

# Notice of Annual General Meeting 2021



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 will be unable to attend the meeting as a result of COVID-19 regulations.

## COVID-19 – Impact on 2021 AGM

The Company's preference had been to welcome shareholders in person to its 2021 AGM, particularly given the constraints faced in holding the 2020 meeting due to the COVID-19 pandemic. However, at the time that this document goes to print, England is still in national lockdown and, under the UK government's current COVID-19 regulations (National Lockdown in England), individuals must not leave their home except where permitted by law, which precludes shareholders' attendance at AGMs.

The UK government's 'COVID-19 Response – Spring 2021' guidance sets out a roadmap out of lockdown which would continue to preclude shareholders' attendance at AGMs by 6 May 2021. Consequently, the meeting will be held with just a small number of directors present to meet the minimum attendance required to form a quorum and comply with COVID-19 regulations.

## Shareholders will not be permitted to attend the AGM in person and should not attempt to do so.

However, steps have been taken to ensure that shareholders can:

- vote by proxy in advance of the meeting as set out below;
- ask questions on the AGM resolutions in advance of the meeting as set out below; and
- listen remotely in real-time to the proceedings of the AGM, led by the Chairman and including an overview of 2020 performance by the Chief Executive, as set out on page 5 of this Notice.

The Company's Articles of Association do not, at present, contain provisions specifically providing for shareholder meetings to be held remotely. The Company is, however, seeking shareholder approval for a change to be made to the Articles, which, if passed, will allow future AGMs to be held with attendees present both physically and via electronic means.

## Voting by proxy

You can vote on the resolutions by appointing the Chairman of the Meeting\* as your proxy, instructing him to vote in accordance with your instructions. You can do this 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](http://www.baesystems.com/reporting).
- By post – if you received the 2020 Annual Report you will also have received a proxy card. Instructions on voting can be found on the proxy card.

Proxy votes must be received by 10.30am on 4 May 2021. The results of the voting will be posted on the Company's website after the meeting.

## Asking a question

If you have any questions on the AGM resolutions, the Company would like to hear from you ahead of the meeting. The Company will publish responses to the matters raised by shareholders on the business of the meeting on its website. This will be published no later than 30 April 2021, which will provide shareholders with an opportunity to read the responses before submitting their proxy vote. If you wish to ask a question on the resolutions, please submit your question via the AGM website at [www.baesystems.com/reporting](http://www.baesystems.com/reporting) no later than 27 April 2021.

## Listening to the AGM proceedings

Please see page 5 of this Notice which explains how you can do this.

Please note that this is an audiocast only and if you wish to vote on the resolutions you should vote by proxy as set out above.

## 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.

## 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.

\*NOTE: You are strongly advised to appoint the Chairman of the meeting as your proxy as, under the particular arrangements for this meeting, proxies (other than the Chairman of the meeting) will not be permitted to attend the AGM in person. Similarly, corporate representatives other than the Chairman of the meeting will not be permitted to attend the AGM in person.

## To BAE Systems plc Ordinary Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BAE Systems plc will be held at Hall 1, Farnborough International Exhibition and Conference Centre, Farnborough, Hampshire, GU14 6XE on Thursday 6 May 2021 at 10.30 am for the purpose of transacting the following business:

To consider, and if thought fit, to pass the following Resolutions 1-19, 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 2020 now laid before this meeting be and are hereby received.

### RESOLUTION 2 – 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 124 to 156 of the Annual Report and Accounts for the financial year ended 31 December 2020) be and are hereby approved.

### RESOLUTION 3 – Authorisation of the payment of the final dividend

THAT the final dividend for the year ended 31 December 2020 of 14.3 pence per ordinary share be and is hereby declared payable on 1 June 2021 to Ordinary Shareholders whose names appeared on the Register of Members at the close of business on 23 April 2021.

### RESOLUTION 4 – Re-election of director

THAT Thomas Arseneault 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 Bradley Greve be and is hereby re-elected a Director of the Company.

### RESOLUTION 8 – Re-election of director

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

### RESOLUTION 9 – Re-election of director

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

### RESOLUTION 10 – Re-election of director

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

### RESOLUTION 11 – Re-election of director

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

### RESOLUTION 12 – Re-election of director

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

### RESOLUTION 13 – Re-election of director

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

### RESOLUTION 14 – Election of director

THAT Nicholas Anderson be and is hereby elected a Director of the Company.

