Directors' remuneration report

"It is against the backdrop of strong FY23 performance that I am pleased to propose our new Directors' Remuneration Policy to further incentivise our ambitious growth agenda."

Dear Shareholder,

As the Group Chair notes in his statement on page 4, FY23 was a year of excellent performance. This was reflected in the incentive out-turns where stretch financial targets were exceeded on orders, profit, cash and revenue; a truly exceptional performance.

It is against the backdrop of strong FY23 performance that I am pleased to propose our new Directors' Remuneration Policy to further incentivise our ambitious growth agenda.

Reward decisions for FY23

The Remuneration Committee awarded base salary increases of 3.6% for both the CEO and CFO effective 1 July 2022. Both salary reviews are aligned with the Rewarding for Performance guidance used for all UK employees and below the 4.0% budget for the July 2022 salary review.

The annual contribution to the Bonus Banking Plan (BBP) for FY23 for the CEO and the CFO is 98.2% and 96.8% of the maximum respectively, recognising their personal performance during a year when the Company delivered exceptional performance led by our Executive Directors.

The FY23 contingent share award under the Deferred Share Plan (DSP) will be made at 100% of the maximum reflecting stretch revenue growth in-year, an excellent result. This DSP award will not vest in full unless the performance underpin is met in FY26 that the level of operating profit for FY23 is at least maintained.

The FY23 CEO single figure on page 146 is lower than FY22, despite the higher FY23 annual incentive payment, largely due to no DSP contingent shares vesting as no award was made based on FY20 performance.

The Committee considered the FY23 incentive out-turns in detail from the perspective of our key stakeholders (shareholders, customers and employees) and agreed that it was appropriate not to exercise the discretion available to amend the outcome; that is, no adjustment was made to incentive targets or outcomes.

New Directors' Remuneration Policy

During FY23 the Committee has spent a significant amount of time considering the new Directors' Remuneration Policy for approval at the July 2023 AGM to ensure that it is aligned with our strategy and growth ambitions. We have consulted widely with our shareholders as our proposal evolved and we are grateful for the input we received which has greatly assisted the Committee in finalising our proposals.

The Committee's desired outcomes from the review of our Policy, are to:

- Simplify the approach to incentives.
- Align more to market in terms of incentive structure.
- Be more aligned to the global and private equity markets where we are increasingly competing for talent.
- Drive sustainable annual performance supporting our ambitious growth strategy and long-term value creation.
- Provide clearer separation between the annual and long-term incentives.
- Ensure alignment between the Executive Directors, QinetiQ Leadership Team and other senior leaders.

The Committee believes that the new Policy and, in particular, the proposed new annual and long-term incentives, achieve the desired outcomes.

QinetiQ's Gender Pay Gap data can be found on our website at www.QinetiQ.com

The Bonus Banking Plan (BBP) will be replaced by an Annual Bonus Plan (ABP), with the current 200% of salary maximum remaining unchanged. The ABP is a more market-standard structure, with 70% of any outcome payable in cash at year end and 30% deferred into shares which vest after two years. This provides the same level of cash opportunity each year as the BBP.

The Committee is also proposing the introduction of a new Long-term Performance Award (LPA) to replace the Deferred Share Plan (DSP). The DSP has supported incremental annual growth but is no longer appropriate to motivate and reward our increased ambition. The LPA will be targeted on achieving stretching levels of performance, aligned with market guidance and the new FY27 ambition, beyond those of the current incentives with an increased reward opportunity. For the Executive Directors, the LPA will have a maximum award of shares to the value of 250% of salary for exceptional levels of performance over a three-year period, followed by a two-year holding period post-vesting.

The LPA is a similar construct to a Performance Share Plan whereas the DSP is restricted shares with a one-year pre-grant performance condition. The higher LPA maximum opportunity reflects the different nature of the award and the higher level of performance required with commensurately more stretching targets.

Implementation for FY24

Subject to shareholder approval at the AGM, the Committee intends to operate new incentive plans for FY24 as described in the Policy section on **page 136** and above.

The ABP for FY24 is based on the same financial metrics as in prior years (orders, profit and cash) with stretch targets set against the delivery of the Integrated Strategic Business Plan (ISBP). Financial metrics have a 70% weighting and non-financial targets have a 30% weighting based on the achievement of personal and common goals, with the focus of the latter on ESG metrics.

The FY24 LPA will be made immediately after shareholder approval at the AGM, with a 3-year performance period commencing 1 April 2023.

The performance metrics for the FY24 LPA will be cumulative underlying operating profit, Return on Capital Employed (ROCE) and total revenue growth to drive consistent profit performance, robust investment selection and value creation for our customers through collaboration.

Employee engagement and reward

Recent discussions provided a clear indication that our shareholders want to understand the measures we have taken to ensure that our employees are supported in these difficult times. The Company's leadership has made a number of interventions in FY23 to the long-term benefit of our employees including: in the UK, a minimum salary review of £1,500 in July 2022 and a further £1,500 in December 2022 to the benefit of our lower paid employees; in the US, greater support for employees with the increased cost of medical provision; in Australia, greater investment in scarce skills to negate the impact of market attrition; and globally, establishing a hardship fund to provide immediate financial support to those in the most need.

QinetiQ's employees are key to the delivery of our ambitious growth strategy. Our employees have been outstanding this year, demonstrating extraordinary focus, collaboration and drive to continue to deliver to our customers.

The CEO and the Chief People Officer have held regular discussions with our Global Employee Voice on reward matters. The social section on **page 52** details our employee engagement activity.

I met with the Chair and other representatives of the Global Employee Voice during the year and I found the discussions very helpful in terms of understanding employee views. I understand that they have also found the meetings helpful and it is our intention to continue to meet at appropriate intervals.

In FY19 the Company introduced an All Employee Incentive Scheme (AEIS) whereby every eligible employee can earn a payment if the Company achieves a level of operating profit within a predetermined range from target to stretch. For FY23 the stretch profit target was achieved resulting in a maximum payment for the Company element of the AEIS of £1,250. In addition, high-performing employees can earn up to an additional 5% of salary based on personal performance.

The AEIS is a key element of the Company's Rewarding for Performance framework and aligns employees and shareholder interests by incentivising and rewarding profitable growth. The Company will operate the AEIS again for FY24. Looking forward, the Company will continue to invest in our enhanced global reward strategy and employee offering.

Conclusion

Supporting leadership to drive Company performance and developing the new Directors' Remuneration Policy were the primary areas of focus of the Remuneration Committee in FY23. The Committee believes that we have a talented QLT and, as the Company continues to grow and expand internationally, we are mindful of our global competitive environment and the increasing levels of responsibility.

The Company performed exceptionally well in FY23. As we now enter the next phase of growth we need simple stretching incentives which offer enhanced opportunities for leadership aligned to the ambitious 5 year strategy. For FY24 the Committee looks forward to implementing the new Policy to support the Company in delivering its growth targets.

I am very grateful for the time shareholders have given us this year and I hope that we can rely on your vote in support of the Directors' Remuneration Policy and FY23 Report at the AGM on 20 July 2023.

I would welcome comments and questions from shareholders in relation to this Directors' Remuneration Report and I can be contacted through **companysecretariat@qinetiq.com**.

Susan Searle
Remuneration Committee Chair
25 May 2023

Directors' remuneration report continued

Remuneration at a glance

Components, alignment, application and changes (subject to the approval of the new Directors' Remuneration Policy at the 2023 AGM)

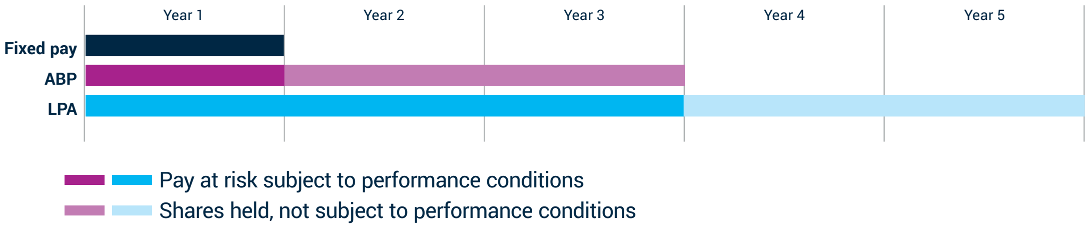
Annual fixed pay	Link to strategy	Application in FY24
Salary Executive Directors' base salaries are set on appointment and reviewed annually, or when there is a change in position or responsibility. Typically, base salaries will be increased by a similar percentage to the average pay increase for all employees of the Group.	Fixed pay is set at a level that enables us to attract and retain high-quality Executive Directors, who are capable of successfully leading and executing our strategy and delivering long-term sustainable growth. Our Policy aims to ensure that fixed pay remains attractive and competitive.	No change to current Policy.
Benefits Benefits include a car allowance, health insurance, life assurance, income protection and taxable expenses.		No change to current Policy.
Pension Executive Directors currently receive 10.5% of base salary allowance as cash in lieu of pension which is equivalent to the UK workforce pension available to all employees.		No change to current Policy.

Annual variable pay	Link to strategy	Application in FY24
The new Annual Bonus Plan (ABP) introduced for FY24 onwards will be as follows: • 70% of any outcome will be payable in cash at year end and 30% will be deferred into shares, which vest after two years. • The maximum incentive for Executive Directors will be 200% of salary. • The performance measures used for the ABP will be the same as those used in prior years. For FY24 these are orders, operating profit, cash flow, common goals (which include ESG metrics) and personal goals. As in FY23 a weighting of 70% financial and 30% non-financial metrics will be used for FY24.	The ABP rewards strong sustainable financial performance through a 70% weighting on core financial metrics, driven by the implementation of our strategy. The ABP also rewards non-financial performance through the delivery of key Common Goals related to environment (Net Zero roadmap), employee engagement & inclusion, and safety and the achievement of personal goals. The partial deferral of any ABP payment into shares drives a long-term and sustainable focus aligned to the interests of shareholders.	For FY24 the Remuneration Committee revised the annual incentive weightings by reducing the orders metric to 20% (previously 25%) and increasing the profit metric to 30% (previously 25%) to support the drive for profitable growth. Cash will remain at a 20% weighting.

