BUILDING TYPE	ELECTRICITY INTENSITY FACTORS
Office	17.3
Warehouse / Storage	7.6
Lab / R&D / Other	22.5

Source: 2003 Commercial Buildings Energy Consumption Survey (CBECS), Energy Information Administration.

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

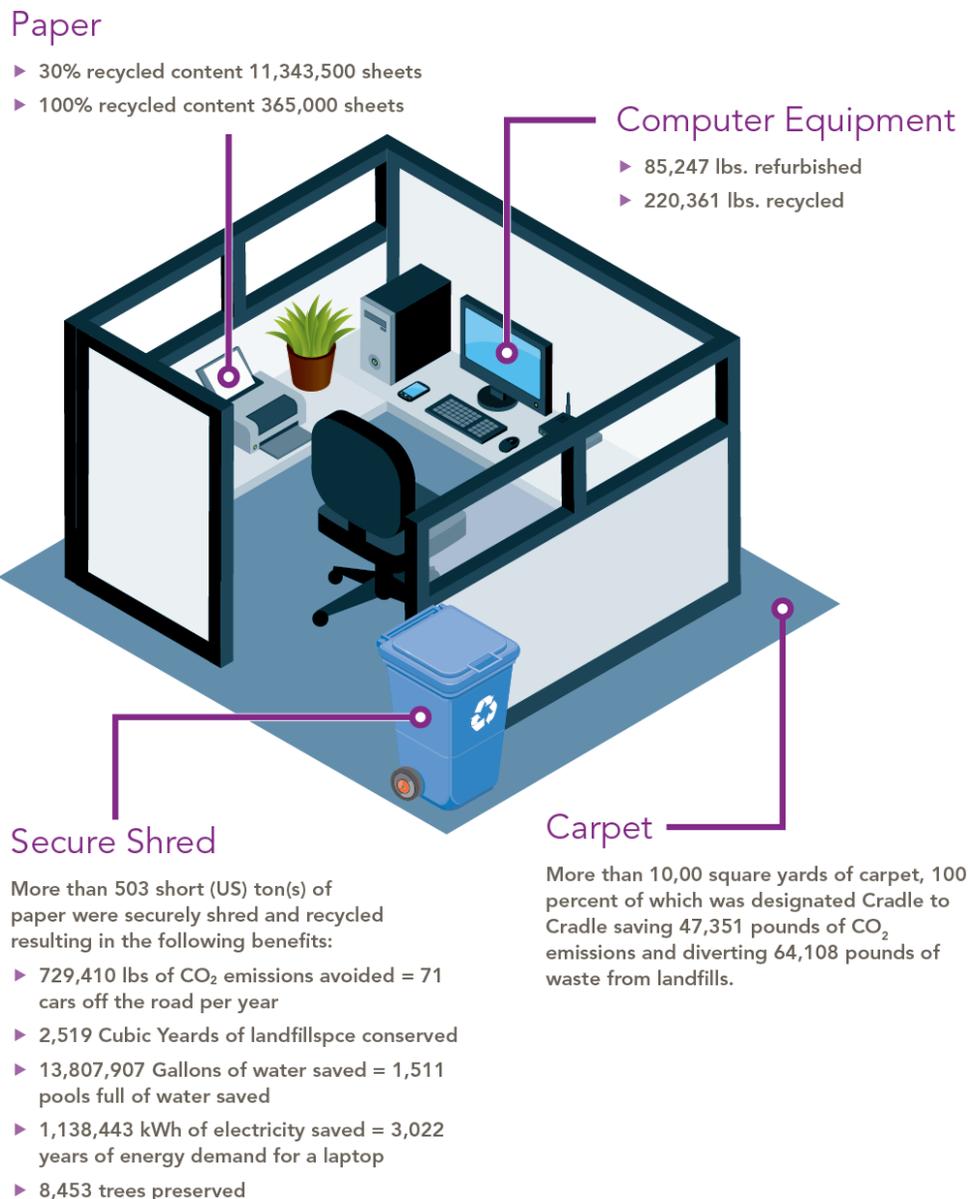
Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

MATERIAL USE AND ENVIRONMENTAL SUPPLIER ASSESSMENT

Leidos is in the process of transitioning to a new supplier information and program management system that will be complete by the end of calendar year 2015.

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.



Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP (cont'd)

WATER

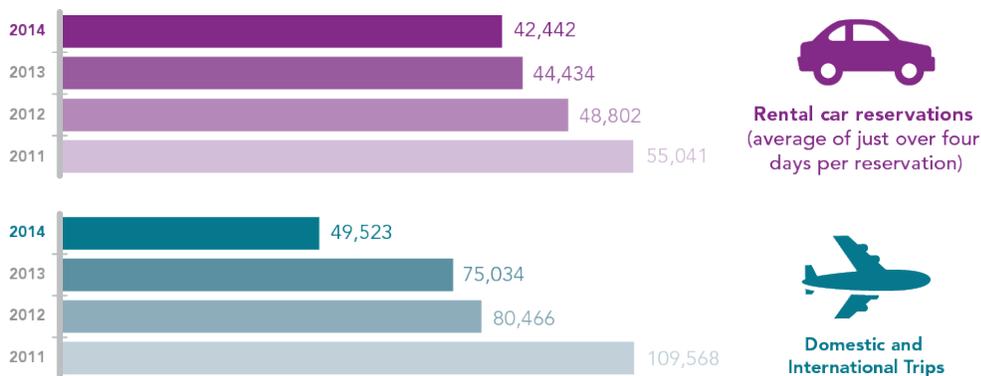
Water use at Leidos is mostly limited to typical commercial office consumption, which does not have a significant effect on national or local water sources. We monitor our water use and work to reduce its use through water-efficient technology, especially in water-sensitive climates like Southern California. 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. 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. Leidos was ranked as one of the top 100 Companies Offering telecommuting Jobs In 2015 by Forbes and Flexwork.

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.

2014 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	2010	2011	2012	2013	2014
Injury Cases (OSHA 300 Col. M1)	0.9	0.4	0.5	0.5	0.3
Illness Cases (Occupational Diseases) (OSHA 300 Col. M2-M6)	0.04	0.03	0.05	0.05	0.04
Days Away From Work Cases (Lost Days) (OSHA 300 Col. H)	0.3	0.1	0.2	0	0.1
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 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 creating the Employee Ethics Council's 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 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 77 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 2014 UPDATE

THE LEIDOS ETHICS PROGRAM TOUCHES EVERY ASPECT OF EMPLOYEE CONDUCT.

Combining policies, procedures, materials, risk, 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.

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 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.

Ethics and Compliance

ETHICS PROGRAM STRUCTURE AND 2014 UPDATE (cont'd)

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.

2014 ETHICS PROGRAM UPDATE

In addition to our Values, Beliefs & Expectations, action, accountability, and assistance are included in the Leidos Code of Conduct, which each employee must read to earn their annual certification. Required annual 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.

Ethical business conduct and compliance is a line management responsibility and is not regarded as a matter within the exclusive domain of the chief ethics officer. Leidos encourages 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 2014 UPDATE (cont'd)

Our goal every year is a Code of Conduct certification and Ethics Awareness Training completion rate of 100 percent, which we achieved in 2014. This exceptionally high rate demonstrates our focus and attention on employee ethics training. We also continue to enhance our ethics case process, ensuring thorough training and objective investigation through corrective and disciplinary action follow-up.

In 2014, 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: Protect Leidos and customer assets; foster a safe and healthy work environment; deal fairly and honestly with customers, third parties and public officials; conduct international business properly; report misconduct; and protect colleagues from retaliation. In sum, do the right thing every day. Leidos leadership and the 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 and the nations we support.

Ethics and Compliance

DATA PRIVACY

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

We integrate privacy protection into our Code of Conduct and customer programs. Protecting information is a commitment we make to our customers and it is an essential part of doing business. Improperly handling sensitive information, even by a single individual, can have serious consequences for our employees, our company and our customers.

Our Information Protection Council (IPC) includes subject matter experts from security, information technology, corporate legal, the business lines, export control, program execution, and communications. The IPC promotes compliance with laws and regulations, helps protect information from unauthorized disclosure and modification, and promotes collaboration across the enterprise on information security and privacy issues. Our efforts have resulted in continuous improvement programs and awareness products such as security, privacy, and Health Insurance Portability and Accountability Act (HIPAA) training modules; and an enterprise communication campaign focused on individual responsibility to protect several categories of sensitive information



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: 1, 9-10, 12

People

PROFESSIONAL AND CAREER DEVELOPMENT

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 development tools and resources are available to all Leidos employees, and managers are empowered to assist employees in identifying career interests and developmental goals. 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 development and training resources to employees to help them learn new skills that improve job performance and to prepare for more advanced positions.

In 2014, Leidos introduced a MOOC (Massive Open Online Course) platform to provide all employees access to development and training, regardless of geographic location or schedule demands. MOOCs focus on a variety of topics, such as leadership development and encouraging innovation. Due to the success of this format, we added more courses in 2015, including supervisor responsibilities and PMP certification preparation.

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.

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. For example, during 2015, all senior executives have been involved in mentoring a diverse employee and plans are underway to offer mentoring programs through the company's various Employee Resource Groups.

People

PROFESSIONAL AND CAREER DEVELOPMENT (cont'd)

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.

