Code of Conduct
Doing the right thing
Contacting the Ethics Helpline

If your concern relates to BAE Systems Head Office, Shared Services, Air, Land, Maritime or Applied Intelligence please use one of these contacts:

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<thead>
<tr>
<th>Phone</th>
<th>Country</th>
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<tbody>
<tr>
<td>1 800 803732</td>
<td>Australia</td>
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<tr>
<td>800 844 3328</td>
<td>Kingdom of Saudi Arabia</td>
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<tr>
<td>0800 0126930</td>
<td>United Kingdom</td>
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<tr>
<td>0800 281700</td>
<td>Austria</td>
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<tr>
<td>0800 71025</td>
<td>Belgium</td>
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<tr>
<td>0800 891 8807</td>
<td>Brazil</td>
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<tr>
<td>1888 268 5816</td>
<td>Canada</td>
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<tr>
<td>123 002 004 12</td>
<td>Chile</td>
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<tr>
<td>800 142 428</td>
<td>Czech Republic</td>
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<td>0800 182 3246</td>
<td>Germany</td>
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<td>00800 441 45735</td>
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<td>06800 14863</td>
<td>Hungary</td>
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<td>001 803 0441 1201</td>
<td>Indonesia</td>
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<tr>
<td>800 783776</td>
<td>Italy</td>
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<td>00531 78 0023</td>
<td>Japan</td>
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<td>1800 885 530</td>
<td>Malaysia</td>
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<td>800 776 86</td>
<td>Oman</td>
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<td>00800 442 1245</td>
<td>Poland</td>
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<td>0800 894440</td>
<td>Romania</td>
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<td>800 4411 140</td>
<td>Singapore</td>
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<td>0800 004461</td>
<td>Slovakia</td>
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<td>001 800 442 078</td>
<td>Thailand</td>
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<tr>
<td>00800 4463 2066</td>
<td>Turkey</td>
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<tr>
<td>1877 533 5310</td>
<td>United States</td>
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Website
www.expolink.co.uk/ethics-report

Email
ethics.helpline@baesystems.com

If your concern relates to BAE Systems, Inc. please use one of these contacts:

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<th>Phone</th>
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<tr>
<td>888 306 7330</td>
<td>United States</td>
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<tr>
<td>503 726 2366</td>
<td>Afghanistan</td>
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<tr>
<td>503 726 2366</td>
<td>Djibouti</td>
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<td>0800 0126930</td>
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<td>503 726 2366</td>
<td>Iraq</td>
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<tr>
<td>180 941 3855</td>
<td>Israel</td>
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<tr>
<td>1 800 10 888 306 7330</td>
<td>Kingdom of Saudi Arabia</td>
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<tr>
<td>001 877 433 3054</td>
<td>Mexico</td>
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<tr>
<td>020 79 1013</td>
<td>Sweden*</td>
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<tr>
<td>0808 234 3708</td>
<td>United Kingdom</td>
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Website
www.baesystems.ethicspoint.com

Email
ethics.inchelpline@baesystems.com

All other countries
If your country is not listed or you are experiencing difficulties contacting the Ethics Helpline, you can contact our collect call number, free of charge. Dial the international operator and request an international reverse charge call to: +44 1249 661 808.

* The service in Sweden is provided in the event you are not comfortable addressing concerns with your supervisor or with other avenues in the Company, and your concern regards a member of the management committee or their direct reports and relates to corruption, questionable accounting or auditing matters, or otherwise seriously affects the vital interests of the Company or personal health and safety, or serious forms of discrimination or harassment.
This Code of Conduct sets out the expected standards and behaviours of all our employees. It provides practical guidance to help deal with ethical issues and information on where to seek further support.

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Being a responsible business is about doing the right thing – legally and ethically – in a way that continually earns us the trust of all our stakeholders.

This is absolutely fundamental to everything we do, particularly given the sensitive nature of the work we are entrusted with and our vital role in helping to defend national security and prosperity.

For me, it’s about being part of a culture where we know what is expected of us and we are guided and supported to make responsible decisions in our work.

While our Code of Conduct cannot cover every possible scenario we may face, it defines the standards and behaviours we should aspire to every day and gives us guidance on where to get advice if we’re unsure.

Each one of us must remain committed to building a responsible culture where we can speak up confidently if we have questions or concerns without fear of retaliation. A culture that underpins our Company values of Trusted, Innovative and Bold. A culture we can be proud of.

By doing so, we will continue to deliver the high standards of business conduct that our customers, shareholders, partners and colleagues expect of us.
“For me, it’s about being part of a culture where we know what is expected of us and we are guided and supported to make responsible decisions in our work.”

Charles Woodburn
Chief Executive
Our success depends on all of us behaving ethically in everything we do. Each of us has a vital role to play in ensuring that success.
Our Code of Conduct explains the responsibilities we each have and outlines the Company's commitment to employees under the Code.

It spells out the additional responsibilities of those who manage or supervise others. It also tells us all where to go for help if we need more support or information, or are concerned about an ethical issue.
1.1 About our Code of Conduct

Responsible behaviour is fundamental to how we do business. It is not just what we do, it is how we do it that is vitally important to both the reputation and success of our Company.

As employees of BAE Systems, we are each accountable for doing business – including working with our customers, partners and each other – with integrity and in an honest, open and respectful way.

Our Code of Conduct lays out the standards that are expected of each of us, to support us in doing the right thing. It expresses the behaviours and ways of working which reinforce our Company values – Trusted, Innovative, Bold – which are critical for our success as a business. Together, they describe who we are, what we do, how we want to behave and how we would like others to see us.

In practical terms, our Code gives general guidance on situations that might happen in our day-to-day activities on behalf of the Company. While it cannot describe every situation that we may face, or cover every law, policy or process that may apply, it tells us where we can get more detailed information on any of the topics covered and who we can ask for help with resolving concerns.

As a general rule, we are each responsible for understanding and complying with the laws, regulations or policies that relate to our business activities. When we are faced with a situation we cannot resolve, we should ask for guidance.

1.2 Who does this Code of Conduct apply to?

Our Code is mandated for all employees, including all members of the Board of Directors. Each of us, wherever we work, is required to behave in accordance with these standards when dealing with fellow employees and business partners, including customers, suppliers, contractors, competitors and other stakeholders.

The standards, laid out at the beginning of each section of the Code, support the relevant Company policies which are embedded within our Operational Framework. Failure to comply with the Code amounts to a failure to comply with BAE Systems’ policies and processes, and may result in disciplinary action, which could include dismissal.

Joint ventures controlled by BAE Systems are required to uphold standards which are substantially equivalent to this Code. Joint ventures not controlled by BAE Systems are encouraged to adopt standards that are substantially equivalent to this Code.

We encourage our business partners to adopt the same or equivalent standards of ethical business conduct as set out in our Supplier Principles – Guidance for Responsible Business.
1.3 Commitments under the Code of Conduct

The Code sets out the Company’s commitments, the individual responsibilities we all have as employees, and the additional responsibilities of managers and supervisors.

What is the Company committing to do?
The Company commits to supporting employees to do the right thing by:

– providing a clear set of policies and standards which define expectations across all our countries of operation;
– respecting the human rights of our employees in the workplace;
– supporting employees with appropriate training, guidance and information;
– creating a positive, supportive, open work environment where employees feel free to speak up and report issues and concerns;
– providing an Ethics Helpline and network of Ethics Officers;
– responding to issues and concerns and addressing them where possible;
– not tolerating retaliation or discrimination against those who have raised concerns; and
– encouraging our suppliers and other business partners to adopt the same or similar standards of ethical behaviour.

What does the Company expect from me?
The Company expects us all to take personal responsibility for doing the right thing, including:

Awareness and understanding
– familiarising yourself with this Code and knowing where to go for further information and support; and
– understanding the Company’s policies and your responsibilities under them, including the responsibilities required of your role.

Responsible behaviour
– complying with all applicable laws and regulations;
– timely completion of all mandated training;
– seeking guidance if you are unsure of what to do or have seen or heard something that does not feel right;
– speaking up – whether it is about an actual issue or concern or something that you have identified as being a potential problem;
– supporting your colleagues in doing the right thing; and
– never retaliating against colleagues who speak up with an issue or concern – this can lead to disciplinary action, which could include dismissal.
1.3 Commitments under the Code of Conduct

Continued

Do I have additional responsibilities if I am a manager or supervisor?
If your role involves managing or supervising others, your additional responsibilities in supporting your team to do the right thing include:

Setting an example
- acting with integrity, serving as a role model for the high standards of conduct expected throughout the Company;
- actively demonstrating that doing the right thing is important to you; and
- creating a positive work environment where your team feels comfortable raising concerns and asking for advice.

Accountability
- supporting your team in complying with all applicable laws and regulations;
- supporting your team in the timely completion of mandatory training;
- promoting the Code and supporting requests for further information;
- holding yourself and your team accountable if they do not meet the Code’s standards, our policies or any applicable laws;
- asking for advice if you do not know how to handle or respond to an issue or concern raised; and
- taking action to protect members of your team from retaliation if they speak up about issues or concerns.

1.4 What about different laws in different countries?

BAE Systems delivers business worldwide and we are committed to complying with the laws and regulations of all the countries in which we work. Our Code applies everywhere we operate. It is supported by Group policies and business-level policies, procedures and practices, which may vary to take account of local requirements and legislation.
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Our workplace responsibilities

Our business responsibilities
1.5 What do I do if I have an issue or concern?

The Code cannot cover every situation that we may find ourselves in. When faced with a situation that you are not sure how to resolve, you may find the following model helpful.

Our responsible decision-making model

1. **Gather the facts**
   - Do I have all the relevant information?
   - Have I separated assumptions from facts?
   - What other information might I need, and where could I find it?

2. **Understand the rules**
   - What are the relevant laws and regulations?
   - What do the Code of Conduct and our policies say?
   - What are the industry standards and practices?

3. **Consider the situation**
   - Think about accountability, honesty, integrity, openness and respect.
   - How does the situation affect others and how may it be perceived?
   - Would I feel comfortable explaining my decision to my colleagues, family and friends?
   - How would I feel if this appeared in a newspaper? Would it reflect badly on me, my colleagues or the Company?
   - Is it setting a good example?
   - Ask yourself: am I doing the right thing?

4. **Seek advice from others**
   - Talk to your manager or supervisor.
   - Consult with the Human Resources or Legal department.
   - Speak to an Ethics Officer, phone the Ethics Helpline, report the issue via the Ethics website or send an email.

For more information on raising a concern, and what happens next, refer to page 12.
1 Gather the facts

2 Understand the rules

3 Consider the situation

4 Seek advice from others

Go to the next page to see who to speak to.
1.6 Speaking up

After working through the decision-making model (page 10 and 11), you should speak up if you:

– are still unsure how to handle a situation, have a question, or are seeking advice;
– want to tell us about situations where you think our standards or the law may not have been upheld; or
– think an issue or concern that has been reported is not being dealt with properly.

Often, resolving an issue is as simple as talking to the person concerned. Alternatively, your manager or supervisor, Human Resources or Legal department should be able to provide you with guidance and the support you need.

If you are not comfortable speaking with anyone locally, or you still have a concern, you can speak to an Ethics Officer or contact the Ethics Helpline via:

– phone – calls to the Ethics Helpline are free, and lines are open 24 hours a day, seven days a week. The numbers can be found inside the front cover of this Code;
– the Ethics website; or
– email.

Any breaches of the Code should be raised as soon as possible. However you choose to speak up, it is important that you do not let any concerns go unresolved. If you report apparent misconduct honestly, and in good faith, you will be supported by the Company when you raise your concern. Any retaliation against you will not be tolerated.

Raising issues and concerns can result in a range of outcomes, including changes to governance, practices and training. If it is found that an individual is in breach of our Code of Conduct, they may face disciplinary action, which could include dismissal.
- Your manager or supervisor
- Your HR contact
- The Legal department

---

**Do you still have a concern?**

- Yes
  - Speak to an Ethics Officer or contact the Ethics Helpline

- No
  - Feedback provided and issue concluded

---

**The issue is formally logged**

- Guidance
  - Investigation

A reference number will be provided and the case will be assigned to an Ethics Officer.

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**Speak to one of these people**

- In person
- By phone
  - Anonymously if you prefer
- Online
  - Anonymously if you prefer
- By email

---

**Do you still have a concern?**

- Yes
  - Speak to an Ethics Officer or contact the Ethics Helpline

- No
  - Feedback provided and issue concluded

---

**The issue is formally logged**

- Guidance
  - Investigation
1.6 Speaking up

Continued

Speaking up Q&As

Q. Do I have to be absolutely sure that there is a problem?

A. No. If you have a genuine issue or concern or believe that the Code or the law is being, could be or has been, compromised, then it is important that you raise your concern. In such cases, you will not be penalised, even if your concern turns out to be unfounded.

Q. Should I speak to my supervisor or manager before contacting an Ethics Officer or the Ethics Helpline?

A. Managers should seek to create an environment in which employees feel comfortable coming to them with questions and concerns. There may be times when you will prefer to speak to others. As a Company, we support either approach.

Q. Do I have to give my name when I report via the Ethics Helpline?

A. We would prefer that you identify yourself, as this helps us to assess the concerns you are raising, provide the best advice, take action to deal with your concerns and provide you with feedback. If you still want to keep your report anonymous, this can be done by using the phone or website reporting options. If you choose to take this approach, and do not provide contact details, you can anonymously check on the status of your report via the Helpline by using the reference number provided to you. Checking back in this way allows the investigating team to post requests for additional information and also allows them to respond to any questions you may have.

Q. What will happen when I phone the Ethics Helpline?

A. Your call will be answered by a trained member of staff from an external, independent company which specialises in operating confidential telephone reporting systems. You will need to tell them that your call relates to BAE Systems.

Written details of your conversation will then be confidentially reported to BAE Systems. Your call will not be recorded.

Q. Can I speak to someone in a language other than English?

A. Yes. Although calls are answered in English, there are qualified interpreters available. However, there may be a brief wait for an interpreter to come on the line or they may need to call you back to discuss your issue or concern.

Q. Can I find out what is happening about my issue or concern?

A. Yes. You will be given a reference number and the issue will be assigned to an Ethics Officer who will update you as appropriate. If you have made your report anonymously, you will be able to use your reference number to find out what is happening with your issue or concern. We will provide you with feedback before closing the issue, although we may not provide all the details due to confidentiality requirements.

