

Notice of Annual General Meeting 2020



This Notice of Meeting sets out the resolutions that shareholders are being asked to consider and vote on. These resolutions are an important part of the governance of the Company and all shareholders are urged to vote by proxy as they are highly unlikely to be able to attend the meeting in person owing to the steps that the Company has been obliged to put in place as a result of the Coronavirus situation (please see below for the impact on the 2020 AGM).

You can appoint a proxy to vote on your behalf on the resolutions put to shareholders either online or by post as follows:

- Online – if you have accessed this notice electronically, you simply need to click on the electronic voting icon on the Company's AGM website page at www.baesystems.com/reporting.
- By post – if you received the 2019 Report & Accounts you will also have received a proxy card. Instructions on voting can be found on the proxy card.

A poll will be taken on all resolutions and the results of the voting on the resolutions will be posted on the Company's website after the meeting.

Recommendation

Your Directors consider that each of the proposals detailed in the Notice of Meeting will be of benefit to and in the best interests of the Company and the shareholders as a whole. The Directors intend to vote in favour of all Resolutions in respect of their own beneficial holdings of ordinary shares in the Company and unanimously recommend other shareholders to do likewise.

Important

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Coronavirus (Covid-19) – Impact on 2020 AGM

Please note that on 26 March 2020 the UK Government enacted legislation prohibiting, among other things, public gatherings of more than two people (www.gov.uk/coronavirus). These measures effectively prohibit shareholders from attending any company AGM in person. The Company's 2020 AGM will therefore be a formal meeting only which, it is anticipated, will be attended solely by one Director and the Company Secretary who will carry out the formal business of the meeting as set out in this Notice while still allowing for shareholders to exercise their voting rights. One of these individuals will be the chair of the AGM who will exercise their rights such that, **UNDER CURRENT ARRANGEMENTS, any other attendees will not be permitted entry to the meeting.**

In the circumstances, you are strongly encouraged to vote by proxy which will enable you to participate in the meeting by voting on the resolutions set out in this Notice without attending the meeting in person. All resolutions will be voted on by way of a poll and the voting results will be posted on the Company's website after the meeting (www.baesystems.com/reporting).

The Company is continuing to monitor closely the impact of coronavirus in the UK, and continues to plan for the AGM to be held in person with two persons present physically if Government guidance at the time permits. The Company will notify shareholders of any changes to the proposed arrangements prior to the AGM via an RNS announcement and on its website (www.baesystems.com/reporting).

To BAE Systems plc Ordinary Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BAE Systems plc will be held at Park Centre, Farnborough Aerospace Centre, Farnborough, Hampshire GU14 6XN on Thursday 7 May 2020 at 11.00 am for the purpose of transacting the following business:

To consider, and if thought fit, to pass the following Resolutions 1-20, which will be proposed as ORDINARY RESOLUTIONS:

RESOLUTION 1 – Receipt of the Report and Accounts

THAT the Annual Report and Accounts for the year ended 31 December 2019 now laid before this meeting be and are hereby received.

RESOLUTION 2 – Approval of the Remuneration Policy

THAT the Remuneration Policy section of the Remuneration Report (as set out on pages 131 to 145 of the Annual Report and Accounts for the financial year ended 31 December 2019) be and is hereby approved.

RESOLUTION 3 – Approval of the Directors' Remuneration Report

THAT the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Remuneration (as set out on pages 102 to 130 of the Annual Report and Accounts for the financial year ended 31 December 2019) be and are hereby approved.

RESOLUTION 4 – Re-election of director

THAT Revathi Advaiti be and is hereby re-elected a Director of the Company.

RESOLUTION 5 – Re-election of director

THAT Sir Roger Carr be and is hereby re-elected a Director of the Company.

RESOLUTION 6 – Re-election of director

THAT Dame Elizabeth Corley be and is hereby re-elected a Director of the Company.

RESOLUTION 7 – Re-election of director

THAT Christopher Grigg be and is hereby re-elected a Director of the Company.

RESOLUTION 8 – Re-election of director

THAT Paula Rosput Reynolds be and is hereby re-elected a Director of the Company.

RESOLUTION 9 – Re-election of director

THAT Nicholas Rose be and is hereby re-elected a Director of the Company.

