

# Corporate Governance

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# Introduction to Governance

**Neil Johnson**  
Non-executive  
Group Chair



**At a time of rapidly changing threat environment, proportionate and effective corporate governance is a key enabler, guiding how our business delivers for our customers, partners and shareholders.**

The following corporate governance statement provides an overview of the system of governance adopted by the Company and will enable our shareholders to evaluate the manner in which the 2018 UK Corporate Governance Code Principles and Provisions have been applied by the Company for the year ended 31 March 2025.

## Key Board activities

During this reporting year, the Board welcomed a new Chief Financial Officer, and further evolved the depth of its skills and experience through the recruitment of two new Non-executive Directors. The Company's Capital Allocation Policy has also been effectively utilised, supporting the extension of the current share buyback programme to return value to our shareholders. The Audit Committee has overseen planning to implement changes needed to audit, risk and internal control required by the recently published 2024 UK Corporate Governance Code, as well as the proposed changes in the non-financial reporting and audit environment.

A fuller summary of the Board's activity during the year can be found on page 89 and further information about the Group's stakeholder engagement can be found on page 70.

I have already covered a number of areas in the Group Chair Statement earlier in this Report, so rather than repeat those comments, I set out below some further additions.

## Environmental, Social and Governance (ESG)

QinetiQ is committed to responsible and sustainable business practice and is proud to be acting as a catalyst, by driving and leading these important issues within our sector. During the year, the Board has had many discussions on how to best keep evolving our approach to ESG matters including our climate change programme and the evolution of non-financial reporting. As part of our regular business review, we are able to oversee and monitor management of ESG aspects and we are proud of the significant progress made to date on our ESG strategy and programmes. We continue to support the business in its ambition to embed this further into corporate strategy and decision-making.

## Health, safety and wellbeing

Health, safety and wellbeing are a priority for the Company and its leadership teams, across the breadth of its varied operations and in all territories in which it carries out its business. We remain committed to looking after our people, customers and visitors while ensuring the public is never harmed by the work we do. This ethos is at the heart of our culture.

This year, investments have been made to enhance the Company's expertise in safety compliance and safety leadership, and to further strengthen its safety culture. Further information on health, safety and wellbeing can be found on page 52.

## Culture

Promoting a culture of transparency, robust debate and effective challenge in the Boardroom is one of my key responsibilities as Group Chair. As a Board, we have an important role in leading and promoting the desired culture and identity of the organisation. Through the time which I and my fellow Board members have spent with the business and its people, we have maintained a clear view on how the Company's values of integrity, collaboration and high performance are embedded and lived by its leadership and employees. In QinetiQ, I have found a culture that is both responsible and highly committed to delivering the best support it can to its customers and their key objectives. The Company's senior leaders spend considerable time on engagement with our people, to embed and harness the benefits of our Company values.



### Further reading

- Board decision-making page 87
- Environmental, Social and Governance pages 38–59

**Board succession and evaluation of the Board's performance**

I have already set out in the Group Chair Statement, earlier in the Report, the changes that have been made to the composition of the Board and I will say more about this in the Nominations Committee Report.

Central to setting the correct tone is the review of the Board's own performance. FY25 was the first year of our next three-year review cycle, and an external assessment was carried out by Emma Bendon of Bendon Advisory. Please see page 98 for details of the outcome of the review.

**Remuneration**

During the year, the Board's Remuneration Committee has focused on ensuring that the Remuneration Policy approved at the 2023 AGM continues to operate as intended, to appropriately reward, retain and incentivise the Executive Directors who are driving the Company's success. It has done so by seeking to ensure that the Company's remuneration schemes and their outcomes for Executive Directors continue to be transparent, aligned with the Company's strategy and also aligned with the interests of our shareholders and the returns we deliver to them.

**Meeting the revised 2024 UK Corporate Governance Code (the '2024 Code')**

During 2025, the Board and its Committees will oversee the application of the revised 2024 Code which will apply to the financial year beginning on 1 April 2025, with the exception of the changes to Provision 29, which relate to the effectiveness of the risk management and internal control framework. The changes to Provision 29 will apply to the financial year beginning on 1 April 2026.

Significant time has been spent during the year planning for the upcoming changes, see page 100 for more information.

**Annual General Meeting**

We are delighted this year to again welcome shareholders to our AGM. The AGM will be held at 11:00 on Thursday 17 July 2025 at the office of Ashurst LLP, London Fruit and Wool Exchange, Duval Square, London E1 6PW. The Notice of AGM and related papers will, unless otherwise noted, be sent to shareholders at least 20 working days before the meeting. For those shareholders who have elected to receive communications electronically, notice is given of the availability of the documents via [www.qinetiq.com](http://www.qinetiq.com).

**Neil Johnson**  
**Non-executive Group Chair**  
22 May 2025

**Governance framework and Board at a glance**

The Board is accountable to shareholders for its standards of governance and as a UK-listed company our governance is based on applying the principles and provisions of the 2018 UK Corporate Governance Code (the 'Code').

**Application of the provisions of the 2018 UK Corporate Governance Code (the 'Code')**

In respect of the year ended 31 March 2025, the Company was subject to the Code. The Board confirms that it applied the principles and complied with the provisions of the Code throughout the year.

Further information on compliance with the Code can be found as follows:

**Board leadership and Company purpose**

Provides an overview of the activities undertaken by the Board in the year, how the Board has considered its section 172(1) responsibilities and its governance framework.

- **Section 172(1) statement pages 70 to 73.**
- **Board of Directors pages 80 to 82.**
- **Company purpose page 78.**
- **Social pages 55 to 57.**
- **Stakeholder engagement pages 70 to 73.**
- **Employee engagement page 91.**

**Division of responsibilities**

- **Governance structure page 83.**
- **Division of responsibilities page 84.**
- **Board of Directors pages 80 to 82.**
- **Time commitment page 85.**
- **Board and Committee processes pages 85 and 86.**

**Composition, succession and evaluation**

- **Nominations Committee report pages 92 to 99.**
- **Board of Directors pages 80 to 82.**
- **Director effectiveness page 98.**

**Audit, risk and internal control**

- **Audit Committee report pages 100 to 105.**
- **Risk & Security Committee report pages 106 to 109.**

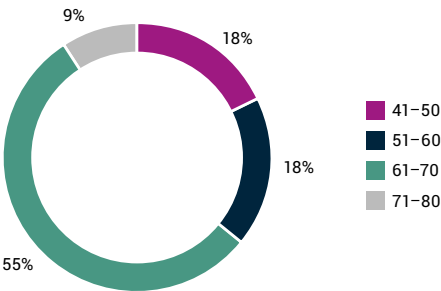
**Remuneration**

- **Directors' Remuneration Committee report pages 110 to 129.**

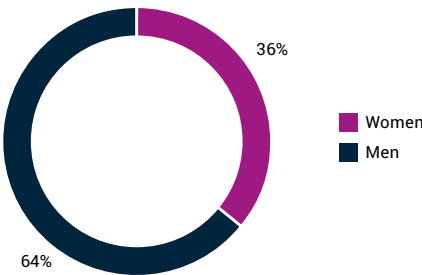


# Board at a glance

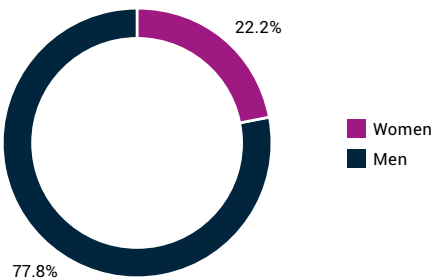
Board members: Age



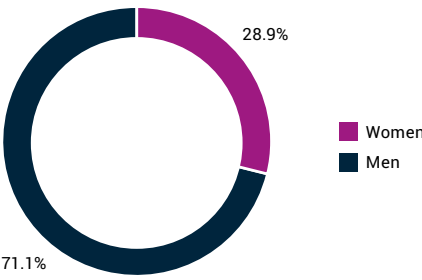
Board members: Gender balance



QinetiQ Leadership Team:  
Gender balance



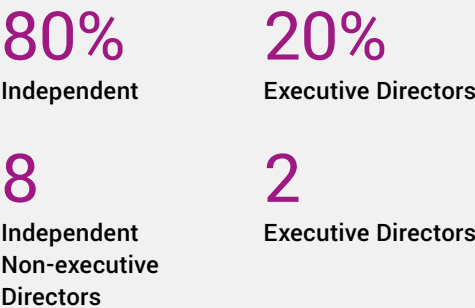
Direct reports to the QLT:  
Gender balance



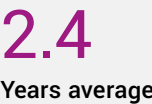
FY25 Board ethnicity



FY25 Board independence



Non-executive Director tenure\*



Neil Johnson  
(Chair)  
6 years



Steve Mogford  
2 years



Shonaid Jemmett-Page  
5 years



Dina Knight  
1 year



Roger Krone  
<1 year



Ross McEwan  
1 year



Gordon Messenger  
4 years



Ezinne Uzo-Okoro  
<1 year

\* as at 21 May 2025.



Further reading

- Composition of the Board page 85
- Board attendance page 86

# The significance of our purpose, values and strategy



The Board has supported the review and further refinement of the Company's purpose, to ensure it continues to capture the Board's view of the Company, its evolving global strategy and its role in society. Our purpose communicates the Group's strategic direction and intentions to customers, employees, partners, investors, the local communities we work in and its wider stakeholders. Our values make clear our priorities and form the foundations of the Company's culture.

While the Recognition Gala and Thank Q programmes raise awareness of, and recognise and reward the behaviours that demonstrate our values, there are many other actions which contribute to the creation of a healthy corporate culture. These include:

- Our corporate policies, reviewed and approved by the Board, which set a clear expectation, and mandate, for every member of the workforce to perform the Company's business with integrity and in accordance with applicable laws, including anti-bribery and corruption, anti-slavery and human trafficking, data protection and 'Speak Up' policies and procedures.
- Fair and transparent employee policies and practices which ensure that employees' rights are respected in accordance with applicable laws and employment contracts, together with a number of programmes and initiatives which support the health and wellbeing of our people, develop talent and promote diversity.
- Supplier protocols and procedures which seek to ensure that our key suppliers operate their businesses and respect their employees' rights in the same way that we do.
- The application and monthly assessment by business and functional executive teams and the QinetiQ Leadership Team of safety and operational KPIs to enable management to monitor and drive continuous improvements in safety, reliability and efficiency of our services.
- Implement the work of Group support functions to advise on the Group's policies, procedures and standards at every level and location of the business around the world, including dedicated safety and operational excellence teams, finance, legal and governance teams, procurement, the People function, and the Group internal audit function.

In addition, we as a Board use a number of other methods to understand and monitor the Company's culture and assess whether our people reflect our values. These include:

- Reviews, in the Boardroom, of the outcomes of the Company's employee Peakon surveys, customer satisfaction scores and updates on confidential reporting 'Speak Up'. These give us insights into what the Company does well and what could be improved, as well as any particular areas of concern.
- Employee interaction with the Global Employee Voice (GEV), discussing the issues which matter most to our people.
- Directors' attendance at Company events, such as the biannual virtual Global Employee Roadshows.

Through feedback from all of these monitoring activities, the Board is satisfied that the Company's culture is aligned with our values.

Where the Peakon surveys, workforce engagement events or other interactions between Directors and employees and other stakeholders, have revealed matters that can be improved upon or have flagged concerns, the Board has discussed these and assured itself that management is putting action plans in place that are designed to drive improvements or address those concerns.

## Safety culture

QinetiQ's Health and Safety Strategy sets the direction for how we look after ourselves, each other and our partners. Our safety culture journey is constantly progressing and adapting. The Safety Improvement Programme, established by the Board and led by the QLT, is driving a step-change in our safety culture. More information on the Safety Improvement Programme can be found on page 66.

## Stakeholder engagement

Engagement and collaboration through our value chain is essential. Partnering with our stakeholders, understanding their challenges and managing risks, we can find solutions to enable shared success, sustain our business and benefit all our stakeholders. We have aligned our strategic priorities with the requirements and needs of our stakeholders to enable delivery of profitable, sustainable value. The Board recognises that it has a duty to act in the best interests of the Company for the benefit of its shareholders, as well as considering other stakeholder interests.

In its decision-making, the Board considers all relevant factors, including:

- How the decision would align with the Group's over-reaching purpose.
- The likely short-, medium- and long-term consequences of the decision.
- The value created for our investors.
- The enhancement of our performance created by the decision.
- The potential impacts on our people, local communities and environment of making the decision.
- The need to create strong, mutually-beneficial customer and supplier relationships.
- The Group's commitment to business ethics.

The section 172(1) statement on pages 70 to 73 explains how the Directors have adhered to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, when performing their duty under section 172. The Board aims to promote the success of the Company for the benefit of its shareholders as a whole, taking into account the long-term consequences of its decisions while giving due consideration to the interests of the Company's stakeholders (including employees, customers, suppliers, shareholders, as well as the environment and local communities which are impacted by our operations), while also considering the importance of maintaining our reputation for high standards of business conduct. Examples of what that has looked like in practice over the past year can be found as follows:

<b>Shareholders</b>	page 71
<b>Employees</b>	page 91
<b>Customers/suppliers</b>	page 59
<b>Environment</b>	pages 40 to 51
<b>Social</b>	pages 52 to 57

Further information about how the Directors have accounted for stakeholders in their decision-making is set out on pages 87 to 88.

# Depth and Diversity in experience and strategic capabilities



**Neil Johnson**  
Group Chair

**N R RS**

**Nationality:** British  
**Appointed:** April 2019

**Skills, competence and experience**

Neil’s former CEO experience and current roles as a plc Group Chair and Non-executive Director brings to the Board relevant knowledge, challenge and leadership.

Starting his career at Sandhurst and the army, Neil spent much of his early career in the automotive and engineering industries. He was worldwide Sales and Marketing Director at Jaguar before being seconded to the UK Ministry of Defence to command 4th Battalion The Royal Green Jackets. He returned to industry with British Aerospace, initially with Land Rover and then running all of its European automotive operations. Neil was later CEO of the RAC and is a former Director General of the EEF and was a Home Office-appointed Independent Member of the Metropolitan Police Authority. He was previously Chair of Motability Operations Group Plc, Synthomer Plc and Electra Private Equity Plc.

**Other appointments**

Chair of Dialight plc, Trustee and Council Member – National Army Museum.



