



Network Rail Limited (the “Company”)

Terms of Reference

for

The Executive Committee of the Board

Authority of the Executive Committee

- 1 The Executive Committee shall have primary authority for the management of the Company’s operations and strategic policy implementation, subject to policies approved by the Board of the Company (the “Board”) and within financial limits set by the Board from time to time. The authority of the Executive Committee shall not extend to matters which have been expressly reserved to the Board.

Membership

- 2 The Executive Committee shall be appointed by the Board and shall comprise at least six members.
- 3 All executive main board directors of the Company shall be members of the Executive Committee together with the HR Director, Corporate Communications Director, Safety and Sustainable Development Director and the General Counsel.
- 4 The Chairman of the Executive Committee shall be the Chief Executive. In the absence of the Chief Executive, an executive director shall act as chairman.
- 5 Others may be invited by the Chief Executive (or in their absence the chairman of the meeting) to attend all or part of any meeting.
- 6 The Company Secretary of the Company or their nominee shall act as secretary of the Executive Committee (the “**Secretary**”).

Proceedings of the Executive Committee

- 7 The Executive Committee shall meet formally at least ten times a year (where appropriate such meetings should be timed by reference to the Company’s financial reporting cycle) and otherwise on such occasions as may be required. In addition, a meeting of the Executive Committee may be

convened by any of its members or the Secretary if they consider it necessary.

- 8 The quorum for transaction of business by the Executive Committee shall be any four members of whom at least one must be the Chief Executive or the Group Finance Director.
- 9 The Executive Committee shall operate by majority decision. In the case of an equality of votes, the chairman of the Executive Committee shall be entitled to an additional or casting vote in addition to any other vote he may have.
- 10 Notice of each meeting of the Executive Committee (confirming the venue, date and time, and an agenda of business to be discussed) shall, unless agreed by all concerned, be sent to each member not less than three working days before the meeting.
- 11 The Secretary shall maintain a written record of the proceedings and decisions of the Executive Committee which shall be circulated to all members of the Executive Committee and be available to all members of the Board.
- 12 The Chief Executive shall report the activities of the Executive Committee meeting to the next appropriate meeting of the Board (to the extent deemed appropriate by the Chief Executive).
- 13 The Executive Committee shall conduct an annual review of the work of and the members of the Executive Committee and these terms of reference and make recommendations to the Board.

The role of the Executive Committee

- 14 The Executive Committee is authorised by the Board of the Company to exercise the powers and discretions described in paragraphs 14.1 to 14.2 below.

14.1 General

- (a) Recommending objectives and strategy for the Network Rail group of companies in the development of its business, having regard to the interests of its customers, employees and other stakeholders
- (b) Executing the objectives and strategy approved by the Board
- (c) Presenting proposals for the Company's budgets and business plans to the Board and, following their adoption, the achievement of the budgets and plans
- (d) Reviewing the operational performance of the Network Rail group of companies against the objectives and strategy

- (e) Reporting to the Board on the business performance of the Network Rail group of companies including identifying key issues for the Board's attention
- (f) Executing such authorities delegated to the Executive Committee by the Board from time to time
- (g) Responsible for providing leadership and commitment within the business on safety, health and environmental matters
- (h) Establishing and implementing appropriate levels of authority delegated to senior management throughout the business
- (i) Reviewing the organisational structure of the business and in relation to material changes making recommendations
- (j) Establishing and monitoring the control and co-ordination of internal controls and risk management throughout the business
- (k) Establishing and monitoring compliance with relevant legislation and regulations
- (l) Safeguarding the integrity of management information and financial reporting systems and reviewing the integrity of the Group's financial statements included in its results announcements, Annual Report and Accounts and other formal documents containing financial statements
- (m) Examining all major investment and capital expenditure proposals and the recommendation to the Board of those which in the context of the business are matters reserved to the Board, are outside the delegated responsibilities of the Investment Panel under the Investment Regulations or are material either by nature or cost
- (n) Establishing and maintaining the provision of adequate management development and succession
- (o) Developing and implementing appropriate remuneration structures within the business below the level of responsibilities of the Remuneration Committee
- (p) Approving initiatives which are likely to have a material impact from a regulatory or competition perspective or on Group reputation
- (q) Developing and implementing business policies, including:
 - Risk management policies
 - Health and safety policies
 - Environment and sustainability policies
 - Human resources policies
 - Communications policies
 - Corporate social responsibility policy
 - Charitable donation policy

- (r) Developing active liaison, co-ordination and co-operation between the business functions

14.2 Other

Consideration of any other matter specifically referred to the Executive Committee by the full Board.

Adopted by the Board of Network Rail Limited 18 January 2012