Long-term variable pay	Link to strategy	Application in FY24
The new Long-term Performance Award (LPA) introduced for FY24 onwards will be as follows: • Three-year performance test with any shares vesting subject to a further two-year holding period. • The maximum LPA award for Executive Directors will be 250% of salary for the delivery of truly stretching financial targets. • The performance measures used for the LPA for FY24 will be earnings, ROCE and total revenue growth. • No more than 20% of each element of the award will vest at threshold levels of performance.	The LPA has a clear link to strategy and incentivising growth: • Cumulative Earnings: To deliver consistent operational performance over the longer term. Understood, relevant and actionable for QinetiQ senior leaders. • Returns: To drive robust investment selection and delivery. • Total revenue growth: To drive value creation through collaboration and market leverage. The payment of any LPA in shares which must be held for a further two years drives a long-term and sustainable focus aligned to the interests of shareholders.	Each LPA will be based on key financial metrics aligned to Company strategy with weightings set to provide an appropriate balance between the metrics. For the FY24 LPA the metrics are earnings (underlying operating profit on a 3-year cumulative basis, 35% weighting), ROCE (average EBITA over three years divided by average capital employed, 35% weighting) and total revenue growth (30% weighting).

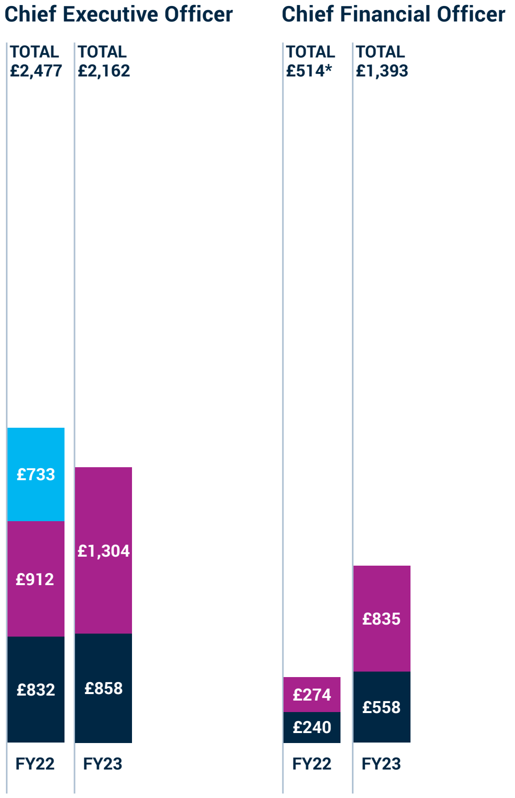
Timing

To create strong alignment between executive remuneration and the long-term interests of our shareholders, the ABP is paid in part in deferred shares vesting two years after the award was earned. The LPA has a three-year performance period, after which any vested shares must be retained by the executive for a further two years.



Single Figure FY23

(£'000)



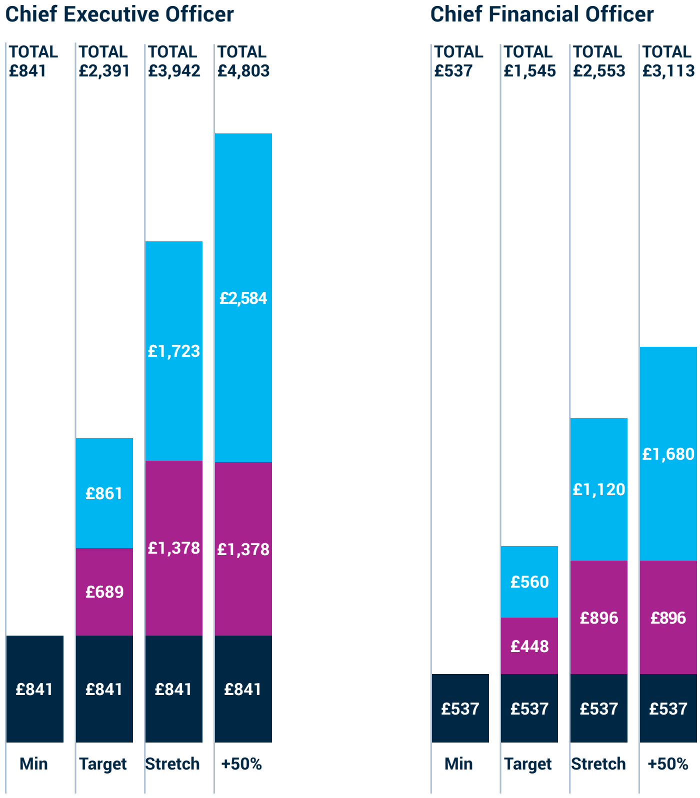
Key

- Fixed pay
- Annual variable pay
- Long-term variable pay

* FY22 excludes £100,000 'Other'.

Illustration of FY24 potential

(£'000)



Minimum – Fixed pay (FY24 base salary, plus taxable benefits and pension allowance)
Target – Fixed pay plus ABP at Target (100% of base salary) and LPA at Target (125% of base salary)
Stretch – Fixed pay plus ABP at Maximum (200% of base salary) and LPA at Maximum (250% of base salary)
+ 50% Share price appreciation – Stretch plus 50% share price appreciation (on 100% of LPA)

Key

- Fixed pay
- Annual variable pay
- Long-term variable pay

Directors' remuneration report continued

2023 Directors' remuneration policy Q&A

What are the principles of QinetiQ's Directors' Remuneration Policy?

The principles of the new Policy are:

- A simplified approach with greater alignment to market practice and separation between annual and long-term incentives;
- To drive sustainable annual performance, supporting our ambitious growth strategy and long-term value creation;
- Balance between supporting organic and inorganic growth;
- Drive collaboration across our teams; and
- Retain, attract and incentivise top talent.

How does the Policy align executive pay with the interests of shareholders?

QinetiQ's annual incentive scheme and long-term share plan deliver shares which must be retained after any award is paid or vests. In our ABP, 30% of the award is deferred and held as shares and is therefore subject to share price exposure. In our LPA there is a three-year vesting period for any shares and then a further two-year holding period.

In addition, the Executive Directors are required to build and hold a significant shareholding in the Company of 300% of salary for the CEO and 200% for other Executive Directors.

How does your Policy reward the implementation of Company strategy?

Our strategy, as detailed in our five-year Integrated Strategic Business Plan (ISBP), aims to deliver sustainable and long-term growth in our business and to increase value to our shareholders.

The Policy focuses on the achievement of stretching but sustainable annual and three-year financial performance targets aligned to the ISBP, balanced with Common Goals and personal objectives, to provide strategic alignment and support the growth ambition of the Company.

How does the Policy drive corporate culture?

Our annual bonus scheme includes a 30% weighting towards non-financial metrics including common goals (which include ESG metrics) and personal objectives.

Common goals are based on ESG targets for employee engagement & inclusion, progress towards the Net Zero target and the overall safety maturity of the Company.

The personal objectives measure the 'what' and the 'how' to ensure that key personal deliverables are achieved through collegiate and collaborative behaviours.

How does the Annual Bonus Plan (ABP) work?

- The ABP is an annual incentive plan with a one-year performance measurement period, with any award paid partly in deferred shares;
- A maximum award of 200% of salary is available each year;
- At the end of the first year 70% of the award is paid as a cash bonus;
- The remaining 30% is deferred and held in shares, which are subject to share price exposure;
- The deferred shares are held for two years;
- The financial metrics proposed for the ABP in FY24 are orders (20% weighting), operating profit (30% weighting) and operating cash flow (20% weighting);
- The non-financial metrics carry a collective weighting of 30% and include priorities such as implementing new safety programmes, roadmap to net zero, transforming the culture and engagement levels within the business. This supports long-term sustainable growth.

How does the Long-term Performance Award (LPA) work?

- Vesting of the LPA award will be determined by performance against a scorecard of long-term performance measures (which will not duplicate those for the ABP) to track the step-change value enhancement and enable a rounded assessment of performance;
- For the initial FY24 award, this will include earnings, financial returns (e.g. ROCE with a mechanism to incentivise value creative acquisitive growth), as well as a total revenue measure to increase global collaboration and create value across our Company;
- The performance target range for the LPA will be highly stretching to reflect its intention to drive strong business growth at an appropriate return on capital, delivering good returns for our shareholders;
- No more than 20% of each element of the award may vest at threshold levels of performance.

In alignment with our growth ambition, the FY24 LPA targets will drive towards c.£3bn of revenue by FY27, at 11 - 12% margin, with ROCE in a 15 - 20% range.

Why aren't you proposing ESG and/or TSR as core performance metrics?

The Committee considered carefully both ESG measures and TSR as core metrics for the LPA:

ESG – measures such as route to Net-Zero, employee engagement and D&I interventions have a 17.5% weighting in the current annual incentive plan, which we anticipate will continue for the ABP in FY24 and thereafter. At this current point in the Company's journey towards Net-Zero and other core ESG milestones, the Committee considers it better to focus on annual incremental performance to deliver long-term goals.

TSR – The Committee's view is that comparative TSR is a measure which is based as much on market sentiment as Company performance; the Committee therefore prefers performance measures, such as those proposed for the FY24 award, which are in the direct control of senior leaders and strongly align with the delivery of QinetiQ's strategy and long-term sustainable value creation for shareholders. The Committee is also mindful of the challenge of identifying appropriate comparators for a Company such as QinetiQ that has few direct UK peers. However, the Committee will retain the flexibility to select the most appropriate measures aligned to business strategy each year, and will keep the use of TSR as a measure under review.

Why are you replacing the DSP with the LPA?

The LPA is designed to foster a greater focus on long-term sustained performance and to drive outstanding levels of organic and inorganic growth.

LPA performance targets are measured over three financial years, instead of an initial one-year target under the DSP, and will be calibrated to be more stretching. This will help to accelerate QinetiQ's growth and, if achieved, participants will earn higher payments than under the DSP.

How have you supported employees in the cost of living crisis?

We have made a number of interventions in FY23 including: in the UK, a minimum salary review of £1,500 in July 2022 and a further £1,500 in December 2022 to the benefit of our lower paid employees; in the US, greater support for employees with the spiralling cost of medical provision; in Australia, greater investment in scarce skills to negate the impact of market attrition; and globally, establishing a hardship fund to provide immediate financial support to those in the most need.

How do you focus on employee engagement?

