

Leidos Australia Modern Slavery Statement



This statement covers the activities of Leidos Australia Pty Limited ACN 612 590 155, and Leidos Pty Ltd ACN 011 071 239 (together for the purposes of this Statement 'Leidos Australia') to understand and implement the actions to minimise the risk of modern slavery and human trafficking in our operations and supply chain for the financial year ended 31 December 2021.

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● Introduction

This is the second modern slavery statement for Leidos Australia for the purposes of the Modern Slavery Act 2008 (Cth).

Leidos Australia Pty Limited is a member of the Leidos Group headquartered in the USA.

Leidos is dedicated to becoming the global leader in the integration and application of information technology, engineering, and science to solve our customers' most demanding challenges. Everything Leidos does is built on a commitment to do the right thing for our customers, our people, and our community.

We condemn human rights abuses and will adhere to the principles of the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We have a responsibility to respect human rights in the operation of our business, and we adhere to the UN framework to protect and respect human rights and to remedy human rights abuses.

We also expect everyone with whom we conduct business to observe similar standards respecting human rights.





• Structure, Operations, and Supply Chain

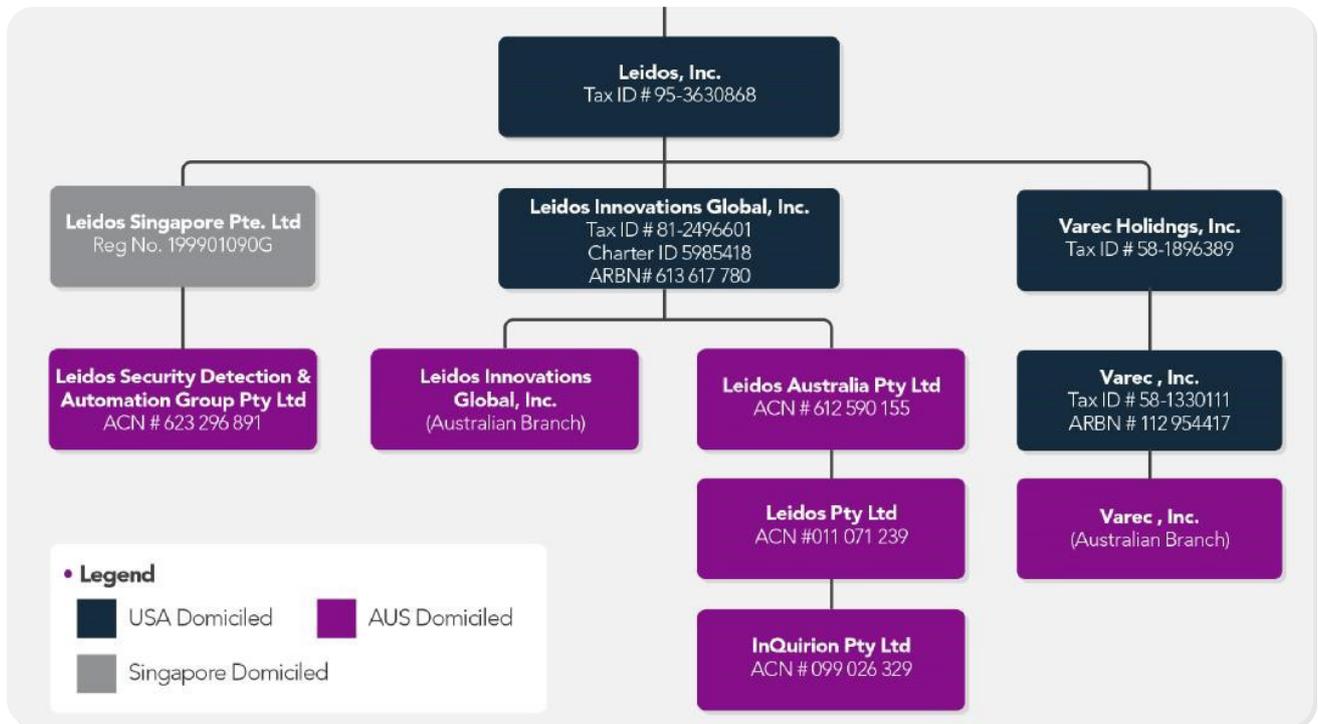
Structure

Leidos Australia Pty Limited ACN 612 590 155 is a limited liability company registered in Victoria. Its ultimate parent is Leidos Holdings Inc (NYSE:LDOS).

Leidos Australia Pty Limited is the sole shareholder in Leidos Pty Ltd ACN 011 071 239.

InQuirion Pty Ltd ACN 099 026 329, a subsidiary of Leidos Pty Ltd, was de-registered on 1 December 2021.

