

Key Stakeholder groups and Section 172 statement

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 to consider:

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

→ See page 73 for relevant disclosures.

Our stakeholders and approach to engagement

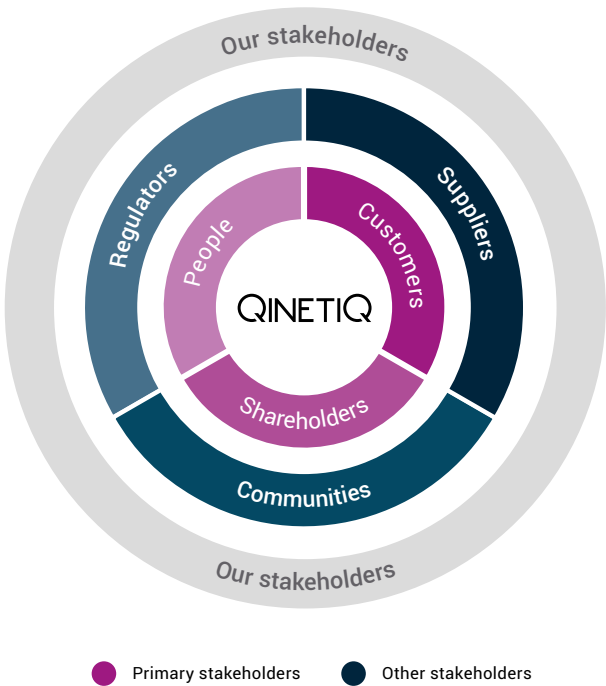
To deliver responsibly and for the benefit of our stakeholders we must understand what matters to them. To do this we engage in a variety of ways in an open and transparent manner, with the aim of identifying common goals.

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

We consider our respective stakeholders and relevant issues to ensure that engagement is led by those best-placed to affect any necessary change and therefore expect that, to best benefit our stakeholders, our approach to how we engage will continue to evolve as we pursue further growth.

Board activity and principal decisions in FY25

The principal decisions taken by the Board in FY25 are detailed on pages 87 and 88. These decisions cover a variety of topics including, capital allocation, the Cody Technology Park Disposal and business strategy. Due to the nature of these decisions, a variety of stakeholders are considered as part of the Board’s discussions.



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 our customers' views and needs via our formal customer research systems. For more information see pages 18 and 19.

People

Our people are critical to the success of our business. To ensure meaningful engagement the business continues to utilise its key forms of engagement, the Global Employee Voice Group, Peakon and the 'Speak Up' programme.

The business holds regular Global Employee Roadshows and Q Talks to enable employees to engage directly with decision makers and the QLT. The Board were also able to spend time this year with employees during visits to UK sites such as the offices of QinetiQ and Inzpire in Lincoln, and our Group Chair during visits to a number of sites in the UK and Germany. Our site Champions and Heads of Sites also provide feedback at a local level.

To see more about how we engage with our people see Employee engagement on page 91 and Employee engagement: Listening, learning and taking action on page 53.

Shareholders

We engage with our shareholders throughout the year via physical and virtual roadshows, results presentations and at the AGM. We seek to keep an open dialogue regarding business, our strategy, and the management team. Our Group Chief Financial Officer has met with a number of shareholders from the UK, US and Germany during the year as part of his induction, and has attended a number of industry specific investor conferences since his appointment in September 2024. Our Group CEO and Group Chair have also engaged directly with a number of major shareholders throughout the year.

See page 76 for details on the 2025 AGM.

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

Listening to our people through these various feedback channels has enabled us to identify priority focus areas to improve the employee experience by directing our efforts to enhance areas highlighted by direct feedback. This year we responded to feedback around site improvements and engagement activities, making progress on resources such as templates and toolkits, to enable our people to better connect their contribution to our strategy.

Our people's 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 perform to their full potential.

Shareholders

Shareholder feedback and comments help 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. Shareholder feedback this year helped shape the decision to extend our share buyback programme of up to £200m over the next two years and our ongoing engagement enables balanced choices to be made on how and where we invest.

How we engage with our key stakeholder groups

Suppliers

We occupy a unique position in the defence industry and actively engage with our suppliers, working collaboratively to ensure we treat them with integrity and take a fair and sustainable approach. We 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 groups such as Aerospace Defence and Security (ADS), techUK, Aerospace and Defence Procurement Group (ADPG) and MOD Sustainable Procurement; see Working with our supply chain on page 59 for more information.

Community

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. Our aim is to benefit the wider environmental and socio-economic wellbeing of our communities and our community investment is viewed positively where we operate. Volunteering is a vital part of our social impact strategy and we enable our skilled workforce to dedicate their time and expertise to deliver social, environmental and economic benefits within the communities where we work. We have also expanded our volunteering efforts to include defence, as well as our usual Science, Technology, Engineering, and Mathematics (STEM), environmental initiatives, and skills-based volunteering. See pages 56 and 57 for more information.