RESOLUTION 10 – Re-election of director

THAT Ian Tyler be and is hereby re-elected a Director of the Company.

RESOLUTION 11 – Re-election of director

THAT Charles Woodburn be and is hereby re-elected a Director of the Company.

RESOLUTION 12 – Election of director

THAT Thomas Arseneault be and is hereby elected a Director of the Company.

RESOLUTION 13 – Election of director

THAT Bradley Greve be and is hereby elected a Director of the Company.

RESOLUTION 14 – Election of director

THAT Jane Griffiths be and is hereby elected a Director of the Company.

RESOLUTION 15 – Election of director

THAT Stephen Pearce be and is hereby elected a Director of the Company.

RESOLUTION 16 – Election of director

THAT Nicole Piasecki be and is hereby elected a Director of the Company.

RESOLUTION 17 – Re-appointment of the Auditors

THAT Deloitte LLP be and are hereby re-appointed Auditors of the Company to hold office until the next General Meeting at which accounts are laid before the Company.

RESOLUTION 18 – Authority to agree Auditors' remuneration

THAT the Audit Committee of the Board of Directors be and is hereby authorised to agree the remuneration of the Auditors.

RESOLUTION 19 – Political Donations

THAT

- (i) the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Companies Act 2006 (the "2006 Act") during the period from the date of the passing of this resolution to the earlier of the conclusion of the Company's Annual General Meeting in 2021 or close of business on 30 June 2021:

- (a) to make political donations to political parties, and/or independent election candidates;
- (b) to make political donations to political organisations other than political parties; and
- (c) to incur political expenditure,

up to an aggregate amount of £100,000, and the amount authorised under each of paragraphs (a) to (c) shall also be limited to such amount; and

- (ii) all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the 2006 Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (iii) words and expressions defined for the purpose of the 2006 Act shall have same meaning in this resolution.

RESOLUTION 20 – Authority to allot new shares

THAT the authority conferred on the Directors by Article 8(B)(i) of the Company's Articles of Association be renewed for the period ending at the conclusion of the Company's Annual General Meeting in 2021 or at the close of business on 30 June 2021, whichever is the earlier, and for such period the Section 551 Amount shall be £26,720,106.

The authorities in this Resolution apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act.

To consider, and if thought fit, to pass the following Resolutions 21 to 23 which will be proposed as SPECIAL RESOLUTIONS:

RESOLUTION 21 – Disapplication of pre-emption rights

THAT, subject to the passing of Resolution 20 above, the power conferred on the Directors by Article 8(B)(ii) of the Company's Articles of Association be renewed for the period referred to in such Resolution and for such period the Section 561 Amount shall be £4,008,416.

Such authority shall be in substitution for all previous powers pursuant to Section 561 of the 2006 Act.

RESOLUTION 22 – Authority to purchase own shares

THAT the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the 2006 Act to make market purchases (as defined in Section 693 of the 2006 Act) of its ordinary shares of 2.5p each in the capital of the Company provided that:

- (a) the maximum number of shares that may be purchased is 320,673,347;
- (b) the minimum price which may be paid for each share is 2.5p;
- (c) the maximum price which may be paid for each share is the higher of (i) 105 per cent of the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to article 5(6) of the EU Market Abuse Regulation;
- (d) this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2021 or, if earlier, at

the close of business on 30 June 2021 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which may be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

RESOLUTION 23 – Notice of general meetings

THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By Order of the Board

David Parkes
Company Secretary
3 April 2020
6 Carlton Gardens
London SW1Y 5AD

Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A proxy need not be a member of the Company.

However, as more fully described on the front page of this notice of meeting, under the current arrangements proxies (other than the chairman of the meeting) will not be permitted to attend the AGM in person. As a result, if a member wishes to appoint a proxy, they are strongly advised to appoint the chairman of the AGM as their proxy. Similarly, corporate representatives other than the chairman of the AGM will not be permitted to attend the AGM in person.