Q. Who in the Company will know about my issue or concern?

A. Your details will be known only to those involved in investigating and addressing your issue or concern.

Q. I am not a BAE Systems employee, but wish to raise an issue or concern. Who can I speak to?

A. You do not have to be an employee of BAE Systems to contact the Ethics Helpline. We would encourage anyone who has an issue or concern related to BAE Systems to raise it as soon as possible.
1.7 What if I am afraid of retaliation?

You are encouraged to seek advice or raise your concerns about business conduct-related issues. We will not tolerate adverse action against anyone for raising an issue or concern in good faith. Adverse action includes instances where an employee is dismissed, demoted, suspended, threatened, harassed, excluded or deliberately marginalised.

Any manager or employee found to have retaliated against someone who has raised a concern in good faith will face disciplinary action, which could include dismissal.
In this section we cover subjects, issues and responsibilities that apply to all of us in our day-to-day activities.
Our workplace responsibilities

It is important that we are all aware of our responsibilities and understand what we need to do. Our Code provides guidance on situations we may come across, wherever we are and whatever our role.

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2.1 Inclusive workplace behaviour

Our standard
We will each contribute to creating an inclusive work environment, where individuals are respected and where the value of having a diverse workforce is recognised.

What it means to me
We are a large, global company bringing together people from a wide variety of backgrounds, origins, experiences and cultures. We are all responsible for respecting and valuing others as we would expect to be respected and valued ourselves. It is important that we maintain the high standards of behaviour that are expected of us by the customers we serve and the communities in which we operate.

We aim to create high-performing teams which benefit from their diversity. To achieve this, we work to create an inclusive work environment where the recruitment, employment and development of people is based on the qualifications, skills, competency and mind-set necessary for success in the role. Our decisions and actions should not be based on personal bias or prejudice.

To create a constructive and productive workplace, we must listen to others and value their input – even when their views differ from our own. Proactively seeking alternative views helps create an environment in which others feel they can speak up. We should treat each other with courtesy, dignity and respect. We do not tolerate harassment through any means or of any kind, including sexual, verbal, non-verbal and physical. Abusive, humiliating or intimidating behaviour is never acceptable. We each have a personal responsibility to make sure that neither we nor anyone else behaves this way.

When we observe inappropriate or unacceptable behaviour, we have an obligation to do something about it. This may mean talking to the person or people involved, discussing the matter with our manager, seeking advice from one of the many resources available to us, or reporting the matter confidentially through the Ethics Helpline. Failure to take action makes us part of the problem.
**Practical examples**

Q. I am a new member within the team and the working culture is very aggressive. One of my colleagues is picked on constantly. I discussed this with a colleague who advised me to ignore the situation, because if I spoke up I could ‘become the next target’. Where can I go for advice?

A. You could speak directly to the people involved or to your manager about the situation to try to get the issue resolved locally. If you do not feel comfortable with this, you could also seek advice from any of the Company resources listed above. We should all challenge inappropriate or unacceptable behaviour and speaking up is the first step in doing this.

Q. My colleague is recruiting a new member for the team, but I am worried that applicants are being excluded for reasons that are unfair and not relevant to the requirements of the job. Should I challenge the selection criteria being used?

A. Including criteria that are not directly relevant to the job can unintentionally exclude certain groups of people. Encourage your colleague to discuss the selection criteria with Human Resources. There may be certain projects where there are security or export control restrictions regarding who we can employ. Additionally, in some countries our employment practices are directed by government employment requirements.

Q. Someone in my department is making fun of a colleague, showing team members photographs taken at a recent party. Some of it is quite embarrassing for the individual concerned. I am worried about the impact this will have – what can I do?

A. If you feel comfortable doing so, speak directly with your colleague about how their behaviour is not appropriate. Alternatively, raise your concern with your manager, or via one of the Company’s Ethics Officers or the Ethics Helpline.
2.2 Safety and wellbeing

Our standard
We have a personal and collective responsibility to maintain a secure and healthy workplace and to promote safe working practices.

What it means to me
Our working environment and operations can have an impact on our safety and health as well as that of business partners and others we work with. We all have a responsibility to create a safe and secure work environment that supports our health and wellbeing.

Complying with safety practices and procedures is an essential minimum. We should also aim to prevent incidents from happening by understanding the risks present in our workplace and daily operating environment and how to mitigate those risks. We are all responsible for identifying areas that can be improved to protect the safety of all those on our sites and for considering the impact of our decisions on our safety and that of others.

Each of us has a responsibility for safety in the workplace. We must:

– know and comply with applicable safety rules, procedures and all local requirements;
– consider the risks and hazards in our workplace and daily operating environment;
– intervene immediately if someone is putting themselves or others at risk; and
– report all health and safety risks promptly to a manager or to a Health and Safety representative.

We promote health and wellbeing locally through a wide variety of programmes.

It is essential that access arrangements at our facilities are strictly observed by employees, contractors and visitors. This will help to make sure our workplace remains safe and secure.
Practical examples

Q. I am responsible for arranging for a contractor to carry out safety-related maintenance. I know I should check that the work has been done correctly but they have been doing it for years and there has never been a problem, so is it really necessary?

A. You can never pass the responsibility for safety to another party. It is up to you to ensure that controls are effective, especially when there are potentially serious consequences for the safety of our people or products.

Q. My manager does not wear the required safety equipment when visiting my work area for short periods of time. I think if I raise the issue formally with my manager I might get into trouble. What should I do?

A. All of us have the responsibility to look after our own safety and that of those around us. This applies to your manager in the same way as it does to you. You should either raise the issue directly with your manager or ask someone else, like a safety specialist, to raise it.

Q. I work in a busy manufacturing department and sometimes we have to cut corners to meet deadlines. For example, if a schedule is delayed, we might have to get on with the work before the right tools or safety equipment are in place. My supervisor is aware, so I guess it is OK?

A. It is part of your supervisor’s role to ensure that you work safely. Procedures are in place for many reasons; many are there to ensure the safety of our people and the people that use and maintain our products. We should never depart from the prescribed processes without formally reviewing the risks involved and ensuring safety, even if our intentions are good. There are formal mechanisms to improve processes to make them more efficient in our business and these mechanisms should be used if you and your colleagues think that things can be changed to speed up a process, but this should never be at the expense of safety.
2.3 Working with others

Our standard
We encourage our business partners and suppliers to adopt the same or equivalent standards as set out in our Supplier Principles – Guidance for Responsible Business.

What it means to me
We work with many different business partners. Their behaviour and the way they operate can affect our reputation. Maintaining constructive working relationships with others benefits our business and our professional integrity. We will make sure we maintain our standards and behave respectfully when working with others.

We will promptly report – in the same manner we would for a Company internal matter – any behaviour by a business partner or supplier that does not match our standards.

Practical examples
Q. I am a BAE Systems employee and have been assigned to work on a customer base location. Whose Code of Conduct am I expected to follow?
A. As a BAE Systems employee your first point of reference should always be our Code of Conduct.

