

QINETIQ

Modern Slavery and Human Trafficking Statement

July 2022



This is the Modern Slavery Statement for QinetiQ Group Plc, issued under section 54 of the Modern Slavery Act 2015 (the Act) in the UK and in accordance with the modern slavery laws of other locations in which QinetiQ operates. It constitutes our modern slavery and human trafficking statement for the financial year ending 31 March 2022, setting out the measures QinetiQ Group plc takes to prevent slavery and human trafficking in our business and supply chains.

Modern Slavery, forced labour and human trafficking is a global issue, affecting all sectors, industries and territories and represents some of the gravest crimes of human rights abuse in our society.

We are committed to responsible business conduct, and believe that slavery is not acceptable within our business and our supply chain. We fully support the principles of the UK Act and in accordance with the modern slavery laws of other locations in which QinetiQ operates.

Our Business and Supply Chains

QinetiQ Group plc is the parent company of a number of wholly-owned subsidiaries. The UK, US and Australia are our home countries, and our priority countries for future growth are Canada, Germany and Belgium.

QinetiQ Ltd, based in the UK is by far the largest part of the Group and is where our Head Office is located (with approximately 70% of our employees). Our other subsidiaries are smaller (approximately 600 people or less in each case), including: the Group's US Global Products division, which comprises QinetiQ Inc. (C5ISR), Foster Miller Inc. (Technology Solutions), QinetiQ Pty Ltd (Australia), QinetiQ Space NV (Belgium), QinetiQ Target Systems Ltd (a UK entity with facilities in UK and Canada), QinetiQ Group Canada Inc, QinetiQ Sweden AB, QinetiQ GmbH (Germany), QinetiQ Training and Simulation Limited, Naimuri Ltd (UK) and the Inzpire Group Ltd (UK).

The Group revenue for FY22 was

£1320.4M

with approximately 90% of revenue from our home countries UK, US and Australia.

Subsidiaries with revenue greater than £36M in FY22:



QinetiQ is a science and engineering company operating primarily in the defence and security markets. Our customers are predominantly government organisations. We are an information, knowledge and technology based business with more than 3,000 scientists and engineers (our total workforce is approximately 7,000) and a wide array of unique facilities.

We report through two divisions:

- Europe, Middle East and Australasia (EMEA) Services, providing advice and services, particularly test and evaluation; and
- Global Products, delivering products and solutions supported by research and development.

Our capabilities are grouped into six areas;

- Experimentation and technology
- Test and Evaluation
- Cyber and information advantage
- Training and mission rehearsal
- Engineering services and support
- Robotics and autonomous systems

We do not undertake mass production or significant manufacturing. The exception is QinetiQ Target Systems (which produces targets), Space NV (which produces satellites) and our US Global Products division (which principally produces robots and sensor products).

Our product and service supply chains are relatively short and often draw primarily on domestic suppliers, although in some cases these extend globally.

Our suppliers can be divided broadly into two categories;

- Those that we use to support our operations (e.g. Infrastructure, Facilities Management Services, IT); and
- Those that support the delivery of services and products to our customers (e.g. Engineering and Research).

We have approximately

7,000

active suppliers and most of our spend (**approximately 86%**) is within our home countries (UK, USA and Australia).

The goods and services that we procure in the delivery of our business are largely high-end technology, commercial off-the shelf products, or high-end consultancy and research services.

Our Policies and Controls

We are committed to responsible and ethical business practice and expect similar standards from our business partners and suppliers. We respect international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Guiding Principles, UK Government Modern Slavery Act 2015; US Trafficking in Victims Act 2000 (also referred to as TVPA). In Australia, we are committed to meeting the requirements of the Commonwealth Modern Slavery Act 2018 and the relevant legislation in all of the territories where we operate and procure our goods and services. We also support the United Nations Sustainable Development Goals, and in the context of our modern slavery programme Goal 8.7, which aims to end modern slavery and human trafficking. Through our policies and processes, we seek to anticipate, prevent and mitigate potential negative human rights impacts.

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

We abide by and respect international labour laws. Because of the nature of the work that we do and where our sites are located, we do not have a significant risk of slavery within our operations and workforce. However, we are not complacent. We have ensured that our resourcing policy and recruitment process includes consideration of modern slavery.

Our employees are protected by our policies such as health and safety, security, recruitment, pay, working hours, freedom of association and non-discrimination.

Human rights issues are embedded in our international business risk management processes, and our Ethical Trading Policy and we have specific requirements to address the risk of modern slavery and human trafficking in our procurement policy and processes.