2. A proxy form which may be used to make such appointment and give proxy instructions has been sent to all shareholders (except those who have elected to receive notice via email who should refer to paragraph 7 below, or those shareholders who are deemed to have consented to receive communications via the Company's website and who will have received a shareholder voting instruction information sheet).
- Shareholders who have received a shareholder voting instruction information sheet or a proxy card may appoint a proxy or proxies electronically via the Company's website at www.baesystems.com/ reporting using the Voting ID, Task ID, and Shareholder Reference Number on the proxy card or shareholder voting instruction information sheet. Electronic proxy appointments must be received no later than 11.00am UK time on 5 May 2020. CREST members who wish to appoint proxies through the CREST electronic appointment service should refer to paragraphs 12-15 below.
3. A shareholder may appoint more than one proxy, who may be the same person, in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If in such case a shareholder wishes to appoint more than one proxy, the shareholder should photocopy the proxy form and indicate in the relevant box the number of shares in relation to which the shareholder authorises them to act as the shareholder's proxy. The shareholder should indicate by marking the relevant box on the proxy card if more than one proxy is being appointed.
4. In the case of joint holders the signature of any one of them will suffice. The vote of the senior party tendering the vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

5. To be valid any proxy form or other instrument appointing a proxy must be completed, signed and returned, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, so as to be received by post or (during normal business hours only) by hand at the office of the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 11.00am UK time on 5 May 2020, being not less than 48 hours before the time for which the meeting is convened.
6. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 13 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
7. Shareholders who have elected to receive notice via email, and who have therefore not received a proxy card, may appoint a proxy or proxies electronically via the Company's website at www.baesystems.com/reporting using their usual Shareview portfolio identification particulars. Electronic proxy appointments must be received no later than 11.00am UK time on 5 May 2020.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 7 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
10. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's Register of Members at 6.30pm on 5 May 2020 or, if the meeting is adjourned, 6.30pm two days before the time fixed for the adjourned meeting (as the case may be). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
11. As at 15 March 2020 (being the latest practicable business day prior to the publication of this Notice) the Company's issued share capital consisted of 3,467,440,044 ordinary shares and one special share. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The voting rights of treasury shares (of which there were 260,706,565 as of 15 March 2020) are suspended. The holder of the special share is entitled to attend general meetings of the Company, but is not entitled to vote. Accordingly the total number of voting rights as of 15 March 2020 is 3,206,733,479. The consent of the holder of the special share is required in certain limited circumstances, as set out in the Company's Articles of Association. At the Company's 2020 AGM, all resolutions will be voted on by way of a poll. On a vote by poll, every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share of which he/she is the holder.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Equiniti (ID RA19), no later than 11.00am on 5 May 2020, being not less than 48 hours before the time for which the meeting is convened. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting system providers) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST systems and timings.
15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
17. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

18. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at www.baesystems.com/reporting.
20. Shareholders may not use any electronic address provided in this Notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

1. NOTES ON THE RESOLUTIONS

1.1 Resolution 2 – Approval of Directors' Remuneration Policy

The policy section of the Directors' Remuneration Report, which sets out the Company's forward looking policy on Directors' remuneration, is subject to a binding shareholder vote by ordinary resolution at least every three years. The Company's existing remuneration policy was approved by shareholders at the Annual General Meeting in 2017 (the "2017 Policy"). The remuneration policy on which shareholders are being asked to vote at the Annual General Meeting in 2020 (the "2020 Policy") is set out in full on pages 131 to 145 of the 2019 Annual Report and, subject to shareholder approval, will replace the 2017 Policy with effect from the end of the 2020 Annual General Meeting.

The statement by Paula Rospot Reynolds, Chairman of the Remuneration Committee, on pages 102 to 130 of the 2019 Annual Report gives further context to and rationale for the changes to the policy since that approved in 2017.

1.2 Resolution 3 – Approval of Directors' Remuneration Report

The statement by the Remuneration Committee Chairman and the Annual Remuneration Report (on pages 102 to 130 of the 2019 Annual Report) is being put to the shareholders as an annual advisory vote.

As required by regulation, the statement by the Chairman of the Remuneration Committee covers major decisions on directors' remuneration during the year, changes during the year, and the context in which the changes occurred and the decisions have been taken.

The Annual Remuneration Report reports on how the 2017 Policy has been implemented and sets out payments made in the financial year ended 31 December 2019.

