

Section 172(1) statement

This statement contains an overview of how the directors have performed their duty to promote the success of the Company as set out in Section 172(1) of the UK's Companies Act 2006. That section requires a director of a company to act in the way he considers, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationships with suppliers, customers and others,
- d) the impact of the Company's operations on the community and the environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

Decision making

The BAE Systems Group Operational Framework sets out the principles of good governance to which BAE Systems Group subsidiaries are required to adhere, together with BAE Systems Group's values, policies and processes. Decisions affecting a subsidiary are required to be taken in line with the Operational Framework, including in accordance with applicable delegations of authority.

Pursuant to the Operational Framework, BAE Systems' businesses each produce a strategic plan, a financial forecast for the current year and financial projections for the next five years. The directors of the Company contribute towards this process for the respective businesses of the Company for which they are responsible and are also responsible for identifying and managing principal and emerging risks in such businesses. In so doing the directors have regard to a variety of matters including the interests of various stakeholders, the consequences of their decisions in the long term and the long-term reputation of the Company and its businesses.

Employees

The Company itself has no employees but is the parent of a group of companies with more than 250 employees. Through the implementation by the Company's Group of the BAE Systems Group-wide employee processes and policies referred to below, the directors of the Company are satisfied that employee engagement is a primary focus for management of the Company's Group and that regard is had to the interests of employees - connecting employees to the strategy and purpose of the Company's Group and the BAE Systems Group and empowering them to contribute to improving performance and creating an environment in which everyone can fulfil their potential.

The safety, wellbeing, skills, capabilities and commitment of the Company's Group people are critical to ensuring the long-term sustainability of the Company's Group's business and delivering the innovation needed to solve the Company's Group's customers' complex requirements.

Effective engagement enables our employees to contribute to improving business performance and helps the Company's Group to create an environment in which everyone is safe, valued and can fulfil their potential.

Bohemia Invest One Ltd

Extract from the statutory Report & Accounts for y/e 31.12.23

The Company's Group used a range of channels to engage with employees during the period under review, as well as keeping employees informed about the performance, developments and prospects of the business and the BAE Systems Group.

These engagement activities form part of the Company's Group's implementation of the BAE Systems Group-wide employee engagement processes and policies which are described on pages 24, 58, and 93 of the 2023 BAE Systems plc Annual Report (available at: www.baesystems.com/investors).

Pursuant to the Group's People Policy, directors and employees are required to contribute to creating an engaged and inclusive working environment, where individuals are respected and where the value of a diverse workforce is recognised. Also, pursuant to the Policy, employees are to be provided with the means to give their views and feedback. Through the implementation by the Company of these processes and policies, the Directors have regard to the interests of the Company's Group's employees.

Fostering business relationships with suppliers, customers and others

The Company is a holding company and thus has no suppliers and customers itself. The directors recognise that fostering business relationships with key stakeholders, such as customers and suppliers, is essential to the success of the Company's Group and are satisfied that the Company's Group has close relationships with its customers, suppliers and industry partners which help create best-in-class, cost-effective equipment, goods, services and solutions.

The Company's Group, through its supply chain function, works with its suppliers and their supply chains to provide equipment, goods and services that meet its customers' requirements. Meetings are held with key suppliers to foster deeper relationships with business in the supply chain and develop strategic relationships with key suppliers. The Group's supply chain function continues to actively manage supply lead times against demand requirements

The community and the environment

The directors recognise the importance of leading a company that not only generates value for shareholders but also contributes to wider society. The Company's Group implements the requirements of the BAE Systems Group's Community Investment Policy, which is mandated through the Operational Framework, and looks to ensure that the Company's Group builds and nurtures mutually beneficial relationships between its business, the people that work for them and local stakeholders. Giving back to local communities, and to charities that have a significance to the business, is vitally important to the Company's Group and its employees, allowing them to make a positive difference and have an impact where it counts.

The directors recognise that the Company's Group's operations have an impact on the environment - from the energy and resources used by its businesses, to the waste that they generate. As an organisation, the BAE Systems Group is committed to reducing the environmental impact of its operations and products, minimising its environmental footprint and, in turn, decreasing its operational costs.

Through the Operational Framework the directors are satisfied that the Company's Group implements the requirements of the BAE Systems Group's Environmental Policy, which details the Company's Group's commitment to high standards of environmental management. In particular, the Company's Group is supporting the BAE Systems Group's target of achieving net zero greenhouse gas emissions across the Group's operations (scope 1 and 2) by 2030 and its target of working towards a net zero value chain by 2050.

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All the above activities form part of the Company's implementation of the BAE Systems Group-wide community and environment processes and policies and the BAE Systems Group's impacts thereon which are described on pages 50 and 56 of the BAE Systems plc Annual Report 2023 (available at :www.baesystems.com/investors).

Maintaining a reputation for high standards of business conduct

The BAE Systems Group aims to be a recognised leader in business conduct which helps businesses within the Group to earn and maintain stakeholder trust and sustain business success. The directors consider it fundamental to maintain a culture focused on embedding responsible business behaviours. All directors and employees of the Company and its group are expected to act in accordance with the requirements of BAE Systems Group policies, including the Code of Conduct, at all times. As well as being the right thing to do, this reduces the risk of compliance failure and supports the Company's Group in attracting and retaining high-calibre employees.

Detailed information on the BAE Systems Group-wide business conduct processes and policies is described on pages 86-88 in BAE Systems plc's 2023 Annual Report (available at: www.baesystems.com/investors).