

“The Group expects the highest standards of integrity from every one of its employees.”

How we behave as

**individuals**

**Business conduct guidelines**

Balfour Beatty people understand and abide by the company's core values and its principal commitments. We work hard, are reliable, conscientious and approachable. We are proud of our company and are motivated to contribute to and share in its success. In return, we are supported by the company in our efforts to do our jobs to the best of our ability.

Balfour Beatty expects the highest standards of integrity from all its employees. These guidelines should be followed without exception, by all our employees, in all businesses and territories. They apply in addition to individual policies, procedures and codes that may be issued by either Balfour Beatty plc or its Operating Companies. They take precedence over local customs and practices unless the latter are more stringent. If the operating practices or policies of the Operating Company you work for require more of its employees than is set out in these guidelines, you must follow the stricter requirements.

You must report any suspected violation of these guidelines to your line manager or supervisor or, alternatively, use the Whistleblowing Procedure. All reports will be taken seriously and thoroughly investigated. Violations reported in good faith will have no detrimental result for anyone reporting them. If you are unsure whether your own or your colleagues' behaviour contravenes these guidelines, you should discuss the issue with your manager. Failure to comply with the standards contained in these guidelines may have severe consequences for the Group and may, therefore, also result in disciplinary action for individuals. You should be aware that engaging in such behaviour may also lead to criminal prosecution or civil proceedings.

A handwritten signature in blue ink, appearing to read 'I. Tyler', is positioned above the name and title of the signatory.

Ian Tyler  
Chief Executive  
January 2006

# How Balfour Beatty people behave

**Laws and Regulations** Balfour Beatty people obey the letter and the spirit of the law and abide by regulations. We keep accurate and complete business records relevant for our areas of business responsibility. We follow the Group's Codes and Manuals to the letter. We ensure that we know what is expected of us and we deliver on it.

We never indulge in anti-competitive practices, either formally or informally. We trade shares only when we are allowed and never use insider information to our own advantage or to that of our friends or relations.

**Personal Behaviour Standards** Balfour Beatty people avoid conflicts of interest and never use their position in the company for personal profit or gain. We do not have financial interests in organisations with which we do business, nor do we use the company's resources for private purposes.

We do not make political contributions in the company's name and we avoid outside positions which could lead to perceived conflicts of interest. We do not respond to the media without express permission. We do not abuse the internet access provided by the company and we take care to uphold the company's good name.

**Suppliers and Customers** Balfour Beatty people do not give or take bribes. We only accept gifts or favours if customary in type and nominal in value and report those we do receive. We offer gifts or entertainment on the same basis. We keep the company's business, and that of its stakeholders, confidential at all times, both during and after our time working in the company.

**The Working Environment** Balfour Beatty people treat and are treated without prejudice. We do not bully or intimidate and we respect the human rights of others. We act consciously and consistently to keep ourselves and our colleagues safe and healthy, to protect our physical environment and to be good citizens.

**Abiding by the Law and the Requirements of Regulation**

- 1** 1.1 Introduction
- 1.2 Accurate Business Records
- 1.3 Internal Accounting Controls
- 1.4 Government Trade Restrictions
- 1.5 Competition and Anti-Trust Laws
- 1.6 Share Transactions

5  
5  
5  
6  
6  
6

**Required Personal Behaviour and Standards**

- 2** 2.1 Conflicts of Interest
- 2.2 Activities Outside Work
- 2.3 Political Contributions
- 2.4 Directorships with Other Organisations
- 2.5 Dealing with the Media
- 2.6 Email and the Internet
- 2.7 Conduct Outside the Workplace
- 2.8 Dealing with the Public

7  
8  
8  
8  
8  
9  
9  
9

**Dealing Ethically with Suppliers and Customers**

- 3** 3.1 Corrupt Payments
- 3.2 Gifts and Entertainment
- 3.3 Confidential Information

10  
10  
11

**Maintaining an Appropriate Working Environment**

- 4** 4.1 Workplace Principles
- 4.2 Human Rights
- 4.3 Health, Safety and the Environment

12  
13  
13

## 1 ABIDING BY THE LAW AND THE REQUIREMENTS OF REGULATION

### 1.1 Introduction

Proper business conduct begins with compliance with domestic and international laws, rules and regulations. You must make yourself aware of the laws and regulations that relate to the Group's activities and comply with them. When in doubt or if a local law apparently conflicts with any provision in these guidelines, you must seek advice from your Legal team. Ignorance of the law or company policy is no excuse. You must take particular care in relation to tax, exchange control and money transfer matters.