**Steve Wadey**  
Group Chief Executive Officer

**RS**

**Nationality:** British  
**Appointed:** April 2015

**Skills, competence and experience**

Steve’s proven track record of driving growth and his in-depth experience of defence and technology industries is of essential importance and benefit to the Board.

Steve is a Fellow of the Institution of Engineering and Technology, the Royal Aeronautical Society, and the Royal Academy of Engineering. He was previously a member of the Prime Minister’s Business Advisory Group, Co-Chair of the National Defence Industries Council Research and Development Group, and a Non-executive Director of the UK MOD Research and Development Board. He has held various roles with MBDA, including as Managing Director, MBDA UK. Previously he held various roles with Matra BAE Dynamics and British Aerospace. He was also Chair of the Defence Industry Liaison Board of the UK Department for International Trade, Defence and Security Exports.

**Other appointments**

Co-Chair of UK Defence Growth Partnership with HMG.



**Martin Cooper**  
Group Chief Financial Officer

**RS**

**Nationality:** British  
**Appointed:** September 2024

**Skills, competence and experience**

Martin has more than 25 years’ experience leading multi-disciplinary teams in senior finance roles. He brings valuable global experience particularly in the UK, US and Australia, coupled with deep financial and operational expertise and significant experience in the capital markets. His detailed understanding of our sector and the markets we operate in will be instrumental in helping the Group perform and grow.

Martin is a Chartered Accountant, having qualified at PricewaterhouseCoopers. He subsequently moved to Credit Suisse and then to BAE Systems where he held numerous finance roles over a 22-year career. These included UK Rest of World Financial Controller, Divisional Finance Director and Head of Investor Relations.

**Other appointments**

N/A



**Steve Mogford**  
Senior Independent Non-executive Director

**A N R RS**

**Nationality:** British  
**Appointed:** August 2022

**Skills, competence and experience**

Steve has vast experience in both executive and non-executive roles across a range of sectors. In particular, his long and comprehensive international defence and security sector experience equip him to further develop the skill sets of our Board. Steve has a first class honours degree in astrophysics, maths and physics from London University.

Formerly the CEO of United Utilities Group PLC, Steve started his career at British Aerospace. During his long career with them, he held a number of senior positions before being appointed COO and a member of the BAE Systems plc Board. Steve then joined Finmeccanica as Chief Executive of SELEX Galileo. He also served on the Board of G4S plc as Senior independent Director up to its acquisition in 2021.

**Other appointments**

Independent Non-executive Director of Costain Group PLC and Intertek Group plc.

## Committee membership key

**A** Audit   **N** Nominations   **R** Remuneration   **RS** Risk & Security   **Committee Chair**



**Shonaid Jemmett-Page**  
Independent  
Non-executive Director

**A N R RS**

**Nationality:** British

**Appointed:** May 2020

#### Skills, competence and experience

Shonaid has widespread experience as an Executive and Non-executive Director spanning a variety of sectors, including industrial and technology-based businesses with international operations. This, combined with her extensive financial experience, is invaluable in her role as Chair of the Audit Committee. Shonaid is a Fellow of the ICAEW.

Previously she was the Chief Operating Officer of CDC Group plc, the UK Government's development finance institution, having joined from Unilever, where she was Senior Vice-President Finance and Information, Home and Personal Care, originally in Asia and later for the Group as a whole. Her early career was spent at KPMG, latterly as a partner. Her Board-level experience includes Non-executive Chair of Greencoat Wind plc, MSAmlyn plc and Non-executive Director at GKN plc.

#### Other appointments

Non-executive Chair of Cordiant Digital Infrastructure Limited and ClearBank Limited and Non executive Director of Aviva plc.



**Dina Knight**  
Independent  
Non-executive Director

**A N R RS**

**Nationality:** British

**Appointed:** March 2024

#### Skills, competence and experience

Dina is a highly experienced HR leader with over 30 years' experience gained across both private and PLC business environments. She has a strong track record of working with international workforces, building high-performing teams to deliver change and drive results, whilst ensuring that strategic outcomes are balanced with a continued focus on people, culture and wellbeing as a core priority. Dina read Business Studies and gained a Post Graduate Diploma in Personnel Management from Teesside University.

Dina is Chief People Officer of global technology provider Datatec Group and Logicalis International, accountable for its people operations and strategy. Previously she was Global HR Director at Truphone, responsible for driving a collaborative and innovation-centred culture. She has also held positions as Group HR Director for Teledyne e2v and Northgate Information Solutions.

#### Other appointments

Chief People Officer of Datatec Group.



**Roger Krone**  
Independent  
Non-executive Director

**A N R RS**

**Nationality:** USA

**Appointed:** January 2025

#### Skills, competence and experience

Roger served as the Chairman and CEO of Leidos Holdings, Inc. from 2014 until his retirement in 2023. Previously, he has served as a Director of BorgWarner Inc. and of Mercury Systems Inc., and as President of Network and Space Systems for The Boeing Company from 2006 to 2014. He also held various senior programme management and finance positions at Boeing, McDonnell Douglas Corporation and General Dynamics Corporation.

Roger is a Certified Public Accountant and has a bachelor's degree in Aerospace Engineering from the Georgia Institute of Technology, a master's degree in Aerospace Engineering from the University of Texas at Arlington and a Master of Business Administration from the Harvard Graduate School of Business.

#### Other appointments

Director of Lear Corporation and the President and Chief Executive Officer of the Boy Scouts of America.



**Ross McEwan**  
Independent  
Non-executive Director

**A N R RS**

**Nationality:** New Zealand

**Appointed:** March 2024

#### Skills, competence and experience

Ross has more than 30 years' experience in the finance, insurance and investment industries, and brings a strong focus on customers, business performance, capital management, technology transformation, risk management, and people and culture. He holds a Bachelor of Business Studies from Massey University, New Zealand.

Ross was Chief Executive Officer and Managing Director of National Australia Bank Limited between 2019 and 2024. He was previously Group CEO of Royal Bank of Scotland. He also held the positions of Group Executive for Retail Banking Services and Executive General Manager at the Commonwealth Bank of Australia, as well as Managing Director of First NZ Capital Securities and Chief Executive Officer of National Mutual Life Association of Australia Limited/AXA New Zealand Limited.

#### Other appointments

Chair of BHP Group Limited and Lead Independent Director of Reece Limited.



Committee membership key

**A** Audit   **N** Nominations   **R** Remuneration   **RS** Risk & Security   **Committee Chair**



**General Sir Gordon Messenger**  
Independent Non-executive Director

**A** **N** **R** **RS**

**Nationality:** British  
**Appointed:** October 2020

**Skills, competence and experience**

Gordon brings considerable experience from the armed forces having served for 37 years as a Royal Marine. Throughout his military career he served in key appointments in various UK and NATO headquarters, overseeing the planning and execution of UK and coalition military and humanitarian relief operations worldwide. He most recently served as Vice Chief of the Defence Staff, a position he held for three years until his retirement in 2019.

His unique experience enables him to provide invaluable insight in his role as the Chair of the Risk & Security Committee.

**Other appointments**

A Board member of the UK Health Security Agency, a member of the Advisory Board of C3.ai Inc., Senior Independent Advisor to BUPA, Trustee of Historic Royal Palaces, Trustee of the Kings Foundation, and serves as Constable of His Majesty's Tower of London.



**Ezinne Uzo-Okoro**  
Independent Non-executive Director

**A** **N** **R** **RS**

**Nationality:** USA  
**Appointed:** November 2024

**Skills, competence and experience**

Ezinne has had more than 20 years of U.S. government service, most recently as Assistant Director at the White House Office of Science and Technology Policy from 2021 to 2024, where she had overall responsibility for Space Policy. Her career has included contributions to U.S. national policy and more than 60 NASA missions and programmes, and her work has resulted in strategies for U.S. technological leadership and future economic growth.

She earned an undergraduate degree in Computer Science from Rensselaer Polytechnic Institute, and master's degrees in Aerospace Systems, Space Robotics and Science & Technology Policy from John Hopkins University, MIT and Harvard University, respectively. She also earned a doctorate degree in Aeronautics and Astronautics from MIT.

**Other appointments**

Senior Fellow of the Belfer Center at Harvard University, a Partner in SineWave Ventures, a venture capital fund focused on early stage technology and a General Partner in Calthorp Group, a private equity firm focused on mature critical technology businesses.



**James Field**  
Company Secretary and Group Director Legal

**Nationality:** British  
**Appointed:** July 2022

**Skills, competence and experience**

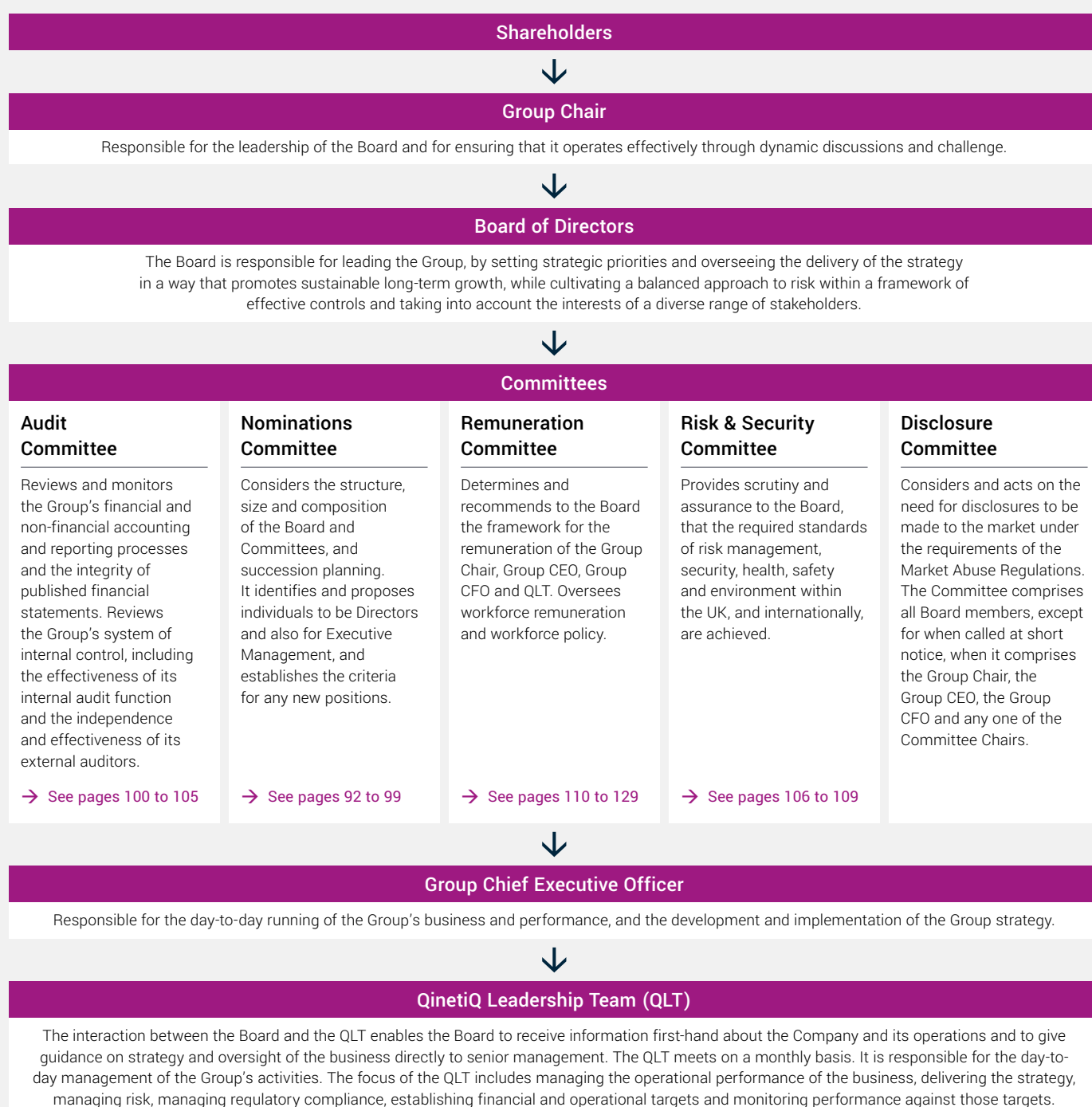
James joined QinetiQ as an in-house lawyer in 2004, progressing through various roles to Head of the Group Legal and Intellectual Property team, before becoming Group Director Legal and Company Secretary. Prior to QinetiQ, James worked as in-house Legal Counsel at Transport for London, and has a background in London-based private legal practice.

**Other appointments**

N/A

# Governance structure

This is the structure through which the Company is managed. It has evolved over time, and continues to evolve to meet the needs of the business and the Company's stakeholders. Boards of large companies invariably delegate day-to-day management and decision-making to Executive Management. Directors should maintain oversight of a company's performance and ensure that management is acting in accordance with the strategy and its delegated authorities. At QinetiQ, the culture, values and standards that underpin this delegation help to ensure that when decisions are made, their wider impact has been considered. The Board has reserved certain matters (posted at [www.qinetiq.com](http://www.qinetiq.com)) for its own consideration so that it can exercise judgement directly when making major decisions, and in doing so, promoting the success of the Company.