1.3 Resolutions 4-11 – Directors Standing For Re-election

In line with the provisions of the UK Corporate Governance Code all directors are standing for election or re-election to the Board.

The Chairman (and the Senior Independent Director in respect of the Chairman) has confirmed that, based on the formal performance evaluations undertaken in 2019, all of the directors remain committed to the role and the individual performance and contribution of all directors continues to be effective. Also, in compliance with the Code, the Company ensures that non-executive directors have sufficient time to fulfil their obligations. This is assessed when a director is appointed and also in the event of there being a material change to an individual's circumstances. The biographies set out opposite summarise the skills, competence and experience of each of the directors which highlight their individual contributions to the Board and their composite expertise.

Directors' Biographies

Revathi Advaiti – Non-executive director

Appointed to the Board: 2018

Nationality: US

Key contribution: knowledge and experience of high technology manufacturing and engineering, and the management of complex international businesses.

Skills, competence and experience: Revathi has extensive operational experience and a deep understanding of digital technology and international markets, gained from her leadership of multinational engineering and manufacturing businesses. In February 2019, Revathi assumed the role of Chief Executive Officer and became a member of the board of directors at Flex Ltd, a global manufacturing company. Prior to this appointment, Revathi was President and Chief Operating Officer for the Electrical Sector business at Eaton, a power management company. She joined Eaton in 1995 and led the Electrical Sector in the Americas and Asia-Pacific, with a three-year assignment in Shanghai. Between 2002 and 2008, Revathi worked at Honeywell, where she held leadership roles spanning manufacturing, procurement, supply chain and sourcing, including a role as general manager, Automation and Control Solutions. Revathi returned to Eaton in 2008 as vice president and general manager of the Electrical Components division.

Other non-executive appointments: None

Committee membership: Corporate Responsibility Committee and Nominations Committee

Sir Roger Carr – Chairman

Appointed to the Board: 2013

Nationality: UK

Key contribution: business and board leadership skills and insight developed over many years across a range of businesses and other entities.

Skills, competence and experience: Having joined the Board in 2013, Sir Roger was appointed Chairman in 2014. He is an experienced company chairman with a wealth of knowledge gained across a number of business sectors. With over two decades of boardroom experience, Sir Roger has a deep understanding of corporate governance and what is required to lead an effective board.

Sir Roger is a Senior Advisor to KKR and Chairman of the English National Ballet. In 2018, he was appointed as co-chair of the Industrial Infrastructure and Manufacturing Council, an advisory council to the Prime Minister. He was also appointed as Vice President of the Royal Navy and Royal Marines Charity in September 2018.

He has previously held a number of senior appointments including Chairman of Centrica plc, Vice Chairman of the BBC Trust, Deputy Chairman and Senior Independent Director of the Court of the Bank of England, President of the Confederation of

British Industry, Chairman of Cadbury plc, Chairman of Chubb plc, Chairman of Mitchells & Butlers plc, Chairman of Thames Water plc and Chief Executive of Williams plc.

Throughout his career he has served on a number of external committees including the Prime Minister's Business Advisory Group, the Manufacturing Council of the CBI, The Higgs Committee on Corporate Governance and Business for New Europe. He is a Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce, a Companion of the Institute of Management, and an Honorary Fellow of the Chartered Governance Institute. He is also a Visiting Fellow of Saïd Business School, University of Oxford and holds an Honorary Doctorate in Business from Nottingham Trent University.

He was knighted for Services to Business in the Queen's New Year's Honours list 2011.

Other non-executive appointments: None

Committee membership: Chairman of the Nominations Committee

Dame Elizabeth Corley CBE – Non-executive director

Appointed to the Board: 2016

Nationality: UK

Key contribution: investor, board and governance experience gain through her career in the investment industry and leadership roles on company boards and other entities.

Skills, competence and experience: Dame Elizabeth currently chairs the board of the Impact Investment Institute, having previously chaired the industry Taskforce on Social Impact Investing for the UK government. She has served as Chief Executive Officer of Allianz Global Investors, initially for Europe then globally, from 2005 to 2016. Prior to that, she worked for Merrill Lynch Investment Managers.

