

# Notice of Annual General Meeting 2023



This year's Annual General Meeting will be held at **11.30am on Thursday 4 May 2023.**

This notice of meeting sets out the resolutions that shareholders are being asked to consider and vote on. These resolutions are an important part of the governance of the Company and all shareholders are urged to vote, whether they are able to attend the meeting or not.

## Arrangements for the 2023 AGM

There are two options for attending and participating at the AGM which are as follows:

- **Attend electronically** – Access to the meeting electronically will be available at: <https://web.lumiagm.com/104-892-396>. This will enable you to watch a live broadcast of the proceedings. You will be able to submit questions up to an hour before the meeting starts as well as during the meeting; and vote on the resolutions once the poll is open.

Please see the step-by-step guide on page 13 on how to join the meeting remotely, ask questions and submit your votes at the meeting.

- **Attend physically at the AGM venue** – The physical meeting will be held at Hall 5, Farnborough International Exhibition and Conference Centre, Farnborough, Hampshire GU14 6TQ. A road map and instructions on how to reach the venue are set out on page 14. Light refreshments – but not lunch – will be provided for attendees on arrival.

## Voting by proxy

You can alternatively vote by proxy on the resolutions put to shareholders in advance either online or by post as follows:

- Online – if you have accessed this notice electronically, you simply need to click on the electronic voting icon on the Company's AGM website page at [www.baesystems.com/reporting](http://www.baesystems.com/reporting).
- By post – if you received the 2022 Report & Accounts you will also have

received a proxy card. Instructions on voting can be found on the proxy card.

It is good practice for companies to take a poll on all resolutions put to shareholders and the Company has used such polls for a number of years. This allows all shareholders to have their votes recognised whether or not they are able to attend the meeting, physically or electronically. The results of the voting on the resolutions will be posted on the Company's website after the meeting.

## Recommendation

Your Directors consider that each of the proposals detailed in the Notice of Meeting will be of benefit to and in the best interests of the Company and the shareholders as a whole. The Directors intend to vote in favour of all Resolutions in respect of their own beneficial holdings of ordinary shares in the Company and unanimously recommend other shareholders to do likewise.

## Important

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

## How to get to the AGM

Please see the map on page 14 of this document.

### By Road

Hall 5 is situated in Farnborough, Hampshire, to the south west of London, close to Junction 4 of the M3. Follow the Farnborough/Exhibition Centre signs on all major routes. SatNav users should enter 'GU14 6AZ' for directions to the Queen's Roundabout. From the roundabout, take Government House Road (Aerospace Boulevard) and follow the signs to Hall 5/Exhibition Centre via Gate F. Please note that there is currently a diversion in place for westbound traffic accessing Lynchford Road, Farnborough (ie going towards Hall 5). Free parking is available at Hall 5 in the designated car park.

### By Rail

The main train station in Farnborough is Farnborough Main. Other train stations in the vicinity of Hall 5 include North Camp and Aldershot. Please visit [www.nationalrail.co.uk](http://www.nationalrail.co.uk) or telephone 03457 484950 for rail travel information. A complimentary shuttle bus service will be provided between Farnborough Main train station and Hall 5. A return service to Farnborough Main will be provided after the meeting.

# To BAE Systems plc Ordinary Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BAE Systems plc will be held on Thursday 4 May 2023 at 11.30 am.

The physical meeting will be held at Hall 5, Farnborough International Exhibition and Conference Centre, Farnborough, Hampshire GU14 6TQ and electronic access will be via: <https://web.lumiagm.com/104-892-396>

The meeting has been convened for the purpose of transacting the following business:

To consider, and if thought fit, to pass the following Resolutions 1-22, which will be proposed as ORDINARY RESOLUTIONS:

## RESOLUTION 1 – Receipt of the Report and Accounts

THAT the Annual Report and Accounts for the year ended 31 December 2022 now laid before this meeting be and are hereby received.

## RESOLUTION 2 – Approval of the Remuneration Policy

THAT the Remuneration Policy section of the Remuneration Report (as set out on pages 190 to 205 of the Annual Report and Accounts for the financial year ended 31 December 2022) be and is hereby approved.

## RESOLUTION 3 – Approval of the Directors' Remuneration Report

THAT the Annual Statement by the Chair of the Remuneration Committee and the Annual Report on Remuneration (as set out on pages 160 to 189 of the Annual Report and Accounts for the financial year ended 31 December 2022) be and are hereby approved.

## RESOLUTION 4 – Authorisation of the payment of the final dividend

THAT the final dividend for the year ended 31 December 2022 of 16.6 pence per ordinary share be and is hereby declared payable on 1 June 2023 to Ordinary Shareholders whose names appeared on the Register of Members at the close of business on 21 April 2023.

## RESOLUTION 5 – Re-election of director

THAT Nicholas Anderson be and is hereby re-elected a Director of the Company.

## RESOLUTION 6 – Re-election of director

THAT Thomas Arseneault be and is hereby re-elected a Director of the Company.

## RESOLUTION 7 – Re-election of director

THAT Crystal E Ashby be and is hereby re-elected a Director of the Company.

## RESOLUTION 8 – Re-election of director

THAT Dame Elizabeth Corley be and is hereby re-elected a Director of the Company.

## RESOLUTION 9 – Re-election of director

THAT Bradley Greve be and is hereby re-elected a Director of the Company.

## RESOLUTION 10 – Re-election of director

THAT Jane Griffiths be and is hereby re-elected a Director of the Company.

## RESOLUTION 11 – Re-election of director

THAT Christopher Grigg be and is hereby re-elected a Director of the Company.

## RESOLUTION 12 – Re-election of director

THAT Ewan Kirk be and is hereby re-elected a Director of the Company.

## RESOLUTION 13 – Re-election of director

THAT Stephen Pearce be and is hereby re-elected a Director of the Company.

## RESOLUTION 14 – Re-election of director

THAT Nicole Piasecki be and is hereby re-elected a Director of the Company.

## RESOLUTION 15 – Re-election of director

THAT Charles Woodburn be and is hereby re-elected a Director of the Company.

## RESOLUTION 16 – Election of director

THAT Cressida Hogg be and is hereby elected a Director of the Company.

## RESOLUTION 17 – Election of director

THAT Lord Sedwill be and is hereby elected a Director of the Company.

## RESOLUTION 18 – Re-appointment of the Auditors

THAT Deloitte LLP be and are hereby re-appointed Auditors of the Company to hold office until the next General Meeting at which accounts are laid before the Company.

## RESOLUTION 19 – Authority to agree Auditors' remuneration

THAT the Audit Committee of the Board of Directors be and is hereby authorised to agree the remuneration of the Auditors.

