

QinetiQ Limited

Section 172 (1) statement

The Directors welcome their responsibilities to promote the success of the Company in accordance with section 172 of the 2006 Companies Act.

The Board of QinetiQ Limited ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, the Directors acknowledge that the business can only grow and prosper over the long term if they understand and respect the views and needs of the Company's investors, customers, employees, suppliers and other stakeholders to whom the Company is accountable, as well as the environment the Company operates within.

Typically in large and complex companies such as QinetiQ Limited, the Directors fulfil their duties through a Group wide governance framework that delegates day-to-day decision making to the employees of the QinetiQ Group Companies. The Board recognises that such delegation needs to be part of a robust governance structure, which covers the Group's values, how the Group engages with its stakeholders, and how the Board of Directors of QinetiQ Limited assures itself that the governance structure and systems of controls continue to be robust. Although QinetiQ Limited is used for trading and employment purposes within the wider QinetiQ Group, the majority of decisions concerning employee engagement and stakeholder relationships are made by the Board of QinetiQ Group plc, the Company's ultimate parent company.

By way of example, the Group operates a Group Delegation Matrix which ensures that:

- Decisions put before the Directors are within approved budgets and previously approved management/project plans, and operate in conjunction with our Operating Framework processes.
- Contentious issues (in particular any proposed contracting: (i) in new markets; or (ii) with non-traditional customers; or (iii) with non-familiar technologies; or (iv) where the sale of a technology or capability to a particular customer or for a particular use could give rise to adverse publicity through ethical or reputational risks; or (v) which could give rise to competition issues; or (vi) which has the potential to cause business disruption; or (vii) which involves regulatory issues that are not usual course of business; or (viii) in geographical territories recognised to be higher risk to operate in; or (ix) where the contract could give rise to a situation which would have a material negative impact on a group company's overall profit margin; or (x) involving any other factor that could introduce unfamiliar and/or difficult to mitigate risks) are always referred to the ultimate parent company, QinetiQ Group plc.
- Managers are able to delegate authority provided to them in the Group Delegations Matrix. However, they remain responsible for any resulting approval of decisions and are therefore not able to delegate accountability or responsibility.
- Authorising managers must obtain and follow appropriate professional advice (eg: technical, commercial, procurement, HR, legal, financial, treasury, tax and trade controls).

Information about how the Directors of QinetiQ Group plc have fulfilled their duties under section 172 of the 2006 Companies Act can be found on our website, www.QinetiQ.com.

Board training and support on section 172 duties

The Directors are supported in the discharge of their duties by the Company Secretary of QinetiQ Group plc, who is also a Director and the Secretary of QinetiQ Limited. All Directors have received guidance on their statutory duties, including those under section 172 and those under the reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018.

Employee voice

During the year the Directors ensured themselves that the QinetiQ Group operates a satisfactory employee engagement programme, which includes the following:

- Quarterly employee engagement surveys, allowing employees to give feedback on what it is like to work for QinetiQ.

- Regular presentations led by senior management (“Q-talks”)
- Global Roadshows led by the CEO and the Employee Engagement Group (the “EEG”). The EEG is a workforce advisory panel acting as the collective voice of the workforce.
- The Chairman and the Non-Executive Directors of QinetiQ Group plc attended the meetings of the EEG on a rotational basis.

Employee involvement

Employee engagement forms an integral part of our strategy. The Employee Engagement Group (EEG) is a well-established and diverse group representing the voice of employees within QinetiQ Limited. The EEG have built a trusted relationships across all levels, and have been proactive in providing employee insights on projects associated with the strategic aims of the Company. Their focus remains on challenging the business to provide the best employee experience of working at QinetiQ and in supporting a high performing and inclusive culture.

The EEG Chair and Deputy Chair actively participate at the monthly Leadership community events. The Chair and Deputy Chair along with other EEG representatives have met with the Chairman and Remuneration Committee Chairperson twice during the year along with another two Board members.

Additional information in respect of employee safety and wellbeing, employee development and employee engagement is provided on pages 40 to 43 of the QinetiQ Group plc Annual Report and Accounts 2020.

Health and wellbeing of employees

During the year the Company has focused on physical, mental, social and financial wellbeing for employees across the Group, which is a strong component of making QinetiQ a great place to work. Further information can be found in the QinetiQ Group plc Annual Report and Accounts 2020.

Partners and suppliers

The Directors take a keen interest in ensuring a collaborative environment where all partners and suppliers can contribute and add value and be treated fairly regardless of their respective size. In addition to the day-to-day engagement through normal business activity, the Directors actively engage with key partners through a series of meetings between our executive team and their counterparts at key industry partners.

Fostering relationships with suppliers, customers and others

Customers are at the heart of everything that the QinetiQ Group does. During the year, the Directors closely monitored how the Group worked with its customers and how it addressed key customer issues. Every QinetiQ customer has a delivery team continually engaging with it and adapting its approach to the customer, ensuring that the customer’s objectives are achieved.

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The Group’s strategy towards stakeholder engagement, including how the Board of Directors of QinetiQ Group plc interacts with its stakeholders, is further outlined on pages 48 & 49 of the QinetiQ Group plc Annual Report and Accounts 2020.

Community and society

The Directors keep abreast of the work that the Company is undertaking in relation to its communities and the wider society. Examples of how the Company engages with the community include a variety of community investment activities such as volunteering, supporting local charities and community liaison.

Regulators

The Directors liaise with regulators via meetings, audits and reports. Some aspects of our business will have oversight by regulators, for example on health, safety and environmental issues.

Inclusion

The QinetiQ Group is creating an inclusive environment where we benefit from a diverse range of thinking from varied backgrounds and people at different stages in their careers.

Examples of this include:

- Training: A range of new training modules were implemented during the year including mandatory unconscious bias training for all employees, inclusive leadership training for over 300 managers, a high-impact interactive session for senior leaders, development of a 'language and banter' toolkit and working as part of an industry led by the Royal Academy of Engineering.
- Employee networks: Building on the success of our LGBTQ+, 'Just-LikeQ', and neurodiversity-led networks, a gender balance network and a menopause network.
- Awareness campaigns on autism, dyslexia, mental health, women in STEM, gender balance and increased focus on disability.

Developing our people

Our learning and talent management programmes drive a high performing environment, unlocking the potential of our workforce. These programmes are underpinned by the QinetiQ Group's values, behaviours and an emphasis on employee wellbeing.

The focus this year has included:

- A new Global Competency Framework and a suite of resources to support professional competencies across all disciplines.
- A new 'Enabling Managers' programme.
- The launch of a new digital coaching and mentoring platform.
- Collaboration with industry, e.g. the UK Defence Growth Partnership and STEM futures.

Employment of people with disabilities

The Company is committed to the fair treatment of people with disabilities in relation to job applications, training, promotion and career development. If an existing employee becomes disabled, we make every effort to enable them to continue their employment and career development, and to arrange appropriate training, wherever practicable.