Dame Elizabeth is active in representing the investment industry and developing standards within it. She is a member of the CFA Future of Finance Advisory Council and the AQR Institute of Asset Management at the London Business School. In 2017, she stepped down from the board of the UK Financial Reporting Council after completing her second three-year term of appointment.

Dame Elizabeth is also an acclaimed writer, a Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce and a trustee of the British Museum.

Other non-executive appointments: Non-executive director of Pearson plc and Morgan Stanley

Committee membership: Audit Committee, Nominations Committee and Remuneration Committee

Chris Grigg – Non-executive director and Senior Independent Director

Appointed to the Board: 2013

Nationality: UK

Key contribution: boardroom and major company knowledge, skills and experience gained from a business career that includes serving as the chief executive of a FTSE 100 company for the past 11 years.

Skills, competence and experience: Chris is currently Chief Executive of The British Land Company PLC, a position he has held since 2009.

Chris has more than 30 years' experience in the banking and real estate industries. Prior to joining British Land, he was Chief Executive of Barclays Commercial Bank. Before that, he was a partner at Goldman Sachs. Chris is currently a member of the executive board of the European Public Real Estate Association.

Non-executive appointments: None

Committee membership: Corporate Responsibility Committee, Nominations Committee and Remuneration Committee

Paula Rosput Reynolds – Non-executive director

Appointed to the Board: 2011

Nationality: US

Key contribution: business leadership, experience and knowledge gained from an executive career and board roles spanning a number of major industries. In chairing the Remuneration Committee she provides leadership and a well-developed understanding of UK governance and investor requirements.

Skills, competence and experience: An experienced company director in both the UK and North America, Paula is currently Chief Executive Officer and President of the business advisory group PreferWest LLC.

Starting her career as an economist, she spent over 20 years in the energy sector, culminating in her appointment as President and Chief Executive Officer of AGL Resources in 2002. She served as President and Chief Executive Officer of Safeco Corporation before becoming Vice Chairman and Chief Restructuring Officer of American International Group, overseeing its divestiture of assets and serving as chief liaison with the Federal Reserve Bank of New York. She received the National Association of Corporate Directors National Lifetime Achievement Award in 2014.

Past roles include non-executive directorships at Coca-Cola Enterprises Inc., Anadarko Petroleum Corporation, Delta Air Lines Inc., Air Products and Chemicals Inc., Siluria Technologies, Inc, CBRE Group, Inc. and TransCanada Corporation.

Other non-executive appointments: Non-executive director of BP p.l.c. and General Electric Company.

Committee membership: Chairman of the Remuneration Committee and member of the Nominations Committee

Nicholas Rose – Non-executive director

Appointed to the Board: 2010

Nationality: British

Key contribution: Nick brings to the Board considerable financial expertise and boardroom experience.

Skills, competence and experience: Nick was Chief Financial Officer of Diageo plc for over ten years until 2010. In this role he was responsible for supply, procurement strategy and IT on a global basis. His finance experience was developed during his time as Group Treasurer and Group Controller at Diageo, and also in his earlier career at Ford Finance. He is a former Chairman of the engineering technology company, Edwards Group, and former non-executive director of Moët Hennessy SNC and Scottish Power plc.

He is currently an adviser to CCMP Capital Advisors, LLC.

Nick has agreed to extend his term of appointment as a Non-Executive Director of the Company for up to one further year in order to support the Company through a challenging period associated with the Coronavirus crisis. His knowledge of the Company accumulated over the last ten years as a Board member, and his past roles as Chair of the Audit Committee and Senior Independent Director, will be invaluable in navigating the Company through these uncharted waters.

Non-executive appointments: Chairman of Williams Grand Prix Holdings PLC; non-executive director and senior independent director of BT Group plc; and non-executive chairman of Loch Lomond Group.

Committee membership: Nominations Committee

Ian Tyler – Non-executive director

Appointed to the Board: 2013

Nationality: UK

Key contribution: business leadership and financial skills and knowledge, including considerable long-term international contracting experience. In chairing the Corporate Responsibility Committee he provides leadership and a well-developed understanding of the key areas that are the focus of the committee's activities.