### 1.2 Accurate Business Records

Every employee receives and reports information. You must play your part in ensuring that accurate business records are maintained. Financial statements and underlying financial records must be complete, reflect accurately the transactions undertaken and represent the true state of business. For example:

- Accurate records must be kept about the recipient of any payment
- Expense items, including statements submitted, must reflect the true nature of the expense
- Claims by individuals for reimbursement of expenditure must only include sums spent in carrying out the Group's business
- No unrecorded funds or asset should be established or maintained for any reason
- No individual may create or participate in the creation of any records that are intended to mislead or to conceal
- False or misleading entries must not be made in the Group's books or records.

### 1.3 Internal Accounting Controls

We are committed to a strong, effective system of internal controls designed to preserve and safeguard our assets and to permit the preparation of accurate financial statements. If your role involves the preparation and maintenance of accounting records, you must adhere to the guidelines set out in the Group Finance Manual and those of your own Operating Company.

“You must play your part in ensuring that accurate business records are maintained.”

## 1.4 Governmental Trade Restrictions

The Company's international business must be conducted in strict accordance with all laws and regulations relating to export controls, economic embargoes and economic boycotts. Local laws of some countries may prohibit business with certain other countries and the penalties for violation (even if inadvertent) and the consequent reputational damage can be substantial. If you work overseas, you must be aware and knowledgeable about such matters and follow the laws and regulations of the country in which you operate.

## 1.5 Competition and Anti Trust Laws

We will comply fully with competition and anti-trust laws worldwide. This means, for example, that employees must not enter into any understanding or agreement with a competitor with the purpose or effect of influencing the price or restricting the availability of any service that a Group Company or the competitor provides on its own behalf or for a third party. Pursuing an anti-competitive course of conduct for any reason whatsoever is not acceptable. There are no excuses for violating competition and anti-trust laws. Both oral and written agreements and understandings may be considered anti-competitive or anti-trust. Employees and the Group may be subject to criminal prosecution for breaches of such laws.

## 1.6 Share Transactions

Generally, it is illegal to buy or sell shares in any public company when you have material information that has not been disclosed to the general public. Information is material if it would influence a reasonable investor's decision to buy or sell shares of a company.

We endeavour to keep the investing public informed of developments that might materially affect the value of our shares. There are times, however, when you may be aware of undisclosed material information. In that case, you must not use such information to buy or sell Balfour Beatty shares, or to communicate such information to others, until a reasonable time has passed after the information is made public.

*“We will comply fully with competition and anti-trust laws worldwide.”*

Material non-public information acquired in connection with your position in the Group may be disclosed only to individuals who need to know such information in order to perform their duties. Using such non-public information for personal benefit or to inform others who might use it to make an investment decision is illegal and unethical.

The Group's share dealing code applies to employees who have share options or shares in Balfour Beatty plc and must be followed at all times. The Company Secretary of Balfour Beatty plc can provide further advice on this matter.

## 2 REQUIRED PERSONAL BEHAVIOUR AND STANDARDS

### 2.1 Conflicts of Interest

You must avoid direct or indirect conflict between personal interests, including those of your family, and those of the Group or its customers or suppliers. A conflict of interest occurs when your private or personal interests or actions may interfere or risk being seen by others to interfere with the interests of the Group and make it difficult for you to do your job objectively and effectively. Everyone with whom we do business is entitled to fair and even-handed treatment. Doing anything which might create the impression that customers or suppliers have a contact in Balfour Beatty who can exert influence on their behalf must be avoided. In particular:

- **Personal Gain**

You must not use your position for personal profit or benefit of any kind.

- **Financial Interests in Suppliers and Others**

Any interest, investment or association by you or your family that interferes with the independent exercise of sound judgement in the Group's interest must be avoided. For example, you, or a family member, must have no direct or indirect personal financial interest in any business with which the Group has dealings unless that interest is fully disclosed and approved in writing by an Operating Company Director or a Balfour Beatty plc Director. The sole exception is where you and your family might hold, as an investment, less than 5% of the shares in a company.

