

Section 172 (1) statement

We are committed to our responsibilities to promote the success of the Company under section 172 of the 2006 Companies Act.

The Board of Directors confirms that it has acted to promote the long-term success of the Company for the benefit of the shareholders, having due regard to matters set out in section 172(1)(a) to (f) of the Companies Act 2006:

s. 172(1) matter	Relevant disclosures
(a) The likely consequences of any decision in the long term	Company purpose – page 16 Business model – pages 14 to 15 Strategy – page 17 Dividend policy – page 46 Longer-term viability statement – page 83
(b) The interests of the Company's employees	Improving the safety, health and wellbeing of our people – page 67 Engaging with our people – page 69 Developing our people – page 70 Rewarding and recognising our people – page 71 Non-financial information statement – page 88 Board employee engagement – page 106 Diversity and inclusion – page 68
(c) The need to foster the Company's business relationships with suppliers, customers and others	Business ethics – doing business the right way – page 74 Anti-bribery and corruption – page 74 Human rights – page 74 Modern slavery – page 74 Supply chains – page 74 Supplier stakeholder management – page 26 Sanctions, embargos and compliance – page 74
(d) The impact of the Company's operations on the community and the environment	Responding to climate change – pages 54 to 65 Greenhouse gas emissions and energy management – page 56 Investing in our community – page 26 TCFD disclosures – page 61
(e) The desirability of the Company maintaining a reputation for high standards of business conduct	Stakeholder propositions – pages 26 to 27 Our sustainable business model – pages 12 to 13 Our values – page 16 Our culture – page 16 Our approach to responsible and sustainable business – page 60 Internal controls – page 129
(f) The need to act fairly between members of the Company	Investor engagement – page 107 The Annual General Meeting – page 94

Typically in large and complex companies such as QinetiQ, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the Company. The Board recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of controls continue to be robust. The main methods used by the Directors to perform their duties include:

- An annual strategy meeting which assesses the long-term sustainable success of the Group and our impact on our investors, customers, employees, and local communities.
- Board risk management procedures that identify the potential consequences of decisions in the short, medium and long term, so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders (see [pages 75 to 83](#)).
- The Board setting the Group's purpose, values and strategy, ensuring it is aligned with our culture (see [page 104](#)).
- Direct and indirect stakeholder engagement (see [pages 56 and 105](#)).
- External assurance, received through audits, stakeholder surveys and reports from brokers and other advisers.
- Specific training for our Directors and senior managers (see [page 119](#)).
- Regularly scheduled Board presentations and reports, for example: customer engagement, risk register reports, health and safety reports, confidential reporting, defence process review, dividend policy, people and culture strategy, and operational business updates.
- Corporate responsibility oversight, including business ethics, anti-bribery and corruption, human rights, modern slavery, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management, investing in our local communities and our commitment to the armed forces.
- Formal consideration of any these factors which are relevant to any major decisions taken by the Board throughout the year.
- Many of these topics are regularly reviewed through the Board risk management process and the Audit Committee, Risk and Security Committee and Remuneration Committee.

Our Group Chair, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure that the requirements of section 172 are always met and considered through a combination of the following:

- Board papers which ensure that stakeholder factors are addressed where judged relevant.
- Standing agenda matters presented at each Board meeting: for example, the CEO presents updates on the financial overview, strategic progress, investor relations, business development, and operational progress. The Company Secretary also presents at each Board meeting detailing relevant corporate governance and compliance matters.
- A rolling agenda of matters to be considered by the Board throughout the year, including a two-day strategy review, which considers the purpose and strategy for the Group, supported by a budget for the following year and a medium-term (five-year) financial plan. Agenda items for the following year are set, based on the discussions held and decisions taken by the Board throughout the year.
- A consistent approach to minute-taking with details as to when section 172 factors are being considered.

Board activity and principal decisions in FY23

The principal decisions taken by the Board in FY23 are detailed on [pages 101 to 102](#). These decisions cover a variety of topics, including our ESG strategy; Group portfolio optimisation decisions and investment decisions. Due to the nature of these decisions, a variety of stakeholders are considered as part of the Board's discussions.