Corporate responsibility

Committed to our stakeholders

Trust is the foundation of how we do business and manifests itself in everything we do; our relationships with our customers and stakeholders, industry partners, and shareholders. It also drives how our people work with each other. We know that we can contribute to our future success and provide wider value to society through focusing on the skills and competences of our people and the next generation, supporting our customers’ sustainability agendas, our commitment to environmental stewardship and having a positive impact in the communities where we work.

2016 highlights

Skills development
- Launch of the QinetiQ Academy (page 27)
- The 5% Club grows to over 160 members (page 27)

Health and safety
- ‘Safe for Life’ rolling out across the UK (page 28)

Environmental stewardship
- ISO 50001 certification of our energy management system (page 31)

2017 priorities

Skills development
- Developing our people to support our growth agenda

Engagement of our people
- Improving the way we engage with our people

Health and safety
- Further roll out of ‘Safe for Life’

Environmental stewardship
- Continual improvement of our energy management system

There are some elements which will always be business priorities, such as the safety of our people and our approach to governance. However, we also recognise that we need to anticipate and understand emerging issues and trends.

The skills agenda, with an emphasis on apprenticeships, new energy management regulations and the introduction of the Modern Slavery Act all have an impact on our business. Addressing them is integrated into our programmes, ensuring our approach to corporate responsibility does not stand still and fully supports the success of our business.

Our framework
Our people

By having the right people, ensuring they are engaged, creating a positive working environment and supporting their development, we can deliver to our customers. There is a recognised shortfall of engineering skills so focusing on the skills of our people as well as the future pipeline is vital (also see community investment section, page 32).

Learning and development

We have been focusing on how we provide opportunities for developing skills.

The breadth and depth of knowledge and capability of our people is key to delivering for our customers.

The 5% Club – Investing in a Generation

The skills of the next generation are the foundation of the future of QinetiQ.

The 5% Club, launched in 2013 and spearheaded by QinetiQ, has gone from strength to strength, with membership at over 160 (at 31 March 2016) including large and small companies from a range of sectors. Members that sign up to The 5% Club pledge to have 5% of their UK workforce on apprenticeships, formal graduate schemes or as student sponsorships. By encouraging employers to offer great ‘earn and learn’ opportunities for young people, we see this as a key step in developing the future skills, knowledge and experience needed across the UK.

As part of QinetiQ’s commitment to the development of the next generation, we reviewed our UK graduate scheme and the People Faculty launched a new two-year corporate graduate development framework, bringing graduates together where previously separate schemes were run by each business.

Page 23 – Apprentices and graduates KPI

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of apprentices</td>
<td>150</td>
<td>208</td>
<td>121</td>
</tr>
<tr>
<td>Number of graduates on formal programmes</td>
<td>135</td>
<td>102</td>
<td>106</td>
</tr>
<tr>
<td>Number of sponsored students</td>
<td>26</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Percentage of UK workforce</td>
<td>5.7%</td>
<td>5.9%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Learning and development highlights in FY16 include:

- The course catalogue has grown from 70 to over 140 courses.
- Accreditation obtained for a further three years from the Association for Project Management.
- Launch of refreshed coaching and mentoring capabilities.
- Innovation of course delivery through ‘gamification’.

Underpinning the Academy is the QinetiQ Learning Zone (QLZ) which provides one-stop online access for our people’s learning needs. The full functionality has been developed for QinetiQ UK and accessibility to the QLZ will be increased across the Group. The EST Faculty has facilitated our first cohort of ten delegates on the Systems Engineering Masters Apprenticeship Programme (SEMAP). This is a three to five-year programme of blended vocational and academic learning at Masters level developed by the Defence Growth Partnership to address an enterprise wide skills gap in systems engineering.

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- Launch of refreshed coaching and mentoring capabilities.
- Innovation of course delivery through ‘gamification’.

The QinetiQ Academy was established in April 2015, addressing the business need to drive effectiveness (quality, consistency and standards) and in response to our people’s appetite to learn, develop and give more to our company (articulated in our Engagement Surveys). There are three faculties:

- The People Faculty delivers management and leadership development from early careers to executive level.
- The Engineering, Science and Technical (EST) Faculty delivers training to sustain and develop the highly specialised skills essential to meet our customers’ challenges.
- The Business Faculty delivers skills and competences such as marketing, business development, negotiation and sales through to project management, assurance and health and safety.

