



2015

CORPORATE RESPONSIBILITY REPORT



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.

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Message from Roger Krone CHAIRMAN AND CEO

By exploring our seventh 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.

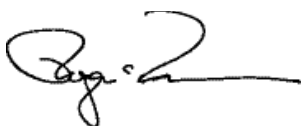
To support our communities in 2015, we made over \$2.0 million in charitable donations and our employees contributed nearly 17,000 hours of their talent to a wide variety of company-sponsored causes, including STEM education, basic needs and wellness, ethics and leadership, and the needs of our military 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 we achieved this goal six years ahead of schedule, largely due to company restructuring and real estate reductions as well as the concerted efforts of our employees. We further reduced our GHG emissions in calendar year 2015 by 22% 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. Through a broad set of capabilities, we apply decades of technical and environmental expertise to solve the challenges at hand. We help accomplish goals including monitoring facility power consumption and enhancing process flow. We also help with a range of environmental remediation activities. Our experts are widely recognized with national and industry awards and 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.





Executive Summary

2015 was defined by strong progress against established goals.

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 2015, 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.

The highlights below are just a few of our key accomplishments and successes in major focus areas during calendar year 2015.

GRI™ G4 Indicators
reported in this section:

General Standard
Disclosures 2, 13

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 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.

Executive Summary

OUR COMMUNITIES

- ▶ We made over \$2.0 million in charitable donations and our employees contributed nearly 17,000 hours of their talent to a wide variety of company-sponsored causes, including STEM education, basic needs and wellness, ethics and leadership, and support to our military and intelligence personnel and their families.
- ▶ Spanning seven years, Leidos has donated nearly two and a half million dollars to STEM education programs, and our employees logged over 7,000 volunteer hours alone to this cause in 2015. Leidos employees continue to help foster America's next generation of technical professionals.
- ▶ During 2015, Leidos launched a new "Community Days" initiative, where the Company's Engineering team worked to generate goodwill in the community and increase employee camaraderie. Thanks to nearly 2,000 volunteers hours and over \$85,000 raised, Community Days benefitted 18 different local charities.

OUR ENVIRONMENT

- ▶ Between 2014 and 2015, we saw an additional 22% reduction in GHG emissions due to additional real estate restructuring, efficiency programs, and the increased use of renewable energy to power our owned facilities and improvements to the power grid.
- ▶ Engineering News-Record ranks Leidos as among the Top 10 environmental management companies and the Top 10 design companies in solar and wind power nationwide
- ▶ Leidos ranks green for setting current GHG reduction targets, and disclosing emissions and climate risks on the White House Federal Supplier Greenhouse Gas Management Scorecard.

We have a lot to be proud of when looking back on 2015. 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.
- ▶ 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 2015, 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.



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.

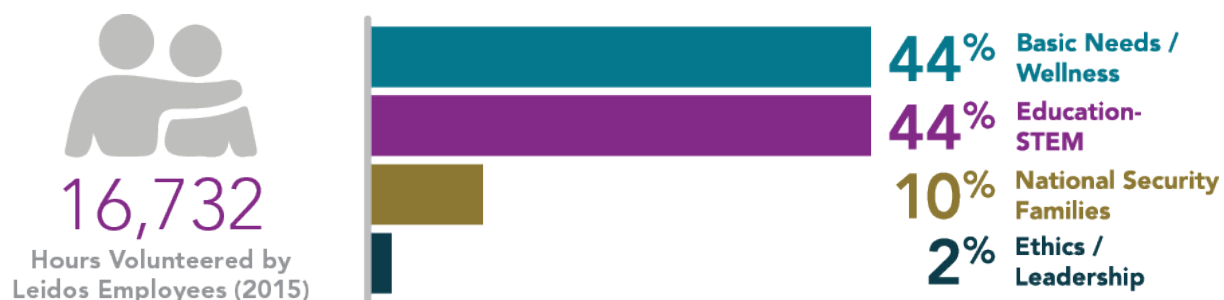
Community

CORPORATE PHILANTHROPY

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 contributed nearly 17,000 hours to company-sponsored outreach activities in 2015 (shown below), an increase over calendar year 2014. 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 2015, for example, 22 Leidos office teams committed to serve their local communities through a unique "Community Days" program. In addition to company donations, these offices raised funds and supported charity partners through service hours. In 2015 alone, they were recognized for raising \$85,000 and providing 1,650 hours of service benefitting 18 charities in the communities where Leidos employees live and work. Similarly, as part of our Operation MVP Military Veteran Program, each year, Leidos celebrates 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

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. Over the last couple of years, we have further increased to thirteen university partners (up from eleven in 2014). 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:

UC San Diego



THE GEORGE
WASHINGTON
UNIVERSITY
WASHINGTON, DC





Environment

Our passion for environmental stewardship has never been stronger.

The greatest contribution Leidos makes to environmental stewardship comes through the work we do for our customers. Our solutions complement an ever-increasing internal focus on reducing our environmental footprint.

Internally, we use our energy and environmental 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 2015, we reduced GHG emissions by an additional 22% 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 AND PERFORMANCE

Our greatest contribution to environmental stewardship is through innovative and responsible solutions we provide to our customers.

Leidos has more than 40 years of energy, environment, and critical infrastructure experience. We have been a pioneer in the efficiency program for more than 30 years, continuing to lead the energy efficiency industry with our innovations today. Our energy solutions advance the nation's need for clean, reliable, and secure energy. 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) studies for complex and politically sensitive projects in wilderness, rural and urban environments
- ▶ Completed more than 8,300 environmental remediation projects; 450 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
- ▶ Performed analytics on nearly 10 million environmental sample results

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, equivalent to 55 million gallons of gasoline or enough to power more than 66,000 homes
- ▶ Provided more than 1 billion in incentives from 41 energy efficiency programs
- ▶ Reviewed 550 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 AND PERFORMANCE

ENERGY EFFICIENCY



**ActOnEnergy®
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



**Reducing Hawaii's
Energy Use - Hawaii
Energy Program**

**Hawaii Public Utilities
Commission**

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**

INDUSTRY RECOGNITION

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

- ▶ Industry Leader Award:
National Safety Council — 2015
- ▶ Project of the Year:
Hawaii Energy Conservation and Efficiency Program Environmental Leader — 2016
- ▶ Product of the Year:
AMPLIFY Application Management Platform Environmental Leader — 2016