Environment

We engage with shareholders, customers and our people on environmental and ESG related matters throughout the year via reporting, surveys and questionnaires. We also chair a number of industry groups and actively collaborate with customers, peers, academic partners and suppliers. This enables us to listen, understand, and identify what matters most to our stakeholders and over the last year our customers have increased their focus on resilience to the impacts of climate change and alignment to the international energy transition.

Our sustainability programme is focused on the most material issues for the Company including a deliverable Net-Zero plan, and the business is cognisant to the importance of ensuring its own resilience to the changing climate and how it can contribute to its mitigation. See pages 40 to 45 for more information.

Regulators

We engage with Regulators to understand changing regulations and ensure we meet their requirements. This year our Audit Committee oversaw planning to implement changes needed to audit, risk and internal controls to comply with the recently published 2024 UK Corporate Governance Code, as well as the proposed changes in non-financial reporting. We have also successfully submitted our 2024 Parker Review.

See page 76, Audit risk and internal control at pages 100 to 105 and Board activity at page 89.

Impact of stakeholder engagement and how we create value

Suppliers

We aim to bring down barriers for suppliers in defence and emerging sectors. In the year under review we held a number of QinetiQ Collaborates working group events, including 'Raising Awareness of Modern Slavery in the Supply Chain' and 'Let's Talk Sustainability Climate Contracting'. Our engagement with our supply chain gives us insight into industry partnering to effectively support our customers.

Community

We provide services that promote the safety and security of members of society and seek to drive social value from our projects. This year we are proud to have successfully delivered outreach and community projects across the UK and continue to engage in regular community liaison updates ensure local people are aware of our outreach activity.

We have also delivered a range of 'Social Value' activities as part of our contract delivery and have prioritised initiatives that foster community job creation, inspiring the next generation of STEM innovators. Early Careers and STEM in particular are communities in which we are continually supporting and investing.

Environment

The Company has worked hard to improve its greenhouse gas understanding of its emissions since the publication of its 2022 Net-Zero plan and in light of the Company's evolution felt it was appropriate to evolve from a foundational plan, to a Climate Transition Action Plan (CTAP). The evolution and development of this plan is intended to integrate climate change within the Company's business plan and will be overseen by the Climate Change Steering Group, chaired by our CFO (see page 40).

The Company has also invested via IRAD in the creation of a suite of scenarios suitable to incorporate issues of climate change into war-gaming, simulation and experimentation and has been proactive in provoking discussion this year between start-ups, academia, the MOD and industry on how to create sustainable and resilient defence capability by holding a customer-focused round table at Farnborough International Air Show.

During the year in review the Company also retained its rating as a top-rated ESG company by Sustainalytics and its AA rating from MSCI.

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. This year the UK tax authorities provided an overall low risk rating across all measures of systems and delivery, governance and approach to tax compliance following their testing of the Group Tax policies. The Company is also in the process of implementing a formal regulatory compliance evaluation tool designed to systematically evaluate environmental compliance performance across all operationally controlled sites.

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 five and ten-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 ten-year) financial planning informed by strategic assessments such as SWOT analysis. These arrangements are supported by external political, industrial and customer inputs. There are also risk management processes 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.

Relevant S172(a) disclosures

- Pages 78 to 79 Significance of our purpose, values and strategy
- Pages 18 to 19 Business model
- Pages 4 to 7 Strategy
- Pages 34 and 87 Dividend and Capital Allocation policy
- Pages 67 to 69 Viability statement
- Page 109 Frameworks for risk management and internal control
- Pages 40 to 41 Climate Transition Action Plan (CTAP)
- Page 88 Integrated Strategic Planning

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 40 to 51 Environmental
- Pages 38 to 39 Sustainability: Environmental, Social & Governance
- Pages 46 to 51 TCFD disclosures
- Pages 60 and 61 Non-financial and sustainability information statement
- Pages 52 to 57 Social
- Pages 58 and 59 Governance

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 also made progress against the themes identified in previous years as needing attention and are in the process of creating a new approach to employee engagement to bring together our feedback channels to create realistic and deliverable plans at a local level and across the Company.

Relevant S172 (b, c) disclosures

- Pages 52 to 57 Social
- Page 91 Employee engagement
- Pages 53 to 54 Skills and development: investing in future capability
- Page 56 Rewarding for performance: celebrating employee contribution
- Pages 60 to 61 Non-financial information statement
- Pages 71 to 72 Stakeholder engagement
- Page 55 Diversity, equity and inclusion
- Page 39 ESG framework
- Pages 78 to 79 Significance of our purpose, values and strategy
- Page 71 Shareholders

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 Group 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 52 to 57 Social
- Pages 78 and 79 Significance of our purpose, values and strategy
- Page 109 Frameworks for risk management and internal controls
- Page 76 Annual General Meeting
- Pages 62 to 66 Risk Management
- Page 83 Governance structure
- Page 55 Diversity, Equity & Inclusion (DEI)
- Pages 77 to 90 Board leadership and Company purpose