

“Our performance and our reputation depend on how we manage our relationships with our employees, our customers, our suppliers and the wider community.”

How we manage our

relationships

Stakeholder codes of practice

Balfour Beatty Operating Companies are expected to handle relationships with their key stakeholders in a consistent and professional way. They have the right processes and standards to select, recruit, manage and develop their people at every level. Customer relationships are managed openly and transparently at all stages. Suppliers are selected, managed and evaluated with care and propriety. And our businesses engage positively with the individuals and organisations throughout society at large.

STAKEHOLDER CODES OF PRACTICE

2007

The purpose of the attached Codes of Practice is to provide clear guidance to managers in all Operating Companies within the Balfour Beatty Group with respect to the standards and processes expected of them when dealing with their key stakeholders. Adherence to these principles and standards by Operating Companies is vital if Balfour Beatty is to build on its reputation for conducting business in an unfailingly professional manner to the highest standards of integrity.

Although the Group is decentralised, these codes of practice apply to all Operating Companies and their subsidiaries, operating in all territories. The Group will set up appropriate processes to encourage their universal and efficient implementation and will, from time to time, seek evidence that they are being followed satisfactorily.

There are separate codes of practice for our dealings with employees, customers, suppliers and the wider community. In each case, there are a number of key operating principles, each supported by one or more minimum standards.

Please ensure that you read these codes of practice carefully and that you take steps to ensure that the business area for which you are responsible abides by them.



Ian Tyler
Chief Executive

1 RELATIONSHIPS WITH EMPLOYEES

These operating principles are intended to cover the full life-cycle of the relationship with employees: from selection and recruitment, through employment, including management and development, to termination of employment (retirement, resignation, etc).

1.1 SELECTION

Operating principles

Minimum standards

- To recruit applicants who are competent to do the jobs for which they are selected.

- Every Operating Company satisfies itself that every employee has the skills and capabilities to do his or her job and its associated tasks.

- To expose applicants to a clear, objective selection process.

- The selection process:
 - provides a clear definition and specification of the knowledge, capability and experience required
 - makes explicit how applicants will be evaluated
 - appropriately informs successful and unsuccessful candidates.

- To take on an employee only when we have defined requirements and a clear job need or career opportunity.

- Every employee has a clear definition and specification of requirements, appropriate to the nature of the job.

- To employ people who operate in a manner consistent with our core values.

- Operating Companies only employ people who are willing and able to work with us in accordance with the standards we set ourselves.

EMPLOYEES

Operating principles	Minimum standards	1.2 MANAGEMENT
<ul style="list-style-type: none"> To operate in accordance with the letter and spirit of all relevant legal and professional standards in our dealings with employees. 	<ul style="list-style-type: none"> Every Operating Company ensures conformance to the relevant legal and professional standards. 	
<ul style="list-style-type: none"> To evaluate the performance of every employee. 	<ul style="list-style-type: none"> Every employee's performance is evaluated: <ul style="list-style-type: none"> at a minimum to reveal any performance or behaviour detrimental to the business to identify any training and development needed to inform succession planning and career development where relevant. 	
<ul style="list-style-type: none"> To work with an employee or group of employees to resolve any dispute at the earliest possible stage. 	<ul style="list-style-type: none"> We act in a bona fide manner, and expect this to be reciprocated. Disputes are resolved as quickly as possible. We act according to agreed processes that include clear escalation procedures. 	
<ul style="list-style-type: none"> To communicate openly and accurately with employees. 	<ul style="list-style-type: none"> The exchange of information is adequate to support the employee in his or her job. To ensure understanding amongst employees of the goals and objectives of the business and Group as a whole, every Operating Company communicates the strategy and performance of the company on a regular basis. We do not withhold information to which an employee or group is legitimately entitled to have access. 	

1.3 BEHAVIOUR

Operating principles

Minimum standards

- To ensure that business and the management of employees are conducted ethically.

- Our employees are only asked to work in an environment that is safe and healthy.
- No employee gains personally from our dealings with customers, suppliers and other bodies - beyond remuneration.
- We do not require an employee to undertake activities that are unethical, unprofessional or against his or her fundamentally held beliefs.

- To honour agreements made with employees.

- Commitments made are adhered to.
- Clear and appropriate managerial authorities and controls are in place.

- To treat all applicants and employees in a fair and even-handed manner.

- Every Operating Company takes reasonable steps to ensure open, competitive access to all employment opportunities:
 - No applicant or employee receives less favourable treatment because of age, ethnic background, gender, disability, sexual orientation, marital status or personal discrimination
 - Opportunities are promoted to attract the fullest range of applicants.

