# QINETIQ



Be the change

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

# Group Sustainable Procurement Guide

2022 – 2025

*We know that delivering responsibly and sustainability − taking consideration of environmental, social and governance (ESG) issues - benefits our business and all our stakeholders.*

*Having a positive impact through environmental stewardship, supporting our people and communities and practicing strong governance is not a "nice to have", but a way of operating that all modern and successful businesses recognise and adopt.*

*There are some big global challenges that we are all facing, such as climate change, and we can be most effective when we collaborate with our partners and suppliers.*

Sam Healy
**Group Corporate Responsibility and Sustainability Director**

*Embedding sustainable procurement practices throughout our supply chain, unlocks the opportunity to develop additional value and deliver positive impacts environmentally, societally and with long-term prosperity for all stakeholders including our suppliers, customers and local communities.*

Hannah Cowley
**Group Sustainable Procurement Lead**

# Contents

Cover design inspired by the United Nations Sustainable Development Goals.
A framework to foster continuous improvement, transparency and accountability
within our business and supply chain to achieve a sustainable future.

# Introduction

Sometimes referred to as responsible procurement, ethical procurement or green procurement, simply put, sustainable procurement is when a company balances the need to embed responsible and sustainable business principles into its procurement processes while also meeting the needs and requirements of the company and customers.

It's the consideration of how a procurement decision could improve social, economic or environmental well-being and how through the procurement process, one may act in securing value creation.

Sustainable procurement is the new fundamental priority joining quality, cost, reliability, timeliness, flexibility and innovation as a key component for sustaining a competitive business, integrating purpose, corporate accountability and delivering benefit to our customers.

It is about working in Partnership, to secure Peace and Prosperity, whilst protecting the Planet and its People, collectively known as the "5Ps". This focus underpins the 17 UN Sustainable Development Goals, and is endorsed by governments and encouraged through legalisation and policy, directed through Shareholder investment reporting of Environment, Social Governance (ESG) and expected by customers, suppliers and employees.

# Purpose

As an extension of our organisation, the purpose of this guide is to assist our supply chain to work collaboratively in sustainable partnership with us, for the benefit of our customers, suppliers and QinetiQ. It's what we are expecting from you, if you want to work with us. We want to share with you what we think is important, but also to learn from you. Below is a list of actions that lead to benefits through embedding sustainable procurement practices:

Accountability

Circular economy

Eliminating waste and inefficiencies

Focus on needs and life cycle analysis of costs (total cost of ownership)

Innovation and integration

Risk management

Transparency

Attracting and retaining talent

Continuous improvement

Ethical behaviour

Full and fair opportunities

Respect for human rights and decent work
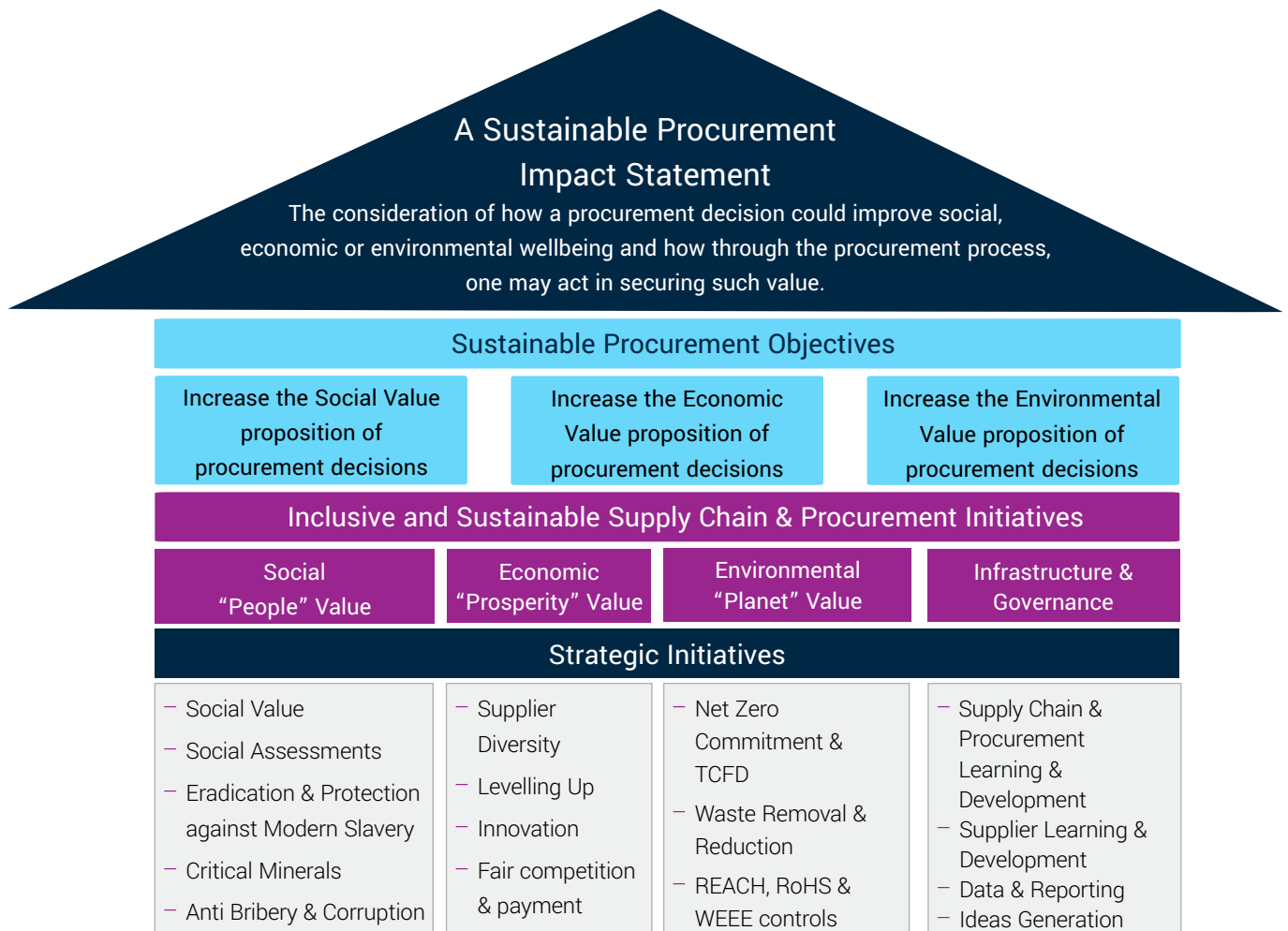
Social responsibility

# Corporate responsibility and Sustainability

Sustainable Procurement forms part of QinetiQ's wider Corporate Responsibility and Sustainability (CR&S) Strategy which addresses Environmental Social Governance.

| Our Purpose |
|---|
| *Protecting lives and securing the vital interests of our customers* |

| Environmental | Social | Governance |
|---|---|---|
| • Climate Change: Net-Zero & Resilience<br>• Conservation & Biodiversity<br>• Sustainable Solutions for Customers<br>• Environmental Management<br>• Waste & Resources | • Health Safety & Wellbeing<br>• Employee Engagement<br>• Diversity & Inclusion<br>• Learning & Development<br>• Reward & Recognition<br>• Human Rights & Modern Slavery<br>• Community & STEM Outreach | • Business Ethics<br>• Code of Conduct<br>• Anti-bribery & Corruption<br>• Ethical Trading Policy<br>• Responsible & Sustainable Procurement<br>• Leadership ESG Remuneration |

| Our values | | |
|---|---|---|
| *Integrity* | *Collaboration* | *Performance* |

**We deliver responsibly, sustainably and for the benefit of all our stakeholders**

Our Sustainable Procurement Strategy defines our objectives and initiatives, and highlights the same commitment we are looking to be flowed down through our supply chain

## A Sustainable Procurement Impact Statement

The consideration of how a procurement decision could improve social, economic or environmental wellbeing and how through the procurement process, one may act in securing such value.

### Sustainable Procurement Objectives

| Increase the Social Value proposition of procurement decisions | Increase the Economic Value proposition of procurement decisions | Increase the Environmental Value proposition of procurement decisions |
|---|---|---|

### Inclusive and Sustainable Supply Chain & Procurement Initiatives

| Social "People" Value | Economic "Prosperity" Value | Environmental "Planet" Value | Infrastructure & Governance |
|---|---|---|---|

### Strategic Initiatives

| | | | |
|---|---|---|---|
| – Social Value<br>– Social Assessments<br>– Eradication & Protection against Modern Slavery<br>– Critical Minerals<br>– Anti Bribery & Corruption | – Supplier Diversity<br>– Levelling Up<br>– Innovation<br>– Fair competition & payment | – Net Zero Commitment & TCFD<br>– Waste Removal & Reduction<br>– REACH, RoHS & WEEE controls | – Supply Chain & Procurement Learning & Development<br>– Supplier Learning & Development<br>– Data & Reporting<br>– Ideas Generation |

# Reporting

We produce our annual report that details QinetiQ's corporate responsibility commitments on plans.
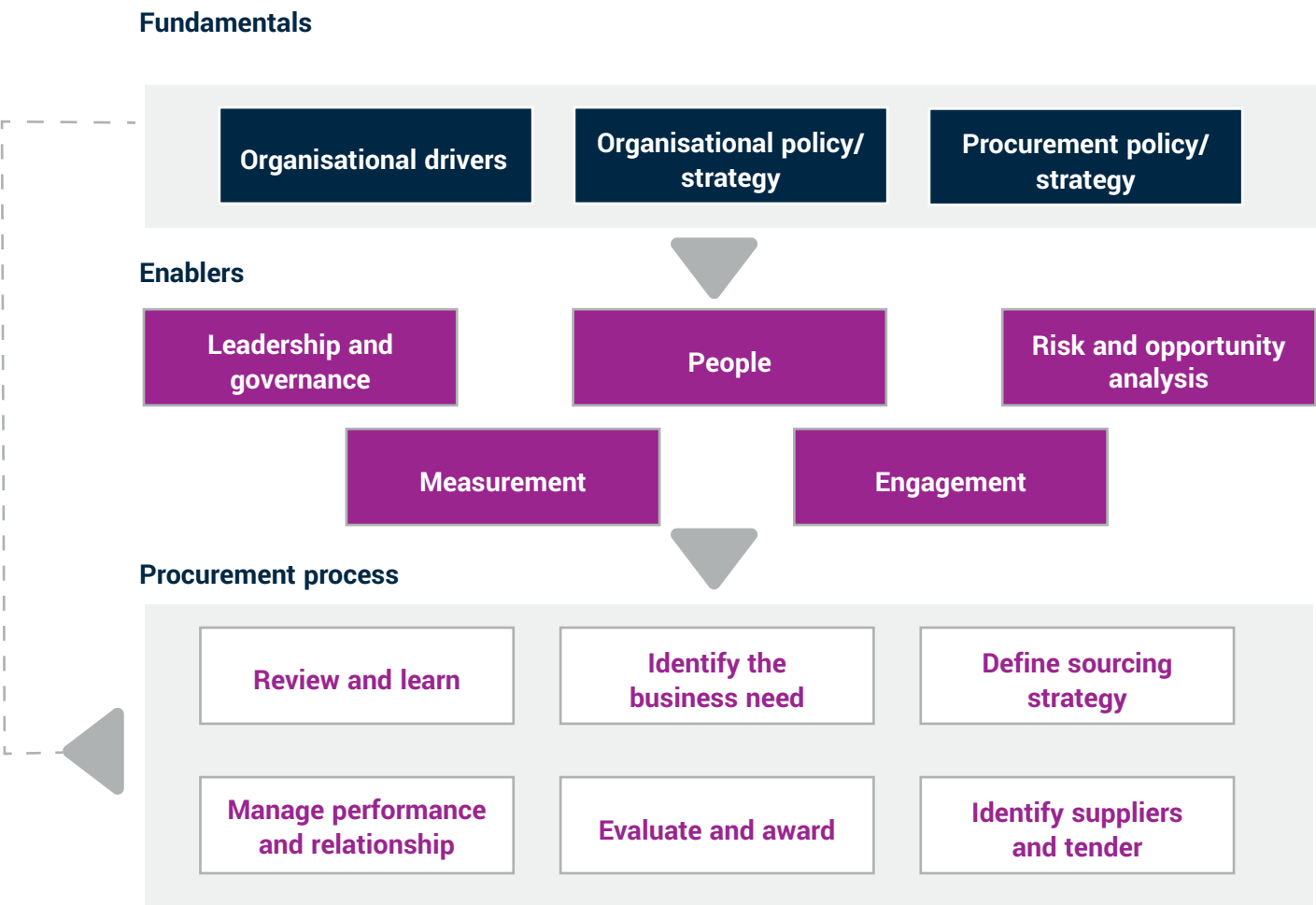
# Certifications

To support our CR&S programme, QinetiQ's head office is certified and verified to:

| Standard | Certification / Verification |
|---|---|
| ISO 14001 | Environmental Management System |
| ISO 45001 | Occupational Health and Safety Management System |
| ISO 50001 | Energy Management System |
| ISO 27001 | Information Security Management |
| ISO 44001 | Collaborative Business Relationship Management |
| Cyber Essentials Plus | Government Industry Scheme to protect against cyber attacks |

# Framework for Procuring Sustainably

QinetiQ aligns with the guidance principles of ISO 20400 Sustainable Procurement.

**Fundamentals**

| Organisational drivers | Organisational policy/ strategy | Procurement policy/ strategy |
| --- | --- | --- |

**Enablers**

| Leadership and governance | People | Risk and opportunity analysis |
| --- | --- | --- |

| Measurement | Engagement |
| --- | --- |

**Procurement process**

| Review and learn | Identify the business need | Define sourcing strategy |
| --- | --- | --- |
| Manage performance and relationship | Evaluate and award | Identify suppliers and tender |

ISO 20400 Sustainable Procurement overview

# Ethics

Our Code of Conduct sets out the ethical standards that we expect of ourselves and those who work with us. We do not tolerate any form of bribery or corruption and expect our suppliers to commit to the same. We conduct due diligence to identify potential bribery and corruption risks associated with our partners both prior to engagement and throughout the life of the contract on the basis of risk.

**To assist QinietQ with its commitment, we expect that our suppliers will:**

– Comply with all relevant anti-corruption laws and regulations including the UK Bribery Act.

– Not pay or accept bribes or participate in any illegal inducement to obtain undue or improper advantage

– Not offer inappropriate financial or material benefits, such as gifts or entertainment to QinetiQ employees or other representatives in an attempt to influence business decisions

**Code of Conduct**

The Group Code of Conduct underpins how we do business, and clearly articulates our ethical standards and provides guidance on expected behaviours.

**Supplier Code of Conduct**

The Group Supplier Code of Conduct sets out the standards that we expect from our supply chain.

**Modern Slavery Statement**

The Group Modern Slavery Statement details the steps we have taken in the last financial year to minimise the risk of modern slavery in both our organisation and supply chains, as well as set out our plans for the forthcoming year.
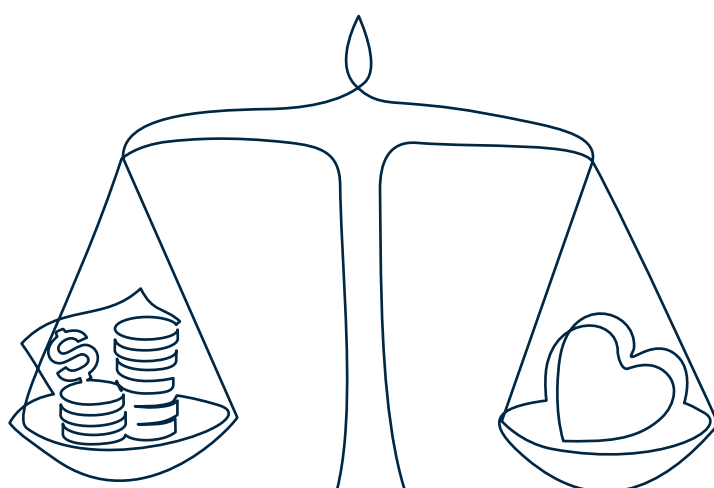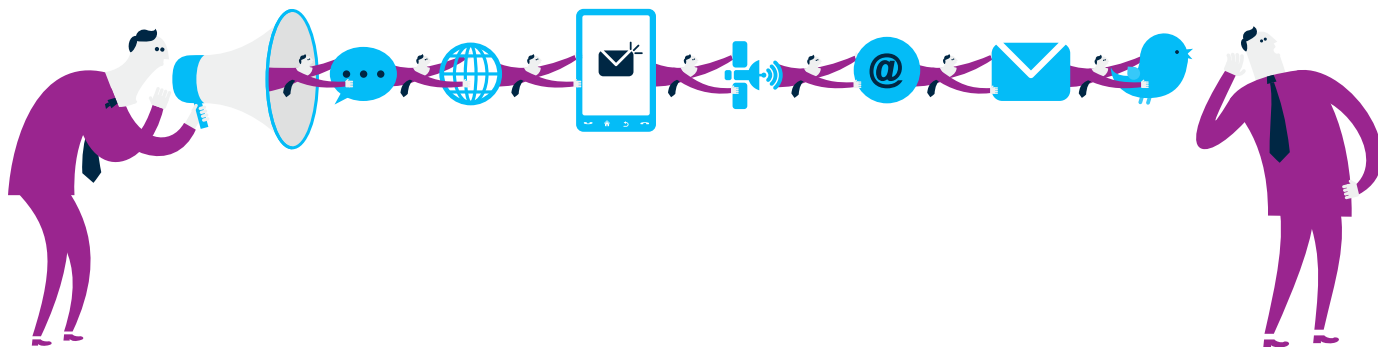
## Speak up

It is important that our suppliers and partners speak up if they identify a concern: this could be about safety, bribery or modern slavery for example.

We have a number of routes available including our "confidential reporting service", which operates 24/7 and our ethics line, and would like to ensure that all in our supply chain feel confident that our approach to "speak up" includes them.

| QinetiQ speak up contact details | | |
|---|---|---|
| Austraila | 1800 986 239 | |
| Belgium | 0800 11 778 | |
| Canada | (844) 932 1013 | **ethics@QinetiQ.com** |
| France | 0805 08 09 86 | **QinetiQ.ethicspoint.com** |
| Germany | 0800 1890364 | |
| Sweden | 020 10 93 34 | |
| UK | 0800 069 8738 | |
| USA | (844) 932 1013 | **ethics@us.QinetiQ.com** **QinetiQinc.ethicspoint.com** |

**To assist QinietQ with its commitment to ethics, we expect that our suppliers will:**

– Have a code of conduct or similar

– Provide a similar confidential service (sometimes known as whistleblowing) for raising ethical concerns

– Be aware of international and national regulations relating to Anti-Bribery, Corruption, Fraud and Human Rights including Modern Slavery



QinetiQ values

Integrity          Collaboration          Performance

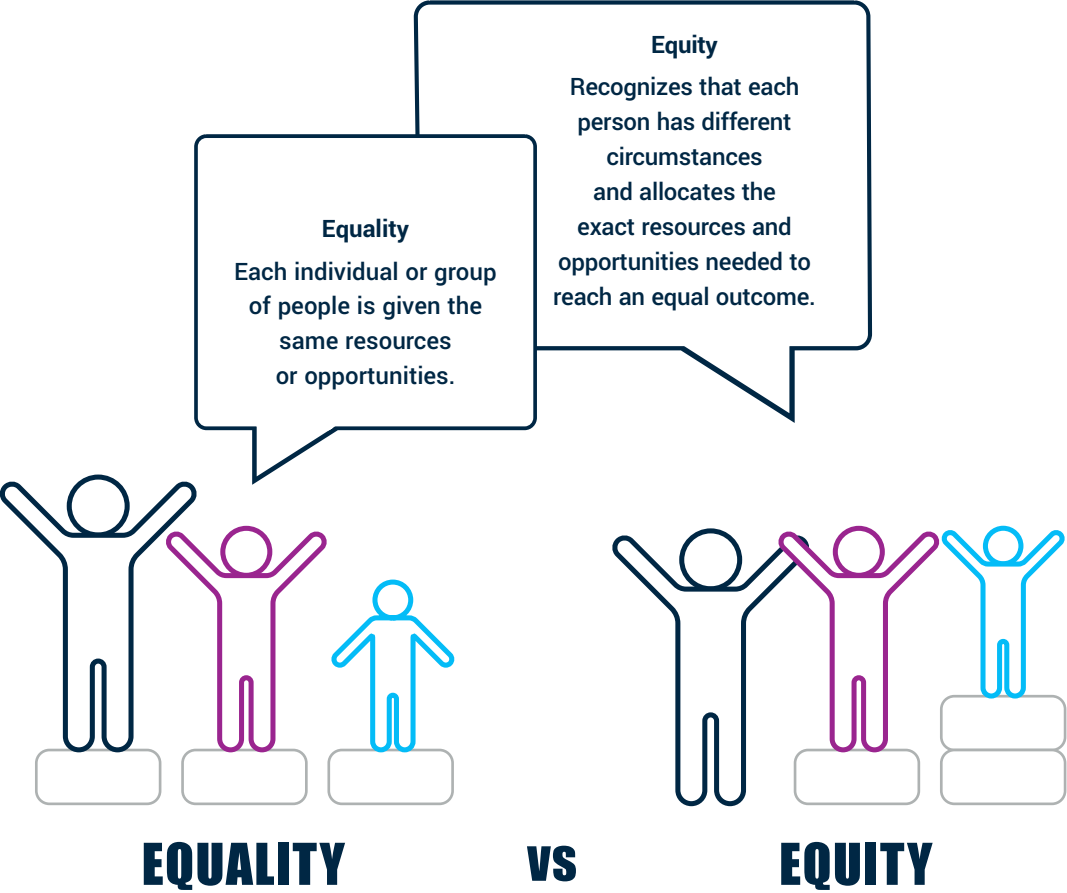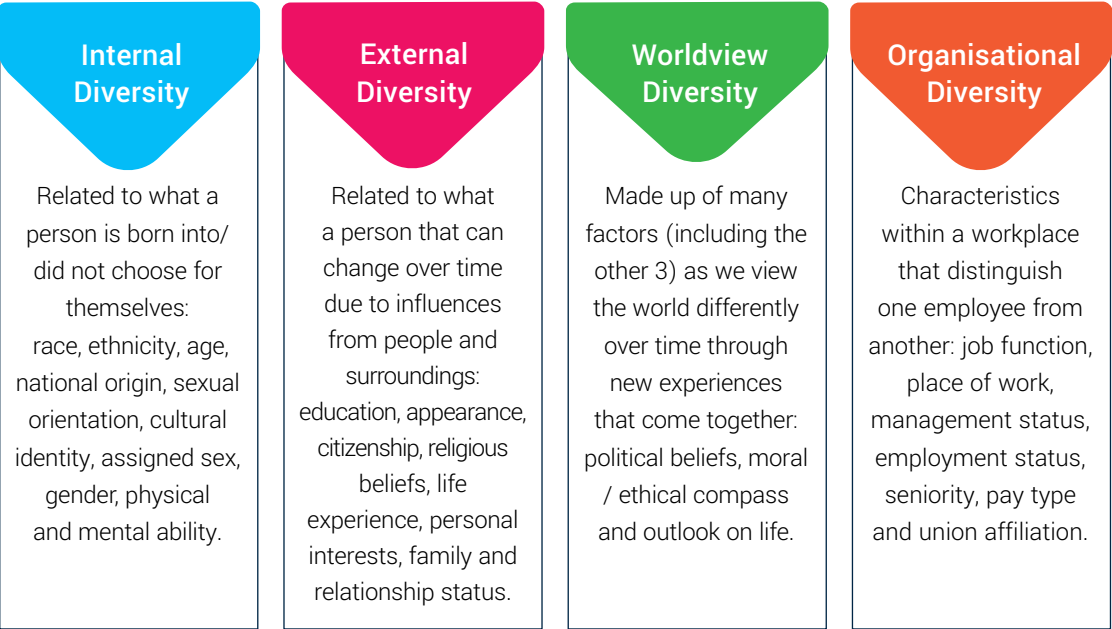QinetiQ behaviours

Listen          Focus          Keep My Promises

# Diversity and Inclusion

## Workplace Diversity

We are committed to creating a diverse and inclusive QinetiQ; where our differences are not only embraced, but make us stronger. As an extension of our operations, we expect our suppliers to make the same commitments to being an inclusive and diverse organisation.
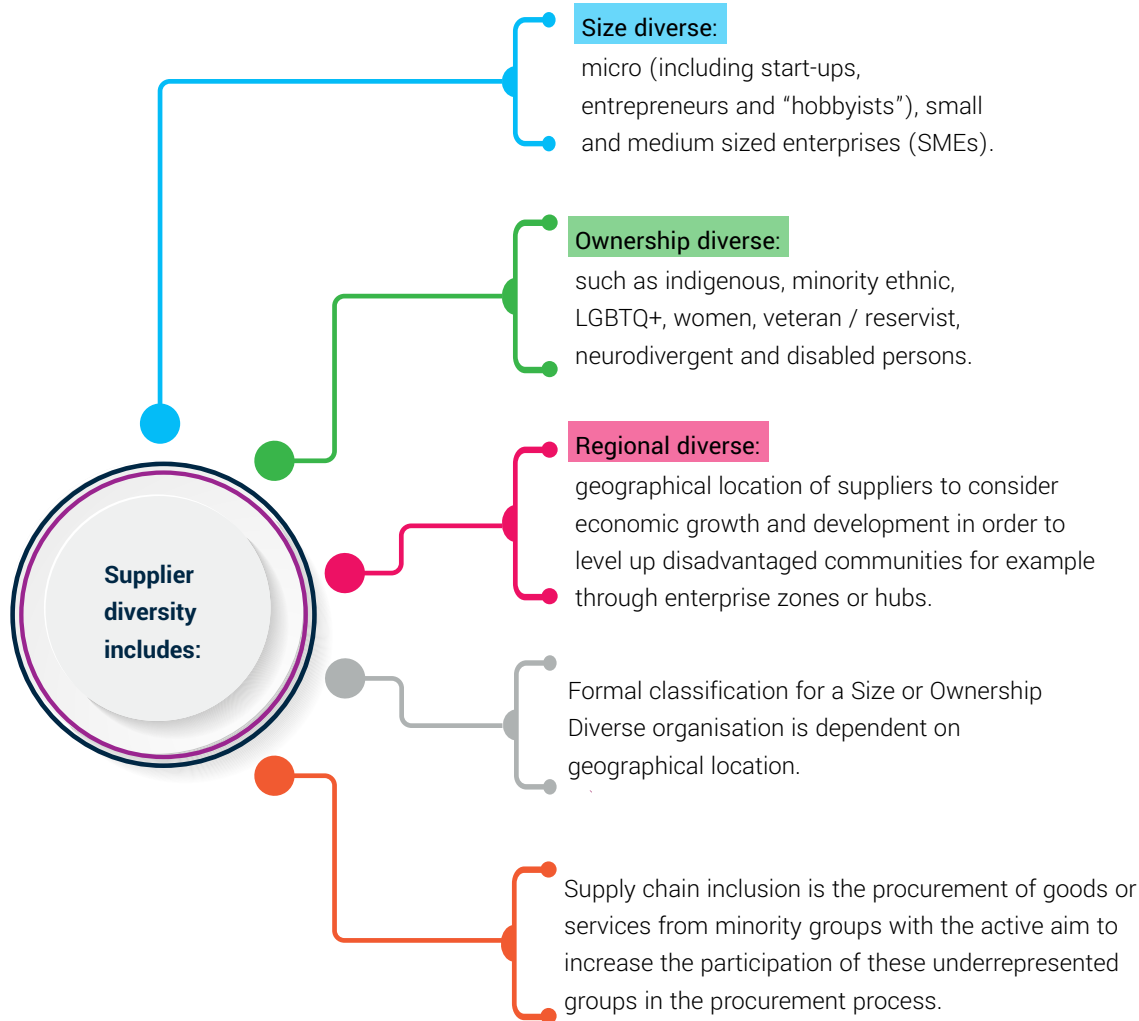
### Internal Diversity

Related to what a person is born into/ did not choose for themselves: race, ethnicity, age, national origin, sexual orientation, cultural identity, assigned sex, gender, physical and mental ability.

### External Diversity

Related to what a person that can change over time due to influences from people and surroundings: education, appearance, citizenship, religious beliefs, life experience, personal interests, family and relationship status.

### Worldview Diversity

Made up of many factors (including the other 3) as we view the world differently over time through new experiences that come together: political beliefs, moral / ethical compass and outlook on life.

### Organisational Diversity

Characteristics within a workplace that distinguish one employee from another: job function, place of work, management status, employment status, seniority, pay type and union affiliation.

**Equity**
Recognizes that each person has different circumstances and allocates the exact resources and opportunities needed to reach an equal outcome.

