

Section 172 (1) statement

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as whole.

Recognising that the company is a wholly owned subsidiary of a US parent company, the directors have fulfilled this duty in conjunction with the UK “Senior Leadership Team” (SLT) and within the corporate governance framework of the wider Leidos Group (US ultimate parent company and subsidiaries), giving regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct;
- and
- f) the need to act fairly as between members of the company

The following paragraphs summarise how the directors have fulfilled these duties during the year ended 31 December 2022.

Strategic planning and risk management

During the year ended 31 December 2022 the directors continued to build on, and drive forward, the strategic objectives and action plans that were generated from the 2019 “Journey to High Performance” strategic review of the Leidos UK operations. These objectives are consolidated into the company’s ongoing “High Performing Organisation” (HPO) strategic framework, and support the over-arching Leidos group’s strategic direction to achieve growth in the UK and European geographical markets whilst simultaneously improving operating margins.

The HPO objectives and framework have been clearly communicated to the company’s employees throughout the process, and have been further supported through linked cultural change and leadership development programmes at all levels.

The HPO framework also involves regular stakeholder engagement in order to define the markets and segments into which the company will invest, explore or deliver and to leverage its competitive advantage and core competencies. The key stakeholders engaged with include ultimate parent company management and corporate functions, UK employees, customers, suppliers and industry representatives and bodies.

Employee engagement

The directors recognise the critical importance of the company’s workforce as the heart of its ability to deliver innovative solutions that ensure its customers’ success. The company’s People and Culture strategy supports the hiring and development of a diverse, talented and empowered team. In April 2022, Leidos UK was awarded the Inclusive Employers Standard ‘Bronze’ status by Inclusive Employers for our work to create an inclusive and diverse environment for employees. The directors have clearly defined and communicated the company’s values, and continually monitor the company’s culture through employee surveys and open feedback channels such as regular video updates (Vlogs) which enable and promote direct engagement and feedback to members of the SLT. Employee engagement is further encouraged through skip-level meetings with senior management and regular “town-hall” meetings and “round-table” forums.

Employee surveys include specific questions and anonymous feedback sections covering the performance of the SLT and the company’s strategy. The output of the surveys is communicated to all employees, and plans are put in place to resolve identified issues or gaps

Business relationships

The company's mission is to make the world safer, healthier, and more efficient through information technology, engineering, and science. Ensuring that it delivers innovative solutions to achieve success for its customers requires a high level of engagement and partnership throughout programme life-cycles. This is achieved through a dedicated Business Development team and continuous status updates and dialogue between programme delivery teams and customers and suppliers.

Community, environment and reputation

Leidos places significant emphasis on its role as a responsible corporate entity that seeks to create positive change, and has defined integrity as one of its core values. In June 2022, Leidos was awarded the STEM Inspirational Employer Award 2022. The company's management is committed to supporting STEM education, enriching communities and supporting charitable causes local to its operations. The company has an ongoing process of strengthening its graduate and apprentice recruitment and training programmes, with the goal of identifying skills gaps within the organisation and ensuring any new early-in-career hires are given the best possible start to their career. The company is also committed to making sure their talent schemes remain current and reflect future and evolving demands of the business. To facilitate this, the organisation continues to partner with the Futureproof academy for a hiring programme, to become a primary source of high-quality talent for the next generation of technology professionals.

The directors monitor governance and control across the organisation, and foster a culture where ethical behaviour is proactively encouraged and supported. This is further supported by the wider Leidos group's dedicated Ethics and Compliance team, website, code of conduct and related mandatory annual training for all employees.