# Division of responsibilities

## Role of the Board

Underpinned by good corporate governance, the Board is focused on delivering an effective and entrepreneurial Board which:

- Provides challenge, advice and support to management
- Drives informed, collaborative and accountable decision-making
- Creates long-term sustainable success and value for our shareholders, having regard to the interests of all our stakeholders

## Roles and responsibilities

The Board has agreed a clear division of responsibilities between the Group Chair and the Group CEO. Other Directors and the Company Secretary's roles are also clearly defined to assist in enhancing the effectiveness of the Board. A summary is set out below:

<b>Group Chair</b> Neil Johnson	<ul style="list-style-type: none"> <li>– Provides overall leadership and ensures effectiveness of the Board</li> <li>– Sets the agenda, character and tone of the Board meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>– Maintains an effective working relationship with the Group CEO</li> <li>– Leads the annual performance evaluation of the Board and its Committees and ensures that each Non-executive Director makes an effective contribution</li> </ul>
<b>Group CEO</b> Steve Wadey	<ul style="list-style-type: none"> <li>– Develops the Group's strategy for consideration and approval by the Board and provides effective leadership of the QinetiQ Leadership Team (QLT) in its delivery of strategy</li> <li>– Develops the Group's business model and manages the Group's operations</li> <li>– Oversees the QLT's development and implementation of corporate, safety and environmental policies and standards</li> </ul>	<ul style="list-style-type: none"> <li>– Establishes and services relationships with key stakeholders</li> <li>– Reinforces the Group's values and sets expected employee behaviours</li> <li>– Communicates (alongside the Group CFO) the Group's financial performance and strategic progress to investors and analysts</li> <li>– Ensures the Board is kept fully apprised of the Group's operational and safety performance, risks and opportunities</li> </ul>
<b>Group CFO</b> Martin Cooper	<ul style="list-style-type: none"> <li>– Responsible for the financial stewardship of the Group's resources through appropriate accounting, financial and other internal controls</li> <li>– Directs and manages the Group's finance, tax, treasury, risk management, ESG, legal and governance and insurance functions</li> </ul>	<ul style="list-style-type: none"> <li>– Communicates (alongside the Group CEO) the Group's financial performance and strategic progress to investors and analysts</li> </ul>
<b>Senior Independent Non-executive Director</b> Steve Mogford	<ul style="list-style-type: none"> <li>– Acts as sounding board for the Group Chair and a trusted intermediary for the other Directors</li> <li>– Available to shareholders to discuss any concerns that cannot be resolved through the normal Group Chair or Group CEO channels</li> </ul>	<ul style="list-style-type: none"> <li>– Leads the Board in the annual performance evaluation of the Group Chair and in developing the long-term plans for the Group Chair's succession</li> <li>– Meets with the Non-executive Directors without the Group Chair present at least annually, and as required, to discuss Board matters</li> </ul>
<b>Independent Non-executive Directors</b> Shonaid Jemmett-Page, Dina Knight, Roger Krone, Ross McEwan, General Sir Gordon Messenger, Steve Mogford, Ezinne Uzo-Okoro	<ul style="list-style-type: none"> <li>– Monitor and scrutinise the Group's performance against its strategic goals and financial plans</li> <li>– Provide an objective perspective on the Board's deliberations and decision-making, drawing on their own broad collective experience and individual expertise and insights</li> </ul>	<ul style="list-style-type: none"> <li>– Monitor and assess the Group's culture, use appropriate and effective means to engage with employees and acquire an understanding of other stakeholders' views</li> <li>– Assess the effectiveness of, provide support to, and constructively challenge, the Executive Directors</li> <li>– Play a lead role in the functioning of the Board's Committees</li> </ul>
<b>Company Secretary</b> James Field	<ul style="list-style-type: none"> <li>– Provides advice and support to the Board, its Committees, the Group Chair and other Directors individually as required, primarily in relation to corporate governance matters, and Non-executive Directors' training and development needs</li> </ul>	<ul style="list-style-type: none"> <li>– Responsible, with the Group and Committee Chairs, for setting the agenda for Board and Committee meetings and for high-quality and timely information and communication between the Board and its Committees, and between the Directors and senior management as required</li> <li>– Ensures that Board and Committee procedures are complied with</li> </ul>

# Composition, succession and evaluation

## Composition of the Board

The Board considers that its composition reflects the requisite balance of skills, experience, challenge and judgement appropriate for the requirements of the business and full Board effectiveness. The skills and experience of the Board's individual members, particularly in the areas of UK defence and security, the commercialisation of innovative technologies, corporate finance and governance, international markets and risk management, have brought both support and challenge to the Group CEO, Group CFO and the QinetiQ Leadership Team during the year.

## Independence

The majority of Board members are independent Non-executive Directors. The independence of the Non-executive Directors is considered annually by the Nominations Committee, using the independence criteria set out in Provision 10 of the UK Corporate Governance Code. The Group Chair was independent upon his appointment in April 2019 and continues to use objective judgement in his leadership of the Board. As part of this process, the Board keeps under review the length of tenure of all Directors, as this is a factor when assessing independence.

## Time commitment

Each Non-executive Director must be able to devote sufficient time to their role as a member of the Board to discharge their responsibilities effectively. As part of the appointment process, consideration is given to assess Non-executive Directors' ability to devote time to an additional directorship.

Prior to undertaking an additional external role or appointment, the Non-executive Directors are asked to confirm that they will continue to have sufficient time to fulfil their commitments to the Company. This means not only attending and preparing for formal Board and Committee meetings, but also making time to understand the business of the Company. The Non-executive Directors' commitment is reviewed as part of the Board and Director evaluation process.

## Board and Committee processes

The Board has a formal schedule of matters reserved for its approval, which includes (but is not limited to): strategy; risk appetite and review of Group-wide principal and emerging risks; major M&A, contracts and bids; share capital, debt financing and other liquidity matters; financial results and budgets; key policies; Board and Committee membership; and governance.

Other matters, responsibilities and authorities have been delegated by the Board to its standing Committees, comprising Nominations, Audit, Risk & Security, Remuneration and Disclosure. Any matters outside of the schedule and the responsibility of the Committees fall within the authority of the Group CEO and/or Group CFO. The schedule of matters reserved for the Board and the terms of reference of each Committee, which are regularly reviewed and approved by the Board, can be found on the Company's website at [www.qinetiq.com](http://www.qinetiq.com).

The Group Chair and the Company Secretary are responsible, in consultation with the Group CEO and the Chairs of the Committees, for maintaining a scheduled 12-month programme of business for the Board and its Committees, with flexibility for additional business to be discussed as required. The programme ensures that all necessary matters are covered and appropriate time is given for discussion and, if thought fit, approval of relevant business. At each scheduled Board meeting, the Board rigorously reviews updates from the Executive Directors on Group and operational sector safety, operating and financial performance, investor relations, and from the Group Director Legal & Company Secretary on legal compliance and corporate governance. Other regular Board agenda items include strategic proposals (including those relating to major contract bids and capital allocation), integrated change programmes, risk management, people and culture updates (including on employee relations, talent development and diversity promotion), and stakeholder engagement. Senior management and external advisers regularly attend both Board and Committee meetings, which allows for detailed and informed discussions on specific matters on which their input or advice is needed.

The Board also seeks to hear external viewpoints inside and outside the Boardroom, including from customers, suppliers and experts in areas relevant to the Company's strategy.

In advance of each Board and Committee meeting, Directors receive, via a secure web portal, high-quality briefings, prepared by the Executive Directors, senior management, the Company Secretary and/or external advisers where appropriate, on the agenda items to be discussed. The secure web portal also gives Directors immediate access to a range of other resources, including previous meeting papers, minutes, financial reports, business presentations, investor reports, Company policies and governance guidelines, and details of Board and Committee procedures. If a Director is unable to attend a meeting due to illness or exceptional circumstances, they will still receive all supporting papers in advance of the meeting and are directed to discuss with, and provide input, opinion and any instructions to, the Group Chair or relevant Committee Chair on the business to be considered at that meeting.



### Composition, succession and evaluation continued

The Board has access to the Company Secretary for support and advice as required, and the Company operates a policy which allows Directors to obtain, at the Company's expense, independent professional advice where required to enable them to fulfil their duties effectively. In addition to Board and Committee meetings, the Non-executive Directors hold private meetings without the Executive Directors present, including to discuss Executive Director performance. There are also opportunities during the year for Directors to have informal discussions outside the Boardroom, either between themselves or with senior management or external advisers.

#### Conflict of interest

The Board operates a policy to identify and manage situations declared by the Directors (in accordance with their legal duty to do so) in which they or their connected persons have, or may have, an actual or potential conflict of interest with the Company. In accordance with the Companies Act 2006 and the Articles of Association, the Board has the authority to authorise conflicts of interest. This ensures that the influence of third parties does not compromise the independent judgement of the Board. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interest of the Group.

#### NED board attendance FY25

Board and Committee attendance – 1 April 2024 to 31 March 2025

Members	Board	Audit Committee	Nominations Committee	Remuneration Committee	Risk & Security Committee
Carol Borg <sup>4</sup>	0/7	0/4	0/2	0/4	0/4
Martin Cooper <sup>1,6</sup>	5/7	–	–	–	2/4
Shonaid Jemmett-Page <sup>7</sup>	6/7	4/4	1/2	4/4	4/4
Neil Johnson <sup>9</sup>	7/7	–	2/2	3/4	4/4
Dina Knight	7/7	4/4	2/2	4/4	4/4
Roger Krone <sup>3</sup>	2/7	1/4	1/2	1/4	1/4
Ross McEwan	7/7	4/4	2/2	4/4	4/4
General Sir Gordon Messenger <sup>8</sup>	6/7	4/4	2/2	4/4	4/4
Steve Mogford	7/7	4/4	2/2	4/4	4/4
Susan Searle <sup>5</sup>	7/7	4/4	2/2	4/4	4/4
Ezinne Uzo-Okoro <sup>2</sup>	3/7	2/4	1/2	2/4	2/4
Steve Wadey <sup>6</sup>	7/7	–	–	–	4/4

1 Martin Cooper was appointed to the Board on 2 September 2024.

2 Ezinne Uzo-Okoro was appointed to the Board on 1 November 2024.

3 Roger Krone was appointed to the Board on 8 January 2025.

4 Carol Borg resigned from the Board on 16 April 2024.

5 Susan Searle resigned from the Board on 31 March 2025.

6 In compliance with the UK Corporate Governance Code, and the Committee Terms of Reference, Steve Wadey and Martin Cooper are not members of the Audit, Nominations, and Remuneration Committees, and Neil Johnson is not a member of the Audit Committee.

7 Shonaid-Jemmett-Page was unable to attend the Board and Nominations Committee meetings on 19 September 2024 due to a prior commitment.

8 Gordon Messenger was unable to attend the Board meeting on 8/9 October 2024 due to a prior commitment.

9 Neil Johnson was unable to attend the Remuneration Committee meeting on 15 May 2024 due to a prior commitment.

# Board decision-making

In making decisions, the Board of Directors is cognisant of undertaking its legal duties, including its duty under section 172(1), in the way that is most likely to promote the success of the Company for the benefit of its members as a whole, and the need to have regard to the factors set out in section 172(1); see pages 70 to 73 for more information.

Examples of some important decisions taken by the Board during the year, and the factors which the Board had regard to when reaching those decisions, are set out below.

## 1. Capital Allocation Policy

<b>Background</b>	Throughout FY25 the Company maintained in place a share buyback programme, and kept under regular review with the Board how its capital was balanced between shareholder returns, investment in its business and balance sheet leverage.
<b>Board discussion</b>	Board review and discussions were held primarily in November 2024 and March 2025, and covered detailed consideration of the options for deployment of the Company's capital, and the associated pros and cons of each option, alongside the interests of its various key stakeholder groups. These discussions, and the Board's understanding of the various business and stakeholder perspectives, were informed by direct feedback from shareholders; advice from the Company's brokers; the views of equity market analysts; and considering the application of the Company's capital allocation policy in terms of its impact on the Company's long-term strategy and planned investments in its facilities and its employees.
<b>Board stakeholder considerations and impact</b>	The Board took account of the views of a number of its major shareholders, through direct engagement at investor roadshows and one-to-one meetings held by the CEO, CFO and Group Chair. The Board considered the impact of capital allocation decisions on its ability to invest in its facilities for the benefit of delivering to its customers; capital investment in its operations to enable organic growth of its business; the returns on investment that its shareholders would receive; and the impact on planned investments for the benefits of its employees.
<b>Outcome and next steps</b>	The Board approved the extension of the Company's existing share buyback programme by a further £50m within FY25 and the commencement of a further £200m share buyback over a period of 2-years, to commence in FY26. This was based on balancing the various considerations of all stakeholders, and concluding that the further share buyback was in the best interests of its investors, including delivering returns on investment in the short term, and could be delivered without materially reducing the Company's ability to make planned investments in the medium to long term for the benefit of its customer delivery, its employees and its planned organic growth, and without adversely affecting its balance sheet leverage position.

## 2. Evolution of Board to bring in new capability

<b>Background</b>	FY25 saw a number of planned changes to the Board, driven by the implementation of its succession planning to ensure the skills and experience of the Board remained best aligned to the Company's strategy and its geographic focus areas, and to effectively harness diversity of experience, culture and thinking.
<b>Board discussion</b>	Succession planning during the year was supported by discussion at both Nominations Committee and at Board-level, which included input from the Group CEO and Chief People Officer on the strategic focus of the Company, and the support and input required from the Board to enable delivery of the Company strategy.
<b>Board stakeholder considerations and impact</b>	In setting its succession plans, the Board took consideration of the Company's strategic focus on its core home markets of the UK, US and Australia, the needs of its core government customers; its investors' desire to see continued strong strategic input and direction at Board level, with the right experience to guide the effective growth of the Company; and from an employee perspective, support and guidance in driving process simplification and efficiency.
<b>Outcome and next steps</b>	During the year, as a result of its succession planning, the Board saw the planned stepping down of Susan Searle at the end of her completed term, the transition of Dina Knight into the role of Remuneration Committee Chair, and the appointments of Roger Krone and Ezinne Uzo-Okoru to respectively bring deep and intimate U.S. defence sector and U.S. government experience and knowledge.

### Board decision-making continued

#### 3. Integrated Strategic Planning

<b>Background</b>	Against the backdrop of a fast-changing and unpredictable macro environment, and rapid advances in technology brought by new disruptive competitors in the market, the Board was engaged in discussion and decision-making on how the Company should evolve its Integrated Strategy-to-perform Plan (ISP) in response.
<b>Board discussion</b>	The Board's considerations included the perspectives of political, customer, industrial and societal strategic influences, and the opportunities and threats they could pose to the Company in delivering against its strategy. This informed debate and decision-making on change needed to the Company's ISP, and identification of both short-term/long-term actions that needed to be taken.
<b>Board stakeholder considerations and impact</b>	At its October Strategy meeting, the Board brought to bear its experience and understanding of customer requirements and procurement strategy in the Company's three core home markets of the UK, US and Australia; how the changing geopolitical environment would likely impact the Company; and the threat and opportunity posed by the entry of new disruptive competitors in the defence and security market. Employee perspectives included future ways of working and risks to talent retention and attraction, particularly in relation to fast evolving new technology areas and skill sets important to performance of the Company's strategy. From an investor perspective, thought was given to the returns on investment that the Company's current and anticipated future shareholder base expected to see, and how the Company's strategy and deployment of its resources would best meet those expectations.
<b>Outcome and next steps</b>	The ISP process was shaped based on the input and guidance given by the Board, based on a long-term strategic outlook, and informed by key insights in to relevant political, customer and industrial perspectives across the UK, US and Australian markets. The output of the Board discussion and decision making was fed into the process for constructing the Company's latest five-year ISP, which has been further reviewed and refined through regular engagement with the Board at meetings between November 2024 and March 2025.