## RESOLUTION 20 – Political Donations

THAT

- (i) the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Companies Act 2006 (the "2006 Act") during the period from the date of the passing of this resolution to the earlier of the conclusion of the Company's Annual General Meeting in 2024 or close of business on 30 June 2024:

- (a) to make political donations to political parties, and/or independent election candidates;
- (b) to make political donations to political organisations other than political parties; and
- (c) to incur political expenditure,

up to an aggregate amount of £100,000, and the amount authorised under each of paragraphs (a) to (c) shall also be limited to such amount; and

- (ii) all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the 2006 Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (iii) words and expressions defined for the purpose of the 2006 Act shall have same meaning in this resolution.

#### RESOLUTION 21 – Approval of the BAE Systems Long-term Incentive Plan 2023

THAT the rules of the BAE Systems Long-term Incentive Plan 2023 (the “LTIP”), the principal features of which are summarised in the Appendix to this Notice of Annual General Meeting, and a copy of which is produced to the Annual General Meeting and initialled by the Chairman for the purposes of identification, be approved and the Directors be authorised to:

- (i) adopt the LTIP and do all things appropriate to operate the LTIP, including making such modifications as the Directors consider appropriate to take account of best practice; and
- (ii) establish further plans based on the LTIP but modified to: (a) permit participation by employees of any joint ventures of the Company who are not eligible to participate in the LTIP; and/or (b) take account of local tax, exchange controls or securities laws in overseas territories, provided that any new issue or treasury shares made available under such further plans are treated as counting against the limits on individual or overall participation in the LTIP.

#### RESOLUTION 22 – Authority to allot new shares

THAT the authority conferred on the Directors by Article 8(B)(i) of the Company’s Articles of Association be renewed for the period ending at the conclusion of the Company’s Annual General Meeting in 2024 or at the close of business on 30 June 2024, whichever is the earlier, and for such period the Section 551 Amount shall be £25,461,446.

The authorities in this Resolution apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act.

To consider, and if thought fit, to pass the following Resolutions 23 to 25 which will be proposed as SPECIAL RESOLUTIONS:

#### RESOLUTION 23 – Disapplication of pre-emption rights

THAT, subject to the passing of Resolution 22 above, the power conferred on the Directors by Article 8(B)(ii) of the Company’s Articles of Association be renewed for the period referred to in such Resolution and for such period the Section 561 Amount shall be £3,819,598.

Such authority shall be in substitution for all previous powers pursuant to Section 561 of the 2006 Act.

#### RESOLUTION 24 – Authority to purchase own shares

THAT the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the 2006 Act to make market purchases (as defined in Section 693 of the 2006 Act) of its ordinary shares of 2.5p each in the capital of the Company provided that:

- (a) the maximum number of shares that may be purchased is 305,567,916;
- (b) the minimum price which may be paid for each share is 2.5p;
- (c) the maximum price which may be paid for each share is the higher of (i) 105 per cent of the average of the middle market quotations of the Company’s ordinary shares as derived from the London Stock Exchange Daily Official List for the five

business days immediately preceding the day on which such share is contracted to be purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange;

- (d) this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2024 or, if earlier, at the close of business on 30 June 2024 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which may be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

#### RESOLUTION 25 – Notice of general meetings

THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days’ notice.

By Order of the Board

David Parkes

Company Secretary  
29 March 2023  
6 Carlton Gardens  
London SW1Y 5AD

#### Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A proxy need not be a member of the Company.
2. A proxy form which may be used to make such appointment and give proxy instructions has been sent to all shareholders (except those who have elected to receive notice via email who should refer to paragraph 7 below, or those shareholders who are deemed to have consented to receive communications via the Company’s website and who will have received a shareholder voting instruction card).

If a shareholder wishes to appoint someone other than the Chairman of the meeting to act as the shareholder’s proxy, the shareholder should delete the reference to the Chairman in the proxy form, and insert in block letters the name of the person that the shareholder wishes to appoint in the space provided, and initial the alteration.

Shareholders who have received a shareholder voting instruction card or a proxy card may appoint a proxy or proxies electronically via the Company’s website at [www.baesystems.com/reporting](http://www.baesystems.com/reporting) using the Voting ID, Task ID, and Shareholder Reference Number on the proxy card or shareholder voting instruction card. Electronic proxy appointments must be received no later than 11.30 am UK time on 2 May 2023. CREST members who wish to appoint proxies through the CREST electronic appointment service should refer to paragraphs 12-15 below.

3. A shareholder may appoint more than one proxy, who may be the same person, in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If in such case a shareholder wishes to appoint more than one proxy, the shareholder should photocopy the proxy form and indicate in the relevant box the number of shares in relation to which the shareholder authorises them to act as the shareholder’s proxy. The shareholder should indicate by marking the relevant box on the proxy card if more than one proxy is being appointed.
4. In the case of joint holders the signature of any one of them will suffice. The vote of the senior party tendering the vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

5. To be valid any proxy form or other instrument appointing a proxy must be completed, signed and returned, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, so as to be received by post or (during normal business hours only) by hand at the office of the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 11.30 am UK time on 2 May 2023, being not less than 48 hours before the time for which the meeting is convened.
6. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 13 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
7. Shareholders who have elected to receive notice via email, and who have therefore not received a proxy card, may appoint a proxy or proxies electronically via the Company's website at [www.baesystems.com/reporting](http://www.baesystems.com/reporting) using their usual Shareview portfolio identification particulars. Electronic proxy appointments must be received no later than 11.30 am UK time on 2 May 2023.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 7 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
10. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's Register of Members at 6.30pm UK time on 2 May 2023 or, if the meeting is adjourned, 6.30pm UK time two days before the time fixed for the adjourned meeting (as the case may be). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
11. As at 15 March 2023 (being the latest practicable business day prior to the publication of this Notice) the Company's issued share capital consisted of 3,274,530,020 ordinary shares and one special share. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The voting rights of treasury shares (of which there were 218,850,860 as of 15 March 2023) are suspended. The holder of the special share is entitled to attend general meetings of the Company, but is not entitled to vote. Accordingly the total number of voting rights as of 15 March 2023 is 3,055,679,160. The consent of the holder of the special share is required in certain limited circumstances, as set out in the Company's Articles of Association. At the Company's 2023 AGM, all resolutions will be voted on by way of a poll. On a vote by poll, every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share of which he/she is the holder.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Equiniti (ID RA19), no later than 11.30 am UK time on 2 May 2023, being not less than 48 hours before the time for which the meeting is convened. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting system providers) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST systems and timings.
15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
17. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
18. Any member attending the meeting in person or electronically has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at [www.baesystems.com/reporting](http://www.baesystems.com/reporting).
20. Shareholders may not use any electronic address provided in this Notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.