The two entities that comprise Leidos Australia operate as one consolidated group and are managed by a single executive management team.



Operations

Leidos Australia provides information technology and engineering solutions to customers predominantly based in Australia. 99 per cent of the work we undertake is on behalf of the Australian Department of Defence, the Australian Taxation Office and other federal government agencies.

Leidos Australia is organised into four lines of business:

- Intelligence
- IT Projects
- Defence Mission Systems
- IT Services

Leidos Australia provides services across three markets – Defence, Government Services and Intelligence.

Leidos Australia currently employs approximately 1400 permanent employees in offices in the Australian Capital Territory, Victoria, New South Wales and Queensland. Approximately 30 per cent of our personnel are at customer sites. Some Finance, IT & Procurement support is provided by our parent company using US-based personnel.

Due to the nature of our services all of our personnel must be Australian citizens or permanent residents. Around 85 per cent of our workforce are defence and government cleared.

Leidos Australia has developed the TeraText suite of software and supports customers located in Australia, the United Kingdom, Singapore, Canada and the Falkland Islands from our offices in Melbourne.

Supply Chain

Leidos Australia's supply chain supports us in project delivery as well as in the everyday operation of our corporate offices.

Our Supply chain comprises:

- Consultants and subcontractors to support the professional services we provide via the provision of IT or engineering specialists;
- Goods and services to support our projects, typically IS software and hardware, PPE, and engineering equipment; and
- Goods and services to support our corporate operations – typically the supply of office accommodation, utilities, IS hardware and software, cleaning, catering and stationary suppliers.

Supply Chain (Continued)

In 2021, Leidos Australia engaged 603 suppliers. Over 90 per cent of our suppliers were located within Australia, with the next biggest supplier locations being The United States and Europe. Australia, United States and Europe have a low inherent modern slavery risk.

During 2021, twenty four suppliers accounted for 80 per cent of our total supplier expenditure.

These suppliers in order of expenditure provided:

- IT Services
- IT Services (hardware and services)
- IT Hardware
- Engineering supplies
- Contractors to augment our workforce on projects
- Lease costs associated with our premises

Of the 10 suppliers that accounted for over 50% of expenditure in 2021, five had filed modern slavery statements.



• Risk of Modern Slavery Practices

Operations

Leidos Australia considers the risk for modern slavery to exist within our workforce as being very low. The nature of Leidos Australia's work requires an Australian-based highly skilled workforce with some specialist support provided from Leidos US.

The majority of employees are office based and are IT or engineering specialists supporting project delivery. All corporate functions (e.g. HR, IT, Finance and Commercial & Procurement) are delivered using Australian-based personnel with some Finance and IT support provided by our parent company using US-based personnel.

Due to the nature of the services, all of our personnel must be Australian citizens or permanent residents. Around 85% of our workforce are defence and government cleared. In addition, our HR systems, policies and procedures ensure compliance with statutory obligations.

Supply Chain

Leidos Australia considered the location of suppliers, the nature of the services provided and suppliers' reliance on third parties located outside of Australia to supply products or services when assessing the risk of modern slavery being present within our supply chain.

We found that the highest risk of modern slavery existing within our supply chain to be in the procurement of products (including IT equipment, engineering supplies and office equipment and supplies) sourced and manufactured outside Australia.

We have undertaken a mapping exercise to better understand the location of our supply chain by region and by nature of product/services to be provided.

Supply Chain (Continued)

Leidos Australia expended A\$328 Million on suppliers in 2021 based in the following regions:

- Australia A\$295M
- USA A\$19M
- Canada A\$7M
- Europe A\$3M
- Asia A\$2M
- NZ A\$2M

The significant portion of our expenditure in 2021 was on suppliers who were providing IT consultancy services in support of our projects or personnel to augment our workforce. As the majority of these persons are required to be Australian citizens to meet protective security requirements, we considered the risk of modern slavery associated with this component of our supply chain to be low.

Another large area of expenditure involved IT Hardware. Hardware poses a higher risk of modern slavery as components are manufactured and supplied from outside of Australia. Of the eight suppliers who accounted for 100% of expenditure in the category IT Services and Hardware, seven have filed modern slavery statements.

Of the seven suppliers in the category IT Hardware, four have filed modern slavery statements.

Leidos Australia has not yet identified any specific instances of modern slavery within our supply chain.



● Risk Assessment

Leidos Australia conducted a risk assessment of its operations and identified the suppliers supporting each of its business divisions and corporate operations. This was undertaken via consultation with the commercial and procurement team responsible for supplier engagement.

The assessment considered risk factors such as the sector, types of products and services supplied and the geographic location of providers, and applied a risk matrix developed by Leidos' International Regulatory Compliance team and contained in *Leidos' Compliance Plan for the Prevention of Human Trafficking*.

