



Independent public assurance statement by Deloitte LLP to BAE Systems plc on the Community Investment (“CI”) indicator within the BAE Systems plc 2021 Annual Report and corresponding performance indicator on the BAE Systems plc website for the year ended 31 December 2021

What we looked at: scope of our work

BAE Systems plc (‘BAE Systems’) engaged us to perform limited assurance procedures on the Group level compilation of the Community Investment (“CI”) performance indicator for the year ended 31 December 2021. The assured indicator is:

Community Investment: Total value of Community Investment program donations (£)

The Group level Community Investment performance indicator is published in the 2021 Annual Report, available online at <https://www.baesystems.com/en/sustainability/sustainability-reporting/annual-report>

What standards we used: basis of our work, criteria used and level of assurance

Our work was carried out by a multi-disciplinary team of corporate responsibility and business ethics assurance specialists in accordance with International Standard on Assurance Engagements 3000 (‘ISAE 3000’) (Revised). To achieve limited assurance ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include the detailed testing of source data or the operating effectiveness of processes or internal controls.

Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We planned and performed the work to provide limited assurance as to whether BAE Systems’ Group level compilation of the aforementioned Community Investment (“CI”) performance indicator for the year ended 31 December 2021, reported as £11.2m and published within the BAE Systems 2021 Annual Report, is not materially misstated.

What we did: limited assurance procedures performed

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion. The key procedures we carried out included:

- Interviewing managers at BAE Systems, including the CI team and those with responsibility for CI management and Group CI reporting
- Analysing and reviewing on a sample basis the key structures, systems, processes, procedures and controls relating to the Group level collation, validation and reporting of CI performance data including:
 - The collection, collation, validation and reporting of CI performance data at the year end.
 - Examining underlying documents to corroborate interview outcomes and to inform our assessment of the subject matter to be assured.
Performing limited purpose non-statistical sample testing to verify that data has been appropriately captured, investigated, categorised and reported.
- Understood and analysed on a non-statistical sample basis the collation, validation and reporting of selected CI performance data at Group level in accordance with their definitions and basis of reporting.
- Reviewed the content of the Annual Report 2021 and CI content of the website against the findings of the aforementioned procedures.

What we found: our limited assurance conclusion

Based on the assurance work performed nothing has come to our attention to suggest that the community investment performance indicator, as described above, and disclosed on the webpage and Annual Report as noted above, is in all material aspects, not fairly stated.

Responsibilities of Directors and independent assurance provider

BAE Systems' responsibilities

- The Directors are responsible for the preparation of the Annual Report and for the information and statements contained in connection with it. They are responsible for determining BAE Systems' objectives in respect of CI performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte's responsibilities

- Our responsibility is to independently express conclusions on the reliability of management's assertions on the selected subject matters as defined within the scope of work above.
- This report is made solely to BAE Systems in accordance with our letter of engagement for the purpose of the directors' governance and stewardship. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for anyone other than BAE Systems for our work, for this report, or for the conclusions we have formed.

Our independence in providing assurance to BAE Systems

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to BAE Systems that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.

Our team and quality control procedures

- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with many years' experience in providing corporate sustainability report assurance.
- In performing our work, we applied International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte LLP.

Deloitte LLP

London

17th February 2022