RETAINING OUR MOST CRITICAL ASSET

Developing and retaining a talented workforce is essential to our success. The dynamic nature of our work in Health, Engineering, and National Security means that our employees may be faced with position reductions and reorganizations when a program ends, is recompleted, 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.

Our Talent Resource Program partners with Talent Acquisition teams and Hiring Managers to identify potential open internal opportunities. Talent Resource Partners provide a variety of services, including one-on-one coaching, interview training, resume building guidance, and information on other internal organizations that need similar skill sets. Various resources are available to employees, including 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 efforts of Talent Resource Partners, our redeployment rate for affected employees has had an overall increase of 35 — 40 percent since 2009.

People

DIVERSITY AND INCLUSION

WE BELIEVE DIVERSITY AND INCLUSION CREATE THE COHESIVE AND COLLABORATIVE TEAMS THAT DRIVE INNOVATIVE SOLUTIONS.

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.
- ▶ How we develop and promote a diverse talent pipeline, including mentoring diverse employees by senior company leaders and establishing diverse candidate slates for senior level positions.
- ▶ Our focus on creating an inclusive environment where differences are valued and can thrive through the formation of Employee Resource Groups (ERGs).
- ▶ 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.

TALENT ACQUISITION

Leidos is executing a strategy to target a more diverse candidate population to positively affect areas of underutilization. In order to reach more candidates, we take a multi-pronged approach to recruiting. Our college campus outreach engages diverse engineering and science clubs at partner schools from our Strategic University Alliances and others that produce students and graduates well-suited to fill intern and entry-level positions. We attend and participate in a variety of career fairs near our primary locations that specifically target different minority groups, the disabled and military personnel. Our recruiting strategy also includes large scale diversity-focused marketing and advertising that targets candidates through job scraping, magazine ads, targeted email campaigns, and more. To attract, retain, and support veterans, Leidos has a dedicated military veteran outreach program. Our ERGs also play an important role in promoting jobs within those diverse groups.

EMPLOYEE RESOURCE GROUPS (ERGS)

At Leidos, our ERGs are company-sponsored organizations that are composed of employees who join together based on shared characteristics or life experiences. Our emphasis in 2015 has been establishing the leadership structure and operations of ERGs approved in 2014. Several ERGs have established chapters in multiple Leidos locations and begun implementation of development programs for their members. 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

People

DIVERSITY AND INCLUSION (cont'd)

Current Leidos ERGs:

- ▶ **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.
- ▶ **LGBTQ** — This ERG was approved in 2015 with the purpose of fostering employees' understanding of Lesbian, Gay, Bisexual, Transgender, and Questioning (LGBTQ) issues and workplace needs.

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

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 nearly 3,000 of our 19,000 employees — or 15 percent — are military veterans. We assist veterans through the often difficult transition from military life to a career in the private sector. In 2014 alone, we hired 681 veterans. 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 this 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. For our efforts, we were ranked #44 on the Military Times “Best for Vets” Employers for 2015, based on 2014 data.

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. Leidos works hand-in-hand with Joining Forces, as well as other national and state veteran hiring initiatives such as ESGR (Employer Support of The Guard and Reserve), Virginia Values Veterans, and Operation Hire Maryland. For a full list, visit <https://www.leidos.com/careers/operation-mvp#Rankings>.

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.

People are the foundation of everything that we do. It is our responsibility to provide opportunities for them and give them paths to grow and develop – this will help us retain our best talent. Fostering a diverse team is also critical in order to provide the best possible results for our customers.

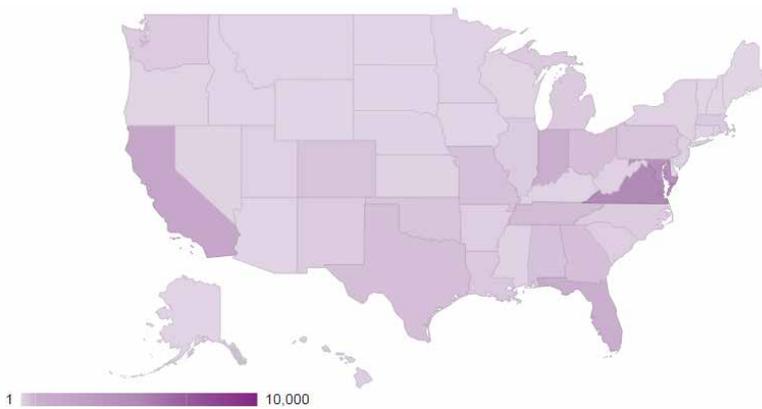
LOCATIONS

U.S. Employees

Leidos is a global company with nearly 19,000 employees worldwide (as of the end of January 2015, the fiscal year end most closely aligned with calendar 2014). Of that population, over 18,000 are in the U.S., representing all 50 states, the District of Columbia, and territories. The largest concentration of our employees is in the National Capital Region, with about 6,000 employees in the Washington, D.C. Metropolitan area.

