

QINETIQ

Modern Slavery and Human Trafficking Statement

July 2020

This statement is issued on behalf of QinetiQ Group plc pursuant to section 54 of the Modern Slavery Act 2015 (the Act) and in accordance with the modern slavery laws of other locations in which QinetiQ operates (Applicable Home Territory Acts). It constitutes our modern slavery and human trafficking statement for the financial year ending 31 March 2020, setting out the measures QinetiQ Group plc takes to prevent slavery and human trafficking in our business and supply chain. Modern Slavery is widespread, effecting all sectors and territories. We are committed to responsible business conduct, and believe that slavery is not acceptable within our business and our supply chain. We fully support the principles of the UK Act and those set out in Applicable Home Territory Acts.

Our structure

QinetiQ Group plc is the parent company of a number of wholly-owned subsidiaries: QinetiQ Ltd, based in the UK is by far the largest part of the Group and is where our Head Office is located (with approximately 68% of our employees).

Our other subsidiaries are smaller (approx. 400 people or less in each case), including: QinetiQ Pty Ltd (Australia), OptaSense (UK, Canada and US), Bolden James (UK & US), QinetiQ Space NV (Belgium), Commerce Decisions (UK and Australia), QinetiQ Target Systems (UK and Canada), QinetiQ Group Canada Inc, QinetiQ Sweden AB, QinetiQ GmbH (Germany), Foster Miller Inc (US) QinetiQ Special Projects Inc (US) and QinetiQ Solutions (Malaysia). We have invested in Inzpire Group Ltd (UK), but it is not wholly owned.

In the latter part of FY20 we acquired MTEQ (Manufacturing Techniques Inc) in the US and Newman & Spurr Consultancy Limited (NSC) in the UK. Newly acquired MTEQ has been renamed QinetiQ Inc, and with our existing US subsidiaries Foster Miller Inc (doing business as QinetiQ North America) and QinetiQ Special Projects Inc, now comprises the Group's US Global Products division.

Subsidiaries with revenue greater than £36M in FY20 were QinetiQ Ltd, QinetiQ Pty Ltd, QinetiQ Inc and Foster Miller Inc.

Our business

QinetiQ is a science and engineering company operating primarily in the defence, security and critical infrastructure markets. We are an information, knowledge and technology based business with more than 3,000 scientists and engineers (our total workforce is nearly 6,800) and a wide array of unique facilities.

We report through two divisions:

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

The UK, US and Australia are our home countries, where we have more than 250 people in-country. They collectively represent 87% of our revenues. Our priority countries for future growth are Canada, Germany and Belgium.

Our customers are predominantly government organisations. Our core business is Test and Evaluation and so does not involve mass production or significant manufacturing. The exception is QinetiQ Target Systems (which produces targets) and our US Global Products division (which principally produces robots and now sensor products following the acquisition of MTEQ). The Group revenue for FY20 was £1072.9M.

Our supply chains

Our suppliers can be divided broadly into two categories,

- those that we use to support our operations (eg infrastructure, Facilities Management Services, IT) and
- those that support the delivery of services and products to our customers (eg engineering and research).

We have approximately 7000 suppliers and most of our spend (approximately 90%) is within our home territories (UK, US and Australia). The goods and services that we procure in the delivery of our business are largely high-end technology or Commercial off-the shelf (COTS) products, or high-end consultancy and research services. QinetiQ has limited dependency on those Tier 1 suppliers which would typically present a higher risk of modern slavery in the supply chain, for example those using an unskilled workforce in construction, catering, or agriculture or to manufacture low tech products and services at high volume. However, as our business grows, we will continue to monitor the overall risk profile of our supply chain.

Our policies addressing slavery and human trafficking

We are committed to responsible and ethical business practice and expect similar standards from our business partners and suppliers. We respect international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Guiding Principles, and the UK Government Modern Slavery Act 2015; and the relevant legislation in all of the territories where we operate and where we procure our goods and services. For example in Australia we are committed to meeting the requirements of the Commonwealth Modern Slavery Act 2018, and this Statement meets the company reporting requirements of that Act. We also support the United Nations Sustainable Development Goals, and in the context of our modern slavery programme Goal 8.7 which aims to end modern slavery and human trafficking. Through our policy and process we seek to anticipate, prevent and mitigate potential negative human rights impacts.

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

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

Human rights issues are embedded in our international business risk management processes, and our trading policy, and we have specific requirements to address the risk of modern slavery and human trafficking in our procurement policy and processes. Our Supplier Code of Conduct defines the minimum standards that our suppliers are required to adhere to when they deliver products or services to QinetiQ (which may also involve their own suppliers). Our policies and codes provide guidance to our employees, suppliers and partners to support the prevention of modern slavery and human trafficking from taking place in our business or in our supply chains.

We monitor the application of our policies and procedures through our business assurance processes. We believe that this embedded approach to responding to modern slavery and human rights issues is effective.

We are committed to a culture where people are confident to speak up and we communicate this to employees via our Code of Conduct, our business ethics training and wider awareness communications. We have an ethics email advice service, a network of Ethics Champions and an independent confidential reporting line for employees and third parties to report any concerns, including in relation to modern slavery. Details of this are covered in our Code of Conduct. During FY20 we have had no issues raised about modern slavery via these routes.

Our due diligence, risk management and supply chain management

We undertake modern slavery risk assessments at an enterprise level across our business, and particularly in relation to our supply chains. We have in place a pre-qualification process for new suppliers, and our sub-contract terms and conditions explicitly require our suppliers to be legally compliant with modern slavery and human trafficking legislation. Suppliers to the QinetiQ Group are screened for adverse media and previous prosecutions in relation to human rights abuse.