Due Diligence

During 2021, Leidos implemented a system to map and categorise supplier spend with the objective of:

- a. Enabling Supply Chain Mapping, identify Tier 1, 2 & 3 suppliers;
- b. Segmenting the supply chain by category type;
- c. Identifying suppliers supporting Leidos Projects ("direct suppliers") and suppliers supporting Leidos' corporate requirements ("indirect suppliers");
- d. Managing risk – spend, nature of service, project supported; and
- e. Confirming supplier appropriateness for Supplier Relationship Management & Supply Chain Risk review to include key criteria such as Modern Slavery

In 2020, as part of the continual improvement of our Supply Chain, we also initiated a Supply Chain Security Programme. In 2021, the cross-disciplinary working group established in 2020 to understand security risks associated with the use of suppliers continued to meet and refine a due diligence process focusing on security and compliance (including modern slavery risks).

The revised questionnaire was trialled on several key suppliers and is currently being rolled out to a cross-section of Leidos suppliers selected on a risk-assessed basis. If non-compliances or weaknesses are identified, they will be flagged and a decision will be made by the responsible line of business lead and the Commercial and Procurement team as to whether to proceed with engagement and what mitigations/additional requirements must to be included in the engagement.

Contract Terms

Our terms and conditions require suppliers to act in accordance with applicable laws and our Code of Conduct, and to report any breaches of either. We have strengthened our terms to include specific provisions concerning modern slavery.

Policies and Procedures

Leidos is committed to legal compliance and ethical business practices in all of its operations worldwide and this includes improving practices to combat slavery and human trafficking.

Leidos Australia is governed by the following corporate policies which address modern slavery risks:

- Policy LP-LG-1 – Standards of Business Ethics and Conduct;
- Code of Conduct;
- Human Trafficking Statement; and
- Leidos' Compliance Plan for the Prevention of Human Trafficking.

Any breach of Policy LP-LG-1 or the Code of Conduct are taken seriously and if proven may result in disciplinary action up to and including termination.

Reporting Channels

Leidos personnel are encouraged to report concerns or breaches of company policies.

Multiple reporting channels are available for personnel to report concerns. Concerns can be raised with the Chief Ethics and Compliance Officer, the Australian Ethics Officer, members of Human Resources as well as the Executive leadership team.

An independent hotline and reporting service is in operation to facilitate the reporting of concerns, and is available to personnel and members of the public to report concerns on an identified or an anonymous basis.

Leidos Australia has established a Whistleblower Policy, which is available externally at <https://www.leidos.com/privacy/leidos-australia-whistleblower-policy>.

The Whistleblower policy outlines reporting channels for concerns and provides links to both the independent hotline as well as to the Australian Ethics Officer.

Training

All new personnel receive training on their obligations under the Code of Conduct and other policies and procedure on commencement and are required to complete refresher training annually.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chain or in any part of our business, we have provided training to our commercial and procurement teams who have direct responsibility for procurement.



• Next Steps

Each of the four lines of business and corporate functions, supported by an in-house procurement team, are responsible for procuring goods and services required to support their operations. While one overarching set of policies and procedures apply, this devolved approach may result in inconsistent approaches across our business in addressing modern slavery.

To continue to develop our end-to-end supplier management, Leidos has a robust Supplier Relationship Management Framework, which can be utilised for all suppliers regardless of service type, spend etc.

This framework is a core part of our governance, which can be adapted to apply across all aspects of the supplier relationship.

We are in the process of appointing a dedicated Procurement Governance Manager - Due Diligence to fully implement new review procedures across our supply chain.

Effectiveness of Actions

Our focus to date has been on developing an understanding of where modern slavery risks may exist in our supply chain and developing a due diligence framework.

Leidos has a number of systems and processes to monitor compliance with policies and procedures. Additionally Leidos has established systems to receive, track, investigate and report on notifications of grievances and concerns from both Leidos personnel and external parties. All notifications are captured in a central reporting tool and are reported to both Leidos Australia and the board of Leidos Holdings Inc.

To measure the effectiveness of our modern slavery approach we plan a review of our policies & processes including tracking of:

- The number of modern slavery concerns reported;
- The number of suppliers who have completed the modern slavery element of our due diligence questionnaire;
- The number of suppliers surveyed who have their own modern slavery policies; and
- The number of supplier contracts which contain modern slavery clauses.

Consultation with Controlled Entities

Leidos Australia operates as an integrated business unit managed by a common executive leadership team. Leidos Pty Ltd's supply chain was considered as part of the risk assessment and review outlined in section 2.

This statement is approved by the boards of Leidos Australia Pty Limited and Leidos Pty Ltd.



Paul Chase

Chief Executive