

## BAE Systems plc

### Matters Reserved for the Board

*For the purposes of this document, any reference to the "Company" is to BAE Systems plc; the "Board" is to the Board of Directors of the Company; and the "Group" is to the Company and its subsidiaries taken as a whole.*

The Board of the Company is responsible for the management of the Company's business, for which purpose it may exercise all the powers of the Company.

The Board is empowered by the Company's Articles of Association to delegate any of the powers, which are conferred upon it under the Articles of Association, as it thinks fit. This includes the ability to delegate some of its powers, authorities and discretions to Board committees.

Responsibility for the Group's business on a day-to-day basis has been delegated by the Board to the Chief Executive Officer, the President and CEO of BAE Systems, Inc., Corporate Head Office, Functional Leaders and certain other senior managers to make and implement operational decisions in accordance with the Operational Framework<sup>1</sup>. There are, however, a number of matters which are required to be (or in the best interest of the Company should be) decided by the Board.

In addition, by virtue of its listing on the London Stock Exchange, the Company is subject to the UK Corporate Governance Code 2024.

The following matters are reserved for the Board:

#### **Strategy and Management**

1. Approval of the Group's strategy and business plans (including the Integrated Business Plan), and any material changes to them.
2. Approval of any corporate transaction (including (without limitation) a contract bid or tender, merger, acquisition, disposal and entry into a new joint venture), which is above the relevant delegated authority limits that the Board has established as set out in Annex A to the Operational Framework.
3. Material changes to the Group's corporate structure or other material changes to how the Group is managed and its control structure, provided that any changes applicable to BAE Systems, Inc. and/or its controlled or managed businesses shall only be done in accordance with the Special Security Agreement.
4. Response to shareholder activism or any takeover or merger approach.
5. Any decision to cease to operate all or any material part of the Group's business.
6. Approval of any decision or matter likely to have a material impact on the Group, including financial, operational, strategic or reputational.

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<sup>1</sup> The Operational Framework includes the Company's Code of Conduct, which, based on the Company's values, details the standards and behaviours and ways of working expected of all Employees. It also covers the regular control, reporting and review processes, which are in place to monitor and assess Company performance and facilitate effective oversight of its operations by the Board. The Board reviews the Operational Framework on an annual basis.

## **Structure and Capital**

7. Changes to the Group's capital structure, including reduction of capital, share issues (except under employee share plans), share buy backs and the use of Treasury shares.
8. Approval of Treasury policies.

## **Financial Reporting and Controls**

9. Approval of the Annual Report and Accounts.
10. Approval of the preliminary results announcement, half year report, trading statements and any other periodic financial reports.
11. Approval of the dividend policy, declaration of any interim or special dividend and recommendation of any final dividend for shareholder approval.
12. Approval of any significant changes to accounting policies or practices upon recommendation from the Audit and Risk Committee.
13. Appointment, reappointment or removal of the external auditor, subject to shareholder approval, upon recommendation from the Audit and Risk Committee.

## **Risk Management and Internal Controls**

Following a recommendation from the Audit and Risk Committee:

14. Approval and oversight, and at least annually review the effectiveness of the Group's risk management and internal control framework.
15. Approval of the Company's principal and emerging risks.
16. Approval of the Group's risk appetite.
17. Approval of the overall levels of insurance for the Group, including Directors' and Officers' liability insurance, and any indemnity given by the Company to any Directors or Officers.

## **Board Membership and Other Appointments**

18. Determination of Board structure, size and composition, including the appointment, reappointment or removal of a Director of the Board.
19. Approval of the composition and membership of Board Committees, including the determination of the Chair of such Committees, along with approval of their terms of reference, and material changes thereto.
20. Review of succession planning for the Board and Executive Committee members.
21. Selection or Removal of the Chair of the Board and the Chief Executive Officer.
22. Appointment of the Senior Independent Director.
23. Consider, and where considered appropriate approve, requests from members of the Board for consent to undertake any new external appointments.

## **Corporate Governance**

24. Approval of any changes to these Matters Reserved for the Board.
25. Oversight and annual review and approval of the Operational Framework and delegated authority limits that the Board has established as set out within the Operational Framework.
26. Approval of division of responsibilities between the Chair, Chief Executive Officer and Senior Independent Director/other Executive Directors.
27. Authorising Directors' actual or potential conflicts of interest

- 28. Appointment or removal of the Company Secretary.
- 29. Changes to the Company's listing, domicile or its status as a plc.

**Regulatory Requirements**

- 30. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 31. Approval of all shareholder circulars, prospectuses and listing particulars.
- 32. Approval of the Company's slavery and human trafficking statement under the Modern Slavery Act 2015 and any other statement required by law to be approved by the Board.
- 33. Approval of material regulatory filings with the London Stock Exchange, the UK Financial Conduct Authority and other regulatory authorities.

**Remuneration**

- 34. On the recommendation of the Remuneration Committee:
  - (i) approving the Group's remuneration policy to be put to shareholders for approval;
  - (ii) approval of the level of fees payable to the Chair; and
  - (iii) approval of the introduction of new employee share schemes and material amendments to existing share schemes, in each case, to be put to shareholders for approval.
- 35. On the recommendation of the Chief Executive Officer, approval of the level of fees paid to Non-Executive Directors (other than the Chair).

**Other**

- 36. Approval of material changes to the pension arrangements applicable to the Group's employees.

Approved by the Board on 10 December 2025

Effective from 5 January 2026