Page 03 – Our business model
Engaging our people
Engaged employees are motivated to reach their full potential. Improving employee engagement forms an important part of our strategy and is one of our non-financial KPIs.

We regularly communicate with employees to ensure they understand QinetiQ strategy, performance and business priorities. In 2015 ‘Q-Talk’ was introduced as a monthly briefing and discussion session. Through Q-Talk (and numerous other channels such as the intranet, campaigns and roadshows) we can ensure that our people across the Group understand how what they do contributes to our strategy and they are knowledgeable about our business.

Our UK Employee Engagement Group (EEG) is an independent consultative forum. The EEG listens, gathers feedback and represents our people on all key employee related matters (local or company-wide) and through times of change. The representatives are the employee voice to constructively challenge policy decisions and actions that have an effect on employees’ working lives or wellbeing.

We undertake an annual independent survey for all employees across the Group, excluding QinetiQ North America (QNA), run by Best Companies. This survey allows us to gain feedback and an accurate picture of how our people feel about a number of aspects of our business. The response rate in FY16 was 68% and we scored 623 (compared to 613 in FY15), putting us in the ‘ones to watch’ category. The survey (compared to 613 in FY15), putting us in the ‘ones to watch’ category. The survey identifies specific areas where we can work to improve performance and engagement and leaders respond through action plans on priority areas.

QNA use Workplace Dynamics to administer the Top Work Places survey and will be conducting it for the second year in FY17.

Safety, health and wellbeing
Health and wellbeing of our people sits at the heart of operations and underpins our strategic goals.

We continue to focus on reducing accidents and work-related ill health as part of our continuous improvement activity. We measure overall Lost Time Incident (LTI) Rate as a lagging indicator for the Group.

LTI Rate is highly dependent on the number of employees (calculated as the number of lost time incidents, where the employee is away from work for one or more days, times 1,000 divided by the total number of employees). The LTI Rate has reduced from 5.6 to 5.0.

<table>
<thead>
<tr>
<th>Lost Time Incident Rate</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>QinetiQ Group</td>
<td>5.0</td>
<td>5.6</td>
<td>5.8</td>
</tr>
</tbody>
</table>

In 2014 we introduced ‘Safe for Life’ into our UK Weapons business. ‘Safe for Life’ focuses on behavioural safety including safety leadership, human factors, error management and everyday behaviours of our people. The programme is underpinned by a Safety Culture Climate Survey and supported by local champions. The pilot programme has been completed successfully and we are rolling ‘Safe for Life’ out into other UK business areas.

There were no safety prosecutions or prohibition notices issued by regulators in the UK in FY16. A single improvement notice was issued to the company during the UK Health and Safety Executive’s ongoing investigation of an incident at one of the sites we manage on behalf of the MOD. The improvement actions identified required the review of schematics for the high voltage electrical system on the site. The required actions have been completed, the Improvement Notice formally closed and lessons shared across the organisation.

We continue to develop our health and wellbeing programmes. The UK Wellbeing programme and QinetiQ Benefits+ scheme in the UK are offering more services, with good uptake by our people. Health assessments (measuring BMI, blood pressure and cholesterol) and flu vaccinations continue to be popular.

Diversity and inclusion
The inclusion, diversity and equality of all our people is critical to our strategy.

In order to support our approach, we value working with specialist networks in each of our home markets. QNA is a member of the Direct Employers Association which provides recruiting solutions with a strong focus on diversity and inclusion. QinetiQ Australia is a member of the Diversity Council Australia and has established a diversity and inclusion strategy which has been endorsed by the Australian Board and Australian Leadership Team. The UK continues to be a core member of, and work with, the Employers Network of Equality and Inclusion, using their tools to support our agenda. The Group is committed to the fair treatment of people with disabilities in relation to applications, training, promotion and career development. If an existing employee becomes disabled, we make every effort to enable them to continue their employment and career development, and to arrange appropriate training, wherever practicable. The breakdown of the number of employees by gender at the end of March 2016 is shown in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Directors</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Senior Managers(1)</td>
<td>28</td>
<td>170</td>
</tr>
<tr>
<td>All employees(2)</td>
<td>1,190</td>
<td>4,817</td>
</tr>
</tbody>
</table>