## 1. NOTES ON THE RESOLUTIONS

### 1.1 Resolution 2 – Approval of Directors' Remuneration Policy

The policy section of the Directors' Remuneration Report, which sets out the Company's forward looking policy on Directors' remuneration, is subject to a binding shareholder vote by ordinary resolution at least every three years. The Company's existing remuneration policy was approved by shareholders at the Annual General Meeting in 2020 (the "2020 Policy"). The remuneration policy on which shareholders are being asked to vote at the Annual General Meeting in 2023 (the "2023 Policy") is set out in full on pages 190 to 205 of the 2022 Annual Report and, subject to shareholder approval, will replace the 2020 Policy with effect from the end of the 2023 Annual General Meeting. The statement by Nicole Piasecki, Chair of the Remuneration Committee, on pages 160 to 164 of the 2022 Annual Report gives further context to and rationale for the changes to the policy since that approved in 2020.

### 1.2 Resolution 3 – Approval of Directors' Remuneration Report

The statement by the Remuneration Committee Chair and the Annual Remuneration Report (on pages 160 to 189 of the 2022 Annual Report) is being put to the shareholders as an annual advisory vote.

As required by regulation, the statement by the Chair of the Remuneration Committee covers major decisions on directors' remuneration during the year, changes during the year, and the context in which the changes occurred and the decisions have been taken.

The Annual Remuneration Report reports on how the 2020 Policy has been implemented and sets out payments made in the financial year ended 31 December 2022.

### 1.3 Resolutions 5-15 – Directors Standing For Re-election

In line with the provisions of the UK Corporate Governance Code (the "Code") and the Company's Articles of Association, all directors are standing for election or re-election to the Board except Sir Roger Carr who is standing down from the Board with effect from the close of the AGM, having served as Chairman for nine years.

The Chairman has confirmed that, based on the formal performance evaluations undertaken at the end of 2022 and the beginning of 2023, all of the Directors remain committed to the role and the individual performance and contribution of all Directors continues to be effective. Also, in compliance with the Code, the Company ensures that non-executive directors have sufficient time to fulfil their obligations. This is assessed when a Director is appointed and also in the event of there being a material change to an individual's circumstances. The biographies set out opposite summarise the skills, competence and experience of each of the Directors which highlight their individual contributions to the Board and their composite expertise.

## Directors' Biographies

### Nick Anderson – Non-executive director

*Appointed to the Board:* 2020

*Nationality:* UK

*Key contribution:* Deep knowledge and experience of leading international engineering and manufacturing operations.

*Skills, competence and experience:* As Group Chief Executive of a FTSE 100 industrial engineering company, Nick has a strong record of leading and growing global businesses.

Since being appointed Group Chief Executive of Spirax-Sarco Engineering plc in January 2014, Nick has overseen the successful global growth of Spirax-Sarco Engineering, which serves customers in 130 countries worldwide. Prior to his roles at Spirax-Sarco Engineering, he was Vice-President of John Crane Asia Pacific and President of John Crane Latin America.

*Other non-executive appointments:* None

*Committee membership:* Environmental, Social and Governance Committee, Innovation and Technology Committee and Nominations Committee.

### Tom Arseneault – President and Chief Executive Officer of BAE Systems, Inc.

*Appointed to the Board:* 2020

*Nationality:* US

*Key contribution:* Business leadership and wide-ranging operational experience in US defence and commercial aerospace markets.

*Skills, competence and experience:* Tom was appointed to the Board on 1 April 2020, serving as President and Chief Executive Officer of BAE Systems, Inc. Throughout his career, Tom has led complex organisations responsible for fulfilling critical and technologically challenging missions. Most recently he served as President and Chief Operating Officer of BAE Systems Inc., having spent over 20 years in various senior roles within BAE Systems, Inc.

Prior to his senior leadership appointments, Tom managed various organisations and programmes for Sanders, a Lockheed Martin Company, until it was acquired by BAE Systems in 2000. Earlier in his career, he held a variety of engineering and programme management positions with General Electric and TASC.

Tom is a member of the Executive committee of the Aerospace Industries Association.

*Non-executive appointments:* None.

### Crystal E. Ashby – Non-executive director

*Appointed to the Board:* 2021

*Nationality:* US

*Key contribution:* Business leadership and expertise in human resources, government affairs, legal, corporate communications and regulatory matters.

*Skills, competence and experience:* Crystal has held various senior leadership roles within the energy and healthcare sectors and has considerable expertise in government affairs, legal and regulatory matters. She is currently the Executive Vice President and Chief People, DEI and Communications Officer of the US health insurance company, Independence Health Group.

In her executive career, Crystal held various senior leadership roles during a long career with BP America Inc., culminating with her appointment as Executive Vice President of Government and Public Affairs and Strategic University Partnerships and membership of its Americas Leadership Team. She is an Independent Director on the Board of Texas Reliability Entity, Inc. and serves on the Engineering Dean's Leadership Advisory Board at the University of Michigan. She is a National Association of Corporate Directors Fellow and a member of the International Women's Forum and American Bar Association.

*Other non-executive appointments:* Independent Director on the Board of Texas Reliability Entity, Inc.

*Committee membership:* Environmental, Social and Governance Committee and Nominations Committee.

**Dame Elizabeth Corley CBE – Non-executive director**  
*Appointed to the Board:* 2016

*Nationality:* UK

*Key contribution:* Investor, board and governance experience gained through her career in the investment industry and leadership roles on company boards and other entities.

*Skills, competence and experience:* Dame Elizabeth is the Chair of Schroders plc and a former non-executive director of Pearson plc and Morgan Stanley Inc. She chairs the board of the Impact Investment Institute, having previously chaired the industry Taskforce on Social Impact Investing for the UK government. She served as Chief Executive Officer of Allianz Global Investors, initially for Europe then globally, from 2005 to 2016. Prior to that, she worked for Merrill Lynch Investment Managers.

Elizabeth is active in representing the investment industry and developing standards within it. She is a member of the CFA Future of Finance Advisory Council, the AQR Institute of Asset Management at the London Business School, the Committee of 200 and the 300 Club.

Elizabeth is also an acclaimed writer, a Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce and a trustee of the British Museum.

*Other non-executive appointments:* Chair of Schroders plc.

*Committee membership:* Audit Committee, Innovation and Technology Committee, Nominations Committee and Remuneration Committee.

**Brad Greve – Group Finance Director**  
*Appointed to the Board:* 2020

*Nationality:* US

*Key contribution:* Considerable international business and financial management experience, particularly concerning large capital projects and programmes.

*Skills, competence and experience:* Brad joined BAE Systems in 2019 as Group Finance Director Designate and joined the Board on 1 April 2020.

He is a highly experienced executive with deep financial and operational management experience, gained during a 30 year career in international engineering and technology businesses. Prior to joining the Company he held a number of senior executive roles in Schlumberger, undertaking roles in Europe, Africa, South America and the United States.

