

# Creating lasting societal value

## How we engage with our key stakeholder groups

### Customers

Our customers are at the heart of our purpose and we strive to apply our strengths to their advantage to enable delivery of mission-led innovation. Every QinetiQ customer has a delivery team and we regularly invest time listening and understanding their views and needs via our formal customer research systems, for more information see [page 10](#) and stakeholder engagement at [page 32](#).

### People

We are a people business and our people are critical to our success. A key engagement form is our Global Employee Voice Group. To see more about how we engage with our people see [page 89](#).

### Shareholders

We engage with our shareholders during the year through physical and virtual roadshows, results presentations and the AGM and we seek to keep an open dialogue with them regarding business, our strategy, and the management team. In the year under review, we also held an Investor Seminar in the US, a General Meeting, for engagement on the £100 million Share Buyback Programme, as well as undertaking a Shareholder Perception Audit, see [pages 90 to 91](#).

### Suppliers

We occupy a unique position in defence and actively engage with our suppliers, working collaboratively to ensure we treat them with integrity and take a fair and sustainable approach. We are active Co-Chair of the Defence Suppliers Forum (DSF) and hold strategic relationships across organisations and engage with our supply chain through in a variety of ways, including our QinetiQ Collaborate events and industry working group; see Working with our Supply Chain [page 55](#).

### Communities

We strive to have a positive impact on our local communities by engaging in community investment such as our outreach programme, volunteering, supporting local charities and community liaison. We provide services that promote the safety and security of members of society, supported by our Net-Zero plan; see ESG [pages 53 & 55](#).

### Regulators

We engage with Regulators to understand changing regulations and ensure we meet their requirements. Our Audit Committee has undertaken a consultation in relation to the new proposed Corporate Governance Code and we have participated in the Parker Review by way of reporting on Board diversity, see [pages 74, 87 & 104](#) or Directors' report [pages 130 to 133](#).

## Section 172 Statement

We are committed to our responsibilities to promote the success of the Group. The Board of QinetiQ Group plc confirms that during the year under review, it has acted in the way that it considers, in good faith, would be most likely to promote the Group's success for the benefit of its members as a whole, having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

QinetiQ Group plc is a public Company limited by shares, registered in England and Wales No. 4586941.

Typically in large and complex companies such as QinetiQ, the Directors partly fulfil their duties through a governance framework that delegates day-to-day decision-making to the employees of the Company. The Board recognises that such delegation needs to be part of a robust governance structure which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of controls continue to be robust.

The main methods used by the Directors to perform their duties are outlined below.

This statement and the relevant disclosures referenced on this page summarise how the Board has upheld and discharged its duties, consider:

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

See [page 67](#) for relevant disclosures.

## Creating lasting societal value continued

### Our stakeholders and approach to engagement

To deliver responsibly and for the benefit of all stakeholders, we must understand what matters to them. To do this we engage in a variety of ways in an open and transparent manner, with the aim of identifying common goals.

In some cases the Board will engage directly with certain stakeholders, however, the relevant delivery teams will also manage this engagement if they are better-placed to facilitate meaningful engagement.

We consider the stakeholder and relevant issues to ensure that engagement is led by those best-placed to affect any necessary change.

We expect that our approach and how we engage with our stakeholders will continue to evolve as we pursue further growth and geographic expansion, for the benefit of all of our stakeholders.

#### Board activity and principal decisions in FY24

The principal decisions taken by the Board in FY24 are detailed on [pages 85 to 86](#). These decisions cover a variety of topics, including capital allocation, succession planning and the Company's 10-year outlook. Due to the nature of these decisions, a variety of stakeholders are considered as part of the Board's discussions.



### Impact of stakeholder engagement and how we create value

#### Customers

The formal feedback we receive from our customers allows us to respond and adapt our approach when achieving their objectives. It is reviewed at all levels of our organisation to ensure we continuously improve and evolve our business processes and delivery solutions. It enables us to deliver mission-critical solutions and help customers address their most pressing challenges. They benefit from a responsive and agile approach and the ability to innovate at pace while delivering value for money.

#### People

We have been able to identify priority focus areas to improve the employee experience by listening to our people through our Peakon surveys and directing our efforts to enhance areas highlighted by direct feedback. Including; ways of working, safety, digital improvements and concerns about the cost of living. See [Page 89](#) for more information on Peakon.

Our peoples work makes a genuine difference to our customers, and we are committed to providing an employee experience which fosters rewarding careers in highly skilled areas, giving our people the opportunity to satisfy their intellectual curiosities.

#### Shareholders

Shareholder feedback and comments helps shape our strategic thinking and decision-making and their ongoing support enables us to invest in our business and execute our growth strategy for the benefit of all stakeholders. In return we aim to deliver long-term sustainable growth and attractive returns, and have sought to keep both our investors and the financial markets up-to-date with our progress and strategic decisions throughout the year.