We are an active participant of the Joint Supply Chain Accreditation Register (JOSCAR) which in collaboration with other defence and security primes helps us mitigate modern slavery risk. In FY20 we started to explore the role of JOSCAR beyond the UK. Additionally, we have completed checks of all labour hire service providers within our Australian supply chain to confirm compliance with various State Labour Hire Licensing Acts, with the objective of protecting workers from being exploited by labour hire service providers. Ongoing monitoring ensures that an alert is raised should a previously screened company be associated with any form of prosecution of which human rights is a part. This may then be assessed and escalated appropriately through our internal processes.

Our supplier screening is ongoing and is part of a wider human rights and governance compliance activity. We undertake a risk review of Tier 1 suppliers, based on country and sector risk. For the elements of our supply chain we consider to have a potentially higher risk of modern slavery and human trafficking occurring, we undertake appropriate due diligence to understand the risk further. Currently less than 1% of our Tier 1 suppliers are located in high risk countries. We are increasing our engagement with key Tier 1 suppliers to understand how they manage risk further down the supply chain.

Training and raising awareness

QinetiQ recognises that the knowledge, responsibility and conduct of our people play an important role in mitigating the risk of slavery and human trafficking within our organisation and supply chains. To help our employees identify and address modern slavery risk in our business we have provided modern slavery training and briefings for employees with roles in Supply Chain and Procurement, Human Resources and Governance. We have also included modern slavery in our annual business ethics training, which is a mandatory requirement for all employees and our Board, to ensure our employees are aware of the issue and understand their role in helping to prevent modern slavery. We have introduced a new 'Modern Slavery Resource Hub' on our intranet to give our employees and those in key roles access to the latest information and resources. We have also undertaken awareness communications for employees.

Stakeholder Engagement

We recognise that learning from, and collaboration with, others will strengthen our approach to Modern Slavery. We actively participate in our trade body (ADS) Business Ethics Network, where we are able to share best practice on ethical and human rights issues. Building on an event which we held the previous year, in FY20 we ran an awareness session on modern slavery with some of our UK supply chain as part of our supplier collaboration programme, which was well received. We will look to do further supplier engagement and awareness in the coming year.

Within our company, addressing Modern Slavery requires collaboration across functions and business units, with key roles from Corporate Responsibility, Supply Chain and Procurement, Legal & Governance, International Operations, Business Services and HR involved. We also engage across our Group to ensure that our subsidiaries are involved in our programme including being consulted in the writing of this statement.

Assessment of and the effectiveness of our approach

Our approach has been to ensure we have an effective policy and process, to engage with our supply chain and to raise awareness of the issue of modern slavery with our people, via training and communications. Modern slavery is a complex and evolving issue, and we regularly review progress, learn from best practice and deliver improvements so that we continue to improve our approach.

As a further step in FY21 we will be introducing a question on Modern Slavery for each business unit and department in our self-certification governance process.

The COVID-19 pandemic took hold in our home territories in the latter months of our FY20. It is likely that the impact of the pandemic may exacerbate the risks of modern slavery occurring in some sectors. As the situation evolves, we will monitor and where necessary consider any further mitigations we may need to implement.

In FY20 we:

- Reviewed and updated our policy, to ensure that we meet the Group and other home territory legal requirements, particularly focusing on recent legal changes in Australia.
- Engaged with key Tier 1 suppliers to raise awareness of Modern Slavery and to share best practice.
- Continued to raise awareness (via communications and new intranet web resource) and training for our people; with modern slavery included in our annual business ethics training as well as more detailed training for key roles. We sought feedback on the effectiveness of the training and created some complementary resources.
- Continued to screen new suppliers and provide additional scrutiny on high-risk suppliers.
- Hosted a Eradicating Modern Slavery industry event to promote sharing of best practice and increasing the awareness of Modern Slavery with the UK supply chain.
- Participation in the ADS Business Ethics Network to share industry best practice and collective issues.

Next Steps

During FY21 we plan to:

- Work with our newly acquired subsidiaries in the US and UK to align our policies and processes.
- Roll out and embed our 3-year Action plan to develop our approach to Supply Chain Management, Training and Capacity Building, Due Diligence and Risk Assessment and Stakeholder Engagement.
- Better understand the risks resulting from COVID-19 and where necessary adapt our approach.
- In 2019 UK Government has issued a modern slavery risk assessment and we will use this to inform our approach.
- Continue to provide training for those in key roles.
- Continue to engage with suppliers.
- Continue to screen suppliers.
- As part of our Action plan we will develop longer term KPIs to measure the effectiveness of our policies and processes.
- Continue to monitor the development of new regulations or guidance relating to prevention of modern slavery and human trafficking in the territories where we operate, to ensure that our policies and processes remain current and compliant.

Responsibility

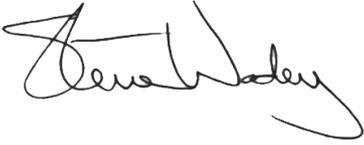
Strong governance underpins responsible business practice and the QinetiQ Group Risk & CSR Committee (comprising our Board) meets regularly and receives briefings on business ethics and modern slavery.

The Modern Slavery programme is delivered via collaboration across key functional roles, (Supply Chain and Procurement, Legal & Governance, Human Resources, Business Services and Corporate Responsibility teams). Our Business Ethics Committee, chaired by our Chief Ethics Officer (Group Company Secretary & General Counsel) has oversight of our human rights approach, including Modern Slavery.

Modern Slavery and Human Trafficking Statement

The Board of directors of QinetiQ Group plc approved this statement at its Board meeting, dated 15 July 2020.

Signed:

A handwritten signature in black ink, appearing to read "David Waley". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chief Executive Officer, QinetiQ Group plc

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