Our **Supplier Code of Conduct** (updated in FY22) defines the minimum standards that our suppliers are required to adhere to when they deliver products or services to QinetiQ (which may also involve their own suppliers). Our policies and codes provide guidance to our employees, suppliers and partners to support the prevention of modern slavery and human trafficking from taking place in our business or in our supply chains.

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

We are committed to a culture where people are confident to speak up and raise concerns and we communicate this to employees via our Code of Conduct, our business ethics training, Supplier Code of Conduct and wider awareness communications. We have an ethics email advice service, a network of Ethics Champions and an independent confidential reporting line for employees and third parties to report any concerns, including in relation to modern slavery. The QinetiQ Board oversees confidential reporting. During FY22, we have had no issues raised about modern slavery via these routes.

Our Due Diligence and Risk Management

We undertake modern slavery risk assessments at an enterprise level across our business, and particularly in relation to our supply chains.

In the UK, we are a leading participant of the Joint Supply Chain Accreditation Register (JOSCAR) which in collaboration with other UK defence and security primes, helps us mitigate modern slavery risk within our supply chains during pre-qualification and annual reassessment. As part of our wider human rights and governance compliance activity, all suppliers are screened for sanctions and previous prosecutions, and our subcontract terms and conditions explicitly require our suppliers to be legally compliant with modern slavery and human trafficking legislation.

We undertake risk reviews of our suppliers, based on country, product, services and sector risk. For the elements of our supply chain we consider to have a potentially higher risk of modern slavery and human trafficking occurring, or potential cause for concern, we undertake appropriate action to understand, qualify and address the risk or issue.

Currently less than

0.4%

of our Tier 1 suppliers are located in high risk countries which represents 0.12% of our total spend.

We are increasing our engagement with key Tier 1 suppliers to understand how they manage risk further down the supply chain.

The global COVID-19 pandemic has exacerbated the risks of modern slavery occurring in some countries and sectors. Since 2020, we undertake relevant due diligence to appropriately reduce the impact of COVID-19 on QinetiQ and our supply chain following our established process for continuous monitoring of our supply chain.

Training and Raising Awareness

QinetiQ recognises that the knowledge, responsibility and conduct of our people play an important role in mitigating the risk of slavery and human trafficking within our organisation and supply chains.

To help our employees identify and address modern slavery risk in our business we have provided modern slavery training and briefings for employees with roles in Supply Chain and Procurement, Quality, Human Resources and Governance.

We have also included modern slavery in our annual business ethics training, which is a mandatory requirement for all employees and undertaken by our Board, to ensure our employees are aware of the issue and understand their role in helping to prevent modern slavery.

We have in place a 'Modern Slavery Resource Hub' on our intranet to give our employees and those in key roles access to the latest information and resources. We have also undertaken awareness communications for employees.

Case Study

In May 2022 QinetiQ published our **Sustainable Procurement Guide**.

Sustainable Procurement is the consideration of how a procurement decision can improve Environmental Social Governance (ESG) well-being and how through the procurement process, we can act to create value and reduce or remove the negative impacts on society and our planet.

By working collaboratively in sustainable partnership with our supply chains, we can advance innovation and working practices that will address ESG issues such as human rights.

The Guide was launched in order to assist and inspire the QinetiQ Group supply chain, our internal colleagues and be shared with our customers, highlighting the sustainability values we hold and what we expect from our suppliers, as an extension of QinetiQ.

In a landscape that is rapidly changing, it provides an essential communication tool for engagement with stakeholders and to facilitate conversation on this important issue.



Stakeholder Engagement

We recognise that learning from, and collaboration with others will strengthen our approach to tackling Modern Slavery. We actively participate in our trade bodies (ADS) Business Ethics Network and techUK Responsible Business Conduct Group, where we are able to share best practice on ethical and human rights issues and work in collaboration with our suppliers, peers and customers.

QinetiQ Chairs key sector sustainability groups, which cover modern slavery, including the ADS Sustainability Working Group and the UK MOD-Industry Sustainable Procurement Working Group.

As part of our strategic customer engagement, we met with our UK MOD Account Manager to discuss and review findings and recommendations from the UK Government Modern Slavery Assessment Tool (MSAT).

As part of our QinetiQ Collaborate series of events, in FY22 we ran a QinetiQ Collaborate: "Abolishing Slavery in our Supply Chains" virtual event with an open invitation to our supply chain and industry. See case study below for more information.

