

## **GROUP TENDER AND INVESTMENT COMMITTEE**

### **1. Membership**

1.1 The Committee (GTIC) shall be appointed by the Board and its membership shall be as set out in the Board Committee Membership Schedule.

### **2. Chairman**

2.1 The Chairman of the GTIC shall be the Chief Executive but, in his absence, the Chief Financial Officer, or in his absence the CEO of Investments or either of Mr Stephen Tarr, Mr John Moore, Mr Dean Banks or Mr Mark Bullock may chair GTIC meetings.

2.2 No member may chair a meeting at which that part of the business for which he has executive responsibility is presenting a proposal for approval.

### **3. Secretary**

The Secretary of the Company (or their nominee) will be Secretary of the GTIC.

### **4. Quorum and attendance at meetings**

4.1 The quorum shall comprise no less than two members, of whom at least one shall be the Chairman as defined in clause 2, above, and the Secretary of the GTIC.

4.2 Group Finance will be invited to attend all meetings. In addition, the Chairman shall ensure that appropriate representatives from specialist function or areas of the business are invited to and relevant meetings to assess and advice upon the complexity and risk profile of the project. If any invitee is unable to attend, separate agreement with what is being proposed must be obtained.

### **5. Frequency of Meetings**

The GTIC shall meet at such times as the Chairman of the Committee shall require.

### **6. Notice of Meetings**

6.1 Meetings of the GTIC shall be convened by the Secretary or any of the members.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of the items to be discussed, shall be provided to each member of the GTIC no less than two working days prior to the date of the meeting. Supporting papers shall be sent to members of the GTIC and to other attendees as appropriate at the same time.

## 7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all GTIC meetings including recording the names of those present and in attendance.
- 7.2 The Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly. The Chairman shall ensure that, in the event of any conflicts of interest being noted, appropriate control measures are taken in the way such conflicts are managed at the meeting.
- 7.3 Minutes of GTIC meetings shall be made available to all members of the GTIC and to all members of the Board upon request unless a conflict of interest exists. A schedule, in an agreed form, summarising the proposal and outcome of the meeting shall be provided to each meeting of the Board.
- 7.4 A resolution signed by such members of the GTIC as would, if present at a meeting of the GTIC, form a quorum, shall be effective as a resolution duly passed at a meeting of the GTIC.

## 8. Duties

- 8.1. GTIC has overall authority and responsibility for the content, maintenance and operation of the Gated Business Lifecycle, including proposing such amendments and modifications to its content and terms as it shall with the Chief Executive's approval, and subject always to the Matters Reserved for the Board, determine to be necessary or desirable from time to time.
- 8.2 GTIC must keep under review the effectiveness of the Gated Business Lifecycle as a control to manage risks and opportunities associated with contracts, contract tenders, bids and other project opportunities
- 8.3 Except in the case of Matters Reserved for the Board, Contracts must be submitted to the GTIC for review and approval at the relevant stages of their development via a series of 8 Gate reviews. This Balfour Beatty Gated Business Lifecycle and the timing requirements for each Gate review are shown in Appendix 1.
- 8.4 The required level of review at each Gate will be based on a risk based assessment of whether a project is Task, Standard, Major, Complex or Major Complex. Appendix 2 provides a description of each level, with examples. Appendix 3 shows the required level of review by project type for each Gate.
- 8.5 Without limiting the requirements of the Gated Business Lifecycle from time to time, the following contracts must be reviewed by the GTIC in accordance with the Gated Business Lifecycle regardless of size:-
  - 8.5.1 Any contract which might involve risks which are considered to be outside the ordinary course of business, such risks to include unusual or material concerns in relation to execution or cost and which could result in political or public opinion pressure, or which could affect the reputation of the Group.
  - 8.5.2 Any contract where financial liabilities cannot be capped at an amount no greater than the contract value, or £3m, whichever is greater. In cases where such

exposure is normal practice and well understood, (eg in contracts with the Highways Agency in the UK or other UK/US government bodies) this will require blanket GTIC approval, such approval to be reviewed on a periodic basis, but at least annually.

- 8.5.3 Any contract where there are significant (defined as over £10m) credit requirements on the Group in the provision of bonds (other than contingent bonds, including performance bonds and US surety bonds), letters of credit or contract funding.
  - 8.5.4 Any contract with a negative cash flow (unless approved by the Group CEO or CFO).
  - 8.5.5 Any contract with payment terms worse for the Group than month plus 30 days (unless approved by the Group CEO or CFO).
  - 8.5.6 Contracts with unusual contract risks as defined in the Gated Business Lifecycle
  - 8.5.7 Any contract that requires the creation of new fiscal entities.
  - 8.5.8 Any contract that potentially gives rise to any tax risk outside of the ordinary course of business.
  - 8.5.9 Any contract with a customer where there is or has been within the past 5 years, a material claim or dispute.
  - 8.5.10 Any contract deemed to require review by GTIC by any Director.
- 8.6 Any contract undertaken by Balfour Beatty Investments and any housing project where there is open market sales risk will require a Gate 3 and Gate 4 review regardless of project type.
- 8.7 The GTIC has authority to approve:
- 8.7.1 **Capital Expenditure Applications**

This authority covers all proposed capital expenditure except as otherwise covered by paragraph 8.7.2 below.
  - 8.7.2 **Investment (and Divestment) Applications**

The purchase and sale of companies, businesses or parts of businesses.

in accordance with the limits from time to time determined by the Board (Appendix 4).

8.8 The Committee shall give due consideration to laws and regulations, including the general duties of Directors set out in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, as appropriate.

9 **Reporting Procedures**

The GTIC shall submit reports to the Board concerning matters reviewed and, in special cases, shall make ad hoc reports on matters requiring the Board's specific attention.

10 **Other**

The GTIC shall review at least once a year its terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board.

11 **Authority**

The GTIC is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

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