

BAE Systems (Oman) Limited
Extract from the Statutory Report & Accounts for y/e 31.12.24

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 such director 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 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.

During the year, the directors of the Company approved bids and contracts for the businesses for which they are responsible and, in so doing, in accordance with BAE Systems Group policies and processes, had regard to a number of matters including the business case and financial returns, technical and programme management matters, risk management, workforce matters and the long-term reputation of the Company.

Employees

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

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

The Company used a range of channels to engage with employees throughout the year, as well as keeping employees informed about the performance, developments and prospects of the business and the BAE Systems Group. Please see Page 77 of BAE Systems plc's 2024 Annual Report (available at: www.baesystems.com/investors) for a description of the means by which the Company can engage with its employees.

The BAE Systems Group operates an Employee Incentive Scheme which entitles certain eligible employees to a financial benefit against the achievement of a set of business and programme milestones. This ensures that those eligible employees feel connected with, and are invested in, the

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BAE Systems Group's achievements.

These engagement activities form part of the Company's implementation of the BAE Systems group-wide employee engagement processes and policies which are described on pages 24 to 27 and 77 of BAE Systems plc's 2024 Annual Report (available at: www.baesystems.com/investors).

Through the implementation by the Company of these processes and policies, the directors have regard to the interests of the Company's employees.

Fostering business relationships with suppliers, customers and others

The directors recognise that understanding the Company's customers' needs and challenges is central to the Company's strategy and how and where it invests in technologies and infrastructure. Delivering on customer commitments is critical to the BAE Systems Group's mission to protect those who protect us and drives the Company's focus on operational excellence.

The Company's largest customers are the Oman governments and it also sells to large prime contractors. Strong and collaborative relationships with the Company's principal government customers helps the Company to identify its customers' requirements and to help position the Company as a trusted provider. The directors are in regular contact with the principal government customers of the Company and in particular the Oman Ministry of Defence and the Royal Air Force of Oman.

In addition, the directors understand that the Company's suppliers and an effective, efficient and resilient supply chain are essential to enable the Company to deliver for its customers and end-users. Engaged suppliers perform at a much higher level, knowing they are regarded as valued partners and critical to mutual success.