Skills, competence and experience: Having qualified as a chartered accountant, Ian subsequently held a number of senior finance and operational positions within industrial companies before being appointed Finance Director of Balfour Beatty plc in 1996. He was subsequently appointed as Chief Executive in 2005. He is currently Chairman of Vistry Group PLC (formerly Bovis Homes Group PLC) and Cairn Energy plc.

Ian is a former non-executive director of Mediclinic International plc, Cable & Wireless Communications Plc and VT Group plc.

Non-executive appointments: Chairman of Amey plc, a subsidiary of Ferrovial, S.A., and AWE Management Limited.

Committee membership: Chairman of the Corporate Responsibility Committee, and member of the Audit Committee, Nominations Committee and Remuneration Committee.

Charles Woodburn – Chief Executive

Appointed to the Board: 2016

Nationality: UK

Key contribution: provides leadership through his role as Chief Executive, based on a strong performance record with the Company and prior to that with companies in the oil and gas sector.

Skills, competence and experience: Charles joined BAE Systems in May 2016 as Chief Operating Officer and became Chief Executive on 1 July 2017. Prior to joining the Company, he spent over 20 years in the oil and gas industry, holding a number of senior management positions in the Far East, Australia, Europe and the US. He joined the Company from the oilfield services business, Expro Group, where he served as Chief Executive Officer. Prior to that, he spent 15 years with Schlumberger Limited.

In 2018 Charles was awarded Chartered Engineer status (CEng).

Other non-executive appointments: None

1.4 Resolutions 12-16 – Directors standing for Election

All Directors appointed to the Board are required to seek election at the AGM immediately following their appointment. Following:

- (i) the appointments of Stephen Pearce and Nicole Piasecki to the Board on 1 June 2019; and
- (ii) the appointments of Thomas Arseneault, Bradley Greve and Jane Griffiths to the Board on 1 April 2020,

each of these five individuals is required to seek election at this year's meeting.

The Board recommends that shareholders vote in favour of Ms Griffiths, Mr Greve, Mr Arseneault, Mr Pearce and Ms Piasecki's election to the Board. Their biographical details are as follows:

Thomas Arseneault – President and Chief Executive Officer of BAE Systems, Inc.

Appointed to the Board: 2020

Nationality: US

Skills, competence and experience: Tom Arseneault succeeded Jerry DeMuro and became President and Chief Executive Officer of BAE Systems, Inc. and a director of BAE Systems plc with effect from 1 April 2020.

A member of the BAE Systems Executive Committee, Tom was formerly President and Chief Operating Officer ("COO") of BAE Systems, Inc.

Prior to his appointment as COO, he was President of BAE Systems, Inc.'s Electronic Systems sector, responsible for the segment's operations spanning commercial and defence electronics markets, and its broad portfolio of vehicle and mission critical electronic systems. Previously, he was Executive Vice President of BAE Systems' Product Sectors, responsible for articulating and executing a vision that drove optimal business performance across the Electronic Systems and Legacy Land & Armaments businesses.

Prior to this, Tom managed various organisations and programmes for Sanders, a Lockheed Martin Company, and he remained with the unit when it was acquired by BAE Systems in 2000. Earlier in his career, he held a variety of engineering and programme management positions with General Electric, The Analytic Sciences Corporation, and Weather Services International.

Non-executive appointments: None

Bradley Greve – Group Finance Director

Appointed to the Board: 2020

Nationality: US

Skills, competence and experience: Brad Greve succeeded Peter Lynas as Group Finance Director with effect from 1 April 2020.

A member of the Executive Committee, Brad joined the Company in 2019 as Group Finance Director Designate.

Brad brings more than 30 years' international experience with large capital projects and programmes, having worked for large multinational organisations in the oil and gas industry across Europe, the United States, South America and Africa. He joined Schlumberger in 2000 where, most recently, he was the top financial executive responsible for overseeing US\$20bn of annual revenue and US\$1bn of annual capital expenditure as Financial Controller of its Wells business.

Non-executive appointments: None

Jane Griffiths – Non-executive director

Appointed to the Board: 2020

Nationality: British

Skills, competence and experience: Appointed to the Board on 1 April 2020, Jane has an impressive record of leading research-led, high technology businesses and brings a wealth of international corporate experience to the Board.

