

Stakeholder engagement continued

Section 172 statement

Section 172 (s172) of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- ▶ the likely consequences of any decisions in the long term;
- ▶ the interests of the Company's employees;
- ▶ the need to foster the Company's business relationships with suppliers, customers and others;
- ▶ the impact of the Company's operations on the community and environment;
- ▶ the desirability of the Company maintaining a reputation for high standards of business conduct; and
- ▶ the need to act fairly between shareholders of the Company.

This statement describes how the Directors have considered the matters set out in s172.

How the Board has discharged its s172 duties

Each of our five subsidiaries has its own board which meets regularly. Four of these are UK companies which are also subject to s172. Both our Chief Executive and Finance Director sit on each of the subsidiary boards and the Cohort plc Board. Together with monthly reporting by the subsidiaries, this facilitates good oversight and communication and enables a continuous exchange of information on engagement with stakeholders and other s172 considerations at both Group and subsidiary level. When making a decision, the Board takes into consideration the Company's mission and core values, together with its strategic priorities. This is reflected in our business model (see pages 9 and 10).

Key activities which support s172

In addition to our activities engaging with stakeholders outlined above, the following key activities undertaken by the Board support it in fulfilling its duties under s172:

Strategy planning

The Board conducts a detailed review of the strategy of each of our subsidiary businesses together with that of Cohort plc. As part of this exercise, the Board considers the long-term opportunities and risks for each business and how best to manage these for the benefit of all stakeholders.

Investment in our people

Ensuring that we have a culture which attracts, retains and develops talented individuals is of utmost importance to the Board. The success of our business depends on our ability to deliver innovative solutions to our customers. We nurture this ability within our employees, providing them with a stimulating workplace and career development and supporting the creation of long-term value for our business.

Further information on our people and initiatives we have in place to attract, retain and develop talented individuals can be found in the "Our People" section on pages 40 and 41.

Focus on delivering long-term value

We are committed to delivering value to shareholders and ensuring that they benefit from our success. This is achieved through our business model and strategic plan, which are set out on pages 9 to 11. Our strategy for achieving outstanding value creation is clearly defined and communicated across our businesses.

We engage in a proactive acquisition programme led by our acquisition team which seek access to new markets and increased profitability through selective acquisitions.

Managing risk

Our effective risk management framework (see page 32) enables the Board to take risk-based decisions which are well understood and managed within our strategic guidelines to deliver growth above target market and to protect shareholder value.

Building strong relationships with our customers

Our global customers depend on us to be their trusted partner to deliver reliably and on time.

We have also developed a set of Group engagement principles which are our guide to show our customers how we will work with them (see cohortplc.com/about-us/how-we-work). The Board including the Chief Executive and Finance Director is frequently called upon to visit key customers to discuss current and future programmes and opportunities.

Our principal customer remains the UK MOD and we build good relations with it through regular update meetings and involvement in group activities through government organisations such as the UK MOD's Department of Equipment and Support.

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The Chief Executive and senior executives hold roadshow events in target export markets, recently South East Asia and Australia, working with the UK Department for International Trade and local embassies to host informative receptions for senior defence personnel. They also visit potential customers and partners in the region to showcase the Group's capabilities.

We also host an informal social event each January where our customers, and other stakeholders can meet senior executives, our subsidiary employees and the Board, and gain a better understanding of capabilities across the Group.

Working as a team with our suppliers and other partners

Our suppliers are critical to our business, as we rely on them for specific elements of our technical and product offering. We often secure business through teaming and partnering with other suppliers. We ensure there is an appropriate framework for managing these arrangements. This includes close liaison and regular review meetings, good project management and ensuring suppliers are paid promptly for the goods and services received.

We work with agents and in-country representatives to facilitate the export of our products and services. We conduct rigorous due diligence on these partners to ensure that they comply with our ethical and legal requirements and liaise with them frequently to maintain contact.

Supporting our communities

Detail of how we actively promote STEM opportunities locally and at a Group level can be found in "Our people" on pages 40 and 41 together with details of our charitable support.

Caring for the environment

The Board considers the impact of our operations on the community and environment. We comply with reporting requirements under the Streamlined Energy and Carbon Reporting (SECR). Further details are set out on page 46.

Ethical conduct

The Board places great emphasis on maintaining high standards of business conduct and our culture encourages our people to act with the highest ethical standards and integrity at all times. This is supported by the policies and processes we have implemented including our anti-bribery and corruption policy and modern slavery policy. We ensure clear communication of our policies through our employee induction and handbook, training, management briefings and our Group and local intranets. Our policies are reviewed regularly to ensure they are in line with best practice.

Further details on key actions in this regard are also contained within the Corporate governance report on pages 50 to 54 and are incorporated into this statement by cross-reference.