

## **Techmodal Limited**

### **Extract from the Statutory Report & Accounts for y/e 31.12.24**

#### **Section 172(1) statement**

This statement contains an overview of how the directors have performed their duty to promote the success of the Company as set out in Section 172(1) of the UK's Companies Act 2006. That Section requires a director of a company to act in the way such director considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f] the need to act fairly as between members of the Company.

#### **Decision making**

The Operational Framework sets out the principles of good governance to which BAE Systems Group subsidiaries are required to adhere, together with BAE Systems Group's values, policies and processes. Decisions affecting a subsidiary are required to be taken in line with the Operational Framework, including in accordance with applicable delegations of authority.

Pursuant to the Operational Framework, BAE Systems' businesses each produce a strategic plan, a financial forecast for the current year and financial projections for the next five years. The directors of the Company contribute towards this process for the respective businesses of the Company for which they are responsible and are also responsible for identifying and managing principal and emerging risks in such businesses. In so doing, the directors have regard to a variety of matters including the interests of various stakeholders, the consequences of their decisions in the long term and the long-term reputation of the Company and its businesses.

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

The Board decided to wind down the company and sold its trade and assets to BAE Systems (operations) Limited on 1 February 2025.

#### **Employees**

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

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

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

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

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

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

### **Fostering business relationships with suppliers, customers and others**

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

The Company's largest customers are governments and it also sells to large prime contractors. Strong and collaborative relationships with the Company's principal government customers helps the Company to identify its customers' requirements and to help position the Company as a trusted provider.

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

### **The community and the environment**

The directors recognise the importance of leading a company that not only generates value for shareholders but also contributes to wider society. The Company implements the requirements of the BAE Systems Group's Community Investment Policy, which is mandated through the Operational Framework, and looks to ensure that the Company builds and nurtures mutually beneficial relationships between its business, its people and local stakeholders. Giving back to the communities in which the BAE Systems Group operates, and to charities that have meaning to its business, is vitally important to the BAE Systems Group and its employees, allowing the BAE Systems Group to make a positive difference and have an impact where it operates.

The Company recognises that its operations have an impact on the environment - from the energy and resources it uses, to the products it manufactures and the waste that it generates. As an organisation, the BAE Systems Group is committed to prudently reducing the environmental impact of its operations and products, minimising its environmental footprint and, in turn, decreasing its operational costs. Through the Operational Framework, the Company implements the requirements of the BAE Systems Group's Climate Response and Environment Policy, which details the Group's commitment to high standards of environmental management. In particular, the Company is

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supporting the Group's targets to "reduce greenhouse gas emissions across our operations (Scopes 1 and 2) by 2030" and works towards a net zero value chain by 2050.

All the above activities form part of the Company's implementation of the BAE Systems Group-wide community and environment processes and policies and the BAE Systems Group's impacts thereon which are described on pages 28 to 29, 49 to 51 and 225 to 231 of BAE Systems plc's 2024 Annual Report (available at: [www.baesystems.com/investors](http://www.baesystems.com/investors)).

### **Dividends**

The directors recognise the importance of sustainable dividends. The board approved and paid a dividend of

£1,616,154 to its shareholder on 31 July 2024. In determining the capital returns, the Board considered the ongoing performance of the business and market conditions. The Board balances payments of dividends in line with other key Group stakeholders in order to deliver a level and nature of return that is considered sustainable in the long-term.

### **Maintaining a reputation for high standards of business conduct**

The BAE Systems Group is committed to ethical standards and responsible behaviour in everything it does. All employees of the Company are expected to act in accordance with the requirements of BAE Systems Group policies, including the Code of Conduct, at all times. As well as being the right thing to do, the directors consider that promoting and maintaining a responsible behaviour culture reduces the risk of compliance failure and supports the business in attracting and retaining high-calibre employees.

Detailed information on the BAE Systems Group-wide business conduct processes and policies is described on pages 52 to 53 in BAE Systems plc's 2024 Annual Report (available at: [www.baesystems.com/investors](http://www.baesystems.com/investors)).

This report was approved by the board and signed on its behalf.