

QINETIQ GROUP PLC MATTERS RESERVED FOR THE BOARD

Introduction

The Board of QinetiQ Group plc (QinetiQ or the Group) is responsible for the direction and oversight of QinetiQ on behalf of the shareholders and is accountable to them, as the owners, for all aspects of QinetiQ's business.

The UK Governance Code (the Code) states that every company should be headed by an effective board, which is collectively responsible for the long-term success of the company. The overarching remit of the Board is to demonstrate the highest standards of corporate governance in accordance with the Code and to carry out the Directors' fiduciary duties. The Board focuses on providing entrepreneurial leadership of QinetiQ within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims and ensures that the necessary financial and human resources are in place for QinetiQ to meet its objectives and review management performance. Further, the Board sets the Group's values and standards and ensure that its obligations to its shareholders and others are understood and met.

The Board believes that the governance of QinetiQ is best achieved by the delegation of its authority for the executive management of QinetiQ to the Chief Executive Officer (CEO), subject to defined limits and monitoring by the Board.

1.	Strategy
1.1	Responsibility for the overall leadership of QinetiQ and setting the Group's values.
1.2	Development and approval of the Group's strategic aims and objectives.
1.3	Approval of the annual operating and capital expenditure budgets and any material changes to them.
1.4	Oversight of the Group's operational performance including the review of performance in light of Group's strategic aims, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken.
1.5	Extension of the Group's activities either into new business lines or through the establishment of a company and/or physical presence in a new country of operation.
1.6	Any decision to cease to operate all or any material part of the Group's business as well as the disposal or closure of operations that would lead to a country exit for the Group.
2.	Structure and Capital
2.1	Changes relating to the Group's capital structure including reduction of capital, share issues or allotments (except under employee share plans), share buy backs (including the use of treasury shares).
2.2	Major changes to the Group's corporate structure.
2.3	Major changes to the Group's management and control structure.
2.4	Any changes to QinetiQ's listing or its status as a plc.
3.	Financial Management

3.1	Approval of the Interim Report, any preliminary announcement of the full year results and the Annual Report and Accounts (including the Corporate Governance Report and Directors' Remuneration Report) following recommendation(s) from the relevant Board committee(s).
3.2	Approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend.
3.3	Approval of any significant changes in accounting policies or practices that have a material impact on the Group's results.
3.4	Approval of treasury policies and any related risk management strategy and framework.
3.5	Approval of tax policies and any related risk management strategy and framework.
3.6	Approval of material unbudgeted capital or operation expenditures.
4.	Internal Control (following recommendations from the Risk & CSR Committee)
4.1	Overseeing the sound operation of QinetiQ's risk management systems.
4.2	Monitoring the non-financial risk exposures, including security, trade controls, ethics, corporate responsibility and health and safety and environment.
4.3	Monitoring adherence to the generic MOD compliance system.
5.	Investments (in accordance with the Delegation of Authority)
5.1	Approval of major capital projects, matters not in the ordinary course of business and major investments.
6.	Communication
6.1	Maintaining an effective investor relations and communications programme by promoting a satisfactory dialogue with shareholders based on the mutual understanding of objectives and underpinned by the receipt of reports to the Board as a whole on the views of the shareholders.
6.2	Calling any general meeting of QinetiQ's shareholders and approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting and approval of all circular, prospectuses and listing particulars.
7.	Board Membership and Other Appointments
7.1	Changes to the Board governance framework, including the structure, size and composition of the Board and appointments thereto, following recommendations from the Nomination Committee.
7.2	Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within QinetiQ and on the Board.
7.3	Membership and chairmanships of Board committees following recommendations from the Nomination Committee.
7.4	Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
7.5	Continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of QinetiQ, subject to the law and their service contract.
7.6	Appointment or removal of the General Counsel & Company Secretary, following a recommendation from the Nomination Committee.
7.7	Recommend to shareholders, following recommendation of the Audit Committee, the approval of the remuneration, the appointment, reappointment or removal of the external auditor.
8.	Remuneration
8.1	Determine the framework or broad policy for the remuneration of the Chairman, Chief Executive Officer, Executive Directors, Group General Counsel and Company Secretary and direct reports to the Chief Executive, following a recommendation of the Remuneration Committee.

8.2	Approve the introduction of new share incentive plans or major changes to existing plans that would confer additional benefits to participants in existing share schemes if provided for under the remuneration policy in force from time to time, otherwise and where required, recommend such changes to shareholders for approval.
9.	Delegation of Authority
9.1	The division of responsibilities between the Chairman, the Deputy Chairman, the Chief Executive, Senior Independent Director and other senior executive directors.
9.2	Approval of the delegation authority, including the Chief Executive Officer's authority limits (which have to be in writing).
9.3	Establishing Board committees and approving their terms of reference, and approving material changes thereto.
10.	Corporate Governance Matters
10.1	Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors, and the division of responsibilities.
10.2	Determining the independence of Non-Executive Directors in the light of their character, judgment and relationships.
10.3	Considering the balance of interests between shareholders, employees, customers and the community.
10.4	Review of the Group's overall corporate governance arrangements.
10.5	Authorising conflicts of interest where permitted by QinetiQ's Articles of Association.
11.	Policies
11.1	Approval of the Group's Business Principles and values.
12.	Other
12.1	Review a summary report on issues raised through the whistleblower system and consider the major findings of internal investigations and management's response
12.2	The making of political donations.
12.3	Review and assess the effectiveness of arrangements in place for the management of compliance with legal, statutory and ethical requirements.
12.4	Approval of action for material litigation proceedings such as prosecution, commencement, defence or settlement, or to enter into an alternative dispute resolution mechanism (in accordance with the Delegation of Authority).
12.5	Approval of the overall levels of insurance of the Group including Directors' & Officers' Liability Insurance and indemnification of Directors.
12.6	Oversight of management systems in the risk areas of health and safety, people, the environment and indemnification of Directors.
12.7	Oversight of the Modern Slavery Statement.
12.8	This Schedule of Matters Reserved for Board Decisions.

- Matters which the Board considers suitable for delegation are contained in the Terms of Reference of its committees.
- In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

Approved by the Board: 25 March 2018