#### 4. Cody Technology Park Disposal

<b>Background</b>	In FY25 the Company sold its Cody Technology Park site, in Farnborough, UK, to Tristan Capital Partners, following a strategic decision to enter into a partnership with a property investor committed to investing in the site and developing its future as a centre of excellence in defence, science and technology in the UK.
<b>Board discussion</b>	The Board considered and debated the merits of the opportunity to partner with a property investor, and to sell the site, taking into consideration the need for focus on the Company's core business strategy; the benefits to the Company of the capital that would be achieved from the transaction; mitigating future risks; reducing the Company's ESG exposure; and the opportunity to create a fit-for-purpose long-term occupational footprint for the Company's Farnborough based operations.
<b>Board stakeholder considerations and impact</b>	The Board considered the short and long-term benefits for the employees of the Company, in terms of the facilities and working environment that could be offered at the Cody Technology Park site. The Board also evaluated the opportunity created for investment in facilities both at the Farnborough based site, and creating investment headroom for other facilities, which would improve the Company's ability to deliver to its customers. The Board also gave consideration to the potential to use capital raised from the transaction to invest in the development of the Company consistent with its capital allocation policy, including the potential for both short-term and longer-term returns for investors.
<b>Outcome and next steps</b>	The Board gave its approval for the transaction to sell the Cody Technology Park site to Tristan Capital Partners, and partner in the further development and modernisation of the site. An agreement for the sale of the site was consequently signed in September 2024 and the transaction completed in October 2024.

# Board activity

The key business and activities of the Board during the year were as follows:

Topic:	Key activities
<b>Strategy and operations</b>	<ul style="list-style-type: none"> <li>Reviewed and considered the Company's purpose, values and strategy. See more on <b>page 78</b></li> <li>Approved ISP-30, the Group's five-year Integrated Strategy-to-perform Plan (ISP). See more on <b>page 67</b></li> <li>Undertook in-depth reviews of business strategy and performance</li> <li>Reviewed and approved material bids, any potential divestments and assessed performance against these</li> <li>Received updates from each of the Group's Sectors and Functions on their performance vs strategy and budget, and their priorities and initiatives</li> <li>Oversaw evolution of Group's Capital allocation policy</li> <li>Received reports and discussed the Group's Transformation strategy and investments</li> <li>Reviewed progress of the Group's Digital &amp; Data improvement programme</li> <li>Monitored the economic, environmental, legislative and geopolitical landscape, particularly as regards the political climate in Ukraine and Gaza and regarding other global economic pressures</li> </ul>
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>Approved the Company's annual budget, business plan and KPIs, and monitored performance against them. See more on <b>page 36</b></li> <li>Reviewed and approved the Group's full and half-year results and interim trading updates</li> <li>Approved the full-year and half-year dividends</li> <li>Approved the Company's Annual Report, including its fair, balanced and understandable nature</li> <li>Reviewed and confirmed the Group's viability statement and going-concern status</li> <li>Reviewed the Group's capital, debt and other liquidity arrangements</li> <li>Approved the Group's tax strategy and treasury policy</li> <li>Considered and approved expenditure and guarantees related to material bids, acquisitions and contracts</li> </ul>
<b>Internal control and risk management</b>	<ul style="list-style-type: none"> <li>Reviewed and approved the Group's risk appetite and reviewed the Group's principal and key risks, the processes for identifying them, and actions to mitigate those</li> <li>Received reports from the Chair of the Risk &amp; Security Committee on its activities</li> <li>Received reports from the Chair of the Audit Committee on its activities and assessments</li> <li>Reviewed and validated the effectiveness of the Group's system of internal control</li> <li>Reviewed and approved confidential reporting policy and process</li> <li>Regularly monitored confidential reporting reports and actions made within the Company (the process of which is described further on <b>page 91</b>)</li> </ul>
<b>Leadership, people and culture</b>	<ul style="list-style-type: none"> <li>Received recommendations from the Nominations Committee on the appointment of new Directors, the re-election of Directors and other advice regarding the structure, size and composition of the Board</li> <li>Reviewed and actioned succession plans for the Board and senior management, having regard to skills, experience and diversity</li> <li>Reviewed and approved amendments to the Board Diversity, Equity &amp; Inclusion Policy</li> <li>Received reports from the Chair of the Remuneration Committee on its activities, recommendations regarding remuneration strategy and decisions regarding the Group Chair's, Executive Directors' and senior management's pay, and reviewed and approved Non-executive Directors' fees</li> <li>Reviewed people reports, including updates on talent development, retention and acquisition programmes and diversity and inclusion programmes</li> </ul>
<b>Engagement, environment and community</b>	<ul style="list-style-type: none"> <li>Undertook an annual review of the Group's stakeholders – who they are, methods of engagement, outcomes and feedback. See more on <b>pages 70 to 73</b></li> <li>Reviewed feedback from investors and analysts and the output of engagement with major shareholders and other stakeholders</li> <li>Reviewed workforce engagement activities and outcomes, including the results of the Peakon surveys and received reports on the Group Chair's workforce engagement activities</li> <li>Reviewed regular reports on our approach to ESG issues. See more on <b>page 38</b></li> <li>Reviewed the activities of, and approved a financial commitment to, the Company's environmental programmes, Net-Zero Plan and charitable and community initiatives</li> </ul>
<b>Governance and legal</b>	<ul style="list-style-type: none"> <li>Approved the Group's section 172(1) statement. See more on <b>pages 70 to 73</b></li> <li>Approved the Notice of the AGM</li> <li>Undertook an annual compliance review of the UK Corporate Governance Code and DTR7</li> <li>Undertook an annual review of the Group's Defence process and vulnerability position</li> <li>Reviewed the results of the internal Board and Committee effectiveness evaluations</li> <li>Reviewed and approved matters reserved for the Board and its Committees' terms of reference</li> <li>Reviewed and approved the Group's annual Modern Slavery and Human Trafficking statement, published on <a href="http://www.qinetiq.com">www.qinetiq.com</a></li> </ul>



# Management and control of US subsidiaries

QinetiQ's US Sector is comprised of QinetiQ Inc and its subsidiary operating companies, including Foster Miller Inc and the Avantis Federal group. These companies operate under a Special Security Agreement (SSA) between QinetiQ and the U.S. Government, which governs how the rest of the QinetiQ Group interfaces, collaborates and works with the companies in the U.S. Sector. The controls contained in the SSA are required by the U.S. National Industry Security Programme rule governing contractor access to classified information, to appropriately mitigate certain aspects of foreign ownership, control and influence to the extent they might otherwise adversely affect the interests of U.S. national security. QinetiQ Group plc, QinetiQ Inc and the U.S. Government are parties to the SSA, which establishes procedures that regulate the management and operation of our US Sector to achieve that mitigation. Under the SSA, the Board of Directors of QinetiQ Inc is comprised of three types of Directors, all nominated by QinetiQ Group plc, as the foreign owner of QinetiQ Inc., and approved by the U.S. Government. These are Outside Directors, Inside Directors and Officer Directors of QinetiQ Inc.

Through the Inside Directors, QinetiQ maintains appropriate visibility of the management and operations of the companies in the US Sector. These positions are typically held by the Group CEO and Group CFO of QinetiQ Group plc. The Inside Directors serve as a minority representative of QinetiQ Group plc as the foreign owner, to ensure there is no undue control or influence on the actions of the US Sector. Inside Directors do not need to be U.S. citizens, and are excluded from access to U.S. classified and export-controlled information in possession of QinetiQ Inc and its subsidiaries.

Officer Directors are responsible for the day-to-day operations of the US Sector, and serve as a liaison with the wider QinetiQ Group. The Chief Executive & President of the U.S. Sector is the appointed Officer Director of QinetiQ Inc. Officer Directors must ensure that the procedures and requirements of the SSA are effectively implemented, and have an obligation to maintain the security of classified and export-controlled information entrusted to QinetiQ Inc and its subsidiaries, as well its ability to perform on classified contracts and participate in classified programmes. They must be resident US citizens who either have, or are eligible to possess, personal US security clearance.

Outside Directors must be resident U.S. citizens who are objective individuals, who have no prior relationship with QinetiQ, and possess personal U.S. security clearance. Our appointed Outside Directors are currently John Hillen, Chair of the QinetiQ Inc Board and Pamela Drew. The number of Outside Directors must outnumber the Inside Directors. Presently, a process is underway to recruit an additional Outside Director to ensure a minimum of three Outside Directors act on the Board, and until such additional appointment has been made only one Inside Director is acting on the Board. The Outside Directors also form the Government Security Committee, which is in place to ensure U.S. national security interests are upheld.

# Employee engagement

We have experienced, diverse and dedicated people who are recognised as key assets to our business and who are critical to our success.

The Group has a long-standing commitment to the importance and value of employee engagement.

The Board recognises the value of engaging directly with employees to ensure an understanding of their views and inform its decision-making in considering employee interests. The Board typically holds a number of its meetings at different Company sites and undertakes site visits outside of scheduled board meetings, both in the UK and other home countries, to take the opportunity to meet with employees in person.

The engagement channels set out below describes how the Board continued to be able to effectively gain the views of employees throughout the year.

## How we engage with our people

### Dedicated Non-Executive Director

The Group Chair, Neil Johnson, is the dedicated Non-executive Director for gathering the views of employees

- At least two meetings with the Global Employee Voice (GEV) each year
- Attends the Global Recognition Gala and also Global Employee Roadshows
- Reports back to the Board

### Global Employee Voice (GEV)

The GEV is a global forum that acts as the collective voice of all QinetiQ employees. Elected employees from across QinetiQ sites in all home countries represent the employees to the leaders of the Company

- Two meetings annually with Dina Knight, the Chair of the Remuneration Committee
- Regular meetings with the Group Chief Executive Officer and Chief People Officer, who reports to the Board on culture, employee and people strategy, and employee engagement

### Monthly Q-Talks

Delivered by members of the QLC to their teams, with the purpose of keeping employees up-to-date with what is currently important across QinetiQ

- A mechanism accessible for employees to get a thorough understanding of what is happening in the Company and also to provide individual feedback

### Regular QinetiQ Leadership Community (QLC) events – delivered by the QinetiQ Leadership Team (QLT)

Providing updates to the direct reports of the QLT on latest operational, financial, strategic and key stakeholder issues

- The members of the QLC feedback to their teams at team meetings sharing key messages on company strategy

### Global Employee Roadshows

Delivered biannually by the QinetiQ Leadership Team, the Global Employee Roadshows give an update on the progress we are making against our vision and strategy, and provide an understanding of our key priorities for the future

- Employees have the opportunity to ask questions, either in person or through a number of online mediums
- Reported on to the Board by the Group CEO

### Peakon Employee Engagement surveys

Quarterly surveys enabling the Board and the Leadership team to assess and understand issues affecting employee-engagement throughout the Group. See more on page 53

- After each survey, the Group Director Employee Experience has a meeting with the Group CEO where they discuss the results, trends and any matters for concern
- The Group CEO feeds back to his fellow Board members at each Board meeting
- QLC members interact directly with their team to identify tangible actions in response to feedback from each survey

### Global Portal – our intranet

- A platform where all employees can access our policies and be kept fully informed of the latest Group news through internal communications and community groups
- Enables employees to ask questions and discuss topics internally

### Confidential Reporting

QinetiQ has in place a Group-wide 'Speak Up' programme, which includes an externally provided confidential reporting process, as detailed on the Company's intranet and in its Code of Conduct. All concerns are passed by the external third-party to the Group Director Internal Audit, who ensures that they are held in strict confidence and properly investigated

- Reports on confidential reporting activity and outcome of investigations are reported to the Board at each of its meetings
- The Board annually reviews the effectiveness of the Group's confidential reporting process, provides challenge and advice on the issues raised, and remains satisfied that the process in place is fit for purpose

More information on the Group's 'Speak Up' programme can be found on page 58

### How does it work?

- By using a number of different employee engagement mechanisms and accessibility ensuring flexibility
- By having a direct link to the Board via the designated Non-executive Director
- By way of a dedicated forum to relay the voice of the employees
- By regularly reporting to the Board on culture, people strategy and employee engagement
- By drawing on each individual Board member's accessibility and unique experience as business leaders

# Nominations Committee report

Neil Johnson  
Nominations  
Committee  
Chair



// QinetiQ has successfully evolved its Board to bring new skills and experience, from a diverse range of backgrounds, to support the Company's strategic direction in delivering world-class technology and engineering for our customers in core national defence and security of the countries we work with. //

The Nominations Committee has overseen considerable change in both the Board and the senior leadership of the Company, ensuring diverse perspectives and experience are harnessed to best guide the strategic and operational decisions required to drive the Company's growth.

This year I've been impressed and pleased with the developments made in the senior leadership team, strengthening its capabilities, including the creation of a new Chief Operating Officer role taken up by Iain Stevenson, the recruitment of Martin Cooper as Group CFO and the appointment of Tom Vecchiolla to lead the US sector. Which has been mirrored by a number of changes in the Non-executive Directors on the Board, especially in terms of bringing increased sectorial experience in both the defence sector and broader government contracting in the US. This is a further execution of our succession plans to maintain the effectiveness of the Board and its Committees, aligned with the Company's strategic priorities.

Further details of the changes to the Board during the last year can be found on page 9.

The Nominations Committee undertook its usual assessment of Directors' continued independence for the year in review, and further information on the Committee's effectiveness can be found on page 98 and 99.

