

BAE Systems Company Giving Policy

POLICY OWNER – Company Secretary

SCOPE

As a leading defence company we want to set standards for our industry in the area of corporate responsibility and aspire to reach the standards set by leading companies in other sectors. The Company recognises the importance of fostering good relations with its customers, stakeholders and the communities in which it operates. As part of its corporate responsibilities the Company is committed to ensuring any financial or other support in the form of goods or services given by the Company to another organisation in the form of sponsorship or donations is applied consistently across all of our operations. It also recognises its role in preserving the Company's heritage, historic artefacts and the technological history of the aerospace and defence industry and the armed services.

The company's giving activities include the following:

- Employee involvement in charitable activities through the Charity Challenge fundraising scheme.
- Donations to local, national and international charities and other not-for-profit organisations.
- Partnering with organisations committed to the preservation and interpretation of the company's history, the aerospace and defence industry and the history of the armed services.
- Sponsorship of customer-focused and stakeholder events and activities.

DEFINITIONS

Terms defined in the Operational Framework shall have the same meaning when used in this Policy.

Company Giving – any financial or other support in the form of goods or services given by the Company to another organisation in the form of Sponsorship or Donations.

Sponsorship – any Company Giving activity for which a tangible benefit is received and the Company is directly associated with such activity. Typically sponsorship may include:

- hospitality - including opportunities to engage with customers and/or free or reduced tickets to an event;
- media engagement opportunities;
- promotion of the Company on web sites and in marketing materials;
- advertising - including opportunities to promote the Company's brand;
- speaking opportunities;
- employee involvement opportunities.

Donations – any Company Giving activity, given to a charitable or other not-for-profit organisation, for which no tangible benefit is received.

Charity Challenge – a programme which supports and encourages employee involvement in charitable activities.

POLICY

1. General

- 1.1 The Company shall agree annual budgets for Company Giving activities as part of the IBP process that shall:
- a. support the requirements of local, national and international charities and other not-for-profit organisations; and
 - b. provide Sponsorship to activities that enhance the reputation of the Company as a whole.

- 1.2 Only funds which have been identified through the IBP process for Company Giving shall be used for such activity.
- 1.3 Line Leaders and Functional Directors shall:
 - a. ensure that policies and processes are in place for their area of accountability to comply with this Policy and shall be responsible for the approval of local Company Giving activities against defined criteria;
 - b. ensure that Company Giving activity is budgeted as part of the IBP Process;
 - c. ensure that Company Giving is not paid to third-party fundraisers or directly to individuals;
 - d. ensure that prior to a Donation being made, charitable organisations are vetted through a recognised organisation, such as the Charities Aid Foundation or the Better Business Bureau's Wise Giving Alliance (US), to ensure that the Donation shall be used exclusively for charitable purposes;
 - e. ensure that sponsorship of an event or activity for the benefit of a small or closed group of individuals, particularly from the customer, supplier or governmental community, is considered carefully to make sure that no impropriety results. In general, all Sponsorship activity shall be tested against the general principle that it does not, and does not appear to, place actual or potential customers, suppliers or government officials under any obligations;
 - f. ensure their Business supports the Charity Challenge programme.

2. Management and Reporting

- 2.1 The Company Giving Committee shall oversee and report to the Executive Committee on all Company Giving activities including Charity Challenge.
- 2.2 The Company Giving Committee shall be supported by two sub-Committees which shall be responsible for home market and local management and reporting:
 - UK/RoW Giving Committee
 - BAE Systems Inc Giving Committee
- 2.3 The UK/RoW and BAE Systems Inc Giving Committees shall agree a policy and criteria for Company Giving activities within their areas of operation, along with the guidelines for approval of requests.
- 2.4 Any gift or hospitality received in return for sponsorship shall only be accepted in accordance with the Company's Gift and Hospitality Policy, and registered accordingly.
- 2.5 Any Company Giving activity funded by Businesses in excess of £10k (or equivalent) shall be referred to the UK/RoW or BAE Systems Inc Giving Committee (whichever is appropriate) for approval, using the proforma attached at Annex A.
- 2.6 Any Company Giving activity in excess of £100k (or equivalent) shall be referred to the Company Giving Committee for approval, using the proforma attached at Annex A.

FURTHER INFORMATION

- For further information and guidance on Company Giving, contact the Company Secretary on + 44 (0) 1252 383857.

Annex A – BAE Systems Company Giving Application Form

<p><u>APPLICATION FOR COMPANY GIVING SPEND</u></p> <p><u>TO BE COMPLETED AFTER CONSULTATION WITH COMPANY GIVING POLICY</u></p>	
Name of project and value sought:	
Is project a sponsorship or donation? (see Company Giving Policy for definitions)	Name and contact details of applicant(s):
Brief description of activity in no more than 50 words:	
Describe rationale for BAE Systems' support. <i>E.g. how does activity support the UK/RoW, Inc criteria or local Business policy for Company Giving? If a sponsorship how will the activity benefit BAE Systems? One additional page of text may be supplied.</i>	
<u>FOR INTERNAL USE ONLY</u>	
Has project been approved using existing business group processes, including those on gifts & hospitality?	Will project be funded by business group or is Committee funding sought?
<u>FOR COMMITTEE USE ONLY</u>	
Rating in meeting BAE Systems' company giving criteria /10	For sponsorships only: rating of business benefits to BAE Systems /10
Date Agreed:	Signature: