

Policy on non-audit services provided by the Auditors

Audit-Related Services	Permitted Non-Audit Services, subject to approval under the policy	Prohibited Non-Audit Services
<p>For the purpose of this policy, the following are Audit-Related Services:</p> <ul style="list-style-type: none"> - Reporting required by law or regulation to be provided by the Auditors; - Reviews of interim financial information; - Reporting on regulatory returns; - Reporting to a regulator on client assets; - Reporting on government grants; - Reporting on internal financial controls when required by law or regulation; and - Extended work undertaken that is authorised by those charged with governance on financial information (this does not include accounting services) and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions. 	<ul style="list-style-type: none"> - Due diligence services relating to acquisitions of businesses or significant investments in businesses, joint ventures or strategic alliances; - Public reporting on investment circulars; - Private reporting to sponsors or similar parties in connection with investment circulars (including comfort letters and reporting on working capital statements); - Preparing information for third parties relating to acquisitions and disposals, including the conversion of financial statements into other accounting standards; - Liquidation services in respect of redundant subsidiaries or associate companies; - Participation in the evaluation of Internal Audit; and - Accounting advice; - Validation and verification work in connection with bids. 	<ul style="list-style-type: none"> - Tax Services; <ul style="list-style-type: none"> ➤ Preparation of tax forms⁽¹⁾; ➤ Payroll tax; ➤ Customs duties; ➤ Identification of public subsidies & tax incentives, unless support from the audit firm in respect of such services is required by law; ➤ Support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law; ➤ Calculation of direct & indirect tax, and deferred tax⁽¹⁾; ➤ Provision of tax advice⁽¹⁾; - Services that involve playing any part in management or decision- making; - Bookkeeping & preparing accounting records & financial statements; - Payroll services; - Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;

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⁽¹⁾ Potentially Permitted Non-Audit Service

- Valuation services, including valuations performed in connection with actuarial services or litigation support services⁽¹⁾;
- Legal services, with respect to:
 - Provision of general counsel;
 - Negotiating on behalf of BAE Systems;
 - Acting in an advocacy role in the resolution of litigation;
- Services related to the internal audit function;
- Services linked to financing, capital structure and allocation & investment strategy, except providing assurance services in relation to financial statements, such as issuing of comfort letters in connection with prospectuses issued by the Company⁽¹⁾;
- Promoting, dealing in, or underwriting shares in BAE Systems
- HR services, with respect to:
 - Management in a position to exert significant influence over the preparation of accounting records or financial statements, including searching for candidates for such roles, or undertaking reference checks of candidates for such roles;
 - Organisational design; and
 - Cost control.

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