

## Leidos UK Tax Strategy Statement

The following statement sets out the principles under which the Leidos Group manages its UK tax strategy and affairs.

### General principles

- 1) It is the policy of the Leidos Group to comply with all applicable tax laws and regulations in the countries within which it operates, as well as with international treaties and OECD international tax guidelines.
- 2) The Group is committed to an open and transparent relationship and dialogue with tax authorities based on integrity and collaboration.
- 3) The Group strives to maintain robust governance and control frameworks. These are periodically reviewed and updated in line with changes in the legislative and business environment. A proactive approach is taken to the identification and resolution of any compliance gaps or errors that arise.
- 4) The Group aims to report the appropriate amount of taxable income in the group entities where value is created within the normal course of business. The Group transfer pricing policy is based on the arm's length principle.

### Tax Governance

The Group's business strategy is set by the Chief Executive Officer in collaboration with the Group Presidents, Chief Financial Officer, executive team and outside Board of Directors. The Group's tax affairs are managed by the Senior Vice President, Tax Director with the aim of maintaining a principled and sustainable tax strategy that has strong commercial merit and is closely aligned with the Group's business strategy. All significant corporate actions, both business structures and related tax implications are approved by the Chief Financial Officer. At a UK subsidiary level the UK Chief Financial Officer and Senior Accounting Officer ensure that the Group's tax strategy and policies are implemented and adhered to, and that the UK board are kept apprised of developments in the legislative environment. The Group employs suitably qualified personnel to manage its day-to-day UK tax affairs, and is committed to providing updates to training and systems.

### Risk Management

The Group recognises that there is an inherent risk involved in managing its tax affairs due to the size, complexity and dynamic nature of its operations. The Group's approach to mitigating these risks is based on an assessment of the likelihood and impact of occurrence. Process controls and review frameworks are monitored and updated in line with this principle. In addition, the finance and tax teams provide partnering support across the business as an integral part of the commercial decision making process. When faced with complex tax analysis, external expert tax advice is often sought to help mitigate tax uncertainty.

### Attitude to tax planning

The Group's commercial needs are its key focus and any tax planning is undertaken in this context and in response to specific business requirements. Where appropriate to do so, the Group will make use of available tax incentives in a manner which is consistent with the clear intentions of tax legislation and policy.

The Group also uses external advisors to support its activities to ensure compliance with applicable tax laws and regulations.

### **Approach to dealings with HMRC**

In line with its general principles, the Group is committed to the following principles when dealing with HMRC:

- 1) Ensuring all interactions with HMRC are conducted in a transparent and professional manner.
- 2) Taking a proactive approach where issues are identified, and seeking to work collaboratively to resolve.
- 3) Ensuring that returns are made and queries responded to on a timely and open basis.

***This UK Tax Strategy Statement is being published to satisfy Schedule 19 of the UK Finance Act 2016, in respect of our financial year ending in December 2018***