



BAE SYSTEMS

UK Modern Slavery Act Statement 2026

Contents

Chief Executive's introduction

Our purpose is to protect and serve those who protect and serve us, helping to contribute to a more secure and resilient world. As we work to support critical national security and defence capability, upholding high standards of integrity is central to how we do business.

Our commitment to responsible business includes maintaining and improving systems and processes that reduce the risk of slavery and human trafficking in our business and supply chain, as set out in this statement.

The people who contribute to our organisation – whether in our workforce or across our supply chain – deserve to be treated with dignity and respect and free from modern slavery risks that may affect them.

In the UK, we are progressing actions to strengthen our approach through our modern slavery working group. This statement provides more detail on the actions we have taken this year.



Charles Woodburn

Chief Executive, BAE Systems plc

BAE Systems plc - UK Modern Slavery Statement 2026



This statement is made pursuant to Section 54 of the UK Modern Slavery Act 2015 and sets out the steps BAE Systems plc and its United Kingdom (UK) subsidiaries below have taken to identify and prevent slavery and human trafficking in our business and supply chain, in the UK, during the year to 31 December 2025.

Approval by subsidiaries

The BAE Systems Modern Slavery Act Statement 2026 has been approved by the board of directors of the following subsidiaries:

BAE Systems Applied Intelligence Limited

BAE Systems Arabian Industries (Supply Chain - UK) Limited

BAE Systems GCS International Limited

BAE Systems Global Combat Systems Munitions Limited

BAE Systems Marine Limited

BAE Systems (Operations) Limited

BAE Systems Properties Limited

BAE Systems (Property Investments) Limited

BAE Systems Surface Ships Limited

BAE Systems Services Limited

They all delegated authority to Charles Woodburn to sign this response on their behalf. Signed 25 June 2026 following Board approvals.

Whilst there are references to the Group on pages 6, 7, 8 and 12, the reporting boundary of this statement is limited to the UK subsidiaries listed above.

2025 achievements and 2026 plans

What we achieved in 2025

Ongoing improvement

Refreshed, deployed and continued to engage our suppliers on our Supplier Code of Conduct

We conducted a general refresh of our Supplier Principles Guidance for Responsible Business which were renamed the Supplier Code of Conduct and published in May 2025. We use the Supplier Code of Conduct to communicate our expectations to suppliers, along with content on our [Supplier Knowledge Sharing web page](#).

We re-issued our UK Standard Conditions of Purchase to reflect changes in laws and regulations and to further refine our expectations in relation to modern slavery.

We continued to reference our Responsible Supply Chain Shop Window which builds on our policy statement by defining our specific areas of focus, including those related to modern slavery.

Building on prior benchmarking activities, in 2025 we expanded the scope of our risk assessments across our UK business unit utilised suppliers.

We deployed guidance in the UK within the Responsible Supply Chain Handbook on how to consider modern slavery aspects at each stage of the procurement lifecycle and launched activity to develop modern slavery related tender criteria.

Internal and external engagement

Continued to deploy modern slavery awareness training across relevant areas of our UK business

We completed an annual Training Needs Assessment and continued to deliver initial and refresher modern slavery awareness training across our Supply Chain Procurement population.

Partnered to deliver consolidated UK business unit supplier engagement

We partnered with defence industry peers to develop and deliver a series of supplier modern slavery awareness webinars across our collective supplier communities, demonstrating the importance of collaboration and best practice sharing.

Modern slavery risk awareness

We update and deploy business guidance as needed, including the assessment and management of modern slavery risk.

Supplier risk assessments

Continued to conduct risk-based assurance with tier 1 suppliers to confirm adoption of our Supplier Code of Conduct

During 2025, we undertook an annual risk-based assurance activity to assess our suppliers' adoption of our Supplier Code of Conduct and to identify areas that required investigation and/or mitigation. We completed this assurance activity with directly contracted suppliers representing more than 31% of our global spend.

Continued to assess our tier 1 suppliers against high-risk commodities and locations

We completed nine planned supplier risk assessments during 2025, covering a range of suppliers across our tier 1 network. This included an annual debt bondage risk assessment conducted with a number of our key labour-based services suppliers. This also included two global tier 1 supplier risk assessments (conducted at mid and year end) assessing commodities and locations against the US Department of Labor Trafficking Victims Protection Reauthorization Act (TVPPRA) List of higher exposure risk goods and locations.

In addition, we undertook an assessment of a group of UK business unit suppliers contained within the Joint Supply Chain Accreditation Register (JOSCAR) reviewing the suppliers' approach to management of modern slavery (including policy, awareness, training and risk assessments), utilising information held within JOSCAR and the Walk Free Foundation Global Slavery Index.

Continued to understand supply chain risk

We continued to deepen our understanding of modern slavery risks in our supply chains by conducting supplier assessments (incorporating internal and external data sources). In 2025, across areas of our UK business units, we expanded the scope of these assessments by introducing additional evaluation areas, including suppliers' approach to modern slavery, payment of the Real Living Wage, and the use of prison labour. We also broadened coverage including more sub tier suppliers in these assessments.

What we plan to do in 2026

Internal and external engagement

Engage across our UK business to continue to educate and deploy relevant supply chain materials and further embed modern slavery considerations in our procurement processes through the provision of tender criteria guidance.

Build upon collaboration with peers to grow engagement and best practice sharing, particularly in the delivery of supplier awareness activities (eg across common supplier communities).

Continue to maintain up-to-date awareness of modern slavery risks across our business through ongoing training and engagement.

Continue to maintain and communicate the Responsible Supply Chain Shop Window in the UK through internal and external engagements and via refresh and re-publication of our Responsible Supply Chain brochure.

Explore opportunities to engage a third party organisation, with expertise on modern slavery, to advise on how we can drive improvement in how modern slavery and human trafficking risk is identified, assessed and managed.

Supplier risk assessments

Continue to conduct risk-based assurance with suppliers to confirm adoption of our Supplier Code of Conduct.

Continue to assess our supply chain against high-risk commodities and geographies.

Continue to mature our approach to supply chain risk assessments.

2025 key performance indicators

Our current KPIs are in place to measure aspects of the following:



Assessing and managing risk

31% Global supplier spend subject to Supplier Code of Conduct assurance

20k Approx. number of suppliers subject to a level of desktop assessment in year (based on spend in period)

27 Number of UK business led suppliers of high leverage (spend) identified for ongoing investigation

1 Number of UK business led specific modern slavery concerns identified with mitigations underway/closed



Conducting due diligence

1 Number of calls to Ethics Helpline regarding human rights and modern slavery in our business operations or supply chain

1 Ethics cases regarding human rights and modern slavery in our business and/or supply chain



Training/awareness provision (including knowledge sharing)

290 Approx. number of UK based supply chain people trained/re-trained in year

800 Approx. number of UK based supply chain people maintaining current valid training levels in year (all training currency is valid for two years)

87.6% Percentage of higher exposure tagged UK based people maintaining current valid training levels in year (target: 80%)

We have reviewed the KPIs that we use to evaluate the progress of our modern slavery programme. For 2026, we have added new KPIs for 'assessing and managing risk' and 'training/awareness provision (including knowledge sharing)' to aid understanding of progress against our programmes and transparency.