(1) Excluding Board Directors.
(2) Excluding Senior Managers and Board Directors.
Customers recognise the importance of sustainable products and services to enable greater efficiency and resilience. While it is not core business, we regularly provide solutions for our customers, across a breadth of technology areas including:

- **Training and simulation:** allowing troops and aircrew to train in sophisticated simulated environments, reducing the need for costly and energy intensive activities.
- **Unmanned Aerial Vehicles (UAVs):** QinetiQ, in partnership with the Welsh Government and Snowdonia Aerospace LLP, ran an event at the Snowdonia Aerospace Centre in Llanbedr to demonstrate how UAVs flown from the airfield can help to tackle environmental issues and other commercial challenges.
- **Maritime:** improved propulsion efficiency resulting in reduced fuel consumption and noise/vibration pollution. QinetiQ has also completed work to ensure ships comply with the Energy Efficiency Design Index which is unique to the maritime industry.
- **Batteries:** QinetiQ is part of a project called ‘3CCAR’ targeting Integrated Components for Complexity Control in affordable electrified cars, focusing particularly on smart battery cells, which will help improve effectiveness of electric cars.
- **Engine efficiency:** the hub drive provides an entirely new approach.

Product safety

Delivering products and services safely fundamentally underpins our offering to customers.

We invest in attracting and developing our engineers and scientists with specialist safety expertise. In the UK, technical assurance, governance and Independent Design Review have been fully integrated into our day-to-day business delivery processes and are underpinned by our Through-Life Engineering principles. These principles are applied to all our customer and internal projects. High Integrity Systems are delivered using our specifically developed principles and independently assured throughout their lifecycle. Continuous improvement is driven by our Engineering, Science and Technical Leadership Team, supported by independent assurance and specialist safety expertise.

We have significantly enhanced our approach to independent assurance and risk assessment. QinetiQ actively supports collaboration with the MOD and specialist organisations to develop and implement common safety standards and practices.

Our US business continues to use technical excellence to improve and develop the safety and usability of their products.

Supply chain management and sustainable procurement

At QinetiQ, we believe that our supply chain is an extension of our own organisation, and so we take care in ensuring that it is as committed to the same standards of safety, security and governance as we are.

The goods and services that we procure are largely high-end technology or Commercial Off the Shelf (COTS) products, or high end consultancy and research services. Most of our spend is within our home territories (UK, US and Australia) where instances of bribery, corruption and modern slavery practices are lower than other parts of the world. However, this does not mean that we are complacent. In the UK, we have a very robust approach to supply chain risk, which is now being rolled out across the Group, where appropriate. This includes:

- Supplier vetting for all suppliers for infringement of UN Sanctions
- Robust prequalification of suppliers to an industry set level through a third party
- Risk assessment and third party vetting of high risk spend categories for modern slavery (UK) and human trafficking under US Federal Acquisition Regulations (FAR);
- Robust Terms and Conditions enabling us to take corrective action against suppliers not acting in an ethical manner.
Environmental stewardship

The challenges of protecting the environment and wildlife, in locations used in the conduct of defence and security related test and evaluation trials, can appear daunting. Our own QinetiQ estate and MOD LTPA sites are located across the UK, with significant marine and land environmental considerations, encompassing European and UK protected areas. The use of structured planning processes, in combination with innovative solutions, robust technology and skilled employees, has enabled the elimination or minimisation of environmental risks from diverse trial activities. The introduction and application of sustainability appraisals (SA) from early in the trial planning phase continues to support prompt identification of potential impacts and careful selection of mitigation measures. Examples include:

- **Aberporth**: Use of remote visual and acoustic marine monitoring systems for protection of mammals. These measures, together with acoustic deterrent devices (ADD) and physical checks, have provided protection for species including bottlenose dolphins, harbour porpoise and grey seals.

- **West Freugh**: Trials timed to avoid disturbance of breeding birds and to protect great crested newts.

- **Hebrides RAF trial**: SA process resulted in agreement for missile airburst detonation instead of at sea surface to reduce any potential sea mammal impacts.

- **Hebrides ASD15 trial (page 17)**: modified existing concrete platform to shelter rocket and launch infrastructure to prevent the risk of damage to the Site of Special Scientific Interest (SSSI) habitat.

The drive and enthusiasm with which our people, guided by a team of skilled environmental professionals, embrace sound environmental practice have contributed to our performance across the year:

- Our waste recycling arrangements and levels have been further enhanced; 84% compared with 76% for FY15.
- Work has been conducted to collect, understand and interrogate water consumption and travel information, with a view to identifying additional improvement programmes.
- We have initiated transition to the new ISO 14001 Environmental Management standard.
- We have made considerable progress in energy management (see page 31).