#### Suppliers

We aim to bring down barriers for suppliers in defence and emerging sectors. Engagement with our supply chain gives us insight into industry partnering to effectively support our customers.

#### Communities

We aim to benefit the wider socio-economic wellbeing of communities and our community investment is viewed positively where we operate. Regular community liaison updates ensure local people are aware of our outreach activity. This has created aspirations and provided signposting to rewarding careers for young people, particularly in STEM.

#### Regulators

We take an active role in the defence industry through various forums and industry networks. Our engagement supports us meeting the high standards expected by our regulators.

## Section 172 relevant disclosures

### Considering long-term consequences

#### s172 link (a)

The Board holds annual strategy meetings which assess the long-term sustainable success of the Group and our impact on our investors, customers, people, and local communities over a 10-year outlook. Our Group Chair and Company Secretary working with the Executive Directors, set a rolling agenda for each Board meeting, including a two-day strategy review to consider the Company's overall purpose and strategy. This is supported by a budget for the following year and both medium and long-term (five and 10-year) financial planning informed by strategic assessments, such as SWOT analysis. These arrangements are supported by external political, institutional, customer and academic inputs. There are also risk management procedures that identify the potential consequences of decisions in the short, medium and long term, so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders (see [pages 57 to 61](#)).

#### Relevant S172(a) disclosures

[Pages 76 to 77](#) Company purpose  
[Pages 10 to 11](#) Business model  
[Pages 6 to 7](#) Strategy  
[Pages 30 to 31](#) Dividend and Capital Allocation policy  
[Pages 62 to 64](#) Viability statement  
[Page 54](#) Governance and leadership of our responsible and sustainable business approach  
[Page 109](#) Frameworks for risk management and internal control  
[Pages 40 to 42](#) Net-Zero pathways initiatives

### Protecting communities and environment

#### s172 link (d)

The Group is committed to corporate responsibility oversight including business ethics, anti-bribery and corruption, human rights, modern slavery, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management, investing in our local communities and the armed forces. Any major decisions taken by the Board includes formal consideration to these factors where relevant as well as regular reviews through the Board risk management process and the Audit, Risk and Security and Remuneration Committees.

#### Relevant S172(d) disclosures

[Pages 36 to 42](#) Environmental  
[Page 68](#) Energy management  
[Page 53](#) Responsibility and sustainability  
[Pages 43 to 47](#) TCFD disclosures  
[Page 69](#) Community and Society, Human rights and Anti-bribery and anti-corruption  
[Page 87](#) Engagement environment and community

### Fostering stakeholder relationships

#### s172 links (b, c)

To encourage mutually beneficial stakeholder relationships, specific training is provided for Directors and senior managers and we ensure external assurance, through audits, stakeholder surveys and reports from brokers and other advisers, and stakeholder engagement. The Board receives regular presentations and reports on customer engagement, risk, health and safety, confidential reporting, defence process review, dividend policy, people and culture strategy, and operational business updates. The Company listened to direct feedback from UK employees this year in relation to reward and responded by committing to the implementation of a 'fair baseline for all' which enabled the Company to uplift UK employee rewards in line with its Rewarding for Performance approach. The Company also took feedback from its shareholders through direct Board engagement and a shareholder perception audit, which helped inform deployment of its capital allocation policy.

#### Relevant S172(b,c) disclosures

[Pages 46 to 51](#) Our people  
[Page 48](#) Safety and wellbeing  
[Page 89](#) Employee engagement  
[Pages 51 to 52](#) Learning and Development: skills and talent  
[Pages 52 to 53](#) Reward and recognition  
[Pages 68 to 69](#) Non-financial information statement  
[Page 91](#) Board engagement  
[Pages 49 to 50](#) Diversity, equity and inclusion  
[Page 35](#) ESG framework  
[Pages 76 to 77](#) Purpose and culture  
[Page 90](#) Shareholder engagement

### Setting culture and conduct

#### s172 link (e, f)

The Board sets the Group's purpose, values and strategy, ensuring it is aligned with our culture. To ensure section 172 requirements are met, stakeholder factors are addressed in Board papers, and through standing agenda matters presented at each Board meeting (for example, the CEO presents updates on the financial overview, strategic progress, investor relations, business development, and operational progress) and the Company Secretary presents updates on relevant corporate governance and compliance matters.

#### Relevant S172(e,f) disclosures

[Pages 48 to 53](#) Social  
[Pages 76 to 77](#) Purpose and culture  
[Page 57](#) Internal controls  
[Pages 90 to 91](#) Shareholder engagement  
[Pages 73 and 132](#) Annual General Meeting  
[Pages 56 to 61](#) Risk Management  
[Page 81](#) Governance structure