



Corporate Responsibility Committee – Terms of Reference

(Adopted by the Board on 6 September 2005)

References to “the Committee” shall mean the Corporate Responsibility Committee

References to “the Board” shall mean the Board of Directors of BAE Systems plc

1. Membership

1.1. Members of the Committee shall be appointed by the Board and shall comprise a Chairman and at least two other members.

1.2. The Committee may ask any executive Director who is not a member of the Committee and any senior manager of the Company to attend meetings of the Committee either regularly or by invitation. Such invitees shall have no right of attendance.

2. Secretary

2.1. The Company Secretary or his deputy shall act as Secretary to the Committee.

3. Quorum

3.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

4.1. The Committee shall usually meet three times a year but shall not meet less than twice each year.

5. Annual General Meeting

5.1. The Chairman of the Committee shall attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee’s responsibilities and activities.

6. Duties

- 6.1.** The Committee shall assist the Board in overseeing the development of strategy and policy on social, environmental and ethical issues.
- 6.2.** The Committee shall monitor and review the Company's performance in managing social, environmental, ethical and reputational risks. Specifically, the Committee shall be satisfied that appropriate policies, systems and metrics are in place relating to workplace, community, environment and marketplace issues. These shall include, but shall not necessarily be restricted to health and safety, workplace policies, responsible supply chain management, environmental impact, business ethics and compliance with anti-corruption laws and regulation.
- 6.3.** The Committee shall review the annual Corporate Responsibility Report, prior to approval of the Report by the Board.
- 6.4.** The Committee shall oversee and support key stakeholder engagement on social, environmental and ethical issues.
- 6.5.** The Committee Chairman shall report to the Board on the proceedings of the Committee on a regular basis.

7. Authority

- 7.1.** The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 7.2.** The Committee may, subject to reference to the Board, obtain, at the Company's expense, independent professional advice on any matters covered by these terms of reference.