## FY25 activity highlights:

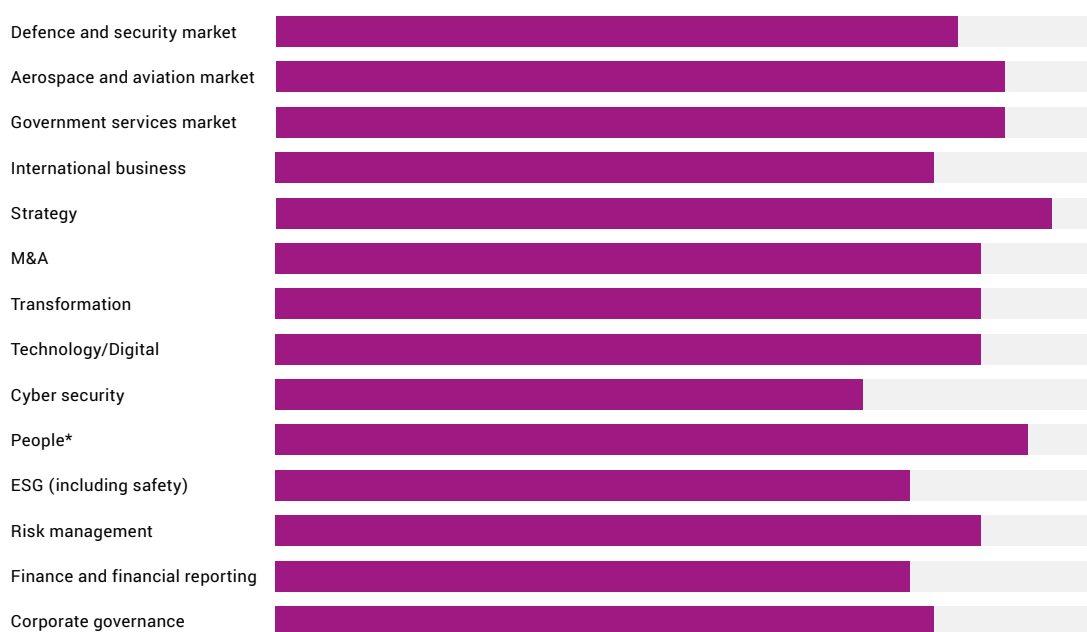
- Process to recruit two new Non-executive Directors
- Overseeing changes to the senior leadership team
- Review of Board and senior management succession plans – improved internal succession bench strength in leadership team
- Updates to Board Diversity Policy and the Company's inclusion initiatives
- Ensuring leadership succession plans enabled

## FY26 Priorities:

- Progress towards meeting diversity targets under UK Listing Rules
- Overseeing the setting of Parker Review targets for diversity balance within Senior Management of the Company by 2027
- Building the experience of the Board in its leadership of achieving the Company's Climate Change targets and goals

## Skills and experience

Our Board offers the obvious, expected strengths in governance, risk management and financial reporting. Equally impressive, however, are the coverage and deep knowledge held by the Directors in various industrial fields and markets globally, particularly in defence and security, government services and aerospace and aviation. This strength, when coupled with a broad diversity of age, gender, ethnicity and geographic balance, affords our Company a robust and strategic influence to match our high delivery standards.



\* e.g. culture, diversity & inclusion, succession, talent, reward.

### Principle responsibilities:

- Keeping the structure, size and composition of the Board under review
- Succession planning for Directors and other senior Executives
- Reviewing the leadership needs of the organisation, both Executive and Non-executive, to ensuring the continued ability of the organisation to compete effectively in its core markets
- In accordance with the Board Diversity Policy, identifying and nominating for Board approval, appropriately diverse candidates to fill Board and Committee vacancies when they arise
- Reviewing the time required from Non-executive Directors to sufficiently discharge their duties
- Evaluating the skills and experience of the Directors, to assess the Board's capability to support the execution of the Company's strategy and delivery of its operations
- Reviewing the independence of the Non-executive Directors and any potential conflict of interest for all Directors





## Case study

### Martin Cooper: Group Chief Financial Officer induction

As part of an extensive tailored induction programme, Martin received a number of briefings, including with the Chair, the Group Chief Executive Officer, his fellow Non-executive Directors, members of the QLT and other key senior management personnel.

The induction programme involved visits to sites in each of our Sectors, and included briefings from the Chief Executive and CFO of each sector. Martin also met with the Function Heads that support the Sectors, providing him with an invaluable introduction into the capabilities of each area of the business. During his first six months he has visited a number of UK sites, as well as undertaking trips to the United States, Australia and Germany. On many of these visits, Martin also met with a number of shareholders from the UK, US and Germany, to gain a rounded investor perspective of the organisation and the key objectives of its shareholders.

Information provided, as for all new Directors, included a number of key corporate briefing documents relating to the Group, such as the latest Annual Report and Accounts, strategy papers, the five-year plan, mergers and acquisitions pipeline, the internal audit plan and governance documents such as the Articles of Association and Terms of Reference of the Committees. As well as a Directors' responsibilities briefing to ensure awareness of the Company's governance approach and processes.

## Succession planning

### Board and Committees

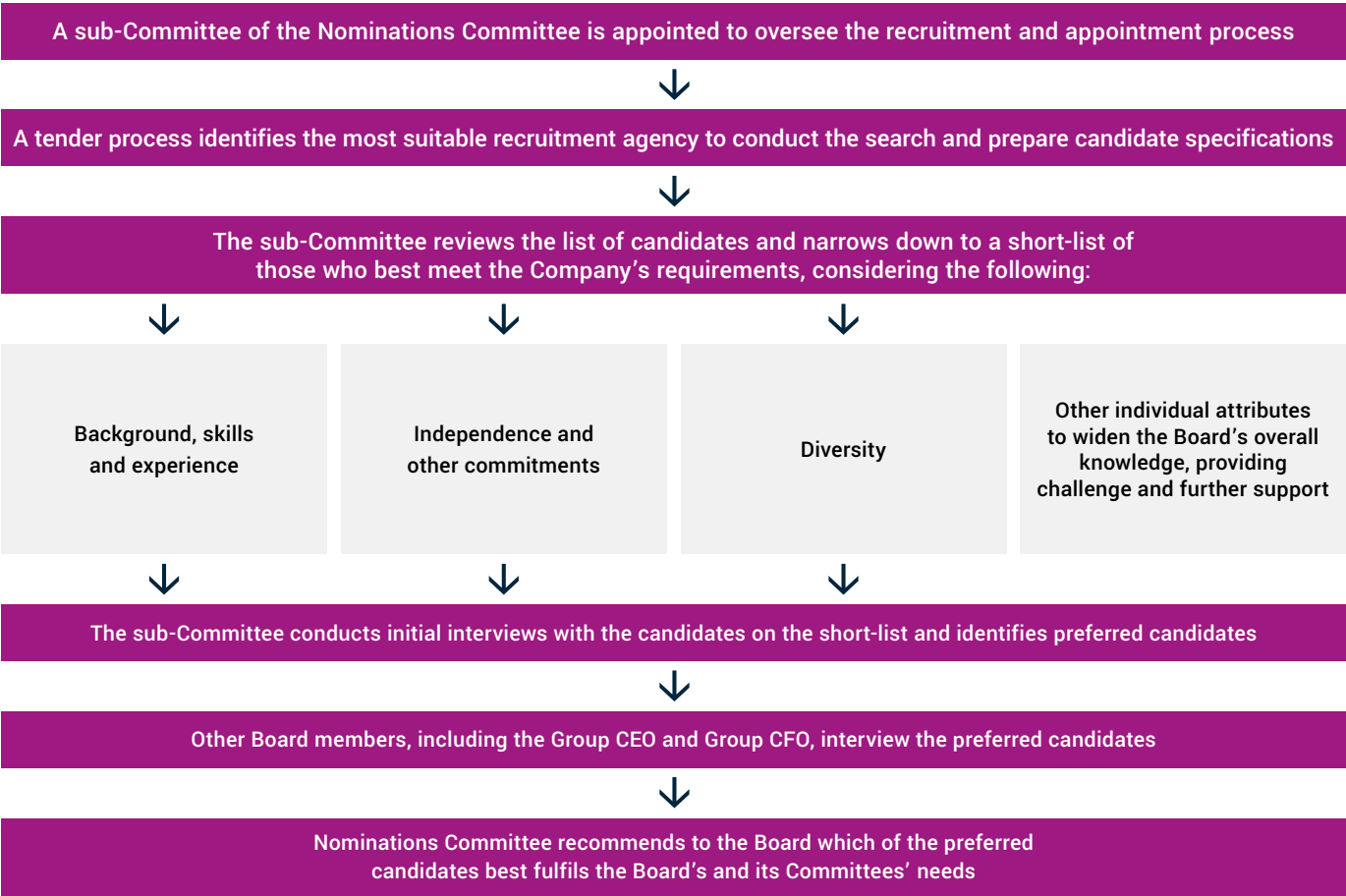
The Committee annually reviews the composition of the Board and its Committees and the Nominations Committee expects to continue to implement its succession plans for the Board and its Committees in 2025/2026 and beyond. We use the process outlined below to ensure that we continue to recruit only candidates of the highest standard, that we continue to make progress towards our diversity and inclusion targets, and that we have the right balance of an appropriately experienced and skilled Board, yet maintaining a fresh perspective.

After this year's review the Committee is satisfied that we have an appropriate mix of skills, knowledge and experience to operate effectively.

Process step	Action	Outcome/impact
<b>Identifying current and future needs and skills gaps</b>	<p>The Committee maintains and regularly reviews a matrix of the Directors' experience and skills to ensure that the Board and its Committees are composed of individuals who have the right experience and skills to enable them to shape (and, in the case of the Executive Directors, deliver) the Company's strategy, and to monitor and assess the effectiveness of the Company's control environment and management of risk.</p> <p>The matrix considers:</p> <ul style="list-style-type: none"> <li>– Diversity, including age, gender and ethnicity.</li> <li>– Background, professional skills and experience.</li> <li>– The number and balance of Executive and Non-executive Directors.</li> <li>– Length of tenure.</li> <li>– Independence.</li> </ul>	<ul style="list-style-type: none"> <li>– The appointment of Martin Cooper as Group Chief Financial Officer.</li> <li>– The appointment of Ezinne Uzo-Okoro and Roger Krone as Non-executive Directors with deep experience of U.S. Government and the U.S. defence and security market.</li> <li>– After Susan Searle stepped down as a Director and Chair of the Remuneration Committee in March 2025, Dina Knight assumed the role of Chair of the Remuneration Committee as part of a planned succession.</li> </ul>
<b>Ensuring that we get access to the best candidates</b>	<p>Regularly reviewing the recruitment agencies that we use to ensure that they are best placed to find QinetiQ the right mix of candidates, capturing the clear benefits of greater diversity. In addition, we pick the best-suited agency for the specific role currently being recruited for.</p>	<p>Sciteb (who has no other connection to the Group or any individual Director) was used for the recruitment of Ezinne Uzo-Okoro. Roger Krone was appointed after a direct recruitment process which did not involve a recruitment agency.</p>
<b>Ensuring accountability and success of the Board's performance</b>	<p>Annual Board effectiveness and performance evaluation, using an external provider at least every three years. See more on page 98:</p> <ul style="list-style-type: none"> <li>– Annual review of the Group Chair's performance led by the Senior Independent Director.</li> <li>– Annual independence review of the Non-executive Directors.</li> <li>– Continued assessment of the Non-executive Directors' time commitment.</li> <li>– Policy on Board members' appointments to other Boards</li> <li>– Annual performance review of the CEO and CFO, supplemented by the Group Chair's and Non-executive Directors' continual assessment of their performance.</li> <li>– A thorough induction programme for new Directors.</li> <li>– Annual training for the Board as a whole and on an individual basis.</li> </ul>	<ul style="list-style-type: none"> <li>– The FY25 Board effectiveness review concluded that the Board has been effective, engaged with and was helpful to the organisation.</li> <li>– A summary of the Board's decision-making, considering section 172(1) can be found on pages 70 to 73.</li> </ul>

The effectiveness of the Committee's succession plans is demonstrated by the appointment in FY25 of Ezinne Uzo-Okoro and Roger Krone, who have further enhanced the Board's portfolio of experience. Ezinne has deep knowledge in technical leadership and a wealth of relevant experience in US national government operations, while Roger has extensive transformational leadership experience in the defence industry, combined with a great understanding of the US markets.

The process that the Committee has established, together with the particular considerations it takes into account, in identifying and nominating Director candidates, is set out below:



Senior management succession planning programme

The Committee has undertaken its usual programme of senior management succession planning. Senior management for this purpose includes the members of the QinetiQ Leadership Team, as well as those talented individuals who have demonstrated the potential for promotion to higher or broader positions in the Group's senior management structure.

The programme includes an annual review of such senior managers' experience and skills and their progress and notable achievements to ascertain their potential for further career progression. The Committee also keeps the performance of potential successors to Executive Director roles under regular review throughout the year during Board interactions and visits to the Company's operations.

This gives Committee members the opportunity to observe senior managers' working practices and relationships with their stakeholders first-hand. These reviews complement the Executive Directors' assessment of these individuals' performance through a formal process of annual reviews and continual feedback and support. This enables the Committee to identify any gaps in the senior management succession pipeline which may need to be met externally, and any requirements for senior managers' further development.

In light of FY25 performance, a significant programme of work will take place in FY26 to revise the QinetiQ Operating Model to enable the shift in business performance required. This will include changes to the QLT structure.

This year has seen further focus on both promotion of internal talent and the external strengthening of key aspects of the Executive QinetiQ Leadership Team. This has resulted in leadership changes announced in April 2024, including the recruitment of Martin Cooper as a new Group CFO and Iain Stevenson in a newly created Chief Operating Officer role, and subsequent changes announced in April 2025 to position the Company for future success to drive consistent performance and growth.

## Board and Company commitment to diversity

The Board is committed to ensuring diversity in all aspects (including as regards to gender, ethnic and social background), at Board and senior management-level and throughout the Company's employees. This is because we believe diversity can:

- Improve decision-making at all levels of the business by ensuring diverse perspectives.
- Ensure we can attract and retain the best talent with a culture of inclusion where all individuals are respected and supported to reach their full potential.
- Better serve our customers, other stakeholders and the communities in which we operate by ensuring that the diversity of our workforce demographic is representative of the diversity of such stakeholders.

This commitment is aligned with our values, which in turn support our strategy of growth by retaining and winning business through having the best talent and delivering the best service for our customers. See more on Diversity, Equity & Inclusion on page 55.

## Board Diversity Policy

Our commitment is confirmed in the Board's Diversity Policy, which has been updated and strengthened again this year, and which applies to the Board and all of its Committees – the main objectives of which are:

- To achieve and maintain targets on gender and ethnic diversity on the Board and its Committees.
- To ensure that the membership of the Board and its Committees reflects the diversity of the geographies and communities we operate in, and the customers that the Group serves.