Our employees share in the Company's success following the introduction of the AEIS in FY19 which pays up to £1,250 to all eligible employees on the basis of the Company's annual operating profit performance. The AEIS is important as a performance driver, to support collaboration and to share the success we create for shareholders.

Our Global Employee Voice (GEV), representing our global employees, is deeply engaged across the Company. We listen to the views and level of engagement of our employees through a quarterly survey using a market-leading dynamic tool (Peakon).

How do you avoid rewarding for failure?

In line with best practice, Executive Directors' contractual notice periods are 12 months with termination payments normally limited to salary, benefits and pension with a duty to mitigate loss if they are terminated by the Company.

Incentives have stretching performance targets to ensure that any payments are justified with the Remuneration Committee having discretion to adjust the formulaic outturn to ensure that rewards are appropriate. In addition, bonus deferral, holding periods and shareholding requirements ensure a focus on sustainable share price performance.

What other changes to Policy is the Committee proposing for 2023?

Apart from the introduction of the new annual and long-term incentives, there are no substantive changes proposed for the 2023 Policy.

Directors' remuneration report continued

Directors' remuneration policy

Introduction
Over the course of 2022 and 2023 the Remuneration Committee has reviewed the current Policy considering the views of internal and external stakeholders to ensure it is capable of supporting QinetiQ's ambitions for growth. The feedback received from our stakeholders identified several themes as summarised below:

- The former Policy supported business performance and strategy delivery across the last six years but, as the strategy evolves, so does the need for a flexible and globally competitive Policy.
- The former Policy supported incremental organic growth, but was not geared to motivate and reward for step-change value enhancement.
- The increased global nature of the business means we are competing for talent against a variety of companies, not just from UK-listed aerospace and defence peers. Private equity-backed companies increasingly present an attractive proposition for senior executives given their less restrictive pay policies and more leveraged incentive arrangements.
- Our Policy was more complicated than market norms and, while well understood internally, was difficult to explain to potential new recruits, particularly those outside of the UK.
- Consistency and fairness in approach are seen as being supportive of the QinetiQ culture.

Against this backdrop the Committee is proposing to make some changes to the future Policy. The desired outcome is, in response to shareholder feedback, to simplify the approach with incentive arrangements which:
- Are more aligned to market.
- Drive sustainable annual performance supporting longer-term value creation.
- Provide clearer separation between the annual and long-term incentives.
- Ensure alignment between the Executive Directors, QinetiQ Leadership Team and other senior leaders.

The review process
The Committee led the review process throughout, taking account of market practice, particularly given the increased international profile of the Company, the views of Committee members, executives and external advisers as appropriate to help shape our thinking. No individual is involved in the decision making on their own remuneration.

We then engaged with our largest shareholders representing some 49% of the register and revised the initial proposals to reflect the input received. In particular, the Committee reduced the overall quantum of the proposed Long-term Performance Award and revised the metrics. The Remuneration Committee strongly believes that the proposed Directors' Remuneration Policy will support the ambitious growth strategy.

We have also made every effort to engage with major shareholders to explain the Policy and the positive impact it will have on Company performance and culture. The Remuneration Committee therefore seeks approval for the Policy at the AGM on 20 July 2023.

Scope of Policy
The Policy applies to Executive Directors, the Group Chair and Non-executive Directors. Reference may also be made to the QinetiQ Leadership Team who, while not Directors, fall within the Remuneration Committee's remit, although the Policy is not binding for these individuals.

Changes to the Policy
As the annual incentive plan, the Committee is replacing the Bonus Banking Plan (BBP) with the Annual Bonus Plan (ABP), and the former Deferred Share Plan (DSP) will be replaced by the Long-term Performance Award (LPA). The terms of the new incentive plans and the rationale for their introduction is detailed in this report.

Apart from the introduction of the new annual and long-term incentives, there are no changes proposed for the future Policy.

Discretion
The Committee has discretions in several areas of Policy as set out in this report. The Committee commits to communicating to shareholders when discretion is used.

UK Corporate Governance Code
When considering the review of the Policy, the Committee was mindful of UK Corporate Governance Code provisions which state that the Committee should address issues of clarity, simplicity, risk, predictability, proportionality and alignment with culture.

- Clarity is achieved by the simplification of the incentives and the better separation between the annual and long-term plans.
- Simplicity is delivered by a much simpler approach to incentives, particularly the ABP.
- Risk continues to be managed through the operation of a broad suite of performance measures and targets, the use of deferral, holding periods and malus and clawback provisions, and the close interaction with the Audit and Risk & Security Committees.
- Predictability is achieved by setting clear performance targets and outcomes for threshold, target and stretch levels of performance, with a close link to Company strategy.
- Proportionality is delivered through performance conditions, both financial and non-financial, with the clear link to strategy. The Committee has the discretion to override formulaic outturns to ensure that they are appropriate and reflect overall performance.
- Alignment to culture is supported by performance measures which are consistent with the Company's purpose, values and strategy.

Executive Directors' Remuneration Policy
The Policy will be put forward for approval at the AGM on 20 July 2023. This Policy covers the three year period commencing 1 April 2023 and complies with the Large and Medium-sized Companies and Groups (Accounting and Reports) (Amendment) Regulations 2013.

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Base salary	To attract and retain the talent needed to lead our business.	An Executive Director's base salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: • general salary rises to employees; • remuneration practices within the Group; • any change in scope, role and responsibilities; • the general performance of the Group; • the experience of the relevant Director; • the economic environment; and • pay levels for similar roles among appropriate comparators. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.	Typically, the base salaries of Executive Directors in post at the start of the policy period and who remain in the same role throughout the policy period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where: • an individual is below market level and a decision is taken to increase base pay to reflect proven competence in the role; or • there is a material increase in scope or responsibility to the Executive Director's role. The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to QinetiQ and validated against other companies in the industry, so that they are competitive against the market. The Committee intends to review the comparators periodically and may add or remove companies from the group as it considers appropriate.
Pension allowance	To ensure that Executive Directors' total remuneration remains attractive and competitive.	The Company provides a pension contribution allowance in line with practice relative to its comparators to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy. The allowance is non-consolidated and does not impact any incentive calculations.	The maximum policy pension allowance is aligned with the Company pension contribution paid to the majority of UK pension scheme members (which is currently 10.5% of salary).
Benefits	To ensure that Executive Directors' total remuneration remains attractive and competitive.	Benefits include car allowance, health insurance, life assurance, income protection, expenses incurred which HMRC may deem taxable and membership of the Group's employee Share Incentive Plan which is open to all UK employees (the Executive Directors will also be eligible to participate in any other all-employee plan operated by the Company from time to time). The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment or where new benefits are introduced for the wider employee population.	The maximum is the cost of providing the relevant benefits.

Directors’ remuneration report continued

Directors’ remuneration policy continued

Annual Incentive	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Annual Bonus Plan (ABP)	The ABP provides an incentive for the Executive Directors to achieve targets that are entirely aligned to the Company’s strategy. The ABP rewards strong sustainable financial performance through a 70% (for FY24) weighting on core financial metrics, driven by the implementation of our strategy. The ABP also rewards non-financial performance through the delivery of key common goals related to our Net Zero roadmap, employee engagement & inclusion, safety and the achievement of personal goals. The partial deferral of any ABP payment into shares drives a long-term and sustainable focus aligned to the interests of shareholders.	• The ABP is an annual incentive plan with a one year performance measurement period, with any award paid partly in deferred shares; • A maximum award of 200% of salary is available each year; • At the end of the first year 70% of the award is paid as a cash bonus; • The remaining 30% is deferred as an award of deferred shares that must be held for two years, and are subject to malus and clawback for up to three years from the payment date; • Dividend equivalents will be paid on the deferred shares; • The financial metrics will normally not be less than 60% of the overall weighting. In exceptional circumstances the Committee retains the discretion to: • Change the performance measures and targets and the weighting attached to the performance measures and targets part way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; for example adjustments for: acquisitions and disposals; restructuring costs; business structure changes; restated corporate allocations; foreign currency exchange rates; and Board-approved budget adjustments. • Make downward or upward adjustments to the amount of incentive earned resulting from the application of the performance measures, if the Committee believes that the incentive outcomes are not a fair and accurate reflection of business performance.	Maximum = 200% of salary. Target = 100% of salary. Threshold = 0% of salary.

Long-term Incentive	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Long-term Performance Award (LPA)	The LPA provides an incentive for the Executive Directors to achieve long-term financial targets that are entirely aligned to the Company's strategy and the creation of shareholder value. With regard to the FY24 targets– • Cumulative earnings (35% weighting): To deliver consistent operational performance over the longer term. Understood, relevant and actionable for QinetiQ senior leaders • Returns (35% weighting): To drive robust investment selection and delivery • Total revenue growth (30% weighting): To drive value creation through collaboration and market leverage • The delivery of any LPA in shares which must be held for a further two-years drives a long-term and sustainable focus aligned to the interests of shareholders	Vesting of the LPA award will be determined by performance against a scorecard of three-year performance measures, the majority of which will be financial (which will not duplicate those for the ABP). Any vested shares must be held for a further two years. Malus and clawback provisions apply to the LPA. The Committee will normally provide dividend equivalents on vested shares under the LPA. In exceptional circumstances the Committee retains the discretion to: • Change the performance measures and targets and the weighting attached to the performance measures and targets part way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; for example adjustments for: acquisitions and disposals; restructuring costs; business structure changes; restated corporate allocations; foreign currency exchange rates; and Board-approved budget adjustments. • Make downward or upward adjustments to the amount of incentive earned resulting from the application of the performance measures, if the Committee believes that the incentive outcomes are not a fair and accurate reflection of business performance. • Scale back incentive awards at grant if there were to be a substantial Company share price fall.	Maximum = 250% of salary. Target = 125% of salary. Threshold = 50% of salary. No more than 20% of each element of the LPA may vest at threshold levels of performance.

Directors' remuneration report continued

Directors' remuneration policy continued

Element	Purpose and link to strategy	Requirement	Operation
Minimum shareholding requirements – during and after employment	To align Executive Directors' interests with those of shareholders through the build-up and retention of a personal holding in QinetiQ shares.	Executives have five years to accumulate the required shareholding. 300% of base salary for the CEO. 200% of base salary for other Executive Directors. Executive Directors will have a post-employment shareholding requirement of 100% of salary for the first year post cessation, then 50% of salary for the second year post cessation of employment.	The Committee has adopted formal shareholding requirements to encourage the Executive Directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned. Executive Directors are required to retain at least 50% of the post-tax amount of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. Vested awards under the LPA must be retained by the participant for two years post-vesting to further support the post-employment shareholding requirement where an Executive Director leaves the Company. The Committee retains the discretion to increase the shareholding requirements.