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## 2.2 Activities Outside Work

You are required to contribute your full effort at all times to the interests of the Group and must not, therefore, engage in outside business or employment without the prior written consent of your manager. In the event that permission is granted and you receive a fee, it must be disclosed to an Operating Company Director (or, in the case of Head Office, a Group Managing Director or Balfour Beatty plc Director) who will decide whether or not it can be regarded as personal income.

You must not use the resources of the Group for private or non-Group purposes without permission.

## 2.3 Political Contributions

Contributions to any political party or campaign by the Group or its Operating Companies are not permitted. This includes non-cash contributions such as the use of corporate facilities, services or employee time. Exceptions must be expressly authorised by the Chief Executive of Balfour Beatty plc.

## 2.4 Directorships with Other Organisations

The Group encourages participation in civic affairs, educational or charitable institutions and in professional organisations. As serving as a trustee, director or officer of such organisations involves the commitment of significant time, this will be approved, upon application, on a case-by-case basis.

You are responsible for ensuring that outside positions, including positions with community and professional organisations, do not create a conflict of interest or potential misunderstanding by customers. For example, a school of which an employee is a governor may plan construction work for which the Group could be asked to tender. In such circumstances, the employee must abstain from the decision making process and any contributory discussions or meetings.

## 2.5 Dealing with the Media

Unless specifically authorised to do so, you should not respond to approaches or questions from the press or other media, or initiate contact

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with them. You must notify your Communications Manager or the Corporate Communications Department at Balfour Beatty plc if approached.

No literature should be published, lecture delivered or communication made to the press, radio or television relating to the Group's business or to any matters with which it may be concerned, unless the express prior written authority of your manager has been obtained.

## **2.6 Email and the Internet**

These business systems are provided to employees for use at work. Balfour Beatty has a legitimate interest in safeguarding its assets, employees and business reputation against improper conduct. As a result employees cannot expect privacy in respect of emails sent or received on the Group's systems or in their use of the internet.

The Group reserves the right to monitor emails and internet usage, as per the Data Protection Commissioner's Code of Practice.

The Group's email and internet systems must not be used to access, display, store, generate or send to others material which is illegal or may be regarded as causing offence. This includes obscene, pornographic, sexist, racist, defamatory and abusive material or material that is in breach of copyright or otherwise inappropriate (for example, which has itself been obtained illegally).

## **2.7 Conduct Outside the Workplace**

To maintain the Group's reputation, employees must conduct themselves appropriately when away from work. Take care not to behave in a manner which is, or could be seen to be, detrimental to the Group's interests or reputation.

## **2.8 Dealing with the Public**

Much of our business is carried out in the public eye. The Group will be measured and its reputation formed by the way its employees behave. Members of the general public must be treated with respect, courtesy and consideration at all times.

“To maintain the Group's reputation, employees must conduct themselves appropriately when away from work.”

## 3 DEALING ETHICALLY WITH SUPPLIERS AND CUSTOMERS

### 3.1 Corrupt Payments

You are absolutely forbidden to give or take bribes or to give or receive other payments or things of value for a corrupt purpose, either in your own name or on behalf of the Group. Equally, members of your family must not receive payments, favours or services in any matters that concern your employment. Payments for goods or services must follow customer trade terms, reflect the fair value of such goods or services and be fully accounted for. Commissions or fees shared with third parties must reflect the value of services actually provided, and must be in accordance with Group Policy, as set out in the Group Finance Manual. Payments must not be made to government officials to obtain or retain business. You must always abide by the laws of the country in which you are located or conduct business.

“You are absolutely forbidden to give or take bribes or to give or receive other payments or things of value for a corrupt purpose...”

### 3.2 Gifts and Entertainment

Appropriate business entertainment and gifts can generate goodwill and improve working relationships. However, you must avoid situations that could interfere, or appear to interfere, with the impartial discharge of your duties or those to whom gifts and entertainment are offered.

Acceptance of entertainment, gifts, personal favours or services that may be seen as a conflict between your personal interest and that of the Group or its customers and suppliers is not acceptable. This applies to gifts, favours or services given to your family as a result of your employment.

Any entertainment, gifts or personal favours accepted must be customary in type and nominal in value. Overly lavish gifts or entertainment such as, for example, holidays, cars or other high-value items, must be declined. Any entertainment accepted must be of a type that can be reciprocated as a proper and normal business expense and of a value that it cannot possibly be construed as a bribe. In certain circumstances, consideration may be given to cultural and local context when rejection of a gift would cause “offence” and potentially damage customer relationships.

