

Statement regarding compliance with the Prompt Payment Code for Babcock DSG Ltd. up to September 2019.

Babcock DSG Ltd. pay all valid invoices at or before terms in accordance with the Prompt Payment Code.

Delays in payment occur where invoices fail to match within Babcock DSG systems – mainly as a result of invoice information discrepancies – and delays in receiving goods receipt information, either from internal process or from 3rd parties for whom we provide a procurement service.

These conditions generated delays in payments for 6% of invoices received up to September 2019.

Babcock DSG Ltd. are committed to ensuring that payments to suppliers within agreed terms are at or above the minimum targets set by government and have put in place management actions to make improvements which include:

- Joint working with the MOD and their 3rd party receipt, storage and distribution supplier to resolve system issues related to receipt notice tracking
- Finance Director chaired weekly call with department leads to review query log for invoices that do not match. Review includes identification of actions to be taken to resolve as well as looking at common trends for process improvements
- Regular meeting with the suppliers to review unmatched invoices at finance lead to finance lead level to review all unmatched invoices on a line by line level to resolve and clear outstanding issues
- Finance Director reports up through the Babcock Finance reporting line on progress and actions

Direct action and intervention with suppliers and 3rd party customer dependencies has resulted in an improving trend, and Babcock DSG Ltd. are currently tracking at 97% for October and November 2019.

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