Our total number of employees declined again in 2014, due to organizational changes resulting from that separation and the ongoing impact of sequestration on our business.

In prior years, employees that worked remotely or at customer sites without an established Leidos office were mapped to a Leidos "home" office, which may not have been in the same state as their actual location. Due to improvements in data collection and reporting, employees are now mapped to where they are physically working.



Since this map does not display Washington, D.C. or U.S. territories, 207 employees working in Washington, D.C. are mapped to Virginia, and employees working in U.S. territories appear in the International Map below.

Alabama	326	Montana	15
Alaska	18	Nebraska	43
Arizona	314	Nevada	58
Arkansas	97	New Hampshire	9
California	1,626	New Jersey	79
Colorado	305	New Mexico	174
Connecticut	36	New York	78
Delaware	3	North Carolina	133
DC	207	North Dakota	4
Florida	896	Ohio	364
Georgia	360	Oklahoma	283
Hawaii	142	Oregon	27
Idaho	20	Pennsylvania	297
Illinois	154	Rhode Island	48
Indiana	1,009	South Carolina	114
Iowa	2	South Dakota	2
Kansas	52	Tennessee	431
Kentucky	37	Texas	361
Louisiana	208	Utah	70
Maine	2	Vermont	3
Maryland	4,031	Virginia	4,623
Massachusetts	180	Washington	171
Michigan	194	West Virginia	65
Minnesota	61	Wisconsin	34
Mississippi	58	Wyoming	1
Missouri	346		

People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

International Employees

We also have employees in 20 countries around the world. As with the domestic data, due to improvements in 2014 data collection, we are now able to show actual location for more of our employees abroad than in the past.



South Africa	1
Japan	64
Korea, Republic of	53
Afghanistan	67
Bahrain	8
Kuwait	72
Qatar	2
Saudi Arabia	54
United Kingdom	40
Greece	3
Italy	24
Portugal	2
Spain	5
Belgium	2
France	1
Germany	89
Netherlands	10
Canada	50
Cuba	7
Puerto Rico	9
Australia	46
Guam	11

Leidos employs 436 U.S. Armed Forces abroad (349 Europe and 87 Pacific) that are not shown on this map. Employees in U.S. territories appear on the International map.

People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

EMPLOYEES BY REGION AND GENDER

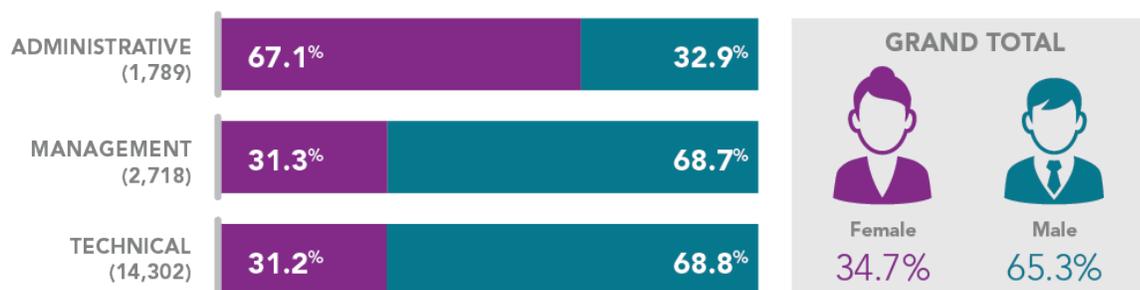
REGION	% FEMALE	% MALE
Africa	0.0%	100.0%
Asia	14.1%	85.9%
Europe	35.2%	64.8%
North America - Canada	42.0%	58.0%
North America - Caribbean	43.8%	56.3%
Oceania (Australia, South Pacific)	17.5%	82.5%
TOTAL	34.7%	65.3%

WORKFORCE COMPOSITION

The overall composition of our workforce in terms of ethnicity, gender, and age, has remained steady over the past several years. Leidos tracks workforce metrics regularly and participates in benchmarking studies to ensure that we are in line with industry trends and on target for our people goals. Initiatives to positively impact our diversity, such as affinity groups like our ERGs and recruiting and development efforts that focus on minorities are ongoing. See Diversity and Inclusion for more information on these and other programs.

The technical category comprises the preponderance of the Leidos workforce, with 14,302 employees in total; the management category includes all levels of managers, including executive managers.

