

**Balfour Beatty**



# **Risk Management Policy**



Balfour Beatty's Risk Management Policy and enterprise risk management process are integral to the Group's ability to deliver its strategic objectives and business plans, and to ensure that:

- the business takes informed, rational and controlled risk based decisions in line with its risk appetite that drive business performance
- risk management is part of the culture of the organisation, applies across all levels of the business and is part of individuals' roles and responsibilities
- a structured and consistent approach for identifying, assessing, managing and transferring risks is in place
- the responsibilities for complying with the Group's systems of internal control and risk management are defined and discharged in line with the approved level of delegated authorities
- the effectiveness of the risk management process is assessed on a regular basis to improve the Group's risk management capability
- Enterprise risk management is integrated into the Business Management System.

In order to support the internal control environment within Balfour Beatty, this policy has the following objectives;

- to reduce the likelihood of risk events occurring, mitigate the adverse impact of such events and identify opportunities where taking risks might benefit the business by;
  - improving business performance by informing decision making and
  - protecting revenue and developing a cost effective and efficient internal control environment,
- to maintain and improve stakeholder confidence in our ability to deliver our commitments thereby sustaining and improving our reputation for effective risk management.

- Our approach for the control of Risk Management is contained with the Company Business Management Systems.

The Board of Balfour Beatty is responsible for establishing the overall Risk Management Policy for the Group and for reviewing the performance of each Division within the Group. The Audit and Risk Committee policy have independent oversight of the Policy. The Group Risk and Audit Director is responsible for the provision of specialist Risk Management support through the Enterprise Risk management team.

Each business and functional head is responsible for:

- Ensuring that effective arrangements, and management controls, to deliver these requirements are established and implemented across the operations of the business
- Ensuring compliance with all Group and legal requirements.

It is the responsibility of every individual in the business to:

- To comply with this policy and its associated arrangements as an integral part of their day to day duties.

We will bring this policy to the attention of our employees, supply chain partners and relevant interested parties; and review it on an annual basis.

## AUTHORISATION



Leo Quinn

Group Chief Executive, March 2016