*Non-executive appointments:* None

**Dr Jane Griffiths – Non-executive director**  
*Appointed to the Board:* 2020

*Nationality:* UK

*Key contribution:* Significant international business and industry leadership experience across a range of roles. With her extensive board and industry experience Jane is well-placed to chair the Environmental, Social and Governance Committee.

*Skills, competence and experience:* Jane has experience in leading high technology businesses and international corporate leadership. She is Chair of Redx Pharma Plc, an AIM listed company, Chair of Theramex and non-executive director of Johnson Matthey. In her executive career with Johnson & Johnson, she held various executive positions and led its Corporate Citizen Trust in EMEA and sponsored its Women's Leadership Initiative.

Jane previously had been Company Group Chair of Janssen EMEA, Johnson & Johnson's research based pharmaceutical arm, where she was sponsor of Janssen's Global Pharmaceuticals Sustainability Council. She is a former Chair of the European Federation of Pharmaceutical Industries and Associations, past Chair of the PhRMA Europe Committee and former member of the Corporate Advisory Board of the UK government-backed 'Your Life' campaign, aimed at encouraging more people to study STEM subjects.

*Other non-executive appointments:* Chair of Redx Pharma Plc, Chair of Theramex and Non-executive director of Johnson Matthey Plc.

*Committee membership:* Chair of the Environmental, Social and Governance Committee and member of the Nominations Committee.

**Chris Grigg CBE – Non-executive director and Senior Independent Director**  
*Appointed to the Board:* 2013

*Nationality:* UK

*Key contribution:* Boardroom and major company knowledge, skills and experience gained from a business career that includes serving as chief executive of a FTSE 100 company for over 11 years.

*Skills, competence and experience:* Chris is Chair of the UK Infrastructure Bank and Chair of Evelyn Partners. He has held a range of leadership roles including Chief Executive of Barclays Commercial Bank and, most recently, Chief Executive of The British Land Company PLC, a position he held for over 11 years. He brings extensive public company and business leadership experience to the Board.

He has more than 30 years' experience in the banking and real estate industries. Prior to joining British Land, he was Chief Executive of Barclays Commercial Bank. Before that, he was a partner at Goldman Sachs. Chris is a former member of the executive board of the European Public Real Estate Association and the board of the British Property Federation.

From 2021 Chris Grigg led the search activity to identify suitable candidates for the role of Chair on the forthcoming retirement from the Board of the current Chairman, Sir Roger Carr, at the 2023 AGM following Sir Roger's nine years in office as Chairman. The search culminated in the appointment of Cressida Hogg as Non-executive director and Chair Designate on 1 November 2022 who will succeed Sir Roger as Chair at the close of the 2023 AGM (subject to her election as Director at the AGM). In order to provide continuity of experience and knowledge on the Board, given the

transition in Chair in May 2023, it is intended that Chris Grigg remains a non-executive Director until no later than 31 December 2023 when he will step down from the Board.

*Other non-executive appointments:* Chair of UK Infrastructure Bank and Evelyn Partners.

*Committee membership:* Audit Committee, Nominations Committee and Remuneration Committee.

#### Dr Ewan Kirk – Non-executive director

*Appointed to the Board:* 2021

*Nationality:* UK

*Key contribution:* Experience in the application, identification and leveraging of technology which also gives him excellent credentials as Chair of the Innovation and Technology Committee.

*Skills, competence and experience:* Ewan has extensive experience in commercialising data science and quantitative analysis. He has led multiple ventures to identify, apply and leverage technology and mathematics research in both business and philanthropy.

In 2006, he founded Cantab Capital Partners, a science-driven investment management firm, which was acquired by GAM Investments in 2016 and one of the top-performing quantitative investment companies in the UK. Prior to founding Cantab, Ewan was Partner and Head of Quantitative Strategies Group at Goldman Sachs.

He is Chair of the Isaac Newton Institute for Mathematical Sciences, Chairman of DeepTech Labs, a UK-based venture capital fund that invests in deep technology businesses, and Co-Chair of the Turner Kirk Trust. Ewan holds a PhD in General Relativity from the University of Southampton, a MAST in Mathematics from Queen's College, Cambridge, and a BSc in Natural Philosophy and Astronomy from the University of Glasgow.

*Other non-executive appointments:* None.

*Committee membership:* Chair of the Innovation and Technology Committee and member of Nominations Committee.

#### Stephen Pearce – Non-executive director

*Appointed to the Board:* 2019

*Nationality:* Australian

*Key contribution:* Financial, international and boardroom experience. As Finance Director of another FTSE 100 company, Stephen has a well-developed understanding of the role and remit of the Audit Committee, which he chairs, and the discharge of its duties.

*Skills, competence and experience:* Stephen has more than 20 years' experience as a director of public companies and over 30 years of financial and commercial experience in the mining, oil and gas, and utilities industries. He is currently Finance Director of Anglo American plc, a role he has held since April 2017, and a non-executive director of its majority-owned subsidiary, De Beers.

He previously served as Chief Financial Officer and an executive director of Fortescue Metals Group Limited from 2010 to 2016. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

*Other non-executive appointments:* None.

*Committee membership:* Chair of the Audit Committee and member of the Nominations Committee.

#### Nicole Piasecki – Non-executive director

*Appointed to the Board:* 2019

*Nationality:* US

*Key contribution:* Business leadership, experience and knowledge gained from a long career encompassing a number of senior roles in the aerospace industry. Nicole's industry leadership background and international experience provide context and expertise in her role as Chair of the Remuneration Committee.

*Skills, competence and experience:* Nicole has extensive experience gained from executive positions within the aerospace industry and leadership of multi-functional teams. She previously held a number of engineering, sales, marketing and business strategy roles during her 25-year career with the Boeing Company, including Vice President and General Manager of the Propulsion Systems Division and Vice President of Business Development and Strategic Integration for Boeing's commercial aircraft business, and President of Boeing Japan.

She is Executive Chairman of VEA Aviation Inc., Chair of the Board of Trustees of Seattle University, a director of Howmet Aerospace Inc. and Weyerhaeuser Company, and an advisor to Mitsubishi Heavy Industries in Tokyo. Nicole formerly served on the Federal Aviation Authority's Management Advisory Board, the US Department of Transportation's Future of Aviation Advisory Committee and the Federal Reserve Bank of San Francisco's Seattle branch.

*Other non-executive appointments:* Non-executive director of Howmet Aerospace Inc. and Weyerhaeuser Company.

*Committee membership:* Chair of the Remuneration Committee and member of the Environmental, Social and Governance Committee, Innovation and Technology Committee and Nominations Committee.

#### Dr Charles Woodburn – Chief Executive

*Appointed to the Board:* 2016

*Nationality:* UK

*Key contribution:* Provides leadership through his role as Chief Executive, based on a strong performance record with the Company and, prior to that, with companies in the oil and gas sector.