Employees by Gender



People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

EMPLOYEES BY EMPLOYEE CATEGORY

EMPLOYEE CATEGORY	ADMINISTRATIVE	MANAGEMENT	TECHNICAL	TOTAL *
Female	67.1 %	31.3%	31.2%	34.7%
Male	32.9%	68.7%	68.8%	65.3%
Under 30	16.4%	0.5%	10.6%	9.7%
30-50	49.5%	42.5%	50.7%	49.4%
Over 50	34.0%	57.0%	38.7%	40.9%
American Indian or Alaska Native	1.0%	0.8%	0.8%	0.8%
Asian	4.1%	4.7%	8.7%	7.7%
Black	16.6%	5.4%	8.7%	9.0%
Hispanic	8.1%	3.1%	4.6%	4.7%
Native Hawaiian or Other Pacific Islander	0.9%	0.1%	0.3%	0.3%
Other, Unknown	1.8%	0.8%	1.9%	1.8%
White	67.5%	85.0%	75.0%	75.7%
TOTAL	1,789	2,718	14,302	18,809

* Employee Category (Administrative, Technical, Management) data is based on EEO Job Classifications. 42 employees with no EEO-1 classification identified are excluded.

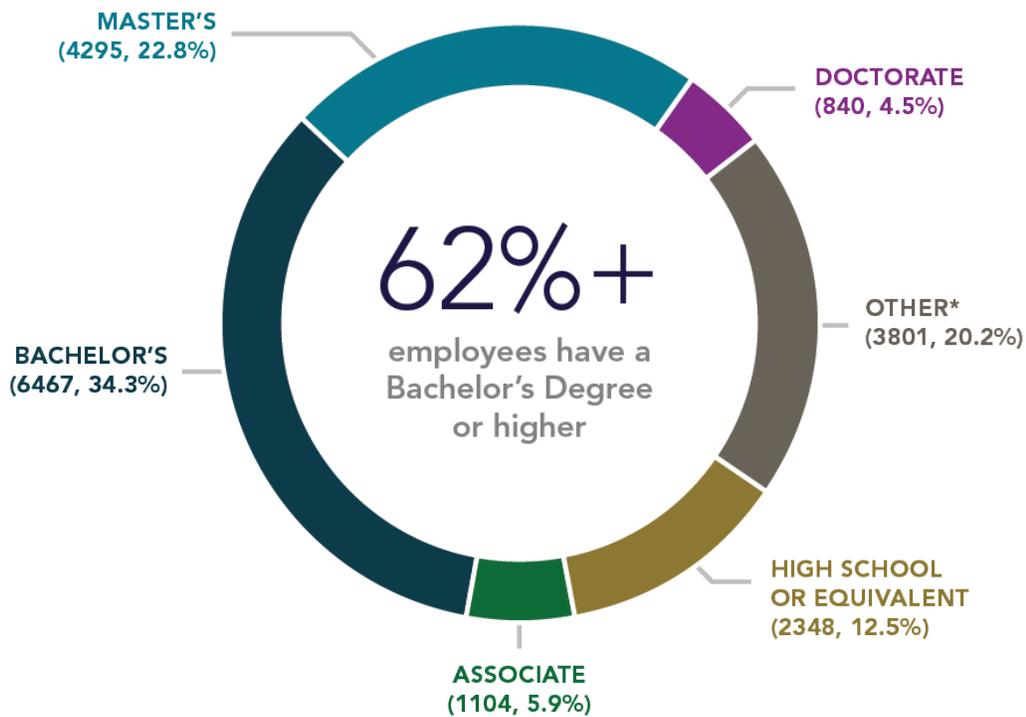
People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

EMPLOYEE EDUCATION

More than three quarters of our workforce is composed of scientists, engineers, developers, analysts, and others in technical positions. Leidos is proud of these very educated individuals and their contributions to our customers, partners, and communities.

HIGHEST DEGREE OBTAINED



* These 3,801 employees hold a variety of degrees, including advanced degrees, but due to migration of employee data from subsidiaries and into new reporting systems, validated degree information is not available as of the end of 2014.

People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (cont'd)

TURNOVER

EMPLOYEE CATEGORY	ADMINISTRATIVE	MANAGEMENT	TECHNICAL	TOTAL *
Female	1,480	20.2%	2,806	38.4%
Male	2,740	20.7%	4,480	33.9%
Under 30	1,096	52.3%	1,185	56.5%
30-50	2,062	20.0%	3,711	36.0%
Over 50	1,062	13.1%	2,390	29.4%
Africa	0	0.0%	0	0.0%
Asia	71	19.2%	237	64.1%
Europe	42	22.7%	60	32.4%
North America - Canada	1	1.6%	32	50.6%
North America - Caribbean	2	12.6%	4	25.1%
Oceania (Australia, South Pacific)	10	18.5%	13	24.0%
North America - USA	4,094	20.7%	6,923	34.9%
TOTAL	4,220	20.6%	7,286	35.5%

Hire Rate and Total Turnover Rate calculated using average Headcount during the reporting period. Terminations include both voluntary and involuntary terminations.



