

**BAE Systems Pension Funds Investment Management Limited
Disclosure of commitment to the
Financial Reporting Council's Stewardship Code**

The following statement has been prepared to disclose the nature of BAE Systems Pension Funds Investment Management Limited's ("BAPFIM") commitment to the Stewardship Code.

BAE Systems Pension Funds Investment Management Limited is a wholly owned subsidiary of BAE Systems plc and acts as the lead investment manager to the BAE Systems plc pension schemes. BAPFIM has no other external clients. External investment managers have also been appointed by the pension scheme Corporate Trustees in a number of asset classes.

Each pension scheme's Corporate Trustee has appointed Hermes Equity Ownership Services ("Hermes EOS") to assist them in fulfilling their fiduciary responsibilities as long term shareholders. The Corporate Trustees believe that oversight of their shareholdings by Hermes EOS enables them to provide the highest standards of stewardship on behalf of the beneficiaries of the schemes.

BAPFIM will assist Hermes EOS where necessary in performing its obligations and will notify Hermes EOS as soon as reasonably possible where it wishes Hermes EOS not to vote or to vote in a different way. In addition, BAPFIM's investment process incorporates, where possible, meetings with investee companies with the objective of maintaining a dialogue with their senior management.

Hermes EOS reports formally to each pension scheme's Corporate Trustee on its stewardship and voting activities as part of its quarterly reporting process. The reports are made available at www.baesystemspensions.com.

For further information, please contact David Adam, Chief Investment Officer, david.adam2@baesystems.com.