- To respect the differences of its members, and value and encourage the diversity of thought that such differences can bring – in each case within the context of Board members having, between them, the experience and skills required to support the development, oversight and delivery of the Company's strategy.

We are pleased to have seen the positive benefits to these initiatives, which have resulted in improvements in both gender and ethnic diversity at a number of levels of the business, including:

- Two members of the Board identify as coming from an ethnic minority background.
- The Audit and Remuneration Committee Chairs are female with Shonaid Jemmett-Page continuing as Chair of the Audit Committee and Dina Knight replacing Susan Searle as Chair for the Remuneration Committee as a result of succession planning.
- Female representations of the direct reports to the QLT has increased to 28.9% (27% in 2024), and remains a key area of focus.

The Company has, as at 31 March 2025, met the following target, as referenced in Listing Rule 6.6.6(9): that there should be a Director from a minority ethnic background on the Board. The remaining targets: that at least 40% of the Board are women, and that at least one of the senior Board positions is held by a woman have not been met, due to a change at executive director level which resulted in a role held by a female being filled by a male following a recruitment process. The Company's mandatory requirement for a diverse candidate pool ensures that we continue to have the opportunity to recruit candidates from all gender, cultural and ethnic backgrounds, while we remain focused on recruiting the best candidate for any role based on merit.

## Voluntary disclosures required under Listing Rule 6.6.6(10)R as at 31 March 2025

### (a) Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	64%	4	7	77.8%
Women	4	36%	0	2	22.2%
Not specified/prefer not to say	N/A	N/A	N/A	N/A	N/A

### (b) Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	9	81.82%	4	4	44.44%
Mixed/multiple ethnic groups	N/A	N/A	N/A	N/A	N/A
Asian/Asian British	1	9.09%	N/A	N/A	N/A
Black/African/Caribbean/Black British	1	9.09%	N/A	N/A	N/A
Other ethnic group	N/A	N/A	N/A	N/A	N/A
Not specified/prefer not to say	N/A	N/A	N/A	5	55.56%

The above data was obtained on a voluntary self-reported basis. Participants were invited to provide information through a secure electronic portal, wherein they were asked to share detail such as ethnic background. As part of our refreshed Engagement and Inclusion strategy which will be launched in H1 FY26, we are focusing on increasing our ethnic minority representation within our Senior Management team and are working through the process of setting the right target to support achievement of this. This will be achieved through creating diverse recruitment and talent pipelines and through delivery of our culture change programme of work which will support creation of an inclusive culture where everyone can feel they belong and thrive.



Director effectiveness

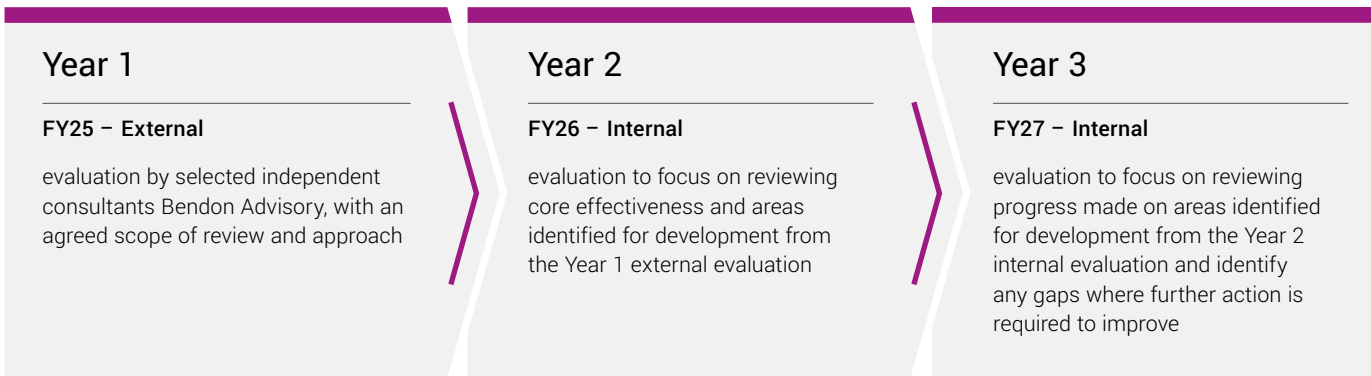
A performance evaluation of the Board, its Committees and the individual Directors is conducted annually, with an externally facilitated review required at least once every three years. As illustrated by the chart below, FY25 was the first in our latest three-year cycle and an external evaluation was undertaken by Emma Bendon of Bendon Advisory. In FY26 and FY27 internal evaluations are anticipated to be carried out. Neither Emma Bendon , nor Bendon Advisory has any other connection to the Group.

The principal sources of data used to assess the effectiveness of the Board and its Committees were questionnaires completed by each Board member and a selection of members of the senior management team, followed by interviews to gain further insight into feedback given.

The Company Secretary, in consultation with the Group Chair and Committee Chairs, will review and analyse the results of the evaluation by reference to the scores given, the specific observations made, and any conclusion made or recommendations given for improvements. Following which, actions to be taken will be agreed in discussion with the Board and its Committees.

The actions taken by the Board and its Committees during the course of this year in response to the output of its effectiveness review are shown below:

Director effectiveness



Areas for focus	Action taken during the year
Supporting the further maturation of the Company's Three Lines Model within its Group-wide control and assurance framework, including the embedding of defined roles and responsibilities for the first and second lines of assurance.	The Board, led by the Chairs of the Risk & Security and Audit Committees, has been actively engaged in giving guidance to the Company's programme for strengthening and maturing its Three Lines Model, with a particular focus on improvements to the definition and clarity of the roles and responsibilities for its first line and second line assurance. This has been implemented through workshops led by the Company's Chief Risk Officer designed to ensure that leaders and managers within the organisation responsible for assurance understand and are aligned on the relevant roles and responsibilities. That improved definition of roles and responsibilities will now be embedded within the Company's assurance processes and working practices.
Undertaking re-assessment of the Board's skills and experience, following a number of recent changes in Board composition, to be reflected in an update to the Board's skills matrix, aligned to the Company's evolving strategy.	Following four new Non-executive Director appointments being made to the Board within the last 18 months, a more detailed assessment of Board skills and experience has been undertaken to understand strengths, and any experience gaps, relevant to the Company's current strategy, opportunities and risks. This will be used by the Board and its Nominations Committee to inform and guide its succession planning.
Achieving a deeper level of Board understanding of material risks in the Company's supply chain and how those risks are managed and mitigated by its business.	The Company has undertaken an in-depth review of its supply chain, including achieving better efficiencies in its operation and management of the supply chain, and also how supply chain risks can be better managed and mitigated. This has been facilitated through an external consultancy, Boston Consulting Group. The output of this activity will support enabling the Board to gain deeper insight and understanding into the relevant risks in the different parts of the Company's supply chains, and how material risks are managed.

### The Group Chair's individual performance

As part of our annual evaluation process, Steve Mogford, as Senior Independent Director, led a review of the Group Chair's performance. At a private meeting, the Non-executive Directors, with input from the Executive Directors and Company Secretary, assessed the Group Chair's ability to effectively fulfil his role. It was concluded that he had showed effective leadership of the Board and his actions continued to influence the Board and the wider organisation positively.

### Director induction

On joining the Board, whether in an Executive or Non-executive role, each Director undertakes an induction programme covering subject areas relevant to the requirements of their role. This programme is designed to fast-track a new Director's understanding of the Group's purpose, values, strategy and operations, thereby equipping them to perform their role.

Details of the induction programme, organised by the Company Secretary in conjunction with the Group Chair, for new Non-executive Directors, is illustrated by the following diagram:



### The Directors' individual performances

The Group Chair, Neil Johnson, held performance meetings with each Board member to discuss their individual contribution and performance over the year, and their future training and development needs. After these meetings, Neil Johnson confirmed to the Nominations Committee that, during the year, all Directors have demonstrated a clear commitment to their roles.

### Meetings and Director site visits

Physical Board meetings and Director visits are scheduled throughout the year at our sites, both in the UK and internationally. Locations for meetings and site visits are agreed annually and are arranged by the Company Secretary with assistance from the QLT as appropriate.

During the year the Board held physical meetings in London and Lincoln in the UK, as well as some Board meetings that continue to be held virtually.

In October 2024, the QinetiQ Lincoln office hosted the Board for their annual strategy meeting, which included a site visit to RAF Waddington, where the Board received a briefing from Group Captain Andy Ross on the work of the QinetiQ lead SOCIETAS programme in the Joint Electronic Warfare Operational Support Centre (JEWSOC). The Board were able to engage with Inzpire at their business headquarters and with QinetiQ employees over lunch.

In 2024 the Group Chair paid visits to our sites at MOD Aberporth, MOD Pendine, Fort Halstead and Ashford, as well as two of our sites in Germany.

### Ongoing Director training

The Directors have the opportunity to participate in an ongoing training programme organised by the Company Secretary. This includes the Company Secretary keeping the Board briefed on relevant regulatory changes, and arranging external training, as required.

During the year PwC briefed the Board on forthcoming changes to the external audit and governance environment and Ashurst provided Directors with training on Directors duties, and gave an overview of recent legal and regulatory updates. Further training on safety and security as well as climate change is planned for FY26.

# Audit, risk and internal control

Shonaid  
Jemmett-Page  
Audit  
Committee  
Chair



Dear Shareholder,

I am pleased to present this report which sets out the work carried out by the Audit Committee during the year, including the key topics it has considered and how it has discharged its responsibilities.

The Audit Committee continues to ensure the integrity of reporting, including the Annual Report and Accounts. For FY25 the Committee has reviewed and challenged the key accounting estimates and judgements inherent within the financial results, particularly the assumptions relating to the goodwill impairment testing, the allocation of restructuring related adjustments and long-term contract accounting.

The Committee welcomes the strength of the Group's ESG credentials and supports the evolving sustainability agenda, including target-setting, assurance and reporting. Its work during the year in this area has included the embedding of existing requirements and the preparation and planning for future requirements.

The Committee provides oversight of the system of internal controls and risk management across the business. This includes considering both financial and non-financial risks.

In preparation for the upcoming changes in the UK Corporate Governance code and declaration on the effectiveness of controls, the Audit Committee has spent significant time during the year guiding the ongoing work to identify the relevant material controls and to plan for the testing and assurance strategy.

The US sector has been in a transitional year, now refocused with a refreshed strategic clarity reflecting market dynamics and pipeline opportunities. It continues to be an area of focus for the business and therefore for the Committee. As the business resets and continues to evolve and mature, the Committee will ensure that there is a strengthened and more consistent system of internal control and risk management which is appropriate for the portfolio of operations in the US. The Committee maintains regular dialogue with the US Special Security Arrangement (SSA) Audit Committee.

The internal audit function continues to be effective and collaborative. It has been instrumental in informing the Committee's work on a range of topics including cash flow forecasting and the associated target setting.

The key areas for focus for the Committee are addressed by the internal audit plan, the scope of work of the external auditors and scheduled deep-dive review sessions. The focus areas are set and evolve based on the changing needs of the business and the risks it faces, as it simplifies its strategy and investment case and seeks to deliver more effectively for all stakeholders. The full terms of reference of the Committee can be found at [www.qinetiq.com](http://www.qinetiq.com). The Committee is content that it meets the relevant responsibilities set out in the FRC's External Audit: Minimum Standard.

Looking ahead the Audit Committee is keen to oversee further improvements and enhancements to the Group's control environment as it evolves through its performance focus and delivers against its strong growth prospects in the near, medium and long term.

I hope you find the information in this report about the Committee's work helpful and I will be pleased to answer any questions you have about it at this year's AGM.

Shonaid Jemmett-Page  
Audit Committee Chair

## Activities during the year

### Financial reporting

During the year the Committee spent significant time reviewing the most critical accounting estimates and judgements inherent within the annual and interim financial results. These include the assumptions within the Goodwill impairment testing, judgements relating to the future costs and risks within long-term contracts, the quality of income and the allocation between underlying performance and specific adjusting items. The quality of income review includes considering one-off items within the underlying results and their consequence on the overall sustainability of earnings. We also reviewed the cut-off of income expenditure between the current and prior year. This assessment informs the Committee's work on determining whether the accounts are fair, balanced and understandable, and whether any adjustments should be considered in remuneration calculations.

The Committee also paid close attention to the accounting for the sale and leaseback transaction relating to Cody Technology Park, given its materiality and the complexity of the accounting under IFRS 16.

During the year, the Committee held deep-dive sessions into various topics including the status and future strategy of the pension scheme, debt financing and covenant management, operating cash performance management and tax strategy including OECD Pillar II compliance.

### Fair, balanced and understandable

In accordance with the Code, the Board has established processes to ensure that all reports and information it is required to present in accordance with regulatory requirements, represent a fair, balanced and understandable assessment of the Company's performance, position and prospects.

As such, the Audit Committee was requested to provide advice to the Board on whether the FY25 Annual Report and Accounts, taken as a whole, provide a fair, balanced and understandable assessment of the Company's financial position and future prospects and provide all information necessary to a shareholder to assess the Group's performance, business model and strategy.

Following the established process, the Committee reflected on the information it had received and its discussions throughout the year. The review is a well-established and documented process involving senior management and the core reporting team. The assessment was assisted by an internal verification of the factual content by management, a review at different levels of the Group to ensure consistency and overall balance, and a comprehensive review by the senior management team and the external auditors.

The Board considers that the FY25 Annual Report and Accounts, taken as whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, and performance, business model and strategy.

### Rigour over non-financial reporting (TCFD and other sustainability metrics)

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 place requirements on QinetiQ to incorporate climate disclosures in the Annual Report and Accounts. Since FY22, we have included a section in this report which addresses the four TCFD recommendation pillars (Governance, Strategy, Risk and Metrics) and 11 disclosures. We are committed to continuous improvement as guidance and methodologies mature. The Committee has reviewed the proposed disclosures and endorsed the assumptions and judgements applied by management.

With the growing and evolving body of non-financial reporting requirements, the Audit Committee charter includes Non-Financial Reporting, to ensure that the Audit Committee has oversight of non-financial reporting (including TCFD). The Committee has a standing agenda item and is briefed quarterly. The Committee is provided with a reporting tracker providing progress on all current reporting, an update on how new requirements are being prepared for and a horizon scanning summary to look further ahead. The TCFD reporting, on page 46, has been reviewed and endorsed by the Committee.