Notes to the policy table

Performance measures and targets

The performance measures and targets, financial and non-financial, are determined annually based on the Company's strategy. Targets are set taking into account a variety of inputs including but not limited to the strategic plan, the annual plan and brokers' forecasts. The measures and, where possible, the targets will be disclosed after the end of the relevant financial year in that year's remuneration report.

Remuneration policy for all employees

All employees of QinetiQ are eligible to base salary, benefits and pension.

The link between performance and reward cascades down from the Executive incentive plans with the Leadership and Business Development Communities typically invited to participate in the Company's formal annual incentive arrangements. All other employees may receive a discretionary bonus based on Company and individual performance. Participation in long-term incentive plans is available to Executive Directors, QinetiQ Leadership Team members, Leadership Community and selected other employees. Share ownership is further encouraged via the QinetiQ Share Incentive Plan.

The Remuneration Committee is made aware of pay, incentives and benefits by grade across the Company and the relevant costs. This is actioned by an annual report to the Committee which also includes details of any changes in remuneration policy for all employees during the year.

Recruitment policy

The Company's principle is that the remuneration of any new recruit will be assessed in line with the current Executive Directors. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any award. The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below.

Remuneration element	Recruitment policy
Salary, benefits and pension	These will be set in line with the policy for existing Executive Directors.
Incentive Plans	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 450% of salary in aggregate. Depending on the timing of the appointment, the performance measures and targets used for the first award may differ to those of the existing Executive Directors. If different, they will be explained in detail in the following relevant Directors' Remuneration Report.
Maximum variable remuneration	The maximum variable remuneration which may be granted is 450% of salary (excluding any buy-outs).
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences/housing allowance and schooling.
Buy-out awards	Where the Committee determines that it is necessary to buy-out previous entitlements forfeited on cessation of an Executive Director's previous employment, the value of such a buy-out award will be calculated taking into account the following: • The proportion of the vesting period completed on the date of cessation of employment; • The performance conditions attached to the vesting of the entitlements and the probability of them being satisfied; and • Any other terms and conditions having a material effect on their value. The Committee may then agree to compensate for the value forfeited using, where possible, existing incentive plans. To the extent that it is not possible or practical to provide the buy-out within the terms of existing incentive plans, a bespoke arrangement would be used, using any flexibility provided under the Listing Rules.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements.

Service contracts

Current Executive Directors have open-ended service contracts terminable by the Company immediately without notice upon breach by the individual or by the Company giving to the individual 12 months' written notice or, at its discretion, payment in lieu of salary, pension and benefits only during that notice. The payment in lieu of notice may be made in staged payments and may either reduce or cease completely where the departing Executive Director gains new employment. The Executive Director may terminate their contract by giving the Company 12 months' written notice. Contracts for new Executive Directors will be limited to 12 months' notice by both parties (or payment in lieu of notice in respect of the Company).

Copies of the service contracts are available for inspection at the Company's registered address.

The Group Chair and the Non-executive Directors have letters of appointment and are appointed for initial fixed terms of three years, subject to re-election at each Annual General Meeting. The Group Chair and the Non-executive Directors are not entitled to any payment in lieu of notice or any compensation for loss of office.

The dates of the service contracts, letters of appointment and unexpired term periods are set out in the Annual Report on Remuneration (page 136).

Directors' remuneration report continued

Directors' remuneration policy continued

Loss of office and change of control policy

When determining any loss of office payment for a departing Executive Director the Committee will always seek to minimise the cost to the Company while complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The Committee has a number of discretions, including in relation to the determination of a good leaver. Any exercise of the Committee's discretions will be disclosed in full to shareholders.

Remuneration element	Approach	Application of Committee discretion
Salary, benefits (on cessation of employment)	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months' salary and benefits. Such payments will be equivalent to the monthly salary and benefits that the Executive Director would have received if still in employment with the Company. These will be paid over the notice period. Executive Directors will be expected to mitigate their loss.	The Company has discretion to make a payment in lieu of notice, either as a lump sum or as a series of phased payments.
Pension (on cessation of employment)	Pension contributions or payments in lieu of pension contribution will be made during the notice period.	The Company has discretion to make a lump sum payment in lieu or a series of phased payments.

Remuneration element	Approach	Application of Committee discretion
Annual Bonus Plan (on cessation of employment)	For the year of cessation Good leavers: Performance conditions will be measured at the normal measurement date. The Company incentive payment will be pro-rated for the period worked during the financial year of cessation. Unvested deferred shares will vest in-line with the normal vesting cycle of the award. Other leavers: No Company incentive cash payment or deferred shares awarded for the year of cessation. Any unvested deferred shares awarded in prior years will lapse on cessation.	For the year of cessation Any payment will normally be made as a mix of cash and shares. However, the Committee has the discretion (e.g. in the event of death or ill-heath retirement of a participant) to pay the entire amount in cash. Deferred shares The Committee may decide to accelerate the vesting (e.g. in the event of death or ill-heath retirement of a participant) so that these vest at cessation of employment.
Annual Bonus Plan (on change of control)	For the year of the change of control performance conditions will be measured to the date of the change of control. The Company incentive payment will be pro-rated to the date of the change of control. Unvested deferred shares will vest immediately on the change of control.	The Committee has discretion to make a payment entirely in cash.

Remuneration element	Approach	Application of Committee discretion
Long-term Performance Award (on cessation of employment)	Good leavers: Performance conditions will be measured at the normal measurement date and vest on their original vesting dates and remain subject to the sale restrictions. The LPA will normally be pro-rated for the part of the three-year performance period worked. Vested LPA awards will remain subject to the holding restrictions. Other leavers: LPA awards lapse immediately on cessation and no award for the year of cessation or if serving notice at the time of the award.	The Committee may decide to accelerate the vesting of LPA awards and measure performance up to the date of cessation in circumstances where there is an appropriate business case. The Committee may also waive or shorten the holding restrictions applicable to an award on compassionate grounds (e.g. due to death or ill-health retirement).
Long-term Performance Award (on change of control)	Performance conditions will be measured at the date of the change of control and the award will normally be pro-rated to the date of the change of control.	The Committee may waive pro-rating in circumstances where it feels it is in the interests of shareholders to do so.
Other contractual obligations (on change of control)	There are no other contractual provisions other than those set out above that could impact quantum of the payment.	None.

Awards under the Deferred Share Plan, as detailed on page 152 (which includes the FY23 award), will vest on their original terms and will be treated in-line with the Policy approved by shareholders at the 2020 AGM.

'Good leaver' is a person whose cessation of employment is for one of the following reasons:
– Death; ill-health; injury or disability; redundancy; retirement; employing Company ceasing to be a Group Company; transfer of employment to a Company which is not a Group Company; and where the person is designated a good leaver at the discretion of the Committee (as described above).

A person who ceases employment in circumstances other than those set out above is designated as an 'other leaver'.

Directors' remuneration report continued

Directors' remuneration policy continued

Malus and clawback

Malus provisions apply to both the ABP and the LPA. Malus is the adjustment of ABP or LPA outturns or awards which have not vested or been paid due to the occurrence of one or more circumstances. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of payments made or vested shares as a result of the occurrence of one or more circumstances. Clawback may apply to all or part of a participant's payment or share award under the ABP or LPA and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group Company;
- The assessment that any performance condition or condition in respect of a payment or award under the ABP or LPA was based on error, or inaccurate or misleading information;
- The discovery that any information used to determine the ABP or LPA award was based on error, or inaccurate or misleading information;
- Action or conduct of a participant which amounts to fraud or gross misconduct; or
- Events or the behaviour of a participant have led to the censure of a Group Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

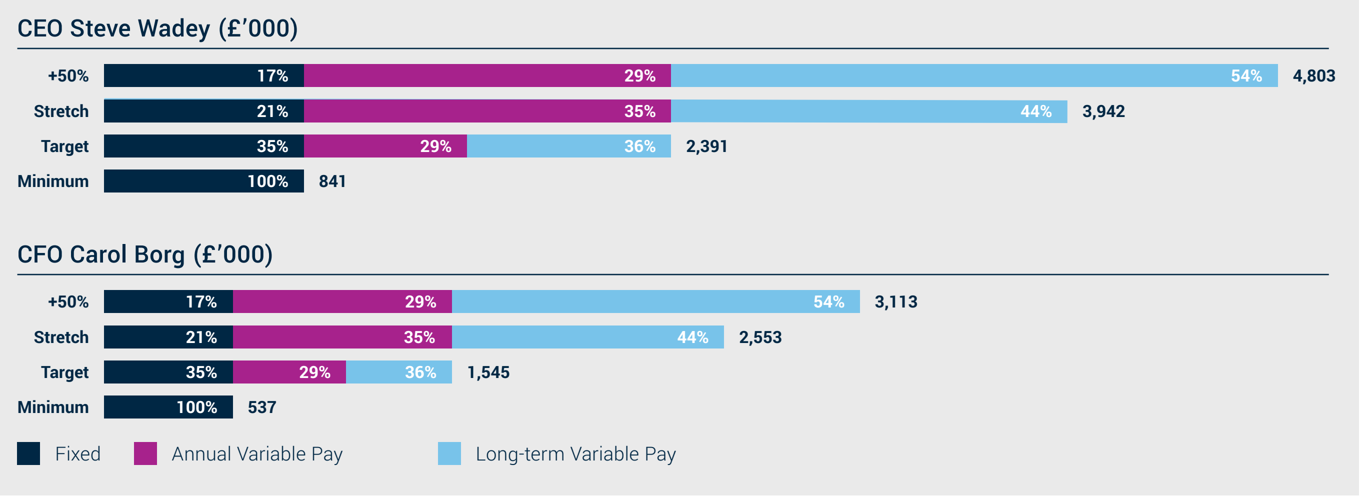
The following table sets out the periods during which malus and clawback may be effected.