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 7,500 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)

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 supporting a contract with a US Government end user must complete a Representations & 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 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.

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 enhancing our Strategic Sourcing program. The goal of the Strategic Sourcing program is to actively manage Leidos' 3rd party spend, identify and expand supplier segmentation, and strategically source core business expenses. Through our supplier segmentation efforts we will maintain a vetted number of suppliers that will enable Leidos to quickly and cost effectively source quality products and services. Leidos aims to provide a diverse number of suppliers to compliment our goals of supporting the various categories of small businesses.

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.

Suppliers and Small Businesses Relationships (cont'd)

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 company separated in 2013, we do so while remembering that our success is strengthened by our legacy of commitment to small business engagement.

During government fiscal year 2014, Leidos awarded over \$948 million in contracts to small businesses. This is a reduction from the prior year awards as 2014 was the first year Leidos reported as a standalone company without SAIC contract and supporting subcontracts.

Leidos exceeded most government requirements and currently holds a rating of "Highly Successful" by the Defense Contract Management Agency (DCMA).

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 business	2013, 2012, 2011
Dod Nunn-Perry Award	Recognition of Leidos exemplary performance in mentor-protégé arrangements under DoD program	2014, 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 Prim 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 2014, 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.

Suppliers and Small Businesses Relationships (cont'd)

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 holds similar events for specific major programs and proposals.

MENTOR-PROTÉGÉ PROGRAM

Leidos was one of the first contractors to be selected for DoD's pilot Mentor-Protégé Program in 1991. Since that time, Leidos formally mentored nearly 100 small businesses and is one of the most active participants in the federal agency program, including maintaining approximately 10 current mentor-protégé agreements with agencies such as the Department of Army, Department of Health and Human Services (HHS), and the National Geospatial-Intelligence Agency (NGA). At a minimum, Leidos provides the following to all 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 (e.g., 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 helps develop our small business teammates while ensuring the highest levels of technical and programmatic performance.

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 maintains a program aimed at enhancing the growth of Veteran-Owned Small Businesses (VOSBs) of all types 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.

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 website, and our associated Global Reporting Initiative (GRI™) Index, 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 reports annually in accordance with the latest GRI™ G4 Reporting Guidelines (Core Option). The G4 guidelines eliminate scoring and emphasize materiality. This year’s report is our sixth, covering calendar year 2014, and marks our first, full-year report post-separation (In September, 2013, SAIC, Inc. separated into two independent, publicly-traded companies: New SAIC and Leidos). This report also aligns with and references our fiscal year Annual Report on Form 10-K.

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.

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.

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.

GRI™ G4 Indicators reported in this section:
General Standard Disclosures
18-19, 24-26

About Our Reporting (cont'd)



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



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



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



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

Stakeholder

- ▶ Issue regulations and Executive Orders (e.g., EO 13693) 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 outreach
- ▶ 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 2014 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

General Standard Disclosures are applicable to all organizations preparing sustainability reports. They cover corporate strategy and profile, governance and ethics, as well as detail about our approach to reporting

STRATEGY AND ANALYSIS

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 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	2014 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.	Annual Report on Form 10-K Part I, Item 1. Business
G4-9	Report the scale of the organization (total number of employees, operations, net sales, total capitalization, quantity of products/services provided).	18,851 employees. Two business sectors (National Security Sector; Health and Engineering Sector). \$5.06B fiscal year ended January 30, 2015. See Annual Report on Form 10-K Part II, Items 5-8 and Item 1. Business for full capitalization metrics and details on products/services, respectively.
G4-10	Report employee demographics.	People > Employee Demographics and Statistics

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

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

ORGANIZATIONAL PROFILE (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 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 Enterprise Risk Management Council (ERMC) to review business activities that present, or have the potential to present, significant risk to the company. Risks and their mitigation plans are identified by relevant operating units and functions. The ERMC reviews those plans to ensure that necessary actions are implemented to avoid, mitigate, and manage those risks and that the steps taken are in-line with the company's overall risk tolerance.
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 is involved.	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	2014 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 Annual Report on Form 10-K Part II, Items 5-8. 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

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> ▶ Report whether the Aspect is material within the organization ▶ 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"> » The list of entities or groups of entities included in G4-17 for which the Aspect is not material or » The list of entities or groups of entities included in G4-17 for which the Aspects is material ▶ Report any specific limitation regarding the Aspect Boundary within the organization 	<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, 2015, is provided in our Annual Report on 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"> ▶ Report whether the Aspect is material outside of the organization ▶ 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 ▶ Report any specific limitation regarding the Aspect Boundary outside the organization 	<p>See response to G4-20 above. Leidos reports Aspects that are deemed material and provides supporting data to the greatest extent 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 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.</p>

STAKEHOLDER ENGAGEMENT

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 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	2014 RESPONSE
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Calendar year 2014, with the exception of data about our financial performance, which is reported fiscal year ending, January 31, 2015.
G4-29	Date of most recent previous report (if any).	November, 2014.
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 Leidos reports are not currently 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 reporting, 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	2014 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 ten 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.