Until retiring in December 2019, she enjoyed a long career with Johnson & Johnson, during which she held executive roles in clinical research, international and strategic marketing, product management and operational management.

In her last role before retirement, Jane was Global Head of Actelion, where she led the integration of the Swiss biotech business following its acquisition by Johnson & Johnson. Prior to that she had been Company Group Chair of Janssen EMEA, the group's research based pharmaceutical arm. During her time with Johnson & Johnson she led its Corporate Citizen Trust in

EMEA and sponsored its Women's Leadership Initiative. She was also sponsor of Janssen's Global Pharmaceuticals Sustainability Council.

Jane is a past Chair of the European Federation of Pharmaceutical Industries and Associations, past Chairwoman of the PhRMA Europe Committee and former member of the Corporate Advisory Board of the UK Government backed 'Your Life' campaign, aimed at encouraging more people to study STEM subjects.

Non-executive appointments: Non-executive director of Johnson Matthey Plc and a member of the board of directors of TB Alliance, a not-for-profit organisation.

Committee membership: Nominations Committee

Stephen Pearce – Non-executive director

Appointed to the Board: 2019

Nationality: Australian

Skills, competence and experience: Appointed to the Board on 1 June 2019, Stephen has more than 16 years of public company director experience and over 30 years of financial and commercial experience in the mining, oil and gas, and utilities industries.

Stephen is currently Finance Director of Anglo American plc, a role he has held since April 2017, and a director of its South African listed majority owned subsidiary, Anglo American Platinum Ltd. He previously served as Chief Financial Officer and an executive director of Fortescue Metals Group Limited from 2010 to 2016.

He is a Fellow of the Institute of Chartered Accountants, a Member of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

Non-executive appointments: None

Committee membership: Chairman of the Audit Committee and member of the Nominations Committee

Nicole Piasecki – Non-executive director

Appointed to the Board: 2019

Nationality: US

Skills, competence and experience: Nicole was appointed to the Board on 1 June 2019 and brings extensive experience gained from executive positions within the aerospace industry and leadership of multi-functional teams. She previously held a number of engineering, sales, marketing and business strategy roles during her 25 year career with the Boeing Company, including Vice President and General Manager of the Propulsion Systems Division and Vice President of Business Development & Strategic Integration for Boeing's commercial aircraft business, and President of Boeing Japan. She is Chair of the Board of Trustees of Seattle University.

Nicole formerly served on the Federal Aviation Authority's Management Advisory Board, the US Department of

Transportation's Future of Aviation Advisory Committee and the Federal Reserve Bank of San Francisco's Seattle branch.

Non-executive appointments: Weyerhaeuser Company

Committee membership: Nominations Committee

1.5 Resolution 19 – Authority to incur political expenditure

Part 14 of the Companies Act 2006 requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any twelve month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could also include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular political party.

It remains the policy of the Company not to make political donations or incur political expenditure as those expressions are normally understood. However, the Directors consider that it is in the best interests of shareholders for the Company to participate in public debate and opinion-forming on matters which affect its business. To avoid inadvertent infringement of the Companies Act 2006, the Directors are seeking shareholders' authority for the Company and its subsidiaries to make political donations and to incur political expenditure during the period from the date of the Annual General Meeting to the conclusion of next year's Annual General Meeting or close of business on 30 June 2021, whichever is earlier, up to a maximum aggregate amount of £100,000.

1.6 Resolutions 20 and 21 – Authority to allot shares and disapplication of pre-emption rights

Resolution 20 – Authority to allot shares

The purpose of Resolution 20 is to renew the Directors' power to allot shares as described below.

The authority will allow the Directors to allot new shares and grant rights to subscribe for or convert any securities into shares up to a nominal value of £26,720,106 which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 15 March 2020, the latest practicable date prior to publication of this Notice.

At 15 March 2020, the Company held 260,706,565 treasury shares which represents 8.13 per cent of the total number of ordinary shares in issue, excluding treasury shares, at that date.

There are no present plans to allot new shares (other than in connection with employee share and incentive plans), however the Directors consider it desirable to have the flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to support the Company as may be required.