BAE Systems Group overview

We are a workforce of 111,400¹ highly skilled people in more than 40 countries. Working with our customers and local partners, we develop, engineer, manufacture and support products and systems that deliver military capability, protect national security, and keep critical information and infrastructure secure.

Our purpose is to serve, supply and protect those who serve and protect us, in a corporate culture that is performance driven and values led. Through careful long-term management and governance of our business, we will continue to create value for our stakeholders.

At BAE Systems, we are steered by our three core values: **trusted, innovative, bold.**

We maintain leading positions in major defence and security markets around the world – including the US, UK, Europe, the Kingdom of Saudi Arabia and Australia – as well as established positions in a number of other international markets.

Facts

Global defence supplier and world-leading innovator

Established positions in air, maritime and land domains

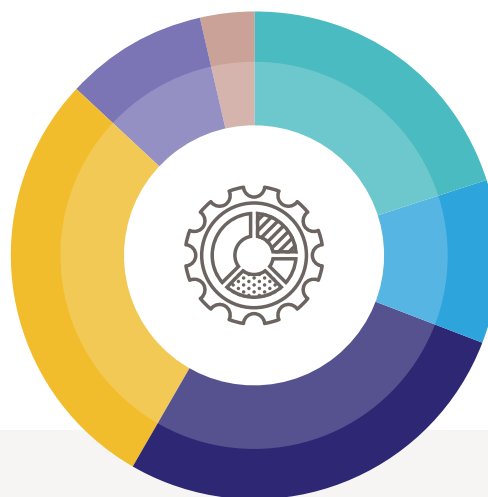
Growing position in cyber security

Principal markets – US, UK, Europe, Kingdom of Saudi Arabia and Australia

111,400¹ employees in more than 40 countries

2025 sales² of £30,662m

£16bn spent with 22k directly contracted suppliers worldwide



Employees by sector¹

- Electronic Systems – **22,400**
- Platforms & Services (US) – **12,100**
- Air – **30,600**
- Maritime – **31,900**
- Cyber & Intelligence – **10,500**
- HQ/other – **3,900**
- Total Employees – 111,400¹**



Employees by location¹

- US – **32%**
- UK – **48%**
- Europe – **7%**
- Kingdom of Saudi Arabia – **6%**
- Australia – **6%**
- Other – **1%**

¹ As at 31 December 2025 and including share of equity accounted investments.

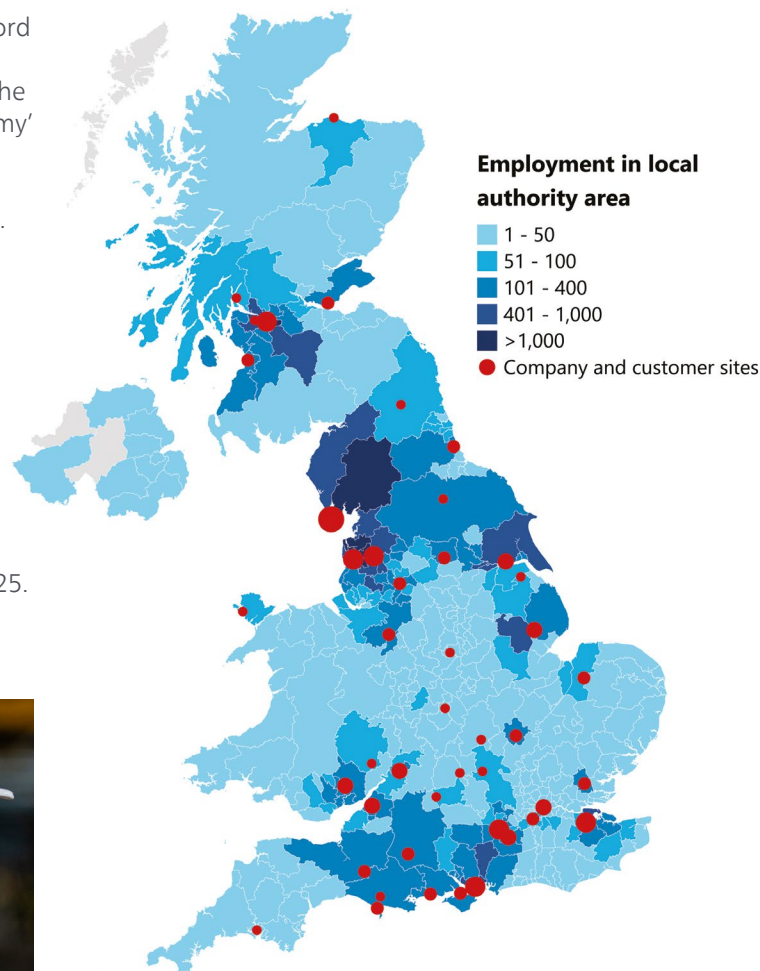
² Sales is defined in the Alternative performance measures section on page 216 of our 2025 Annual Report. Total figure includes HQ, and eliminations see page 37 of our 2025 Annual Report.

Our economic impact in the UK

To quantify our economic contribution, we asked Oxford Economics to produce an independent analysis of our contribution to the UK's economy in 2024. A copy of the full report, 'BAE Systems contribution to the UK Economy' and a key facts booklet can be downloaded [here](#). In 2027, we plan to publish a new report which assesses BAE Systems' contribution to the UK throughout 2026.

For every 100 FTE jobs at BAE Systems, we supported a total of 320 jobs in the UK economy as a whole.

- 159,600 full time equivalent UK jobs.
- £13.7bn contribution to the UK's GDP.
- £3.6bn exports.
- £3.6bn total tax contribution to the UK Exchequer.
- £5.8bn supplier spend.
- £84,800 value added productivity per employee.
- £1bn invested in skills and education over 2020 - 2025.
- £6.8bn invested in technology and R&D.
- Supported some of the UK's most deprived areas.



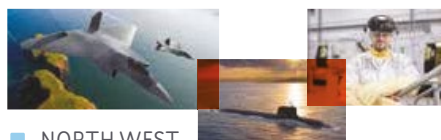
Data in these maps is drawn from the 'BAE Systems' contribution to the UK' report, published by BAE Systems in July 2025 using 2024 data provided by BAE Systems and third parties. Employment figures are given on a full-time equivalent (FTE) basis and are rounded-up; for more information see the full report on baesystems.com/ukcontribution. All data refers to 2024 unless otherwise stated.

The report showed that our Company:

- Contributed £13.7bn to the UK's GDP in 2024, contributing a total of £325 for every £100 supported across the UK's economy;
- Exported £3.6bn of goods and services and contributed £2.4bn to the UK's trade balance in net exports;
- Supported 159,600 full time equivalent jobs across the UK including 49,600 at BAE Systems itself;
- Spent £5.8bn with 5,800 UK suppliers, including £1.3bn spent in the UK's most deprived areas;
- Made a total tax contribution of £3.6bn including more than £1.1bn paid directly by the Company;
- Carried out £6.8bn of technology and research in the five years to 2024;
- Was highly productive – with each employee contributing £84,800 to the UK economy – 15% higher than the average employee across the UK economy;
- Supported deprived areas – employing 20,800 full time workers who lived in the most deprived fifth of local authority districts in the UK. This is equivalent to 42% of BAE Systems total workforce in the UK, meaning its employment disproportionately benefits some of the UK's most deprived communities; and
- Invested £1bn in skills and education programmes from 2020 through to 2025. We're also offering permanent employment for disadvantaged young people through Movement to Work.

Supporting regional economies

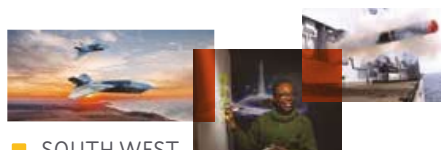
We employ 49,600 staff at sites throughout the UK with a concentration of employees living in the following regions:



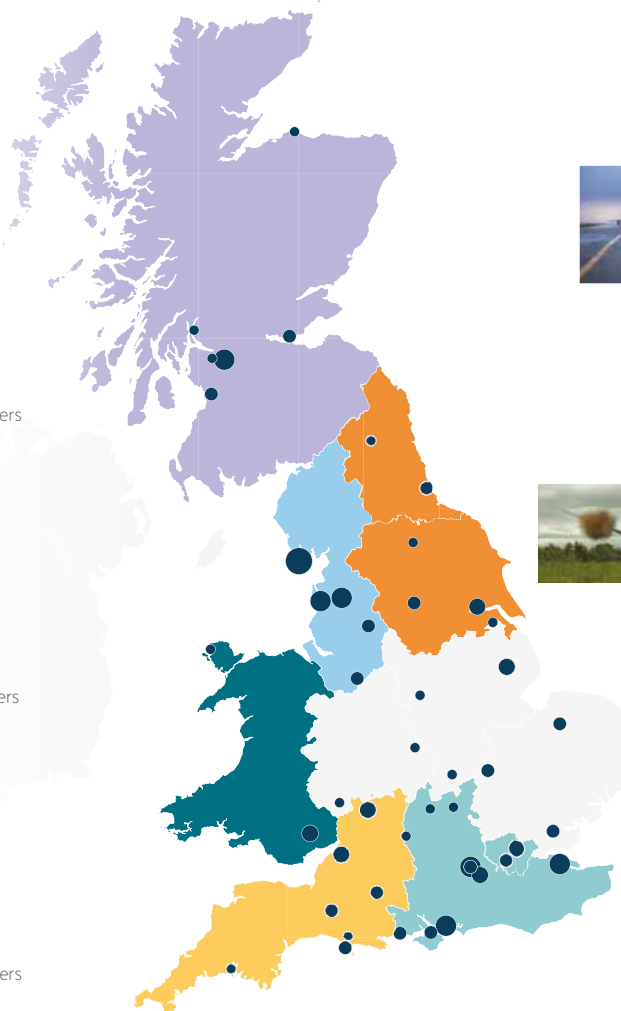
NORTH WEST
 26,500 employees
 48,400 total jobs sustained
 £850m spent with 650 regional suppliers



WALES
 1,000 employees
 4,900 total jobs sustained
 £100m spent with 150 regional suppliers



SOUTH WEST
 2,300 employees
 11,200 total jobs sustained
 £650m spent with 450 regional suppliers



SCOTLAND
 4,500 employees
 14,000 total jobs sustained
 £550m spent with 300 regional suppliers



NORTH EAST, YORKSHIRE AND THE HUMBER
 1,500 employees
 12,000 total jobs sustained
 £400m spent with 400 regional suppliers



LONDON AND THE SOUTH EAST
 9,300 employees
 31,900 total jobs sustained
 £1.6bn spent with 1,650 regional suppliers

Data in these maps is drawn from the 'BAE Systems' contribution to the UK' report, published by BAE Systems in July 2025 using 2024 data provided by BAE Systems and third parties. Employment figures are given on a full-time equivalent (FTE) basis and are rounded-up; for more information see the full report on baesystems.com/ukcontribution. All data refers to 2024 unless otherwise stated.

For a more detailed breakdown of the number of our own workforce operating at our sites and number of workers within our supply chain in the UK and its regions, please see our latest 'BAE Systems' contribution to the UK' report at: baesystems.com/en-uk/our-contribution-to-the-uk-and-its-regions

Our approach to governance of human rights and modern slavery

We are committed to respecting human rights wherever we operate, in the activities that fall under the full, direct control of the Group. Our employees, our suppliers and business partners are all expected to adopt high standards.

Our Human Rights Statement outlines our approach in relation to human rights activities that fall under the full, direct control of the Group, including in relation to anti-corruption, the environment, as well as our workplace, supply chain, local communities and products.

Our approach includes:

Maintaining high standards of governance to comply with applicable laws;

Supporting the communities in which our businesses are located;

Maintaining and improving global policies and processes which relate to business responsibility matters, including climate, social, safety and ethics;

Respecting the labour rights and workplace rights of our employees in accordance with national laws; and

Appointing and working with suppliers and business partners who are expected to adopt similarly high standards of business conduct, consistent with our own, in accordance with applicable national laws.



For more information on our human rights approach and statement, visit [baesystems.com/human rights](https://baesystems.com/human-rights)

Our governance approach

Governance

The Board considers a broad range of subjects that make up human rights – safety, ethics, business conduct, inclusive workforce, stakeholder and employee engagement, and the Group’s supply chain. The purpose of the Environmental, Social and Governance (ESG) Committee is to assist the Board in promoting the long-term success of the Group, including the oversight of the Group’s approach to the application of human rights.

Our Chief Executive has primary responsibility for delivery of the business strategy. He is supported by the Group ESG, Culture & Business Transformation Director who advises on our sustainability strategy and direction and liaises with the business teams in relation to the delivery of the strategy.

Our commitment and approach to human rights is considered across global policies and processes in our Operational Framework (OF) and in our Code of Conduct and is regularly reviewed. Our Code is translated into Arabic, Czech, Latin American Spanish, Slovak, Swedish and UK/US English and is considered across the business via conversation-based training.

All employees are required to adhere to our Code of Conduct and group policies in addition to any specific requirements outlined in local policies.

Code of Conduct

Our global Code of Conduct lays out the standards and behaviours that we expect of all employees and outlines the ways in which anyone can seek help and guidance. Our Code of Conduct contains a section on human rights, which includes modern slavery. It is supported by conversation-based ethics training which actively encourages all employees to speak up if they have a concern or to talk to a colleague, their manager, HR or a legal contact if they need guidance. This annual training offers everyone in our business an opportunity to consider some of the challenges we face in our workplace, focusing on those that are particularly relevant to each team.

For non-controlled Joint Ventures, BAE Systems employees appointed to the Board or comparable governing body, exert the influence they have to encourage the adoption of governance that is substantially equivalent to our own, including, policies and processes, the Code of Conduct, employee training and the Ethics Helpline.

We monitor our performance and compliance with policies and processes via the twice-yearly Operational Assurance Statement (OAS). This is made up of two parts:

- A self-assessment by our business and functional leaders of compliance with our OF; and
- A report showing the key risks for the relevant business completed by line and functional leaders.

The key risks identified are collated and reviewed by our Executive Committee to identify those issues where the cumulative risk, or possible reputational impacts, could be significant. Those risks are then monitored via our Quarterly Business Review and Chief Executive Review processes.

We continue to review our directly controlled operations and policies to ensure they identify and mitigate human rights and modern slavery risks and incorporate best practice.

Modern Slavery Working Group

The UK Modern Slavery Working Group is responsible for progressing actions to review and strengthen how modern slavery and human trafficking risk is identified, assessed and managed across our business. The working group is also responsible for engaging functions, businesses and suppliers in the UK on activities including training and supplier risk assessment activities.

Our global and local policies and processes for our operations cover:

Supporting the rights of freedom of association and the effective recognition of the right to collective bargaining, where legal;

Aiming to eliminate all forms of forced and compulsory labour and effective abolition of child labour;

Aiming to eliminate all forms of discrimination, harassment and victimisation/retaliation in respect of employment;

Seeking to prevent adverse environmental impacts;

Undertaking initiatives to promote greater environmental responsibility; and

Working against corruption in all forms, including extortion and bribery.

Stakeholder engagement

Understanding the expectations of our stakeholders is critical to the long-term success of our business. We engage with external stakeholders regarding our business agenda, which includes human rights and modern slavery. For supplier engagement please see [page 12](#).

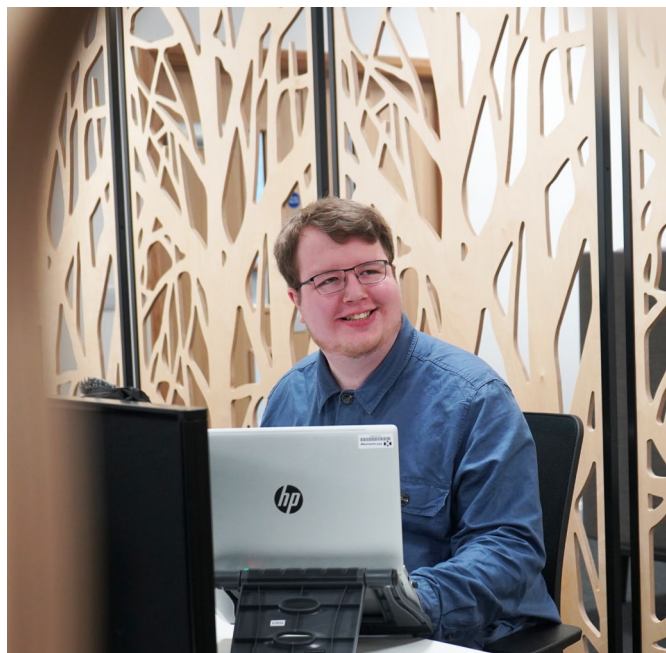
How can employees or suppliers raise concerns or report modern slavery?

We maintain a network of over 300 Ethics Officers, and provide a 24-hour independent Ethics Helpline accessible by phone, email or an external website. This enables employees to seek support or report a concern, including concerns in respect of human rights issues, such as modern slavery. We encourage employees to speak up without fear of retribution and to do so anonymously if preferred.

Our Ethics Helpline is also available for third parties, including suppliers, to raise concerns or discuss issues. Reports can be made anonymously if preferred. Details of how to contact the Ethics Helpline are included within our Supplier Code of Conduct and on our website. Any call regarding human rights or modern slavery is escalated for review and allocated to a senior representative within the Group for investigation in accordance with the Modern Slavery Reporting Procedure. This procedure documents how reports and concerns related to human trafficking and slavery are escalated and managed.

What would the Group do if modern slavery activities were found in its operations or supply chain?

If modern slavery or human trafficking activities were found within our operations or directly contracted suppliers, we would act immediately to cooperate fully with all relevant authorities to ensure that our work is not perpetuating modern slavery. This may include changing internal policies and processes, conducting onsite or offsite audits/ interviews, scoping corrective action plans for suppliers and, if appropriate, terminating our relationship with the supplier via a considered and appropriate exit strategy.



Case study

A potential modern slavery concern within BAE Systems' UK supply chain was raised via the Ethics Helpline and escalated via the Modern Slavery Reporting Procedure during 2025. The concern referenced possible indicators of debt bondage and forced labour.

The concern was reviewed and could not be substantiated. However, a number of risk factors combined with the Ethics Helpline report led to a decision to engage with the supplier to discuss its approach to business, including modern slavery risk.

The supplier responded constructively to this engagement, including face to face discussions with senior managers, and demonstrated a willingness to review existing practices to strengthen worker protections and reduce the risk of modern slavery.

BAE Systems and the supplier jointly agreed a detailed action plan, including improvements in governance, policy content, accessibility of employment documentation, worker onboarding, whistleblowing mechanisms, recruitment transparency and modern slavery awareness. All agreed improvements were implemented and embedded within the supplier's operating model.

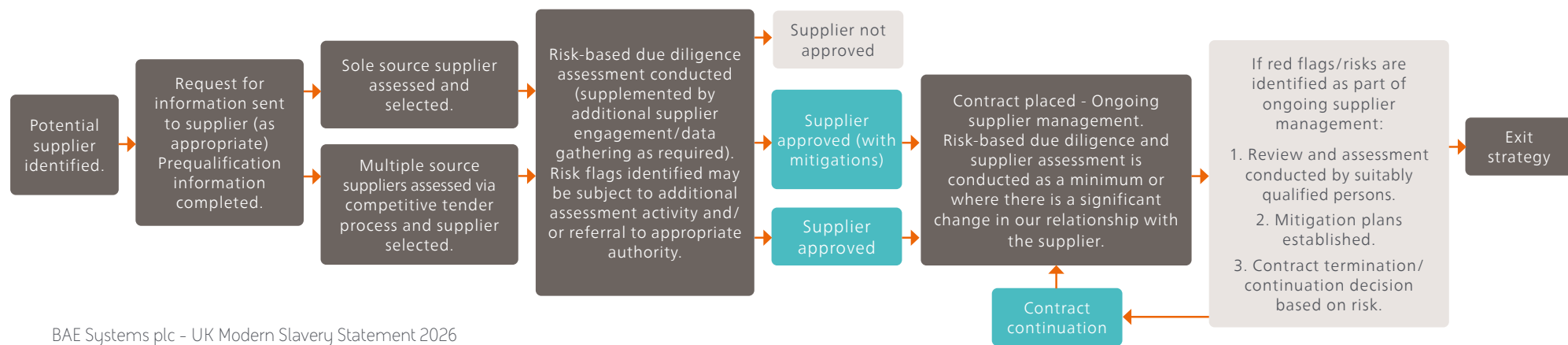
Going forward, BAE Systems plans to maintain ongoing oversight of the supplier. This will include a validation review scheduled approximately six months post-closure, designed to help verify the sustained and effective implementation of the agreed action plan. Thereafter, the supplier shall remain subject to periodic, risk-based monitoring, for example routine assurance reviews and targeted follow-up where appropriate.

Responsible supply chain overview

Our ambition in supply chain is to conduct business responsibly across our global business, guided by governance and continuous improvement. We cannot achieve this alone; therefore it is important that we collaborate and partner with suppliers to make a positive business impact over the long-term. We spend £16bn with more than 22k directly-contracted suppliers worldwide.

Geographic location	% of total spend
UK	40%
USA	36%
KINGDOM OF SAUDI ARABIA	6%
AUSTRALIA	4%
SWEDEN	4%
GERMANY	3%
NETHERLANDS	1%
ITALY	1%
FRANCE	1%
SWITZERLAND	1%

The below diagram provides a high level overview of the key considerations within our supplier approval and due diligence process:



Governance of supply chain

Our supply chain management starts with our Global Procurement Policy, which defines the requirements to be implemented by each of our sectors for the establishment of procurement control and the management of supplier related risk.

Our Global Procurement Policy requires our sectors to communicate our Supplier Code of Conduct to our suppliers. The Supplier Code of Conduct is based on our Code of Conduct and Group policies. It sets out what we expect from our suppliers and their supply chains and provide guidance for suppliers in relation to modern slavery and human trafficking, as well as matters such as anti-corruption, how employees are to be treated, international trade compliance, environment, counterfeit components and the Code of Conduct.

Throughout our relationship with our suppliers, we raise awareness of and engage them in our Supplier Code of Conduct. Suppliers are regularly reviewed throughout their contractual relationships against such non-financial risks.

Our Supplier Code of Conduct expects, and our UK Standard Conditions of Purchase requires, suppliers to comply with all applicable laws and regulations, including those related to human rights, modern slavery and the environment.

We periodically update our Supplier Code of Conduct and our UK Standard Conditions of Purchase to reflect changes in the law, regulations and other necessary requirements. Our UK Standard Conditions of Purchase were re-issued in 2025, and we conducted a review of our Supplier Code of Conduct during 2025. The Supplier Code of Conduct is available in multiple languages.

Supplier due diligence and ongoing management

In 2025, no instances of modern slavery were identified through our processes. We continue to refine and improve our supply chain risk assessment activities.

Risk-based due diligence and audit activity is undertaken for all third parties with whom we engage, whether supplier, adviser, potential joint venture partner, acquisition opportunity or other third party. At the contracting stage, we stipulate our expectation that suppliers embrace our ethical values, including those set out in our Supplier Code of Conduct.

Prior to approving and selecting suppliers, we outline the products and services we require and establish a process to identify interested suppliers, including small businesses, taking into consideration risk of commodity and supplier location. We continued to support this in 2025 through our dedicated [UK SME web pages](#), providing clear links to our areas of interest as well as some of our high level "fit for business" requirements, including ethical conduct and our Supplier Code of Conduct. Risk-based due diligence is carried out, as appropriate, against a number of non-financial risks, which may include:

Trading principles – business ethics, anti-corruption and anti-bribery, governance and legislation;

Human rights – working hours, harassment and unlawful discrimination, whistleblowing line, slavery, human trafficking and child labour;

Health and safety – workplace and product safety;

Environment – impact of operations and products;

Management systems – environmental management systems certified to ISO14001; and

Sourcing – including conflict minerals.

We also use third party toolsets to help compliance as part of anti-corruption due diligence checks for both new and existing suppliers. The output of this risk-based due diligence is assessed before suppliers (often after a competitive tender process) are either approved on the quality assurance and finance system or deemed unsuitable.

In some cases, suppliers are approved with mitigation actions. Each plan is specific to the supplier and project to which it is supplying. For example, a potential new supplier may not have a code of conduct in place or an equivalent standard to our own. The action may be to support the supplier to develop and implement their own code of conduct. If the supplier is not prepared to do this, we may choose to appoint an alternative supplier.



Once a supplier has been approved and a contract has been executed, we monitor that supplier. This includes managing any significant changes in our relationship with the supplier.

Supplier due diligence and ongoing management

Our supplier due diligence and assurance processes are designed to identify and highlight risk flags at on-boarding and periodically throughout a supplier relationship. Should we identify a significant risk (including the potential risk of modern slavery), we would work to understand the full nature of this and then refer to the relevant subject matter experts internally to understand appropriate follow up actions/mitigations. Where relevant, we would aim to work with the supplier to develop a robust mitigation plan, which may include the implementation of additional approval conditions.

In extreme circumstances, where a risk identified cannot be mitigated, we may consider de-listing or not progressing engagement with that supplier via a considered and appropriate exit strategy, where appropriate.

Conflict minerals

We expect our suppliers to provide products made from materials including constituent minerals, that are sourced responsibly, including undertaking appropriate due diligence, and to support efforts to eradicate the use of any minerals which directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses.



Our approach to identifying and assessing human rights and modern slavery risks in our business and supply chain

Our approach to identifying and assessing human rights risks, including modern slavery risks, is considered within our approach to risk management.

The responsibility for risk identification, analysis, evaluation and mitigation rests with the line management of the sectors and Group functions. They are also responsible for reporting and monitoring key risks in accordance with established policies and processes under the Group's Operational Framework.

Responsibility for the management of our most significant risks is determined by our Executive Committee.

The Audit and Risk Committee monitor the Group's key risks identified by the risk assessment processes and reports its findings to the Board. To support this activity, it receives insight on particular risk-related matters from the other Board sub-committees, including the Environmental, Social and Governance and Remuneration Committees. The Audit and Risk Committee is also responsible for reviewing the effectiveness of the Group's risk management and internal control framework and presenting its assessment to the Board.

The Board has overall responsibility for determining the nature and extent of the risks the Group is willing to take to achieve its long-term strategic and financial objectives and ensuring that risks are managed effectively across the Group.

Risk is considered on a regular basis at Board and Board committee meetings and the Board reviews risk (including emerging risk) as part of its business planning and annual strategy review process. This provides the Board with an appreciation of the key risks within the business and oversight of how they are being managed.

A summary of these risks, together with details of how they are being mitigated and managed, is included in our 2025 Annual Report. While the risks of modern slavery and human trafficking have been identified as potential risks through the risk management process, they are not identified as principal risks for the Group.



Risk related to human rights and modern slavery

During 2025, we continued to review our directly controlled UK operations to ensure they have appropriate processes and governance to identify and mitigate modern slavery risks, and we continued to assess our tier 1 suppliers against high risk commodities and locations.

Mitigating modern slavery risks in our operations

We considered the location of our employees and the type of work undertaken as the basis for assessing and understanding the modern slavery risks in our UK operations. Insofar as our operations are concerned, the services that we provide directly to our customers are typically of a highly complex nature requiring a high level of skill, training and education. Further, all directly employed staff in our UK business are required to be UK citizens, permanent residents or have the legal right to work in the UK.

Due to the nature of the industry we work in and the customers we support, all potential employees and contingent workers for our UK businesses are required to go through a pre-employment vetting process. Subject to local laws in each jurisdiction, individuals are required to be verified for identity, employment and academic history, nationality and right to work status and criminal record checks.

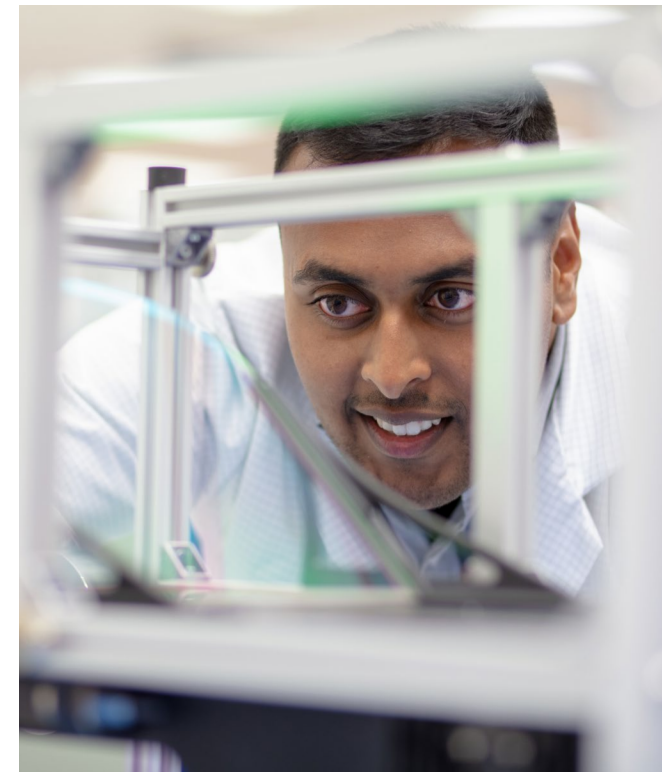
Risks may potentially arise from the engagement of third party contracted labour performing work on our behalf.

Where we work with third party recruitment service providers, they are subject to our supplier due diligence process and Supplier Code of Conduct including an expectation of not using practices that bind workers to employment, such as unreasonable recruitment fees, accommodation, or documentation costs or mandated surrender of government issued identity documents.

During 2025, we re-ran our debt bondage focused due diligence for key labour-based services providers to our UK businesses. The questionnaire used for the 2024 assessment was reviewed, updated and approved by the Modern Slavery Working Group before being issued to these providers. Specific areas of focus included the imposition of recruitment fees, retention of identity documents and correct and fair payment of wages. The 2025 assessment identified no significant areas of concern; however, observations were captured into a consolidated triage list for action as part of the 2026 supplier engagement activity assessment. The debt bondage specific assessment activity will continue to be conducted on an annual basis.

We maintain processes designed to ensure that all employees have a contract of employment or offer letter (depending on the jurisdiction of employment) in a language they understand clearly indicating their rights and responsibilities with regard to wages, working hours, benefits and other working and employment conditions. Our processes are designed to ensure we do not retain originals of employee identification (passports or work permits), and we do not destroy or deny access to such documentation, as a condition of employment, in each case unless required by applicable law.

We maintain processes designed to comply with child labour laws and to ensure that we will not employ anyone under the age of 15 or, where the mandatory school leaving age is higher, we will not employ anyone under that age in that country. We comply with applicable local health and safety laws governing the employment of individuals under 18, including restrictions or additional safety measures related to hazardous work. We are committed to the development of young people by providing development and apprenticeship programmes.



Risk related to human rights and modern slavery

How we manage modern slavery risks in our supply chain

We assess the risk of modern slavery in our direct (tier 1) supply chain. This is based on where our suppliers are located and the goods or services they provide.

We are also continuing to improve how we identify risks further down the supply chain (sub tier suppliers) to the extent practicable.

To identify suppliers that may pose a higher risk, we review a combination of internal information, third party data, and external guidance. These include:

- Our internal procurement data and supplier questionnaires;
- JOSCAR;
- Global Slavery Index country risk data; and
- The US Department of Labor’s List of Goods Associated with Child Labor or Forced Labor.

In 2025, we strengthened our twice-yearly supplier risk assessment by adding further checks to give a more complete picture of risk. These assessments consider:

- The type of goods or services provided;
- Supplier location;
- Supplier activities; and
- Existing safeguards to prevent modern slavery.

Our assessment of higher risk goods and services is based on the US Department of Labor’s List of Goods Associated with Child Labor or Forced Labor and the supplier categories used in our procurement systems.

Tier 1 supplier risk assessment process

We carry out product and location risk assessments for tier 1 suppliers twice a year using the following steps:

- Identify a long list of suppliers based on recent and planned spend;

- Review each supplier’s country location against countries listed as higher risk;
- Classify suppliers outside those countries as low risk;
- Check supplier goods or services against known high risk goods linked to specific countries; and
- Consider recent spend and future commitments when assessing overall risk.

To further strengthen our approach, we also introduced:

- Additional country only based risk assessments for tier 1 suppliers;
- Assessments of UK business unit supplier approaches to managing modern slavery;
- Real Living Wage assessments for labour based services and facilities management suppliers;
- Reviews of potential links to prison labour; and
- Approach based assessments for sub tier suppliers.

Suppliers identified through these assessments have been triaged based on leverage and will be targeted for supplier engagement activities in 2026.

Supplier Code of Conduct assurance

We also assess how well suppliers comply with our Supplier Code of Conduct, which helps us identify and reduce supply chain risks. In 2025, this work covered 31% of our global spend. This assurance process includes:

- Reviewing previous assessment results and any outstanding risks;
- Analysing and validating procurement data to identify suppliers in scope;
- Selecting a sample of suppliers and checking against existing compliance data; and
- Gathering and reviewing information from suppliers to identify any areas of concern.

Engagement and awareness

During 2025 we:

- Maintained our UK Supplier SME web pages. These provide a simpler access point for current (and prospective) suppliers to relevant information about working with BAE Systems. This includes information about our SME Framework, our current areas of interest and our high-level “fit for business” requirements, including those related to safe and ethical business conduct (including links to our Supplier Code of Conduct and UK Standard Conditions of Purchase); and
- Maintained visibility of our UK supply chain brochure, which shares some of our approaches to managing and mitigating modern slavery risks. This was made visible to current and prospective suppliers via direct emails as well as on our supplier practice sharing web page (part of our suite of UK SME web pages).

The above activities reference the importance of the Supplier Code of Conduct as a statement of our expectations for supplier conduct, as well as the availability of the BAE Systems Ethics Helpline as a mechanism for raising concerns in confidence (anonymously, if necessary). We will continue to look at opportunities to build on these engagements through 2026.

We also continued to engage our UK supply chain function on modern slavery, raising awareness of the importance of conducting business responsibly and maintaining and improving systems and processes that reduce the risk of slavery and human trafficking. As part of this, we highlight resources available and promote our Ethics Helpline as a channel to seek advice and report concerns.

To support our procurement employees in identifying and managing modern slavery risks, we identified individuals across our procurement teams to receive our modern slavery awareness training. This included individuals responsible for procuring goods and/or services from categories potentially associated with higher exposure to modern slavery.

Risk related to human rights and modern slavery

Our assessment of goods and services, that may be higher risk for the purpose of modern slavery, was based on the US Department of Labor's List of Goods Associated with Child Labor or Forced Labor, together with general supplier categories in our procurement system and local Business Unit assessments.

During 2025, approximately 290 UK based individuals received modern slavery awareness training. Overall, with our awareness refresher training scheduled every two years, we have maintained awareness of approximately 800 employees, representing more than 87% of our targeted population. During 2026, we will continue to build on the deployment of awareness to ensure that relevant employees are made, and remain, aware of modern slavery risks. This will be delivered through both initial training (eg for new starters) and refresher training for existing employees.

Further to the delivery of targeted awareness across the supply chain population, the following additional materials are available to our UK businesses:

- Guidance within the Responsible Supply Chain Handbook on how to consider modern slavery aspects at each stage of the procurement lifecycle;
- Engagement cards to support effective conversations around aspects of our Supplier Code of Conduct (including aspects related to modern slavery);
- Contextual information to support the completion of Annual Debt Bondage assessments.

Third party engagement

BAE Systems engages with and utilises third party organisations and resources in relation to supply chain practices. These serve to support our information and intelligence gathering; the communication and measurement of some of our ethical standards and expectations; and provide support into the supplier community in better understanding and addressing business performance, including aspects related to modern slavery.

- Hellios Information Ltd

As a founder member of JOSCAR, we have partnered with Hellios Information Ltd for over ten years. We take a leading involvement in the buyer community and currently chair the JOSCAR Governance Group as well as playing a key role in the JOSCAR ESG Working Group (the chair of this group was handed over in early 2025). In these roles, we have played a prominent role in the ongoing development of the JOSCAR toolset, including the annual question set updates and, during 2025, the ongoing oversight of the innovative JOSCAR Sustainability Analysis Scorecard.

- Third Party Denied Party Screening

As part of our on boarding and due diligence processes, BAE Systems utilises adverse media and denied party screening information/alerts.

- US Department of Labor

BAE Systems utilises information provided through the US Department of Labor to support the tier 1 supplier risk assessment activity.

We are also a Strategic Partner to Make UK Defence, a member of the Supply Chain Sustainability School and a member of MoD Defence Industrial Joint Council Supplier Forum. We also engage with peer organisations within our sector to share practice and benchmark our performance.



Risk related to human rights and modern slavery



In recognition of Anti-Slavery Week in October 2025, partner buyers within the JOSCAR UK community (QinetiQ, BAE Systems, NATS, Thales) together with Hellios undertook a coordinated cross-industry initiative to deliver a consistent message across our collective SME communities on modern slavery. Our aim was to share experiences, good practices and raise awareness of recently published UK Transparency in Supply Chains (TISC) Guidance.

Each company delivered a themed presentation to a shared audience of suppliers/stakeholders/JOSCAR-members which demonstrated their commitment to transparency, ethical supply chains, and supporting business practices, whilst encouraging the audience to consider how they can participate and engage with their supply chains and our organisations.

By leveraging combined experience, resources, and supplier networks, the group established a platform for learning and dialogue. The following sessions were delivered:

- Learning from others: In this session, QinetiQ introduced Sodexo (founder of the BSA Modern Slavery Council), to talk about how a company in an adjacent sector is tackling the issue of modern slavery in their organisation, and supply chain;
- The vital role of stakeholder engagement: In this session, Thales shared insights from work with Stronger Together and other stakeholders to develop more robust due diligence processes around modern slavery. Thales also introduced a Lived Experience Consultant from Align Ltd, offering an insightful opportunity to hear a powerful survivor's story firsthand;
- Due diligence, risk and responsibility: In this session NATS illustrated the importance of undertaking the appropriate due diligence, utilising case studies, lessons learned and how this has shaped modern slavery reporting;
- Understanding vulnerability: In this session BAE Systems outlined three lenses for considering modern slavery vulnerability, together with some key aspects related to each of these;
- The importance of data: This session focussed on the information gathered through the JOSCAR questionnaire and explored key themes identified across the dataset. Hellios were joined by the Associate Professor of Saïd Business School, University of Oxford, and a Non-Executive Director, Hellios, to provide insight into these data trends and discuss the importance of accurate data.

As a community we recognise the benefits of collaboration on this issue and intend to build on this with further themed sessions in 2026 to provide a platform for our sub tier suppliers and their respective supply chains to join the conversation and share their practices and experiences.

Risk related to human rights and modern slavery

Standard terms and conditions

To further mitigate risk across our supply chain, in the UK we include provisions in our Standard Conditions of Purchase on modern slavery and the Real Living Wage.

Procurement Governance

During 2025, we continued to reference our Responsible Supply Chain Shop Window (see [page 21](#)) for UK business unit suppliers which builds on our policy statement by defining our specific areas of focus, including those related to modern slavery. The Shop Window continues to support cross business alignment and collaboration and enable structured communications with our suppliers. The Shop Window has also served as a framework in the development of our further guidance. We will continue to maintain and communicate the Shop Window during 2026 internal and external engagements and via refresh and re-publication of our Responsible Supply Chain brochure (which will be made accessible via our [SME Practice Sharing Web Page](#)).

We continued to review the relevance of our Procurement Policy and refreshed this early in 2025 alongside a full update to our previously named Supplier Principles.

As referenced in our Mitigating supply chain modern slavery risks section (see [page 16](#)) we have built upon our established activities to include further (and deeper) use of independent third party supplier data stored in the JOSCAR System. This provides the opportunity to better evaluate context and supplier understanding, particularly in relation to the size and nature of their business.

In addition, during 2025, we continued to update and deploy business guidance, including on the assessment and management in respect of modern slavery risk. Using the Responsible Supply Chain Shop Window as a framework, we have reviewed and deployed our Responsible Supply Chain Lifecycle Management Handbook across our UK businesses through a series of virtual and face to face engagement sessions.

This document provides guidance on the inclusion of a range of business issues, including consideration of modern slavery throughout the life of the contract, across the following phases of the procurement lifecycle:

- The outline and definition stages of Procurement Strategy development;
- Sourcing and negotiation;
- Approval and placement of orders;
- Launching supplier relationships;
- Management of suppliers; and
- Contract closure.