	Annual Bonus Plan	Long-term Performance Award
Malus	Up to the date of a payment/ award	Any time prior to vesting
Clawback	Three years post the date of any payment/ award	Three years from the date of vesting

Pay and performance scenario analysis

The proposed Directors' Remuneration Policy is illustrated in the following charts showing what each Director could expect to receive in FY24 under different performance scenarios, based on the following definitions:

Scenario	Linked to performance
50% share price appreciation	Stretch plus 50% share price growth (on 100% of LPA)
Stretch	100% of ABP opportunity (200% of salary) 100% of LPA opportunity (250% of salary)
Target	50% of ABP opportunity (100% of salary) 50% of LPA opportunity (125% of salary)
Minimum	No variable pay



Policy for the Chairman and the Non-executive Directors

Fees for the appointment of a new Group Chair or Non-executive Directors will be aligned with the Policy for existing incumbents.

Chairman and Non-executive Directors

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Fees	To attract and retain Non-executive Directors of the calibre required to assist the Company in setting and delivering its strategy.	The Executive Directors and the Group Chair are responsible for setting the remuneration of the Non-executive Directors. The Board, minus the Chair, is responsible for setting the Chair's fees. Non-executive Directors are paid an annual fee and additional fees for chairmanship of Committees and any other additional duties, and the Company retains the flexibility to pay fees for the membership of Committees. The Chair does not receive any additional fees for membership of Committees. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. An additional fee is payable to those Non-executive Directors attending meetings outside of their country of residence. Non-executive Directors and the Group Chair do not participate in any variable remuneration or benefits arrangements. Fee levels may be increased on a temporary basis for a significant increase in time commitments (e.g. assuming an executive position for an interim period).	The fees for Non-executive Directors and the Group Chair are broadly set at a competitive level against the comparator group. In general the level of fee increase for the Non-executive Directors and the Group Chair will be set taking account of any change in responsibility and the general rise in salaries across employees. The Company will pay reasonable expenses incurred by the Non-executive Directors and Group Chair and may settle any tax incurred in relation to these.

Consideration of shareholder and employee views

The Chair of the Committee and the Group Chair consult with key shareholders on remuneration matters from time to time, and particularly in seeking views on the Directors' Remuneration Policy in preparation for the triennial vote at the AGM. Any concerns expressed by shareholders are reported to the Committee and these are taken into account as the Committee develops and implements its Policy. Any comments received from shareholders outside these consultation exercises are also reported to the Committee, and the Committee takes account of general views on remuneration expressed by shareholders and their representative bodies.

The Remuneration Committee is grateful for shareholders' comments and engagement during the Directors' Remuneration Policy consultation process. At the end of this process, the Remuneration Committee was pleased that the majority of the shareholders consulted expressed support for the new Policy.

The Committee has not formally consulted with employees in developing this Policy. However, our Global Employee Voice (GEV) is deeply engaged across the Company to provide an employee voice at the table on all relevant issues, including remuneration (regular interactions are held with the Group Chair, Remuneration Committee Chair, CEO and the Chief People Officer). The Company takes the views of employees very seriously and we monitor this through a quarterly survey using a market-leading dynamic tool (Peakon).

The Committee is cognisant of employment conditions when determining Executive Director pay. In particular, the annual salary increase available to the rest of the workforce is an important factor in determining any salary increase for the Executive Directors. The Committee reviews the CEO pay ratio and considers it in the broader context of pay trends within the business.

Directors' remuneration report continued

Annual Report on remuneration

The following section of this report details how the Directors' Remuneration Policy has been implemented for the year ended 31 March 2023.

Audited information

Executive Directors' single total figure of remuneration:

Executive Director	Year	Salary £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Bonus Banking Plan £'000	Deferred Share Plan £'000	Other £'000	Total variable pay £'000	Total remuneration £'000
Steve Wadey (CEO)	2023	664	79	115	858	1,304	–	–	1,304	2,162
	2022	639	65	128	832	912	733	–	1,645	2,477
Carol Borg (CFO)	2023	431	82	45	558	835	–	–	835	1,393
(Appointed 11 October 2021)	2022	199	20	21	240	274	–	100	374	614

Benefits can include travel and subsistence expenses incurred in relation to the execution of their duties with the Company that are considered by HMRC to be taxable.
The 'Other' payment to the CFO in FY22 is a payment in part compensation for performance-based annual bonus lost on resigning from her former employer as detailed in the FY22 DRR.

Salary

Salaries are reviewed effective 1 July, which is the same timing as for the rest of the UK employee population.

	Salary as at 1 April 2022 £'000	Increase in the year	Salary as at 1 July 2022 £'000	FY23 salary actually paid £'000
CEO	647	3.6%	670	664
CFO	420	3.6%	435	431

Benefits

Benefits comprise a car allowance, travel allowance, private medical expenses insurance, life assurance, income protection, and taxable expenses.

	Taxable expenses £'000	Travel & car allowance £'000	Insurance benefit £'000	Total benefits £'000
CEO	39	19	21	79
CFO	14	62	6	82

Pensions

The Executive Directors did not participate in the QinetiQ pension scheme for FY23. The pension figure is cash in lieu of pension equating to 20% of base salary for the CEO until 31 December 2022 (not compliant with Provision 38 of the Code), when it was reduced to 10.5%, and 10.5% of base salary for the CFO from appointment.

	Cash in lieu of pension £'000	Total in lieu of pension £'000
CEO	115	115
CFO	45	45

Bonus Banking Plan

The Bonus Banking Plan operates on a three-year performance cycle mirroring the financial year, with a four-year payment cycle, i.e. running from 1 April to 31 March. FY23 represents the third year of Cycle 3 as detailed on page 149.

Each year any incentive award earned is added to the total plan balance, with 50% of the total plan balance being paid in cash in June after the FY. The remaining 50% is held in the plan in notional shares. In year four, the total remaining plan balance is paid in shares.

	BBP Cycle 3 balance brought forward £'000	Dividend equivalent payment £'000	BBP award in year £'000	June 2023 payment in cash (50% value) £'000	BBP cycle 3 balance carried forward £'000
CEO	739	18	1,304	1,065	1,065
CFO	137	3	835	494	494

Deferred Share Plan

No contingent shares were awarded under the DSP in FY20 as the performance test was not achieved, so there is no DSP award available to vest in FY23.

	FY20 Shares Awarded	Vesting %	Shares Vesting	Estimated value £'000
CEO	0	–	0	0

Bonus Banking Plan

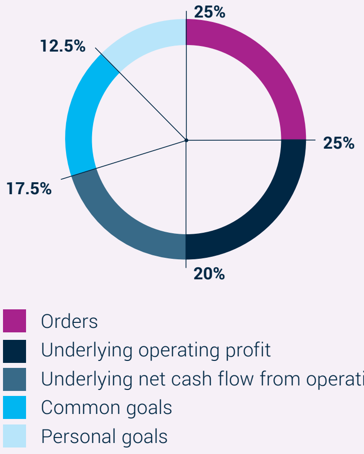
FY23 performance measures and operation

For the year ended 31 March 2023 achievement of on-target performance provides a payment equal to 100% of base salary, rising on a linear scale to 200% of base salary for achievement of stretch performance.

The scheme begins to pay out once threshold performance measures have been achieved. For the year ended 31 March 2023, the CEO and CFO were measured against the targets as shown in the chart to the right. The target payment was 50% of maximum for financial and non-financial objectives.

When setting performance targets the Remuneration Committee takes into account the budget and the Company's strategy set in relation to the ISBP, shareholder expectations and the external environment. The aim is to set stretching targets which incentivise the Executive Directors to deliver annual results which will exceed the expectations of investors, but which are also sustainable and do not create undue profit risk. Financial performance measures exclude the contribution from businesses acquired in the year.

% of base salary



Audited information

FY23 performance outcomes

		Threshold	Target	Stretch	Actual	% of maximum reward achieved	CEO contribution	CFO contribution
CEO/CFO financial performance measures:								
Orders[1]	25%	£1,130.6m	£1,230.6m	£1,330.6m	£1,701.0m	100.0%	£332,108	£215,630
Underlying operating profit[1, 2]	25%	£148.0m	£158.0m	£168.0m	£169.5m	100.0%	£332,108	£215,630
Underlying net cash flow from operations[1, 2]	20%	£153.0m	£173.0m	£193.0m	£270.2m	100.0%	£265,686	£172,504
CEO/CFO common goals (as detailed on page 148):								
• Performance against key stretching objectives	17.5%	40%	50%	100%	92.4%	92.4%	£159,412	£139,495
CEO personal goals								
• Performance against stretching objectives	12.5%	40%	50%	100%	96.0%	96.0%	£214,847	
CFO personal goals								
• Performance against stretching goals relating to growth and leadership	12.5%	40%	50%	100%	85.0%	85.0%		£91,643
CEO overall result						98.2%	£1,304,161	
CFO overall result						96.8%		£834,902

1 Performance measures have been adjusted for the disposal of Space NV in FY23 and an unbudgeted VAT payment. The impact of the Space NV disposal to the original baseline targets was orders -19.4m, profit -£2.0m and cash -£13.0m. The VAT payment was a cash -£14.0m adjustment.

