

News

22 July, 2008

BAE SYSTEMS ANNOUNCES IMPLEMENTATION PROGRAMME FOR WOOLF COMMITTEE RECOMMENDATIONS

LONDON, United Kingdom – BAE Systems today announces a three-year programme that will fully implement and embed all 23 recommendations of the Woolf Committee Report. After a thorough review of the Report, an implementation programme has been developed that will deliver the Company's goal to achieve benchmark standards of governance in the conduct of its day-to-day business.

The Woolf Committee, which was asked to examine the ethical principles and practices underlying the company's business, identified various areas for further improvement that the Company should address in order to be recognised as a global leader in ethical business conduct.

Mike Turner, Chief Executive, BAE Systems said; "Both I, and my successor Ian King, are determined that BAE Systems is recognised both as a high performing company in terms of its programme and financial performance and as a leader in standards of ethical business conduct among global companies. BAE Systems is proud to conduct its business with integrity and we will continue to ensure we communicate how we are doing this clearly and regularly with our stakeholders."

Dick Olver, Chairman, BAE Systems said; "This programme is of fundamental importance to how we do business now and in the future and it will derive benefits for our shareholders, employees and customers. We believe the Woolf Report provides valuable insight and observations that BAE Systems, the defence industry and all global companies can learn from."

Delivery of the programme and compliance with the recommendations, will be monitored on a regular basis by the Board's Corporate Responsibility (CR) Committee, chaired by non-executive director Andy Inglis. The CR Committee will have the Board responsibility for the oversight and reporting on ethical business conduct. The internal governance structure will be determined through the work of the implementation programme.

In addition, and in line with one of the Woolf Committee recommendations, the Company will select an external auditor who will conduct an annual assurance review of its progress against the implementation programme. Their first report will be published in 2009 as part of the Company's Corporate Responsibility Report.

The implementation programme will be managed by a dedicated programme director and will focus on the following areas needed to embed the Woolf Committee's recommendations:

1. changes to and the monitoring of application of policies and procedures;
2. revised training needs and the subsequent delivery of training programmes;
3. a programme to consult and communicate with stakeholders on the Company's plans;
4. communication and engagement with 97,500 employees.

The full implementation programme will be rolled out over the next three years. Further details of the programme structure are:

Steering Committee

A Steering Committee, comprising senior executives globally from across the business and reporting to the Executive Committee, has been established with responsibility for providing oversight of the implementation programme. The Committee met earlier this month.

Working Groups

Six Working Groups comprising senior managers and functional experts have been established covering specific areas such as the global code of conduct and leadership in business ethics. These Working Groups will address between them all the recommendations contained in the report.

The Working Groups have been established and the initial planning meetings are being held this month.

Work that is already ongoing includes:

- The adoption of a new policy and process dedicated to the identification and management of non-financial risks, particularly (but not exclusively) for the evaluation of non-financial risks associated, or perceived to be associated, with export markets across the world.
- The establishment of the Ethical Business Conduct project to produce a globally applicable principle-driven code of business conduct for all employees. The code will incorporate external best practices and enhance what BAE Systems already has in place. It will help to align, integrate and embed ethical business principles in the Company's culture.
- The development of a uniform global contract for the appointment and oversight of external advisers, the terms of which meet and usually exceed the standards laid down in the applicable laws and regulations of the markets in which BAE Systems conducts its business.

Further details can be found at www.baesystems.com/woolfcommittee

About the Woolf Committee

The Woolf Committee was an independent Committee appointed by the Board of BAE Systems plc in June 2007 to carry out a comprehensive independent review of the Company's ethical policies and processes and publicly report upon its findings. The Committee's Terms of Reference required it to:

- identify the high ethical standards to which a global company should adhere;
- identify the extent to which the Company may currently meet these standards; and
- recommend the action the Company should take to achieve such standards.

About BAE Systems

BAE Systems is the premier global defence and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, information technology solutions and customer support services. With 97,500 employees worldwide, BAE Systems' sales exceeded £15.7 billion (US \$31.4 billion) in 2007.

For further information please contact:

John Neilson, BAE Systems

Tel: +44 (0)1252 384795 Mob: +44 (0)780 2 337704

john.neilson@baesystems.com

Lindsay Walls, BAE Systems

Tel: + 44 (0) 1252 383074

lindsay.walls@baesystems.com

Issued by:

BAE Systems, Farnborough, Hampshire GU14 6YU, UK

Tel: +44 (0) 1252 384605 Fax: +44 (0) 1252 383947

24hr media hotline: + 44 (0) 7801 717739

Ref 212/2008