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

ETHICS AND INTEGRITY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 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	2014 RESPONSE
G4-EC1	<p>Direct economic value generated and distributed:</p> <p>Report the direct economic value generated and distributed (EVG&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&D separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.</p>	<p>See Annual Report on Form 10-K Part II, Items 5-8.</p> <p>Community > 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"> ▶ A description of the risk or opportunity and its classification as either physical, regulatory, or other ▶ A description of the impact associated with the risk or opportunity ▶ The financial implications of the risk or opportunity before action is taken ▶ The methods used to manage the risk or opportunity ▶ The costs of actions taken to manage the risk or opportunity 	<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"> ▶ 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. ▶ 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. ▶ 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. ▶ 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.

Global Reporting Initiative (GRI™) G4 Index

SPECIFIC STANDARD DISCLOSURES (cont'd)

ECONOMIC

ASPECT: ECONOMIC PERFORMANCE (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-EC3	<p>Coverage of the organization's defined benefit plan obligations:</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"> ▶ The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them ▶ The basis on which that estimate has been arrived at ▶ When that estimate was made <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, 2015, the Leidos Biomedical Research plan has 813 active participants, 552 deferred vested participants and 469 receiving pensions. This plan is approximately 93 percent funded as of January 1, 2015, on a stabilized funding basis. This plan is closed to future participants and as of January 1, 2015, only about 33 percent of active participants are still accruing benefits. The second plan includes, as of March 31, 2015, approximately 192 deferred and 59 current pensioners. It is also closed to future participants, is sponsored by the Calanais Pension Trustee Co., Ltd., and is approximately 86 percent funded.</p>

ENVIRONMENTAL

ASPECT: ENERGY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-EN3	<p>Energy consumption within the organization:</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"> ▶ Electricity consumption ▶ Heating consumption ▶ Cooling consumption ▶ Steam consumption <p>Report in joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> ▶ Electricity sold ▶ Heating sold ▶ Cooling sold ▶ Steam sold <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 > 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	2014 RESPONSE
G4-EN4	<p>Energy consumption outside of the organization:</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>Energy intensity:</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"> ▶ Energy intensity ratio: 73 kBtu/sqft. (buildings energy only). ▶ Organization-specific metric to calculate ratio: 5,492,068 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. ▶ 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. ▶ All reported energy is consumed within the organization.
G4-EN6	<p>Reduction of energy consumption:</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"> ▶ Report the types of energy included in the reductions: fuel, electricity, heating, cooling, and steam ▶ Report the basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it. ▶ Report standards, methodologies, and assumptions used. 	<p>Environment > 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	2014 RESPONSE
G4-EN15	<p>Direct greenhouse gas (GHG) emissions (Scope 1):</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>Energy indirect greenhouse gas (GHG) emissions (Scope 2):</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	2014 RESPONSE
G4-EN17	<p>Other indirect greenhouse gas (GHG) emissions (Scope 3):</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>Greenhouse gas (GHG) emissions intensity:</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"> ▶ GHG Emissions intensity ratio: 10.3 kgCO₂e/sqft. ▶ Organization-specific metric to calculate ratio: 5,492,068 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. ▶ 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. ▶ Gases included in calculation: CO₂, CH₄, N₂O, HFCs.

Global Reporting Initiative (GRI™) G4 Index

SPECIFIC STANDARD DISCLOSURES (cont'd)

ENVIRONMENTAL

ASPECT: EMISSIONS (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-EN19	<p>Reduction of greenhouse gas (GHG) emissions:</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"> ▶ 2014 GHG Emissions Reduction from 2013 was achieved as a direct result of initiatives to reduce emissions (mtCO₂e): 8,800 MTCO₂e (Leidos assets only). ▶ Gases included in calculation: CO₂, CH₄, N₂O, HFCs. ▶ Base Year: We are rebaselining in 2014. ▶ 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 2014 emissions estimates to 2013 emissions estimates. ▶ Where Reductions Occurred: About 94% of reductions came from decreased electricity purchases. Reduced natural gas use resulted in a 4% emissions reduction and reduced gasoline consumption resulted in a 1% emissions reduction.