2 Definition of underlying measures and performance can be found in the glossary on page 178.

Directors' remuneration report continued

Annual Report on remuneration continued

Common goals (17.5% weighting)

Measures	FY23 Performance	Outcome (% maximum)
Net Zero	Undertake environmental engagements with demonstrable progress on Net Zero roadmap	
Engagement	Achieve Group Peakon (third-party employee engagement survey) improvement target	
Inclusion	Undertake interventions to address organisational biases and drive D&I culture	
Safety	Drive safety performance-based on lagging and leading metrics	
Security	Evidence demonstrable progress	
Total		92.4%

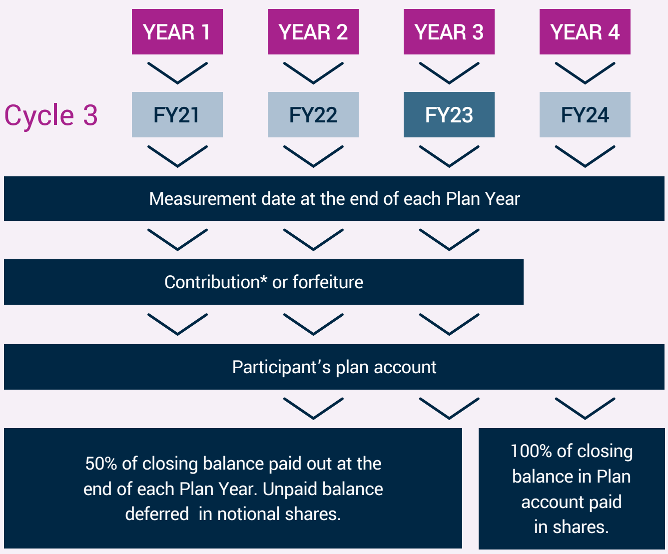
Personal goals (12.5% weighting)

Measures	FY23 Performance	Outcome (% maximum)
CEO	Embed safety, security and Three Lines assurance model Enable growth through customer focus and investment in new capabilities Develop organisational capability and culture consistent with five-year ambition Enable Company performance to demonstrate return to growth in FY23	
Total		96.0%
CFO	Complete Company restructuring and benefits realisation, inc. overhead recovery model Deliver year 1 of ESG plan Establish an effective Finance & Governance Function aligned to new operating model Refinance (debt/equity) in support of M&A ambition	
Total		85.0%

How the plan operates

- The Plan operates on a fixed three-year performance cycle with a four-year vesting cycle. FY23 represents year three of Cycle 3. Plan years commence on 1 April.
- Performance targets are set at the beginning of each Plan year.
- At the end of each of the first three Plan years the performance against targets is assessed and the level of the incentive earned is determined and paid into the Plan account.
- Each year 50% of the account balance is subject to forfeiture based on the achievement of a profit underpin target.
- At the end of each of the first three Plan years, 50% of the account balance will be paid in cash and the balance retained and held in the Plan as notional shares.
- At the end of the fourth year, any remaining balance in the Plan account is paid out in shares and a cash dividend equivalent is paid.

BBP payout mechanism



* Single figure BBP value for a Plan/financial year.

Audited information

Operation during FY23

Cycle 3

	Notional shares on account at start of Plan Year 3 (1 April 2022)	30-day average share price to 31 March 2023 (p)	Share value as at measurement date (£)	Bonus plan contribution for Plan Year 3 (£)	Dividend equivalent payment (£)	Bonus pool total value as at measurement date (£)	Gross payment in cash for Plan Year 3 (£)	Bonus pool total value after cash payment (£)	Notional shares on account at end of Plan Year 3 (31 March 2023)
CEO	244,692	330.2	807,973	1,304,161	18,107	2,130,241	1,065,120	1,065,121	322,568
CFO	45,450	330.2	150,076	834,902	3,363	988,342	494,170	494,171	149,658

Forfeiture

For BBP Cycle 3 the CEO and CFO retained notional shares in their Plan accounts of which 50% were subject to forfeiture. Forfeiture would have been enacted if Group underlying operating profit was less than the level determined by the Remuneration Committee at the start of the year of £130.0m for FY23. FY23 Group underlying operating profit was £169.5m (excluding contribution from acquisitions) therefore no notional shares were forfeited.

Discretion

For BBP Cycle 3, for the year ended 31 March 2023, targets were largely achieved providing a contribution of 98.2% of the maximum award for the CEO and 96.8% for the CFO. CEO £1,304,161 and CFO £834,902 has been reported in the single figure table which represents the contributions to the Plan related to FY23 performance. No discretion was applied to these contributions as the Committee considers them appropriate reflecting Group performance. In reviewing the BBP out-turn the Remuneration Committee was mindful of the wider stakeholder experience across the financial year.

Termination of the BBP

Subject to shareholder approval of the new Directors' Remuneration Policy at the 2023 AGM, the BBP will be terminated and no investment will be made in FY24. For FY24 the BBP is in Cycle 3 Year 4 when no investment would normally be made. The notional shares on account as at the end of Plan Year 3 (as identified above) will be revalued using the share price over the 30-day period to 31 March 2024 and then delivered to the CEO and CFO as actual shares with a dividend equivalent payment.

Annual Report on remuneration continued

Deferred Share Plan (DSP)

Scheme interests awarded during the financial year ended 31 March 2023

The Deferred Share Plan was first approved by shareholders at the 2017 AGM and further approved as a key element of the Directors' Remuneration Policy at the 2020 AGM. A maximum award of 125% of salary may be made to Executive Directors with the amount contingent on meeting a stretching annual performance target based on QinetiQ's strategic growth plan. Once the award has been made, it is deferred for three years and remains subject to a performance underpin; any vested shares are then subject to a further two-year holding period. FY22 DSP contingent shares granted in the year are detailed on page 152. The FY22 award was 60.2% of the maximum available.

Termination of the DSP

Subject to shareholder approval of the new Directors' Remuneration Policy at the 2023 AGM, the DSP will be terminated and no award will be made in relation to FY24 performance. Subsisting DSP awards as identified on page 152 will continue to be available to vest on the basis of the relevant performance underpin.

Audited information

FY23 performance outcome

The FY23 Deferred Share Plan award was measured against Group organic revenue with the following calibration which was adjusted for the disposal of Space NV.

Measure	Weighting	Threshold	Target	Stretch	Actual	% Max award achieved	% Salary awarded	Total £'000
Group Revenue[1]								
CEO	100%	£1,248.6m	£1,348.6m	£1,448.6m	£1,489.6m	100.0%	125.0%	£830,269
CFO								£539,075

1 The performance measure has been adjusted for the disposal of Space NV in FY23, with an impact to the original baseline targets of -£26.4m.

The FY23 DSP award was also subject to a pre-grant performance underpin that FY23 profit margins are higher than 10%, which was achieved. Group revenue achieved at £1,489.6m was above the Stretch level of performance resulting in a FY23 DSP contingent award of shares at 125% of the maximum available.

The FY23 DSP award will be subject to a further performance underpin before vesting:

- Group underlying profit out-turn for FY23 must be maintained at the end of the three-year vesting period. If this is not maintained then, at a minimum, 50% of the award will lapse. For the purposes of the FY23 DSP award, this will be the actual underlying operating profit of £169.5m for FY23 which must be achieved in FY26.

The FY23 DSP award which vests based on the achievement of the FY26 performance underpin must be held as shares for a further two years.

No FY20 DSP award of contingent shares was made as the pre-grant performance tests were not achieved and, therefore, there was no DSP award available to vest based on FY23 performance and no amount has been reported in the single figure table.

Audited information

Statement of Directors' shareholding and share interests

In relation to the shareholding requirement adopted on 1 April 2017 the Company requires Executive Directors to hold shares equivalent to 300% (CEO) and 200% (CFO) of base salary. Executive Directors have five years from the adoption of the guideline to achieve the required level through, at a minimum, retaining 50% of the after-tax shares vesting from Company incentive plans.

The CEO has achieved his shareholding requirement and currently holds actual shares equivalent to 485% of base salary using a share price of 339.6p (three-month average to 31 March 2023).

The CFO was appointed during 2021 and does not currently meet the minimum shareholding requirement, with a current holding of actual shares equivalent to 151% of base salary.

The Remuneration Committee continues to monitor progress towards the shareholding requirement.

	Shares beneficially owned	Shares subject to performance conditions	Shares not subject to performance conditions	Total shares held at 31 Mar 2023
Steve Wadey	955,909	391,944	564	1,348,417
Carol Borg	–	49,299	193,199	242,498
Michael Harper	45,000	–	–	45,000
Susan Searle	48,300	–	–	48,300
Neil Johnson	100,000	–	–	100,000
Shonaid Jemmett-Page	7,000	–	–	7,000
Lynn Brubaker (Resigned 31 December 2022)	25,000	–	–	25,000
Steve Mogford (Appointed 01 August 2022)	–	–	–	–
General Sir Gordon Messenger	–	–	–	–
Lawrence Prior III	–	–	–	–

Shares beneficially owned comprise shares purchased under the Share Incentive Plan (SIP) and shares owned by the Director and any connected persons. SIP matching shares are identified as shares not subject to performance conditions.

On 11 April 2023 Steve Wadey purchased 57 shares, then on 9 May 2023 he purchased 55 shares, through his participation in the SIP. There have been no other changes to the shares shown above between 31 March 2023 and 25 May 2023.

Shares subject to performance conditions comprise awards made under the Deferred Share Plan which remain contingent subject to the performance underpin as detailed on page 152. The Compensation Share Plan award to Carol Borg (193,199 shares above awarded on 5 January 2022) is only subject to continued employment.

Notional shares held by the CEO and CFO in the BBP Cycle 3 do not appear in the table above as they are not actual shares at 24 May 2023. However, in reviewing compliance with the shareholding requirement, the net of tax value of notional shares (i.e. 51.75% in the UK) of the 50% of the BBP balance which is not subject to forfeiture is included within the calculation.

Directors' remuneration report continued

Annual Report on remuneration continued

Audited information

Total scheme interests summary

Total scheme interests, including those awarded during the financial year ended 31 March 2023, are as follows.

Plan name	Date of grant	Number 1 April 2022	Granted in year (maximum potential of awards)	Vested in year	Lapsed in year	Number 31 March 2023	Share price on date of grant	Vest date
Steve Wadey								
DSP 2019	28 Jun 19	243,650	–	243,650	–	–	304.0	28 Jun 22
DSP 2021	25 Jun 21	232,746	–	–	–	232,746	321.9	25 Jun 24
DSP 2022[1]	14 Jun 22	–	159,198	–	–	159,198	302.1	14 Jun 25
		476,396	159,198	243,650	–	391,944		
David Smith (former CFO)								
DSP 2019	28 Jun 19	169,118	–	169,118	–	–	304.0	28Jun 22
DSP 2021	25 Jun 21	73,443	–	–	–	73,443	321.9	25 Jun 24
DSP 2022	14 Jun 22	–	19,761	–	–	19,761	302.1	14 Jun 25
		242,561	19,761	169,118	–	93,204		
Carol Borg								
Compensation Share Plan	5 Jan 22	193,199	–	–	–	193,199	258.8	5 Jan 25
DSP 2022[1]	14 Jun 22	–	49,299	–	–	49,299	302.1	14 Jun 25
		193,199	49,299	–	–	242,498		

1. The FY22 DSP contingent share award granted on 14 June 2022 at a share price of 302.1p (30-day average to 31 March 2022) is calculated on awards of 60.2% of the maximum (75.3% of salary) with a face value of £480,939 and £148,933 for the CEO and CFO respectively, the award to the CFO being a pro-rata calculation to reflect the portion of FY22 served. If the FY22 Group underlying organic profit (£137.4m) is not achieved in FY25, a minimum of 50% of the award will lapse.