## Internal financial controls

Internal financial controls are the systems that the Group employs to support the Board in discharging its responsibilities for financial matters and the financial reporting process.

During the year, the Audit Committee spent significant time understanding and validating management's roadmap to prepare for the upcoming required declaration relating to the effective operation of material controls. The Committee reviewed and challenged the assessment of material processes, and is guiding the ongoing work to identify material controls within each process area and establish a testing and assurance strategy.

The Committee maintains regular dialogue with the US Special Security Arrangement (SSA) Audit Committee, regarding scope and coverage and the sharing of best practice. The Committee takes a keen interest in the ongoing evolution of the US Sector's control environment as integration of the underlying businesses continues.

## Key issues and judgements impacting FY25 accounts

Issue	Key uncertainties and judgements	Review and challenge	Conclusion
<b>Impairment of goodwill and acquired intangibles</b>  	<p>The Group holds goodwill on its balance sheet in respect of various Cash Generating Units (CGUs).</p> <p>An impairment review has been undertaken to assess the level of headroom (the difference between the net present value of future cash flows and the carrying value of net operating assets) in respect of all CGUs.</p> <p>An impairment charge has been recognised in respect of the Group's combined US sector CGU.</p>	<p>The Committee reviewed the outputs of management's annual impairment testing exercise, noting the use of external advisors to prepare the technical assumptions (discount rates, long-term inflation) which have also been verified as appropriate by the external auditors.</p> <p>The Committee held detailed discussions with management and the external audit team, specifically challenging revenue and profit assumptions, as well as the technical assumptions.</p>	<p>There are a wide range of outcomes to the impairment test which is very sensitive to outer year cash flows. On challenging management, the Committee concluded that management's estimates were reasonable and that the associated disclosures within the financial statements are adequate.</p>
<b>Long-term contract accounting</b>  Risk assessment on key contracts	<p>The Group has a large number of contracts which span multiple periods and are accounted for on a 'percentage of completion' basis in accordance with IFRS 15.</p> <p>Long-term contract accounting requires a number of judgements and management estimates to be made, particularly in calculating the forecast costs to complete the contract, and resultant contract profitability.</p>	<p>The Committee received commentary from both management and the external auditors in respect of the most significant contracts being delivered by the Group and discussed the main financial assumptions (including level of risk reserves, assumed forecast savings challenges and the use of Monte-Carlo modelling).</p>	<p>The Committee concluded that management's best estimates were reasonable.</p>
<b>Sale and leaseback transaction</b>  Cody Technology Park	<p>During the year the Group entered into a sale and leaseback transaction relating to Cody Technology Park.</p> <p>The transaction resulted in a loss on disposal of £36.6m which is classified as a specific adjusting item.</p>	<p>The Committee reviewed the calculation and the key assumptions which related to the allocation of both carrying and fair values to the various portions of the site, noting the use of specialist external advisers to assist with the property and lease valuations.</p>	<p>The Committee concluded that the methodology and key assumptions were reasonable.</p>

// We continue to strive for continuous improvement and, whilst there have been some challenges in the second half of the year, progress has been made in enhancing the internal control environment and preparing for the upcoming changes in the UK corporate governance code. //



Issue	Key uncertainties and judgements	Review and challenge	Conclusion
<b>Specific adjusting items</b>	The Group reports underlying performance which excludes the impact of specific adjusting items.	The Committee receives an update on the nature and quantum of specific adjusting items, as well as management assessment as to their appropriate use.	The Committee agreed with management's assessment that the restructuring costs and other such items are distorting in nature and it is therefore consistent and helpful to the reader to separate their impact.
Restructuring costs	Specific adjusting items for FY25 includes the impairment of Goodwill in the US as well as the costs of restructuring and a number of associated impacts in the US		
Digital investment	The ongoing one-off period of digital investment continues to be included as a specific adjusting item.		
Acquisition and disposal related costs	Specific adjusting items also include a number of acquisition and disposal-related costs including post-acquisition integration costs and one-off post-acquisition remuneration costs.		
<b>Provisions and contingent liabilities</b>	The Group holds provisions in respect of legal, regulatory and environmental issues. Judgement is required in determining whether provisions are required.	The key judgements considered by the Committee were the quantum of the potential costs involved, probability of economic outflow, disclosure requirements, and in relation to the Pendine incident, that insurance will cover the cost of any civil damages (with a provision of c£12.1m being recorded together with an equally offsetting Other Receivable).	The Committee concluded that management's best estimates were reasonable.
Restructuring and other provisions	Specifically, a provision is held in respect of the recently announced restructuring, various obligations relating to the sale and leaseback transaction and the incident at the MOD range at Pendine in a previous financial year.		
<b>Pensions</b>	The Group's net pension asset increased during the year. The key assumptions relate to inflation, discount rates, demographic assumptions and liability experience data.	The Committee reviewed and challenged the results of the valuation exercise, and the key assumptions used, noting the use of external advisers to prepare the calculations.	The Committee concluded that the assumptions and outputs made by management and the external advisers were reasonable.
Net pension asset valuation			
<b>Taxation</b>	The key accounting assumptions relating to tax include tax and RDEC provisioning and the recoverability of deferred tax balances relating to historical losses. During the year the Group has derecognised the deferred tax balance in respect of historical losses in the US.	The Committee reviewed and challenged the key judgements taken by management, particularly relating to the future recoverability of deferred tax relating to losses, which will depend on the future financial results of the relevant entities and has linkages to the testing of Goodwill for impairment.	The Committee concluded that the judgements made by management were reasonable.
Key judgements including recoverability of losses			

### Going concern and long-term viability statements

The acquisition of Avantus during FY23 took the Group into a net debt position. The Audit Committee continues to pay close attention to the Group's net debt and leverage positions, and their underlying drivers including free cash flow generation, capital allocation including the share buyback extension and one-off transactions such as the sale and leaseback of the Cody Technology Park site.

The Committee has again reviewed the annual going concern and long-term viability assessments, in particular considering the renewal dates of key long-term customer contracts, forecast covenant compliance, debt capacity and the implications of the ongoing share buyback programme which was extended during the year.

After review of the available information and challenge of the underlying assumptions, the Committee has concluded that the Group will be able to continue in operation and meet its liabilities as they become due through to 31 March 2030. The Committee considered it appropriate that the long-term viability statement continues to cover a five-year period. In reaching its conclusion, the Committee reviewed the budget for the next financial year, the five-year business plan, the stress-testing scenarios applied and the mitigating actions available. The viability statement and the going concern statement can be found in full on page 67, including the detail on how the assessments were conducted.

### Internal Audit

The Group Internal Audit function operates independently as part of the third-line under QinetiQ's adoption of the Three Lines Model (see page 63 for further details). The function continues to provide an independent input to help maintain a robust system of risk management and internal control, and also to ensure there remains a collaborative approach to assurance across the Group.

Group Internal Audit have formally reported to the Audit Committee four times during the year. The Committee approves the annual audit plan, reviews the findings from the audit reviews, and assesses the overall effectiveness of the internal audit process. A key aim for the audit plan is to ensure that significant financial and non-financial risks are reviewed on a rolling basis, with the plan built around a number of priorities including core project management processes and controls, controls over budgeting and forecasting, target setting and safety improvement initiative progress. Fraud risk management has also been a priority area in FY25 as well following the release of new UK legislation that includes an offence of failure to prevent fraud. The overall assessment following the audit and assurance activity is that the control environment is considered effective, with a culture conducive to improving internal controls and risk management processes.

This year, to assess the overall effectiveness of the internal audit process the Committee commissioned an external review by Grant Thornton, a process that included interviewing members of the board and, senior management, and reviewing artefacts. The result overall was very positive, and whilst there were helpful recommendations raised, it was reported that there was a high degree of compliance to the new Global Internal Audit Standards and Code of Practice.

Looking forward into the next financial year the Committee recognises the importance of addressing the new UK corporate governance requirements whilst allowing sufficient time to provide assurance over other key internal projects such as the business systems upgrades in the UK and Australian businesses. Other priority areas include financial reporting and core internal controls, export controls, and risk management.

The team has remained stable, and as we progress in to the new financial year the function is enhanced by being part of the graduate programme and having a placement for part of the year.

### Risk management

The Group Risk Management function operates independently within the business, as part of the second line assurance under QinetiQ's adoption of the Three Lines Model (see page 63 for further details). The function works closely and collaboratively with the business, providing an independent input to help develop a robust system of risk management and internal control, and is fully engaged with the ongoing work to prepare for the upcoming required declaration relating to the effective operation of material controls. The Committee notes the continual activity to monitor the risk landscape and ensure the principal risks to the business are mitigated effectively through robust and transparent risk management activity.

### Treasury strategy and compliance

The Group Treasury policies and procedures provide a robust framework of internal controls for the management of treasury risks faced in a net debt environment. These include; monitoring of leverage and availability of liquidity through Group cash forecasting, managing intra-Group loans and financing arrangements, meeting our covenant compliance and legal requirements for our banking partners, and managing our financial exposures to foreign exchange and interest rate fluctuations. The Committee continues to challenge and review this framework to ensure that it is fit for purpose and robust enough to meet the changing nature of financial and counterparty risks, the interest rate environments and other macroeconomic factors, and the banking sector's policies on investing in the defence sector, which impact the availability of liquidity.

### Tax strategy and compliance

The Group Tax policies and procedures provide the framework of internal controls for the management of tax risks for the growing business in an ever-changing global regulatory environment, in which tax transparency has increasing prominence. The Committee reviews the Group's tax affairs annually, which includes considering the Group Tax Strategy, status of any tax audits and filings, tax accounting judgements (including the recoverability of deferred tax assets and any judgements relating to RDEC income) and associated disclosures, the structuring of key transactions and important regulatory changes, such as the adoption of global Pillar 2 compliance. The UK tax authorities tested the Group Tax policies and procedures during last year's business risk review and provided an overall low risk rating across all measures of systems and delivery, governance and approach to tax compliance.

### External audit

#### PwC audit scope

QinetiQ Limited, QinetiQ Australia and the combined QinetiQ US sector (comprising the Foster Miller Inc, MTEQ and Avantis entities) are 'full scope'. This represents a change in scope for the US sector from the prior year after the further integration of the underlying businesses, move to a new single accounting system and a common control environment. Consistent with the prior year, QinetiQ Target Systems Limited is also in scope for inventory only. The Committee viewed it appropriate for the audit scope to be enhanced for the US sector given the underlying changes in the business and so as to provide greater audit coverage over the consolidated financial statements.

#### Non-audit work and auditors' independence

The Committee is responsible for the Group's policy, the Code of Practice on non-audit services and the approval of non-audit services. The Code of Practice is applicable to all employees and sets out the principles for regulating the award of non-audit work to the external auditors.

To safeguard the auditor's independence and objectivity, and in accordance with the 2019 FRC's ethical standard, the Group does not engage PwC for any non-audit services except where it is work that they must, or are clearly best-suited to perform.

Accordingly, the Group's policy for the engagement of the auditors to undertake non-audit services broadly limit these to audit-related services such as reporting to lenders and grant providers, where there is a requirement by law or regulation to perform the work. All other non-audit services are considered on a case-by-case basis in light of the requirements of the ethical standards and in compliance with the Group's own policy.

The Committee approves the terms of all audit services as well as permitted audit-related and non-audit services in advance. Pursuant to the Code of Practice, any non-audit services conducted by the external auditors require the prior consent of the Group Chief Financial Officer or the Chair of the Audit Committee, and any services exceeding £50,000 in value require the prior consent of the Committee as a whole. For work that is permissible by type, the Committee will take into consideration the size of the contract in proportion to the Group's revenue and profit, and also the total size when aggregated with other contracts with PwC, noting that some non-auditing services are subject to an annual regulatory 70% spending cap of the average of the audit fees billed over the last three-year period.

It is also the Group's policy that no former PwC employee may be appointed to a senior position within the Group without the prior approval of the Group Chief Financial Officer.

#### Review of non-audit work during the year

The Committee reviews the cost and nature of non-audit work undertaken by the external auditors at three meetings during the financial year as a standing item, with a fourth meeting considering the auditor's fees as part of the year-end review. The Committee concluded, prior to engaging PwC for the provision of these services, that there had not been any conflict of interest that might compromise the independence of PwC's audit. Fees paid to PwC are set out in note 8 to the Consolidated Financial Statements on page 148.

Non-audit related fees paid to the auditor during the year were £0.17m (FY24: £0.16m), representing 10% (FY24: 9%) of the audit fee. This included £0.12m (FY24: £0.12m) relating to the review of the half-year results. Our annual review of the external auditors takes into account the nature and level of all services provided.

#### Review of the effectiveness and the independence of the external auditors

At its September meeting the Committee discussed the effectiveness of the external audit for FY24. PwC continues to perform its audit work to a high standard, with a deeper understanding of the Company's business, key contracts, control processes and the matters on which significant accounting judgements or estimates are required. The Committee is of the view that PwC provide a well-considered validation and robust challenge of management's views as appropriate. Following several recommendations made in previous years the audit process is now in a stable cycle of continuous improvement with no significant changes made during FY24 or FY25.

#### Audit appointment and partner succession

PwC was appointed as auditor of the Group at the 2017 Annual General Meeting (AGM) following a tender process. PwC are now in their eighth year as auditor, with the external audit engagement partner, John Ellis, in his third year, having taken the lead for the FY23 audit cycle. The external audit contract will be put out to tender at least every 10 years. During FY26 the Committee will start planning for an external audit tender to take place in FY27 to ensure that PwC are reappointed or new auditors are appointed for the FY28 audit cycle. The Committee is of the view that the timing for the audit tender strikes an appropriate balance between continuity for the current audit firm and consideration of alternative firms.

The Committee and the Board will be recommending PwC's reappointment at the 2025 AGM for the FY26 cycle.

### Governance

#### Audit Committee structure

The Audit Committee is comprised entirely of independent Non-executive Directors and is chaired by Shonaid Jemmett-Page, who is considered by the Board to fulfil the Code requirement of having recent and relevant experience from the financial sector.

