

Assurance Statement

Independent assurance report by Deloitte LLP to BAE Systems plc on the Corporate Responsibility Report 2008.

What we looked at: scope of our work

BAE Systems plc ('BAE Systems') has engaged us to give assurance on:

Limited Assurance:

- their description, on the contents page in the section 'Report process', for compiling the Group CR report ('Group CR report compilation').

Reasonable assurance:

- their statement on the implementation of the Woolf Committee recommendations on pages 13-15 of their CR Report 2008, limited to statements made in the grey boxes under the headings Global Code of Conduct, Ethics helpline, Clear policies, Business Development Advisers, Implementing the Woolf Committee recommendations, Looking forward and the Woolf Committee – key facts.

What standards we used: basis of our work and level of assurance

Our work was carried out by a multi-disciplinary team of CR assurance specialists in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000).

For the CR Report Compilation we planned and performed the work to provide limited assurance as to whether the BAE Systems' description of the Group compilation of the CR Report as outlined on the contents page in the section 'Report process' is not materially misstated. This provides less assurance and is substantially less in scope than reasonable assurance.

For the Woolf implementation, we planned and performed the work to obtain reasonable – not absolute – assurance as to whether the statement on the implementation of the Woolf Committee recommendations on pages 13-15 is a fair description of the progress made and actions taken to implement those recommendations.

What we did: key assurance procedures

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion. The key procedures we carried out were:

In relation to CR Report compilation:

- Interviewing managers at BAE Systems' head office responsible for CR management and reporting systems
- Gaining an understanding of BAE Systems' own process to collect information from issue owners (including subsidiary entities) and the process for collation and validation by the Group CR team

- Analysing and reviewing on a sample basis the key structures, systems, processes, procedures and controls relating to the Group level collation, validation and reporting processes of the CR report
- Reviewing the CR report against the findings of our work whilst assessing that the CR Report has been compiled as described on the contents page in the section 'Report process'; and
- The scope of our work did not include detailed testing of CR performance data or the operating effectiveness of processes and internal controls.

In relation to the implementation of the Woolf Committee recommendations:

- Interviewing programme management team to understand the processes and activities in place to control the Woolf programme
- Interviewing working group chairmen of the six key working groups, and a limited sample of working group team members, to understand the planned approach and actions taken to date to respond to the recommendations
- Interviewing a sample of senior executives, including the Steering Committee chairman and Project Management chairman to understand the commitment, drive and actions taken to date to address the recommendations
- Interviewing the chairman of the Project Management process to understand the approach to performing independent reviews of the project at key stages
- Observing a briefing given to the Ethical Points of Contact responsible for rolling out the Global Code of Conduct
- Interviewing a limited sample of members of the Company's legal department and legal advisers to understand the actions taken in relation to Business Development Adviser agreements
- Reviewing underlying documents to corroborate interview outcomes and inform our assessment of the statement on the implementation of the Woolf report recommendations; and
- The scope of our work did not include the provision of assurance over whether BAE System's programme of work is adequately designed to, or will, meet the requirements of the Woolf Report.

What we found: our assurance opinion

Limited assurance conclusion:

- Based on the assurance work performed nothing has come to our attention to suggest that the description on the contents page in the section 'Report Process' for compiling the Group CR Report is materially misstated.

Reasonable assurance opinion:

- BAE Systems' statement on the implementation of the Woolf Committee recommendations on pages 13-15 of their CR Report 2008, limited to statements made in the grey boxes under the headings Global Code of Conduct, Ethics helpline, Clear policies, Business Development Advisers, Implementing the Woolf Committee recommendations, Looking forward and the Woolf Committee – key facts is, in our opinion, in all material respects fairly stated as at 3rd April 2009.

Responsibilities of Directors and independent assurance provider

BAE Systems' responsibilities:

- The Directors are responsible for the preparation of the CR Report and for the information and statements contained in connection with it. They are responsible for determining BAE Systems' objectives in respect of CR performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte's responsibilities:

- Our responsibility is to independently express conclusions on the reliability of management's assertions on the selected subject matters as defined within the scope of work above
- This report is made solely to BAE Systems plc in accordance with our letter of engagement for the purpose of the directors' governance and stewardship. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than BAE Systems plc for our work, for this report, or for the conclusions we have formed
- Our multi-disciplinary team of CR and assurance specialists performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics and in some areas are more restrictive. We confirm to BAE Systems that we have maintained our independence and objectivity throughout the year, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.

Deloitte LLP

London, United Kingdom
3rd April 2009