*Skills, competence and experience:* Charles joined BAE Systems in May 2016 as Chief Operating Officer and became Chief Executive on 1 July 2017.

He is an experienced business leader with over 26 years' experience in the defence and aerospace and oil and gas industries. Prior to joining the Company in 2016, he was Chief Executive Officer of Expro Group, before which he spent 15 years with Schlumberger Limited holding a number of senior management positions in Asia, Australia, Europe and the United States. Charles is a trustee and Chair of the charity Movement to Work. He is a Fellow of the Royal Academy of Engineering.

*Non-executive appointments:* None.

#### 1.4 Resolutions 16 and 17 – Directors standing for Election

All directors appointed to the Board are required to seek election at the AGM immediately following their appointment. Cressida Hogg and Lord Sedwill were both appointed to the Board on 1 November 2022 and are required to seek election at this year's meeting.

The Board recommends that shareholders vote in favour of Cressida Hogg and Lord Sedwill's election to the Board. Their biographical details are as follows:

##### Cressida Hogg CBE – Non-executive director and Chair Designate

*Appointed to the Board: 2022*

*Nationality: UK*

*Skills, competence and experience:* Cressida was appointed as Non-executive director and Chair Designate on 1 November 2022 and, subject to her election as a Director at the AGM, will succeed Sir Roger Carr, the Company's present Chairman, as Chair at the close of the 2023 AGM.

Cressida is currently Chairman of the Board of Land Securities Group PLC (Landsec), a position she has held since 2018, having served as a non-executive of the company since 2014. She will retire from the Landsec board on 16 May 2023.

Cressida is also a non-executive director of London Stock Exchange Group plc, where she is the Senior Independent Director and chairs its Remuneration Committee. She has previously enjoyed a long executive career, spent largely with 3i Group, during which she developed a deep understanding of large, long-term infrastructure projects and businesses, gaining international experience whilst working in various countries including the United States, Canada, India, Australia and the Middle East.

*Other non-executive appointments:* As stated above, Chair of Land Securities Group PLC from which she will retire on 16 May 2023 and Non-executive director of London Stock Exchange Group plc.

*Committee membership:* Nominations Committee.

##### Mark Sedwill, The Lord Sedwill KCMG, FRGS – Non-executive director

*Appointed to the Board: 2022*

*Nationality: UK*

*Skills, competence and experience:* During a long career serving the UK government, Lord Sedwill held a wide range of national security and diplomatic roles in the UK and overseas. In his final decade in public service, he was British Ambassador and NATO Representative in Afghanistan, Foreign Office Political Director and Home Office Permanent Secretary, culminating in his appointments as National Security Adviser (2017-20) and Cabinet Secretary (2018-20). Earlier in his career, he held diplomatic and security posts, serving in Egypt, Syria, Jordan, Cyprus and Pakistan.

He is a senior adviser and Supervisory Board member of Rothschild & Co, and the Senior Independent Director and Senior Deputy Chair of Lloyd's of London. He is also the Chairman of the Atlantic Future Forum and a member of the UK Parliament's House of Lords. Lord Sedwill is a Fellow of the Royal Geographical Society and of the Institute of Directors. He is President of the Special Forces Club.

*Other non-executive appointments:* Supervisory Board member of Rothschild & Co and the Senior Independent Director and Senior Deputy Chair of Lloyd's of London.

*Committee membership:* Environmental, Social and Governance Committee and Nominations Committee.

#### 1.5 Resolution 20 – Authority to incur political expenditure

Part 14 of the Companies Act 2006 requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any twelve month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could also include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular political party.

It remains the policy of the Company not to make political donations or incur political expenditure as those expressions are normally understood. However, the Directors consider that it is in the best interests of shareholders for the Company to participate in public debate and opinion-forming on matters which affect its business. To avoid inadvertent infringement of the Companies Act 2006, the Directors are seeking shareholders' authority for the Company and its subsidiaries to make political donations and to incur political expenditure during the period from the date of the Annual General Meeting to the conclusion of next year's Annual General Meeting or close of business on 30 June 2024, whichever is earlier, up to a maximum aggregate amount of £100,000.

#### 1.6 Resolution 21 – Approval of the BAE Systems Long-term Incentive Plan 2023

The Directors propose that shareholders approve the BAE Systems Long-term Incentive Plan 2023 (the "LTIP"). The LTIP replaces the existing BAE Systems Long-Term Incentive Plan 2014 that has been operated by the Company since it was approved by shareholders in 2014 (the "2014 LTIP"). The terms of the LTIP remain substantially the same as the 2014 LTIP, save for updates to reflect our proposed directors' remuneration policy that is also being submitted for shareholder approval at the AGM.

A copy of the rules of the LTIP will be available for inspection electronically on the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> from the date of this Notice. Copies of the rules of the LTIP will also be available for inspection at the place of AGM for at least 15 minutes prior to, and during, the meeting.

The principal terms of the LTIP are summarised in the Appendix on pages 11 and 12.

#### 1.7 Resolutions 22 and 23 – Authority to allot shares and disapplication of pre-emption rights

##### Resolution 22 – Authority to allot shares

The purpose of Resolution 22 is to renew the Directors' power to allot shares as described below.

The authority will allow the Directors to allot new shares and grant rights to subscribe for or convert any securities into shares up to a nominal value of £25,461,446 which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 15 March 2023, the latest practicable date prior to publication of this Notice.

At 15 March 2023, the Company held 218,850,860 treasury shares which represents approximately 7.16 per cent of the total number of ordinary shares in issue, excluding treasury shares, at that date.



There are no present plans to allot new shares (other than in connection with employee share and incentive plans), however the Directors consider it desirable to have the flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to support the Company as may be required.

If the resolution is passed the authority will expire on the earlier of the end of the Annual General Meeting in 2024 and the close of business on 30 June 2024.

#### Resolution 23 – Disapplication of pre-emption rights

If the Directors wish to allot new ordinary shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 23 is to authorise the Directors to allot new ordinary shares and other equity securities pursuant to the authority given by Resolution 22 or sell treasury shares, for cash (a) in connection with a pre-emptive offer and (b) otherwise up to a nominal value of £3,819,598 equivalent to approximately five per cent of the total issued ordinary share capital of the Company exclusive of treasury shares, and 4.67 per cent of the total issued ordinary share capital of the Company inclusive of treasury shares, as at 15 March 2023, without the shares first being offered to existing shareholders in proportion to their existing holdings.

The Board considers the authority in Resolution 23 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict guidelines of the statutory pre-emption provisions.

If the resolution is passed, the authority will expire on the earlier of the conclusion of the Company's Annual General Meeting in 2024 and the close of business on 30 June 2024.