Environment

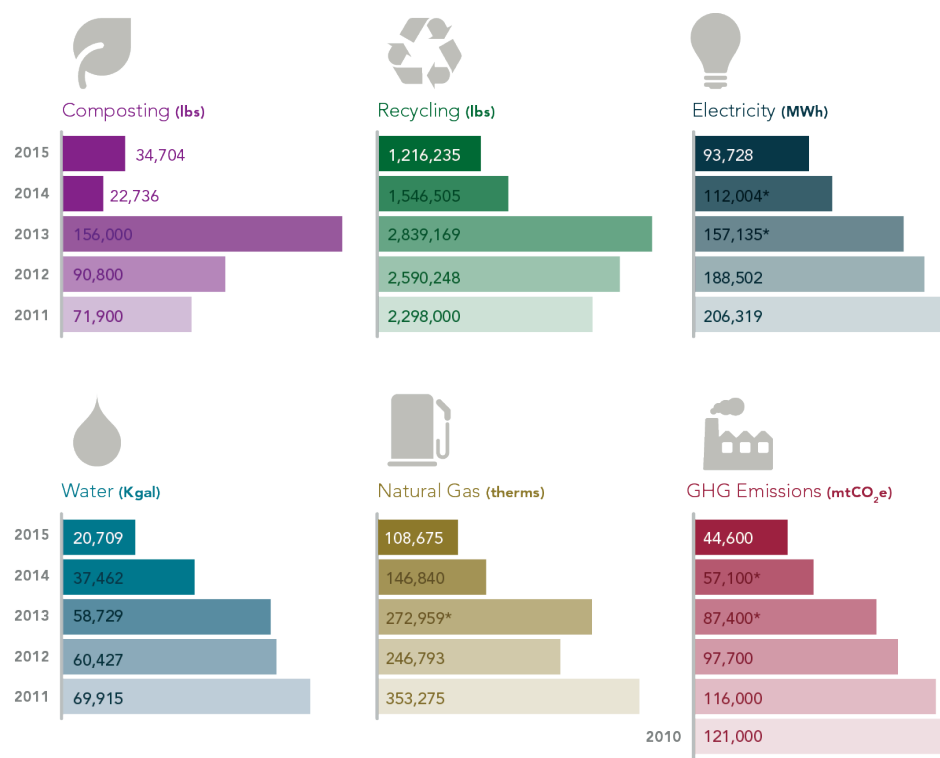
CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP

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 28% 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. Between 2014-2015, we reduced GHG emissions by 22% through continued real estate restructuring, improved efficiency programs, increased use of renewable energy to power our owned facilities, and improvements to the power grid (e.g. increased efficiency and use of cleaner fuels). 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:

- *Data was revised during verification
- 2011-2013 data reflects combined, legacy company (SAIC and Leidos); 2014-2015 is Leidos-only.
- 2015 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.

Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP

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 2015, Leidos achieved a 22% reduction in GHG emissions from the prior year. This reduction is based solely on Leidos assets.

GHG INVENTORY OVERVIEW

REPORTING REQUIREMENT	DIRECT GHG EMISSIONS (SCOPE 1)	ENERGY INDIRECT GHG EMISSIONS (SCOPE 2)
2015 GHG Emissions (MTCO ₂ e) ¹	1,600	43,600
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	117,900
	Leidos and SAIC	Leidos and SAIC
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	

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

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

¹ 2015 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.

Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP

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	2015 CONSUMPTION
BUILDING	Natural Gas	10,867 (MMBtu)
	Propane	None (0) (gal)
	Diesel - Generators	590 (gal)
FLEET	Gasoline	80,999 (gal)
	Diesel - Fleet	12,514 (gal)
	E85	15,262 (gal)

Total energy consumption (Gigajoules)

	FUEL TYPE	2015 CONSUMPTION
BUILDING	Electricity	341,244
	Natural Gas	11,466
	Propane	None (0)
	Diesel - Generators	80
FLEET	Gasoline	9,742
	Diesel - Fleet	1,709
	E85	1,317
	TOTAL	365,559

Overall reduction in energy consumption achieved through conservation and efficiency initiatives

	FUEL TYPE	CHANGE FROM 2014 - 2015
BUILDING	Electricity	-18,276 (MWh)
	Natural Gas	-3,816 (MMBtu)
	Propane	-5,650 (gal)
	Diesel - Generators	-254 (gal)
FLEET	Gasoline	-12,860 (gal)
	Diesel - Fleet	-1,907 (gal)
	E85	316 (gal)
	TOTAL ENERGY (GJ)	-72,923
	TOTAL ENERGY (%)	-17%

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

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, 2015 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 2015 by the fuel consumption rate (gallons per hour) specific to each generator model.

ELECTRICITY CONSUMPTION BY BUILDING TYPE (KWH/SQFT/YR)

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

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.

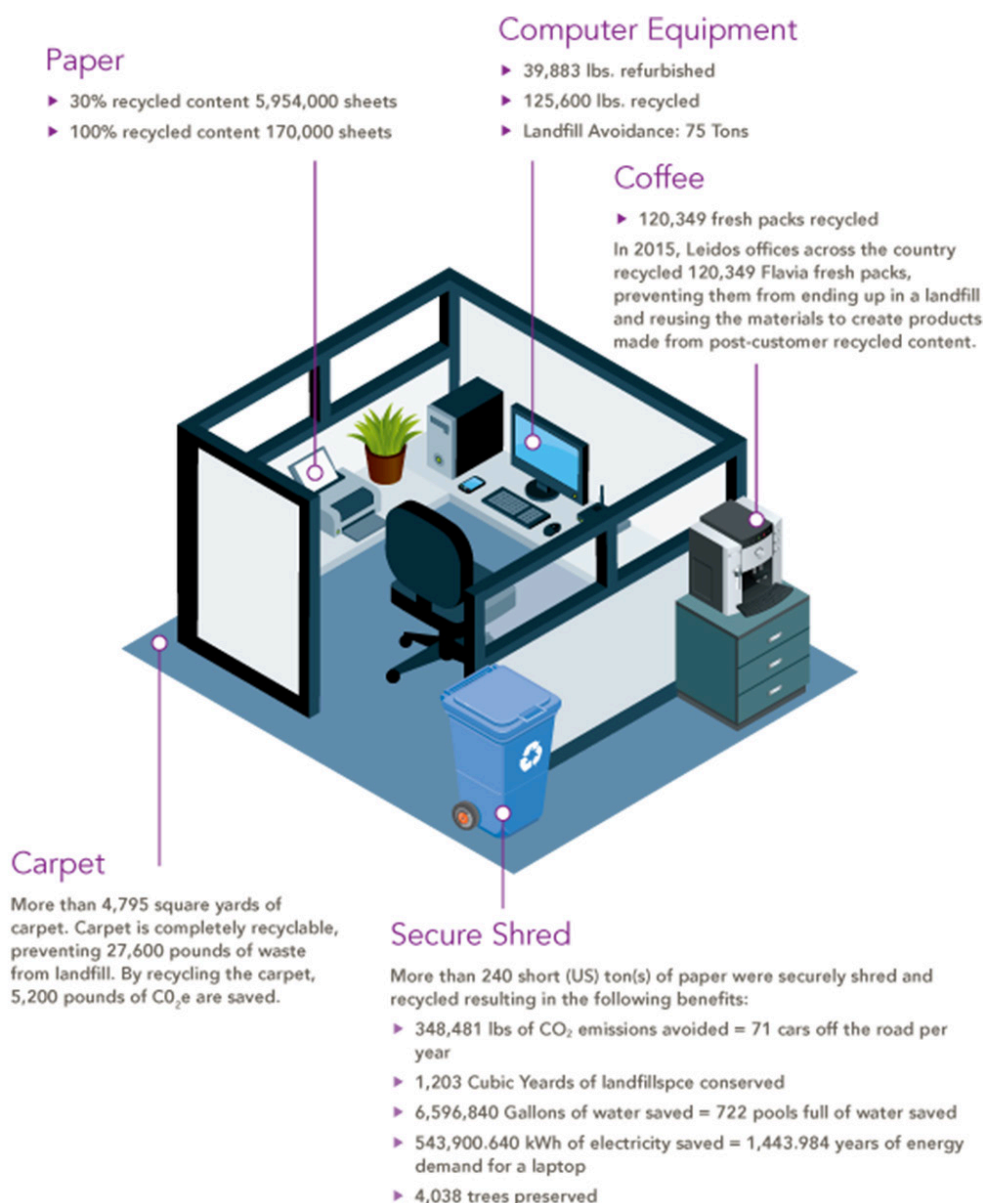
Conversion factors: Leidos uses conversion factors from The Climate Registry's General Reporting Protocol. These factors generally come from the U.S. Environmental Protection Agency, the Intergovernmental Panel on Climate Change, and the U.S. Department of Energy.