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

Key Performance Indicators

We have a number of key performance indicators as part of our modern slavery action plan to help us monitor and drive improvement:

- % of key role employees completed online training
- % of suppliers who have signed up to the Supplier Code of Conduct
- % of suppliers who have fully completed JOSCAR assessments
- % of suppliers in high risk countries completed annual sanctions checks
- The number of Governance meetings engaging with the Executive Board on Modern Slavery

Case Study

The QinetiQ Collaborate "Abolishing Slavery in our Supply Chains" virtual event held in December 2021, is part of a series of Collaborate Events that aims to ensure good practices are shared throughout our supply chain and wider external stakeholders, by providing a thought leadership platform for learning through panels of subject matter experts across the defence and security industry.

The event brought together Procurement representatives from our UK, Australian and German sites to discuss their local experiences of modern slavery activities, with guest speaker from Bird & Bird providing an update of changing legislation and especially the impacts from the COVID-19 pandemic. The event enabled cross-industry collaboration and awareness of Modern Slavery in QinetiQ's supply chain.



Assessment of and the effectiveness of our approach

Our approach is to ensure we have an effective policy and process, to engage with our supply chain and to raise awareness of the issue of modern slavery with our people, via training and communications.

Modern slavery is a complex and evolving issue, and we regularly review progress, learn from best practice and deliver improvements so that we continue to improve our approach.

Modern slavery is covered in our self-certification governance process for those entities that do not use the Group QinetiQ Operating Framework (namely QinetiQ Inc, Naimuri Ltd, QinetiQ Training and Simulation Limited and Inzpire Ltd).

All the other QinetiQ entities are governed by the Operating Framework and are required to make a statement of compliance. During FY22 there were no issues identified through this process.

In FY22 we:

- Successfully implemented year 2 of a 3-year Modern Slavery action plan to develop our approach to supply chain management, training and capacity building, due diligence and risk assessment and stakeholder engagement.
- Updated our Supplier Code of Conduct, and introduced it to the JOSCAR assessment questionnaire.
- Met with our UK MOD Account Manager to discuss the review and findings in the UK MSAT
- Engaged with key Tier 1 suppliers to raise awareness of Modern Slavery and to share best practice.
 - Worked closely with our Group entities and subsidiaries to align our policies and procedures
 - Worked collaboratively with the JOSCAR Working Group to update the latest version of supplier pre-qualification questions, including on Human Rights and Modern Slavery
- Continued to:
 - Raise awareness (via communications and intranet web resource) and training for our people; with modern slavery included in our annual business ethics training as well as more detailed training for key roles. We sought feedback on the effectiveness of the training and created some complementary resources.
 - Screen new suppliers and provide additional scrutiny on high-risk suppliers.
 - Host events such as Abolishing Slavery in our Supply Chains to promote sharing of best practice and increasing the awareness of Modern Slavery with our global supply chain.
 - Participate in our Trade Bodies to share industry best practice and collective issues.

Next Steps

During FY23 we plan to:

- Design a governance approach for assessing suppliers at Tier 2
- Review, update and continue to roll out and embed our 3-year Modern Slavery Action plan to develop our approach to supply chain management, training and capacity building, due diligence, risk assessment and stakeholder engagement.
- Implement recommendations from the UK Government risk based Modern Slavery Assessment Tool (MSAT) on supplier awareness training and assessment of our Procurement processes.
- Continue to:
 - provide training for those in key roles.
 - Work with our Group entities and subsidiaries to align our policies and procedures
 - engage with Tier 1 suppliers
 - screen suppliers all new suppliers, and those in high risk countries.
 - through our trade and professional bodies to share and learn from best practice.
 - monitor the development of new regulations or guidance relating to prevention of modern slavery and human trafficking in the territories where we operate, to ensure that our policies and processes remain current and compliant.

Governance

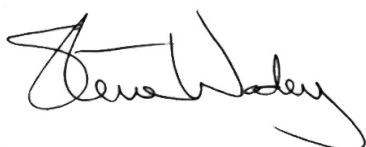
Strong governance underpins responsible business practice and our Board receives regular briefings on business ethics and modern slavery. Our Business Ethics Committee, chaired by our Chief Ethics Officer (Group Company Secretary & General Counsel) has oversight of our human rights approach, including Modern Slavery.

The Modern Slavery programme is delivered via collaboration across key functional roles, (Supply Chain and Procurement, Legal & Governance, Business Services, Corporate Responsibility and Sustainability teams and Human Resources,).

The Managing Directors of each of our QinetiQ Group businesses and functions are responsible for Modern Slavery activity within their operations. Overall accountability is held by the CEO, Steve Wadey and our Board have final approval.

The Board of directors of QinetiQ Group plc approved this statement at its Board meeting, dated 20 July 2022.

Signed:



Steve Wadey
Chief Executive Officer
QinetiQ Group Plc

QINETIQ

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