**Equality**
Each individual or group of people is given the same resources or opportunities.

## EQUALITY    VS    EQUITY

## Inclusion 2025 Framework

Our Diversity and Inclusion Strategy is all about promoting being authentic at work



# JustLike-Q

JustLike-Q was formed in 2019 and was one of our first employee special interest groups for Diversity and Inclusivity. There are now seven employee networks globally including Neurodiversity, Gender Balance and LGBTQ+. Each network aims to: promote diversity, encourage education and awareness, provide support for colleagues, create an environment where we can be our true selves, and contribute to and influence policy on diversity.

QinetiQ expects our suppliers to embrace the opportunities and benefits of a diverse and inclusive workforce, encouraging the reduction of unconscious bias and eliminating unlawful discrimination, bullying and harassment.

# Sourcing / Supplier Diversity

**Supplier diversity includes:**

**Size diverse:**
micro (including start-ups, entrepreneurs and "hobbyists"), small and medium sized enterprises (SMEs).

**Ownership diverse:**
such as indigenous, minority ethnic, LGBTQ+, women, veteran / reservist, neurodivergent and disabled persons.

**Regional diverse:**
geographical location of suppliers to consider economic growth and development in order to level up disadvantaged communities for example through enterprise zones or hubs.

Formal classification for a Size or Ownership Diverse organisation is dependent on geographical location.

Supply chain inclusion is the procurement of goods or services from minority groups with the active aim to increase the participation of these underrepresented groups in the procurement process.

QinetiQ has solid partnerships with many small businesses that work in support of our products and services and we continuously seek innovative, small and diverse suppliers that have the core competencies that allow us to maintain leading edge technologies. The approved suppliers list is frequently updated to support the ever changing needs of our customers and to develop and maintain a robust supply chain. This provides ample opportunities for small and diverse businesses to become suppliers to QinetiQ.

## QinetiQ Australia

Our Reconciliation Action Plan Program helps enhance and inform our understanding of Aboriginal and Torres Strait Islander cultures while functioning as a framework for organisations to realise their vision for reconciliation. Through the program, organisations develop a business plan that documents what an organisation commits to do to contribute to reconciliation in Australia.

# Veteran and Reserves

Reservists and veterans bring a variety of transferable skills and qualities to the civilian workplace, developed throughout their military careers. QinetiQ believes that no Service leaver should face disadvantage in finding a new career, nor feel at any disadvantage in the workplace. This is why we pledged our support to the UK Armed Forces Covenant in 2013 Advice for Businesses

QinetiQ has been revalidated with the Gold Award status by the UK Ministry of Defence in their Defence Employer Recognition Scheme.

As QinetiQ expands its global footprint, we pledge our continued support to the Service people who work for us around the world, and aim to be role models to others to provide the vital support in the workplace that our Armed Forces personnel deserve.

QinetiQ also works closely with the armed forces charity, SSAFA, to extend further the work and support that can be delivered to those in and around the armed forces.

*It is vital to recognise the role of our military personnel, whether they are still in service or are ex-forces. They make a valuable contribution, not only to our society but directly to our company, by helping us to understand a key customer. I have signed the Covenant because I strongly believe it is important for companies to support and encourage those who wish to go above and beyond in the name of public service. QinetiQ does and always will support service personnel and their families in as many ways as we can.*

Steve Wadey
**Group CEO - QinetiQ**
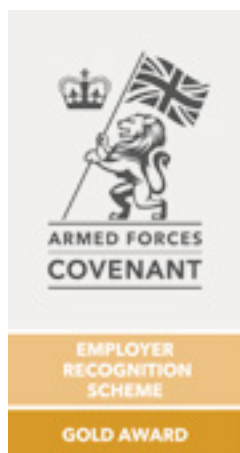
Iain Harrison discussing SSAFA

www.ssafa.org.uk.
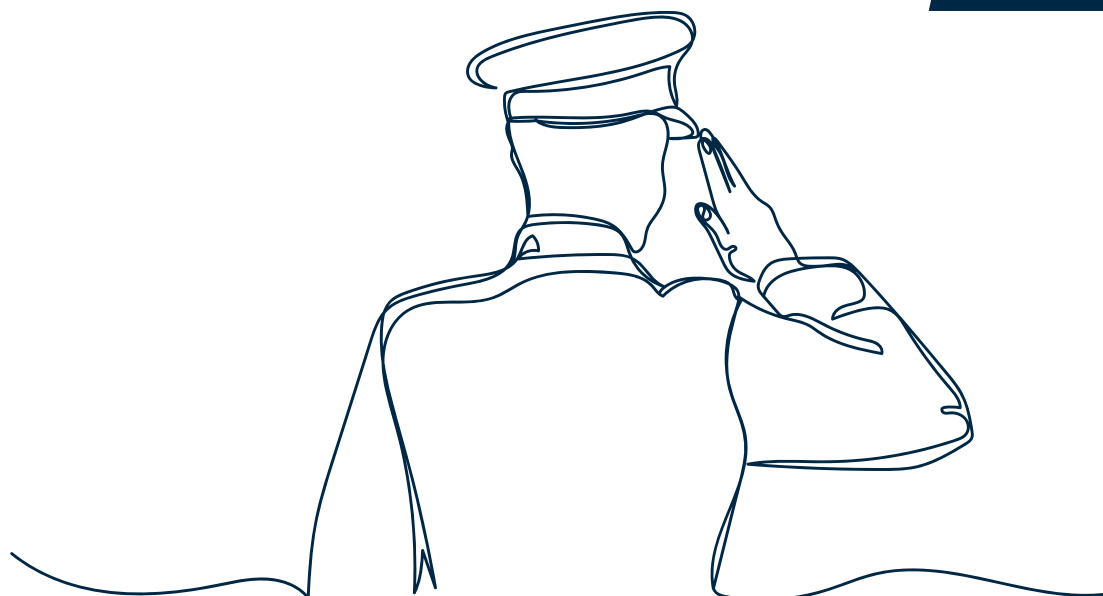
# Cyber Security

QinetiQ's ability to fulfil its mission **'defending sovereign capability, protecting lives, securing the vital interests of our customers'** is dependent on a robust, dependable and sustainable supply chain. An increasingly connected world makes it easier for us to connect with "best in class" suppliers. Global connectivity also gives rise to cyber risk.

Minimising cyber threats is a vital part of QinetiQ's supply chain due diligence. As a supplier we expect you to act in a safe, secure and risk conscious manner, when it comes to the cyber threat.



**To assist QinietQ with its commitment, we expect that our suppliers will:**

– Comply with National, regulatory and contractual compliance where applicable.

– Implement robust information technology service management (ITSM), security controls, and monitoring to minimise the likelihood, and impact, of a cyber security incident.

– Conduct regular, and through life, assurance activities of information, communication and operational technology systems, demonstrating an on-going commitment to cyber security and safety.

– Achieve a recognised cyber security certification (i.e. IEC/ISO27000 or national equivalents e.g. UK Cyber Essentials) to demonstrate your commitment to keeping yourself and us safe.

– Conduct due diligence on the extended supply chain where this may pose a risk to QinetiQ.

– Abide by the contractual conditions for cyber and information security as is required by QinetiQ and, where necessary, QinetiQ's contracting authority.

– Undertake to having a recognised information technology security health-check (ITHC) at least annually.

– Have business continuity and disaster recovery management in place to minimise the impact of a cyber security incident on QinetiQ, and our end customers.

– Report, in the most expedient and secure manner, any cyber security incident which may have an effect on QinetiQ, and our end customers.

Our commitment to our supply chain is to operate in a manner expected of our customers and that we expect of our supply chain. This level of trust is vital to effective and sustainable supply chain relationships.

# Health and Safety

## Safe for Life

Safe for Life is our over-arching safety culture improvement programme and our Environment, Health & Safety strategy encourages us to look after ourselves, each other and the world around us, with a key focus on:

– Globally sharing best practice

– A continuous improvement mind-set which helps us to strengthen performance and enhance employee wellbeing while creating a safe, successful and resilient business

– A community of strong, active and visible leaders who have a clear commitment to safety, employee wellbeing and environmental matters

– Enabling and empowering our people to make informed Environment, Health and Safety decisions.

As part of this strategy, we are committed to "strengthening the resilience of our people... where we will create a motivated, flexible and committed workforce through the development of a culture and environment that fosters employee wellbeing".

The COVID-19 pandemic has brought into sharp focus just how critical it is to take care of ourselves and each other. It has caused us to re-evaluate what's important; both at work and at home, and to think about how we create a balance between the two. Building on our already established Environment, Health & Safety

programme, we have launched our new Global Wellbeing Strategy to provide direction and a more consistent approach across our company.

As we navigate our way towards a new future, our wellbeing strategy provides direction and a common approach through the use of our:

• Employee Assistance Programme

• Mental Health First Aiders

• Global Employee Voice

**To assist QinietQ with its commitment, we expect that our suppliers will:**

• Comply with all relevant health and safety legislation, regulations and standards

• Have the same commitment and values to health and safety in our extended supply chains

A safe working environment ensures we are able to have meaningful conversations and know where to go for support. Leading with empathy and compassion, we are aspiring to create a flexible and inclusive workplace, enabling us to manage our work/personal life balance. The wellbeing strategy focuses on the following five pillars:

Looking after the health and wellbeing of our employees and their families is our number one priority.

## 01 Physical Health
Raising awareness of the importance to maintain physical health and the lifestyle choices we can take to support our health and wellbeing.

## 02 Mental health
Providing access to mental health resources, enabling us to increase our knowledge and skills, and better support ourselves and each other.

## 03 Personal growth
Creating an environment where we are fully supported to grow, develop and realise our full potential, by building a learning and coaching culture that encourages us to drive our own development and achieve our goals.

## 04 Work environment
Creating a happy and engaging work environment that provides flexible work/personal balance and delivers purposeful and meaningful work; an inclusive culture where wellbeing is part of who we are and what we do.

## 05 Financial
Raising awareness of the benefits of financial wellbeing by providing access to materials, resources and training, relevant to any stage of your career within QinetiQ.