Environment

CORPORATE FOOTPRINT AND ENVIRONMENTAL STEWARDSHIP

MATERIAL USE AND ENVIRONMENTAL SUPPLIER ASSESSMENT

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

WATER

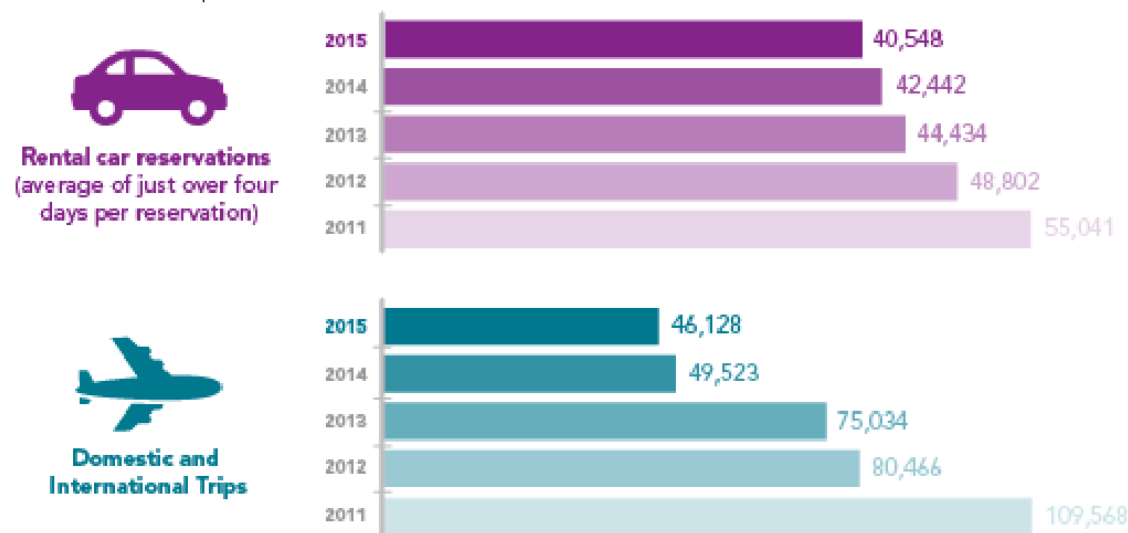
Water use at Leidos is mostly limited to typical commercial office consumption, which does not have a significant effect on national or local water sources. We monitor our water use and work to reduce its use through water-efficient technology, especially in water-sensitive climates like Southern California. 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 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.

2015 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	2011	2012	2013	2014	2015
Injury Cases (OSHA 300 Col. M1)	0.4	0.5	0.5	0.3	0.3
Illness Cases (Occupational Diseases) (OSHA 300 Col. M2-M6)	0.03	0.05	0.05	0.04	0.01
Days Away From Work Cases (Lost Days) (OSHA 300 Col. H)	0.1	0.2	0	0.1	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.

Since its creation, Leidos forged a culture known throughout industry for maintaining the highest standards of integrity and ethical behavior. 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 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.

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 is 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 business organization, as well as key corporate functions, the council continues today in its role as the company's conscience.

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 74 companies that comprise the DII. We created the Ethics and Corporate Responsibility Committee (ECRC) of the Board of Directors in 1988 and a senior management position to oversee the ethics and compliance program in 2005. Today, the Senior Vice President, Chief Ethics & Compliance Officer, reports directly to our CEO and the Chair of the ECRC. 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.

1980 – 1999

1980 – 1999

- › Formed Employee Ethics Council (EEC) — ethics officers responsible for communications, training, and case management to embed ethics into the business culture.
- › Early signatory to Defense Industry Initiative on Business Ethics and Conduct, committing to self-governance in accordance with the highest standards.
- › Pioneered board-level oversight by creating the Ethics and Corporate Responsibility Committee.

2000 – 2009

2000 – 2009

- › Created the position of senior vice president of ethics and compliance (SVP E&C) in response to revised federal sentencing guidelines. Federal government ethics officers applaud Leidos (legacy SAIC) case resolution process as a best practice. At Leidos (legacy SAIC), ethics cases are assigned an independent case manager and subject matter expert investigator and reviewed by an experienced quality assurance team to ensure thoroughness and objectivity.
- › Launched the Targeted Compliance Training Program to supplement the Ethics Awareness Program.
- › Reconstituted the EEC, which consists of an ethics officer from every business unit and key corporate functions, as a representative ethics body.
- › Recognized by Ethisphere as one of the "World's Most Ethical Companies" in the aerospace and defense industry.
- › Created the Ethics Review Board, which consists of the CEO and an executive team and meets quarterly to review cases, trends, and policies.

2010 – 2014

2010 – 2014

- › Surpassed the Defense Industry Benchmark ethics survey national average for ethical culture and program for the third year (previously in 2005 and 2008).
- › CEO reinforced the importance of ethics through discussions with managers, cascading down to every organizational level. Mandatory, semiannual manager-employee discussions begin.
- › The SVP E&C begins reporting directly to CEO, strengthening dedication to ethics.
- › Enterprise Case Management System (ECMS) launched as customized central data repository. ECMS allows for automated workflow processing, enhanced analytical capability, and more effective collaboration.
- › Third-party 24-hour ethics hotline launched to further enhance reporting confidentiality.
- › Ethics program expanded to include new deputy director of ethics, group ethics directors, senior investigators, and a dedicated communications lead.
- › Enterprise Risk Management process moved into the Ethics and Compliance organization
- › Through increased training, strengthened forensic capabilities to better investigate reported cases



Ethics and Compliance

ETHICS PROGRAM STRUCTURE UPDATE

The Leidos ethics program seeks to continuously strengthen our culture of uncompromising integrity through the support, education, and promotion of ethics, employing a variety of initiatives.