### RESOLUTION 15 – Election of director

THAT Dame Carolyn Fairbairn be and is hereby elected a Director of the Company.

### RESOLUTION 16 – 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 17 – 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 18 – 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 2022 or close of business on 30 June 2022:

- (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 19 – 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 2022 or at the close of business on 30 June 2022, whichever is the earlier, and for such period the Section 551 Amount shall be £26,832,194.

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 20 to 23 which will be proposed as SPECIAL RESOLUTIONS:

#### RESOLUTION 20 – Disapplication of pre-emption rights

THAT, subject to the passing of Resolution 19 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 £4,025,231.

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

#### RESOLUTION 21 – 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 322,018,538;
- (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;
- (d) this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2022 or, if earlier, at the close of business on 30 June 2022 (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 22 – 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.

#### RESOLUTION 23 – Amendments to the Articles of Association

THAT the Articles of Association of the Company be and are hereby amended so that they shall be in the form of the amended Articles of Association produced to the meeting and initialled by the Chairman of the Company for the purpose of identification.

By Order of the Board

David Parkes  
Company Secretary  
31 March 2021  
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 card).  
Shareholders who have received a shareholder voting instruction card or a proxy card may appoint a proxy or proxies electronically via the Company's website at [www.baesystems.com/reporting](http://www.baesystems.com/reporting) using the Voting ID, Task ID, and Shareholder Reference Number on the proxy card or shareholder voting instruction card. Electronic proxy appointments must be received no later than 10.30am UK time on 4 May 2021. 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 10.30am UK time on 4 May 2021, 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](http://www.baesystems.com/reporting) using their usual Shareview portfolio identification particulars. Electronic proxy appointments must be received no later than 10.30am UK time on 4 May 2021.
  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 4 May 2021 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 2021 (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 247,254,660 as of 15 March 2021) 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 2021 is 3,220,185,384. 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 2021 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](http://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 10.30am on 4 May 2021, 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](http://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.

## HOW TO LISTEN TO THE AGM PROCEEDINGS

For the 2021 AGM, BAE Systems plc will be enabling shareholders to listen to the meeting by audiocast, should they wish to do so. This can be done by accessing the following website, <https://web.lumiagm.com>

This website is compatible with most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Edge, Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone.

### Logging In

On accessing this website, you will be asked to enter a Meeting ID which is **165-301-118**.

You will then be prompted to enter your unique Shareholder Reference Number (SRN) and PIN which is the first two and last two digits of your SRN. This can be

found printed on your Proxy Card or Shareholder Voting Instruction Card (if you received a hard copy AGM mailing) or on your email notification if you accessed this Notice electronically as a result of email notification by the Company. Access to the meeting via the website will be available from 09.30am on 6 May 2021. The meeting will start at 10.30am.

### Audiocast

Once logged in, and at the commencement of the meeting, you will be able to listen to the proceedings of the meeting on your device. An active internet connection is required in order to allow you to listen to the audiocast. It is your responsibility to ensure you remain connected for the duration of the meeting.

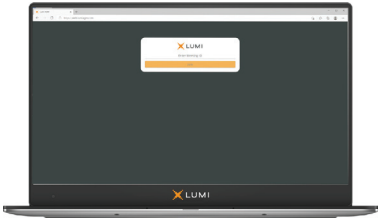
Please see below for the user guide to listening to the BAE Systems plc 2021 AGM remotely.

## User Guide to Listening to the BAE Systems plc 2021 Annual General Meeting Remotely

Meeting ID: 165-301-118


To login you must have your SRN and PIN (see above)

**1**



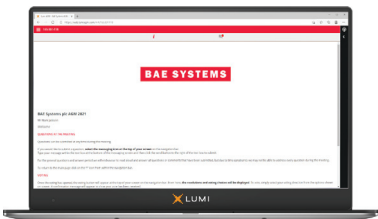
Open the Lumi AGM website and you will be prompted to enter the Meeting ID.