# Total Cost of Ownership

**Total cost of ownership**
or whole life costing is important to consider all the costs that will be incurred during the lifetime of the goods or services.

**Direct running costs**
(e.g. energy, water and other resources used over the lifetime of the product or service).

**Indirect costs** (e.g. less energy efficient IT equipment will produce more heat, causing plant in air conditioned buildings to work harder to remove it, so adding to the electricity bill). Define sustainability criteria that achieves value for money.

**Sustainability risks**
and opportunities vary significantly from one type of goods / service to another and from one supplier to another. Relevant considerations should include technical aspects, compliance culture, sourcing locations and supply chain structures, with particular attention paid to suppliers below tier one.

**Spending to save**
(e.g. purchasing more durable or energy efficient products which may initially be more expensive, but result in long term savings due to longer service lifetime, reduced direct running costs, consumables and maintenance).

**Specifying refurbished products** (e.g. not generally insisting on new items when refurbished parts or products could be used).

**Recycled content**
buying products containing recycled materials (e.g. paper with 80% recycled content; re-manufactured toner cartridges etc.).

**Training**
(e.g. if the product is not user friendly it may entail time, money and effort being expended in training staff to operate it).

**Administration costs**
(e.g. overheads from purchases that require special handling and disposal such as certain pesticides and cleaning products).

**Recyclability**
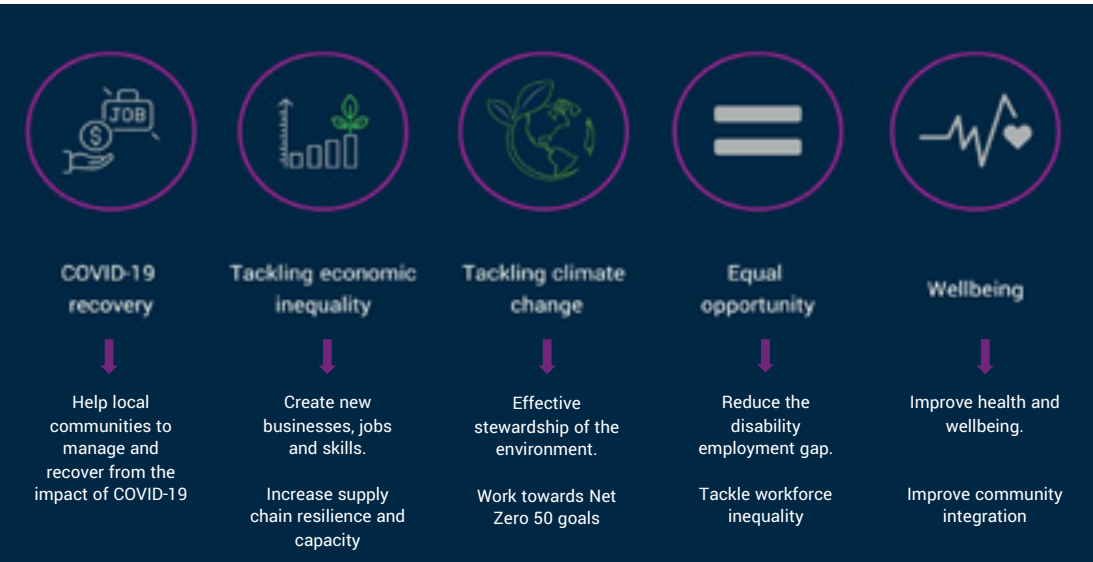(e.g. creating markets for own waste by ensuring product components can be recycled at its end of life).

# Social Value

Definition:

"Social value is the quantification of the relative importance that people place on the changes they experience in their lives" (Social Value International)

In the UK (PPN06/20), Social Value is determined by the following themes:



In the UK, Social Value is now flowed down through Central Government Department bids and constitutes 10% of contract award. Rather than enterprise level corporate responsibility programmes, Social Value ensures that positive social impact is delivered through the lens of a contract into local communities.

QinetiQ is subject to social value requirements as part of a significant proportion of the work for UK Government customers, and so we will need to work in partnership with our supply chain to deliver this value as part of these contracts.

Across the globe, social value continues to develop and mature, with national governments flowing it down under differing local terminology.

# Climate Change and Net Zero Commitment

In support of the 2050 Net Zero Commitment and the Sustainable Development Goal for Climate Action (SDG13), QinetiQ is committed to reducing our greenhouse gas emissions. We recognise the need for urgent action, as detailed in the latest IPCC reports, and understand the importance of impactful emissions cuts to achieve our targets. To do this we measure the tonnes carbon dioxide equivalent (tCO2e) from all emission sources from operations and the supply chain.

Under the Greenhouse Gas Protocol, Scopes 1, 2 & 3 helps us to understand our environmental impact on the planet, and supports reduction measures both within our operations and supply chain.

View our Net Zero report here
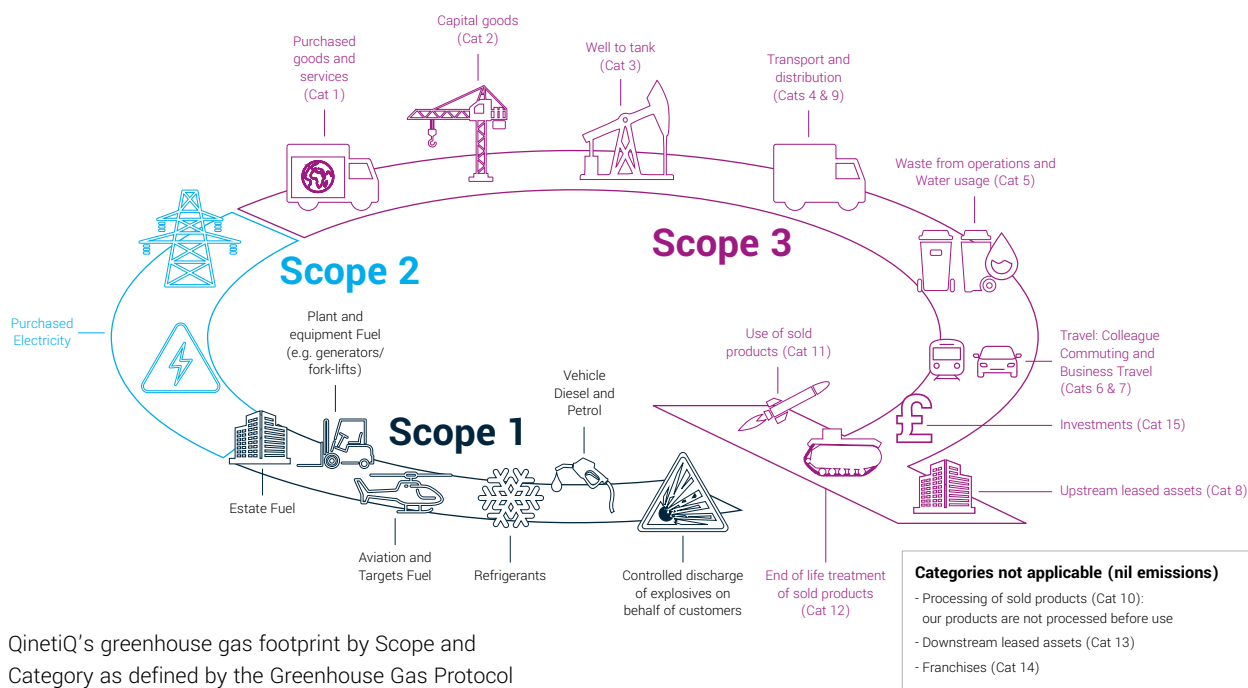


QinetiQ's greenhouse gas footprint by Scope and Category as defined by the Greenhouse Gas Protocol

**Categories not applicable (nil emissions)**
- Processing of sold products (Cat 10): our products are not processed before use
- Downstream leased assets (Cat 13)
- Franchises (Cat 14)

| Scope 1: | Direct emissions from owned or controlled sources. |
|---|---|
| Scope 2: | Indirect emissions from the generation of purchased electricity, steam, heating / cooling consumed by reporting company. |
| Scope 3: | All other indirect emissions that occur in a company's value chain. |

QinetiQ's Net Zero Targets approved by the SBTi:

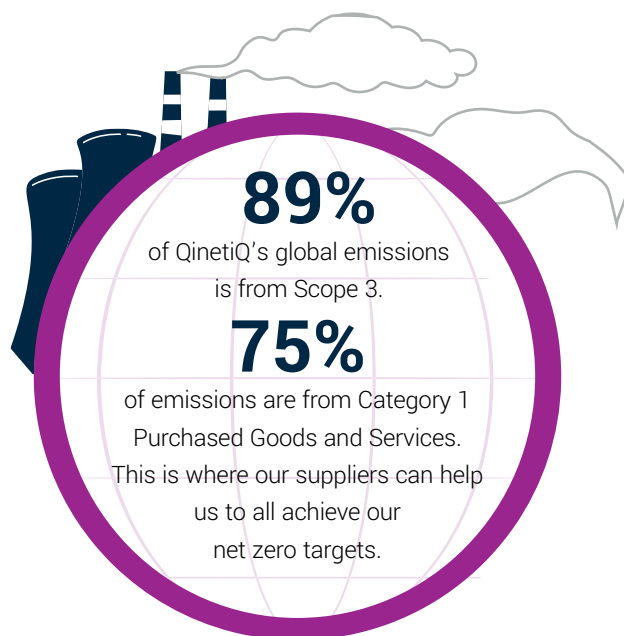| Timeframe | Scopes 1 & 2 | Scope 3 | Total |
|---|---|---|---|
| 2020 | Base year | Base year | Base year |
| 2030 (our near term target) | -50% absolute reduction | -30% absolute reduction | -33% absolute reduction |
| 2050 or sooner | Net-Zero | Net-Zero | Net-Zero |

**This is what we have committed to do. What are you going to commit to?**

**To assist QinietQ with its commitment, we expect that our suppliers will:**

- Align with climate science and make a public commitment to net zero

- Demonstrate good energy management practices and targeted emissions reduction, thereby reducing CO2e emissions in line with our commitment to net zero

- Report and supply carbon footprint data

- Be compliant with relevant local air quality standards for all modes of transport and logistics

- Reduce energy from buildings, processes, projects and products

- Reduce cost by identifying efficiencies

**89%**
of QinetiQ's global emissions is from Scope 3.

**75%**
of emissions are from Category 1 Purchased Goods and Services. This is where our suppliers can help us to all achieve our net zero targets.