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

POLICIES AND PROCEDURES

Our Standards of Business Ethics and Conduct is the foundational policy upon which the Leidos ethics and compliance program is built. 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, chief Human Resources officer, group 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 an appropriate subject matter expert who is independent and objective.

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 group in the enterprise, who work closely with line managers to identify and resolve ethics and compliance issues in their organization. EEC members also serve as the front line for employee reporting. EEC members take their responsibilities seriously and are a key component of our Ethics and Compliance Program. The EEC meets regularly to exchange information, discuss best practices and present concerns of interest to the enterprise.



Ethics and Compliance

ETHICS PROGRAM STRUCTURE UPDATE

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. The program routinely provides ethics and compliance-related information on the Leidos intranet. 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. Their Human Resources representative, the Director of Workplace Relations or the executive vice president for Human Resources.
3. The Leidos Hotline at 855-7-LEIDOS (855.753.4367), which connects employees to an independent third-party provider, EthicsPoint, or by online submission of their concern at <https://leidos.ethicspoint.com>.
4. The Employee Ethics Council.
5. The general counsel; senior vice president for Ethics and Compliance (E&C); or chief security officer.
6. The CEO or chairman of the Leidos Board of Directors.
7. The Ethics and Corporate Responsibility Committee (ECRC) or the Audit Committee Chair of the Leidos Board of Directors.
8. The Board of Directors or Lead Director.

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 the responsibility of every employee. 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 UPDATE

Our goal every year is a Code of Conduct certification and Ethics Awareness Training completion rate of 100 percent, which we achieved in 2015. 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.

Leidos continues 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:

-  Integrity
-  Innovation
-  Agility
-  Collaboration
-  Commitment

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 resources and opportunities are available to all Leidos employees, and managers are empowered to assist employees in identifying career interests and accomplishing developmental goals through those opportunities. 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 partners directly with employees to seek their ideal professional end state by aligning their passions and interests to an effective skill set that serves both the organization and the community. We offer a suite of development and training resources to employees to help them acquire desired skills and experiences that improve job performance and prepare them for more advanced professional responsibilities.

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 and 2016, including supervisor responsibilities, PMP certification preparation, Innovation Awareness, and System Engineer Certification Training.

EDUCATION ALLIANCE PROGRAM

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

TRAINING ALLIANCE

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

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

People

PROFESSIONAL AND CAREER DEVELOPMENT

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 to foster a more inclusive work environment, as well as a natural "culture of mentoring." For example, during 2015, all senior executives mentored a diverse employee and plans are underway to offer mentoring programs through the company's various Employee Resource Groups.

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 means that our employees may be faced with position reductions and reorganizations when a program ends, is re-competed, 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 our talent seeking opportunities are highly visible to hiring managers and recruiters. Through the efforts of Talent Resource Partners, our internal placement rate for affected employees has had an overall increase of 35 percent since 2009.

People

DIVERSITY AND INCLUSION

We believe diversity and inclusion create cohesive and collaborative teams that drive innovative solutions.

Leidos values differences in thought, style, backgrounds, and opinions. The talent needed to grow our business depends on cultivating a workforce rich in diversity of thought, experience and culture. 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 diverse workforce helps us grow by leveraging the unique contributions of every employee. Our Diversity and Inclusion initiatives strengthen our workplace and drive positive business results by advancing our employment brand to attract, retain, and engage a diverse workforce. That relies upon enhancing the inclusion acumen of all team members in support of our organizational purpose and values and leveraging Diversity and Inclusion initiatives and partnerships to advance our reputation with all stakeholders.

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.

People

DIVERSITY AND INCLUSION

EMPLOYEE RESOURCE GROUPS (ERGS)

Leidos ERGs are company-sponsored organizations composed of employees who join together based on shared characteristics or life experiences. In 2015 we emphasized establishing the leadership structure and operations of ERGs approved in 2014 while continuing to add new ERGs to our portfolio. Several ERGs have chapters in multiple Leidos locations and offer development programs for their members. Each ERG is aligned with the goals and objectives of Leidos through their engagement in three critical areas:

Workforce: We treat employees as individuals and use their holistic experiences to drive business value and quality solutions. Our leaders offer consistent experiences to all employees regardless of differences in relational, cognitive, occupational, physical, societal, or values-based backgrounds.

Workplace: We work in an environment that achieves positive business results in a manner that allows employees to bring their authentic selves to work every day. Employees are rewarded for their direct contributions toward business results that fuel innovation and performance.

Marketplace: A holistic Leidos experience reflects our people, our customers, and partnerships. As a result, we showcase Leidos as an inclusive and competitive employer of choice.



AFRICAN AMERICAN LEIDOS NETWORK (AALN)

Connects employees to attract, develop, and retain African American employees to achieve the company's business objectives.



PRIDE

Fosters employees' understanding of lesbian, gay, bisexual, transgender, and questioning (LGBTQ) issues and workplace needs.



HISPANO-LATINO LEIDOS ASOCIACIÓN (HOLA)

Foster professional growth and support the retention, engagement and affiliation with the Hispanic-Latino community. HoLA is our newest ERG, established in 2016.



Collaborative Outreach with Remote Employees

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MILITARY ALLIANCE GROUP (MAG)

Serves as an advocate and resource for Leidos employees and their families who are former and currently serving military service members.



WOMEN'S NETWORK

Provides a forum for learning, understanding and supporting the professional growth of women.



MILLENNIALS

Connects early-career employees with others in the company to help foster learning, career development, and professional growth.

People

DIVERSITY AND INCLUSION (continued)

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 20 percent of our workforce are military veterans. We assist veterans through the often difficult transition from military life to a career in the private sector. Since 2014, we have hired nearly 2,000 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 have received numerous awards and recognition, including Victory Media's Top 100 Military Friendly Employer and Military Spouse Friendly Employer, Military Times Best for Vets, CivilianJobs.com's Most Valuable Employers for Military, and U.S. Veteran's Magazine Best of the Best Top Veteran-Friendly Companies. Leidos was ranked #43 on the Military Times "Best for Vets" Employers for 2016, based on 2015 data. For a full list, visit <https://www.leidos.com/careers/operation-mvp#Rankings>.

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. Additional information is available in the Awards & Partnerships section of our Operation MVP homepage.

In May 2016, Leidos took part in the Joining Forces 5th Anniversary Ceremony at the White House, where new private sector hiring and training commitments for Veterans and Military Spouses were announced. For more information, read the White House press release [here](#).

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.