If the resolution is passed the authority will expire on the earlier of the end of the Annual General Meeting in 2021 and the close of business on 30 June 2021.

Resolution 21 – Disapplication of pre-emption rights

If the Directors wish to allot new ordinary shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 21 is to authorise the Directors to allot new ordinary shares and other equity securities pursuant to the authority given by Resolution 20 or sell treasury shares, for cash (a) in connection with a pre-emptive offer and (b) otherwise up to a nominal value of £4,008,416, equivalent to approximately five per cent of the total issued ordinary share capital of the Company exclusive of treasury shares, and 4.62 per cent of the total issued ordinary share capital of the Company inclusive of treasury shares, as at 15 March 2020, without the shares first being offered to existing shareholders in proportion to their existing holdings. The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than five per cent. of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not to allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 21 in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

- (i) with prior consultation with major shareholders; or
- (ii) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Board considers the authority in Resolution 21 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict guidelines of the statutory pre-emption provisions.

If the resolution is passed, the authority will expire on the earlier of the conclusion of the Company's Annual General Meeting in 2021 and the close of business on 30 June 2021.

1.7 Resolution 22 – Purchase of shares

The Directors are committed to managing the Company's capital effectively and consider that the purchase by the Company of its ordinary shares may in certain circumstances be advantageous to shareholders. They believe that, in common with many other listed companies, the Company should obtain from shareholders a general authority to make market purchases on the London Stock Exchange.

Authority is sought for the Company to purchase up to 10 per cent of its issued ordinary shares (excluding treasury shares), renewing the authority granted by the shareholders at previous annual general meetings.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 2.5p, being the par value of an ordinary share. The maximum price, exclusive of expenses, which may be paid for each share purchased in the market is the higher of (i) an amount equal to 105 per cent of the average market value for an ordinary share for the five business days immediately preceding the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The number of ordinary shares which may be acquired pursuant to the authority is up to an aggregate of 320,673,347 ordinary shares, this being approximately 10 per cent of the issued ordinary share capital of the Company (exclusive of treasury shares) as at 15 March 2020, the latest practicable date prior to the publication of this Notice. As at 15 March 2020 there were 57,790,890 options to subscribe for ordinary shares outstanding, representing 1.8 per cent of the Company's issued share capital (excluding treasury shares) at that date. If the authority was exercised in full, the options would represent 2.0 per cent of the Company's issued ordinary share capital (excluding treasury shares).

This authority will last until the earlier of the Company's Annual General Meeting in 2021 and 30 June 2021.

Pursuant to the Companies Act 2006, the Company can hold the shares which have been repurchased as treasury shares and either re-sell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. This provides the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

The Company has not purchased any shares under the current share-buyback authority granted by shareholders at the 2019 Annual General Meeting.

The Company will only purchase ordinary shares if the Directors believe that it is in the shareholders' best interests and will increase earnings per share. In its Annual Report for the financial year ended 31 December 2019, the Company has stated that, as part of the allocation of capital, its policy is to make accelerated returns of capital to shareholders when the balance sheet allows

and when the return from doing so is in excess of the Group's Weighted Average Cost of Capital.

It is the Directors' current intention that any shares bought back under this authority be cancelled.

1.8 Resolution 23 – Notice of general meetings

Changes made to the current Companies Act by the Shareholders' Rights Regulations increased the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Prior to this, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. The Company has previously obtained shareholder approval to preserve the ability to call general meetings other than an AGM on 14 clear days' notice. Resolution 23 seeks approval of the renewal of this authority which will be effective until the Company's next Annual General Meeting in 2021, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings. However the flexibility offered by this resolution will be used where, taking into account all the circumstances, the Directors consider this appropriate in relation to the particular issues to be considered at the general meeting in question.

2. DOCUMENTS FOR INSPECTION

The Register of Directors' Interests in the share capital of the Company, copies of the executive Directors' service contracts, the Chairman and non-executive Directors' letters of appointment, and the Directors' Indemnities, will be available for inspection during normal business hours on Monday to Friday each week (public holidays excepted) at the Company's registered office from the date of this Notice of Meeting to the close of the meeting and at the place of the meeting from 15 minutes prior to its commencement until its conclusion.