**2**



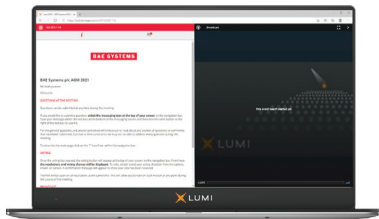
After entering the Meeting ID, you will be prompted to enter your unique SRN and PIN.

**3**



When successfully authenticated, you will be taken to the Home Screen.

**4**



To listen to the meeting, expand the "Broadcast Panel", located at the bottom of your device. If viewing through a browser, it will appear automatically.

## 1. NOTES ON THE RESOLUTIONS

### 1.1 Resolution 2 – Approval of Directors' Remuneration Report

The statement by the Remuneration Committee Chairman and the Annual Remuneration Report (on pages 124 to 156 of the 2020 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 Company's Remuneration Policy has been implemented and sets out payments made in the financial year ended 31 December 2020. The Company's current Remuneration Policy came into force at the end of the 2020 AGM on 7 May 2020 following its approval by shareholders at that meeting.

### 1.2 Resolutions 4-13 – Directors Standing For Re-election

In line with the provisions of the UK Corporate Governance Code and the Company's Articles of Association, 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 2020, 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

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

*Appointed to the Board: 2020*

*Nationality: US*

*Key contribution:* Business leadership and wide-ranging operational experience in US defence and commercial aerospace markets.

*Skills, competence and experience:* Tom was appointed to the Board on 1 April 2020, serving as President and Chief Executive Officer of BAE Systems, Inc. Throughout his career, Tom has led complex organisations responsible for fulfilling critical and technologically challenging missions. Most recently he served as President and Chief Operating Officer of BAE Systems, Inc., after having held various senior roles within BAE Systems, Inc.

Prior to his senior leadership appointments, Tom managed various organisations and programmes for Sanders, a Lockheed Martin company, until 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 and TASC.

*Non-executive appointments:* None.

### 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 three 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, Chairman of the English National Ballet and Vice President of the Royal Navy and Royal Marines Charity.

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 – Non-executive director**

*Appointed to the Board:* 2016

*Nationality:* UK

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

*Skills, competence and experience:* Dame Elizabeth brings investor, governance and boardroom experience to the Board. She currently chairs the board of the Impact Investment Institute, having previously chaired the industry Taskforce on Social Impact Investing for the UK government. She 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, the AQR Institute of Asset Management at the London Business School, the Committee of 200 and the 300 Club; and is a former member of the board of the UK Financial Reporting Council.

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.

Dame Elizabeth was awarded a DBE for Services to the economy and financial services in the Queen's Birthday Honours list 2019.

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

*Committee membership:* Audit Committee, Nominations Committee and Remuneration Committee.

#### **Brad Greve – Group Finance Director**

*Appointed to the Board:* 2020

*Nationality:* US

*Key contribution:* Considerable international business and financial management experience, particularly concerning large capital projects and programmes.

*Skills, competence and experience:* Brad joined BAE Systems in 2019 as Group Finance Director Designate and joined the Board on 1 April 2020.

He is a highly experienced executive with deep financial and operational management experience gained over a 30 year career in international engineering and technology businesses. Prior to joining the Company he held a number of senior executive roles in Schlumberger, undertaking roles in Europe, Africa, South America and the United States.

*Non-executive appointments:* None.

#### **Dr Jane Griffiths – Non-executive director**

*Appointed to the Board:* 2020

*Nationality:* UK

*Key contribution:* Significant international business and industry leadership experience across a range of roles. With her extensive board and industry experience, Jane is well-placed to chair the Company's Corporate Responsibility Committee.

*Skills, competence and experience:* Appointed to the Board on 1 April 2020, Jane brings experience in leading high technology businesses and international corporate leadership to the Board. During her career with Johnson & Johnson, she held various executive positions and led its Corporate Citizen Trust in EMEA and sponsored its Women's Leadership Initiative.

Jane previously had been Company Group Chair of Janssen EMEA, the group's research based pharmaceutical arm, where she was sponsor of Janssen's Global Pharmaceuticals Sustainability Council. She is a former Chair of the European Federation of Pharmaceutical Industries and Associations, past Chair 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.

*Other non-executive appointments:* Non-executive director Johnson Matthey Plc.

*Committee membership:* Chair of the Corporate Responsibility Committee and a member of the Nominations Committee.

#### **Chris Grigg CBE – 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 chief executive of a FTSE 100 company for over 11 years.

*Skills, competence and experience:* Chris recently retired as Chief Executive of The British Land Company PLC, a position he held for over 11 years. He brings extensive public company business leadership experience to the Board. He is currently a Senior Adviser to HM Treasury.

He 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 a former member of the

executive board of the European Public Real Estate Association and the board of the British Property Federation.

*Other non-executive appointments:* None.

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

#### Stephen Pearce – Non-executive director

*Appointed to the Board:* 2019

*Nationality:* Australian

*Key contribution:* Financial expertise, international business and boardroom experience. As Finance Director of another FTSE 100 company, Stephen has a well-developed understanding of the role and remit of the Audit Committee, which he chairs, and the discharge of its duties.

*Skills, competence and experience:* Appointed to the Board on 1 June 2019, Stephen has more than 20 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 Anglo American Platinum Limited and De Beers plc, both of which are non-wholly owned subsidiaries of Anglo American plc.

He previously served as CFO and an executive director of Fortescue Metals Group Limited from 2010 to 2016. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

*Other 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

*Key contribution:* Business leadership, experience and knowledge gained from a long executive career encompassing a number of senior roles in the aerospace industry.

*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.

*Other non-executive appointments:* Weyerhaeuser Company and Howmet Aerospace Inc.

*Committee membership:* Corporate Responsibility Committee and 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. His extensive board and committee experience gives him the skills and knowledge to chair the Remuneration Committee.

*Skills, competence and experience:* Ian brings considerable financial and long-term international contracting experience to the Board. 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 the UK housebuilding company, Vistry Group PLC.

Ian was formerly Chairman of Cairn Energy PLC and non-executive director of Mediclinic International plc, Cable & Wireless Communications Plc and VT Group plc.

*Other non-executive appointments:* Chairman and non-executive director of Amey plc, a subsidiary of Ferrovial, S.A., AWE Management Limited and Affinity Water Limited.

*Committee membership:* Chairman of the Remuneration Committee and member of the Audit Committee and Nominations Committee.

#### Dr 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.

With strong engineering and technology credentials, Charles is an experienced business leader with over 25 years' experience in the defence and aerospace, and oil and gas industries. Prior to joining the Company in 2016 he was Chief Executive Officer of Expro Group, before which he spent 15 years with Schlumberger Limited holding a number of senior management positions in the

Far East, Australia, Europe and the US. He is a Fellow of the Royal Academy of Engineering.

*Non-executive appointments:* None

### 1.3 Resolutions 14 and 15 – Directors standing for Election

All directors appointed to the Board are required to seek election at the AGM immediately following their appointment. Nick Anderson and Dame Carolyn Fairbairn were appointed to the Board on 1 November 2020 and 1 March 2021 respectively, and are required to seek election at this year's meeting.

The Board recommends that shareholders vote in favour of Mr Anderson and Dame Carolyn Fairbairn's election to the Board. Their biographical details are as follows:

#### Nick Anderson – Non-executive director

*Appointed to the Board:* 2020

*Nationality:* UK

*Skills, competence and experience:* As Group Chief Executive of a FTSE 100 industrial engineering company, Nick has a strong record of leading and growing global businesses. His knowledge and experience, particularly in leading international engineering and manufacturing operations, are a particular asset to the Board.

Since being appointed Group Chief Executive of Spirax-Sarco Engineering plc in January 2014, Nick has overseen the successful global growth of Spirax-Sarco Engineering, which serves customers in 130 countries worldwide. Prior to joining Spirax-Sarco Engineering in 2011, Nick worked for Smiths Group as Vice-President of John Crane Asia Pacific and previously as President of John Crane Latin America.

*Other non-executive appointments:* None.

*Committee membership:* Corporate Responsibility Committee and the Nominations Committee.

#### Dame Carolyn Fairbairn – Non-executive director

*Appointed to the Board:* 2021

*Nationality:* UK

*Skills, competence and experience:* Appointed to the Board on 1 March 2021, Dame Carolyn Fairbairn was, until the end of 2020, the Director-General of the Confederation of British Industry. An economist by training, her career spans leadership roles in business, media and government, with particular experience in the finance and broadcasting sectors. Carolyn spent her early career as an economist with the World Bank in Washington. She also worked in government as a member of the Number 10 Policy Unit during the 1990s, following which she became a partner at McKinsey specialising in digital and media, and held senior executive roles at the BBC and ITV.

Dame Carolyn is due to be appointed a non-executive director of HSBC Holdings plc in September 2021. She was previously a non-executive director of Lloyds Banking Group, The Vitec Group plc and Capita plc. She is also a former non-executive

director of the Competition and Markets Authority, the Financial Services Authority and until 2016, a Trustee of Marie Curie. She holds a BA in Economics from Cambridge University, an MA in International Relations from the University of Pennsylvania and an MBA from INSEAD. She is an honorary fellow of Gonville and Caius College, Cambridge, and of Nuffield College, Oxford.

Dame Carolyn was awarded a DBE for Services to Business in the Queen's New Year's Honours list 2019.

*Other non-executive appointments:* None.

*Committee membership:* Corporate Responsibility Committee and Nominations Committee.

### 1.4 Resolution 18 – 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 2022, whichever is earlier, up to a maximum aggregate amount of £100,000.

### 1.5 Resolutions 19 and 20 – Authority to allot shares and disapplication of pre-emption rights

#### Resolution 19 – Authority to allot shares

The purpose of Resolution 19 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 £26,832,194 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 2021, the latest practicable date prior to publication of this Notice.

At 15 March 2021, the Company held 247,254,660 treasury shares which represents approximately 7.68 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 2022 and the close of business on 30 June 2022.

#### Resolution 20 – 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 20 is to authorise the Directors to allot new ordinary shares and other equity securities pursuant to the authority given by Resolution 19 or sell treasury shares, for cash (a) in connection with a pre-emptive offer and (b) otherwise up to a nominal value of £4,025,231, equivalent to approximately five per cent of the total issued ordinary share capital of the Company exclusive of treasury shares, and 4.64 per cent of the total issued ordinary share capital of the Company inclusive of treasury shares, as at 15 March 2021, 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 20 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 20 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 2022 and the close of business on 30 June 2022

#### 1.6 Resolution 21 – 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 322,018,538 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 2021, the latest practicable date prior to the publication of this Notice. As at 15 March 2021 there were 72,120,090 options to subscribe for ordinary shares outstanding, representing 2.24 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 2.49 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 2022 and 30 June 2022.

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 2020 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 2020, 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.

### 1.7 Resolution 22 – 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 22 seeks approval of the renewal of this authority which will be effective until the Company's next Annual General Meeting in 2022, 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.

### 1.8 Resolution 23 – Amendments to the Articles of Association

It is proposed in Resolution 23 to amend the articles of association (the "Amended Articles") in order to update the Company's existing articles of association (the "Existing Articles"). The Amended Articles will become effective on the Resolution being passed.

The Amended Articles of Association contain the following principal changes:

#### (i) Combined physical and electronic General Meetings

The Amended Articles of Association provide that the Directors may decide to hold a "hybrid" general meeting as a combined physical and electronic general meeting (including an annual general meeting) in such a way that enables shareholders to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic platform (Article 54A). Voting in respect of all resolutions at a hybrid general meeting must be decided on a poll (Articles 54A(C) and 56(B)). This provision does not permit a general meeting to be held in an electronic-only format. This provision provides further flexibility for the Directors to decide the format and arrangements for holding a general meeting to ensure it is appropriate in the circumstances. The Amended Articles of Association also include a number of consequential changes to provide for a general meeting to be held as a physical general meeting or a combined physical and electronic general meeting, such as amendments to the method of voting and demand for poll (Article 56), the adjournment of meetings (Article 51) and the requirement for a quorum (Articles 49 and 50).

#### (ii) Attendance at and participation in general meetings

The Amended Articles of Association provide greater detail on how a person is able to attend and participate in a general meeting (Article 54B). This provision specifies that in determining whether persons are attending or participating in a general meeting, it is immaterial whether they are in the same place as each other or how they are able to communicate, provided that they have rights to speak or vote at that meeting. This provision provides further flexibility in the way that meetings are held and captures how a person is able to attend and participate in a physical meeting and a combined physical and electronic general meeting.

#### (iii) Postponement of General Meetings

The Amended Articles of Association contain new provisions in relation to the Directors' power to postpone a properly convened general meeting after notice of that meeting has been sent out but before the time at which the meeting is to be held (Article 45A). The Amended Articles of Association allow Directors to inform members of the new arrangements by giving notice as they see fit.

Other changes, which are of a minor, technical or clarifying nature, have not been noted. The Amended Articles showing all the changes to the Existing Articles are available for inspection, as detailed below.

## 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.

A copy of the Amended Articles of the Company, showing all the changes to the Existing Articles as proposed in Resolution 23, will be available for inspection at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ from the date of the Notice of Meeting to the close of the meeting and will also be available at the place of that meeting from 15 minutes prior to its commencement to its conclusion.



## HOW TO LISTEN TO THE AGM PROCEEDINGS

For the 2021 AGM, BAE Systems plc will be enabling shareholders to listen to the meeting by audiocast, should they wish to do so. This can be done by accessing the following website, <https://web.lumiagm.com>

This website is compatible with most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Edge, Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone.

### Logging In

On accessing this website, you will be asked to enter a Meeting ID which is **165-301-118**.

You will then be prompted to enter your unique Shareholder Reference Number (SRN) and PIN which is the first two and last two digits of your SRN. This can be

found printed on your Proxy Card or Shareholder Voting Instruction Card (if you received a hard copy AGM mailing) or on your email notification if you accessed this Notice electronically as a result of email notification by the Company. Access to the meeting via the website will be available from 09.30am on 6 May 2021. The meeting will start at 10.30am.

### Audiocast

Once logged in, and at the commencement of the meeting, you will be able to listen to the proceedings of the meeting on your device. An active internet connection is required in order to allow you to listen to the audiocast. It is your responsibility to ensure you remain connected for the duration of the meeting.

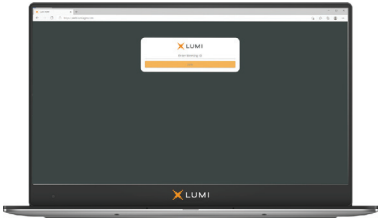
Please see below for the user guide to listening to the BAE Systems plc 2021 AGM remotely.

## User Guide to Listening to the BAE Systems plc 2021 Annual General Meeting Remotely

Meeting ID: 165-301-118


To login you must have your SRN and PIN (see above)

**1**



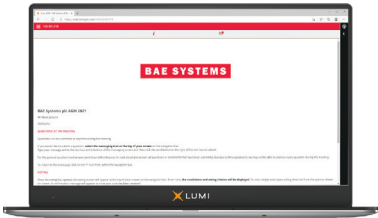
Open the Lumi AGM website and you will be prompted to enter the Meeting ID.

**2**



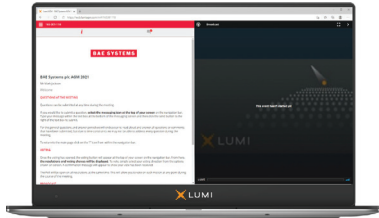
After entering the Meeting ID, you will be prompted to enter your unique SRN and PIN.

**3**



When successfully authenticated, you will be taken to the Home Screen.

**4**



To listen to the meeting, expand the "Broadcast Panel", located at the bottom of your device. If viewing through a browser, it will appear automatically.

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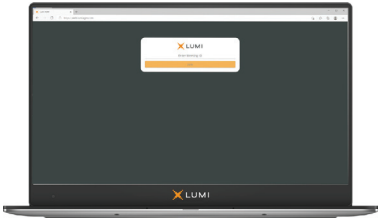
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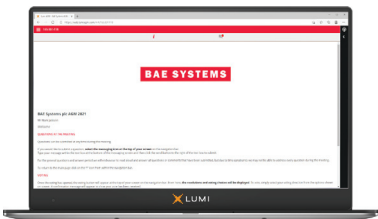
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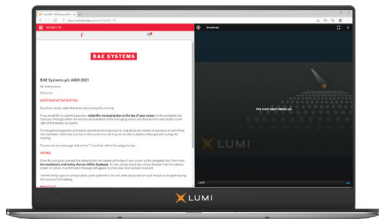
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