

Leidos Australia

Modern Slavery Statement



This statement covers the activities of Leidos Australia Pty Limited ACN 612 590 155, Leidos Pty Ltd ACN 011 071 239 and InQurion Pty Ltd ACN 099 026 329 (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 2020.

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Introduction

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

Leidos Australia Pty 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.

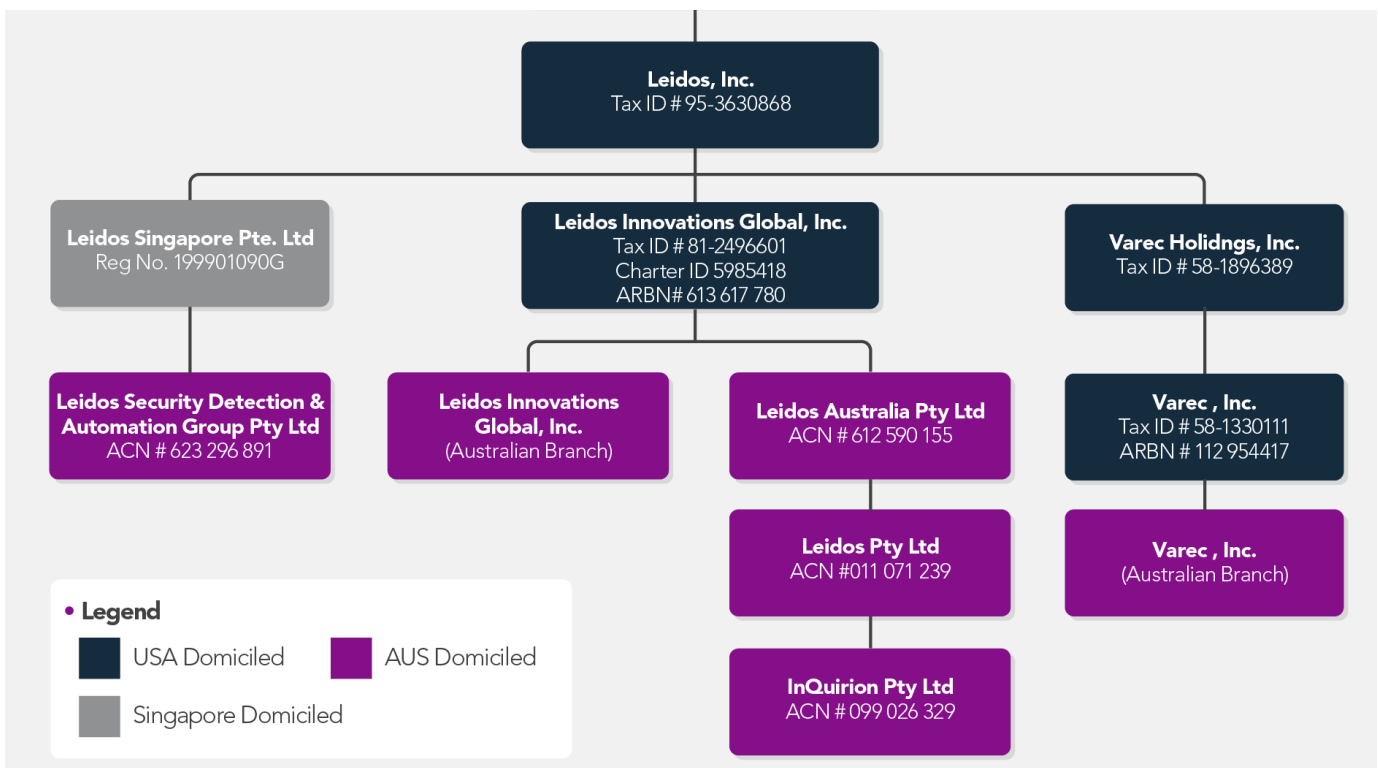
STRUCTURE, OPERATIONS AND SUPPLY CHAINS

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 is a subsidiary of Leidos Pty Ltd.

The three 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. 97 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 has developed the TeraText suite of software and supports customers located in Australia, the United Kingdom, Singapore, Canada and the Falkland Islands from its offices in Melbourne.

Leidos Australia is organised into four lines of business:

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

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

Leidos Australia currently employs over 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.

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

SUPPLY CHAINS

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:

- Sub-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.
- Goods and services to support our corporate operations – typically the supply of office accommodation, utilities, IS hardware and software, cleaning, catering and stationary suppliers.

In 2020, Leidos Australia engaged over 600 suppliers. Over 90 per cent of our suppliers were located within Australia with the next biggest supplier locations being USA and Europe. Australia, USA and Europe have a low inherent modern slavery risk.

During 2020, thirty suppliers accounted for 80 per cent of our total supplier expenditure. These suppliers in order of expenditure provided:

- IT Equipment
- IT Services (software and consultancy)
- Engineering supplies
- Contractors to augment our workforce on projects
- Lease costs associated with our premises

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 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. Over 85% of our workforce are defence and government cleared. In addition, our HR systems, policies and procedures ensure compliance with statutory obligations.

SUPPLY CHAINS

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 in 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.

A significant portion of our supplier expenditure in 2020 was on IT Consultants and contractors 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.

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

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 teams 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 2020, Leidos' 2019 supplier spend was analysed and subsequently categorised by service type. Initiative objectives included (but were not limited to);

- a. Enable Supply Chain Mapping, identify Tier 1, 2 & 3 suppliers
- b. Segment the supply chain by category type
- c. Identify suppliers supporting Leidos Projects ("direct suppliers") and suppliers supporting Leidos' corporate requirements ("indirect suppliers")
- d. Manage risk – spend, nature of service, project supported
- e. Confirm 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. A cross-disciplinary working group was established to understand security risks associated with the use of suppliers. As part of this programme a detailed due diligence questionnaire was developed to assist Leidos understand its suppliers better and how they manage security risk. Areas of focus include corporate history, location, composition of the supplier's workforce and use of contractors/labour hire, reliance on products or services outside of Australia, Information Security practices security practices, quality assurance accreditations, policies and procedures on modern slavery and anti-corruption.

The 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. Where non-compliances or weaknesses are identified these will be flagged and a decision will be made by the responsible line of business lead and the Sourcing and Commercial Management group as to whether to proceed with engagement and what mitigations/additional requirements

need to be included in the engagement.

CONTRACT TERMS

Our terms and conditions for suppliers require suppliers to act in accordance with applicable laws and our Code of Conduct and to report any breaches of same. 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 our operations worldwide and this includes improving our practices to combat slavery and human trafficking.

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

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

Any breach of Policy LP-IG-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 or 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 Whistle blower Policy, which is available externally at <https://www.leidos.com/privacy/leidos-australia-whistleblower-policy>. The Whistle blower 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 chains 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. Whilst 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 have 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 look across all aspects of the supplier relationship

We have charged the Security Supply Chain Working Group with analysing the data gained from our initial due diligence efforts and our supply chain mapping to identify high risk categories where we need to develop a deeper understanding of modern slavery risks. This will improve the quality of our due diligence practices and enable us to be more informed when engaging suppliers.

To date we have undertaken assessments of suppliers based primarily on size of contract. The Security Supply Chain Working Group will advise on whether this approach is appropriate to manage the risk or whether a different criteria should be used.

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 have 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 to track:

- 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;
- 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 and InQuirion's supply chain were 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, Leidos Pty Ltd and InQuirion Pty Ltd



Paul Chase
Chief Executive