## Carbon Reduction Plan

The QinetiQ Group has published two Carbon Reduction Plans in accordance with Government Net Zero policies:

Inzpire is a QinetiQ subsidiary

# Climate Change Resilience

Whereas the Net Zero commitment is about addressing our impact on the planet, the Task Force for Climate Related Financial Disclosure (TCFD) is about reporting on the impacts of climate change on our business. Similar to business continuity management, it is about assessing the financial impacts of transitional and physical risks and opportunities and how we can continue to operate as a business including our supply chain.

| Type of Risk | Climate-Related Risk | | Potential Financial Impact |
|---|---|---|---|
| Transitional | Policy and Legal | Enhanced emissions reporting obligations | Increased operating costs e.g. higher compliance requirements and increased insurance premiums |
| | Technology | Substitution of existing products and services with lower emission options | Write offs and early retirement of existing assets |
| | Market | Increased cost of raw materials | Increased production costs due to changing inputs (energy, water) and output requirements (waste treatment) |
| | Reputation | Shifts in customer preferences | Reduced revenue from decreased demand for goods and services |
| Physical | Acute | Increased severity of weather events | Reduced revenue from decreased production capacity (transport difficulties, supply chain interruptions) |
| | Chronic | Rising mean temperatures | Reduced revenue from and higher costs from negative impacts on workforce (health, safety, absenteeism) |
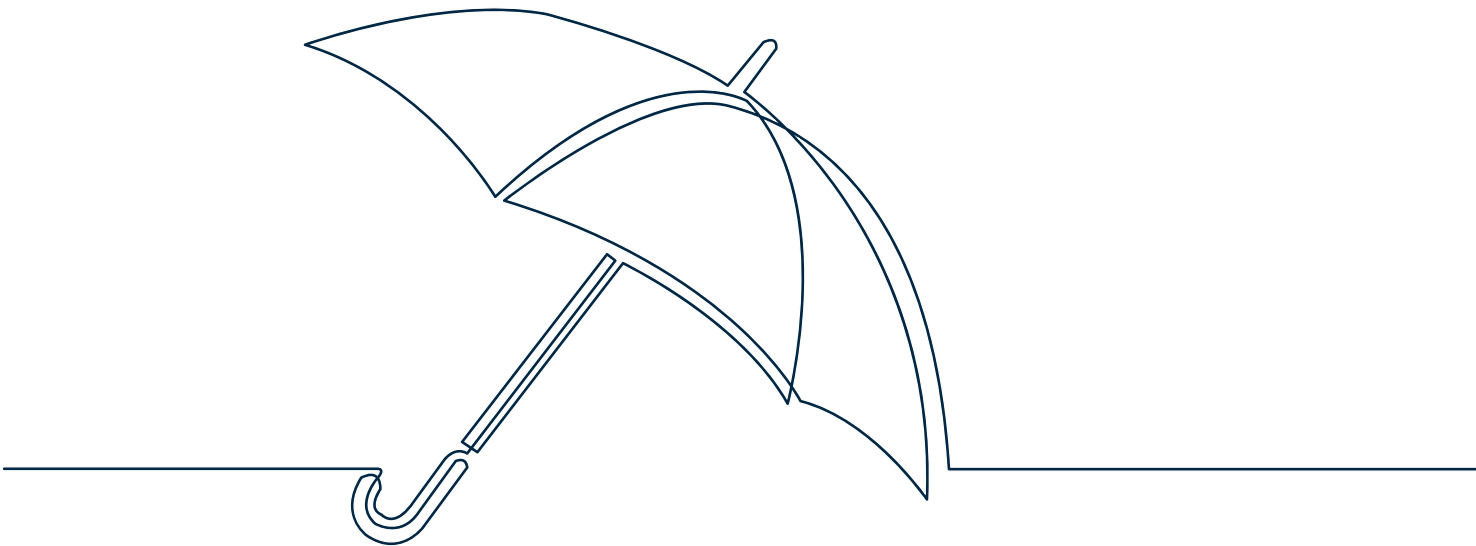
# Human Rights and Modern Slavery

Organisations have a responsibility to respect human rights and undertake due diligence throughout their supply chains to proactively manage potential adverse impacts including modern slavery, as defined in the UN Guiding Principles on Business and Human Rights.

As a UK Listed company with a global footprint, we are subject to legislation in our home locations, which is rapidly evolving. For our key home countries, this includes:

The Australian Modern Slavery Act

The Canadian anti-slavery Bill.

Corporate Due Diligence in Supply Chains "Lieferkettensorgfaltspflichtengesetz" for Germany, which will come in to affect in 2023,

The UK Modern Slavery Act and The UK Social Value Model

The US Department of the Treasury has sanctioned various officials for human rights abuses.

The EU Directive on Mandatory Human Rights, Environmental and Good Governance Due Diligence

Modern slavery is a complex problem. Our industry does not operate in isolation, and often connects to various other industries through common products, services and suppliers often layered through complex supply chains to industries which may, on paper, be at higher risk to modern slavery and human trafficking. Therefore, it is imperative we continue to take action to prevent such risks from materialising within our own sector and that you ensure there is no slavery in your operations or extended supply chains.
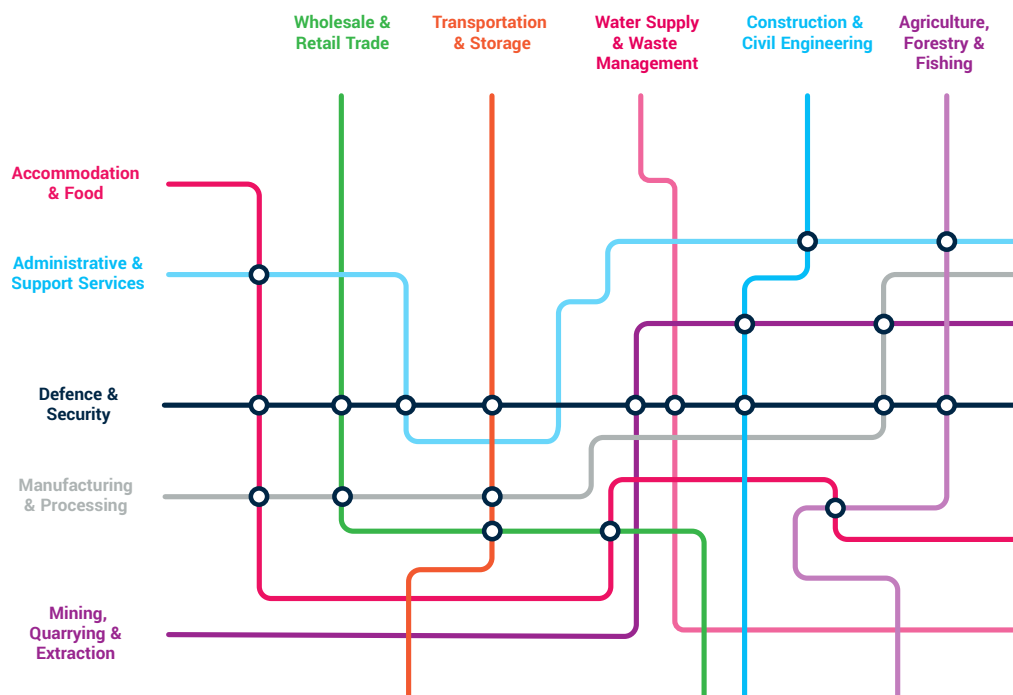


