QinetiQ Group plc

Modern Slavery and Human Trafficking Statement

July 2018
This statement is issued on behalf of QinetiQ Group plc pursuant to section 54 of the Modern Slavery Act 2015 (the Act). It constitutes our modern slavery and human trafficking statement for the financial year ending 31 March 2018, setting out the measures QinetiQ Group plc takes to prevent slavery and human trafficking in our business and supply chain. We are committed to responsible business conduct and fully support the principles of the Act.

Our structure

QinetiQ Group plc is the parent company of a number of wholly-owned subsidiaries. The Group’s head office is in the UK, with offices and facilities located in Australia, USA, Belgium, Canada, Sweden and the United Arab Emirates. A list of our office locations is available on our website. The Group revenue for FY18 was £833M, and approximately 75% of the Group’s turnover was generated by QinetiQ Limited (based in the UK).

Our business

QinetiQ is a science and engineering company operating primarily in the defence, security and critical infrastructure markets. We are an information, knowledge and technology based company with more than 3,000 scientists and engineers and a wide array of unique facilities. We operate two divisions:

- EMEA Services, providing advice, services and facilities, particularly test and evaluation; and
- Global Products, delivering products and solutions, supported by research and development.

Our customers are predominantly government organisations in our home markets of the UK, US and Australia. Our core business does not routinely involve manufacturing. The exception is QinetiQ Target Systems (which produces targets) and QinetiQ North America (which produces principally robots).

Our supply chains

The goods and services that we procure in the delivery of our business are largely high-end technology or Commercial off-the-shelf (COTS) products, or high-end consultancy and research services. We have approximately 4,500 suppliers and most of our spend (approximately 90%) is within our major home territories (UK, US and Australia). QinetiQ has relatively low dependency on Tier 1 suppliers which would typically present a higher risk of modern slavery in the supply chain, for example those using an unskilled workforce to manufacture low tech products and services at high volume. However, as our business grows, we will continue to monitor the overall risk profile of our supply chain.

Our policies addressing slavery and human trafficking

We are committed to responsible and ethical business practice and expect similar standards from our business partners and suppliers. We respect international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Guiding Principles, and the UK Government Modern Slavery Act 2015. Through our policy and process we seek to anticipate, prevent and mitigate potential negative human rights impacts.

The QinetiQ Group Code of Conduct describes our values and standards and how we work with our people, our customers and partners, communities and the public. We are committed to complying with all applicable laws and regulations and to meeting the highest level of ethical standards. Our Code of Conduct includes guidance on Modern Slavery.

We abide by and respect international labour laws. Because of the nature of the work that we do and where are our sites are located,
we do not have a significant risk of slavery within our operations and workforce. However, we are not complacent and we have ensured that our resourcing strategy includes consideration of modern slavery, and we have trained our people in key HR roles to be alert to the risk of slavery. Our employees are protected by our policies such as health and safety, security, recruitment, pay, working hours, freedom of association and non-discrimination.

We include human rights issues in our international business risk management processes, and our trading policy, and we have clear requirements to address modern slavery and human trafficking in our procurement policy and processes. At the end of FY18 we produced a new Supplier Code of Conduct, which defines the minimum standards that our suppliers are required to adhere to when they deliver products or services to QinetiQ (which may also involve their own suppliers). In FY19 we will be communicating this new code and how it links with our terms and conditions of purchase.

Our policies and codes provide guidance to our employees, suppliers and partners to support the prevention of modern slavery and human trafficking from taking place in our business or in our supply chains. We monitor the application of our policies and procedures through our business assurance processes. We believe that this embedded approach to responding to modern slavery and human rights issues is effective.

We are committed to a culture where people are confident to speak up. We have an ethics email advice service and an independent confidential reporting line for employees and third parties to report any concerns, including in relation to modern slavery; details of this are covered in our Code of Conduct.

Our due diligence, risk management and supply chain management

We undertake modern slavery risk assessment within the Group, and particularly in our supply chain. We have in place a pre-qualification process for new suppliers, and our sub-contract terms and conditions explicitly require our suppliers to be legally compliant with modern slavery legislation, including human trafficking legislation. We screen all potential and new suppliers using tools such as Amber Road and Dun & Bradstreet, and we are an active participant of the Joint Supply Chain Accreditation Register (JOSCAR). Our supplier screening is ongoing and is part of a wider human rights and governance compliance activity. Accordingly, we are alerted if there is a concern with an existing supplier and can escalate as required.

We have been developing a more formal monitoring protocol to ensure that we are aware of any emerging issues.

We undertake a risk review of all Tier 1 suppliers, based on country and sector risk. For the elements of our supply chain we consider to have a potentially higher risk of modern slavery and human trafficking occurring, we undertake appropriate due diligence to understand the risk further. Currently less than 10% of our suppliers are in high risk countries. We will be engaging further with key Tier 1 suppliers to understand how they manage risk further down the supply chain.
Training and capacity building

QinetiQ recognises that the knowledge, responsibility and conduct of our people play an important role in mitigating the risk of slavery and human trafficking within our organisation and supply chains. To help our employees identify and address modern slavery risk in our business we have provided modern slavery training and briefings for employees with roles in Procurement, Human Resources and Governance. We have also included modern slavery in our annual business ethics training, which is a requirement for all employees and our Board. We participate in our trade body (ADS) ethics forum, where we are able to share best practice on ethical and human rights issues.

Progress and effectiveness of our approach

Our approach has been to ensure we have effective policy and process and to raise awareness of the issue of modern slavery with our people, via training and communications.

During FY18:
- employees were required to complete business ethics training which includes awareness of slavery and human trafficking;
- all new suppliers were screened;
- we undertook our annual review of policy and process and created a new Supplier Code of Conduct.

During FY19 we plan to:
- communicate our new Supplier Code of Conduct to existing and new suppliers and share as part of partnering arrangements where appropriate;
- continue to screen all new suppliers and further refine our supplier monitoring process and provide additional scrutiny on high-risk suppliers;
- engage with key Tier 1 suppliers to increase visibility of modern slavery risk further down the supply chain;
- continue to provide awareness for all employees and training for key roles.

Responsibility

Strong governance underpins responsible business practice and the QinetiQ Group Risk & CSR Committee (comprising our Board) meets regularly and receives briefings on business ethics and modern slavery. This is supported by our Modern Slavery Working Group, which has representation from Procurement, Legal, Governance, Human Resources and Corporate Responsibility teams. Our Business Ethics Committee, chaired by our Chief Ethics Officer (Group Company Secretary & General Counsel) has oversight of our human rights approach, including Modern Slavery.

The Board of directors of QinetiQ Group plc approved this statement at its Board meeting, dated 25 July 2018.

Signed:

Chief Executive Officer, QinetiQ Group plc

Date: