

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

QINETIQ GROUP

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	6/12
3. Support to Employees	7	9/14
4. Conflict of Interest	4	3/8
5. Customer Engagement	6	5/12
6. Supply Chain Management	5	4/10
7. Agents, Intermediaries and Joint Ventures	10	13/20
8. Offsets	4	2/8
9. High Risk Markets	4	7/8
10. State-Owned Enterprises	0	N/A
TOTAL		57/100
BAND		C

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
<p>The company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's leadership.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.1] Message from Steve Wadey, Chief Executive Officer As a business it is important for us to focus on what we need to achieve to be successful. Our vision is to be the chosen partner around the world for mission critical solutions, innovating for our customers' advantage. Our strategy, which focuses on UK Test & Evaluation, Innovation and International, ensures we have a clear remit on how to grow our company.</p> <p>Being clear about what we do is critical. Just as important is how we do it: the behaviours we expect of each other to ensure we operate to the highest ethical standards. Our values – Integrity, Collaboration, Performance – must always be at the heart of what we do.</p> <p>This Code of Conduct explains the values and standards we expect of ourselves and those around us. It helps us to make the right decisions; whether serving our customers, winning new business, recruiting the right people or working together.</p> <p>It is our guide on how we are expected to behave, every day, without exception; it applies equally to me, our leaders, managers and all employees. Failing to operate with integrity, by paying bribes, cheating customers, or being negligent of safety or environmental obligations, can cause long-term damage to a business and its reputation; we must not be one of those companies.</p> <p>There will be times when doing the right thing means we don't win an opportunity. Work that compromises our values or standards is not work we want to do. Have confidence that I will support you 100% if you do the right thing and walk away from this type of work; you are protecting QinetiQ.</p> <p>Doing the right thing also means speaking up when you think something is wrong and is compromising our standards. Please talk to your manager, Human Resources, or our Ethics Champions or Chief Ethics Officer. If you don't feel comfortable doing so, you can call our external confidential reporting line. If you raise a concern in good faith, retaliation will not be tolerated.</p> <p>The trust our stakeholders and customers have in us has been hard earned. It's up to all of us to ensure we continue to build a company of which we can all be proud.</p> <p>Steve Wadey, Chief Executive Officer</p> <p>[p.2] 2.1</p> <p>The QinetiQ Code of Conduct states our zero tolerance approach to all forms of bribery and corruption. We do not offer, promise, give or receive bribes or any other form of inducement, regardless of value, for any purpose, whether directly or through a third party.</p>

2.2

Bribery is a criminal offence and corrupt acts expose us and our employees to a risk of prosecution, fines and imprisonment as well as adversely impacting our corporate reputation.

[...]

4. What is Bribery and Corruption?

4.1 Bribery

Bribery is the offer, promise, giving, demanding or accepting of an advantage as an inducement for an action which is illegal, unethical, a breach of trust or the improper performance of a contract.

Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly.

A bribe can be anything of value including:

- the offer or receipt of any kickback,
- gifts,
- hospitality,
- rewards,
- favours or other advantages.

It does not matter whether the bribe is given or received directly or through a third party or whether it is for the benefit of the recipient or some other person.

4.2 Corruption

Corruption is the misuse of office or power for personal gain.

[p.3] 7. Key Principles

7.1

All business transactions must be free from any kind of bribery or corruption.

7.2

You must not give, offer, solicit, extort, request or accept, directly or indirectly, anything that is, or could reasonably be considered as a bribe.

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>The company publishes an explicit anti-bribery and corruption policy, which makes specific reference to the prohibition of bribery, payments to public officials, commercial bribery, and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) above, regardless of their seniority.</p>
Evidence
<p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.2] 2.1</p> <p>The QinetiQ Code of Conduct states our zero tolerance approach to all forms of bribery and corruption. We do not offer, promise, give or receive bribes or any other form of inducement, regardless of value, for any purpose, whether directly or through a third party.</p> <p>2.2 Bribery is a criminal offence and corrupt acts expose us and our employees to a risk of prosecution, fines and imprisonment as well as adversely impacting our corporate reputation.</p> <p>2.3 Any breach of this 'Group Procedure' will be considered to be gross misconduct and is likely to result in disciplinary action which could lead to dismissal.</p> <p>3. Who does this 'Group Procedure' apply to?</p> <p>3.1 This 'Group Procedure' is applicable to all employees (including officers and directors) of QinetiQ, its subsidiaries and businesses/ companies controlled by QinetiQ Group.</p> <p>4. What is Bribery and Corruption?</p> <p>4.1 Bribery</p> <p>Bribery is the offer, promise, giving, demanding or accepting of an advantage as an inducement for an action which is illegal, unethical, a breach of trust or the improper performance of a contract. Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly.</p> <p>A bribe can be anything of value including:</p> <ul style="list-style-type: none"> – the offer or receipt of any kickback, – gifts, – hospitality, – rewards, – favours or other advantages. <p>It does not matter whether the bribe is given or received directly or through a third party or whether it is for the benefit of the recipient or some other person.</p>

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[p.3] 7.7

Facilitation payments or “kick-backs” are a form of bribery and employees must not make them or allow others to make them on our behalf, irrespective of whether they may be permitted under local law. The only exception to this is in the extreme case of duress in accordance with the Facilitation Payments ‘Group Procedure’.

[1] Business ethics (webpage)

Accessed 19/07/2019

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

Anti-bribery and Corruption

We are committed to upholding the highest ethical standards and operate a zero tolerance approach to bribery and corruption in any form; acting professionally, fairly and with integrity in all our business dealings and relationships.

We:

Do not permit the making of any inappropriate promises, gifts or hospitality for any purpose, including to achieve an unfair advantage or benefit,

Resist any efforts made by others to unfairly affect our business decisions in order to achieve an unfair advantage or benefit,

Have procedures governing the approval, appointment and management of commercial intermediaries, which are applied in all countries and sectors where we use such intermediaries,

Support our chosen charities, but are careful to manage potential conflicts of interest, and recognise that some charitable donations could constitute a bribe if, inadvertently or otherwise, they procured an unfair advantage,

Do not make facilitation payments nor do we permit others to make them on our behalf,

Expect our business partners (including Joint Ventures) and commercial intermediaries to implement and enforce effective systems to counter bribery and corruption. It is recognised that remuneration of agents is a risk factor in bribery and corruption and these expectations are included in our contract terms and include rights of audit and termination in the event of a breach.

Regularly assess the anti-bribery and corruption risks associated with the activities, geographical location and sectors of our business operations to continuously improve our anti-bribery and corruption compliance programme.

[3] Code of Conduct

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf>

[p.28] Anti-bribery and corruption

We operate a zero tolerance approach to bribery and corruption in any form; we do not offer, promise, give or receive bribes or any other form of inducement, regardless of value, for any purpose, whether directly or through a

third party. We don't make facilitation payments, another form of bribery, nor allow third parties to do so on our behalf. The definitions are simple:

- A bribe includes any payment, benefit or gift that's offered, promised, given or received with the purpose of improperly influencing an outcome or decision to gain a business advantage
- A payment may not necessarily be of a large value and may not be in the form of cash; it could be lavish hospitality

Facilitation payments are usually small unofficial payments to government officials to speed up a routine action we are legally entitled to, for example a customs official requesting a payment or gift to release imported goods or to process a visa application faster.

[p.29] The safety of our people is paramount and we should never refuse to make a payment if we are faced with a threat of or fear of violence or loss of liberty. In this situation, where the payment is clearly unavoidable, we should make the payment and report it as soon as practicable to your manager.

Bribery is unlawful and involvement of any employee in giving, offering, requesting or accepting bribes constitutes gross misconduct and would result in dismissal and potentially criminal prosecution and fines. You must report any instances of suspected bribery or fraud immediately.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>There is evidence that a designated board committee, the Risk and CSR Committee, is ultimately responsible for the oversight of the company's anti-bribery and corruption programme. This includes reviewing reports from management on the programme's performance, along with the results of internal audits, and has authority to ensure that required changes are made.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>Strong governance underpins responsible business practice and the Group has Board and Executive level commitment to corporate responsibility through the Group Risk & CSR Committee. The committee meets regularly and receives briefings on all material risk and CSR issues, including business ethics.</p> <p>[6] Risk and CSR committee (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>5.1 The Risk Committee's primary functions are:</p> <ul style="list-style-type: none"> 5.1.1 To oversee the sound operation of the risk management systems; 5.1.2 To monitor risk exposures; 5.1.3 To consider emerging and unknown risks; 5.1.4 To monitor culture and risk appetite; 5.1.5 To monitor QinetiQ's compliance with the compliance requirements (agreed with the MOD), the QinetiQ generic conflict of interest policy, and the proxy regime; and 5.1.6 To oversee QinetiQ's initiatives to assess and take responsibility for its effects on social wellbeing, i.e. corporate social responsibility (CSR). <p>5.2 The Committee reports on its activities and makes recommendations to the Board.</p> <p>5.3 The Committee is authorised by the Board to investigate any activity within its terms of reference, including any areas of concern as to ethical impropriety. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.</p> <p>[...]</p> <p>6.1 To oversee the sound operation of the risk management systems. This will involve;</p> <ul style="list-style-type: none"> • Review of risk identification, assessment and reporting processes; • Review of the effectiveness of the risk management or control systems and of the quality of the assurance over such controls. (This excludes controls relating to financial reporting risks); • Reviewing reports from the Head of Internal Audit on the application of risk management systems and monitoring management implementation of agreed actions;

- Overseeing the learning of lessons from past problems or successes and the system for incorporating such lessons into risk management practices;
- Oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
- In conjunction with the Audit Committee, review the Company's capability to identify and manage new risk types;
- Consideration of the prevailing risk and control culture and risk appetite, including periodically forming a view of attitudes to risk and control; and monitoring the effective application of QinetiQ Group's business ethics principles including compliance with the requirements of the Bribery Act;
- Whilst recognising the requirements of the Proxy Regime, meet its oversight obligations by continuing to determine how risk management and internal control are applied in any US business covered by such a regime, in part by maintaining an active dialogue with the Proxy Board on the approach being taken to securing and monitoring risk management effectiveness;
- Review the Company's procedures for the prevention of bribery; and
- Review and approval, together with the Audit Committee, of the Company's statements on internal controls and risk management in the Annual Report.

6.2 To monitor risk exposures

The Committee will:

- Review reports on significant risk exposures (both "gross" i.e. before mitigation and "net" i.e. post-mitigation); this will include a review of the top-level risk register and of the approach to formulating the full risk register;
- Consider changes and trends in risk exposures, including consideration of external factors influencing the Company's risk profile;
- Consider how far the estimated risk exposures are being mitigated to the required level in line with the agreed risk strategy;
- Assess periodically, from a risk and internal control perspective, the Group Business Model and strategy, to check that key strategic and financial risks are reflected in the risk strategy and risk register (including consideration of stress-testing or scenario analysis undertaken by management);
- Periodically assess the alignment between the Group's strategy, its risk strategy and the prevailing risk profile and report its assessment to the Board; in doing so the Committee shall consider the inter-connectedness of risks;
- Review the steps Management are proposing to mitigate existing, changing or emerging risks;
- Conduct an initial review of management recommendations to the Board relating to risk strategy and the level of investment in mitigation; and
- Review and approve the Company's statements on risk exposures in the Annual Report.

[...]

6.3.3 In addition, the Committee shall in relation to all businesses within the Group, wherever situated:

- Monitor the effective application of the QinetiQ Group's business ethics principles;

[...]

8.0 External audit

8.1 The Committee Chairman should attend the annual general meeting of the Company to respond to any queries from shareholders on the Committee's activities.

9.0 Reporting Responsibilities

9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report.

[2] Anti-bribery and Corruption

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf>

[p.4] 11.1

Our Board of Directors have overall responsibility for ensuring that our ABC related Policy and 'Group Procedures' comply with our legal and ethical obligations, and that all those under our control comply with it.

11.2

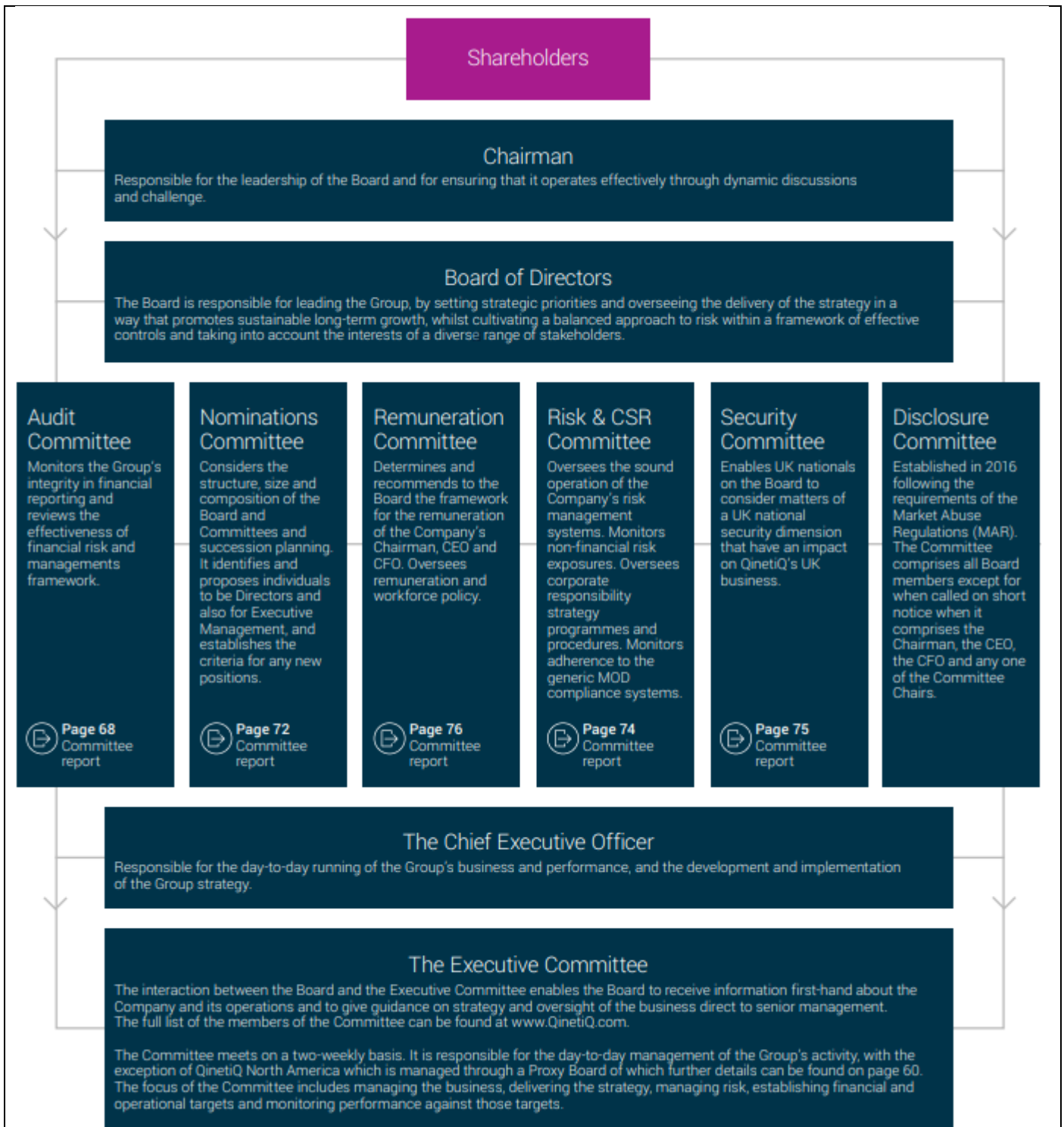
The Chief Executive Officer has primary responsibility for the application of ABC related Policy and 'Group Procedures', and for assuring their use and effectiveness.

[5] Annual report and Accounts 2019

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.58]



[p.75] Report of the Risk and CSR Committee

Good governance supporting the Group's risk management activities

During the year the Committee met on four occasions. All the members of the Board attend the Committee meetings as a Committee member. In addition, the Group Director, Safety and Governance and the Group Head of Internal Audit are invited to attend each meeting. Other senior staff members, such as the Group Head of Enterprise Risk Management and the Group Head of International Governance, are also invited to attend when required. The Group

Director, Safety and Governance presents to the Committee twice each year. 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' 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 reporting is incorporated into the management of the business through the Executive Committee and monthly performance reviews feeds into the Group strategy at the Executive and Board level.

Key activities undertaken by the Committee during the year

- | | |
|---------------------------------|--|
| Risk management | <ul style="list-style-type: none"> - Review risk management structures and reporting lines (i.e. effectiveness of control environment) - Effectiveness of risk reporting processes - Review effectiveness of risk identification processes - Consideration of external auditor recommendations relating to risk management |
| Risk monitoring | <ul style="list-style-type: none"> - Review of risk register and key exposures - Health, Safety & Environmental Performance - Internal Audit reports - International business governance - Anti-bribery and corruption - Cyber & Security |
| Corporate responsibility | <ul style="list-style-type: none"> - Modern Slavery Act - Corporate Responsibility Programme and focus - Ethics training - People (culture, recruitment, retention and equality, diversity & inclusion) |
| Deep-dives | <ul style="list-style-type: none"> - Diving – QinetiQ Haslar Marine Technology Park - Aerial targets at QinetiQ Hebrides and Aberporth Ranges - Non-ionising radiation – QinetiQ Portsmouth Technology Park - Group property high hazard maintenance – QinetiQ Farnborough |

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
<p>There is evidence that a senior executive at the company, the Chief Ethics Officer and Company Secretary, has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. This individual has a direct reporting line to the board, and there is evidence of reporting and feedback activities between this person and the board, such as attendance or participation at board-level committees. In addition, the company states that its CEO has primary responsibility for the application of the anti-bribery and corruption programme, and that the Chief Ethics Officer reports to the CEO.</p>
Evidence
<p>[5] Annual Report and Accounts 2019 (Document) Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.41] Our ethics programme is overseen by our Business Ethics Committee, chaired by our Chief Ethics Officer (the Company Secretary).</p> <p>[...]</p> <p>Anti-bribery and corruption Bribery is a serious issue and we recognise its potential risk to our business. We have a zero-tolerance approach to bribery and corruption, with robust policy and procedures in place, overseen by our Chief Ethics Officer.</p> <p>[1] Business ethics (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>Our anti-bribery programmes are overseen by our Chief Ethics Officers who are senior executives. We adopt a zero tolerance approach to bribery and corruption.</p> <p>[2] Anti-bribery and Corruption (Document) Accessed 18/05/2020 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.4] 11.1 Our Board of Directors have overall responsibility for ensuring that our ABC procedures comply with our legal and ethical obligations, and that all those under our control comply with it. 11.2 The Chief Executive Officer has primary responsibility for the application of ABC procedures, and for assuring their use and effectiveness. 11.3 The Chief Ethics Officer provides oversight of the ABC programme and is responsible for reporting on the status of the programme to the Chief Executive Officer and the Risk&CSR Committee on a quarterly basis.</p> <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.17] Getting in touch: seeking advice and speaking up</p> <p>The following strategic roles have also been established:</p> <ul style="list-style-type: none"> – QinetiQ Group Chief Ethics Officer, Group General Counsel, reporting to the Board of Directors

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>There is evidence that the company has a formal bribery and corruption risk assessment procedure that is used to improve its anti-corruption and bribery programme. This process is overseen by the Risk and CSR Committee which reports on its activities to the board. The committee reviews the company's statements on risk exposures which are included in the Annual Report and it is stated that the bribery and corruption risk assessment is conducted at least annually. It is clear that the findings of risk assessments are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</p>
Evidence
<p>[2] Anti-bribery and Corruption (Document) Accessed 18/05/2020 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf [p.3] 9.1 In accordance with its annual audit plans, Corporate Internal Audit will periodically assess or audit internal controls across the QinetiQ Group to assure their effectiveness in countering bribery and corruption and compliance with ABC procedures and anticorruption laws. Any resulting recommendations to address issues will be assigned to a business owner and where relevant will result in changes to our ABC programme.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>We:</p> <p>[...]</p> <p>Continuously assess the anti-bribery and corruption risks associated with the activities, geographical location and sectors of our business operations to continuously improve our anti-bribery and corruption compliance programme, which includes our policies, procedures and training. Principal risks, including those in respect of anti-bribery and corruption are monitored by the Risk & CSR Committee and are reviewed at least annually. Such risks are identified in a risk register, assigned to an owner with responsibility for assessing and managing the risk.</p> <p>[6] Risk and CSR committee (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>5.2 The Committee reports on its activities and makes recommendations to the Board.</p> <p>5.3 The Committee is authorised by the Board to investigate any activity within its terms of reference, including any areas of concern as to ethical impropriety. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.</p> <p>[...]</p> <p>6.0 Duties</p> <p>6.1 To oversee the sound operation of the risk management systems. This will involve;</p> <ul style="list-style-type: none"> • Review of risk identification, assessment and reporting processes;

- Review of the effectiveness of the risk management or control systems and of the quality of the assurance over such controls. (This excludes controls relating to financial reporting risks);
- Reviewing reports from the Head of Internal Audit on the application of risk management systems and monitoring management implementation of agreed actions;
- Overseeing the learning of lessons from past problems or successes and the system for incorporating such lessons into risk management practices;
- Oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
- In conjunction with the Audit Committee, review the Company's capability to identify and manage new risk types;
- Consideration of the prevailing risk and control culture and risk appetite, including periodically forming a view of attitudes to risk and control; and monitoring the effective application of QinetiQ Group's business ethics principles including compliance with the requirements of the Bribery Act;
- Whilst recognising the requirements of the Proxy Regime, meet its oversight obligations by continuing to determine how risk management and internal control are applied in any US business covered by such a regime, in part by maintaining an active dialogue with the Proxy Board on the approach being taken to securing and monitoring risk management effectiveness;
- Review the Company's procedures for the prevention of bribery; and
- Review and approval, together with the Audit Committee, of the Company's statements on internal controls and risk management in the Annual Report.

6.2 To monitor risk exposures

The Committee will:

- Review reports on significant risk exposures (both "gross" i.e. before mitigation and "net" i.e. post-mitigation); this will include a review of the top-level risk register and of the approach to formulating the full risk register;
- Consider changes and trends in risk exposures, including consideration of external factors influencing the Company's risk profile;
- Consider how far the estimated risk exposures are being mitigated to the required level in line with the agreed risk strategy;
- Assess periodically, from a risk and internal control perspective, the Group Business Model and strategy, to check that key strategic and financial risks are reflected in the risk strategy and risk register (including consideration of stress-testing or scenario analysis undertaken by management);
- Periodically assess the alignment between the Group's strategy, its risk strategy and the prevailing risk profile and report its assessment to the Board; in doing so the Committee shall consider the inter-connectedness of risks;
- Review the steps Management are proposing to mitigate existing, changing or emerging risks;
- Conduct an initial review of management recommendations to the Board relating to risk strategy and the level of investment in mitigation; and
- Review and approve the Company's statements on risk exposures in the Annual Report.

9.0 Reporting Responsibilities

[...]

9.3 The Committee shall produce a report of its activities and the Company’s risk management and strategy to be included in the Company’s annual report.

[5] Annual Report and Accounts 2019

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.32]

Risk management and assurance activity

Three lines of defence model

Our risk management and assurance activity is formed of three lines of defence, each reporting to the Executive Committee, to the Board’s Audit Committee in respect of financial risks, and the Board’s Risk & CSR Committee in respect of non-financial risks. The first line of defence is performed by the businesses, through managing activities in accordance with established operating principles; the second line is performed by the oversight functions, including the enterprise risk management and safety and governance teams; and the third line is performed by the internal audit team and external providers.



QinetiQ risk appetite	Commercial		
	Cautious	Balanced	Eager
<p>QinetiQ risk appetite The Board identifies and reviews its tolerance of risk by establishing a clear risk appetite and setting appropriate delegations of authority to the executive and senior leaders. We focus on those critical risk areas necessary to achieve our strategic goals. Risk appetite is articulated by defining three categories which balance scrutiny and mitigation activity against likely benefit:</p> <p>Cautious Avoidance of uncertainty – with negligible or low residual risk. Applying innovation prudently where the risks are fully understood.</p> <p>Balanced Preference for delivery options that have a low or moderate degree of residual risk. Applying innovation only where successful delivery is likely.</p> <p>Eager Willing to consider all delivery options despite greater inherent risk and eager to be innovative.</p>	Opportunities relating to increased market share where we have proven delivery into existing markets		
	Opportunities that translate proven delivery into new markets		
	Opportunities that translate new capability or delivery into existing customers		
	Opportunities that involve new capability or delivery into new markets		
<p>Operational</p>	Operational delivery		
	Compliance with legal and regulatory requirements		

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
2
Comments
<p>The company states that its anti-bribery and corruption programme is subject to a regular assurance process to ensure the programme is consistent with the business risks facing the company. This explicitly includes provisions for continuous improvement, supplemented by periodic internal audits. The Group Head of Internal Audit reports regularly to the board-level Risk and CSR Committee on the operation of internal control and risk management processes which has ownership for planned updates and improvements to the anti-bribery and corruption programme.</p>
Evidence
<p>[2] Anti-bribery and Corruption (Document) Accessed 18/05/2020 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf <p>[p.3] Monitoring and Review 9.1 In accordance with its annual audit plans, Corporate Internal Audit will periodically assess or audit internal controls across the QinetiQ Group to assure their effectiveness in countering bribery and corruption and compliance with ABC procedures and anticorruption laws. Any resulting recommendations to address issues will be assigned to a business owner and where relevant will result in changes to our ABC programme.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>We: [...]</p> <p>Continuously assess the anti-bribery and corruption risks associated with the activities, geographical location and sectors of our business operations to continuously improve our anti-bribery and corruption compliance programme, which includes our policies, procedures and training. Principal risks, including those in respect of anti-bribery and corruption are monitored by the Risk & CSR Committee and are reviewed at least annually. Such risks are identified in a risk register, assigned to an owner with responsibility for assessing and managing the risk.</p> <p>[6] Risk and CSR committee (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>6.1 To oversee the sound operation of the risk management systems. This will involve; [...]</p> <ul style="list-style-type: none"> • Reviewing reports from the Head of Internal Audit on the application of risk management systems and monitoring management implementation of agreed actions; • Overseeing the learning of lessons from past problems or successes and the system for incorporating such lessons into risk management practices; <p>[...]</p> <ul style="list-style-type: none"> • Review and approval, together with the Audit Committee, of the Company's statements on internal controls and risk management in the Annual Report. <p>[...]</p> </p>

8.0 External audit

8.1 The Committee Chairman should attend the annual general meeting of the Company to respond to any queries from shareholders on the Committee's activities.

9.0 Reporting Responsibilities

9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report.

[5] Annual Report and Accounts 2019

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.68] Annual report of the Audit Committee

[...]

[p.69] Internal audit

The Group Head of Internal Audit reported on four occasions to the Committee on the operation of internal control and risk management processes. The internal audit function's risk-based annual plan was presented, and formally reviewed twice during the year by the Committee to provide assurance that resources were adequate and directed towards key risk areas. The annual plan is structured to ensure that all significant financial and non-financial risks are reviewed within a rolling three-year period. The audits cover financial systems, programmes and projects, as well as reviews of specific risks identified through the Group's risk management processes. During the year the internal audit function audited the controls in place over a range of key functions across the Group in line with the risk based plan. Particular areas of focus were the Company's joint ventures, business continuity, and expenses.

In addition, a Board Assurance Map ("BAM") process was commenced during the year. The BAM is based on the three lines of defence framework (set out on page 32) and addresses the following:

- It identifies and documents relevant compliance and assurance providers across the organisation
- It exposes potential gaps in compliance assurance coverage as well as any duplication of effort and identifies whether improved assurance coverage can be achieved by leveraging more of the second defence activities currently being undertaken
- It enables an objective review through each line of defence to support senior management and the Board to establish an appropriate level of assurance of a system of internal controls in the Group

Internal audit activity in the year continued to indicate that, overall, an effective control environment was in place, with an open culture of continuous improvement being demonstrated by regular management requests for internal audits to be undertaken.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>The company publicly commits to investigating incidents. The Risk and CSR Committee, which is composed of three non-executive directors, has a mandate to conduct investigations into ethical impropriety, which can be understood to include bribery and corruption. The Audit Committee receives a summary report on issues raised through the whistleblower system and major findings of internal investigations on a regular basis. There is evidence that the company's procedure covers the whole process from receipt to final outcome, and there is some evidence regarding how each investigation is documented. The company commits to informing whistleblowers of the outcome of the investigation, if they so wish.</p> <p>However, it is not clear whether all investigations are handled independently, and it is not clear whether the company commits to establishing root causes, putting in place remediation plans as a result of the findings of its investigations.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.18] All confidential reporting is managed strictly in line with our Confidential Reporting Group procedure (which is on the Operating Framework). The process is reviewed regularly by our Board Audit Committee.</p> <p>[p.20] Getting back to you</p> <p>All contact with the Group Ethics Officer, QNA Office of Corporate Ethics, ethics email helpline, an Ethics Champion or the externally provided confidential reporting system will receive a prompt response. If your concern requires an investigation, status reports may be provided, and people wanting to remain anonymous are given a tracking number to follow progress.</p> <p>[6] Risk and CSR Committee (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>1.0 Membership</p> <p>1.1 The members of the Committee shall be at least three non-executive Directors. The Chairman of the Committee shall be appointed by the Board. The Chairman of the Committee shall also be a member of the Audit Committee.</p> <p>[...]</p> <p>5.3 The Committee is authorised by the Board to investigate any activity within its terms of reference, including any areas of concern as to ethical impropriety. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.</p> <p>[7] Terms of Reference for the Audit Committee Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Governance/Terms-of-reference-for-the-Audit-Committee</p> <p>Duties</p> <p>The duties of the Committee shall be to (in relation to each main area of responsibility):</p>

[...]

- Review a summary report on issues raised through the whistleblower system and consider the major findings of internal investigations and management's response;
- Review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
- Consider whether an independent, third party review of process is appropriate;
- Consider other matters as defined by the Board; and
- Report on all of the above to the Board.

[1] Business ethics (webpage)

Accessed 18/05/2020

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

Help and advice

If employees need help or advice, they are advised to talk to their manager first but we also provide ethics email advice services and a confidential reporting line. The contact details of our Group General Counsel are also made available for reporting issues or concerns to. The confidential reporting line is independently run and provides a confidential 24/7 service. We respond to a number of queries through the ethics advice services each year and all communication through the confidential reporting line is investigated. All of this advice is outlined in the Code of Conduct.

Confidential Reporting

The confidential reporting system is available to all employees of QinetiQ Group and externally to third parties, either via the website or phone number. Cases are managed via an externally run confidential reporting system, and there is an option to remain anonymous when reporting. A response is sent to the reporter in all instances, and the system will allow access to view responses even if the report is made anonymously.

Confidential reporting is managed day-to-day by the Group Head of Internal Audit in order to facilitate independent investigations where required. Updates are provided to the Audit Committee and Risk & CSR Committee on the number of cases reported, the topics being raised in the reports, and the status of the investigations. We have policies in place to ensure the quality of investigations, which are reviewed at least annually.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>There is some evidence that the company assures itself of the quality of its internal investigations annually.</p> <p>However, there is no evidence that the company assures itself of the quality of both incident investigations and whistleblowing cases, there is no evidence that staff conducting investigations are properly trained, and it is unclear who is responsible for the handling of complaints about the investigative procedure itself.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf [p.18] All confidential reporting is managed strictly in line with our Confidential Reporting Group procedure</p> <p>[7] Terms of Reference for the Audit Committee https://www.qinetiq.com/About-us/Corporate-Governance/Terms-of-reference-for-the-Audit-Committee Accessed 19/07/2019</p> <p>Duties</p> <p>The duties of the Committee shall be to (in relation to each main area of responsibility):</p> <p>[...]</p> <ul style="list-style-type: none"> • Review a summary report on issues raised through the whistleblower system and consider the major findings of internal investigations and management’s response; • Review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function; • Consider whether an independent, third party review of process is appropriate; • Consider other matters as defined by the Board; and • Report on all of the above to the Board. <p>[6] Risk and CSR Committee (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility 1.0 Membership</p> <p>1.1 The members of the Committee shall be at least three non-executive Directors. The Chairman of the Committee shall be appointed by the Board. The Chairman of the Committee shall also be a member of the Audit Committee.</p> <p>[...]</p> <p>5.3 The Committee is authorised by the Board to investigate any activity within its terms of reference, including any areas of concern as to ethical impropriety. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility</p>

Confidential Reporting

The confidential reporting system is available to all employees of QinetiQ Group and externally to third parties, either via the website or phone number. Cases are managed via an externally run confidential reporting system, and there is an option to remain anonymous when reporting. A response is sent to the reporter in all instances, and the system will allow access to view responses even if the report is made anonymously.

Confidential reporting is managed day-to-day by the Group Head of Internal Audit in order to facilitate independent investigations where required. Updates are provided to the Audit Committee and Risk & CSR Committee on the number of cases reported, the topics being raised in the reports, and the status of the investigations. We have policies in place to ensure the quality of investigations, which are reviewed at least annually.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
Comments
The company does not publish any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
Evidence
No evidence found.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
The company does not publish any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
Evidence
No evidence found.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>There is evidence that the company provides training – embedded in a business ethics course – that outlines the principles of the anti-bribery and corruption policy, including the whistleblowing options available to employees. The company provides this training to all employees across the group on an annual basis and in all appropriate languages.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We have a Group Code of Conduct, and all our employees, our leaders and our board receive training in business ethics.</p> <p>[...]</p> <p>Training Annual business ethics training is mandatory for all employees across the Group and for the Board in all appropriate languages (currently English and German). It covers a range of issues such as anti-bribery and corruption, diversity, modern slavery and conflict of interest. The training also includes Information about the Code of Conduct, ethics decision making, how to get advice, and how to report an issue. We monitor the effectiveness of our business ethics communications and training through our on-going internal assurance programme; employee feedback; lessons learned from ethical queries and through face to face dialogue with managers. We also provide more in-depth anti-bribery training for those in higher risk roles,. Employees are also provided with refresher courses to ensure their knowledge is kept up to date. In addition, our values (Integrity, Collaboration and Performance) are formally part of our performance management system and end of year appraisal.</p> <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.4] 10.1</p> <p>Training is an important part of the implementation of our ABC related Policy and ‘Group Procedures’. All employees are required to complete our mandatory ‘Annual Business Ethics’ training module which is accessed via the QinetiQ Learning Zone. More detailed face to face training will be provided to certain groups of employees who are exposed to a higher level of ABC risk.</p> <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.42] Training</p> <p>The Code is supported by annual Business Ethics training, which everyone across the Company needs to complete. This training requires you to confirm that you have read and will abide by the Code.</p>

[5] Annual Report and Accounts 2019

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.41] Our annual business ethics training is mandatory and supports our people in understanding and using the Code of Conduct. The training is also undertaken by our Board and is available for our suppliers and customers. We provide a number of challenging scenarios to help our people know what to do if they were to come across issues such as bribery, fraud, harassment, conflict of interest and modern slavery.

[...]

Anti-bribery training forms part of our mandatory business ethics training for all of our people, and, additionally, we provide face-to-face training for our people in roles with a higher potential exposure to bribery and corruption risks with bi-annual refresher training.

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <p>a) Employees in high risk positions, b) Middle management, c) Board members.</p>
Score
1
Comments
<p>The company states that it provides tailored training on its anti-bribery and corruption programme to employees in high risk positions on a bi-annual basis. Board members receive annual business ethics training.</p> <p>However, it is unclear whether this is tailored and the company does not refer to tailored training for middle management.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We have a Group Code of Conduct, and all our employees, our leaders and our board receive training in business ethics.</p> <p>[...]</p> <p>Training Annual business ethics training is mandatory for all employees across the Group and for the Board in all appropriate languages (currently English and German). It covers a range of issues such as anti-bribery and corruption, diversity, modern slavery and conflict of interest. The training also includes Information about the Code of Conduct, ethics decision making, how to get advice, and how to report an issue. We monitor the effectiveness of our business ethics communications and training through our on-going internal assurance programme; employee feedback; lessons learned from ethical queries and through face to face dialogue with managers. We also provide more in-depth anti-bribery training for those in higher risk roles,. Employees are also provided with refresher courses to ensure their knowledge is kept up to date. In addition, our values (Integrity, Collaboration and Performance) are formally part of our performance management system and end of year appraisal.</p> <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.4] 10.1</p> <p>Training is an important part of the implementation of our ABC related Policy and ‘Group Procedures’. All employees are required to complete our mandatory ‘Annual Business Ethics’ training module which is accessed via the QinetiQ Learning Zone. More detailed face to face training will be provided to certain groups of employees who are exposed to a higher level of ABC risk.</p> <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.42] Training</p> <p>The Code is supported by annual Business Ethics training, which everyone across the Company needs to complete. This training requires you to confirm that you have read and will abide by the Code.</p>

[5] Annual Report and Accounts 2019

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[p.41] Our annual business ethics training is mandatory and supports our people in understanding and using the Code of Conduct. The training is also undertaken by our Board and is available for our suppliers and customers. We provide a number of challenging scenarios to help our people know what to do if they were to come across issues such as bribery, fraud, harassment, conflict of interest and modern slavery.

[...]

Anti-bribery training forms part of our mandatory business ethics training for all of our people, and, additionally, we provide face-to-face training for our people in roles with a higher potential exposure to bribery and corruption risks with bi-annual refresher training.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
1
Comments
<p>There is some evidence that the company reviews its anti-bribery and corruption communications and personnel training programme.</p> <p>However, the measures are too simplistic, the frequency of the assurance is unclear, and there is no evidence that results are used to update specific parts of the company's anti-bribery and corruption communications and training programme.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility Training</p> <p>[...]</p> <p>We monitor the effectiveness of our business ethics communications and training through our on-going internal assurance programme; employee feedback; lessons learned from ethical queries and through face to face dialogue with managers.</p>

Question

3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

Score

0

Comments

There is some evidence that the company incorporates ethical considerations into its approach to incentives, however, the company’s approach to incentives is unclear to the extent that it cannot satisfy the requirements to receive a score of ‘1’.

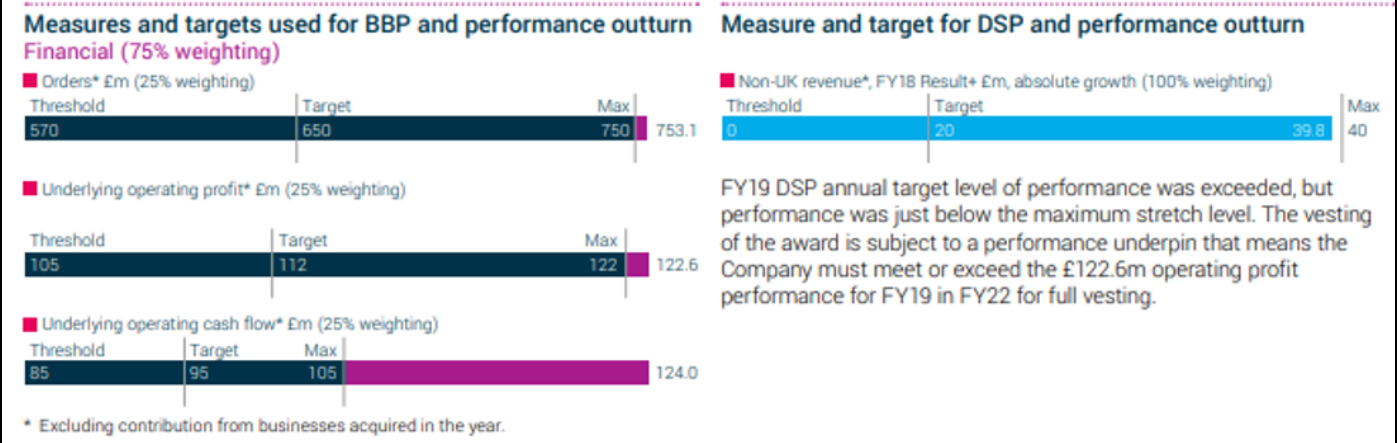
Evidence

[5] Annual Report and Accounts 2019
 Accessed 19/07/2019
<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.78] Performance in 2019

The BBP measures annual performance against three financial KPIs (75% weighting) and other key strategic, operational and personal targets (25% weighting).

[...]



Strategic, operational, personal (25% weighting)
 CEO and CFO 77.5% and 72.5% aggregate achievement respectively as detailed on page 83.

[p.80]

Element	Policy summary description	Maximum opportunity
Base salary	When determining an appropriate level of salary, the Committee considers: <ul style="list-style-type: none"> – general salary rises to employees – remuneration practices within the Group – any change in scope, role and responsibilities – the general performance of the Group – the experience of the relevant Director – the economic environment – when the Committee determines a benchmarking exercise is appropriate, salaries within the ranges paid by the companies in the comparator groups used for remuneration benchmarking 	Typically, the base salaries of Executive Directors in post at the start of the Policy period and who remain in the same role throughout the Policy period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where: <ul style="list-style-type: none"> – an individual is below market level and a decision is taken to increase base pay to reflect proven competence in the role; or – there is a material increase in scope or responsibility to the Executive Director’s role.

[p.82]

 Audited information

2019 performance outcomes

	Weighting (%)	Threshold	Target	Stretch	Actual	% of maximum reward achieved	CEO contribution	CFO contribution
CEO/CFO financial performance measures:								
Orders ¹	25	£570m	£650m	£750m	£753.1m	100.0%	£298,211	£225,695
Underlying operating profit ^{1,2}	25	£105m	£112m	£122m	£122.6m	100.0%	£298,211	£225,695
Underlying net cash flow from operations ^{1,2}	25	£85m	£95m	£105m	£124.0m	100.0%	£298,211	£225,695
CEO/CFO shared strategic and operational objectives (as detailed on page 83):								
Strategy:	12.5	40%	50%	100%	65.0%	65.0%	£96,919	£73,351
- Performance against key stretching objectives relating to the UK business, international and innovation								
Operational:		40%	50%	100%	65.0%			
- Performance against stretching objectives relating to transformation and organisational development								
CEO individual personal objective:								
- Performance against stretching objectives relating to growth and leadership								
	12.5	40%	50%	100%	90.0%	90.0%	£134,195	
CFO individual personal objectives:								
- Performance against stretching objectives relating to business support and operational performance								
	12.5	40%	50%	100%	80.0%	80.0%		£90,278
CEO overall results						94.38%	£1,125,747	
CFO overall results						93.13%		£840,714

[1] Business ethics (webpage)

Accessed 18/05/2020

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

Training

[...]

We also provide more in-depth anti-bribery training for those in higher risk roles,. Employees are also provided with refresher courses to ensure their knowledge is kept up to date. In addition, our values (Integrity, Collaboration and Performance) are formally part of our performance management system and end of year appraisal.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
1
Comments
<p>The company clearly states that any employee who refuses to act unethically, in keeping with the company’s anti-corruption commitments, will be protected and supported, even where such actions result in a loss of business or another disadvantage to the company.</p> <p>However, there is no evidence that the company assures itself of its employees’ confidence in this statement through anonymised surveys or other means.</p>
Evidence
<p>[3] Code of conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.1] Message from Steve Wadey, Chief Executive Officer</p> <p>[...]</p> <p>There will be times when doing the right thing means we don’t win an opportunity. Work that compromises our values or standards is not work we want to do. Have confidence that I will support you 100% if you do the right thing and walk away from this type of work; you are protecting QinetiQ.</p> <p>[2] Anti-bribery and corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.3] 7.10</p> <p>No employee or associated person will suffer retaliation in any form for refusing to pay a bribe even if a refusal may result in loss of business or a delay in proceedings.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>The company promotes a clear policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. This applies to all employees across the group. The company also expects that its suppliers' employees are free to report concerns without fear of retaliation.</p> <p>However, it is not explicitly stated that the same is true for all third parties employed by the group, including joint venture partners. There is also no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.2] It's important to have a common framework of standards across our business, something we can all refer to and apply as needed; our Code acts as our ethical compass. That's why all employees, leaders and directors across QinetiQ Group, including our subsidiaries and operating groups (collectively known as the 'Company') need to read and abide by this Code of Conduct.</p> <p>[...]</p> <p>All employees are expected to comply with the principles and standards within this Code and with local policies. If we fall short and violate the spirit or letter of our standards, this can lead to disciplinary action and, in serious cases, termination of employment.</p> <p>[p.20] Non-retaliation Retaliation or victimisation against people who seek advice, raise a concern or report misconduct in good faith will not be tolerated. Retaliation is counter to our ethical standards and individuals may also have protection under local laws. Anyone who tries to undermine or penalise an individual solely for raising a concern in good faith will be subject to disciplinary action. If you suspect you've been victimised, threatened or retaliated against, immediately contact the QinetiQ Group Ethics Officer (QinetiQ Group excluding QNA) or the QNA Office of Corporate Ethics (QNA).</p> <p>[4] Supplier Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QQ_Supplier_Code_of_Conduct_2018.pdf</p> <p>[p.7] Suppliers must ensure that there is a system for their employees to raise any issues or concerns regarding legal and ethical issues. We expect that suppliers' employees are free to raise concerns without fear of retaliation.</p>

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>The company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme. Channels are sufficiently varied to allow the employee to raise concerns across the management chain and to relevant external bodies, and they allow for confidential and anonymous reporting. The channels are described in the company's Code of Conduct, which applies to all employees across the group, including third parties. The external channel is available in multiple countries and in English, French and Dutch.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.2] It's important to have a common framework of standards across our business, something we can all refer to and apply as needed; our Code acts as our ethical compass. That's why all employees, leaders and directors across QinetiQ Group, including our subsidiaries and operating groups (collectively known as the 'Company') need to read and abide by this Code of Conduct.</p> <p>[...]</p> <p>All employees are expected to comply with the principles and standards within this Code and with local policies. If we fall short and violate the spirit or letter of our standards, this can lead to disciplinary action and, in serious cases, termination of employment.</p> <p>[p.13] Be aware of what's happening around you, ask questions and, if necessary, bring your concerns into the open. If we identify and deal with an issue early it can stop it becoming more serious.</p> <p>Seek advice Always seek advice when you're unsure about the legality or ethical propriety of a course of action. You may run into situations where Company standards don't address an issue or are unclear, when legal requirements are complex, or when you have limited experience in dealing with the matter. It's always better to ask for help than to risk getting it wrong.</p> <p>Raise concerns It's important to raise concerns or ask questions about risks before they become a problem. This could involve situations where you believe you or colleagues run the risk of violating standards. If you are concerned, it is better to raise an issue in good faith than say nothing, because you worry you might be wrong or it is none of your business.</p> <p>Report misconduct There's a clear expectation for you to report suspected or known violations of standards; you may have seen a violation, heard about one, or suspect one has taken place.</p> <p>Managers If you're a manager and are told about a breach of standards or possible ethics violation, you must contact the appropriate Ethics Officer, leader (e.g. safety or security), or applicable helpline immediately. If appropriate, you should also inform your manager.</p> <p>[p.17] Getting in touch: seeking advice and speaking up</p>

There are a number of ways to seek advice or raise a concern. Whatever route you choose, and wherever you are located around the world, we are committed to listening to you.

In most cases, you should approach your manager first with questions or concerns about business conduct.

He or she is often the person most familiar with your situation and may be able to provide the fastest response.

You can also talk to other people in the business you feel comfortable with, such as Human Resources.

The following strategic roles have also been established:

- QinetiQ Group Chief Ethics Officer, Group General Counsel, reporting to the Board of Directors
- QNA Chief Ethics Officer, required due to proxy arrangements, reporting to QNA Board of Directors
- The Business Ethics Committee, chaired by QinetiQ Group Chief Ethics Officer

QinetiQ Group contacts excluding QNA

To get advice, ask questions or report a concern. The following details are for employees anywhere in the world:

Ethics champions: Our network of Ethics Champions are located around the world and details can be found on our Global Portal

Email: ethics@QinetiQ.com

Write to: Group Chief Ethics Officer (QinetiQ Group General Counsel), Building A5, Cody Technology Park, Ively Road, Farnborough, UK GU14 0LX

[p.18] Speak up confidentially

If you feel you cannot raise an issue within the Company, please use the externally provided confidential reporting system as follows:

Through the website at <https://QinetiQemea.alertline.com>; as QinetiQ web traffic is logged you may want to use an external internet connection to ensure confidentiality, such as from home.

Or call FREE from a landline:

Australia

dial 1800 881 011 followed by 888 484 6943

Belgium

dial 0800 100 10 followed by 888 484 6943

Canada

dial 888 484 6943

Malaysia

dial 1800 80 0011 followed by 888 484 6943

Sweden

dial 020 799 111 followed by 888 484 6943

UK

dial 0800 890 011 followed by 888 484 6943

USA

dial 1800 225 5288 followed by 888 484 6943

All confidential reporting is managed strictly in line with our Confidential Reporting Group procedure (which is on the Operating Framework). The process is reviewed regularly by our Board Audit Committee.

[p.20] The following is what we do to support our people.

Your confidentiality

All contact with the Group Ethics Officer or QNA Office of Corporate Ethics is treated as confidential. We use all possible means to protect your identity. However, in some situations this may not be possible, such as if you were the only person who could have made a call or are reporting misconduct by a manager with only one direct report.

Getting back to you

All contact with the Group Ethics Officer, QNA Office of Corporate Ethics, ethics email helpline, an Ethics Champion or the externally provided confidential reporting system will receive a prompt response. If your concern requires an investigation, status reports may be provided, and people wanting to remain anonymous are given a tracking number to follow progress.

[1] Business ethics (webpage)

Accessed 18/05/2020

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

Help and advice

If employees need help or advice, they are advised to talk to their manager first but we also provide ethics email advice services and a confidential reporting line. The contact details of our Group General Counsel are also made available for reporting issues or concerns to. The confidential reporting line is independently run and provides a confidential 24/7 service. We respond to a number of queries through the ethics advice services each year and all communication through the confidential reporting line is investigated. All of this advice is outlined in the Code of Conduct.

Confidential Reporting

The confidential reporting system is available to all employees of QinetiQ Group and externally to third parties, either via the website or phone number. Cases are managed via an externally run confidential reporting system, and there is an option to remain anonymous when reporting. A response is sent to the reporter in all instances, and the system will allow access to view responses even if the report is made anonymously.

[2] Anti-bribery and Corruption

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf>

[p.4] 8. How to raise a concern

8.1

The prevention, detection and reporting of bribery or corruption is the responsibility of all employees and you must report suspected instances immediately.

8.2

Any such incidents should be reported in accordance with the Confidential Reporting 'Group Procedure' and the Code of Conduct.

[p.5] 14.1

For further advice and guidance please contact:

- your Line Manager
- the Ethics Committee
- a member of the Legal Team

[5] Annual report and accounts 2019

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.41] We strive to create an environment in which our people feel included and confident to 'speak up' and so provide a number of routes for them to seek help or raise concerns. They are encouraged to talk to a manager, use our ethics email advice services and our independently run, 24/7 confidential reporting line. We have provided help and advice in response to all queries received via our ethics email advice services and all communication through the confidential reporting line is appropriately investigated (page 71). We provide guidance for managers on their role in creating an open and inclusive environment where our people feel confident to raise concerns, and how to listen to and support anyone who may come to them with an issue. In FY19 we launched a new global network of Ethics Champions, who are available for advice, provide guidance on our ethical decisionmaking tools, and help escalate concerns as required. They communicate about ethical issues, and provide feedback to continuously improve our ethics programme.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>The company has a conflict of interest policy which refers to actual and potential conflicts and applies to all employees and board members. The policy covers employee relationships, financial interests and other employment.</p> <p>However, it does not cover government relationships.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.2] It's important to have a common framework of standards across our business, something we can all refer to and apply as needed; our Code acts as our ethical compass. That's why all employees, leaders and directors across QinetiQ Group, including our subsidiaries and operating groups (collectively known as the 'Company') need to read and abide by this Code of Conduct.</p> <p>[p.2] All employees are expected to comply with the principles and standards within this Code and with local policies. If we fall short and violate the spirit or letter of our standards, this can lead to disciplinary action and, in serious cases, termination of employment.</p> <p>[p.22] Conflicts of interest</p> <p>These are situations when competing interests may impair our ability to make unbiased decisions. We need to avoid any relationship, influence or activity that might impair our ability to make fair and objective decisions when performing our job. If we believe there is, or may be, a conflict of interest, we have to report it to the responsible manager. Many problems in this area can be resolved in a simple and mutually acceptable way.</p> <p>For more advice on specific issues which may cause a conflict of interest please see sections on: Outside employment; Personal business relationships; Personal investment; and Personal relationships at work (all on page 24) and UK MOD Compliance on page 33.</p> <p>[p.25] Outside employment</p> <p>You may, in certain cases, be allowed to work for another employer so long as this does not compromise or impede your obligations to QinetiQ and its customers. You must tell your manager so they can assess the situation. If the outside employment is with a company that is a customer, supplier or provider of goods or services to QinetiQ, or if the work falls within the scope of products or services the Company offers, or you're engaged in any business that's competitive with or in conflict with the interests of QinetiQ, you need to obtain written approval from your manager and the Chief Ethics Officer before engaging in such employment.</p> <p>Personal business relationships</p> <p>Business transactions (e.g. with customer or supplier involving close family members and close personal friends) can constitute a conflict of interest and must be declared to your manager and the Chief Ethics Officer via ethics@QinetiQ.com.</p> <p>Personal investments</p>

Having a substantial investment directly or indirectly in a competitor, customer or supplier could be a conflict of interest. Such relationships might be viewed as improper. A substantial interest exists when you own more than 1% of a company's value. If you have an interest like that, you're obligated to report it to the Chief Ethics Officer.

The same reporting requirement applies to 'material' investment interests in a competitor, customer or supplier, even if they're not substantial. Any employee involved in a business transaction where he or she has a direct or indirect interest in the other company has to inform the regional Ethics Officer of the relationship.

Personal relationships at work

If you form a personal relationship with somebody at work that might lead to a conflict of interest or loyalty, it needs to be declared to your local Head of HR. An example could be if one party has a supervisory role or authority over the other relating to appraisal, salary or promotion prospects.

[2] Anti-bribery and Corruption

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf>

[p.5] 13.1

The following QinetiQ 'Policies', 'Group Procedures' and 'Instructions' are associated with QinetiQ's anti-bribery and corruption responsibilities:

[...]

Managing Conflict of Interest Group Procedure

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>The company has procedures for managing and declaring conflicts, including actual and potential conflicts, with disciplinary measures applying when the policy is breached. Publicly available information shows that the Risk and CSR Committee has ultimate oversight and accountability for the conflict of interest policy.</p> <p>However, it is not clear from publicly available information whether all employee and board member declarations are held in a dedicated register or central depository that is accessible to those responsible for oversight of the process. The company's policy also does not mention examples of criteria for recusals. Although the company also refers to a Managing Conflicts of Interest Group Procedure, this is not available on its website.</p>
Evidence
<p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.5] 13.1</p> <p>The following QinetiQ 'Policies', 'Group Procedures' and 'Instructions' are associated with QinetiQ's anti-bribery and corruption responsibilities:</p> <ul style="list-style-type: none"> - Managing Conflict of Interest Group Procedure <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.2] It's important to have a common framework of standards across our business, something we can all refer to and apply as needed; our Code acts as our ethical compass. That's why all employees, leaders and directors across QinetiQ Group, including our subsidiaries and operating groups (collectively known as the 'Company') need to read and abide by this Code of Conduct.</p> <p>[...]</p> <p>All employees are expected to comply with the principles and standards within this Code and with local policies. If we fall short and violate the spirit or letter of our standards, this can lead to disciplinary action and, in serious cases, termination of employment.</p> <p>[p.22] Conflicts of interest</p> <p>These are situations when competing interests may impair our ability to make unbiased decisions. We need to avoid any relationship, influence or activity that might impair our ability to make fair and objective decisions when performing our job. If we believe there is, or may be, a conflict of interest, we have to report it to the responsible manager. Many problems in this area can be resolved in a simple and mutually acceptable way.</p> <p>For more advice on specific issues which may cause a conflict of interest please see sections on: Outside employment; Personal business relationships; Personal investment; and Personal relationships at work (all on page 24) and UK MOD Compliance on page 33.</p> <p>[p.25] Outside employment</p> <p>You may, in certain cases, be allowed to work for another employer so long as this does not compromise or impede your obligations to QinetiQ and its customers. You must tell your manager so they can assess the situation. If the</p>

outside employment is with a company that is a customer, supplier or provider of goods or services to QinetiQ, or if the work falls within the scope of products or services the Company offers, or you're engaged in any business that's competitive with or in conflict with the interests of QinetiQ, you need to obtain written approval from your manager and the Chief Ethics Officer before engaging in such employment.

Personal business relationships

Business transactions (e.g. with customer or supplier involving close family members and close personal friends) can constitute a conflict of interest and must be declared to your manager and the Chief Ethics Officer via ethics@QinetiQ.com.

Personal investments

Having a substantial investment directly or indirectly in a competitor, customer or supplier could be a conflict of interest. Such relationships might be viewed as improper. A substantial interest exists when you own more than 1% of a company's value. If you have an interest like that, you're obligated to report it to the Chief Ethics Officer.

The same reporting requirement applies to 'material' investment interests in a competitor, customer or supplier, even if they're not substantial. Any employee involved in a business transaction where he or she has a direct or indirect interest in the other company has to inform the regional Ethics Officer of the relationship.

Personal relationships at work

If you form a personal relationship with somebody at work that might lead to a conflict of interest or loyalty, it needs to be declared to your local Head of HR. An example could be if one party has a supervisory role or authority over the other relating to appraisal, salary or promotion prospects.

[...]

Managing Conflict of Interest Group Procedure

[6] Risk and CSR Committee (webpage)

Accessed 19/07/2019

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

6.3 To monitor QinetiQ's compliance with the compliance requirements (agreed with the MOD), the QinetiQ generic Conflict of Interest Policy, and the Proxy Regime.

6.3.1 The Committee shall oversee and ensure the effective application of compliance requirements (agreed with the MOD) and the QinetiQ generic conflict of interest policy, and provide assurance that the related obligations set out in the Articles of Association are being fully adhered to.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
While there is evidence that the company acknowledges that the employment of former public officials may require additional scrutiny, there is no further publicly available information on its policy and/or procedures.
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.31] Hiring Government employees</p> <p>We have to be aware that the employment of ex-Government people may be subject to additional scrutiny to ensure we are complying with applicable laws. If in doubt, ask for advice.</p>

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company reports details of the contracted services of serving politicians
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
The company publishes a statement that it does not make political donations.
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf [p.93] Political donations</p> <p>QinetiQ does not make political donations to parties as that term would be commonly recognised. The legal definition of that term is, however, quite broad and may have the effect of covering a number of normal business activities that would not commonly be perceived to be political donations, such as sponsorship of events.</p> <p>These may include legitimate interactions in making MPs and others in the political world aware of key industry issues and matters that affect QinetiQ, and that make an important contribution to their understanding of QinetiQ, the markets in which it operates and the work of their constituents.</p> <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf [p.2] It's important to have a common framework of standards across our business, something we can all refer to and apply as needed; our Code acts as our ethical compass. That's why all employees, leaders and directors across QinetiQ Group, including our subsidiaries and operating groups (collectively known as the 'Company') need to read and abide by this Code of Conduct.</p> <p>[...]</p> <p>All employees are expected to comply with the principles and standards within this Code and with local policies. If we fall short and violate the spirit or letter of our standards, this can lead to disciplinary action and, in serious cases, termination of employment.</p> <p>[p.41] Political activity</p> <p>The countries in which we operate have laws governing corporate contributions to political campaigns and parties: we must abide by all relevant laws. You are free in a personal capacity to engage in political activity. If you do, you must ensure you do not give the impression you're speaking or acting on behalf of the Company, or that QinetiQ endorses your views. You cannot use Company resources for political activity, and no employee can receive any direct or indirect reimbursement or offsetting refund of any kind for political contributions.</p> <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf [p.2] This 'Group Procedure' is applicable to all employees (including officers and directors) of QinetiQ, its subsidiaries and businesses/ companies controlled by QinetiQ Group.</p>

[p.3] 7.8

QinetiQ and its employees must not make political donations on behalf of QinetiQ and any engagement with governments, their agencies or representatives must be conducted strictly in accordance with the engagement with politicians and political donations 'Instruction'.

[p.5] 13.1

The following QinetiQ 'Policies', 'Group Procedures' and 'Instructions' are associated with QinetiQ's anti-bribery and corruption responsibilities:

[...]

- Engagement with politicians and political donations 'instruction'

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company indicates that it does not make political donations.
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf [p.93] Political donations</p> <p>QinetiQ does not make political donations to parties as that term would be commonly recognised. The legal definition of that term is, however, quite broad and may have the effect of covering a number of normal business activities that would not commonly be perceived to be political donations, such as sponsorship of events.</p> <p>These may include legitimate interactions in making MPs and others in the political world aware of key industry issues and matters that affect QinetiQ, and that make an important contribution to their understanding of QinetiQ, the markets in which it operates and the work of their constituents.</p>

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>There is evidence that the company has a clear policy covering both charitable donations and sponsorships, whether made directly or through corporate foundations, to ensure that such donations are not used as vehicles for bribery and corruption. There is evidence that the policy includes measures to ensure this, for example, by specifying criteria for donations, procedures for senior sign-off, or due diligence on recipients.</p> <p>The company does not publish sufficient detail concerning donations made, such as the amounts donated.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility</p> <p>We:</p> <p>[...]</p> <p>Support our chosen charities, but are careful to manage potential conflicts of interest, and recognise that some charitable donations could constitute a bribe if, inadvertently or otherwise, they procured an unfair advantage,</p> <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.3] 7.9</p> <p>Offers of sponsorship or charitable donations must not be made on behalf of QinetiQ with the intention of influencing or rewarding the improper performance of an individual in order to gain a business advantage. Legitimate charitable donations on behalf of QinetiQ must be made in accordance with the Sponsorships and Donations 'Group Procedure'.</p> <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.33] Sponsorship and advertising</p> <p>We must always promote our products and services fairly, honestly and candidly. To support this, all advertising and promotional materials must be approved before release by your appropriate Marketing and Communications departments. If in doubt, ask for advice. Sponsorship is part of our overall marketing strategy and all requests need to be approved. This ensures our brands are associated with initiatives relevant to our business and aligned to our strategy</p> <p>[p.40] Charities</p> <p>We have a small number of chosen charities that we support, directly and via employee donations where we provide matched funding. Any further requests from other charities should be referred to the Sponsorship and Donation Committee for review to determine whether there is alignment with our strategy and to avoid conflict of interest.</p> <p>[5] Annual report and accounts 2019</p>

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.43] Across QinetiQ Group we have a number of charity partners chosen by our people: Alzheimer's Society and Alzheimer Scotland, British Heart Foundation and Combat Stress in the UK, and a number of local charities chosen at many of our UK sites, as well as other charity partners internationally, such as Legacy in Australia. In addition to fundraising for these chosen partner charities, there are clear links with and we welcome their contributions to our wellbeing and D&I programmes.

[15] Sponsorships and Donations (Document)

Accessed 18/05/2020

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Sponsorships-and-Donations.pdf>

[p.2] 1. What is covered by this 'Group Procedure'?

1.1 This 'Group Procedure' sets out QinetiQ's approach to sponsorship, and charitable donations.

2. Sponsorship

2.1 Sponsorship is a contribution in money or in kind, given to a third party to hold an event, provide a service, or undertake an activity which enhances the profile of QinetiQ to a specific audience. We will sponsor initiatives that build brand recognition and promote QinetiQ as a socially responsible business.

Our efforts will be focused on promoting:

- our technology leadership;
- skills important to our business;
- our commitment to the Armed Forces Covenant including veterans and their families.

2.2 All sponsorship requests are subject to the approval of the Group Sponsorship Board.

3. Charitable donations

3.1 Charitable donations are voluntary gifts such as money, or services or ideas, made to a worthwhile cause. We provide support for our formal corporate charity partners, our formally selected number of local site charities where they are important to the community of a QinetiQ site, and very occasionally other charitable donations outside of these chosen charities with approval from the Group Director of Corporate Responsibility.

3.2 Our strategic and local charity partnerships are carefully chosen and charity nominations are particularly encouraged where there is alignment with specific local needs or the nature of the charity has relevance to our business, for example in the areas of innovation, technology, and skills/education.

Any charities we make a donation to must meet the following criteria as a minimum:

- A registered charity with The Charity Commission in the UK, or an equivalent formal national register of charities in a country where we operate
- Must not be political or religious
- Will accept money from a defence company
- We will avoid and mitigate reputational risk if adverse media coverage is found during due diligence
- Avoid any personal conflict of interest by declaring personal connections with the charity

3.3 The Group Corporate Responsibility Team provide matched funding (up to a cap of £300 per application per individual fundraiser, or up to £500 for a group of fundraisers) to support employee fundraising towards our three UK corporate charities (Combat Stress, British Heart Foundation and the Alzheimer's Society/Alzheimer Scotland). Please seek advice from the Group Corporate Responsibility Team and local leadership teams for our International Business.

3.4 We also provide payroll giving for any registered charity as part of our UK employee benefits package.

3.5 Requests for donations to charitable causes other than those formally selected corporate or site charities will be by exception and subject to the approval of the Group Director of Corporate Responsibility.

[p.3] 4. Responsibilities

4.1 We have a Group Sponsorship Board who are responsible for the approval of all sponsorship requests. Membership includes representatives from International, the Strategic Engagement Team, Marketing & Communications, Procurement, Human Resources and Corporate Responsibility. Commitments not agreed will not be funded.

4.2 We must ensure any charitable donations are appropriate, publicly reported and consistent with our brand values. All charitable giving or other community investment from the business must be reviewed and approved by the Group Director of Corporate Responsibility.

5. Due Diligence

5.1 Prior to charitable donations or sponsorship payments being made the charity will be subject to due diligence to ensure that the funding is for a legitimate charitable purpose.

6. Pro-bono support

6.1 Opportunities may arise where we are able to provide pro-bono or /in kind support (our time, expertise and facilities) as an alternative to providing funding to achieve the same aims as sponsorship. The following approach must be followed:

- The work should be based on our professional skills so we are playing to our strengths;
- We should ensure risk is managed effectively – ethics, safety, security, COI;
- The work must be conducted as for a paying customer – to achieve the same high standards and meet promised deadlines;
- Using company time or facilities requires local management approval and the support of the Group Sponsorship Board (to help advise if the benefit is worth the cost involved);
- It should not conflict with customer deliverables.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
<p>The company makes reference to an Engagement with Politicians and Political Donations Instruction Document, however this is not available on the company’s website. Therefore, there is no publicly available evidence that is sufficiently detailed in relation to the company’s policy and/or procedure on lobbying to satisfy the requirements of score '1'.</p>
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.93] Political donations QinetiQ does not make political donations to parties as that term would be commonly recognised. The legal definition of that term is, however, quite broad and may have the effect of covering a number of normal business activities that would not commonly be perceived to be political donations, such as sponsorship of events.</p> <p>These may include legitimate interactions in making MPs and others in the political world aware of key industry issues and matters that affect QinetiQ, and that make an important contribution to their understanding of QinetiQ, the markets in which it operates and the work of their constituents.</p> <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.5] 13.1</p> <p>The following QinetiQ ‘Policies’, ‘Group Procedures’ and ‘Instructions’ are associated with QinetiQ’s anti-bribery and corruption responsibilities:</p> <p>[...]</p> <p>Engagement with politicians and political donations instruction</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
The company does not publish any information on its lobbying aims, topics or activities.
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.93] Political donations QinetiQ does not make political donations to parties as that term would be commonly recognised. The legal definition of that term is, however, quite broad and may have the effect of covering a number of normal business activities that would not commonly be perceived to be political donations, such as sponsorship of events.</p> <p>These may include legitimate interactions in making MPs and others in the political world aware of key industry issues and matters that affect QinetiQ, and that make an important contribution to their understanding of QinetiQ, the markets in which it operates and the work of their constituents.</p>

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
The company does not provide any details about its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
2
Comments
<p>There is evidence that the company has a policy on the giving and receipt of gifts and hospitality with clear procedures designed to ensure that such promotional expenses are bona fide and not used for bribery. This policy establishes financial limits, along with an approval procedure, for the different types of promotional expense that employees may encounter. The policy also explicitly addresses the risks associated with gifts and hospitality given to and/or received from domestic and foreign public officials, by specifying a different financial threshold. The company's policy includes a clear statement that all gifts and hospitality above certain thresholds are recorded in a dedicated register or central depository that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <ul style="list-style-type: none"> • Do not permit the making of any inappropriate promises, gifts or hospitality for any purpose, including to achieve an unfair advantage or benefit <ul style="list-style-type: none"> ○ Our Gifts and Hospitality Procedure sets out financial limits and approval levels for gifts and hospitality and requires that both gifts and hospitality must be recorded in a business' Gift & Hospitality register <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.3] 7.3</p> <p>Exchanges of Gifts and Hospitality must be for a clear business purpose; be reasonable and proportionate and provided only as a common courtesy associated with the ordinary course of business and not made with any intention to influence, solicit from or reward, a third party for obtaining or retaining business. The Gifts and Hospitality 'Group Procedure' specifies the guidance, limits, and necessary approvals for offering or receiving any business courtesy.</p> <p>[p.5]</p> <p>13.1</p> <p>The following QinetiQ 'Policies', 'Group Procedures' and 'Instructions' are associated with QinetiQ's anti-bribery and corruption responsibilities:</p> <p>[...]</p> <p>Gifts and Hospitality Group Procedure</p> <p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.28] Gifts and hospitality</p>

Exchanging modest gifts, meals and entertainment can be a common practice meant to create goodwill and establish trust. But such exchanges can also be seen as an attempt to improperly influence someone. You need to think carefully before giving or receiving, especially if that gift could be seen in any way as an attempt to influence independence, objectivity or judgement. We have to ensure that any gifts or hospitality given or received are clearly for business purposes and are reasonable and appropriate. Gifts of cash, stocks, bonds or lavish hospitality are never permitted.

Any exchange of gifts or hospitality has to comply with our policies and local laws, and you must record gifts or hospitality offered or received, even if declined, as defined in local Company policies. Some governments have stricter requirements, so please ensure you understand rules and regulations applying to the country you're dealing with. If in doubt, ask for advice. If we use good judgement and act with moderation, the occasional exchange of entertainment or gifts of nominal value may be appropriate, providing they are neither offered nor received too frequently or at inappropriate times (e.g. during contract negotiations).

[16] Gifts and Hospitality Procedure (Document)

Accessed 18/05/2020

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Gifts-and-Hospitality-Procedure-2017.pdf>

[p.2] 1. What is covered by this 'Group Procedure'?

1.1 This 'Group Procedure' covers the QinetiQ Group's position regarding the offering or accepting of 'Gifts and Hospitality' (G&H) and provides advice in relation to the principles to be applied when determining whether to accept or offer any such gifts or hospitality with aim of preventing and detecting incidences of bribery and corruption.

1.2 This 'Group Procedure' is an important element of QinetiQ Group's framework and should be read in conjunction with the QinetiQ Code of Conduct.

2. Who does this 'Group Procedure' apply to?

2.1 This 'Group Procedure' applies to all employees of QinetiQ, its subsidiaries and businesses/companies controlled by QinetiQ Group and sets the minimum standard that must be followed regarding the offering or accepting of 'Gifts and Hospitality'.

2.2 Where local laws, regulations or rules impose a higher standard, these higher standard must be followed. For example, in the USA, no single gift or hospitality of more than \$20 should be given to a government employee (and no more than \$50 in total in a calendar year). Where there is doubt about the standards prevailing in a country no gifts should be made.

3. What is the definition of 'Gifts and Hospitality'?

3.1 'Gifts and Hospitality' can be anything (offered or given to or received from an individual or entity external to QinetiQ) and typically will take the form of:

- Gifts
- Meals
- Invitations to business events
- Invitations to or participation in cultural or sporting events
- Travel and accommodation
- Entertainment

4. What are the key principles relating to 'Gifts and Hospitality'?

4.1 The exchange of business courtesies, such as gifts and hospitality is common place and when used appropriately can help to strengthen existing or develop new business relationships and convey respect and appreciation for business partners. However it is also recognised that gifts and hospitality which are excessive or improper, potentially exposes QinetiQ to accusations of unfairness, bias, deceit or even bribery.

[p.3] 4.2 Employees must consider the following when determining whether a gift or hospitality is acceptable:

- Influence: there is no intention to influence a business decision or to secure an improper advantage; nor is there the appearance of doing so.
- Openness: it must be made openly and be clearly for the purpose of legitimate QinetiQ business, with no intention to influence a business decision or to secure an improper advantage; nor is there the appearance of doing so
- Tendering: you are not involved in a current tender or bid.
- Frequency: the giving or receiving of gifts or hospitality between the provider and recipient must be occasional, regardless of value (maximum of 4 instances in any 12 month period).
- Reasonable: the gifts or hospitality must be reasonable and proportionate in terms of the cultural values and customs of the country involved (irrespective of the value thresholds at Section 8) and also to your role, i.e. not lavish or extravagant.

- Attendance: in the case of hospitality, both the provider and recipient must be present.
- Appropriate: the nature of the gift or hospitality must be socially acceptable, align with QinetiQ's values and be consistent with the QinetiQ Code of Conduct.
- Conform to the recipient's rules: the gifts or hospitality must conform to the rules or code of conduct of the recipient's organisation.
- Approved: the giving or receiving must have the appropriate business level approval (see Section 9).
- Recorded: the gift or hospitality is must be recorded in accordance with our reporting requirements (see Section 8).

4.3 For the avoidance of doubt, it is never acceptable to give or receive gifts or hospitality:

- in the form of cash or cash equivalent, such as cheques, vouchers, stocks or bonds
- which intend, or appear to intend, to influence a business decision
- which could cause embarrassment or negatively impact the reputation of either the recipient or provider
- where it may be linked, or appear to be linked, to a competitive tender or bidding exercise
- which an employee pays out of their own pocket for business-related expenses (as opposed to seeking reimbursement of legitimate expenditure through the appropriate expense system)
- if the gift or hospitality is indecent or sexually offensive

5. What about 'Gifts and hospitality' received?

5.1 'Gifts and Hospitality' must only be received in line with the principles in Section 4.2 and are subject to the approval and reporting requirements in Section 8.

5.2 The following exceptions apply with regards to the requirements in Section 4.2 and Section 8:

- food and non-alcoholic beverage provided as part of a meeting as a normal business courtesy;
- attendance at briefings organised by professional organisations for marketing purposes and open to a wide audience;
- food and drink sponsored by companies at conferences where we have paid for employees to attend.

[p.4] 6. What about hospitality organised or sponsored by QinetiQ?

6.1 Corporate hospitality is commonly offered as part of events which QinetiQ has chosen to sponsor or host.

6.2 Any hospitality organised or sponsored by QinetiQ must be in line with the principles above and subject to the approval and reporting requirements at Section 8.

6.3 All requests for sponsorship are to be made in accordance with the Sponsorships and Donations 'Group Procedure'.

7. Does this 'Group Procedure' cover Government Officials?

7.1 There is no distinction between government (public) officials and employees of private sector organisations where bribery is concerned. However, anti-bribery and corruption laws generally treat such officials as higher risk for companies seeking to obtain or retain government business or regulatory/ licensing approvals.

7.2 Government Officials include: – Individuals employed by (or acting on behalf of) any government department or agency, including foreign governments. – Individuals employed by state-owned or statecontrolled companies. – Political parties, party officials, and candidates for any level of political office. – Royal or ruling families. – International public organisations (e.g. United Nations, IMF, World Bank).

8. How are values and approvals of 'Gifts and Hospitality' managed?

8.1 The values and levels of approval to be applied for 'Gifts and Hospitality' (G&H) are set out in Table 1.

8.2 'Gifts and Hospitality' offers made to/accepted from the same entity must: – Be limited to a maximum of 4 instances in any 12 month period

8.3 In the case of multiple attendees to a single event, where individually the value of the hospitality would not be subject to prior approval and recording, the total value of the hospitality will be the determining factor as to the level of business approval and reporting requirements. For example:

- 12 individuals attend a dinner at the cost of £25 per head; therefore the total value of the hospitality is £300 and will require prior approval and recording in the G&H register.
- The most senior employee in attendance is to: – Seek the approvals required in line with their approval chain and complete the G&H register – Pay the claim

8.4 Prior approval should be sought in line with the limits above. Where it is not possible to obtain prior approval, retrospective approval must be sought as soon as possible and no more than 30 days after the instance of 'Gifts and Hospitality'.

8.5 Approvers must review and approve 'Gifts and Hospitality' in writing and must be satisfied that the requirements of this 'Group Procedure' have been met before approving.

[p.5]

Table 1 – Values and levels of approval to be applied for ‘Gifts and Hospitality’

Giving or receiving ‘Gifts & Hospitality’ per person per event Mark	Value (or local currency equivalent) per person	Approval Requirements
Gifts	£20-£50 £50 and below	– Self-approval – Entry in G&H register
	Above £50	– Prior Exec level approval – Entry in G&H register
Hospitality	£20-£100	– Self-approval – Entry in G&H register
	£100-£200	– Prior Line Manager approval (the person who approves your expenses) – Entry in G&H register
	Above £200	– Prior Exec level approval – Entry in G&H register

[p.6] 9. How must you record ‘Gifts and hospitality’?

9.1 Records of ‘Gifts and Hospitality’ valued at over £20 (or local currency equivalent), offered or received, even if declined, must be recorded in the QinetiQ Gifts and Hospitality (G&H) Register retained for that purpose.

9.2 Records of ‘Gifts and hospitality’ must be entered into the Gifts and Hospitality (G&H) Register within 30 days of receiving them.

10. How do I report suspected violations

10.1 Employees are reminded that if you think something is wrong it is your responsibility to contact the appropriate ethics officer or applicable helpline immediately – details of which can be found in the QinetiQ Code of Conduct. If appropriate you should also inform your direct manager.

11. Where can you get advice and guidance?

11.1 If you are in any doubt, DO NOT, offer or accept the ‘Gifts or Hospitality’.

- Refer to the Red Flags and FAQs in Appendix A.
- Ask your manager for guidance.
- Contact the QinetiQ Business Ethics Committee

Appendix A

Red Flags

Examples of red flags that could indicate bribery or corruption include:

- Any gift that would be illegal, e.g. any gift offered to a government official in breach of local or international bribery laws.
- Gifts to or from parties engaged in a tender or competitive bidding process.
- Any gift of cash or cash equivalents.
- Any gift that is intended as a quid pro quo, i.e. offered for something in return.
- Any gift that appears excessive.
- Any gift that is paid for personally in order to avoid having to report or seek approval

[p.7]

In addition to the above, ask the following questions to determine if the gift or hospitality is appropriate:

Question	Answer
What is the intent?	– If the gift or hospitality is just to build a relationship or common courtesy, it is acceptable. If it is intended to influence a decision then it is not acceptable.
Is the gift or hospitality conditional?	– If yes, then it is NOT appropriate to accept it.
What is the frequency?	– If the gift or hospitality is modest and infrequent it is acceptable. – If it is offered or accepted often, it may create an expectation that something is expected in return and it would likely become unacceptable.
Are you certain it is legal in your country and/or the country of the third party?	– If it is not legal, then you must NOT accept it or offer it. Ignorance of the law is no excuse. If in doubt ask your local legal adviser.
Are you aware whether the gift or hospitality being offered is allowed under the recipient's organisation's policy?	– If it is not allowed under their policy, then you should not accept or offer it.
Would you be embarrassed if your manager or colleagues or the public became aware of the gift or hospitality being offered?	– If the answer to this is yes, then it is not appropriate to accept it.
Are you being hypocritical?	– Only offer what you would consider acceptable or be comfortable accepting and vice versa.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>There is evidence that the company's procurement department is involved, in some capacity, in the establishment and oversight of supplier relationships.</p> <p>However, there is no evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p>[10] Supplier assurance (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Suppliers</p> <p>Supplier Assurance</p> <p>We ensure appropriate and correct due diligence is conducted on all of our suppliers to make certain that we provide a standardised, rigorous, but balanced approach to protect our company and our supply chain.</p> <p>Supplier assurance process</p> <p>We perform a number of checks and have screening processes to set up and monitor our suppliers. This allows us to ensure a supplier is fit for purpose and suitable for our organisation.</p> <p>JOSCAR</p> <p>We use the defence and aerospace industry's Joint Supply Chain Accreditation Register (JOSCAR) to manage supplier pre-qualification and annual monitoring of policy compliance. JOSCAR simplifies the process for suppliers to demonstrate compliance by allowing a single profile to be shared across QinetiQ and other defence organisations.</p> <p>[...]</p> <p>Monitoring</p> <p>Our Procurement Team manages and monitors suppliers through pre-qualifications, such as JOSCAR and credit referencing agencies. We expect suppliers to keep the required JOSCAR information up-to-date to remain compliant.</p>

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based due diligence when engaging and re-engaging with its suppliers. The due diligence process explicitly includes establishing the ultimate beneficial ownership of the supplier. Highest risk suppliers are stated to be subject to enhanced due diligence.</p> <p>However, there is no evidence to suggest that the company might be willing to review or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence process cannot be mitigated and due diligence is only conducted before engaging with new suppliers and is not repeated at least every two years or whenever there is a change in the business relationship.</p>
Evidence
<p>[3] Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf</p> <p>[p.34] Suppliers</p> <p>When seeking new suppliers and other partners we conduct thorough due diligence. We know our success depends on supplier relationships built on trust. We have introduced a supplier code of conduct to provide guidance on what we expect from them.</p> <p>[10] Supplier assurance (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Suppliers</p> <p>Supplier Assurance</p> <p>We ensure appropriate and correct due diligence is conducted on all of our suppliers to make certain that we provide a standardised, rigorous, but balanced approach to protect our company and our supply chain.</p> <p>Supplier assurance process</p> <p>We perform a number of checks and have screening processes to set up and monitor our suppliers. This allows us to ensure a supplier is fit for purpose and suitable for our organisation.</p> <p>JOSCAR</p> <p>We use the defence and aerospace industry's Joint Supply Chain Accreditation Register (JOSCAR) to manage supplier pre-qualification and annual monitoring of policy compliance. JOSCAR simplifies the process for suppliers to demonstrate compliance by allowing a single profile to be shared across QinetiQ and other defence organisations.</p> <p>[11] JOSCAR Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/JOSCAR-process.pdf</p> <p>[p.2] What is JOSCAR?</p> <p>QinetiQ have introduced a new supplier qualification and compliance process that new and existing suppliers to QinetiQ will be required to complete.</p>

We are partnering with a UK based third party to manage this new process, Heliios Information Ltd. The system, JOSCAR, has been created to help prime contractors in the defence, aerospace and security sector demonstrate their suppliers are 'fit for business', not only in the defence, aerospace, security and space sectors but also other sectors their members may be operating in. It is a crosssector collaborative solution intended to help companies reduce the time, cost, resources and duplication currently needed to collate and validate suppliers' information. Holding common data in a central Register allows the information to be accessed by all participating buying organisations.

We believe JOSCAR provides a more efficient process reducing duplication and effort for us, our suppliers and the industry as a whole. Suppliers that have completed JOSCAR process will be available automatically to other ADS member organisations as they start using JOSCAR.

[1] Business ethics (webpage)

Accessed 18/05/2020

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

We:

Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is some evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies and procedures in place. It is explicitly stated that all suppliers must have, at a minimum, policies that prohibit bribery and facilitation payments, as well as policies and procedures to address conflicts of interest, gifts and hospitality, and whistleblowing. There is some evidence that the company takes active steps to ensure this, by requiring suppliers to put in place policies and procedures to ensure they comply with the company's Supplier Code of Conduct.</p> <p>However, it is unclear whether the company assures itself that such policies are in place when onboarding new suppliers or when there is a significant change in the business relationship.</p>
Evidence
<p>[4] Supplier Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QQ_Supplier_Code_of_Conduct_2018.pdf [p.3] The QinetiQ Group Supplier Code of Conduct (the "Supplier Code") sets out the standards that we expect from our suppliers, and reflects the standards we set for our own employees and directors. Our suppliers are integral to QinetiQ's business, and so it is essential that such suppliers adhere to the Supplier Code and work with their own suppliers to flow down these expectations.</p> <p>[p.4] We expect our suppliers to operate a zero tolerance approach to bribery and corruption; ensuring they do not offer, promise, give or receive bribes or any other form of inducement (including cash, gifts, hospitality and entertainment), regardless of value, with the intention or appearance of influencing a business decision or securing an improper business advantage, whether directly or through a third party. This includes facilitation payments, even where such payments are considered to be part of local business practice or acceptable under local law.</p> <p>[p.6] Conflicts of interest</p> <p>Our suppliers should avoid any relationship, influence or activity that might impair their ability to make fair and objective decisions when performing their job. If a supplier believes there is, or may be, a conflict of interest, we expect them to disclose it to QinetiQ and all other affected parties, as soon as possible.</p> <p>[p.7] We expect that all individuals, within our business and our suppliers', take an active role in protecting the values, principles and behaviours outlined in this Supplier Code. Suppliers must ensure that there is a system for their employees to raise any issues or concerns regarding legal and ethical issues. We expect that suppliers' employees are free to raise concerns without fear of retaliation.</p> <p>This Supplier Code of Conduct is designed to provide information to clarify the expectation we have of our suppliers.</p> <p>It's an enabler of business and ensures good business practice from end-to-end delivery, benefiting both our suppliers and customers. We also expect that suppliers flow down these principles to their own supply chain. If a supplier is found not to have the expectations laid out in this code, its relationship with QinetiQ will be reviewed and corrective action may be taken, subject to the terms of any existing contracts.</p> <p>[9] Terms and Conditions for the Purchase of Goods and Services in the UK Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QL-Conditions-of-Purchase-v79-090318.pdf?la=en-GB</p> <p>[p.4] 24.1</p> <p>Each Party shall comply with the Bribery Act 2010 and any other anti-corruption and anti-bribery laws, legislation, regulations or directives ("Anti-Corruption Legislation") which apply to its business or which apply in the place where</p>

the Contract is performed. Each Party will not, and will procure that its employees, subcontractors, agents and representatives will not, engage in any activity, practice or conduct which would constitute an offence under any Anti-Corruption Legislation. In addition the Supplier shall maintain in place policies and procedures governing its business ethics which ensures it complies with the requirements of the Purchaser's Supplier Code of Conduct which can be viewed on the Purchaser's website at www.QinetiQ.com/suppliers/code_of_conduct.

[2] Anti-bribery and corruption

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf>

[p.3] 7.5

Arrangements with third parties will be subject to clear contractual terms requiring them to comply with minimum standards relating to bribery and corruption.

[3] Code of Conduct

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf>

[p.11] Third parties

The actions of third parties have the potential to impact on our business and reputation, so we expect appropriate standards from business partners, associates and others acting for the Company. Indeed, we may be liable for the actions of others – for example, the UK Bribery Act 2010 includes criminal charges against a company for the unlawful actions of those providing services on its behalf – so all third parties need to fully understand our standards and expectations.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
1
Comments
<p>There is some evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required of sub-contractors throughout the supply chain.</p> <p>However, this evidence is in the form of a simple statement and it is unclear how the company does this in practice.</p>
Evidence
<p>[4] Supplier Code of Conduct Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QQ_Supplier_Code_of_Conduct_2018.pdf</p> <p>[p.3] The QinetiQ Group Supplier Code of Conduct (the “Supplier Code”) sets out the standards that we expect from our suppliers, and reflects the standards we set for our own employees and directors. Our suppliers are integral to QinetiQ’s business, and so it is essential that such suppliers adhere to the Supplier Code and work with their own suppliers to flow down these expectations.</p> <p>[p.7] The Supplier Code of Conduct is designed to provide information to clarify the expectation we have of our suppliers. It’s an enabler of business and ensures good business practice from end-to-end delivery, benefiting both our suppliers and customers. We also expect that suppliers flow down these principles to their own supply chain.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations relating to its suppliers, or any associated disciplinary actions.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>There is evidence that the company has a clear policy to control the use of agents which addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks. As part of this policy, the company commits to establishing and verifying that the use of an agent is, in each case, necessary to perform a legitimate business function. This policy applies to all divisions within the organisation which might employ agents, including subsidiaries and joint ventures.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <ul style="list-style-type: none"> • Have procedures governing the approval, appointment and management of commercial intermediaries, which are applied in all countries and sectors where we use such intermediaries • Engage commercial intermediaries to support our business activities only where: <ul style="list-style-type: none"> o There is a clear business need and justification for the proposed remuneration o Proposed remuneration levels align to industry/regional norms in recognition that remuneration of CIs is a risk factor in bribery and corruption o The legal team have assessed the bribery & corruption risk level of the proposed intermediary o Due diligence and enhanced due diligence for higher risk intermediaries is conducted prior to appointment and updated every two years or in the event of a significant change of circumstances o The ultimate beneficial ownership of the proposed CI has been established o Any risks identified through due diligence have being satisfactorily mitigated o The proposed CI (without exception) agrees to clear contractual terms requiring them to comply with bribery and corruption standards and our Code of Conduct <p>[...]</p> <ul style="list-style-type: none"> • Expect our business partners (including Joint Ventures) and commercial intermediaries to implement and enforce effective systems to counter bribery and corruption. <p>[2] Anti-bribery and Corruption (Document) Accessed 18/05/2020 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.2] 3.1 This procedure is applicable to all employees (including officers and directors) of QinetiQ, its subsidiaries and businesses/companies controlled by QinetiQ Group.</p> <p>[p.3] 7.5 Any commercial intermediary, representative or agent acting on behalf of QinetiQ, including resellers or distributors, will be engaged strictly in accordance with the Use of Commercial Intermediaries.</p> <p>[3] Code of Conduct Accessed 19/07/2019</p>

<https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf>

[p.2] It's important to have a common framework of standards across our business, something we can all refer to and apply as needed; our Code acts as our ethical compass. That's why all employees, leaders and directors across QinetiQ Group, including our subsidiaries and operating groups (collectively known as the 'Company') need to read and abide by this Code of Conduct.

[...]

All employees are expected to comply with the principles and standards within this Code and with local policies. If we fall short and violate the spirit or letter of our standards, this can lead to disciplinary action and, in serious cases, termination of employment.

[p.28] Commercial intermediaries

Using any commercial intermediary, representative or agent to act on behalf of the Company, including resellers or distributors, needs prior approval from the Chief Executive Officer and the Group General Council. We have to follow our strict internal controls on appointing and monitoring intermediaries at all times.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
2
Comments
<p>The company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging any agents and intermediaries, at least every two years. All agents and highest risk intermediaries are subject to enhanced due diligence. The company commits to not engaging with agents or intermediaries where the risks identified in the due diligence cannot be mitigated.</p>
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf [p.41] Bribery is a serious issue and we recognise its potential risk to our business. We have a zero-tolerance approach to bribery and corruption, with robust policy and procedures in place, overseen by our Chief Ethics Officer. These are regularly reviewed against changing regulations and industry guidance. These procedures are also embedded into our international business risk management process with specific focus on risks associated with partner relationships. This includes commercial intermediaries, who are subject to comprehensive risk-based due diligence, using both in-house expertise and recognised specialist third party due diligence providers.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <p>Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties</p> <ul style="list-style-type: none"> • Have procedures governing the approval, appointment and management of commercial intermediaries, which are applied in all countries and sectors where we use such intermediaries • Engage commercial intermediaries to support our business activities only where: <ul style="list-style-type: none"> o There is a clear business need and justification for the proposed remuneration o Proposed remuneration levels align to industry/regional norms in recognition that remuneration of CIs is a risk factor in bribery and corruption o The legal team have assessed the bribery & corruption risk level of the proposed intermediary o Due diligence and enhanced due diligence for higher risk intermediaries is conducted prior to appointment and updated every two years or in the event of a significant change of circumstances o The ultimate beneficial ownership of the proposed CI has been established o Any risks identified through due diligence have being satisfactorily mitigated o The proposed CI (without exception) agrees to clear contractual terms requiring them to comply with bribery and corruption standards and our Code of Conduct <p>[...]</p> <p>We have a robust process for undertaking due diligence, monitoring and audit of our use of commercial intermediaries; and we use expert third party due diligence providers to support our processes.</p>

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
1
Comments
<p>There is evidence that the company asks of agents to disclose their beneficial ownership to the company, and it verifies this information, as part of its due diligence processes. The company suggests that it will not engage with agents or intermediaries if beneficial ownership cannot be established.</p> <p>However, there is no evidence of a commitment to independently verify beneficial ownership information of high risk agents, nor does the company verify the information both before onboarding and over the course of the business relationship.</p>
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf [p.41] Bribery is a serious issue and we recognise its potential risk to our business. We have a zero-tolerance approach to bribery and corruption, with robust policy and procedures in place, overseen by our Chief Ethics Officer. These are regularly reviewed against changing regulations and industry guidance. These procedures are also embedded into our international business risk management process with specific focus on risks associated with partner relationships. This includes commercial intermediaries, who are subject to comprehensive risk-based due diligence, using both in-house expertise and recognised specialist third party due diligence providers.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We: [...] Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties</p> <ul style="list-style-type: none"> • Have procedures governing the approval, appointment and management of commercial intermediaries, which are applied in all countries and sectors where we use such intermediaries • Engage commercial intermediaries to support our business activities only where: <p>[...]</p> <ul style="list-style-type: none"> o Due diligence and enhanced due diligence for higher risk intermediaries is conducted prior to appointment and updated every two years or in the event of a significant change of circumstances o The ultimate beneficial ownership of the proposed CI has been established o Any risks identified through due diligence have being satisfactorily mitigated <p>[...]</p> <p>We have a robust process for undertaking due diligence, monitoring and audit of our use of commercial intermediaries; and we use expert third party due diligence providers to support our processes.</p>

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
2
Comments
There is evidence that the company's anti-bribery and corruption policy applies to all agents and intermediaries acting for or on behalf of the company. All agents and intermediaries are subject to anti-bribery and corruption clauses in their contracts, which include clear audit rights and termination rights to detect, control and prevent breaches.
Evidence
<p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.2] 3.1 This 'Group Procedure' is applicable to all employees (including officers and directors) of QinetiQ, its subsidiaries and businesses/ companies controlled by QinetiQ Group.</p> <p>[p.3] 7.5 Arrangements with third parties will be subject to clear contractual terms requiring them to comply with minimum standards relating to bribery and corruption.</p> <p>[9] Terms and Conditions for the Purchase of Goods and Services in the UK Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QLL-Conditions-of-Purchase-v79-090318.pdf?la=en-GB</p> <p>[p.4] 24.1 Each Party shall comply with the Bribery Act 2010 and any other anti-corruption and anti-bribery laws, legislation, regulations or directives ("Anti-Corruption Legislation") which apply to its business or which apply in the place where the Contract is performed. Each Party will not, and will procure that its employees, subcontractors, agents and representatives will not, engage in any activity, practice or conduct which would constitute an offence under any Anti-Corruption Legislation. In addition the Supplier shall maintain in place policies and procedures governing its business ethics which ensures it complies with the requirements of the Purchaser's Supplier Code of Conduct which can be viewed on the Purchaser's website at www.QinetiQ.com/suppliers/code_of_conduct.</p> <p>[p.4] A breach of this Clause 24 shall be deemed to be a material breach of the Contract.</p> <p>[20] Supplier assurance (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Suppliers To ensure suppliers in higher risk areas are meeting the required standards, we may wish to undertake a site based audit. This will be scheduled with you in advance, as appropriate.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We: [...] Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk</p>

assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties

- Have procedures governing the approval, appointment and management of commercial intermediaries, which are applied in all countries and sectors where we use such intermediaries
- Engage commercial intermediaries to support our business activities only where:

[...]

o The proposed CI (without exception) agrees to clear contractual terms requiring them to comply with bribery and corruption standards and our Code of Conduct

- Include bribery and corruption provisions in relevant contracts with third parties (including Joint Ventures and commercial intermediaries), along with rights of audit and termination in the event of a breach

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is evidence that incentive structures for agents are highlighted and addressed as a factor in bribery and corruption risk.</p> <p>However, based on publicly available information, there is no evidence that the company imposes a threshold on the payment of sales commissions to agents, and there is no requirement that remuneration is paid in stage payments or into local bank accounts. The company refers to a Use of Commercial Intermediaries Group Procedure but this is not publicly accessible.</p>
Evidence
<p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf [p.3] 7.6</p> <p>Any commercial intermediary, representative or agent acting on behalf of QinetiQ, including resellers or distributors, will be engaged strictly in accordance with the Use of Commercial Intermediaries 'Group Procedure'.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <p>Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties</p> <ul style="list-style-type: none"> • Have procedures governing the approval, appointment and management of commercial intermediaries, which are applied in all countries and sectors where we use such intermediaries • Engage commercial intermediaries to support our business activities only where: <ul style="list-style-type: none"> o There is a clear business need and justification for the proposed remuneration o Proposed remuneration levels align to industry/regional norms in recognition that remuneration of CIs is a risk factor in bribery and corruption

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
The company does not publish any details of the agents currently contracted to act for and/or on behalf of the company.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption related investigations, incidents or the associated disciplinary actions involving agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence on all of its joint venture partnerships. At a minimum, the company states that this includes establishing the ultimate beneficial ownership of the partner company, with enhanced due diligence where required.</p> <p>However, evidence suggests that due diligence is only conducted before engaging joint ventures and is not repeated at least every two years.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <ul style="list-style-type: none"> • Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties <p>[...]</p> <ul style="list-style-type: none"> • Expect our business partners (including Joint Ventures) and commercial intermediaries to implement and enforce effective systems to counter bribery and corruption.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
2
Comments
<p>There is evidence that the company commits to establishing and implementing anti-bribery and corruption policies and procedures in all of its joint ventures by requiring the adoption of its own anti-bribery and corruption programme. The company states that it will only enter into joint ventures if anti-bribery and corruption clauses are included in the contract, specifying clear audit and termination rights to detect, control and prevent breaches.</p>
Evidence
<p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf [p.3] 7.5</p> <p>Arrangements with third parties will be subject to clear contractual terms requiring them to comply with minimum standards relating to bribery and corruption.</p> <p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <ul style="list-style-type: none"> • Include bribery and corruption provisions in relevant contracts with third parties (including Joint Ventures and commercial intermediaries), along with rights of audit and termination in the event of a breach <p>[...]</p> <ul style="list-style-type: none"> • Expect our business partners (including Joint Ventures and commercial intermediaries) to implement and enforce effective systems to counter bribery and corruption. • Commit to establishing governance frameworks that are consistent with our own with the Joint Ventures in which we are a shareholder. QinetiQ employees appointed as Joint Venture board members will seek to influence the adoption of ethical policies and procedures, including those to counter bribery and corruption. Joint Venture employees have access to our Ethics Helpline and confidential reporting line

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
2
Comments
There is evidence that company commits to take an active role in preventing bribery and corruption in all of its joint ventures. There is some evidence to support the company's commitment, through a statement of possible controls that it may implement, dependent on the context.
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <ul style="list-style-type: none"> • Include bribery and corruption provisions in relevant contracts with third parties (including Joint Ventures and commercial intermediaries), along with rights of audit and termination in the event of a breach <p>[...]</p> <ul style="list-style-type: none"> • Expect our business partners (including Joint Ventures and commercial intermediaries) to implement and enforce effective systems to counter bribery and corruption. • Commit to establishing governance frameworks that are consistent with our own with the Joint Ventures in which we are a shareholder. QinetiQ employees appointed as Joint Venture board members will seek to influence the adoption of ethical policies and procedures, including those to counter bribery and corruption. Joint Venture employees have access to our Ethics Helpline and confidential reporting line

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
1
Comments
<p>There is evidence that the company has policies and procedures in place to address corruption risks associated with offset contracting and ensures any offset partners adhere to its anti-bribery and corruption standards through appropriate contractual clauses. The company has a dedicated body, department or team responsible for the monitoring and oversight of the company's offset activities throughout the lifecycle of each project.</p> <p>However, there is no evidence that all employees within the team receive tailored anti-bribery and corruption training.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <p>May enter into offset arrangements where these form part of the country's regulatory requirements. Such arrangements:</p> <ul style="list-style-type: none"> o have a clear business rationale o are overseen and monitored by the Commercial team o are subject to review and approval, including risk-based anti-bribery and corruption due diligence o include anti-bribery and corruption clauses in contracts o are assessed for financial and non-financial risks and suitable mitigating actions put in place

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>There is clear evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations. This process specifically includes checks on the beneficial ownership of any offset brokers or beneficiaries. As part of this process, the company's policy also commits to establishing and verifying that the offset obligation proposed is founded on a legitimate rationale.</p> <p>However, it is unclear whether the company refreshes the due diligence every two years and whether it conducts conflict of interest checks as part of the process.</p>
Evidence
<p>[1] Business ethics (webpage) Accessed 18/05/2020 https://www.qinetiq.com/About-us/Corporate-Responsibility We:</p> <p>[...]</p> <p>Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties</p> <p>[...]</p> <p>May enter into offset arrangements where these form part of the country's regulatory requirements. Such arrangements:</p> <ul style="list-style-type: none"> o have a clear business rationale o are overseen and monitored by the Commercial team o are subject to review and approval, including risk-based anti-bribery and corruption due diligence o include anti-bribery and corruption clauses in contracts o are assessed for financial and non-financial risks and suitable mitigating actions put in place

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
The company does not publish any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
The company does not publish any details of its offset obligations and/or contracts.
Evidence
No evidence found.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
<p>The company acknowledges the corruption risks associated with operating in different markets, and there is evidence that it has a risk assessment process in place to account for these specific risks, with clear risk management procedures in place. The results of risk assessments have a direct impact on business decisions and inform the development and implementation of additional controls.</p>
Evidence
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.41] Bribery is a serious issue and we recognise its potential risk to our business. We have a zero-tolerance approach to bribery and corruption, with robust policy and procedures in place, overseen by our Chief Ethics Officer. These are regularly reviewed against changing regulations and industry guidance. These procedures are also embedded into our international business risk management process with specific focus on risks associated with partner relationships.</p> <p>[2] Anti-bribery and Corruption Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf</p> <p>[p.5] 13.1 The following QinetiQ ‘Policies’, ‘Group Procedures’ and ‘Instructions’ are associated with QinetiQ’s anti-bribery and corruption responsibilities:</p> <p>[...]</p> <p>International Business Risk Management ‘Group Procedure’</p> <p>[6] Risk and CSR Committee (webpage) Accessed 19/07/2019 https://www.qinetiq.com/About-us/Corporate-Responsibility [...]</p> <p>6.0 Duties</p> <p>6.1 To oversee the sound operation of the risk management systems. This will involve;</p> <ul style="list-style-type: none"> • Review of risk identification, assessment and reporting processes; • Review of the effectiveness of the risk management or control systems and of the quality of the assurance over such controls. (This excludes controls relating to financial reporting risks); • Reviewing reports from the Head of Internal Audit on the application of risk management systems and monitoring management implementation of agreed actions; • Overseeing the learning of lessons from past problems or successes and the system for incorporating such lessons into risk management practices; • Oversee and advise the Board on the current risk exposures of the Company and future risk strategy;

- In conjunction with the Audit Committee, review the Company's capability to identify and manage new risk types;
- Consideration of the prevailing risk and control culture and risk appetite, including periodically forming a view of attitudes to risk and control; and monitoring the effective application of QinetiQ Group's business ethics principles including compliance with the requirements of the Bribery Act;
- Whilst recognising the requirements of the Proxy Regime, meet its oversight obligations by continuing to determine how risk management and internal control are applied in any US business covered by such a regime, in part by maintaining an active dialogue with the Proxy Board on the approach being taken to securing and monitoring risk management effectiveness;
- Review the Company's procedures for the prevention of bribery; and
- Review and approval, together with the Audit Committee, of the Company's statements on internal controls and risk management in the Annual Report.

6.2 To monitor risk exposures

The Committee will:

- Review reports on significant risk exposures (both "gross" i.e. before mitigation and "net" i.e. post-mitigation); this will include a review of the top-level risk register and of the approach to formulating the full risk register;
- Consider changes and trends in risk exposures, including consideration of external factors influencing the Company's risk profile;
- Consider how far the estimated risk exposures are being mitigated to the required level in line with the agreed risk strategy;
- Assess periodically, from a risk and internal control perspective, the Group Business Model and strategy, to check that key strategic and financial risks are reflected in the risk strategy and risk register (including consideration of stress-testing or scenario analysis undertaken by management);
- Periodically assess the alignment between the Group's strategy, its risk strategy and the prevailing risk profile and report its assessment to the Board; in doing so the Committee shall consider the inter-connectedness of risks;
- Review the steps Management are proposing to mitigate existing, changing or emerging risks;
- Conduct an initial review of management recommendations to the Board relating to risk strategy and the level of investment in mitigation; and
- Review and approve the Company's statements on risk exposures in the Annual Report.

[5] Annual Report and Accounts 2019

Accessed 19/07/2019

<https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf>

[p.32]

Risk management and assurance activity

Three lines of defence model

Our risk management and assurance activity is formed of three lines of defence, each reporting to the Executive Committee, to the Board's Audit Committee in respect of financial risks, and the Board's Risk & CSR Committee in respect of non-financial risks. The first line of defence is performed by the businesses, through managing activities in accordance with established operating principles; the second line is performed by the oversight functions, including the enterprise risk management and safety and governance teams; and the third line is performed by the internal audit team and external providers.



QinetiQ risk appetite
The Board identifies and reviews its tolerance of risk by establishing a clear risk appetite and setting appropriate delegations of authority to the executive and senior leaders. We focus on those critical risk areas necessary to achieve our strategic goals. Risk appetite is articulated by defining three categories which balance scrutiny and mitigation activity against likely benefit:

Cautious
Avoidance of uncertainty – with negligible or low residual risk. Applying innovation prudently where the risks are fully understood.

Balanced
Preference for delivery options that have a low or moderate degree of residual risk. Applying innovation only where successful delivery is likely.

Eager
Willing to consider all delivery options despite greater inherent risk and eager to be innovative.

	Cautious	Balanced	Eager
Commercial			
Opportunities relating to increased market share where we have proven delivery into existing markets			██████████
Opportunities that translate proven delivery into new markets		██████████	██████████
Opportunities that translate new capability or delivery into existing customers		██████████	
Opportunities that involve new capability or delivery into new markets		██████████	
Operational			
Operational delivery		██████████	
Compliance with legal and regulatory requirements	██████████		

[1] Business ethics (webpage)

Accessed 18/05/2020

<https://www.qinetiq.com/About-us/Corporate-Responsibility>

We:

[...]

- Continuously assess the anti-bribery and corruption risks associated with the activities, geographical location and sectors of our business operations to continuously improve our anti-bribery and corruption compliance programme, which includes our policies, procedures and training. Principal risks, including those in respect of

anti-bribery and corruption are monitored by the Risk & CSR Committee and are reviewed at least annually. Such risks are identified in a risk register, assigned to an owner with responsibility for assessing and managing the risk

- Conduct risk based due diligence on all third parties engaged by the company, including enhanced due diligence as required and establishing the ultimate beneficial ownership of entities to inform the bribery and corruption risk assessment. This applies to our customers, suppliers, joint venture partners, commercial intermediaries and other third parties

Question																																																																																	
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																																																	
Score																																																																																	
1																																																																																	
Comments																																																																																	
<p>The company publishes a list of its subsidiaries and other related undertakings in its annual report, which includes percentages owned and countries of incorporation. There is evidence that the list is complete at the time of publication to the best of the company's knowledge.</p> <p>However, the company does not provide the country of operation for each subsidiary.</p>																																																																																	
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<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.149]</p> <p>33. Subsidiaries and other related undertakings In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries and other related undertakings as at 31 March 2019 is detailed below. Unless stated otherwise, the Group's holding comprises ordinary shares which are held indirectly by QinetiQ Group plc, with the exception of QinetiQ Group Holdings Limited which is held directly by QinetiQ Group plc.</p> <table border="1"> <thead> <tr> <th>Name of company</th> <th>Country of incorporation</th> <th>Registered office</th> </tr> </thead> <tbody> <tr> <td colspan="3">Subsidiaries¹</td> </tr> <tr> <td>BJ Trustee Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Boldon James Holdings Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Boldon James Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Commerce Decisions Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Commerce Decisions Pty Ltd</td> <td>Australia</td> <td>Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia</td> </tr> <tr> <td>CueSim Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Foster-Miller Canada Limited</td> <td>Canada</td> <td>318 Roxton Drive, Waterloo, Ontario, N2T 1R6, Canada</td> </tr> <tr> <td>Foster-Miller Inc²</td> <td>US</td> <td>350 2nd Avenue, Waltham, Massachusetts, MA 02451 1104, USA</td> </tr> <tr> <td>Graphics Research Corporation Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Gyldan 6 Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Gyldan 7 Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Gyldan 8 Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Inzpire Group Limited^{1,7}</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Inzpire Holdings Limited^{1,7}</td> <td>England & Wales</td> <td>Landmark House West, Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA</td> </tr> <tr> <td>Inzpire Limited^{1,7}</td> <td>England & Wales</td> <td>Landmark House West, Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA</td> </tr> <tr> <td>Leading Technology Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Metrix UK Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Optasense Canada Limited²</td> <td>Canada</td> <td>4 Robert Speck Parkway, Suite 1600, Mississauga ON LAZ 1S1, Canada</td> </tr> <tr> <td>Optasense Holdings Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Optasense Inc²</td> <td>US</td> <td>5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA</td> </tr> <tr> <td>Optasense Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Precis (2187) Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>Precis (2188) Limited</td> <td>England & Wales</td> <td>Farnborough⁴</td> </tr> <tr> <td>QinetiQ Aerostructures Pty Ltd</td> <td>Australia</td> <td>Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia</td> </tr> <tr> <td>QinetiQ Australia Pty Ltd</td> <td>Australia</td> <td>Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia</td> </tr> </tbody> </table>	Name of company	Country of incorporation	Registered office	Subsidiaries¹			BJ Trustee Limited	England & Wales	Farnborough ⁴	Boldon James Holdings Limited	England & Wales	Farnborough ⁴	Boldon James Limited	England & Wales	Farnborough ⁴	Commerce Decisions Limited	England & Wales	Farnborough ⁴	Commerce Decisions Pty Ltd	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia	CueSim Limited	England & Wales	Farnborough ⁴	Foster-Miller Canada Limited	Canada	318 Roxton Drive, Waterloo, Ontario, N2T 1R6, Canada	Foster-Miller Inc ²	US	350 2 nd Avenue, Waltham, Massachusetts, MA 02451 1104, USA	Graphics Research Corporation Limited	England & Wales	Farnborough ⁴	Gyldan 6 Limited	England & Wales	Farnborough ⁴	Gyldan 7 Limited	England & Wales	Farnborough ⁴	Gyldan 8 Limited	England & Wales	Farnborough ⁴	Inzpire Group Limited ^{1,7}	England & Wales	Farnborough ⁴	Inzpire Holdings Limited ^{1,7}	England & Wales	Landmark House West, Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA	Inzpire Limited ^{1,7}	England & Wales	Landmark House West, Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA	Leading Technology Limited	England & Wales	Farnborough ⁴	Metrix UK Limited	England & Wales	Farnborough ⁴	Optasense Canada Limited ²	Canada	4 Robert Speck Parkway, Suite 1600, Mississauga ON LAZ 1S1, Canada	Optasense Holdings Limited	England & Wales	Farnborough ⁴	Optasense Inc ²	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA	Optasense Limited	England & Wales	Farnborough ⁴	Precis (2187) Limited	England & Wales	Farnborough ⁴	Precis (2188) Limited	England & Wales	Farnborough ⁴	QinetiQ Aerostructures Pty Ltd	Australia	Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia	QinetiQ Australia Pty Ltd	Australia	Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia
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Commerce Decisions Pty Ltd	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia																																																																															
CueSim Limited	England & Wales	Farnborough ⁴																																																																															
Foster-Miller Canada Limited	Canada	318 Roxton Drive, Waterloo, Ontario, N2T 1R6, Canada																																																																															
Foster-Miller Inc ²	US	350 2 nd Avenue, Waltham, Massachusetts, MA 02451 1104, USA																																																																															
Graphics Research Corporation Limited	England & Wales	Farnborough ⁴																																																																															
Gyldan 6 Limited	England & Wales	Farnborough ⁴																																																																															
Gyldan 7 Limited	England & Wales	Farnborough ⁴																																																																															
Gyldan 8 Limited	England & Wales	Farnborough ⁴																																																																															
Inzpire Group Limited ^{1,7}	England & Wales	Farnborough ⁴																																																																															
Inzpire Holdings Limited ^{1,7}	England & Wales	Landmark House West, Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA																																																																															
Inzpire Limited ^{1,7}	England & Wales	Landmark House West, Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA																																																																															
Leading Technology Limited	England & Wales	Farnborough ⁴																																																																															
Metrix UK Limited	England & Wales	Farnborough ⁴																																																																															
Optasense Canada Limited ²	Canada	4 Robert Speck Parkway, Suite 1600, Mississauga ON LAZ 1S1, Canada																																																																															
Optasense Holdings Limited	England & Wales	Farnborough ⁴																																																																															
Optasense Inc ²	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA																																																																															
Optasense Limited	England & Wales	Farnborough ⁴																																																																															
Precis (2187) Limited	England & Wales	Farnborough ⁴																																																																															
Precis (2188) Limited	England & Wales	Farnborough ⁴																																																																															
QinetiQ Aerostructures Pty Ltd	Australia	Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia																																																																															
QinetiQ Australia Pty Ltd	Australia	Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia																																																																															

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Name of company	Country of incorporation	Registered office
QinetiQ Consulting Pty Ltd	Australia	Unit 5 (Level 1), 8 Brindabella Circuit, Brindabella Business Park, Majura NSW 2609, Australia
QinetiQ Estates Limited	England & Wales	Farnborough ⁴
QinetiQ GmbH	Germany	Flughafenstraße 65, 41066, Mönchengladbach, Germany
QinetiQ GP Limited	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
QinetiQ Group Canada Inc. ²	Canada	5300 Commerce Court West, 199 Bay Street, Toronto ON M5L 1A9, Canada
QinetiQ Group Holdings Limited	England & Wales	Farnborough ⁴
QinetiQ Holdings Limited	England & Wales	Farnborough ⁴
QinetiQ Inc ²	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA
QinetiQ Insurance PCC Limited	Guernsey	Mill Court, La Charroterie, St Peter Port, GY1 4ET Guernsey
QinetiQ Limited	England & Wales	Farnborough ⁴
QinetiQ Novare Pty Ltd	Australia	Petrie House, level 6, 80 Petrie Terrace, Brisbane QLD 400, Australia
QinetiQ Overseas Holdings (2) Limited	England & Wales	Farnborough ⁴
QinetiQ Overseas Holdings Limited	England & Wales	Farnborough ⁴
QinetiQ Overseas Trading Limited	England & Wales	Farnborough ⁴
QinetiQ Pension Scheme Trustee Limited	England & Wales	Farnborough ⁴
QinetiQ PFP Limited Partnership ⁵	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
QinetiQ Philippines Company, Inc	Philippines	22 nd Floor Corporate Centre, 139 Valero Street, Salcedo Village, Makati City, Philippines
QinetiQ Pty Ltd	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia
QinetiQ Services Holdings Pty Ltd	Australia	Level 33, 101 Collins Street, Melbourne, Victoria 3000, Australia
QinetiQ Solutions Sdn. Bhd.	Malaysia	Suite 6.01, 6 th Floor, Plaza See Hoy Chan, Jalan Raja Chulan 50200, Kuala Lumpur, W.P. Kuala Lumpur, Malaysia
QinetiQ Space N.V.	Belgium	Hogenakkerhoekstraat, 9, 9150 Kruikebeke, Belgium
QinetiQ Sweden AB	Sweden	Advokatfirman Delphi, Box 1432, Stockholm, Sweden
QinetiQ Target Services Limited	England & Wales	Farnborough ⁴
QinetiQ Target Systems Limited	England & Wales	Farnborough ⁴
QinetiQ US Holdings, Inc.	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA
Redu Operational Services S.A. ¹	Belgium	Rue Devant les Hetres, 2B, 6890 Transinne, Belgium
RubiKon Group Pty Limited	Australia	Level 33, 101 Collins Street, Melbourne, Victoria 3000, Australia
Sensoptics Limited	England & Wales	Farnborough ⁴
Tarsier Limited	England & Wales	Farnborough ⁴
Trusted Experts Limited	England & Wales	Farnborough ⁴
TSG International LLC	US	350 Second Avenue, Waltham, Massachusetts 02451, USA
Associates³		
Redu Space Services S.A. ⁷	Belgium	Rue Devant les Hetres, 2B, 6890 Transinne, Belgium
Joint venture⁶		
BQ Solutions QSTP-LLC ⁷	Qatar	Qatar Science & Technology Park, Innovation Centre Building, Office 307, Doha, Qatar
Houbara Defence & Security LLC ⁷	United Arab Emirates	503 Al Wahda Commercial Tower, Abu Dhabi, PO box 128220
QinetiQ Dar Massader QDM Limited ⁷	Saudi Arabia	Al Nakhla Tower, 3026-Prince Saud Bin Mohamed Bin Muqin Road, PO Box 2985, Riyadh 13321, Kingdom of Saudi Arabia

¹ As at 31 March 2019 the Group owned 100% of the ordinary shares of these subsidiary undertakings except for Redu Operational Services S.A. (52%), Inzpire Group Limited (85%), Inzpire Holdings Limited (85%) and Inzpire Limited (85%)

² The class of shares is 'common share'


³ As at 31 March 2019 the Group owned 48% of Redu Space Services S.A.

⁴ Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX

⁵ Limited partnership. The partners are all wholly-owned Group companies

⁶ As at 31 March 2019 the Group owned 49% of BQ Solutions QSTP-LLC, 49% of Houbara Defence & Security LLC and 49% of QinetiQ Dar Massader QDM Limited.

⁷ The financial year end of each undertaking is 31 March other than BQ Solutions QSTP-LLC (31 December), Houbara Defence & Security LLC (31 December), QinetiQ Dar Massader QDM Limited (31 December), Inzpire Group Limited (31 August), Inzpire Holdings Limited (31 August) and Inzpire Limited (31 August).

Question																				
9.3 Does the company disclose its beneficial ownership and control structure?																				
Score																				
2																				
Comments																				
The company is publicly listed on a regulated market in the UK and therefore automatically receives a score of '2'.																				
Evidence																				
<p>[17] Financial Times Markets Data (webpage) Accessed 05/08/2020 https://markets.ft.com/data/equities/tearsheet/summary?s=QQ.%3ALSE</p>  <p>Qinetiq Group PLC QQ.:LSE ▼ Industrials > Aerospace & Defense</p> <table border="1"> <thead> <tr> <th>PRICE (GBX)</th> <th>TODAY'S CHANGE</th> <th>SHARES TRADED</th> <th>1 YEAR CHANGE</th> <th>BETA</th> </tr> </thead> <tbody> <tr> <td>310.00</td> <td>↑ 2.80 / 0.91%</td> <td>101.37k</td> <td>↑ 11.75%</td> <td>0.5617</td> </tr> </tbody> </table> <p>Data delayed at least 20 minutes, as of Aug 05 2020 12:32 BST.</p>	PRICE (GBX)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA	310.00	↑ 2.80 / 0.91%	101.37k	↑ 11.75%	0.5617										
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<p>[12] Share information (webpage) Accessed 19/07/2019 https://www.qinetiq.com/investors/share-price</p> <p>LSE - QinetiQ Group Plc</p> <p>Share information</p> <table border="1"> <thead> <tr> <th>Market Close</th> <th>Symbol</th> </tr> </thead> <tbody> <tr> <td>04:42 PM BST 19/07/2019</td> <td></td> </tr> <tr> <td>275.20 -2.60 (-0.94 %) GBp</td> <td>Last close</td> </tr> <tr> <td></td> <td>Open</td> </tr> <tr> <td>ISIN</td> <td>GB00B0WMWD03</td> </tr> <tr> <td>Shares in issue</td> <td>567,962,378</td> </tr> <tr> <td>Market cap (Mn)</td> <td>1,563.03 GBP</td> </tr> <tr> <td></td> <td>Day volume</td> </tr> <tr> <td></td> <td>Day high</td> </tr> <tr> <td></td> <td>Day low</td> </tr> </tbody> </table>	Market Close	Symbol	04:42 PM BST 19/07/2019		275.20 -2.60 (-0.94 %) GBp	Last close		Open	ISIN	GB00B0WMWD03	Shares in issue	567,962,378	Market cap (Mn)	1,563.03 GBP		Day volume		Day high		Day low
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	Day volume																			
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<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.93] Share capital As at 31 March 2019, the Company had an allotted and fully paid up share capital of 571,757,121 ordinary shares of 1p each with an aggregate nominal value of £5.7m and one Special Share with a nominal value of £1. The ordinary share total includes 3,794,743 shares held exclusive of voting rights in treasury and 1,410,327 shares held by employee share trusts.</p>																				

Details of the shares in issue during the financial year are shown in note 27 on page 142.

Rights of ordinary shareholders

The holders of ordinary shares are entitled to receive the Company’s Reports and Accounts, to attend and speak at general meetings of the Company, to exercise voting rights in person or by appointing a proxy, and to receive a dividend where declared or paid out of profits available for that purpose.

Rights of special shareholder

The Special Share is held by HM Government through the Secretary of State for Defence (the Special Shareholder) and it may only be held by and transferred to HM Government. It confers certain rights to protect UK defence and security interests. These include:

- The promotion and reinforcement of the MOD compliance principles which require QinetiQ to be an impartial, ethical and responsible contractor by avoiding conflicts of interest in its dealings with the MOD – The protection of defined strategic assets of the Group, such as certain testing facilities, by providing the Special Shareholder with an option to purchase those assets in certain circumstances
 - The right to require certain persons with a material interest in QinetiQ to dispose of some or all of their ordinary shares on the grounds of national security or conflict of interest
 - A provisions whereby at least the Non-executive Chairman or Chief Executive Officer must be a British citizen
- The Special Share carries no financial and economic value and the Special Shareholder is not entitled to vote at a general meeting of the Company. At any time the Special Shareholder may require QinetiQ to redeem the share at par and, if wound up, the Special Shareholder would be entitled to be repaid at its nominal value before other shareholders. Any variation of the rights attached to the Special Share requires the written approval of the MOD. Further details can be found in note 27 on page 142.

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Major shareholdings

In accordance with DTR 5, the Company has been notified of the following from holders representing 3% or more of the issued ordinary share capital of the Company:

Name of shareholder	At 31 March 2019 % of issued share capital*	At 15 May 2019* % of issued share capital
Schroders	9.62%	9.62%
BlackRock, Inc.	5.01%	5.01%
Silchester International	4.96%	4.96%
Investec	4.95%	4.95%
Standard Life Aberdeen plc	4.81%	4.81%
Norges Bank	3.94%	3.94%

* As notified by the shareholder and based on the issued ordinary share capital at the time of the notification.
 * Being a date not more than a month prior to the date of the Notice of AGM.

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Analysis of share register at 31 March 2019

By type of holder	Total number of holdings	Percentage of holders	Total number of shares	Percentage issued capital
Individual	5,708	88.35%	5,436,128	0.95%
Institutions and others	753	11.65%	566,320,993	99.05%
Total	6,461	100%	571,757,121	100%
By size of holding				
1-500	4,315	66.79%	837,692	0.15%
501-1,000	533	8.25%	427,997	0.07%
1,001-2,500	628	9.72%	1,100,363	0.19%
2,501-5,000	342	5.29%	1,236,203	0.22%
5,001-10,000	162	2.51%	1,188,453	0.21%
10,001-100,000	220	3.41%	7,770,925	1.36%
Over 100,000	261	4.04%	559,195,488	97.80%
Total	6,461	100%	571,757,121	100%

Question																
9.4 Does the company publish a percentage breakdown of its defence sales by customer?																
Score																
2																
Comments																
The company discloses the customers that account for 88% of its sales, which are predominantly in the defence sector. This data is correct up to the most recently reported financial year.																
Evidence																
<p>[5] Annual Report and Accounts 2019 Accessed 19/07/2019 https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf</p> <p>[p.2]</p> <div style="margin-top: 20px;"> <h2 style="font-size: 2em; color: #007070;">At a glance</h2> <p style="color: #007070;">We offer our customers world-class expertise through our services and innovative technology-based products</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> <p>We deploy our scientific and technological knowledge, proven research capabilities and unique, purpose-built facilities to provide both services and products that meet the needs of a wide range of global customers.</p> <p>We operate primarily in the defence, security and critical infrastructure markets and our customers are predominantly government organisations, including defence departments, as well as a growing number of commercial customers.</p> <p>The proportion of revenue from outside the UK has increased from 21% to 30% in three years.</p> </div> <div style="width: 45%;"> <div style="margin-bottom: 20px;"> <p>Revenue by division (%) FY19</p> <table border="1"> <caption>Revenue by division (%)</caption> <thead> <tr> <th>Division</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>EMEA Services</td> <td>75%</td> </tr> <tr> <td>Global Products</td> <td>25%</td> </tr> </tbody> </table> </div> <div> <p>Revenue by destination country (%) FY19</p> <table border="1"> <caption>Revenue by destination country (%)</caption> <thead> <tr> <th>Country</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>70%</td> </tr> <tr> <td>US</td> <td>12%</td> </tr> <tr> <td>Rest of the World</td> <td>12%</td> </tr> <tr> <td>Australia</td> <td>6%</td> </tr> </tbody> </table> </div> </div> </div> </div>	Division	Percentage	EMEA Services	75%	Global Products	25%	Country	Percentage	UK	70%	US	12%	Rest of the World	12%	Australia	6%
Division	Percentage															
EMEA Services	75%															
Global Products	25%															
Country	Percentage															
UK	70%															
US	12%															
Rest of the World	12%															
Australia	6%															

EMEA Services

Combines world-leading expertise with unique facilities to generate and assure capability. It does this through capability integration, threat representation and operational readiness, underpinned by long-term contracts that provide good revenue visibility and cash flows.

£687.7m
annual revenue
(FY18: £651.4m)

5,170
total employees
(FY18: 5,239)

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Operating review

Air & Space

What we do
De-risk complex aerospace programmes by testing systems and equipment, evaluating the risks and assuring safety.

Approximate revenue
£180m

Maritime, Land & Weapons

What we do
Deliver operational advantage to customers by providing independent research, evaluation and training services.

Approximate revenue
£310m

Cyber, Information & Training

What we do
Help government and commercial customers respond to evolving threats based on our expertise in training, secure communication networks and devices, intelligence gathering and surveillance sensors, and cyber security. Our strategic investment in Inzpire is reported through this business.

Approximate revenue
£120m

International

What we do
Our International business leverages our expertise and skills developed in the UK and applies them to opportunities in attractive markets globally. QinetiQ Germany (EIS acquisition) is reported as part of our International business.

Approximate revenue
£80m

[p.118]

Revenue by customer geographic location For the year ended 31 March

All figures in £ million	2019	2018
US	105.3	81.6
Australia	55.2	54.8
Europe	60.8	43.2
Middle East	11.0	13.9
Rest of World	41.4	32.5
International	273.7	226.0
United Kingdom	637.4	607.0
Total revenue	911.1	833.0

[p.119]

Revenue by major customer type For the year ended 31 March

All figures in £ million	2019	2018
UK Government	562.7	544.2
US Government	83.1	65.5
Other	265.3	223.3
Total revenue	911.1	833.0

'Other' does not contain any customers with revenue in excess of 10% of total Group revenue.

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
Evidence

List of Evidence & Sources

No	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Business Ethics	19/07/2019	https://www.qinetiq.com/About-us/Corporate-Responsibility
02	Document	Anti-bribery and Corruption	18/05/2020	https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Anti-bribery-and-Corruption-2020.pdf
03	Document	Code of Conduct	19/07/2019	https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Group-PLC-Code-of-Conduct-2019.pdf
04	Document	Supplier Code of Conduct	19/07/2019	https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QQ_Supplier_Code_of_Conduct_2018.pdf
05	Document	Annual Report and Accounts 2019	19/07/2019	https://www.qinetiq.com/-/media/Files/Investors/ARA-2019/Annual-Report-and-Accounts-2019-9mb.pdf
06	Webpage	Risk and CSR Committee	19/07/2019	https://www.qinetiq.com/About-us/Corporate-Responsibility
07	Webpage	Terms of Reference for the Audit Committee	19/07/2019	https://www.qinetiq.com/About-us/Corporate-Governance/Terms-of-reference-for-the-Audit-Committee
08	Document	Directors Remuneration Policy	19/07/2019	https://www.qinetiq.com/-/media/Files/CSR-Reports/Directors_Remuneration_Policy_2017.pdf?la=en-GB
09	Document	Terms and Conditions for the Purchase of Goods and Services in the UK	19/07/2019	https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/QLL-Conditions-of-Purchase-v79-090318.pdf?la=en-GB
10	Webpage	Supplier assurance	19/07/2019	https://www.qinetiq.com/About-us/Suppliers
11	Document	JOSCAR	19/07/2019	https://www.qinetiq.com/-/media/Files/About-Us/Suppliers/JOSCAR-process.pdf
12	Webpage	Share information	19/07/2019	https://www.qinetiq.com/investors/share-price
15	Document	Sponsorships and Donations	18/05/2020	https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/QinetiQ-Sponsorships-and-Donations.pdf
16	Document	Gifts and Hospitality Procedure	18/05/2020	https://www.qinetiq.com/-/media/Files/About-Us/Corporate-Responsibility/Gifts-and-Hospitality-Procedure-2017.pdf
17	Webpage	Financial Times Markets Data	05/08/2020	https://markets.ft.com/data/equities/tearsheet/summary?s=QQ.%3A_LSE