

Balfour Beatty plc – Terms of Reference

ADVISORS TO THE REMUNERATION COMMITTEE

1. Advising the Remuneration Committee in respect of Balfour Beatty's remuneration policy for the Chairman, Executive Directors and senior management immediately below Board level.
2. Determining competitive levels and forms of pay for the Chairman and Executive Directors.
3. Reviewing proposals for incentive plans affecting the same group.
4. Reviewing all stock based and long-term incentive plans.
5. Advising on developments regarding senior executive pension provision.
6. Advising the Remuneration Committee on developments and best practices in the areas of remuneration and corporate governance requirements.