To visually illustrate the industry-bridges in which Modern Slavery may pose a risk, we featured a number of sectors on the 'tube map' diagram above. The 'train lines' demonstrate the exposure and crossing of paths with other industries, while the 'stations' represent strong industry relationships.
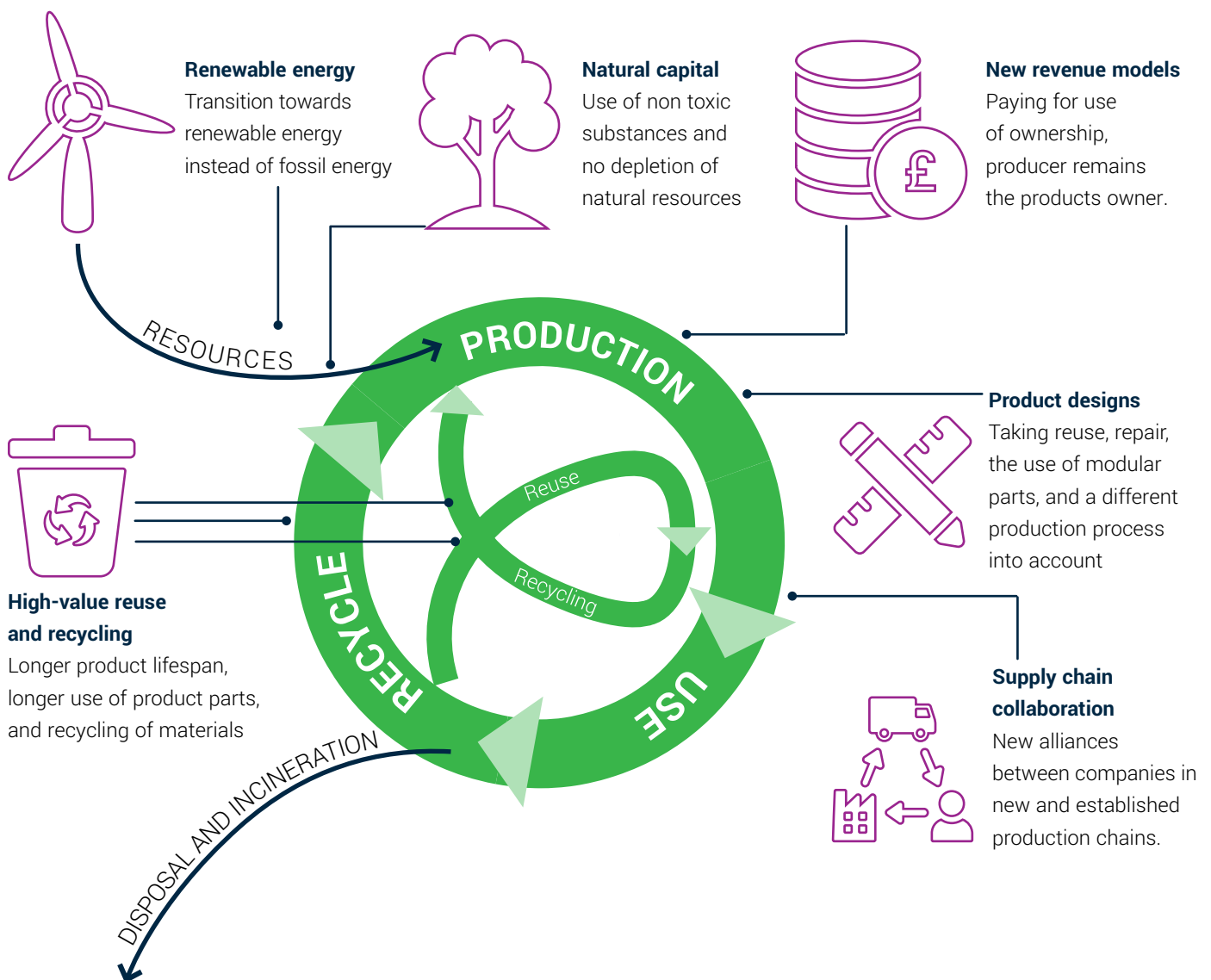
# Circular Economy

QinetiQ strives towards adopting circular procurement practices; purchasing products, parts and components with the waste-free principles of circular economy in mind. Through collaborative working with our suppliers we aim to consistently set in motion the growth of circular products that ensure material wastage is managed and minimised. Additionally, circular economy practices allow QinetiQ as an organisation to reduce our Scope 1, 2 and 3 emissions via preventing the excessive use of energy, the unsustainable use of materials, and the reusability of products when considered at the design stage.

**To assist QinietQ with its commitment, we expect that our suppliers will:**

– Push towards a circular economy through products innovation

– Design for Environment (DFE) and Design for Recycling (DFR) with sustainability as a key priority.
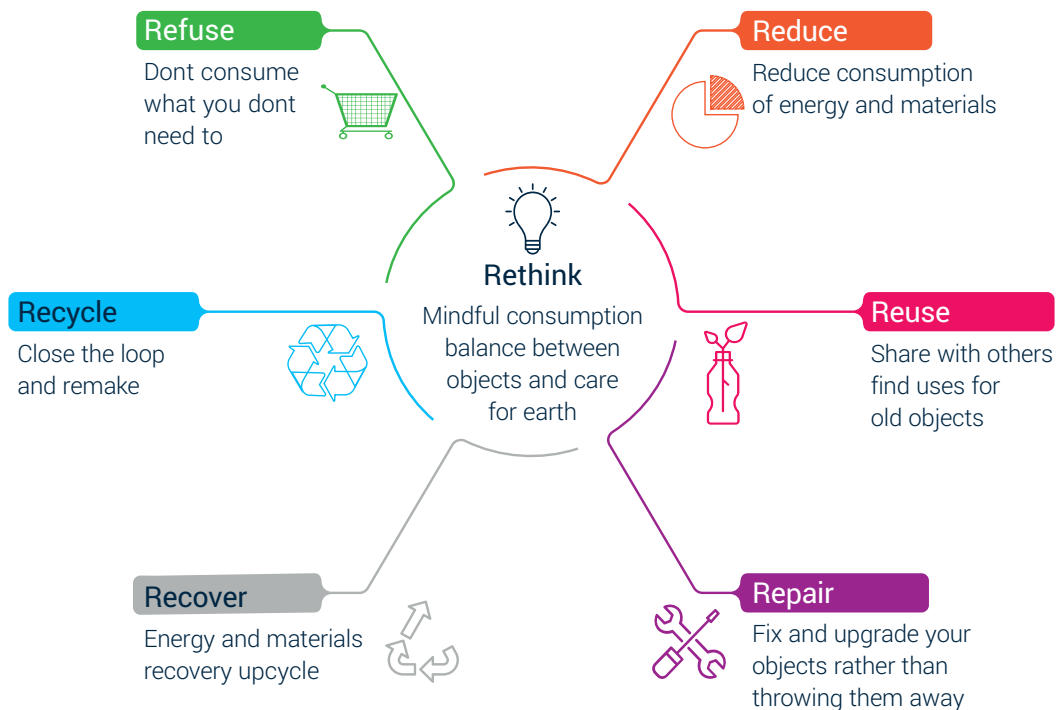
## Elements of a circular economy

**Renewable energy**
Transition towards renewable energy instead of fossil energy

**Natural capital**
Use of non toxic substances and no depletion of natural resources

**New revenue models**
Paying for use of ownership, producer remains the products owner.

RESOURCES

PRODUCTION

Reuse

Recycling

RECYCLE

USE

DISPOSAL AND INCINERATION

**High-value reuse and recycling**
Longer product lifespan, longer use of product parts, and recycling of materials

**Product designs**
Taking reuse, repair, the use of modular parts, and a different production process into account

**Supply chain collaboration**
New alliances between companies in new and established production chains.
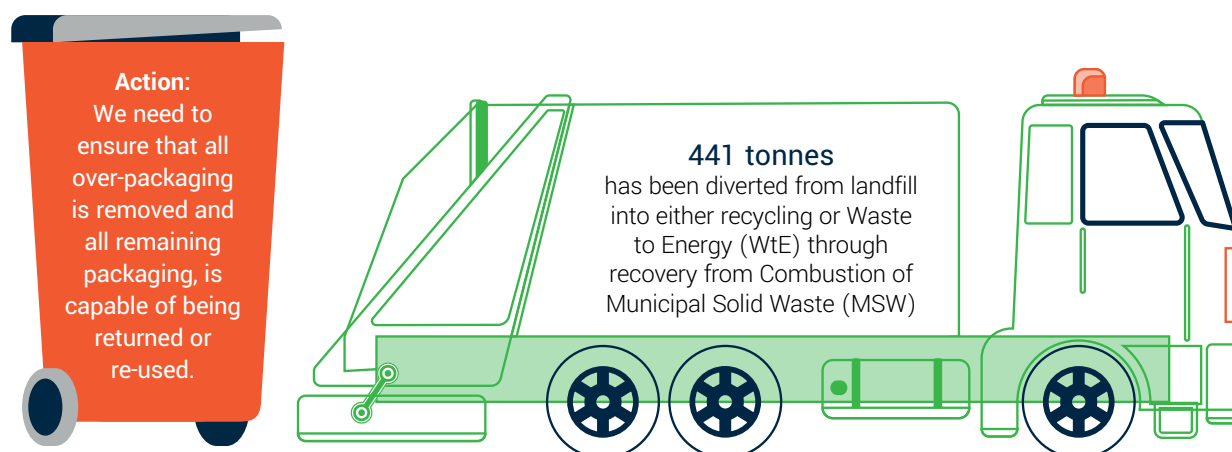
# Waste

We have normalised mass consumption and became a throw-away society. We need to follow the original principles of the waste hierarchy: Fix and upgrade your objects rather than throwing them away?



**Refuse**
Dont consume what you dont need to

**Reduce**
Reduce consumption of energy and materials

**Recycle**
Close the loop and remake

**Rethink**
Mindful consumption balance between objects and care for earth

**Reuse**
Share with others find uses for old objects

**Recover**
Energy and materials recovery upcycle

**Repair**
Fix and upgrade your objects rather than throwing them away

Waste is more than what we throw in the bin! Waste includes any activity which absorbs time, material, energy or resource but creates no value.



**Action:**
We need to ensure that all over-packaging is removed and all remaining packaging, is capable of being returned or re-used.

**441 tonnes**
has been diverted from landfill into either recycling or Waste to Energy (WtE) through recovery from Combustion of Municipal Solid Waste (MSW)

**To assist QinietQ with its commitment, we expect that our suppliers will:**

– Reduce waste: especially single use plastics, minimise creation of packaging waste material (over-packaging), promote clean energy recovery, re-use and increase recycling rate

– Comply with packaging obligations and consider the whole life cost of packaging

– Demonstrate targeted waste reductions

– Demonstrate good waste management practices and compliance with local legislation.