The Board considers the members of the Audit Committee to be independent and, in accordance with the Code, the Board concludes that the Committee as a whole possesses competence relevant to the Group's sector, having a range of financial and commercial experience in the industry and the commercial environment in which the Group operates. The Group Chief Executive Officer, Group Chief Financial Officer, Group Financial Controller, Group Director Internal Audit, Chief Risk Officer and representatives of the external auditor attended all Committee meetings by invitation during the year. Twice a year we also welcome the Chair of the US SSA Audit Committee to update us specifically on the internal controls and risk management across the US business. The Committee met with PwC and the Group Director Internal Audit on two separate occasions, without Executive Directors present, to discuss the audit process and assure itself regarding resourcing, auditor independence and objectivity.

#### Audit Committee effectiveness review

The evaluation of the effectiveness of the Committee was conducted alongside the Board effectiveness review, in the external evaluation year of its three-year cycle for FY25. See more on pages 98 and 99. The outcome of the evaluation confirmed that the Committee continues to operate highly effectively and determined that Committee members have good oversight of, and are able to raise appropriate challenges in respect of, important financial matters, such as the significant accounting judgements and estimates relevant to the Group's financial statements, and the implementation of new accounting standards.

#### Statutory audit services compliance

The Company confirms that during the year under review it applied and was in compliance with the Competition and Market's Authority's Order on statutory audit and services, which relates to the frequency and governance of external audit tenders and the setting of a policy on the provision of non-audit services.

# Risk & Security Committee report

**General  
Sir Gordon  
Messenger**  
Risk & Security  
Committee  
Chair



**Dear Shareholder,**

I am pleased to present our Risk & Security Committee report for FY25, which describes our activities and areas of focus during the year.

## **Risk profile of the Group**

In my view, risk management is ever more embedded in daily operations and the culture of the organisation. We have robust reviews and progress updates throughout the year and conducted a deep-dive workshop on the Three Lines Model where we agreed the clear linkage of material risks to assurance activities and identification of assurance owners for each material risk. The quarterly review of the Group Risk Register, which is described further on pages 64 to 68 continues to be key for the Committee to undertake its duties and understand details of the Group's principal risks, their impact on the Group and how they are managed.

**// Effective risk management and security oversight are not merely safeguards but strategic imperatives in an era where uncertainty is the only certainty. //**

## **Geostrategic challenges**

Ongoing challenges including climate change, war, and malevolent state actors highlight the need to be constantly on guard and that at no point can the business be complacent in its approach to managing and mitigating risk. Our role is to ensure that potential threats are anticipated, mitigated and transformed into opportunities for resilience and growth. When the business deploys people to dangerous locations, a robust risk process is employed to minimise risk and ensure safety.

## **Security profile of the Group**

One of our core responsibilities is to oversee the Group's physical and non-physical security systems. As our future success is dependent on our ability to exploit and operate technology at pace while still retaining the rigorous levels of security required by our customers and partners, the Committee members and I have, together with the Chief Enterprise Services Officer, Group Director Security, and Chief Risk Officer, developed a schedule of security-related agenda items, ensuring that the Committee continues to be able to oversee this key pillar. As a defence, technology and engineering Company, we are set to remain continuously aware about our risks and adapt our tools, processes, systems and people to address increasing risks arising from changing cyber threats, climate change and technological and geopolitical instability.

## **The Risk & Security Committee risk management responsibilities**

The Risk and Security Committee has a close relationship with the Audit Committee which enhances the efficiency and effectiveness of Board oversight. The Committee provides further scrutiny and assurance to the Board that the required UK and international standards in risk management, quality, security and health and safety are achieved. This includes ensuring that the organisation fulfils its statutory requirements and duty of care. This assists the Board in setting the risk appetite and reviewing and assessing the Group's risk management systems.

I hope you find the information in this report about the Committee's work helpful and I will be pleased to answer any questions you have about it at this year's AGM.

**General Sir Gordon Messenger**  
Risk & Security Committee Chair

## FY25 Key Highlights:

- Matured Security & Information and Risk & Assurance Councils as key governance bodies; the Risk & Assurance Council has an overarching role across all Councils to monitor governance and adherence to policies
- Launched the Business Management System, the single source for all policies and requirements
- Developed QinetiQ's Assurance Model, providing an integrated and aligned approach to delivery of compliance and assurance activities
- Transitioned Security transformation project to Business as Usual/Continuous Improvement after successful delivery of key project outcomes, including consistent Group-wide security risk and assurance management
- Transitioned Group Cyber Security Improvement Programme (GCSIP) transformation project to Business as Usual/Continuous Improvement after successful delivery of key project outcomes, including on-boarding of several Governance Risk & Compliance (GRC) tools

## FY26 Priorities:

- Focus on strategic mix of oversight, resilience and adaptability
- Increase visibility of first line compliance activities
- Improve linkage between risk and resilience activities
- Demonstrate improvements to assurance activities
- Continue preparations for compliance with FRC UK Corporate Governance Code changes
- Drive a risk culture that ensures we stay on top of our material risks
- Enhance existing and embed new GRC tools

### Key responsibilities

The Committee's primary functions are:

- To oversee the sound operation of the Group's risk management systems
- The ongoing review of the Group's principal and emerging risks (see pages 64 to 66)
- To oversee the Group's physical and non-physical security systems, including monitoring security exposures and security culture, and considering emerging security issues
- To ensure that health and safety risks are being effectively managed across the Group
- To oversee the Group's second-line assurance activity over the first-line compliance activity taking place across the Group's functions and businesses
- To monitor adherence to the generic MOD compliance system
- To review the Group's policies, processes and controls for the detection and prevention of bribery, corruption and modern slavery and compliance with applicable laws, regulations and codes of conduct.

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite and ensuring that each operating sector implements appropriate internal controls. The Group's risk management systems are designed to appropriately manage the risk of failure to achieve business objectives, and thus can only provide reasonable and not absolute assurance against material misstatement or loss.

These systems are also designed to be sufficiently agile to respond to changes in circumstances, such as increased competition and disruptive business models, technological advancements, economic volatility and supply chain disruptions.

### Risk & Security Committee structure

All members of the Board are members of the Risk & Security Committee, which is chaired by General Sir Gordon Messenger. The Chief Enterprise Services Officer, the Group Director Security, the Chief Information Officer, the Chief Information Security Officer, the Chief Risk Officer and the Group Director. Internal Audit attend Committee meetings by invitation.

To enable the Committee to get a comprehensive understanding of how risk management processes have been implemented and to ensure that these are fully embedded within the business's day-to-day work, deep-dives are presented to the Committee by employees who have first-hand knowledge of such matters, i.e. perform the work on a daily basis.

Risk monitoring and reporting is incorporated into the management of the business through the QinetiQ Leadership Team and monthly performance reviews feed into the Group strategy at the Executive and Board level.



### Further reading

- Risk management pages 62–66
- Principal risks pages 64–66



The risk management and risk monitoring processes are divided as following:

<b>Risk management</b>	<ul style="list-style-type: none"><li>– Review risk management structures and reporting lines (i.e. effectiveness of control environment)</li><li>– Evaluate the effectiveness of risk reporting processes including risk control assessment</li><li>– Review the effectiveness of risk identification processes</li><li>– Consideration of any security issues relating to the appointment of external auditors</li></ul>
<b>Risk monitoring</b>	<ul style="list-style-type: none"><li>– Review of risk register and key exposures</li><li>– Monitor Health, Safety and Environmental performance</li><li>– Scrutinise Internal Audit reports with respect to risk and security issues</li><li>– Oversee international business governance</li><li>– Oversee application of applied anti-bribery and corruption measures</li></ul>

Security management

The business employs a proactive threat assessment process with effective horizon scanning for future and emerging threats to the business to manage and mitigate risk. Security Incident Management is achieved through a Security and Information Governance process with a defined structure and escalation process through Sectors, Group, Security and Information Council, Security Steering Group and on to the Risk and Security Committee to ensure visibility of current and emerging risks and their management.

The Committee is assured by the progress made by the Group in the year, although, with the ever-increasing incidence and sophistication of cyber-attacks and the consequent need for the Group to remain vigilant, the Committee expects security to remain one of its key areas of focus. As part of the drive to further control our risk exposure, we are further refining our risk appetite definitions. The Security Culture Survey, conducted by the Group Security team covering the whole Group and aimed at understanding the security maturity levels across four areas – information, physical, cyber and personnel security – proved invaluable in identifying areas for focus.

Cyber security

Given the nature of our business, emergent security threats such as the adoption of artificial intelligence and the broader geo-political landscape, we continue to invest in our Digital and Cyber Security Programmes.

In combination with our wider education and culture initiatives, we continued to strengthen our policies, procedures and tooling to ensure we can appropriately identify, assess and manage cyber security risks. We have made further improvements to our protective monitoring and response capability provided by Cyber Security Operations team. Our strategy remains under constant review and our Cyber and Information Security Operating Model ensures we best utilise our technical expertise and knowledge across all business areas.

The Committee continues to receive regular reports from the CIO and CISO on our cyber and information security risks, the performance of protective controls and the progress of any ongoing security improvement activities.

All employees must complete mandatory cyber, information, physical and personnel security training each year, which focuses on our policies, procedures, culture and behaviours aligned to known threats. Our Group intranet also includes a comprehensive Security Knowledge Library which is used both individually and by leaders for regular security engagements at team level.

Business continuity and crisis management

Our business continuity and crisis management procedures have been designed for flexible arrangements when responding to incidents and emergencies. They are scalable and can be adapted to work in a wide range of specific scenarios. We focus on resilience, informed by our risk identification and assessment rather than individual emergency scenarios. Our Crisis Management Plan sets out a decision-making model and overarching management response which supports the Leadership Team and ultimately the Board in making effective decisions during an incident. This has proved to be an effective approach with incidents managed well without causing adverse effects on the business. Supplementary training has been provided to the Leadership Team and we will continue with this approach in FY26.

Self-certification process

An annual process of self-certification on the effectiveness of internal controls has been established and embedded across the Group. This process provides a documented and auditable trail of accountability for the operation of the system of internal controls and continues to be our preferred tool to tangibly assess the effectiveness of those controls in all functions and sectors across the Group. It is informed by a rigorous and structured self-assessment that addresses compliance with Group policies and processes, and provides a comprehensive level of assurance to be given at higher levels of management and, finally, to the Board.

Each sector and functional Chief Officer are required to make a declaration that their system of internal controls are effective, are fit for purpose and are being monitored throughout the year. Any material risks, control failures or non-compliance with the Group’s risk policies, legislation and/or local delegations of authority must be highlighted as part of this process. The outcomes of the self-certification process, which is carried out at the full and half-year, is reported to the Risk and Security Committee by the Chief Risk Officer.

Generic MOD compliance system

A key aspect of the Committee’s work is the oversight of the UK Ministry of Defence’s (MOD) generic compliance system. This is integral to the work of QinetiQ in its relationship with the UK Government. The system is designed to give the MOD customer confidence that QinetiQ is able to provide impartial advice during any competitive evaluation of a procurement opportunity where the Group wishes to operate on both the ‘buy’ and the ‘supply’ sides.

The aim is to achieve a balance between meeting the needs of the procurement customers in the MOD (principally defence equipment & support) and the need to allow QinetiQ the flexibility to commercialise research into the supply chain and pursue its planned business activities, without compromising the defence or security interests of the UK. The Board nominates two senior managers to act as Compliance Implementation Director (CID) and Compliance Audit Director (CAD).

### Anti-bribery and corruption

The Committee oversees a zero-tolerance approach to bribery and corruption, as confirmed by the Company's anti-bribery and corruption policy and the supporting local policies that apply to members of its Group. The Group also has in place a range of procedures, including regular training targeted at potentially risk-exposed roles of our employees, Group and local gifts and hospitality policies, and Group and divisional procurement, contracting and partnering practices, which are designed to prevent bribery. See more on page 61.

### Data privacy

The Company respects the personal data privacy of its customers, employees and other individuals in respect of whom it and members of its Group process personal information. The Group therefore has in place policies which mandate the lawful processing and protection of such personal information in accordance with applicable laws and procedures which are designed to achieve the same. A report on GDPR compliance is presented to the Committee at each Committee meeting.

### Effectiveness review

A performance evaluation of the Committee is conducted annually. This process is described further on page 98.

### Frameworks for risk management and internal control

The Board is responsible for promoting the long-term success of the Company for the benefit of shareholders, as well as taking account of other stakeholders including employees and customers. To discharge this responsibility, the Board has established frameworks for risk management and internal controls using the Three Lines Model, see page 63, and reserves for itself the setting of the Group's risk appetite. In-depth monitoring of the establishment and operation of prudent and effective controls to assess and manage risks associated with the Group's operations is delegated to the Audit Committee, complemented by the work of the Risk & Security Committee. However, the Board retains ultimate responsibility for the Group's systems of internal controls and risk management and has reviewed their effectiveness during the year. The frameworks are regularly reviewed for prudence. They were in place throughout the financial year under review and up to the date of this report. They help ensure the Group complies with the Financial Reporting Council's (FRC) guidance on Risk Management, Internal Controls and related financial and business reporting.

After discussions with the Audit Committee and the Risk & Security Committee, the Board conducts a robust six-monthly assessment of the Group's emerging and principal risks and specifically considered the principal risks facing the Company including the impacts to the Group's business model and future performance and therefore require management prioritisation and action when approving the Group business plan.

During the year, as part of the oversight process, the Board and the Risk & Security Committee received updates on risks and associated mitigating actions. Principal risks were also taken into account in the design of scenarios which are intended to stress-test the Group's five-year strategic business plan, recovery plan, climate change impacts, decisions on the return of capital to shareholders and operational resilience.

Our risk management framework is designed to consistently identify, evaluate, manage, monitor and report the principal risks to the achievement of the Group's strategic objectives and is embedded throughout the Group. It is codified through risk policy and associated processes and procedures which set out the risk appetite, requirements and controls for the Group's worldwide operations. This is further described on pages 62 to 66.

The Group maintains a manual of financial reporting policies which is compliant with International Financial Reporting Standards (IFRS). An internal control framework is in place across the Group which covers Group financial reporting and local statutory reporting activity. The process follows a risk-based approach, with management identification of key financial reporting-related controls.

### Board oversight of risk management

The Board's delegated responsibilities regarding oversight of risk management and the approach to internal controls are set out on pages 62 to 66. There are strong working relationships between the Board Committees, which enable robust oversight of internal controls and risk management. Committees provide regular reports to the Board on their activities and escalate significant matters where appropriate. The responsibilities and activities of each Board Committee are set out in the Committee reports.