#### 1.8 Resolution 24 – Purchase of shares

The Directors are committed to managing the Company's capital effectively and consider that the purchase by the Company of its ordinary shares may in certain circumstances be advantageous to shareholders. They believe that, in common with many other listed companies, the Company should obtain from shareholders a general authority to make market purchases on the London Stock Exchange.

Authority is sought for the Company to purchase up to 10 per cent of its issued ordinary shares (excluding treasury shares), renewing the authority granted by the shareholders at previous annual general meetings.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 2.5p, being the par value of an ordinary share. The maximum price, exclusive of expenses, which may be paid for each share purchased in the market is the higher of (i) an amount equal to 105 per cent of the average market value for an ordinary share for the five business days immediately preceding the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The number of ordinary shares which may be acquired pursuant to the authority is up to an aggregate of 305,567,916 ordinary shares, this being approximately 10 per cent of the issued ordinary share capital of the Company (exclusive of treasury shares) as at 15 March 2023, the latest practicable date prior to the publication

of this Notice. As at 15 March 2023 there were 65,686,722 options to subscribe for ordinary shares outstanding, representing 2.15 per cent of the Company's issued share capital (excluding treasury shares) at that date. If the authority was exercised in full, the options would represent 2.39 per cent of the Company's issued ordinary share capital (excluding treasury shares).

This authority will last until the earlier of the Company's Annual General Meeting in 2024 and 30 June 2024.

Pursuant to the Companies Act 2006, the Company can hold the shares which have been repurchased as treasury shares and either re-sell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. This provides the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

Consistent with this approach, the Company announced on 28 July 2022 an on-market share repurchase programme of up to £1.5 billion. Share repurchases under this programme, which commenced on 28 July 2022 and is ongoing, are being made pursuant to the share buy-back authority granted by the shareholders at the 2022 AGM. The shares bought back under this authority have been cancelled. In line with previous years, the Company wishes to renew this authority at the 2023 AGM. Subject to renewal of the share buyback authority at the 2023 AGM, it is intended that the current £1.5 billion share buyback programme will continue and that shares repurchased will continue to be cancelled.

The Company will only purchase ordinary shares if the Directors believe that it is in the shareholders' best interests and will increase earnings per share. In its Annual Report for the financial year ended 31 December 2022, the Company has stated that, as part of the allocation of capital, its policy is to make accelerated returns of capital to shareholders when the balance sheet allows and when the return from doing so is in excess of the Group's Weighted Average Cost of Capital.

It is the Directors' current intention that any shares bought back under this authority be cancelled.

#### 1.9 Resolution 25 – Notice of general meetings

Changes made to the current Companies Act by the Shareholders' Rights Regulations increased the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Prior to this, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. The Company has previously obtained shareholder approval to preserve the ability to call general meetings other than an AGM on 14 clear days' notice. Resolution 25 seeks approval of the renewal of this authority which will be effective until the Company's next Annual General Meeting in 2024, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings. However the flexibility offered by this resolution will be used where, taking into account all the circumstances, the Directors consider this appropriate in relation to the particular issues to be considered at the general meeting in question.

## 2. DOCUMENTS FOR INSPECTION

Copies of the executive Directors' service contracts, the Chairman and non-executive Directors' letters of appointment, and the Directors' Indemnities, will be available for inspection during normal business hours on Monday to Friday each week (public holidays excepted) at the Company's registered office from the date of this Notice of Meeting to the close of the meeting and at the place of the meeting from 15 minutes prior to its commencement until its conclusion.

A copy of the rules of the BAE Systems Long-term Incentive Plan 2023 will be available for inspection at the place of the meeting from 15 minutes prior to its commencement until its conclusion and will be available for inspection electronically on the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> from the date of the Notice of Meeting.

# Appendix

## (Long-Term Incentive Plan 2023)

### Summary of the principal features of the BAE Systems Long-term Incentive Plan 2023

#### 1 Introduction

The Remuneration Committee of the Board (the "Committee") wishes to propose that shareholders approve the BAE Systems Long Term Incentive Plan 2023 (the "LTIP"). The terms of the LTIP remain substantially the same as the BAE Systems Long Term Incentive Plan 2014 (the "2014 LTIP") which was approved by shareholders in 2014 and expires next year, save for updates to reflect our proposed new Directors' Remuneration Policy that is also being submitted for shareholder approval at the AGM.

We have described how we intend to use the LTIP for executive directors and other employees in more detail in the proposed new Directors' Remuneration Policy. A summary of the principal terms of the LTIP is set out below.

Awards granted prior to the approval of the LTIP will continue to be governed by the 2014 LTIP.

#### 2 Eligibility

Employees and executive directors of the Company, any of its subsidiaries or designated associated companies are eligible to participate in the LTIP. The LTIP will be administered by the Committee or other authorised person(s), as appropriate (the "Directors"). In practice it is intended that executive directors and senior managers in the business will be granted awards.

#### 3 Types of awards

The LTIP enables participants to be granted awards over the Company's shares subject to performance and/or continued employment.

Awards under the LTIP can take the form of:

- **Performance Awards** – awards granted in the form of nil-cost options or conditional awards which vest on such date(s) as determined by the Directors on grant, subject to continued employment and the satisfaction of a performance condition.
- **Market Value Options** – options with an option price set by reference to the market value of a share on grant. Market Value Options vest on such date(s) as determined by the Directors on grant, subject to continued employment. Market Value Options are generally exercisable until the tenth anniversary of grant or such earlier date(s) as set by the Directors. Market Value Options may be granted as HMRC-approved options as described below.
- **Restricted Awards** – nil-cost options or conditional awards which vest on such date(s) as determined by the Directors on grant subject to continued employment. The LTIP allows for Restricted Awards to be subject to a performance condition, but it is not currently intended that vesting will be subject to performance.

There is no current intention to grant awards in the form of Market Value Options.

#### 4 Performance conditions

An award may be granted on the basis that it will normally only vest to the extent that a performance condition, set at the time of grant, is satisfied. Performance conditions will be assessed over such period as determined by the Directors (currently expected to be three years). The Directors may waive or change a performance condition, without shareholder approval, in accordance with its terms or if anything happens which causes the Directors reasonably to consider it appropriate to do so (and subject to the prevailing Directors' Remuneration Policy, where applicable).

#### 5 Dividend equivalent

Awards may be granted on the basis that the participant will receive dividend equivalents (in cash or additional shares) when and to the extent that the award vests or is exercised.

#### 6 Individual limits

Awards granted to executive directors will be subject to the limits set out in the Directors' Remuneration Policy prevailing at the time of grant.

The market value of shares comprised in an award granted in respect of any financial year may not exceed the following percentages of the participant's annual basic salary: Performance Awards 440%; Market Value Options 400%; and Restricted Awards 200%.