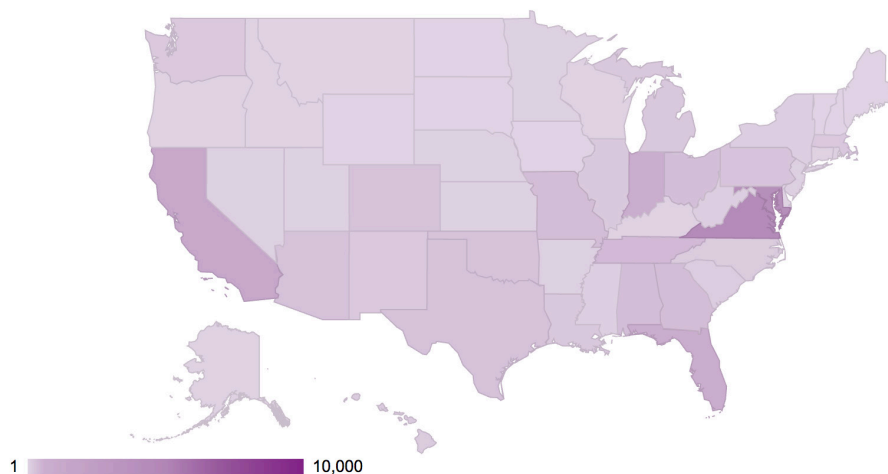
People are the foundation of everything that we do. It is our responsibility to provide opportunities for them and give them paths to grow and develop – this will help us retain our best talent. Fostering a diverse team is also critical in order to provide the best possible results for our customers.

LOCATIONS

U.S. Employees

Leidos is a global company with 18,000 employees worldwide (as of the end of December 2015). Of that population, over 17,000 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 slightly in 2015, although some regions saw significant growth, most notably the United Kingdom, where we have added more than 200 employees to support the UK Ministry of Defense's Logistics Commodities and Services Transformation program.



Since this map does not display Washington, D.C. or U.S. territories, 215 employees working in Washington, D.C. are mapped to Virginia, and employees working in U.S. territories appear in the International Map below.

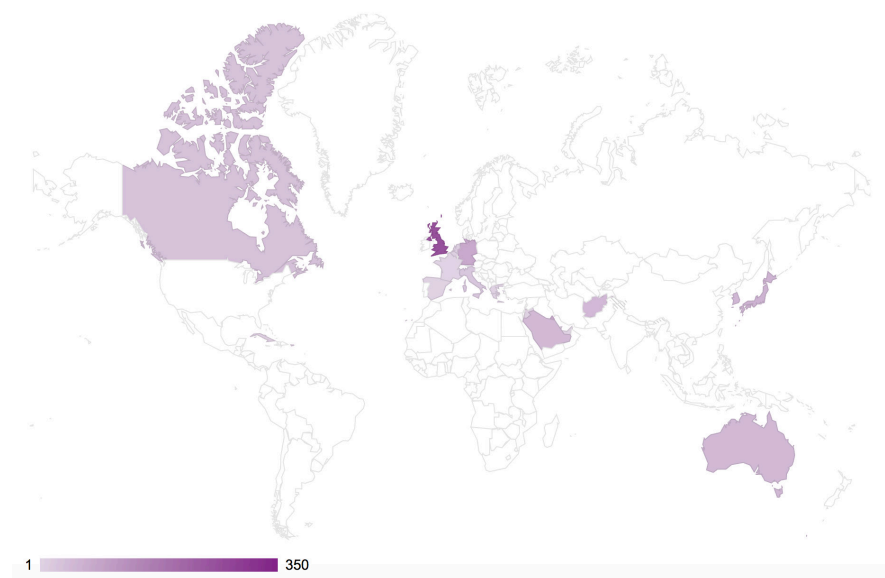
STATE	#	STATE	#	STATE	#	STATE	#	STATE	#
Alabama	343	Hawaii	131	Michigan	190	North Carolina	143	Utah	56
Alaska	18	Idaho	18	Minnesota	57	North Dakota	4	Vermont	2
Arizona	298	Illinois	159	Mississippi	70	Ohio	326	Virginia	4248
Arkansas	68	Indiana	768	Missouri	360	Oklahoma	284	Washington	165
California	1425	Iowa	4	Montana	14	Oregon	23	West Virginia	95
Colorado	301	Kansas	42	Nebraska	50	Pennsylvania	249	Wisconsin	32
Connecticut	27	Kentucky	31	Nevada	69	Rhode Island	44	Wyoming	1
Delaware	4	Louisiana	187	New Hampshire	9	South Carolina	115		
District of Columbia	215	Maine	2	New Jersey	68	South Dakota	2		
Florida	841	Maryland	4062	New Mexico	170	Tennessee	414		
Georgia	367	Massachusetts	185	New York	72	Texas	298		

People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (continued)

INTERNATIONAL EMPLOYEES

We also have employees in more than 20 countries around the world, with the majority of international employees located in the United Kingdom.



COUNTRY	#	COUNTRY	#	COUNTRY	#	COUNTRY	#	COUNTRY	#
Afghanistan	51	Cuba	6	Italy	25	Netherlands	12	United Arab Emirates	1
Australia	50	France	1	Japan	59	Puerto Rico	10	United Kingdom	255
Bahrain	8	Germany	83	Jordan	3	Qatar	2		
Belgium	6	Greece	2	Korea, Republic of	51	Saudi Arabia	48		
Canada	36	Guam	11	Kuwait	77	Spain	5		

EMPLOYEES BY LOCATION AND GENDER

GEOGRAPHICAL AREA	% FEMALE	% MALE
Asia	14.0%	86.0%
Europe	46.5%	53.5%
North America - Canada	33.3%	66.7%
North America - Caribbean	43.8%	56.3%
North America - USA	35.2%	64.8%
Oceania (Australia, South Pacific)	18.0%	82.0%
TOTAL	35.0%	65.0%

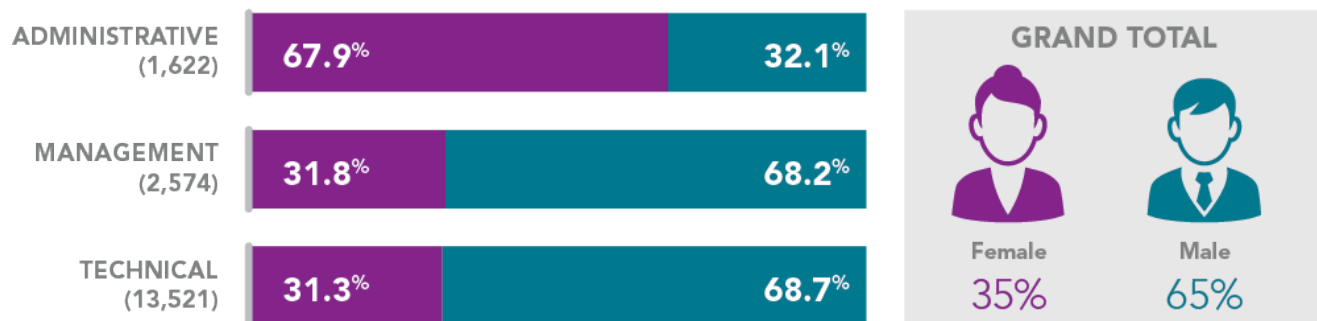
People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (continued)

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 13,521 employees in total; the management category includes all levels of managers, including executive managers.