Celebrating our 20-year partnership with Marwell Wildlife

Protecting and restoring Eelmoor Marsh

QinetiQ’s head office site in Farnborough, UK, includes Eelmoor Marsh which was designated a national Site of Special Scientific Interest in 1978 and is a hotspot for biodiversity. Covering more than 79 hectares, Eelmoor Marsh supports more than 400 species of conservation concern across grassland, lowland heath, bog and mire, including six species of insectivorous plants, 11 species of orchid, the rare nail fungus, over a third of Britain’s dragonfly and damselfly species, around 60% of Britain’s butterfly species, four out of six native species of reptile, and bird species including woodlark, nightjar and lapwing. The site forms part of the Thames Basin Heaths Special Protection Area (SPA), notified in 2005 following the arrival of the Dartford Warbler and provides excellent undisturbed habitat for specialist heathland birds. In partnership with British conservation charity Marwell Wildlife we have managed this ecologically sensitive location for over 20 years.

“Our relationship with Marwell Wildlife began in 1995 with the need for conservation grazing but over the 20 years has become much broader and is vital to the success of the project,” says Dr Sam Healy, Group Corporate Responsibility Director, QinetiQ. Highland cattle and endangered Przewalski’s horses are employed to help control scrub and grass encroachment and have become an integral part of long-term restoration of the lowland heath system. One-third of Eelmoor Marsh has already been restored from pine woodland, and 157 survey reports and 17 student projects have been produced creating a wealth of valuable information about this special site. Natural England has confirmed ‘favourable’ condition status across all three units on site.

Employees can also access and enjoy this special place during the week, and experts from Marwell regularly provide guided tours for employees. Employees have volunteered their time to support the project.

© Paul Drane.
**Greenhouse gas emissions and energy management**

Saving energy reduces our impact on the environment and makes us more efficient.

The highlight for FY16 was our certification to ISO 50001 (BS EN ISO 50001:2011 Energy Management System) which recognises the systems and processes put in place by the UK organisation to enable us to effectively manage our energy consumption. We will now use the framework established by the introduction of ISO 50001 to continually improve our approach to energy management and strive to embed energy efficiency best practice across the UK business.

As part of this continual improvement, we will be reviewing our energy performance indicators and targets to provide an improvement in the way we measure the success of our energy management activities and projects.

In 2015 we continued our Energy Matters programme, communicating with our people (see below), growing our network of Energy Champions and empowering our Energy Engineers to identify and implement energy saving projects. We continue to submit voluntarily to the Carbon Disclosure Project Climate Change Programme, and are registered for the Carbon Reduction Commitment (CRC) scheme. In 2015 we met the requirements of ESOS (the Energy Savings Opportunity Scheme) through a combination of ISO 50001 Certification and an energy audit report produced by our appointed ESOS Lead Assessor.

Our Group greenhouse gas (GHG) emissions are captured to meet the requirements of the Companies Act 2006 (Strategic report and Directors’ report) Regulations 2013.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Scope 1 emissions (tCO₂e)</td>
<td>23,183</td>
<td>26,534</td>
<td>27,590</td>
</tr>
<tr>
<td>Total Scope 2 emissions (tCO₂e)</td>
<td>36,722</td>
<td>39,668</td>
<td>38,371</td>
</tr>
<tr>
<td>Total Scope 1 and 2 emissions (tCO₂e)</td>
<td>59,905</td>
<td>66,202</td>
<td>65,960</td>
</tr>
<tr>
<td>Intensity ratio (tCO₂e per £m of revenue)</td>
<td>79</td>
<td>87</td>
<td>55</td>
</tr>
</tbody>
</table>

The table below provides a summary of the Group’s GHG emissions from 1 April 2015 to 31 March 2016, giving a summary of Scope 1 (fuel combustion and operation of facilities) and Scope 2 (purchased electricity) emissions and an intensity ratio (per £m of revenue). We have adopted a financial control approach and have used the Defra 2015 emissions factors.

Our emissions have reduced overall due to more efficient use of our estate. We are on track to meet our target of reducing GHG emissions due to UK energy use by 17% by 2020 from a 2013 baseline. Our GHG data were independently reviewed and next year will be independently verified.