Q. A supplier I work with frequently uses rude and offensive terms when talking about others. I do not like this, but as they are not a BAE Systems employee can I do anything about it?
A. We do not want our employees to have to endure this sort of working environment. As a supplier to BAE Systems, their company will have been advised of the standards of conduct we expect from ourselves and others as set out in the Supplier Principles. You should speak to them directly and ask them to use more appropriate language. If you feel uncomfortable doing this, or they persist, you should raise the matter with your manager or the manager for this contract.
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<th><strong>Which policies provide more information?</strong></th>
<th><strong>Who can I talk to?</strong></th>
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<td>Commercial policy</td>
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<td>People policy</td>
<td>Your Human Resources department</td>
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<td>Procurement policy</td>
<td>Your Procurement department</td>
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<td>An Ethics Officer</td>
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Our standard
We are committed to high standards of environmental management.

What it means to me
We all have a responsibility to use resources efficiently and to minimise the environmental impacts associated with our products and activities. We also need to ensure that we comply with environmental practices and procedures established at our sites and with applicable laws and regulations.

Practical examples
Q. BAE Systems is a large company. How can I make a difference to the impact it has on the environment?
A. We can all make a difference to BAE Systems’ impact on the environment. Simple things such as only printing what we need, recycling paper, turning off lights and other electrical equipment, and using alternative forms of communication to avoid or reduce the need for business travel will all have a positive impact.

Q. A colleague has raised a concern that we should no longer be using a particular material, following changes to legislation. What should we do?
A. The materials that we are permitted to use and supply are subject to regular regulatory change – there are many substances used in manufacturing our products that contain chemicals targeted for restricted use or future elimination. Where our products rely on such materials, we need to assure ourselves that our suppliers are aware of the requirements and are willing to go through the process of authorisation. If you have concerns about continued availability of a substance in our products or supply chain, for whatever reason, seek advice from your manager and the local Safety, Health and Environment specialists on whether it is permitted for use now or may be subject to supply issues during the lifetime of our products.
<table>
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<th>Question</th>
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2.5 Bribery, gifts and entertainment

Our standard
We will never offer, give or receive bribes or inducements for any purpose, either directly or through a third party.

What it means to me
We do not tolerate or condone bribery or other forms of corrupt activity. Even the suggestion of corruption may damage the reputation of the Company and affect our ability to do business. It may also bring the personal integrity of individuals into question. Employees, advisers, consultants, distributors, joint venture partners, offset and industrialisation partners, suppliers or anyone else who may be acting on the Company’s behalf must not offer, give or receive bribes or corrupt payments.

A bribe includes any direct or indirect payment, benefit or gift offered, given or received with the purpose of improperly influencing a decision or outcome. The payment does not necessarily have to be of large value. It could be as simple as a lunch or an invitation to a sporting event. Payments, gifts or other benefits provided to or through a third party, such as a decision maker’s relative or business partner, could also be a bribe under certain circumstances.

We will not offer, give or receive any payment, benefit or gift which is intended to be, or may be construed as, a bribe. Each of us is responsible for knowing what our business guidance allows and what the law permits in our own country of operation regarding gifts and benefits given to or received from government officials, customers, suppliers or other third parties. If we are unsure then we should always seek guidance before taking further action.

When required, seek approval for a gift or hospitality and ensure it is recorded in the relevant gifts and hospitality register.
Practical examples

Q. I regularly organise conferences for the Company. I was recently offered a free stay in a hotel which was competing for our business. Am I allowed to accept it?

A. No. It is never acceptable to make personal gain out of a business transaction. You should seek guidance from an Ethics Officer or your Legal department.

Q. I have been given an expensive gift during a business meeting and know that – because of cultural traditions – it would offend the provider if I did not accept it. What should I do with the gift?

A. You should report the gift as soon as possible and ask for guidance. The Company may ask you to return the gift or seek the provider’s permission to donate it to charity.

Q. Last year we received approval to give a gift to our customer. Do we really need to go through the process of obtaining approval again this year?

A. Even if a gift was approved last year, you do need to seek approval to give something similar again this year. Rules related to giving and receiving of gifts are complicated and constantly evolving. What you had in mind may be just different enough to violate the rules, or the rules may have changed. Our policies also require that certain gifts need prior approval and must be recorded in a gifts and hospitality register.

Q. Our foreign government customer told our subcontractor that for a fee they would make sure that we, and therefore our subcontractor, would win the contract. The subcontractor told us not to worry, they will just list it as a ‘services fee’ on their invoice. Is this acceptable?

A. No. This would be a bribe. The fact that the subcontractor describes it as a ‘services fee’ does not relieve us of potential liability, and we will not pay it or become involved in such an arrangement. We must instruct the subcontractor not to make any such payment and then report this matter to the Legal department.
2.6 Facilitation payments

Our standard
We will not make facilitation payments and will seek to eliminate the practice in countries in which we do business.

What it means to me
A facilitation payment is a low monetary value payment or gift given (usually to a government official) to speed up a procedure or to encourage one to be performed. Under UK law, and under the laws of many jurisdictions in which we do business, facilitation payments are considered to be bribes. The concept of a facilitation payment does not include fees required to be made by law such as the payment of a filing fee for a legal document, nor does it include lawful expediting payments that are covered by a formal fee schedule and for which a receipt is provided.

The Company’s position on such payments is clear:

- we will not make facilitation payments;
- we will not allow others to make them on our behalf;
- we will report any requests to make facilitation payments; and
- we will take action to combat the practice of facilitation payments.

Extortion
We recognise that in some countries, and in certain high-risk circumstances, an employee’s welfare and safety could be at risk if they do not make a payment to an official or third party when one is demanded. If you find yourself in this situation, you should never put yourself or others in danger. Make the payment and report it promptly to your manager who should, in turn, quickly inform the Legal department. The Company will not take disciplinary action against an employee who makes such a payment in the good-faith belief that they will be at risk if they do not do so, and reports the incident promptly.
Practical examples

Q. I was told that I could hire a local company or consultant to help get all the necessary permits from a foreign government. An advance payment has been requested to ‘help move the process along’. Since I do not really know where the money is going, should I be worried about it?

A. Yes. You are responsible for the actions of any third party working on your behalf. The request for an advance payment is itself a red flag and the comment made about the payment even more so. Consult with your Legal department before taking any further action. Background due diligence may need to be conducted on the third party.

Q. While on business travel abroad, I was asked by a customs official to make a cash payment in addition to the cost of my ticket. This did not appear to be an official service. Although I opted not to pay, is there further action I need to take?

A. Yes. Even if you declined, this appears to be a request for a facilitation payment, so you should report the request to your Legal department. We need to be able to inform others travelling to the destination and may be able to support you with future visits.
2.7 Recording of time, costs and materials

Our standard
We will record all transactions, expenditures, labour charges and all other aspects of the Company’s business accurately and in accordance with our policies covering accounting, expenses and record keeping.

What it means to me
Honest, accurate and objective recording and reporting of information, whether financial or non-financial, is essential to the Company’s governance, credibility and reputation. The accurate charging of labour, materials and other costs is also necessary to maintain the integrity of the Company’s customer billing, cost estimating and financial reporting processes, and to allow the proper payment of taxes. Failure to record financial information and labour charges accurately will damage the Company’s credibility and reputation and potentially expose the individual to serious consequences.

We must each record all transactions, expenditures, hours worked or any other aspect of the Company’s business accurately, in a timely manner and in accordance with local business policies, procedures and practices.

We must ensure financial information always accurately reflects the underlying transaction. We will never support activities designed to evade taxes.

Practical examples
Q. I am working on a bid submission and, in order to gain the contract, I am considering underestimating the costs as I know I can charge the customer for overruns once the contract has been won. Is this appropriate?

A. No. It is never acceptable to deliberately misrepresent costs that we intend to incur and bill to the customer.

Q. A colleague consistently returns late from lunch but still puts a job number down on their timesheet for this time. They said that it was OK as they frequently do extra bits of time that do not get charged. Is this OK?

A. Timesheets form the basis of the costs we charge the customer, so it is vital that all project timesheets give a true and accurate representation of the time spent working on that job. In this instance the issue must be raised with your manager.

Q. A supplier has asked me to accept an invoice that suggests the value or nature of services is different from that which was actually performed. What should I do?

A. Inaccurate invoicing may mean that the correct amount of tax or customs duties are not paid and may be fraudulent. Report the matter and seek guidance from your Finance or Legal department.
Which policies provide more information?

- Document Creation, Retention and Disposal policy
- Finance policy
- Fraud Prevention policy
- Local Expenses policy

Who can I talk to?

- Your manager
- Your Finance department
- Your Contracts/Commercial department
- Your Legal department
- An Ethics Officer
2.8 Use of Company IT assets

Our standard
We use Company IT assets appropriately and responsibly. We safeguard Company IT assets in our care from loss, disclosure or misuse.

What it means to me
We are responsible for protecting any Company IT assets we have access to or are safeguarding. We need to make sure that these assets are not compromised, lost, damaged or misused. Company IT assets may be defined as including:

- all electronically stored information, software and applications;
- all communication systems and associated equipment; and
- all computing equipment, IT networks and memory storage devices, including, but not limited to: desktop, laptop and tablet computers; servers, storage and removable media; third-party provided internet-based computing solutions and cloud services; printers and copiers; audio and video conference facilities; and smartphones, mobile, VoIP and fixed-line telephones.

We can meet this responsibility in a number of ways, including:

- protecting log-on information and passwords;
- being vigilant for phishing attacks – report suspicious emails and be cautious about clicking on unknown links/attachments;
- immediately reporting loss of equipment or any suspicious activity; and
- knowing where it is appropriate to save protected Company, customer or business partner information, such as on Company-owned devices only or in specific network areas of the Company IT system.

The use of Company-provided IT equipment and networks is governed by the IT Acceptable Use policy, as well as local, device or network-specific guidance. If in doubt, ask.

Limit personal use
You can generally use Company IT assets for limited personal use as long as this does not interfere with your business duties and is in line with our policies. Be mindful that all activity on Company IT assets is subject to monitoring, including personal use and storage of information.
Practical examples

Q. I am staying in a hotel as part of a business trip. Can I connect my laptop or other Company device to the hotel wi-fi so I can surf the internet?

A. Yes. The first thing you need to do after connecting to the hotel wi-fi is to log on to the Company’s remote access service before you visit any other internet sites. By connecting to the Company’s remote access service before surfing the internet, you will be providing the maximum level of protection to your laptop or other Company device and the data stored on it.

Q. Is it OK to write my passwords down?

A. This is not best practice, but if necessary they should be disguised in such a way that only you can make sense of them. They should also be securely stored well away from your IT equipment.

Q. Is it ever OK to give my password to someone else – for example, to approve an action if I am out of the office?

A. No. All activity performed under your account is your responsibility. On this basis, you should never give your password to anyone – not even the IT Service Desk – because any inappropriate use would be attributed to you. If you think someone knows your password, change it immediately.

Q. Is it OK to use my Company email account to register and log on to external websites?

A. Yes, your Company email can be used to register for work-related services, e.g. trade association membership or subscriptions, work-related mobile phone provider or work-related travel agents. You should limit using your Company email account on non-work related websites. The password you use for your Company accounts should never be used on any external sites. If your account details and password were known, they could be used to target you directly or to provide a means of entry to the Company and information held on Company IT systems.
2.9 Use of Company physical assets

Our standard
We will protect all Company equipment and property in our care from loss, disclosure or misuse. We have the same responsibility for the assets in our care belonging to customers and other third parties.

What it means to me
We are all responsible for protecting any equipment, property and materials to which we have access or are safeguarding, whether that equipment belongs to the Company, our customers or other third parties. We need to make sure that these assets are not compromised, lost, damaged, misused or wasted. You should not loan, transfer, sell or donate these assets without authorisation. This includes materials which may be considered as waste or are awaiting disposal.

We can meet this responsibility in a number of ways, including:

- using the equipment only for authorised purposes;
- ensuring it is regularly maintained;
- physically securing the equipment when not in use; and
- keeping good inventory records, including customer and third party required reports.

Practical example
Q. Can I use Company tools for my home improvements during the weekend?
A. Company tools are designed to be used for Company activities and not for personal use. You should not remove them from Company facilities without prior approval and appropriate safety assessments.
<table>
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<td>An Ethics Officer</td>
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</table>
2.10 Marking and protecting information

Our standard
We appropriately mark and protect Company information. We also protect information of our business partners, including customers and suppliers.

What it means to me
Information is one of the Company’s most valuable assets. We all have an obligation to protect that information. We all have a responsibility to properly mark information and documents to ensure they are appropriately protected during use, sharing and disposal. If you are creating Company information you need to use the Company Marking Standard. There are four categories:

- Uncontrolled;
- BAE Systems Proprietary;
- BAE Systems Sensitive; and
- BAE Systems Highly Sensitive.

In addition to marking standards, each category has specific requirements about limiting access, disclosure of information and document disposal.

These requirements apply to information in all forms, including email, and these markings are in addition to any required security, export control and intellectual property markings, as well as any markings that may be required under the terms of a contract with a customer or third party.

When creating or handling Company information you have a responsibility to:

- ensure the correct marking(s) are applied when creating information;
- seek guidance when unsure how to apply the correct markings;
- handle information according to the marking’s specified requirements and in accordance with all applicable laws and local procedures;
- ensure information is stored only on approved Company IT assets; and
- contact the originator of a document for clarification if you believe it has not been appropriately marked.

We will always handle all information in accordance with all applicable laws and local procedures. We will also discuss classified information only with those we know have the appropriate authorisation, have a need to know and when we are in an appropriately secure place.
Practical examples

Q. I am evaluating confidential specification data and drawings on a supplier's new product. Can I send the drawings to another supplier to see if they have a similar product or can develop one? After all, we are supposed to encourage competition between suppliers.

A. You cannot share the data with the other supplier. It was provided to us in confidence, for a particular use.

Q. The project I am working on is not a classified programme – do I still need to worry about document marking and protecting?

A. The Company Marking Standard applies to all information created by you, whether or not the programme is classified. Unclassified programmes can still contain proprietary, sensitive or competitive information which needs to be protected. The information may also be subject to other controls such as export control regulations or data protection requirements.

Q. If information that I think should be protected either has no marking, or what I feel is an inappropriate marking, what should I do?

A. In both cases, contact the originator. If they are not available, or you cannot reach an agreement, functional experts in your local Export Control, Legal and Security departments can help.

Q. Is it OK to share BAE Systems Proprietary and/or Sensitive information with a third party?

A. There are a number of actions that need to be taken before you can share such information. This may include legal, export control and technical measures to ensure the third party is authorised to receive the information and to protect the information (e.g. non-disclosure agreements are in place and encryption tools are used as required). You may also need to consider physical aspects, such as the location where the information will be accessed as well as any other markings that apply. This can be a complex area, so if you have any questions or concerns, seek guidance from your manager or functional experts in the Export Control, IT, Legal or Security departments.
2.11 Personal information

Our standard
We will ensure all personal information is handled appropriately, safeguarding individuals’ privacy and following all relevant Company processes and applicable data protection laws and regulations.

What it means to me
We all play a role in protecting personal information entrusted to us.

The Company will take all reasonable measures to safeguard and secure your personal information.

You should also safeguard any personal information in your care (including any physical assets which contain such information) from loss, disclosure or misuse. You should only gather, use and keep personal information if you have a legitimate reason to do so on behalf of the Company.

Only allow people with a valid business reason to access any personal information in your care.

Practical examples
Q. I have just received a call from someone asking for help to make contact with an employee who has left the Company. They say that they are old friends and that they would like their home phone number and address so that they can get back in contact with them. What should I do?

A. You should never provide the information without the individual’s permission. If in doubt, you should refer the enquiry to your Human Resources department.

Q. Each month I receive a file of personal data to use as part of my job. My colleague has asked if they can have a copy of the information to help them complete a task on a different project. I know this is a legitimate request, can I share the data with them?

A. No. Personal data should never be passed on and used for a purpose that has not been agreed upon.
Which policies provide more information?

- Document Creation, Retention and Disposal policy
- People policy
- Personal Data Protection policy
- Security policy

Who can I talk to?

- Your manager
- Your Human Resources department
- Your Legal department
- An Ethics Officer
What it means to me
Sharing information takes many forms, such as:

– conversations on the telephone, in private or in public places;
– sending emails, instant messages and text messages;
– storing files in shared working environments;
– using web-conference services; and
– other online sharing, whether for professional or personal purposes.

Before sharing information, consider:

– the sensitivity of the information and who should have access to it and for what purpose;
– whether sharing needs prior approval or some form of special protection, such as a non-disclosure agreement;
– who is in your meeting, and whether they are authorised to receive the information;
– what network area the information should be stored in;
– whether the information is appropriate to be shared publicly; and
– what the impact to the Company, customers, business partners, suppliers or colleagues would be if the information was shared or made public.

Sharing export-controlled material must always be conducted in accordance with appropriate licensing authorities – if in doubt, seek guidance from your Export Control department.

If you are representing the Company externally you need to seek prior approval from your local Communications department for the information used.

When sharing information online, we recommend that you think before you post, click or share something. Something as simple as mentioning the location of a Company event or describing the type of work you are doing could create a security risk for yourself or others.

Take care when you are in a public place – others may be able to overhear your telephone conversations or read from your document or screen. Never leave computers unlocked or documents visible and unattended.

Our standard
We actively manage access to information by ensuring it is shared only with those who have a legitimate need to know.
**Practical examples**

**Q. I have been asked to attend a meeting to discuss how the Company governs and manages projects. Is it OK to show participants Company documents at the meeting?**

A. You can share Company information marked as Uncontrolled. However, if the documents you are going to share are identified as BAE Systems Proprietary or more sensitive then you should only share in accordance with the Company Marking Standard. If the documents contain customer or business partner information, you must check our obligations under the customer’s contract or applicable non-disclosure agreement to see if you can share the information.

**Q. I am briefing a group of suppliers on a product which is export controlled but I do not know whether or not there are licences in place to let me do so. What should I do?**

A. You should only share information controlled by export regulations when you know there are authorisations in place to allow you to do so. You should contact your Export Control or Legal department immediately and should not share or brief any information until it is clear that any necessary export licence authorisations are in place.

**Q. I am travelling by train to a meeting. Is it OK for me to join a conference call on a business project update?**

A. You can listen to the conversation but should not join the discussion if others can overhear you. It is important to be careful when taking calls in public spaces.

**Q. I have been contacted on LinkedIn by an external recruiter asking for further information on my experience and the projects that I have worked on. Can I share information to help secure a future role?**

A. If the information you want to share is identified as BAE Systems Proprietary or more sensitive, has other restrictive markings, or is a customer’s or business partner’s confidential information, then you cannot share unless it has been approved for release in the public domain by your local Communications and Export Control departments. Be careful, because people seeking to gain unauthorised access to Company and customer information can pose as recruiters, industry specialists, or other persons interested in working in your field of expertise.
2.13 Conflicts of interest

Our standard
We will declare and seek direction on any issues that may potentially conflict with our responsibilities to the Company.

What it means to me
When a conflict of interest (or even the perception of one) arises it can cast doubt on our integrity and could damage the Company’s reputation.

Conflicts of interest are situations in which competing interests may impair our ability to make objective and unbiased business decisions on behalf of the Company. These situations can take many forms, including managing or making the decision to hire a close friend or family member, having a second job, holding financial interests in suppliers or competitors, or serving on the board of directors of another company operated for profit without BAE Systems’ approval. We may, however, serve on the boards of community, government, educational, civic or other non-profit organisations, but only if our participation does not interfere with our duties as an employee.

Not all personal interests, relationships, influences or activities automatically create a conflict of interest. You should exercise good judgement, taking into account all relevant factors.

Potential conflicts of interest should be avoided or carefully managed. In all cases, declare any potential or actual conflict to your manager or Legal department as soon as you become aware of it. The issue will be discussed in a straightforward manner and addressed as soon as practically possible. Actual conflicts of interest will be recorded and, if the conflict cannot be removed, remedial steps will be put in place.
Practical examples

Q. A colleague I am dating has recently transferred into my department. Previously we had no interaction at work. Does this move create a conflict?

A. Possibly. You should both discuss this with your manager, your Human Resources department or an Ethics Officer.

Q. My neighbour wants me to see if there is a job opening for a family member and whether I can ‘pull any strings’. How should I respond?

A. You should advise them to apply to the relevant department of the Company. You should ensure that you are not involved in, or have any influence on, the decision to hire that individual as it could be seen by others as a conflict of interest. Recommending someone via the employee referral programme is not a conflict of interest.

Q. I wish to help my brother in his business at nights and weekends. Although his business is in the same industry as our Company, it is certainly too small to be a direct competitor. May I use my expertise to assist him?

A. It is possible that activities in your brother’s business may be a conflict of interest, since the business is in the same industry as our Company. If so, you must not use your expertise to assist his company. To be sure, speak to an Ethics Officer or your manager about the specific circumstances.

Q. At the end of a long project, a contractor has offered me some part-time work at their company. The work involves services that our Company does not provide. Is this a conflict of interest?

A. Yes, it is. Entering into a business relationship with this vendor would, at the very least, give the appearance that you may give preferential treatment to this vendor in future dealings with our Company. You cannot accept this offer.
In this section we outline our standards on more specialised topics that affect particular employees, such as working with advisers, community investment and lobbying.
Consistency in the way we conduct business is fundamental to our success. For issues with a broader application, it is important to consider our Responsible Trading Principles.

In this section
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3.8 Trade restrictions and export controls 60
3.1 Product safety

Our standard
We will work with each customer to agree the level of safety of each product through its life, and work to avoid the risk of our products causing unintended harm.

What it means to me
There are different risks to consider with every product, including the ever-evolving threat of cyber attacks. For each product, we will agree the level of safety required with our customers – that is, what risks are acceptable, lawful and ethical – and we will work to ensure that we deliver products that meet that level.

Our policies and practices are built on a set of principles of product safety that apply throughout the product’s life, and that may extend beyond the formal end of the project.

The safety of our products relies on the application of our safety policies and processes, and on the behaviours and attitudes of each of us. We have a chain of accountability for the safety of our products and are responsible for ensuring that the products that we deliver both conform to their design and achieve the agreed level of safety.

We share information about product safety with our customers and suppliers and we try to learn from them anything about the performance and use of the products that we can use to improve safety.

We should understand how our own roles within the business affect the safety of our products, and ensure that we are operating in full compliance both with the law and our local business safety policies and processes. Any concerns regarding the safety of a product, or the application of policies and processes, should be raised immediately with your manager or Engineering Authority.
Practical examples

Q. What do we mean by ‘product’?

A. A product is any goods or services, including intellectual property, developed or traded by BAE Systems. This could be physical like a platform or sub-system, non-physical such as software or a design licence, or a service, like maintenance or support.

Q. I have discovered something that might cause a product to be less safe than intended and believed. What should I do?

A. Do not let any concern go unreported. Inform your manager immediately and follow your local product safety, quality and other policies. Make sure that you have fully explained what you consider the risks to be.
3.2 Bidding and contract negotiation

Our standard
We will always behave ethically when competing for customers’ business and when engaging with customers, customer authorities, suppliers or offset and industrialisation partners.

What it means to me
Honesty, integrity and openness underpin our approach to doing business. They must always apply to our dealings with customers, customer authorities, suppliers, offset and industrialisation partners. This is especially true:

– where we are bidding and negotiating with a customer, customer authority, supplier, offset or industrialisation partner for a specific contract; and

– in light of competition and anti-trust laws that govern our bidding activities or how we compete in a particular market.

When we are bidding for, or negotiating, a contract:

– we will not knowingly make any untruthful or inaccurate statements, communications or representations;

– we will disclose information required by law or regulation;

– we will observe the laws, rules and regulations that apply to procurement activities;

– we will not solicit or accept information on a competitor’s bid or proposal that we know to be proprietary or restricted from disclosure by law or regulation or that could create an actual or perceived conflict of interest; and

– we will ensure offset arrangements are consistent with the Offset policy and comply with all export control laws and regulations.

Competition and anti-trust
Competition and anti-trust laws prohibit anti-competitive behaviour. They are complex and context specific. In all Company matters:

– we will comply with competition and anti-trust law;

– we will not discuss pricing or other commercially sensitive information with competitors in breach of competition and anti-trust law;

– we will not engage in any form of discussion, correspondence, agreement or understanding with a competitor or potential competitor to fix prices, rig bids, allocate customers or markets or restrict supply in breach of competition or anti-trust laws. We will immediately cease communication with any competitor or potential competitor that seeks to engage with us on such issues;

– we will report any potentially anti-competitive activity and enquiries made to us in connection with such activities to the Legal department; and

– we will seek guidance from the Legal department in respect of any question as to the applicability of competition and anti-trust law.
Practical examples

Q. Our customer has asked for a specific delivery schedule that we know we cannot meet. Can we agree with the schedule and, to stay competitive, simply price in the damages that the Company will pay for late delivery?

A. We should propose an alternative schedule that we can reasonably meet. There may be other benefits we can offer to mitigate against this disadvantage, but honesty is required.

Q. Another company has asked to discuss what contract terms and pricing we have negotiated with a supplier, as they would like the same kind of deal that we have. Is this OK?

A. No. First, we have an ethical and contractual obligation to respect the confidentiality of the supplier's pricing. Secondly, our actions might be construed as an attempt to fix prices in the supply market.

Q. I am planning to enter into a non-disclosure agreement and potentially a teaming agreement with a company that might otherwise be considered a competitor. Is this OK?

A. We must ensure that any such arrangement would not breach competition and anti-trust law. Always seek guidance from the Legal department in respect of such arrangements.
Our standard
We will only appoint advisers of known integrity, and we will require that their conduct meets our standards at all times.

What it means to me
The Company sometimes uses advisers – such as consultants, marketing representatives or distributors – to give guidance on our strategic approach in a particular country or to assist in marketing and distributing our products. Their role may, among many other activities, include providing us with general advice about the local business environment, assisting in discussions with government officials or supporting offset matters. There are a small number of employees who work with advisers and only a very few are authorised to appoint and sign contracts with them.

If we intend to work with advisers, we must understand and always comply with the Company policy on the appointment, management and payment of advisers. Our policy describes the due diligence procedures and mandatory approval process we use in selecting and appointing advisers.

We demand that all of our advisers, consultants and distributors comply with our policies and the local laws and regulations that govern their activities. If we are ever aware of any possible violation of these policies, laws or regulations by an adviser we must report it to our Legal department.

We never use our third parties to make payments or arrangements that we would be uncomfortable making directly.

Practical examples
Q. I recognise the need to appoint an adviser to assist in an export campaign currently being undertaken. Where can I find information to make sure that I appoint the adviser in the correct way?

A. Contact either the Legal department, the relevant Business Development representative or Adviser Point of Contact.

Q. I am under a tight deadline to appoint a consultant who could be important to landing a large contract in a new market. Is it OK to provide a verbal agreement to proceed and complete the relevant checks later?

A. No. Our policy requires that due diligence checks be completed in advance, and the adviser must be retained under a formal standard written agreement. Experienced advisers know that this is necessary. Inform your manager and the Legal department about the issue and seek their support in completing the necessary processes quickly.
Which policies provide more information?
Advisers policy

Who can I talk to?
Your manager
Your Legal department
Your Business Development department
Your Adviser Point of Contact
An Ethics Officer
Community investment

Our standard
Through our activities, we will make a positive social and economic contribution to the communities in which we work and where we live. Through sponsorships and donations, we will invest in the activities of other organisations where they align with our values and business objectives, and will enhance the reputation of the Company.

What it means to me
We contribute to charities and good causes through sponsorship and donations and by providing materials. Our particular focus is on those organisations that support our customer, the Armed Forces and their families, and educational groups, including those which are working to engage young people, especially in the areas of Science, Technology, Engineering and Maths (STEM).

We also support efforts to preserve the Company’s heritage, key historical artefacts and the technological history of the aerospace and defence industry and the Armed Forces.

We encourage you to give your time as volunteers to these causes.

When making sponsorship commitments, charitable donations or promises of ‘in-kind’ support – such as Company materials or resources – prior approval is required and the activity needs to be recorded in accordance with our policy. All requests for sponsorship and charitable donations received should be referred to your local Community Investment lead to ensure that they meet our sponsorship and charitable giving criteria.
Practical examples

Q. I have been asked if the Company will sponsor an event at a school close to one of our sites. Should I sponsor the event as a gesture of goodwill to the community?

A. You should contact your local Community Investment lead to see if the request meets our sponsorship criteria.

Q. A colleague is participating in a walk to raise money for a national charity. Can the Company support them?

A. No. The Company’s strategy for donations is to give funds directly to charitable organisations and not to support third party fundraising. Of course, you can support them as a private individual.

Q. I am organising a fundraising event near our site and would like to approach my colleagues and local businesses to seek their support by donating prizes. Is this allowed?

A. Requests like this can often create a feeling of obligation and may violate local policies. As such, you should not solicit donations from colleagues or other companies without first seeking guidance, especially where they are existing or potential suppliers or service providers to BAE Systems. Guidance can be obtained from your Communications or Legal department.
3.5 Share transactions and inside information

Our standard
We will safeguard share-price sensitive information and will not deal in shares or encourage others to do so when in possession of such information.

What it means to me
Occasionally, some of us may receive confidential information about the Company and its business partners that – if made public – could have an effect on the value of the Company’s shares or those of another company. This information is commonly known as ‘inside information’. When we are in possession of such information, or believe we may potentially possess such information, we must not deal in the shares of the company to which such information relates.

In addition, we should never give inside information to anyone else – whether to other employees (unless specifically authorised to do so by the Company), family members, friends or business associates – or encourage them to deal in shares based on such information.

Practical examples
Q. I am aware that we are going to place a large contract with a new supplier. How freely can I talk about this with my colleagues?

A. Unless those colleagues are also involved in the selection process you should not discuss the award with them until after it has been announced. The award of a large contract to a small company could heavily influence its value in the market.

If your colleagues purchase shares in the supplier before the contract is announced, it could be assumed that they did so based on knowledge not available to the general public – ‘inside information’.

Q. I have been asked to participate in a due diligence review of a company we are considering buying. Can I talk about this assignment with my neighbour?

A. No. You should never discuss a potential acquisition with anyone inside or outside the Company who is not working directly on the acquisition team.
Which policies provide more information?
- Inside Information policy
- Share Dealing policy

Who can I talk to?
- Your manager
- Your Legal department
- An Ethics Officer
Lobbying and political support

Our standard
We do not make political payments. We will always be open about our lobbying activities.

What it means to me
The Company does not participate directly in political activities or make corporate contributions or donations to political parties or their representatives.

This means:

– Company funds and resources must not be used to contribute to any political campaign, political party, political candidate or any of their affiliated organisations; and

– the Company will not use charitable donations as a substitute for political payments.

We will never make any such political contributions or payments directly, and we may also be required to report full details to the relevant authorities of any such payments made by our partners and suppliers.

Although the Company does not directly participate in party politics, we will continue to engage in policy debate on subjects of legitimate concern to us, our employees, customers and end users of our products, and the communities in which we operate, including through lobbying.

Any employee who lobbies on behalf of the Company must:

– comply with all requirements of law, regulation and internal policy regarding lobbying. This includes, but is not limited to, complying with the laws and regulations relating to registration and reporting;

– make themselves knowledgeable about the laws governing lobbying in the countries in which they operate; and

– consult with management before any lobbying is undertaken with government officials or employees.

Practical example
Q. I do not have any contact with government officials, but am sometimes asked to do research for our Government Relations department on pending legislation. Do I have to know anything about the lobbying rules?

A. In some countries there may be rules that require you to report the time you spend supporting those who lobby the government directly. Your Legal department will be able to provide further guidance.
### Which policies provide more information?
- Lobbying, Political Donations and Other Political Activity policy

### Who can I talk to?
- Your manager
- Your Legal department
- Your Export Control department
- Your Government Relations department
- An Ethics Officer
3.7 Individual political activities and donations

Our standard
We all have a right to participate as individuals in the political process, but we will not use Company time, property or equipment to carry out or support our personal political activities.

What it means to me
We respect the rights of employees to make personal political donations and to be involved in political activity in their own time. To ensure that our personal activities are not mistaken for activities of the Company, we must:

– not use Company time, property or equipment to carry out or support our personal political activities; and

– always make it clear that our views and actions are our own and not the Company’s.

In certain countries (such as the US) the law permits employees to make donations to political campaigns through a Political Action Committee (PAC). Personal participation in the PAC means that limited use of Company time and resources is appropriate (but may not be time-charged to a government contract).
Practical examples
Q. I am planning to stand for local government. Do I need to inform the Company?

A. Yes. You are entitled to participate in politics in such a manner. However, the Company needs to be made aware so that we can be sure a conflict of interest is not inadvertently created.

Q. I feel passionately about a candidate who is running for office in an upcoming election. I believe this person would do good things for our Company. Is it OK if I just put up one of their stickers on my bulletin board and only talk about it if people ask me?

A. A certain amount of personal political discussion is normal and valuable in any workplace. But it is important that your colleagues do not feel pressured to support particular candidates or engage in political discussions in the workplace. It is best to limit political discussions, which could be perceived as seeking to influence others, to your personal time outside of the office.
3.8 Trade restrictions and export controls

Our standard
We will comply with all applicable laws and regulations controlling the import and export of products, services and information, and transactions with third parties.

What it means to me
Export controls, sanctions and other trade restrictions are administered to protect national security and foreign policy interests and govern how and with whom the Company does business in other countries.

Whenever we are involved in any way with export-controlled material or information we must be familiar with the Company’s policies and procedures for handling export-controlled goods, technology, data, software and/or providing services.

Exports can be physical shipments, but they can also be transmission of information electronically, visually and orally. They can include transferring such export-controlled material to a foreign or dual national, either inside or outside the Company, at a Company facility (for instance during a plant tour) or at a trade show. It can also mean sending a technical drawing (electronically or in hard copy) to a potential supplier, whether in your home country or exported to another country, or submitting a proposal to a host government official or to a foreign government. It can also include foreign technology or data that did not originate in your country – even if it is going back to its country of origin.

If we fail to observe export control laws, the Company (and individuals) may face fines, criminal prosecution, loss of future export privileges and reputational damage.

We do not expect every employee to be an expert on a particular country’s trade restriction and export control laws and regulations. However, it is important to be familiar with the Company’s policies and procedures, which take local regulations and laws into account. You need to consult early and often with the export control experts in your business.

The Company will provide training to all employees and specialised training to those employees who are involved in export and import, or who regularly have contact with foreign persons. If you have any questions or concerns about whether your activities may be subject to export restrictions, you must consult your Export Control department.
Practical examples

Q. I have regular email exchanges with a customer engineer in another country about my project. Should I have any concerns about this from an export perspective?

A. Yes. You could be transmitting technical information that is export controlled by your country’s laws or the laws of the country that you are dealing with, or the US Government export controls which apply worldwide. Even if you have an export authorisation for the information, the controlled information may need to be encrypted to prevent unauthorised persons from accessing or intercepting. Also, record-keeping by the sender and receiver related to the export-controlled transmission may need to be maintained.

It is also important to consider what, if any, authorisations and permissions may be required for the work at the earliest possible stage.

Q. Can I submit a proposal to a customer in another country without an export licence? After all, we will not be delivering anything for a year and we have time to get the licence before we deliver.

A. Your proposal may itself include technical information that is export controlled by your country or the recipient country, or by US export controls which apply worldwide. If so, the proposal may require an export authorisation and possibly a security authorisation. You need to discuss this well in advance with your local Export Control department. In some cases, even if the proposal does not include export-controlled information, submitting a proposal for an end item that is considered sensitive may require an approval from the government(s).

Q. If we have an export authorisation for a deliverable, can I just get the Shipping department to send it out as a routine matter?

A. No. There are outbound shipping procedures which must be followed for export-controlled material. For example, screening, licence authorisation checks, special markings, notice requirements and record-keeping must all be conducted and maintained before the export is made. We may also be restricted as to which freight forwarder we use. Make sure the Shipping department knows that this is export-controlled material so that they proceed with the transfer in accordance with all applicable Export Control policies and procedures.
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