The contingent share award for the FY23 DSP will be granted in June 2023. The Committee estimates that 251,444 contingent shares will be awarded to Steve Wadey and 163,256 to Carol Borg. This is calculated based on awards of 125% of salary and a share price of 330.2p (30-day average to 31 March 2023).

As detailed in the FY22 Report, as part of the package approved by the Remuneration Committee for Carol Borg at recruitment, it was agreed that she would receive a share award in part compensation for share awards which were forfeited on resigning from her former employer. On 5 January 2022 Carol was granted an award over 193,199 shares which will vest in three years. The QinetiQ share price used was the average closing price over the 30 days prior to the award with a value at grant of £500,000.

There have been no other changes to the interests shown above between 31 March 2023 and 25 May 2023.

Payments to past Directors and payment for loss of office

No payments were made to past Directors during the year and no payments were made for loss of office during the year.

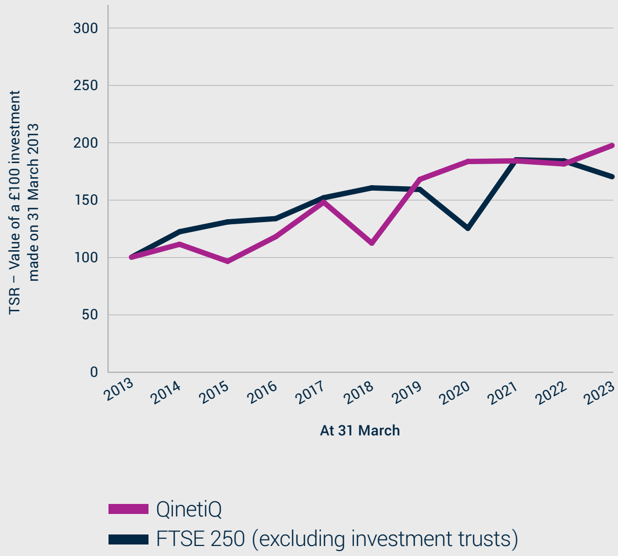
CFO succession

David Smith retired from the role of CFO effective 30 November 2021. The Remuneration Committee determined that Good Leaver status be provided to David as regards BBP and DSP participation as detailed in the FY22 Report. David is required to maintain a shareholding in line with the Directors' Remuneration Policy.

Performance review

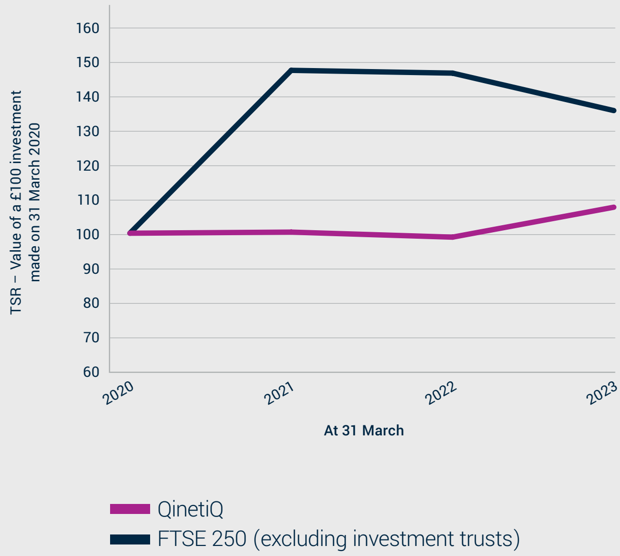
The ten-year and three-year charts show the Company's Total Shareholder Return over the period from 31 March 2013 to 31 March 2023 and 31 March 2019 to 31 March 2023 compared with the FTSE 250 (excluding investment trusts) over the same period based on spot values. The Committee has chosen to demonstrate the Company's performance against this index as it is the index in which the Company is listed.

Ten-year comparator chart



Source: Datastream (Thomson Reuters)

Three-year comparator chart[1]



Source: Datastream (Thomson Reuters)

1 This period is from the beginning of COVID-19 which had a more distorting effect at its outset on the TSR of FTSE 250 companies than on QinetiQ.

CEO remuneration

The table below shows the CEO's remuneration over the same performance period as the Total Shareholder Return chart (31 March 2013 to 31 March 2023):

Year ended 31 March	CEO	Salary/fees	Single figure	Annual bonus (% of maximum)	Long-term incentives (% of maximum vesting)
2023	Steve Wadey	689,125	2,161,990	98.2%	–
2022	Steve Wadey	639,121	2,477,069	71.4%	100.0%
2021	Steve Wadey	511,550	2,695,414	95.7%	100.0%
2020	Steve Wadey	610,357	1,978,247	87.5%	38.4%
2019	Steve Wadey	596,422	2,339,474	94.4%	31.7%
2018	Steve Wadey	582,167	1,522,460	66.7%	–
2017 (restated)	Steve Wadey	568,166	1,829,470	86.4%	–
2016	Steve Wadey	520,219	1,654,546	85.4%	–
2016	David Mellors	455,885	1,423,382	82.9%	–
2015	David Mellors	501,227	1,725,960	88.6%	13.9%
2015	Leo Quinn	469,776	673,979	–	–
2014	Leo Quinn	610,844	2,177,742	77.0%	15.4%

Directors' remuneration report continued

Annual Report on remuneration continued

CEO pay ratio

The calculation below is based on the FY23 single figure for the CEO of £2,161,990 and similar calculations for the UK workforce (i.e. 'Option A' as defined by the Companies (Miscellaneous Reporting) Regulations 2018). The Remuneration Committee chose Option A as it is the approach generally favoured by investors and GC100. The calculations for the UK workforce were performed as at 31 March 2023.

Total remuneration
Ratio of the CEO's pay to UK employees

Year	25th percentile	Median	75th percentile
FY23	53 : 1	40 : 1	31 : 1
FY22	67 : 1	49 : 1	37 : 1
FY21	70 : 1	52 : 1	39 : 1
FY20	56 : 1	41 : 1	31 : 1

The CEO pay ratios have reduced between FY22 and FY23. The primary reason for this is the lower CEO single figure for FY23 due to no DSP award vesting in the year. The Company believes that the median pay ratio for FY23 is consistent with the pay, reward and progression policies for the UK employees as the approach for all QinetiQ employees is monitored and reported to the Remuneration Committee on an annual basis.

Year-on-year movements in the CEO pay ratio are likely to be volatile due to the wide range of incentive outcomes for the CEO single figure, but the Remuneration Committee does note the ratio and will monitor long-term trends.

Total pay of UK employees

£	25th percentile	Median	75th percentile
Total pay and benefits	£40,608	£54,216	£70,569
Salary component[1]	£37,169	£35,660	£57,385

1 The base salary data is impacted by the fact that the employee identified at the Median on a total pay basis had a significant overtime payment.

The Remuneration Committee welcomes the opportunity to provide this information to shareholders. The Company aims to reward all employees fairly for the success and growth they create, hence the inception of the All Employee Incentive Scheme in FY19 which paid at the stretch level of £1,250 to all eligible employees for the level of profit performance delivered in FY23.

Remuneration policy for all employees

All employees of QinetiQ are entitled to base salary, benefits and pension. UK and Australia-based employees are entitled to participate in the QinetiQ Share Incentive Plan. The maximum incentive opportunity available is based on the seniority and responsibility of the role. Participation in the DSP is available to Executive Directors, senior leaders and selected employees throughout the organisation.

In FY19 the Company introduced an All Employee Incentive Scheme (AEIS) whereby every eligible employee has the opportunity to earn a cash bonus based on Company and personal performance. For FY23 the Company element of the AEIS was paid at a stretch level of £1,250 as the profit target was exceeded. The AEIS will be operated again in FY24 and thereafter.

The Committee reviews (but does not decide) the general reward policy for all employees and any significant changes proposed. Alignment with the workforce is delivered through the Rewarding for Performance framework, including a transparent and consistent approach to the annual salary review, the AEIS to drive Company and personal performance, recognition schemes and market competitive benefits in our countries. For FY23 the Company has agreed significant investment in the employee offering across the Group.

Audited information

Single figure total remuneration for the Chairman and each Non-executive Director

Non-executive Directors' remuneration is shown as a single figure to provide an annual comparison between the remuneration awarded during the financial year ended 31 March 2023 and the preceding year.

	Salary/fees £'000		Benefits £'000		Committee Chair fees £'000		US/UK attendance fee £'000		Single figure £'000	
Non-executive Director	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Lynn Brubaker (Resigned 31 December 2022)	41	54	6	5	–	–	13	6	60	65
Michael Harper	55	54	1	1	10	10	3	–	69	65
Shonaid Jemmett-Page	55	54	1	1	12	12	3	–	71	67
Neil Johnson	259	250	4	3	–	–	3	–	266	253
Ian Mason (Resigned 26 April 2021)	–	4	–	–	–	–	–	–	–	4
General Sir Gordon Messenger	55	54	1	–	12	14	3	–	71	69
Steve Mogford (Appointed 01 August 2022)	37	–	1	–	–	–	3	–	41	–
Lawrence Prior III (Appointed 2 August 2021)	55	36	3	2	10	7	13	3	81	48
Susan Searle	55	54	1	1	12	12	3	–	71	67

Benefits include travel and subsistence expenses incurred in relation to the execution of their duties with the Company that are considered by HMRC to be taxable.

The Committee Chair fee paid to General Sir Gordon Messenger in FY22 includes a true-up of £2,000 of unpaid Committee Chair fees for FY21 due to an administrative error by the Company. Lynn Brubaker (resigned 31 December 2022) and Larry Prior are US residents and are entitled to receive a $4,000 fee for attending UK meetings. UK-based Non-executive Directors are entitled to receive a £2,500 fee for attending US meetings. The Committee Chair fees figure for Michael Harper is a payment of £10,000 as Senior Independent Director, and that for Larry Prior is a payment of £10,000 as the senior US Non-executive director.

Percentage change in Directors' remuneration

The following table compares the percentage change in the Director's salary/fees, bonus and benefits to the average percentage change in salary, bonus and benefits for a comparison group (4,000 employees) in the UK business in service between 1 April 2022 and 31 March 2023. The analysis only includes Directors who served for the whole of FY23 and FY22 and is impacted by the temporary salary/fee sacrifice in FY21.