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Example employee communication as part of Energy Matters

*Hey! It's our bank holiday too! Please switch us off before you leave.*

Summer Bank Holiday: Monday 31 August

Energy Matters! Please make sure all non-essential lighting and electrical equipment is turned off before you leave.
Across the Group we have various ways that our people can volunteer and use their skills to make a positive difference to their communities. In the UK and within OptaSense we provide our people with time and access to a bursary. In Australia, a programme called ‘Operation Give Back’ enables employees to volunteer as individuals or in teams for one day a year, and employees in Belgium also volunteer during work time. Because the majority of our people are technical professionals, our focus is our STEM outreach programme with the aim of inspiring the next generation of scientists and engineers. We value our relationships with organisations such as STEMNET, the Arkwright Scholarship Trust, Primary Engineer and the Social Mobility Foundation in the UK and various robotics education programmes in the US.

With a variety of STEM expertise amongst our people, our UK STEM Ambassadors have organised a wide range of outreach events for school children; such as the annual Powerboat Challenge, activities at a number of our sites for school groups on National Women in Engineering Day, a space themed day to celebrate the launch of Principia: British ESA (European Space Agency) astronaut Tim Peake’s six-month mission to the International Space Station (see case study below), and we have hosted the UK Cyber Security Challenge. QinetiQ’s Space business in Belgium participates in STEM outreach programmes such as Technoteens. QinetiQ is a signatory of the ‘Your Life’ campaign, and our priorities are to encourage our people to take part in STEM outreach programmes, and to ensure that we are reaching more girls. Our non-STEM employees also use their professional skills in the communities where we operate through programmes such as Young Enterprise and they offer mentoring through the Social Mobility Foundation.

Being a good neighbour is an important part of our approach to our communities. Where necessary we have dedicated Community Liaison Officers who engage with local communities on issues such as noise and public access. The officers have created a number of information channels including web and text services.

In the UK we continue to support our three corporate charities (Cancer Research UK, Help for Heroes and RNLI) by providing matched funding for employee fundraising activities. These charities were voted for by employees and form a five-year partnership with QinetiQ. In the US, employees focus on supporting wounded military and their families by contributions to a range of specialist organisations such as Home Base, a Red Sox (baseball) Foundation and Massachusetts General Hospital program dedicated to healing the invisible wounds of war for Service Members. In Australia, we have agreed a two-year partnership with the Australian War Memorial in Canberra to provide in-kind advisory services and engineering support for aircraft installation projects. Our people can also choose to give to their chosen charity pre-tax through payroll giving in the UK.

STEM Outreach
Inspiring the next generation

Engineers from our Farnborough site welcomed more than 90 pupils from 12 Hampshire and Surrey schools for a special STEM (Science, Technology, Engineering and Maths) event to celebrate the launch of Principia: British ESA (European Space Agency) astronaut Tim Peake’s six month mission to the ISS (International Space Station). The pupils and their teachers were invited to join some of our colleagues and STEM Ambassadors to watch the live launch of Tim Peake and his colleagues in the Soyuz rocket to the ISS. With a team of QinetiQ experts on hand to answer questions about human spaceflight, the pupils learned about the mission and about potential careers in the space industry. The pupils then completed their own challenge to design, build and launch bottle rockets with mentoring from QinetiQ STEM Ambassadors. The teams were judged on their rocket design, teamwork, highest flight and engineering. Following this, the pupils received a tour of QinetiQ’s space testing facilities.

In addition to hosting this event, as a technology partner with the Raspberry Pi Foundation, our graduates have developed hardware and software for AstroPi. AstroPi is a Raspberry Pi mini-computer loaded with experiments written by UK school children; the experiments will be performed by Tim Peake while he is on board the ISS and will transmit live data back to Earth. By learning about the real-world applications of STEM subjects with our STEM Ambassadors at outreach activities such as the Principia launch party at Farnborough, and by participating in projects such as AstroPi, our aim is to inspire the next generation of scientists and engineers.
Bribery is a serious issue across the world. Anti-bribery and corruption are independently run, 24/7 confidential details for our ethics email advice services are provided for our employees who have a concern and are provided with contact routes to seek help or raise concerns. They are encouraged to talk to a manager if they have a concern and are provided with contact details for our ethics email advice services and all policies in response to all queries received via our ethics email advice services.

Our Code of Conduct lays out our ethical standards, providing employees with clear direction and guidance on how we do business across the Group. There are details on ethical decision-making and also how to get help. We regularly update the Code of Conduct and we plan to review it in FY17.

QinetiQ.com/code-of-conduct

Our annual business ethics training is a mandatory requirement for all of our people and supports them in understanding and using the Code of Conduct. The training is also undertaken by our Board and is available for our suppliers and customers. As well as explaining the Code of Conduct, our approach is to provide a number of challenging scenarios to help our people know what to do if they were to come across issues such as bribery, fraud, discrimination, conflict of interest and modern slavery.

Employees are provided with a number of routes to seek help or raise concerns. They are encouraged to talk to a manager if they have a concern and are provided with contact details for our ethics email advice services and our independently run, 24/7 confidential reporting line. We have also communicated with managers to remind them of the need to act if employees come to them with issues. We have provided help and advice in response to all queries received via our ethics email advice services and all communication through the confidential reporting line is appropriately investigated.

Anti-bribery and corruption

Bribery is a serious issue across the world and we recognise this is a potential risk to our business. We have a zero-tolerance approach to bribery and corruption and have put in place a range of governance measures. Anti-bribery risk management is embedded in our business processes; we have a process for undertaking due diligence, monitoring and auditing of our use of commercial intermediaries, and we use expert third-party providers of due diligence where appropriate.

We provide more in-depth anti-bribery training for those in higher risk roles, for example those who carry out overseas business. Our anti-bribery programmes are overseen by our Chief Ethics Officers, who are senior executives. We embed the risk of bribery into our international business risk management process. This year we have undertaken a review and update of our procedures associated with commercial intermediaries.

QinetiQ.com

Human rights

QinetiQ recognises that the UN Guiding Principles on Business and Human Rights set a standard of conduct expected of companies. We seek to anticipate, prevent and mitigate potential negative human rights impacts through our policy and process, and through our Code of Conduct and business ethics training for employees, all of which underpin our commitment to responsible business conduct. QinetiQ has policies in place, among others, to support adherence to export controls, health and safety, non-discrimination, anti-bribery and environmental laws and guidance. This is further supported by our procedures on product safety, sustainable procurement, due diligence and risk management.

We monitor the application of these policies and procedures through our business assurance processes. We believe that this embedded approach is effective. We have recently implemented a more structured approach to understanding human rights risk within our international business risk management process. We have also been working to improve our approach to human rights risk in the supply chain. We have set up a working group to look at the particular issue of modern slavery and have updated policies and introduced new training and KPIs. Our statement on modern slavery and human trafficking is published on our website.

QinetiQ.com

Goverance

We have Board and executive level commitment to corporate responsibility through the Group Risk & CSR Committee and this ensures successful delivery of responsible business practice, driven by strong leadership and governance. The Committee receives reports and briefings on all material corporate responsibility issues including business ethics, health and safety, environment, reputational risk and human rights. In QNA, the Proxy Board oversees these activities, obtaining independent assurance on the adequacy of its compliance programmes on an ongoing basis. In FY17 we will be introducing a Business Ethics Committee, chaired by the Chief Ethics Officer and including members of the Executive and the Group Corporate Responsibility Director.

The Group’s policies and management systems underpin our corporate responsibility programmes. In the UK, the business assurance tool provides internal assurance and we have the external certification ISO 14001 for our environmental management system, ISO 50001 for energy management (see page 31), ISO 9001 for our quality management system and OHSAS 18001 for our health and safety management system. Additionally, QNA’s Quality Management System is certified to AS9100C and ISO 9001:2008.

Materiality and engaging with our stakeholders

Our corporate responsibility strategy reflects the material issues for our business — defined by our overall business strategy and taking into account stakeholder priorities. In line with our new vision, strategy and way of working, in FY17 we will be reviewing our priorities. Part of our materiality assessment is understanding the priorities of our stakeholders – primarily customers, investors and employees. This is achieved through regular dialogue such as investor meetings, involvement in the MOD-Industry Sustainable Procurement Working Group and our employee engagement programmes (see page 28). We are actively engaged with industry and trade body working groups on topics such as skills, environment and ethics. We are a Patron Member of the Institute of Corporate Responsibility and Sustainability (ICRS) and have been actively involved in the development of the Institute, in recognition of the importance of supporting and developing the CR profession.