However, these limits may be exceeded (subject, in the case of awards granted to executive directors, to the prevailing Directors' Remuneration Policy) if: the Directors determine that exceptional circumstances make it appropriate that an award should be granted in excess of that limit; or the Directors determine in exceptional circumstances to make recruitment awards that may only be satisfied with market purchase shares.

#### 7 Dilution limits

In any ten year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the LTIP and all other employees' share plans operated by the Company. In addition, in any ten year period, not more than 5% of the issued ordinary share capital of the Company may be issued or issuable under the LTIP and all other discretionary share plans adopted by the Company (such as the 2014 LTIP).

These limits do not include awards which have lapsed or been surrendered. Awards may also be satisfied using treasury shares. If such shares are used, the Company will, so long as it is considered best practice to do so, count them towards the dilution limits set out above.

#### 8 Vesting of awards

Conditional awards and options will normally vest on the vesting date(s) set by Directors, subject to any applicable performance conditions being satisfied and continued employment. An award may be granted on the basis that the participant is required to hold any shares received for a period following vesting. Subject to this, shares will be issued or transferred to the participant (or an option may be exercised) from vesting.

## 9 Malus and clawback

A malus and clawback mechanism may be applied after vesting on the occurrence of certain corporate events where:

- the Company is entitled to terminate employment for cause or the participant has engaged in misconduct (including breach of policy) which gives rise to other disciplinary sanction;
- the results of the Company and/or relevant business or businesses for any period have been restated or subsequently appear materially inaccurate or misleading;
- any group company or business unit has made a material financial loss; and/or
- the measurement of any performance condition does not reflect the actual performance of the Company over the performance period.

Clawback is typically applied until two years after the vesting date set at grant.

## 10 Leaving employment

An award will normally lapse to the extent it is not vested if the participant leaves the Company. However, if the participant leaves employment due to ill-health, injury, disability, retirement with the agreement of the Company (other than in the case of Restricted Shares held by US employees), sale of a business or employing company, redundancy or leaving in other circumstances if the Directors allow, then unvested awards and options will generally continue and vest on the normal vesting date, unless the Directors determine that the awards should vest on cessation.

Where awards do not lapse, for US taxpayers, awards will vest on cessation or as soon as any performance condition may be determined, if later. Options which vest in such circumstances will normally be exercisable for six months and then lapse.

Performance conditions will be tested at the time of vesting.

Unless the Directors decide otherwise, all awards will be pro-rated to reflect the proportion of the performance period or the vesting period (as applicable) during which the participant was in employment.

If a participant dies, awards will generally vest on the date of death, subject to the satisfaction of any performance conditions at that time. Awards are then pro-rated as set out above.

## 11 Takeovers and other corporate events

In the event of a takeover, scheme of arrangement, merger or other corporate reorganisation, awards will generally vest at the time of the relevant event, and any holding period will normally cease to apply. Awards will vest to the extent that any performance condition has been satisfied as at the relevant event and will be pro-rated to reflect the acceleration of vesting, unless the Directors decide otherwise. Options will be exercisable for three months, or such other period determined by the Directors, after the relevant event. Alternatively, participants may be required or allowed to exchange their awards for equivalent awards over shares in the acquiring company.

If there is a variation in the share capital of the Company, a demerger or a special dividend, the Directors may adjust the awards (and, in the case of options, the option price).

## 12 HMRC-approved options

The LTIP contains a schedule under which HMRC-approved options may be granted to a participant over shares having a value up to £60,000 (or such higher limit as is set out in the relevant legislation from time to time). HMRC-approved options are granted on similar terms as market value options described above except for minor changes necessary to comply with UK tax legislation.

## 13 Recruitment Awards

The LTIP also contains a schedule under which the Company may grant awards to employees and executive directors (subject to the prevailing Directors' Remuneration Policy, where applicable) for recruitment purposes from time to time ("Recruitment Awards"). Recruitment Awards are granted on similar terms as Restricted Awards or Performance Awards except for minor changes to allow for more bespoke malus and clawback events and leaver treatment.

## 14 General

Awards may be satisfied by the issue of new shares or the transfer of existing shares from treasury or otherwise. Alternatively, the Company can decide to satisfy any award in cash instead of shares (and, in the case of options, less the option price).

Any shares issued will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Awards are granted for no consideration and are not pensionable, are personal to the participant and not transferable, except on death or with the prior consent of the Directors.

Awards will normally be granted within 42 days after the announcement of the Company's results for any period. No awards can be granted more than ten years after the Plan's approval by shareholders.

## 15 Amendments and termination

The Directors can amend the LTIP and awards in any way but shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility; individual and dilution limits; the rights attaching to awards and shares, the basis for determining a participant's entitlement to shares; the adjustment of awards in the event of a variation of capital; and the amendment of the LTIP itself.

Minor amendments can be made without shareholder approval to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. The LTIP may be terminated by the Directors at any time.



# Online Meeting Guide

**BAE SYSTEMS**

## Accessing the 2023 AGM virtually

Visit <https://web.lumiagm.com/104-892-396> on your smartphone, tablet or computer.

You will then be required to enter your:

- Shareholder Reference Number (SRN)\*
- PIN – (the first two and the last two digits of your SRN)

*\* Your SRN is shown on your proxy card, shareholder voting instruction card or email AGM notification, depending on how you received notification of the AGM.*

Access will be available one hour prior to the start of the meeting. The meeting commences at 11.30am on 4 May 2023. If you experience any difficulties, please contact Equiniti by emailing [hybrid.help@equiniti.com](mailto:hybrid.help@equiniti.com) stating your full name and postcode.

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible. An active internet connection is required at all times to participate in the meeting.

## Home page and broadcast

Once logged in, you will see the home page which contains instructions for using the platform.

At the commencement of the meeting, the live broadcast of the proceedings will be available on the right-hand side of your device.

Click play on the broadcast, ensure that your device is unmuted and the volume is turned up.

## Voting

Once the Chair has formally opened voting, the list of resolutions will automatically appear on your screen. Select the option that corresponds with how you wish to vote.

Once you have selected your vote, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received, there is no submit button.

To vote on all resolutions displayed select the “vote all” option at the top of the screen.

To change your vote, reselect your choice. To cancel your vote, select the “cancel” button. You will be able to do this at any time whilst the poll remains open and before the Chair announces its closure.

## Questions

Written questions can be submitted by selecting the messaging icon from the navigation bar and typing your question into the ‘Ask a question’ box. Click the arrow icon to submit the question.

Copies of questions you have submitted can be viewed by selecting ‘My Messages’.

## Virtual microphone

If you would like to ask your question verbally, press the ‘Request to speak’ button at the bottom of the broadcast window. If you are watching the broadcast in full screen mode, this button is found at the top of the window.

Follow the on-screen instructions to join the queue.