	% change between FY23 and FY22			% change between FY22 and FY21			% change between FY21 and FY20		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
Steve Wadey	3.9%	21.5%	43.0%	24.9%	-4.3%	-22.7%	-16.2%	35.9%	10.3%
Carol Borg	–	–	–	–	–	–	–	–	–
Neil Johnson	3.6%	33.3%	–	14.3%	100%	–	17.1%	-100%	–
Michael Harper	1.6%	0%	–	18.4%	100%	–	-15.9%	–	–
Susan Searle	1.5%	0%	–	21.2%	100%	–	-6.8%	-100%	–
General Sir Gordon Messenger	–	–	–	–	–	–	–	–	–
Lawrence Prior III	–	–	–	–	–	–	–	–	–
Shonaid Jemmett-Page	1.5%	0%	–	–	–	–	–	–	–
Steve Mogford	–	–	–	–	–	–	–	–	–
Average UK employee	4.4%	5.7%	96.2%	2.9%	10.9%	-38.2%	1.2%	-1.2%	62.2%

1 UK employees were chosen in order to avoid the impact of exchange rate movements over the year. QinetiQ Group plc has no employees so QinetiQ Group Ltd employees were used.

The reduction in salary and fees which the Board implemented as a waiver for six months in FY21 impacted the analysis above, as did the reduced travel and physical meeting attendance. The benefits paid to Non-executive Directors are largely travel and subsistence expenses incurred in relation to the execution of their duties with the Company that are considered by HMRC to be taxable.

Directors' remuneration report continued

Annual Report on remuneration continued

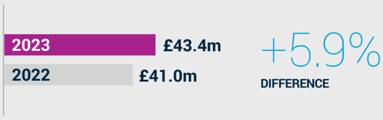
Relative importance of spend on pay

The graph below shows actual spend on all employee remuneration, shareholder dividends and buy-backs and any other significant use of profit and cash within the previous two financial years.

Total employee remuneration

Share-based profit distribution

Dividend cash payment plus purchase of own shares (see CFO Review page 42).



Other significant profit distribution

There were no other significant profit distributions in 2022 or 2023.

Gender related pay

QinetiQ is subject to gender pay reporting for UK employees and a copy of our latest report is available on the Company's website.

Service contracts/letters of appointment

The Company's policy is that Executive Directors have rolling contracts which are terminable by either party giving 12 months' notice. The Group Chairman and the Non-executive Directors do not have service contracts but are appointed under letters of appointment. All service contracts and letters of appointment are available for viewing at the Company's registered office and at the AGM.

Non-executive Directors typically serve two three-year terms but may be invited by the Board to serve for an additional period (see table in the Nominations Committee report on page 112).

Director	Date appointed	Arrangement	Notice period
Michael Harper	22 November 2011	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
Shonaid Jemmett-Page	19 May 2020	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
Neil Johnson	02 April 2019	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
General Sir Gordon Messenger	12 October 2020	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
Lawrence Prior III	02 August 2021	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
Steve Mogford	01 August 2022	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
Susan Searle	14 March 2014	Initial term of three years from date of appointment, subject to annual reappointment at the AGM.	–
Carol Borg	11 October 2021	Service contract	12 months
Steve Wadey	27 April 2015	Service contract	12 months

Implementation of Policy for the year ended 31 March 2023

Fees

Non-executive Directors' fees were last reviewed effective 1 July 2021 and are as follows:
- Basic fee £55,000
- Committee Chair fee £12,000
- Senior Independent Director fee £10,000

The Non-executive Group Chair receives a fee of £262,500 per annum which was increased by 5.0% effective 1 July 2022, the first adjustment since appointment. Fees are reviewed in line with Policy.

Executive Directors are permitted to accept one external Non-executive Director position with the Board's approval. Any fees received in respect of these appointments may be retained by the Executive Director. The CEO and CFO do not hold any Non-executive Directorships in other companies.

	Fees effective 1 July 2022 £
Group Chairman	262,500
Basic fee for UK Non-executive Director	55,000
Additional fee for chairing a Committee	12,000
Additional fee to Deputy Chair/Senior Independent Non-executive Director	10,000
Additional fee for attendance at a Board meeting held in US by UK resident Non-executive Director	2,500
Additional fee for attendance at a Board meeting held in UK by US resident Non-executive Director	$4,000

Implementation of Policy for the year ending 31 March 2024

At the 16 May 2023 meeting of the Remuneration Committee, base salary increases of 3.8% (to £695,500p.a.) and 3.9% (to £452,000p.a.) were approved for the CEO and CFO respectively, effective 1 July 2023. Both salary reviews are aligned with the Rewarding for Performance guidance used for all UK employees which included a 4.0% budget for the July 2023 salary review plus 0.5% for in-year salary progression.

Incentives for Executives

The table below shows the measures and relative weighting for the Annual Bonus Plan (subject to July 2023 AGM approval) for the CEO and CFO:

	Performance measure (excluding FY23 acquisitions)	Relative weighting(%)
Annual Bonus Plan	Orders	20.0%
Target performance 100% of base salary	Underlying operating profit	30.0%
Stretch performance 200% of base salary	Underlying net cash flow from operations	20.0%
	Common, ESG and Personal Goals	30.0%

For FY24 the Remuneration Committee agreed to adjust the annual incentive weightings by reducing the orders metric to 20% (previously 25%) and increasing the profit metric to 30% (previously 25%) to support the drive for profitable growth. The increased focus on ESG goals as part of the non-financial metrics continues for FY24 with a 30% weighting.

For FY24, the Remuneration Committee set the target level of performance at 50% of stretch for the financial measures, common and personal goals. Details of specific performance targets for the Annual Bonus Plan have not been provided as they are deemed commercially sensitive. The targets will be disclosed retrospectively in next year's Annual Report on Remuneration.

For FY24 the Committee has set performance measures and targets for the Long-term Performance Award with a clear link to Company strategy and incentivising growth:
- Earnings: organic underlying operating profit on a three year cumulative basis (35% weighting)
  - Designed to deliver consistent operational performance over the longer term
  - Understood, relevant and actionable for QinetiQ senior leaders
- Returns: ROCE (35% weighting)
  - Average EBITA for the three year period divided by average capital employed
  - Designed to drive robust investment selection and delivery
- Value creation through collaboration: total revenue growth (30% weighting)
  - Designed to drive value creation through collaboration and market leverage

For the FY24 LPA the Committee agreed the following targets aligned with our growth ambition (20% of each element vests at Threshold) -
Cumulative earnings targets are deemed commercially sensitive at this time but are consistent with our growth ambition at 11-12% margin.

ROCE	Threshold 15.0%	Stretch 20.0%.
FY26 Total revenue	Threshold £1.9bn	Stretch £2.7bn

Directors' remuneration report continued

Annual Report on remuneration continued

Remuneration Committee meetings, activities and decisions FY23

The following table provides a summary of all the key activities during the year. The attendance at each meeting is detailed on **page 103**.
The membership of the Remuneration Committee in FY23 was Susan Searle (Chair), Michael Harper, Neil Johnson, Lynn Brubaker (resigned 31 December 2022), General Sir Gordon Messenger, Shonaid Jemmett-Page, Lawrence Prior III and Steve Mogford (joined 01 August 2022).

Base salary	Incentives	Share awards	Governance	Salaries and resourcing
May 2022	Review of FY22 Company performance and final results for BBP and DSP	Approval of FY19 DSP Performance underpin and vesting FY22 DSP awards	2023 Directors' Remuneration Policy Approve FY22 Directors' Remuneration Report.	QLT base salary reviews
July 2022			AGM preparation 2023 Directors' Remuneration Policy	
November 2022	FY23 half-year forecast		Review of QLT shareholdings Review of Company reward practices 2023 Directors' Remuneration Policy Review of all-employee remuneration to ensure, inter alia, alignment of incentives and reward with culture	
March 2023	FY23 provisional results FY24 target setting		2023 Directors' Remuneration Policy	

Remuneration Committee effectiveness review

A performance evaluation of the Committee is conducted annually. This process is described further on **page 117**.

Remuneration consultants

In FY23 the Committee appointed Mercer to replace FIT Remuneration Consultants LLP as independent adviser to the Committee to provide advice on market practice, corporate governance and investors' views. Mercer were selected by the Committee after providing ad-hoc advice in support of the design of the new Directors' Remuneration Policy and based on members' prior experience of working with them.

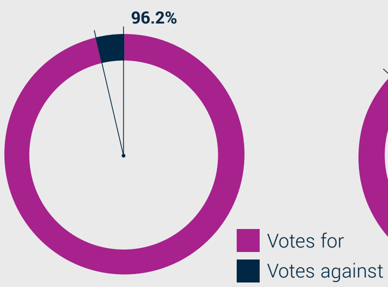
Fees paid during the year for services provided were £57,826 and £48,375 to FIT and Mercer respectively calculated on a time-spent basis at pre-agreed rates. FIT did not provide additional services to the Company during the year. Mercer provides the Company with consulting advice on UK pensions and pay and conditions for employees in the US. The Committee will review the nature of the advice received from Mercer on an annual basis in order to satisfy itself that the advice it receives is independent and objective.

Statement of voting

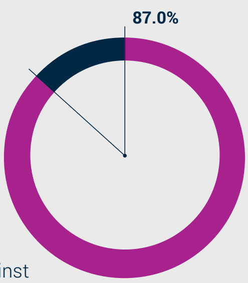
Annual Report on Remuneration – 2022	
Votes for	471,556,509 (96.2%)
Votes against	18,752,069 (3.8%)
Total votes cast	490,308,578 (84.7% of share capital)
Abstained	47,844

Directors' Remuneration Policy – 2020	
Votes for	393,525,108 (87.0%)
Votes against	59,006,721 (13.0%)
Total votes cast	452,531,829 (79.7% of share capital)
Abstained	19,408,696

Directors' Remuneration Report 2022 % of votes (%)



Directors' Remuneration Policy 2020 % of votes (%)



Details on the voting on all resolutions at the 2023 AGM will be announced via the RNS and posted on the QinetiQ website after the AGM.

Susan Searle
Remuneration Committee Chair
25 May 2023