

Babcock International Group PLC

Division of responsibilities

This document sets out the division of responsibilities amongst members of the board of directors (the “Board”) of Babcock International Group PLC (the “Company”).

The Company as a whole is led by the Board, the members of which are collectively responsible for promoting the long-term sustainable success of the Company and its undertakings (the “Group”) by directing and supervising the Company’s affairs.

Chair

The Chair, independent on appointment, is responsible for the leadership of the Board and creating the conditions for overall effectiveness of the Board and that it plays a constructive part in the development, determination and approval of the Group’s purpose, values and strategy. The Chair is specifically responsible for:

- setting the Board agenda, with primary focus on strategy, performance, value creation and accountability, and ensuring that major issues relevant to these areas are reserved for Board decision;
- shaping the culture in the boardroom;
- encouraging all Board members to engage in Board and committee meetings by drawing on their skills, experience and knowledge; regularly considering succession planning and the composition of the Board;
- with the Chief Executive Officer, demonstrating ethical leadership, promoting and upholding the highest standards of corporate governance, integrity and probity by the Company, setting clear expectations concerning the Company’s culture, values and behaviours;
- Ensuring there is a timely flow to the Board of high-quality and clear supporting information;
- ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues, and that debate is not truncated;
- ensuring that the Board determines the nature, and extent, of the significant risks the Company is willing to embrace in the implementation of its strategy;
- setting the style and tone of Board discussions and promoting a culture of openness and debate amongst Board members, in particular by facilitating the effective contribution of non-executive directors and fostering relationships based on trust, mutual respect and open communication – both in and outside the boardroom - between the non-executive directors and the executive team;
- developing productive working relationships with all executive directors, and the Chief Executive Officer in particular, providing support and advice while respecting executive responsibility;
- ensuring the Board’s committees are properly structured with appropriate terms of reference;
- consulting the Senior Independent Director on Board matters in accordance with the Governance Code;

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- taking the lead on issues of director development, including through induction programmes for new directors and regular reviews with all directors, ensuring all directors continually update their skills, knowledge and familiarity with the Company to fulfil their role both on the Board and committees;
- leading an annual evaluation of the performance of the Board, committees and of individual directors, with the support from the Senior Independent Director as appropriate, and acting on the results of that evaluation;
- considering having regular externally facilitated board evaluations;
- ensuring that the Board listens to the views of shareholders, the workforce, customers and other key stakeholders; and
- the performance of such other duties as may from time to time be assigned or delegated to the Chair by the Board.

Chief Executive Officer

The Chief Executive Officer is responsible for:

- overseeing the day-to-day operation and management of the Group's businesses and affairs;
- with the support of other executive directors, demonstrating and communicating to the Group's employees the expectations of the Board as to the Company's ethical culture, values and behaviours, promoting and upholding the highest standards of corporate governance, integrity and probity;
- providing, or ensuring the provision of, regular reports to the Board on the operation of the Group's businesses and of reports of significant matters and developments affecting the Group;
- maintaining a regular dialogue with major shareholders and the analyst community;
- formulating proposals to the Board for the strategic development of the Group;
- the implementation of Group strategy as approved by the Board;
- formulating annual budgets for Board approval;
- overseeing the application of Group policies and governance procedures, including its policies as regards health and safety and environmental matters;
- maintaining a dialogue with the Chair on the important and strategic issues facing the Group, and proposing Board agenda which reflect these;
- maintaining an effective framework for internal controls and risk and ensure that the Group risk profile is reviewed periodically;
- giving input to the Chair on matters concerning Board composition, particularly in regard to the diversity of the Board;

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- reviewing the performance of the executive team, allocating responsibilities to individuals and making recommendations to the Remuneration Committee regarding individual pay and long-term performance incentives;
- reviewing non-executive director fees, together with the Chair;
- ensuring necessary management skills and financial and human resources are available to the Group, including succession planning (for approval by the Board or Nominations Committee where applicable); and
- performing such other duties as may from time to time be assigned or delegated to the Chief Executive Officer by the Board.

Senior Independent Director

The Senior Independent Director's role is to:

- act as a sounding Board for the Chair, providing support in the delivery of his or her objectives; and to act as intermediary for the other directors if necessary;
- be available to shareholders including representative bodies if they have concerns which contact through the normal channels of Chair, Chief Executive Officer or Chief financial officer has failed to resolve or where that contact would not be appropriate;
- develop a balanced understanding of the issues and concerns of major shareholders;
- be ready to take responsibility, working closely with the Nominations Committee, for an orderly succession of Chair if needed;
- to support the Chair with the annual Board evaluation; and
- be ready to intervene and work with the Chair and other directors and/or shareholders as appropriate in order to maintain Board and Company stability should circumstances arise that give rise to stresses in the proper functioning of the Board; for example if:
 - there is a dispute between the Chair and the Chief Executive Officer;
 - shareholders or non-executive directors have expressed concerns that are not being addressed by the Chair or the Chief Executive Officer;
 - the strategy being followed by the Chair and the Chief Executive Officer does not have the support of the entire Board;
 - decisions are being made by the Chair and the Chief Executive Officer without the required approval of the full Board; or
 - succession planning is not being addressed; and
- lead a meeting of the non-executive directors without the Chair present at least annually to appraise the Chair's performance (taking into account also the views of the executive directors) and on such other occasions as are deemed appropriate.

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Non-Executive Director

The Non-Executive Director's role is to:

- support and constructively challenge the executive team and contribute to the development of the Company's strategy;
- scrutinise the performance of management in meeting agreed goals and objectives;
- monitor the reporting of performance;
- contribute to Board discussions on the nature and extent of the risk it is willing to take to achieve its strategic objectives;
- undertake a structured induction programme, and to regularly refresh and update their skills, knowledge and understanding of the business.;
- satisfy themselves of the integrity of financial information;
- ensure financial controls and systems of risk management are robust and defensible;
- determine appropriate levels of remuneration of executive directors;
- play a primary role in appointing and where necessary, removing executive directors and succession planning;
- attend scheduled meetings if requested by major shareholders and to keep informed of shareholder views; and
- meet at least annually, led by the Senior Independent Director, without the Chair present, to appraise the performance of the Chair, taking into accounts the views of the executive directors

Designated Non-Executive Director

The Designated Non-Executive Director's role is to:

- gauge the views and feedback of the workforce on a regular basis and bring it to the attention of the Board;
- ensure the views of the workforce are taken into account in Board decision-making, particularly when they are making decisions that could affect the workforce;
- feedback to the workforce what steps have been taken to address their concerns or to explain why particular steps have or have not been taken; and
- ensure the Board take appropriate steps to evaluate the impact of any proposals that influence the experiences of the workforce and consider what steps should be taken to mitigate any adverse impact.

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Group Company Secretary

The Group Company Secretary's role is to:

- ensure that appropriate and timely information is provided to the Board and its Committees;
- ensure Board procedures are complied with effectively;
- advise and support the Chair and the Board on all governance matters; and
- be the secretary to the principal Committees of the Board.