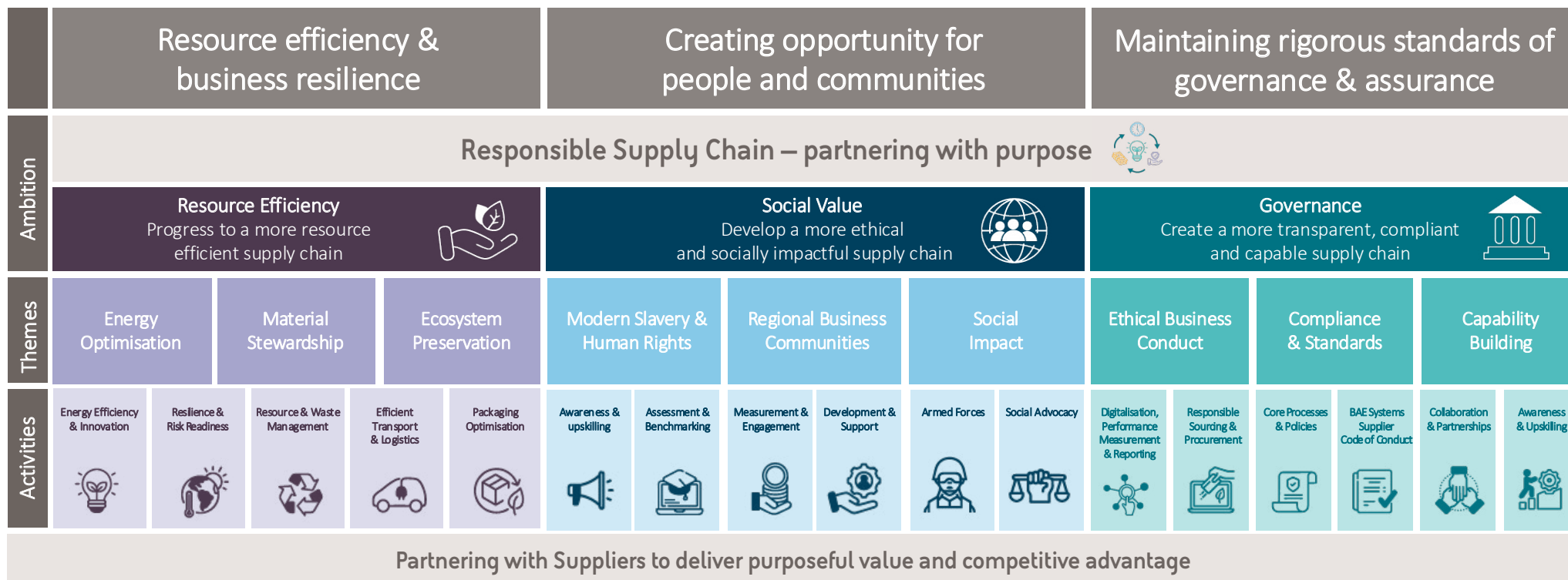
UK Fair Payment Code

BAE Systems plc and a number of its UK subsidiaries are awardees of the UK Fair Payment Code, and we are committed to paying our suppliers promptly and in accordance with agreed terms. The Fair Payment Code requires a commitment to the principles of being clear, fair and collaborative with suppliers. Adoption of appropriate payment practices is of significant importance to us and ensuring that we pay invoices on time is a key focus for our UK businesses.



Responsible Supply Chain Shop Window – partnering with purpose

The Responsible Supply Chain Shop Window has been in place for a number of years as a way to showcase how modern slavery fits into our overall supply chain approach. During 2025, it was refreshed to align with our evolving strategy, as well as ensuring that it is inclusive of our global markets.



Appendix

Glossary of terms

Code of Conduct – Our global Code of Conduct lays out the standards and behaviours that are expected of all employees. It guides them in acting responsibly and ethically in everything they do and outlines the ways in which they can seek help and guidance. Our Code is supported by a training and engagement programme to empower employees to make ethical decisions. All employees are required to complete ethics training annually alongside e-learning programmes of role-specific training, for example, export controls.

Ethics Helpline – BAE Systems' Ethics Helpline is available for anyone to call to tell us about situations where they think the law or our standards may not have been upheld, or where an issue or concern they have reported is not being dealt with properly. Calls to the Ethics Helpline are free and lines are open 24 hours a day, seven days a week.

ISO14001 – ISO (International Organization for Standardization) is an independent, non-governmental international organisation that brings together experts to share knowledge and develop voluntary, consensus-based, market relevant international standards. ISO14001 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organisation can follow to set up an effective environmental management system.

Joint Venture (JV) – An entity in which BAE Systems and one or more other parties have ownership interests and through which business activity is undertaken together.

JOSCAR – The Joint Supply Chain Accreditation Register is a collaborative tool used by the aerospace, defence and security industry to act as a single repository for pre-qualification and compliance information.

Operational Assurance Statement (OAS) – The Operational Assurance Statement is BAE Systems' key governance process which requires that a return is completed every six months by each operational and functional business head, reporting their formal view against such matters as compliance with law and regulation, ethical business conduct, financial controls, risk management, compliance with business planning processes, health and safety, conflicts of interest, delegated authorities, appointment of advisers and product safety.

Operational Framework – The Operational Framework sets out how we do business across BAE Systems, and encapsulates our values, policies and processes, together with clear levels of delegated responsibility aimed at ensuring that all of our employees and businesses act in a clear, accountable and consistent manner. It is reviewed and approved annually by the Board.

Real Living Wage – The Real Living Wage is an independently calculated UK wage rate that is based on the cost of living and is paid voluntarily by participating UK businesses.

Sub Tier Suppliers – Companies within the supply chain below tier 1 (direct) supplier network.

Supplier Code of Conduct – Our Supplier Code of Conduct outlines a set of 'best practice' expectations to clarify what we expect from our suppliers and their supply chains. They reflect the standards that we hold for ourselves at BAE Systems.

Tier 1 Suppliers – Tier 1 suppliers are suppliers that BAE Systems directly contract to support operations / customer deliverables.

Trafficking Victims Protection Reauthorization Act (TVPRA) – The TVPRA is US legislation which enhances efforts to prevent human trafficking, identify and support victims, and ensure offenders and those who facilitate trafficking are held accountable. The Bureau of International Labor Affairs (ILAB) maintains a list of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards, as required under the Trafficking Victims Protection Reauthorization Act (TVPRA) of 2005 and subsequent reauthorizations.

UK Fair Payment Code – The UK Fair Payment Code is a voluntary code administered by the Office of the Small Business Commissioner on behalf of the UK government that recognises organisations which commit to the principles of being clear, fair and collaborative with suppliers, with awards at gold, silver or bronze levels depending on payment performance.

UK Modern Slavery Act 2015 – The Modern Slavery Act 2015 is designed to combat modern slavery in the UK and consolidates previous offences relating to trafficking and slavery. The Act gives law enforcement the tools to fight modern slavery, ensures perpetrators can receive suitably severe punishments and enhances support and protection for victims. It received Royal Assent and became law on 26 March 2015.

UK Standard Conditions of Purchase – BAE Systems' standard conditions of purchase, used by BAE Systems when purchasing from suppliers on 'back of order' terms and conditions.