Any gift received must be reported to your Operating Company Finance

Director who will determine whether or not you can retain it or whether it should be passed to the Company. A register will be maintained by each Operating Company Finance Director to record such transactions.

Any entertainment or hospitality, other than nominal in value, offered by or to the Group's external auditors must be reported to and approved by the Finance Director of Balfour Beatty plc.

Similarly, provision of entertainment to customers, potential customers and other third parties should not be overly lavish and should be appropriate to the circumstances. Many of you work on public sector programmes and meet public servants who are subject to increasingly stringent rules governing relationships with customers and suppliers. Great care should be taken always to avoid any appearance of impropriety by, for example, providing entertainment which in another business context may be seen as nominal in value and customary. Many countries have comprehensive laws governing business relationships with Government officials or other public servants and you must ensure you are familiar with them if relevant.

The purchase of gifts for, or defrayment of personal expenditure (other than modest entertainment) on behalf of, third parties is only acceptable in very exceptional circumstances. Such expenditure should be authorised in advance by your Operating Company Managing Director (or in the case of Head Office expenditure, a Group Managing Director or Balfour Beatty plc Director).

Advice and guidance must be sought from the Group's Director of Personnel and prior approval obtained before discussions commence in respect of the recruitment of senior public servants or former public servants who have recently occupied senior positions, as permanent employees or consultants.

### **3.3 Confidential Information**

You are obliged, by reason of your employment, to maintain confidentiality of information about the Group. You must not during your employment, or after it has ended, other than in the proper performance of your duties, use for your own purposes or disclose to any third party any confidential

“You are obliged, by reason of your employment, to maintain confidentiality of information about the Group.”

information obtained during the course of employment which relates to Balfour Beatty or any member of the Group or any of its or their businesses. You must treat as confidential all details relating to the business, affairs, finances, transactions, processes and designs of any member of the Group. If you are in any doubt, you should seek guidance from your manager.

You must take particular care in public places to avoid the indirect disclosure of confidential information through overheard conversations, observed documents or other means. On leaving Balfour Beatty to work elsewhere you are expected to maintain confidentiality and are required not to divulge confidential information about the Group's business. Similarly, if you previously worked for a competitor, you are expected to maintain the confidentiality of information you have acquired from that company. It is never acceptable to coerce an employee to divulge confidential information about a previous employer.

On the termination of employment with the Group and at any time or times during employment on request by the Company, you must immediately hand over all records in whatever format and stored on whatever medium (together with all copies of those records and all notes made from them) which are made or caused to be made or held by you during the course of your employment.

Information about the Group's customers must be regarded as confidential and must not be used for personal advantage or in any manner that would reflect badly on the Group's business or reputation.

## 4 MAINTAINING AN APPROPRIATE WORKING ENVIRONMENT

### 4.1 Workplace Principles

At Balfour Beatty, all employees have equal opportunity. Entry into employment and progression within the Group is determined solely by the application of objective criteria and on personal merit. You and all other employees share a responsibility to create and maintain an environment that encourages everyone to contribute fully and productively. Conduct which creates an intimidating or otherwise hostile or offensive work

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environment will not be tolerated. Each Group Company will act promptly, in accordance with its respective policies and applicable laws, to address conduct that infringes upon individual dignity or is discriminatory or involves harassment or bullying behaviour.

## **4.2 Human Rights**

Balfour Beatty pursues all of its business activities with respect for human rights. The Group adheres to the principles of the United Nations Universal Declaration of Human Rights and other core conventions. The Group wishes to deal with business partners and agents who also aspire to achieve these standards.

## **4.3 Health, Safety and the Environment**

Balfour Beatty regards high standards of safety and health as a cornerstone of a successful business. You have a clear duty to take every reasonable precaution to maintain a safe and healthy working environment in order to avoid the possibility of injuring yourself or putting at risk those with whom you work and members of the public. Strict adherence to the Group's Health and Safety Policy is expected of every employee.

The Group seeks to maximise the positive environmental impacts of the activities in which it is involved and to minimise any potential negative impacts to the environment arising from its operations. Good environmental practice is regarded as a fundamental element of business. Each Operating Company has a formal Environmental Policy specifying the way it intends to implement this intent and you share a responsibility for its implementation.

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