EMPLOYEES BY EMPLOYEE CATEGORY

EMPLOYEE CATEGORY	ADMINISTRATIVE	MANAGEMENT	TECHNICAL	TOTAL *
Female	67.9 %	31.8%	31.3%	35.0%
Male	32.1%	68.2%	68.7%	65.0%
Under 30	16.2%	0.5%	11.1%	10.1%
30-50	48.1%	42.7%	49.7%	48.5%
Over 50	35.8%	56.8%	39.3%	41.4%
American Indian or Alaska Native	1.0%	0.7%	0.8%	0.8%
Asian	3.6%	4.7%	8.6%	7.5%
Black	16.2%	5.7%	8.9%	9.0%
Hispanic	7.6%	3.0%	4.9%	4.8%
Native Hawaiian or Other Pacific Islander	0.8%	0.1%	0.4%	0.4%
Other, Unknown	1.2%	0.9%	2.1%	2.6%
White	69.6%	84.9%	74.3%	74.9%
TOTAL	1,622	2,574	13,521	17,717

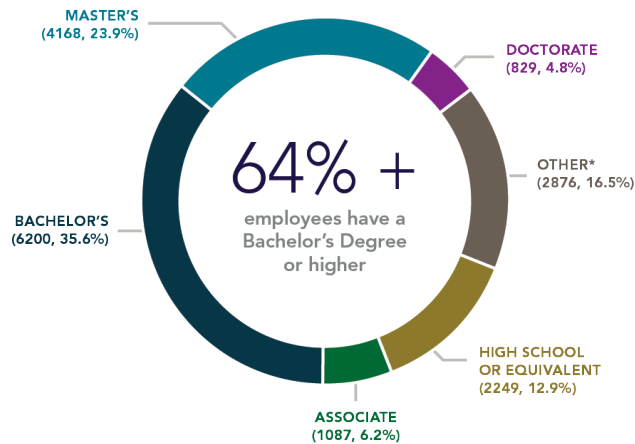
* Employee Category (Administrative, Technical, Management) data is based on EEO Job Classifications. 242 employees with no EEO-1 classification identified are excluded.

People

EMPLOYEE DEMOGRAPHICS AND STATISTICS (continued)

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.



* These 2,876 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 2015.

TURNOVER

TURNOVER	NEW HIRES	HIRE RATE	TERMINATIONS	TOTAL TURNOVER
Female	1,328	20.9%	1,579	27.1%
Male	2,315	19.3%	2,958	26.9%
Under 30	886	47.5%	644	37.7%
30-50	1,783	20.0%	2,247	27.5%
Over 50	974	12.9%	1,646	23.7%
Africa	0	0.0%	1	0.0%
Asia	68	21.9%	106	37.2%
Europe	264	90.6%	65	24.3%
North America - Canada	2	5.1%	16	44.7%
Oceania (Australia, South Pacific)	15	25.9%	11	20.8%
North America - USA	3,294	18.7%	4,318	26.8%
TOTAL	3,643	19.9%	4,517	27.0%
TOTAL	1,622	2,574	13,521	17,717

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 approximately 12,000 suppliers, as well as continuing our award-winning small businesses advocacy programs, is essential to our mission of providing outstanding support to our customers.

GRI™ G4 Indicators reported in this section:

General Standard Disclosures
12

Specific Standard Disclosures
LA: 14-15

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



Suppliers and Small Business Relationships

In an effort to increase our supplier diversity and better manage and leverage our spend, we enhanced our Strategic Sourcing program. Through our supplier segmentation efforts, Leidos maintains a vetted number of suppliers that will enable us to quickly and cost effectively source quality products and services. 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 Business Relationships

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 2015, Leidos awarded over \$939 million in contracts to small businesses and our Small Business Program 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 Business Relationships

AWARD	SPONSOR	YEAR(S)	RECOGNITION
Eisenhower Award	Small Business Administration (SBA)	2011, 2007, 2001	Recognition of Leidos' excellence in working with small businesses.
Small Business Partner	Small and Emerging Contractors Advisory Forum (SECAF)	2011	Recognizing Leidos as a Small Business Partner of the year over \$100 million in revenues.
Nunn-Perry Mentor-Protégé Award	Department of Defense (DoD)	2014, 2012, 2011, 2008, 2007*, 2006*, 2004*, 2003, 2002, 2000, 1999, and 1997 *In 2004, 2006 and 2007, Leidos was a multiple award winner recognized for outstanding performance under two separate agreements.	Recognition of Leidos' exemplary performance in mentor/protégé arrangements under DoD program (see past award winners on the DoD Office of Small Business Programs website).
Frances Perkins Vanguard Award	Small Business Administration (SBA)	2010, 2004, 2002	Recognition of Leidos' commitment to working with women-owned small businesses.
Mentor-Protégé Team of the Year Award	Department of Homeland Security (DHS)	2010	Recognition of Leidos' exemplary performance in mentor-protégé arrangements under the DHS program.
Corporate Achievement Award	Department of Veterans Affairs Center for Veteran Enterprise	2008, 2007	Recognition of Leidos' exemplary performance in exceeding subcontracting goals for Service-Disabled Veteran-Owned Businesses.
Best Corporations for Veteran-Owned Businesses	Veteran Business Journal	2010, 2008, 2007, 2006, 2005	Recognition of Leidos' exemplary performance in working with veteran and service-disabled veteran-owned small businesses.
Champions of Veterans Enterprise Award	National Veteran Small Business Coalition (NVS-BC)	2014, 2013, 2012, 2011	Honored 25 companies for exemplary commitment to working with veteran-owned SB's. Leidos exceeded the 3% mandated subcontracting goal for service-disabled veteran-owned small businesses.
Best Corporations for Veteran-Owned Businesses	National Veteran-Owned Business Associations (NaVOBA)	2014, 2012, 2010, 2008, 2007, 2006, 2005	Recognition of Leidos' commitment in working with veteran-owned small businesses.
Large Business Prime Contractor of the Year	NASA Goddard Space Flight Center	2008	Recognition for significant contributions to NASA's small business program.
Large Business Prime Contractor of the Year	NASA Marshall Space Flight Center	2012, 2011, 2008	Recognition for significant contributions to NASA's small business program.
White House Initiative for HBCUs Corporate Honoree	Department of Education	2007	Recognition of Leidos's exemplary performance in working with HBCUs.
Certificate of Achievement	Department of State	2006	Recognition of Leidos' accomplishments of small business goals during Government Fiscal Year 2005.

