

Section 172 (1) statement

We welcome our responsibilities to promote the success of the company in accordance with section 172 of the 2006 Companies Act.

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the company for the benefit of the shareholders, while having due regard to matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

s. 172(1) matter	Relevant disclosures
(a) The likely consequences of any decision in the long term	<ul style="list-style-type: none"> Company purpose – page 4 Business model – pages 16 to 17 Strategy – page 18 Dividend policy – page 39 Longer-term viability statement – page 71
(b) The interests of the company's employees	<ul style="list-style-type: none"> Improving the safety, health and wellbeing of our people – page 55 Engaging with our people – page 57 Developing our people – page 58 Rewarding and recognising our people – page 59 Non-financial information statement – page 74 Board employee engagement – page 93 Diversity and inclusion – page 56 and 104 to 105
(c) The need to foster the company's business relationships with suppliers, customers and others	<ul style="list-style-type: none"> Business ethics – doing business the right way – page 60 Anti-bribery and corruption – page 61 Human rights – page 61 Modern slavery – page 61 Supply chains – page 61 Supplier stakeholder management – page 61
(d) The impact of the company's operations on the community and the environment	<ul style="list-style-type: none"> Responding to climate change – pages 46 to 53 Greenhouse gas emissions and energy management – page 47 Investing in our community – page 56 TCFD disclosures – page 50
(e) The desirability of the company maintaining a reputation for high standards of business conduct	<ul style="list-style-type: none"> Stakeholder propositions – pages 10 to 11 Our sustainable business model – pages 10 to 11 Our values – page 18 Our culture – page 91 Our approach to responsible and sustainable business – page 48 Internal controls – page 108
(f) The need to act fairly between members of the company	<ul style="list-style-type: none"> Investor engagement – page 94 The Annual General Meeting – page 95

Typically in large and complex companies such as QinetiQ, the Directors fulfil their duties partly 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 include:

- An annual strategy meeting which assesses the long-term sustainable success of the Group and our impact on key Stakeholders.
- The Board's risk management procedures 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 64 to 70).
- The Board sets the Group's purpose, values and strategy and ensures it is aligned with our culture (see page 90).
- Direct and indirect stakeholder engagement (see pages 26 and 92 to 93).
- External assurance is received through audits, stakeholder surveys and reports from brokers and advisers.
- Specific training for our Directors and senior managers (see page 107).
- Regularly scheduled Board presentations and reports, by way of example: customer engagement, risk register reports, health and safety reports, whistle blowing reports (if relevant), defence process review, dividend policy and people and culture strategy and developments.
- The discharge of Directors' duties and oversight of these duties, of which further details are included in the Governance section.
- Corporate responsibility, including business ethics, anti-bribery and corruption, human rights, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management, investing in our local communities and our commitment to the armed forces.
- Formal consideration of any these factors which are relevant to any major decisions taken by the Board throughout the year.
- Review of many of these topics through the risk management process and other standard Audit Committee, Risk and CSR Committee and Remuneration Committee agenda items.

Our Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure that the requirements of section 172 are always met and considered through a combination of the following:

- Board papers ensure that stakeholder factors are addressed where judged relevant.
- Standing agenda points and papers presented at each Board meeting: for example, the CEO presents updates on the financial overview, strategic progress, investor relations, businesses development, and operational progress. The Company Secretary also presents at each Board meeting relevant corporate governance and compliance matters.
- A rolling agenda of matters to be considered by the Board throughout the year, including a two-day strategy review, which considers the purpose and strategy for the Group, supported by a budget for the following year and a medium-term (five-year) financial plan. Agenda items for the following year are set, based on the discussions held and decisions taken by the Board throughout the year.
- Consistent approach to minute-taking with details as to when section 172 factors are being considered.

Board activity and principal decisions in FY22

The principal decisions taken by the Board in FY22 are detailed on pages 87 to 89. These decisions cover a variety of topics, including the Group's response to COVID-19, our Environment, Health and Safety strategy and portfolio optimisation decisions. Due to the nature of these decisions, a variety of stakeholders had to be factored into the Board's discussions.