## Documents

Meeting documentation can be found within the documents tab in the navigation bar.

Documents can be read within the platform or downloaded to your device in pdf format.

## Appointed proxies and corporate representatives

If you plan to participate in the meeting as a proxy or corporate representative, please contact our registrar Equiniti by emailing [hybrid.help@equiniti.com](mailto:hybrid.help@equiniti.com). Your unique SRN and PIN, which is required to access the meeting, will be provided once a valid proxy appointment or letter of representation has been received.

To avoid delay accessing the meeting, contact should be made at least 24 hours prior to the meeting date and time.

Mailboxes are monitored 9.00am to 5.00pm Monday to Friday (excluding public holidays in England & Wales).

# Getting to Hall 5

## By Road

Hall 5 is situated in Farnborough, Hampshire, to the south west of London, close to Junction 4 of the M3. From the A331, take the junction to Farnborough A3011 and follow the signposts for Farnborough A3011. At the Queen's Roundabout (junction of A3011/A325) take Government House Road, signposted for both the Farnborough Aerospace Centre and Exhibition Centre. Continue straight through the Aerospace Centre – Hall 5 is accessed through Gate F at the end of Aerospace Boulevard.

**Note:** Lynchfield Road is currently closed to westbound traffic (ie towards Hall 5) and a diversion is in place. If you approach Hall 5 from this direction, please follow the designated diversion.

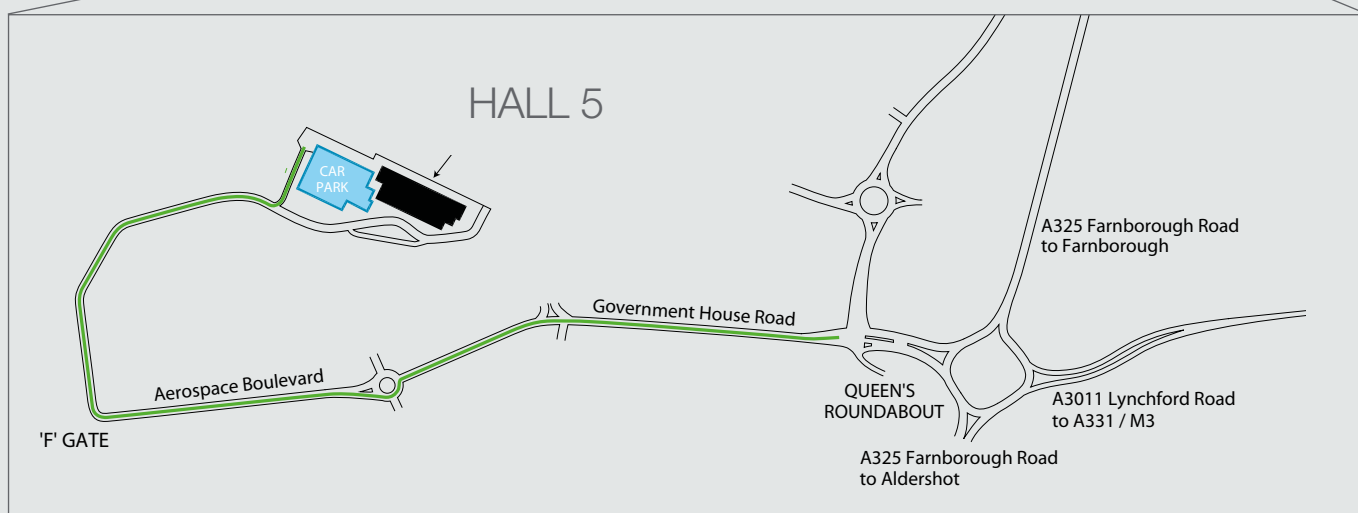
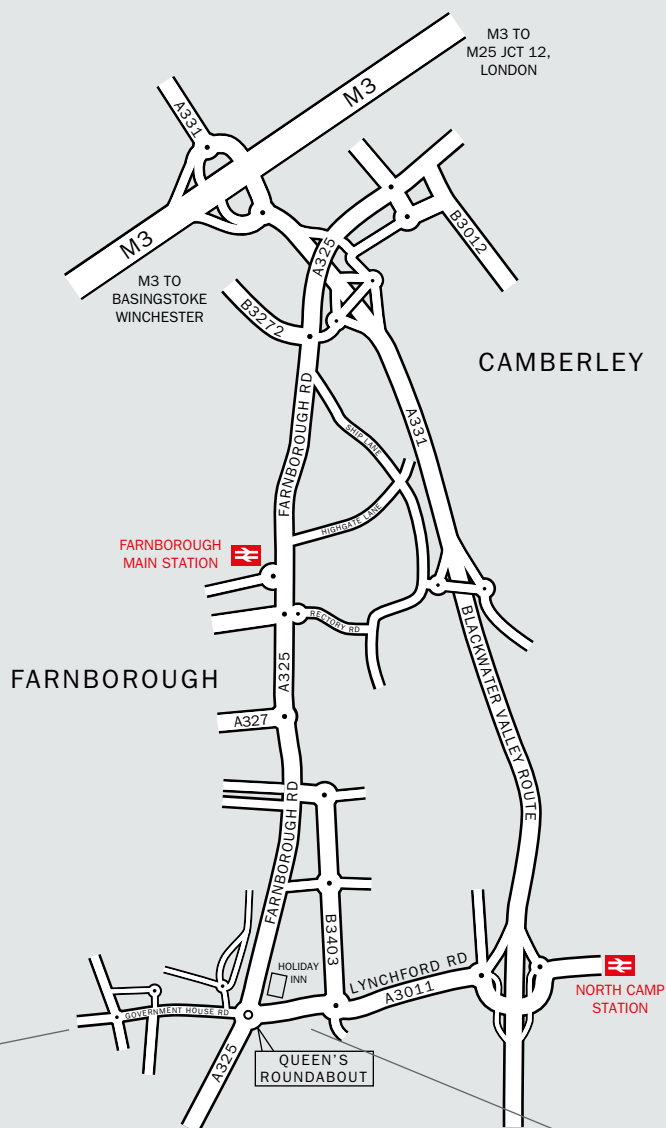
SatNav users should enter 'GU14 6TQ' for directions to Government House Road (Aerospace Boulevard) and follow the signs to Hall 5 via Gate F.

Free parking is available at Hall 5 in the designated car park.

## By Rail

The main railway station in Farnborough is Farnborough Main. Other railway stations in the vicinity of Hall 5 include North Camp and Aldershot. Please visit [www.nationalrail.co.uk](http://www.nationalrail.co.uk) or phone 03457 484950 for rail travel information.

A complimentary shuttle bus service will be provided between Farnborough Main train station and Hall 5. A return service to Farnborough Main will be provided after the meeting.



[THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

[THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]