Suppliers and Small Business Relationships

AWARD	SPONSOR	YEAR(S)	RECOGNITION
Certificate of Achievement	Department of Justice	2006	Recognition of Leidos' accomplishments of small business goals during Government Fiscal Year 2005.
Distinguished Supplier Diversity Award	Department of Commerce	2003	Recognition of Leidos' support of the Minority Business Development Agency's objectives.
Parren J. Mitchell Award for Minority Business Development	Minority Business & Professions Network (MBPN)	2000	Award was presented to George Otchere for leadership in Minority business development in the Nation.

OUTREACH ACTIVITIES

Leidos participates in a variety of outreach programs that provide opportunities to introduce to small businesses in every socio-economic category. We host numerous small business events at our 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. We frequently participate in industry and customer small business events that enable small businesses to find out about opportunities with Leidos. Over the years, we have participated in numerous events and forums sponsored by various federal agencies, including the Department of Defense, the SBA, and industry associations such as the National Defense Industrial Associate (NDIA), Armed Forces Electronics Association (AFCEA) and others.

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

Suppliers and Small Business Relationships

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 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.

GRI™ G4 Indicators reported in this section:

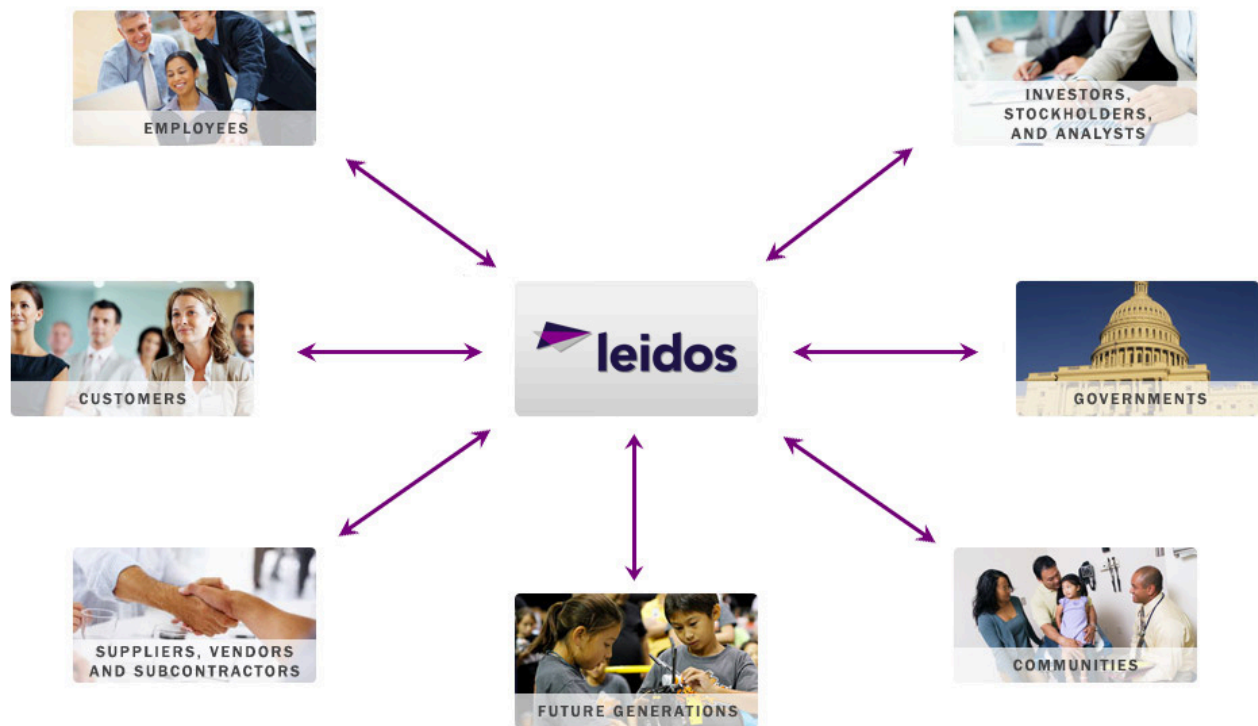
General Standard Disclosures
12

Specific Standard Disclosures
LA: 14-15

About Our Reporting (continued)

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.



Leidos, still a relatively new company, yet one with over 40 years of history, periodically re-evaluates and updates 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 2016 Corporate Responsibility Report is published in accordance with the GRI™ G4 Sustainability Reporting Framework (Core option). The 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.

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 RESPONSE
G4-3	Report the organization name.	Leidos
G4-4	Report the primary brands, products, and services.	During 2015, Leidos business was aligned into three segments: National Security Solutions (technology; intelligence; cyber-security) Health and Engineering (federal health; commercial health; life sciences; process industries engineering; security products; power grid engineering; federal environmental and engineering; transaction and valuation consulting) Corporate and Other
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.	Calendar Year 2015 Annual Report Part II, Item 7. Overview.

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

ORGANIZATIONAL PROFILE (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-9	Report the scale of the organization (total number of employees, operations, net sales, total capitalization, quantity of products/services provided).	<p>21,865 employees.</p> <p>Two business sectors (National Security Sector; Health and Engineering Sector).</p> <p>\$5.77B fiscal year ended January 31, 2014.</p> <p>See SEC Form 10-K Part II, pgs. 33-36 and Part I, pgs. 1-4 for full capitalization metrics and details on products/services, respectively.</p>
G4-10	Report employee demographics.	People > Employee Demographics and Statistics
G4-11	Report percentage of total employees covered by collective bargaining.	Currently, no Leidos employees are covered by collective bargaining agreements.
G4-12	Describe the organization's supply chain.	Supplier and Small Business Relationships
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Executive Summary
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Leidos maintains a corporate-level Risk Council to review business activities identified by operating units that have the potential to pose significant risk, and to assist in the development and implementation of strategies to avoid, mitigate, or manage those risks. Business activities assessed to pose significant risk involving certain risk attributes are reviewed by the Risk Council prior to bidding or performing the covered work.
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	The Leidos corporate responsibility report is developed in compliance with the GRI G4 Reporting Framework. Additionally, Leidos subject matter experts participate in a number of collaborative efforts with stakeholders and external organizations.
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	Leidos participates in numerous professional industry associations and community/non-profit organizations related to all aspects of our business and the communities in which employees live and work, respectively. Leidos employees hold leadership positions in many of these organizations.