ASPECT: EFFLUENTS AND WASTE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-EN23	<p>Total weight of waste by type and disposal method:</p> <p>Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:</p> <ul style="list-style-type: none"> ▶ Reuse ▶ Recycling ▶ Composting ▶ Recovery, including energy recovery ▶ Incineration (mass burn) ▶ Deep well injection ▶ Landfill ▶ On-site storage ▶ Other (to be specified by the organization) <p>Report how the waste disposal method has been determined:</p> <ul style="list-style-type: none"> ▶ Disposed of directly by the organization or otherwise directly confirmed ▶ Information provided by the waste disposal contractor ▶ Organizational defaults of the waste disposal contractor 	<p>Environment > 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	2014 RESPONSE
G4-EN32	Report the percentage of new suppliers that were screened using environmental criteria.	Leidos did not screen suppliers for environmental criteria in 2014.
G4-EN33	<p>Significant actual and potential negative environmental impacts in the supply chain and actions taken:</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	2014 RESPONSE
G4-LA1	<p>Total number and rates of new employee hires and employee turnover by age group, gender and region:</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	2014 RESPONSE
G4-LA4	<p>Minimum notice periods regarding operational changes, including whether these are specified in collective agreements:</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	2014 RESPONSE
G4-LA6	<p>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:</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"> ▶ Region ▶ Gender <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"> ▶ Region ▶ Gender <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 > Environmental Health and Safety</p>

ASPECT: TRAINING AND EDUCATION

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-LA9	<p>Average hours of training per year per employee by gender, and by employee category:</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"> ▶ Gender ▶ Employee category 	People > Professional and Career Development
G4-LA10	<p>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings:</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 > Professional and Career Development
G4-LA11	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	100% of Leidos employees received an annual performance evaluation and career development review in CY2014.

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	2014 RESPONSE
G4-LA12	<p>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity:</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"> ▶ Gender ▶ Age group: under 30 years old, 30-50 years old, over 50 years old ▶ Minority groups ▶ Other indicators of diversity where relevant <p>Report the percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> ▶ Gender ▶ Age group: under 30 years old, 30-50 years old, over 50 years old ▶ Minority groups ▶ Other indicators of diversity where relevant 	<p>People > 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	2014 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>Significant actual and potential negative impacts for labor practices in the supply chain and actions taken:</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	2014 RESPONSE
G4-LA16	<p>Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms:</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"> ▶ Addressed during the reporting period ▶ Resolved during the reporting period <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	2014 RESPONSE
G4-HR3	<p>Total number of incidents of discrimination and corrective actions taken:</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"> ▶ Incident reviewed by the organization ▶ Remediation plans being implemented ▶ Remediation plans have been implemented and results reviewed through routine internal management review processes ▶ Incident no longer subject to action 	During 2014, 8 discrimination investigations took place (down from 26 in 2013). Of those investigations, two were found to be valid (down from 5 in 2014). Of the valid cases, corrective action taken included one instance of counseling/training and one termination.

Global Reporting Initiative (GRI™) G4 Index

SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL | SOCIETY

ASPECT: LOCAL COMMUNITIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-SO1	<p>Percentage of operations with implemented local community engagement, impact assessments, and development program:</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"> ▶ Social impact assessments, including gender impact assessments, based on participatory processes ▶ Environmental impact assessments and ongoing monitoring ▶ Public disclosure of results of environmental and social impact assessments ▶ Local community development programs based on local communities' needs ▶ Stakeholder engagement plans based on stakeholder mapping ▶ Broad based local community consultation committees and processes that include vulnerable groups ▶ Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts ▶ Formal local community grievance processes 	<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 as well as our community engagement priority areas. 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 > Corporate Philanthropy</p>

ASPECT: ANTI-CORRUPTION

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2014 RESPONSE
G4-SO3	<p>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified:</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	2014 RESPONSE
G4-SO4	<p>Communication and training on anti-corruption policies and procedures:</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>Confirmed incidents of corruption and actions taken:</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	2014 RESPONSE
G4-SO6	<p>Total value of political contributions by country and recipient/beneficiary:</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 \$133,100 in political contributions during the 2013-2014 election cycle (CY2014). 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	2014 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	2014 RESPONSE
G4-SO8	<p>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations:</p> <p>Report significant fines and non-monetary sanctions in terms of:</p> <ul style="list-style-type: none"> ▶ Total monetary value of significant fines ▶ Total number of non-monetary sanctions ▶ Cases brought through dispute resolution mechanisms <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	2014 RESPONSE
G4-PR8	<p>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data:</p> <p>Report the total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> ▶ Complaints received from outside parties and substantiated by the organization ▶ Complaints from regulatory bodies <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 > 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>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services:</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 science and technology solutions leader working to address some of the world's toughest challenges in national security, health and engineering. The Company's 19,000 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, Virginia, Leidos reported annual revenues of approximately \$5.06 billion for its fiscal year ended January 30, 2015.

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