## Supplier Helping Hand – A Case Study: RS Components Eco Tote

As a preferred supplier to QinetiQ, RS approached us with a solution to consolidate orders and remove the need for packaging to our sites. RS developed an "eco" delivery service with the use of tote boxes, that are then returned and reused, directly contributing to our waste reduction targets. Currently RS have removed 290kg of packaging waste across three key sites and we are looking to roll this out across more of our operations.
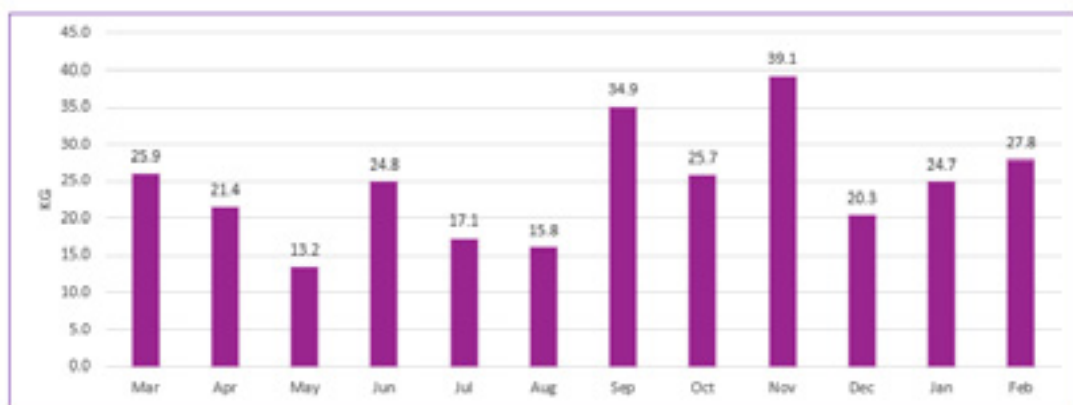


| Total Avg Weight (kg) Saved | **290.71 kg** |

# Resource Stewardship

Unsustainable resource use is damaging our planet, harming society and fuelling resource insecurity. We need to focus on how to achieve a more circular system, in which resources are kept productive in the economy for longer and increase sustainable sourcing of the resources grown and mined. By reducing and optimising the use of resources throughout our supply chain, we are limiting resource scarcity and climate change challenges.

**To assist QinietQ with its commitment, we expect that our suppliers will:**

- Consider scarcity of supply and finite resources such as Rare Earth Elements (REE) and Critical Raw Materials (CRM):

    ○ Especially with regards to electrification and decarbonisation
    ○ Mining for these minerals has direct impacts on local communities with regards to human rights, working conditions, modern slavery and environmental degradation

- Consider the use of secondary materials (re-used and recycled) where they offer equal or greater value for money

- Minimise use of natural resources and harm to the natural environment

- Ensure products are supplied from certified sources e.g. Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Roundtable on Sustainable Palm Oil (RSPO)

# Water

Be mindful that it is one of the most important and scarce resources on the planet.

To assist QinetiQ with its commitment, we expect suppliers to:

- Reduce water consumption and improve water efficiency

- Demonstrate good water management practices and compliance with local legislation

# Sustainable Prosperity

**To assist QinetiQ with its commitment to economic sustainability, we expect suppliers to:**

- Contribute positively to the economic sustainability of local communities

- Not knowingly award contracts that undermine the economic viability of our suppliers

- Ensure fair payment terms and pay suppliers in accordance with the contract conditions

- Where appropriate, seek competitive local supply and labour

- Encourage innovation in the supply chain, particularly where economic, social and environmental value and benefits can be demonstrated

- Encourage fair trade and fair prices

- Ensure fair competition

QinetiQ UK Limited has signed up to the UK Government Prompt Payment Code: here and is required to legally submit Duty to Report on Payment Practices and Performance: here

# Supply Chain Compliance

It is the supplier's responsibility to comply with all relevant statutes, statutory rules, orders, directives, regulations and standards in force at the time of delivery. Where the supplier suspects a concern regarding the product(s) and / or services, please inform your local QinetiQ Supply Chain Manager immediately.

**In respect of product sustainability the key areas to be aware of:**

**Critical Minerals:**

Rare Earth Elements (REE):

A group of 17 elements that are highly important in the production of current technology the rarity of these materials comes from the difficult and costly process to mine rather than sparsity.

International Union of Pure and Applied Chemistry (IUPAC)

Responsible Minerals

These minerals include tantalum (columbite-tantalite also known as coltan and its derivatives), tin (cassiterite and its derivatives), tungsten (wolframite and its derivatives) and gold (collectively known as 3TG) and also cobalt.

US State Dept. Law (Dodd-Frank Act)

EU Regulation on Responsible Minerals

**Chemicals:**

EU & UK REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulations & USA TSCA (Toxic Substances Control Act):

European Regulation (No: EC/1907/2006)

UK HSE REACH

USA TSCA

**RoHS (Restriction on Hazardous Substances)**

UK RoHS

EU RoHS

**Waste Electrical and Electronic Equipment (WEEE):**

EU Waste Electrical and Electronic Equipment Directive (2003/2007)

UK GOV WEEE

– Australia: NSW government supports the National Television and Computer Recycling Scheme taking responsibility for the collection and recycling of e-waste and Victoria has banned e-waste going to landfill since 2019. However, the laws in Australia are not in depth enough to apply to the supply chain, and therefore effort must come from within QinetiQ's supply chain to ensure waste is minimised.

– USA: currently no US federal law that requires recycling of e-waste, or prohibits it from being exported to developing countries, the federal Resource Conservation and Recovery Act (RCRA) does cover some toxic electronic waste. Again, responsibility relies on QinetiQ's supply chain to encourage the reduction of e-waste.

**Counterfeit Avoidance**

SAE International Standard on Counterfeit Electronic Parts; Avoidance, Detection, Mitigation and Disposition

**GDPR (General Data Protection Regulation)**

Information Commissioner's Office

# Trade Compliance

**To assist QinietQ with its commitment, we expect that our suppliers will:**

- Ensure compliance to export and import control regulations

- Every country in the world will have specific export control restrictions related to products developed in their area. In addition, each country will also have sanctions and embargoes, both local and worldwide, that have to be adhered to

- It is the suppliers responsibility to ensure QinetiQ are made aware of any specific controls that will restrict where the product can be marketed/sold to

- Suppliers should also ensure that any required export approvals are in place and include all parties relevant to the transaction

# Risk Management

QinetiQ has established its key procurement categories. For each category, it is important to recognise and identify the holistic strategic overview of risks, impacts and opportunities, using a simple **RAG** sustainability risk matrix:

| | Batteries | Clothing & PPE | Laptops | Professional Services & Consultancy | Travel Providers |
|---|---|---|---|---|---|
| GHG Emissions | 🔴 | 🟢 | 🟡 | 🟢 | 🔴 |
| Water | 🔴 | 🟢 | 🟢 | 🟢 | 🟢 |
| Waste | 🔴 | 🟡 | 🟡 | 🟢 | 🔴 |
| REACH | 🔴 | 🟢 | 🟡 | 🟢 | 🟢 |
| REE & CRM | 🔴 | 🟢 | 🔴 | 🟢 | 🟢 |
| Responsible Minerals | 🔴 | 🟢 | 🔴 | 🟢 | 🟢 |
| Biodiversity | 🔴 | 🟡 | 🟡 | 🟢 | 🔴 |
| D&I | 🔴 | 🟡 | 🟡 | 🟢 | 🟢 |
| Human Rights | 🔴 | 🟡 | 🔴 | 🟡 | 🔴 |
| Social Value | 🔴 | 🟡 | 🟡 | 🟢 | 🟡 |
| Prompt Payment | 🟡 | 🟡 | 🟡 | 🟡 | 🟡 |

Note: This is a sub-set of our categories to provide a working example of the internal assessment we have undertaken.

# Sustainable Procurement Prompts

Where relevant in your organisation, do you adequately address the opportunities, risks and impacts of our supply chain for the following 5Ps?



**Prosperity: Economic value**

- Supply chain security and resilience
- Supplier diversification
  (both size and ownership diverse)
- Inclusive procurement
- Innovation and supplier collaboration
- Pricing stability and whole life costing
  (Total Cost of Ownership)
- Fair and prompt payment practices
- Trade compliance
- Streamlined, efficient and effective processes
- Counterfeit materials



**People: Social value**

- Workplace diversity and inclusion
- Human rights governance including Modern Slavery
  and Responsible Minerals
- Fair treatment
- Health and safety including REACh
- Security
- Privacy (GDPR)
- Decent work and job creation
- Good education and skills development
- Critical Minerals



**Planet: Environmental value**

- Climate action, greenhouse gas emissions reduction
  and energy management
- Task Force for Climate Related Financial Disclosures
  (TCFD)
- Sustainable consumption and production
- Circular economy
- Waste management, including control of REACh, RoHS
  and WEEE and reduction of packaging
- Water management
- Natural capital and ecological footprint (Biodiversity)
- Use and replenishment of natural resources including
  Rare Earth Elements and Critical Raw Materials



**Peace**

- Integrity and ethics including anti-bribery
  and corruption
- Legal and regulatory compliance and governance
- Safety and security solutions including Cyber



**Partnership**

- Collaboration
- Interconnectedness with nature
- Interdependency / Inter-relationship of each of
  the 17 UN Sustainable Development Goals

# Resources and Guidance

If you have any questions or would like to discuss any of the topics covered in this guide, please speak to your local QinetiQ Supply Chain Manager.

A list of useful websites is provided below:

QinetiQ – Sustainability: www.qinetiq.com/en/our-company/sustainability

QinetiQ – Suppliers and SMEs: www.qinetiq.com/en/our-company/suppliers-and-smes

UN Guiding Principles on Business and Human Rights: www.business-humanrights.org/en/big-issues/un-guiding-principles-on-business-human-rights/

UK Business Climate Hub: https://businessclimatehub.org/uk/

UK GOV GHG Conversion Factors: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

GHGP Scope 3 Evaluator: https://quantis-suite.com/Scope-3-Evaluator/

US EPA Scope 3 Inventory Guidance: https://www.epa.gov/climateleadership/scope-3-inventory-guidance#factors

Chartered Institute of Procurement and Supply: www.cips.org

Global Strategic Trends: "The future starts today": www.youtube.com/watch?v=ab4Wa516N0c

UN Sustainable Development Goals: www.sdgs.un.org/goals

SDG Compass – A guide for Business Action www.sdgcompass.org/

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