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-17	<p>List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	See SEC Form 10-K Part II, pgs. 33-36. All Leidos entities are covered by the report.
G4-18	<p>Explain the process for defining the report content and the Aspect Boundaries.</p> <p>Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	About Our Reporting

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-19	List all the material Aspects identified in the process for defining report content.	About Our Reporting GRI Index
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: <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 	All statements regarding our core values and commitment to data privacy, ethics, and integrity apply to the entire enterprise. References to numbers of employees and associated metrics apply to the entire enterprise, except where noted otherwise. Most employee benefit programs addressed within this report relate to Leidos U.S. operations, which make up the preponderance of our workforce, and may exclude certain U.S. subsidiaries. In keeping with our workforce distributions, this report highlights activities within our U.S. operations, including subsidiaries and leased facilities, while presenting selected data on our worldwide enterprise. Information about our business and financial performance, reported pursuant to our fiscal year ended January 31, 2014, is provided in our SEC Form 10-K Parts I and II.
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <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 	See response to G4-20 above. Leidos reports Aspects that are deemed material and provides supporting data to the greatest extent that it is available. Aspect boundaries are discussed in the Disclosures on Management Approach (DMAs) for each aspect, but are generally limited to the stakeholders that are directly impacted or influenced by the aspect.
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	This report contains no restatements of previously published SAIC (Leidos) corporate responsibility reports.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	This report contains no significant changes to scope, boundary, or measurement methods used in previously published corporate responsibility reports, other than necessary adjustments required under GRI 4.0 (vs. GRI 3.1)

STAKEHOLDER ENGAGEMENT

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-24	Provide a list of stakeholder groups engaged by the organization.	About Our Reporting
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	About Our Reporting
G4-26	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.	About Our Reporting

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

STAKEHOLDER ENGAGEMENT (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-27	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.	This is addressed with the relevant Aspect reported.

REPORT PROFILE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Calendar year 2016, with the exception of data about our financial performance, which is reported fiscal year ending, January 31, 2014.
G4-29	Date of most recent previous report (if any).	September, 2015 (covering the period calendar year 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 report, although several individual metrics, specifically regarding the company's environmental performance (e.g., Carbon Disclosure Project), are prepared or defined by outside parties.

GOVERNANCE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Leidos is governed by a board of directors comprising nine directors, eight of which are independent directors as defined by the New York Stock Exchange and corporate governance guidelines. The board includes six standing committees, including an Ethics and Corporate Responsibility Committee, chartered with 1) reviewing policies and practices in area including, but not limited to, the safety and protection of the environment; contributions to charitable, educational and other tax-exempt organizations; monitoring political contributions, government relations and political action committees and activities, and 2) reviewing political, social, and environmental issues that may affect the business operations, performance, business continuity crisis planning, and public image or reputation of the Company. Leidos.com Investor Relations, Governance Overview

Global Reporting Initiative (GRI™) G4 Index

GENERAL STANDARD DISCLOSURES (cont'd)

ETHICS AND INTEGRITY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 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 SEC Form 10-K Part II, pgs. 33-36.</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 and 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	2016 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, 2014, the Leidos Biomedical Research plan has 877 active participants, 549 with deferred benefits and 423 receiving pensions. This plan is approximately 92 percent funded as of January 1, 2014, on a stabilized funding basis. This plan is closed to future participants and as of June 27, 2014, only about 35 percent of active participants are still accruing benefits. The second plan includes, as of March 31, 2014, approximately 194 deferred and 56 current pensioners. It is also closed to future participants, is sponsored by the Calanais Pension Trustee Co., Ltd., and is approximately 87 percent funded.</p>

ENVIRONMENTAL

ASPECT: ENERGY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 RESPONSE
G4-EN4	Energy consumption outside of the organization: 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.	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.
G4-EN5	Energy intensity: 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.	<ul style="list-style-type: none"> ▶ Energy intensity ratio: 78 kBtu/sqft. (buildings energy only). ▶ Organization-specific metric to calculate ratio: 7,885,000 Square Feet (buildings). The square footage metric represents annual equivalent square footage. This means that the square footage of each lease was prorated according 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	Reduction of energy consumption: Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. <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. 	Environment > Corporate Footprint and Environmental Stewardship

Global Reporting Initiative (GRI™) G4 Index

SPECIFIC STANDARD DISCLOSURES (cont'd)

ENVIRONMENTAL

ASPECT: EMISSION (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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

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SPECIFIC STANDARD DISCLOSURES (cont'd)

ENVIRONMENTAL

ASPECT: EMISSIONS (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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: 11.3 kgCO2e/sqft. ▶ Organization-specific metric to calculate ratio: 7,885,000 Square Feet (buildings) – the square footage metric represents annual equivalent square footage. This means that the square footage of each lease was prorated according to the fraction of the year each lease was active. For example, a 100,000 sqft building occupied by Leidos for ½ of the year is equivalent to 50,000 sqft occupied for the entire year. ▶ 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.

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SPECIFIC STANDARD DISCLOSURES (cont'd)

ENVIRONMENTAL

ASPECT: EMISSIONS (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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"> ▶ 2015 GHG Emissions Reduction from 2014 was achieved as a direct result of initiatives to reduce emissions (mtCO2e): 12,400 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 2015 emissions estimates to 2014 emissions estimates. ▶ Where Reductions Occurred: About 97% of reductions came from decreased electricity purchases and power grid improvements. Reduced natural gas and propane use resulted in a 2% emissions reduction and reduced gasoline consumption resulted in a 1% emissions reduction.

ASPECT: EFFLUENTS AND WASTE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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 	Environment > Corporate Footprint and Environmental Stewardship

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SPECIFIC STANDARD DISCLOSURES (cont'd)

ENVIRONMENTAL

ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 RESPONSE
G4-EN32	Report the percentage of new suppliers that were screened using environmental criteria.	Leidos did not screen suppliers for environmental criteria in 2015.
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	2016 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	2016 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 (cont'd)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 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 > Career Development and Mentoring
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 > Career Development and Mentoring
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 CY2013.

Global Reporting Initiative (GRI™) G4 Index

SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL | LABOR PRACTICES AND DECENT WORK (cont'd)

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 RESPONSE
G4-LA14	Report the percentage of new suppliers that were screened using labor practices criteria.	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>

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SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL | LABOR PRACTICES AND DECENT WORK (cont'd)

ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 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 FY2013, 26 discrimination investigations took place. Of those investigations, five were found to be valid. Of the valid cases, corrective action taken included two written warnings, two instances of training/counseling and one termination.

Global Reporting Initiative (GRI™) G4 Index

SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL | SOCIETY

ASPECT: LOCAL COMMUNITIES

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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. 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	2016 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>

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SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL | SOCIETY

ASPECT: ANTI-CORRUPTION (cont'd)

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 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 \$301,000 in political contributions during the 2015 election cycle. 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.

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SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL | SOCIETY

ASPECT: ANTI-COMPETITIVE BEHAVIOR

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

ASPECT: COMPLIANCE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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	2016 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>

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SPECIFIC STANDARD DISCLOSURES (cont'd)

SOCIAL I PRODUCT RESPONSIBILITY

ASPECT: COMPLIANCE

G4 INDICATOR	G4 DISCLOSURE REQUIREMENTS	2016 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

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About Leidos

Leidos is a Fortune 500® science and technology solutions and services leader working to solve the world's toughest challenges in the defense, intelligence, homeland security, civil, and health markets. The company's 32,000 employees support vital missions for government and commercial customers. Headquartered in Reston, Virginia, Leidos reported annual revenues of approximately \$7.04 billion for the fiscal year ended December 30, 2016.



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