2 RELATIONSHIPS WITH CUSTOMERS

These operating principles are intended to cover the full life cycle of the relationship with customers: from business development and selection, through supply of projects and services, including performance evaluation, to contract completion, termination and/or de-selection.

Operating principles	Minimum standards
<ul style="list-style-type: none"> To develop business relationships with chosen customers in areas where we are demonstrably competent and can add lasting value. 	<ul style="list-style-type: none"> Every Operating Company takes reasonable steps to ensure that in every relationship we: <ul style="list-style-type: none"> comply with relevant statutory requirements have the capabilities necessary to discharge our obligations to the customer.
<ul style="list-style-type: none"> To take on work for a customer only when we have a clear understanding of what is expected of us. 	<ul style="list-style-type: none"> We have a clear definition and specification of the customer's requirements whenever work is undertaken, appropriate to the nature of the contract entered into.
<ul style="list-style-type: none"> To work only with customers who operate in a manner consistent with our core values. 	<ul style="list-style-type: none"> Operating Companies only engage with customers who are willing and able to work with us in accordance with the standards we set ourselves.

2.1 BUSINESS DEVELOPMENT AND SELECTION

CUSTOMERS

2.2 MANAGEMENT**Operating principles****Minimum standards**

- To operate in accordance with the letter and spirit of all relevant legal and professional standards in our dealings with customers.

- Every Operating Company ensures conformance to the relevant legal and professional standards.

- To evaluate our performance with every customer.

- Every project or supply of service is evaluated:
 - at a minimum to reveal any performance or behaviour detrimental to the customer's business
 - in accordance with any arrangements agreed at the selection stage.
- We respond appropriately and without undue delay to any shortcomings identified.

- To work with customers to resolve disputes about any supply contract at the earliest possible stage.

- We act in a bona fide manner, and expect this to be reciprocated.
- Disputes are resolved as quickly as possible.
- We act according to agreed processes that include clear escalation procedures.

- To communicate openly and accurately with customers.

- The exchange of information is adequate to support the successful fulfilment of any contract.
- We do not withhold information to which a customer is legitimately entitled to have access.

Operating principles	Minimum standards	2.3 BEHAVIOUR
<ul style="list-style-type: none"> To ensure that business with customers is conducted ethically. 	<ul style="list-style-type: none"> Our business is conducted in good faith. We do not indulge in anti-competitive practices. We do not bribe or accept bribes under any circumstances. The safety of the general public, sub-contractors and employees is paramount. We do not undertake activities that breach environmental legislation or accepted standards. No employee gains personally from our dealings with customers - beyond remuneration. 	
<ul style="list-style-type: none"> To honour agreements made with customers. 	<ul style="list-style-type: none"> Commitments made are adhered to. Work is undertaken in accordance with the contract and agreement. Clear and appropriate delegated authorities and managerial controls are in place. 	

3 RELATIONSHIPS WITH SUPPLIERS

These operating principles are intended to cover the full life cycle of the relationship with suppliers: from selection through supply of materials and services, including performance evaluation, to termination and/or de-selection.

3.1 SELECTION

Operating principles

Minimum standards

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| <ul style="list-style-type: none"> To engage suppliers who are demonstrably competent. | <ul style="list-style-type: none"> Every Operating Company takes reasonable steps to ensure that every supplier: <ul style="list-style-type: none"> complies with the relevant statutory requirements has the capabilities necessary to discharge its obligations to the Group. |
| <ul style="list-style-type: none"> To expose potential suppliers to a clear, objective selection process that is mutually understood. | <ul style="list-style-type: none"> The process for selecting suppliers: <ul style="list-style-type: none"> makes explicit how offers will be evaluated appropriately informs successful and unsuccessful parties. |
| <ul style="list-style-type: none"> To take on a supplier only when we have a clear understanding of what we want it to do. | <ul style="list-style-type: none"> Every supplier has a clear definition and specification of requirements, appropriate to the nature of the relationship. |
| <ul style="list-style-type: none"> To work only with suppliers who operate in a manner consistent with our core values. | <ul style="list-style-type: none"> Operating Companies only engage suppliers who are willing and able to work with us in accordance with the standards we set ourselves. |

SUPPLIERS

Operating principles	Minimum standards	3.2 MANAGEMENT
<ul style="list-style-type: none"> To evaluate the performance of every supplier. 	<ul style="list-style-type: none"> Every supplier is evaluated: <ul style="list-style-type: none"> at a minimum to reveal any performance or behaviour detrimental to Balfour Beatty's business in accordance with any arrangements agreed at the selection stage. 	
<ul style="list-style-type: none"> To work with suppliers to resolve disputes about any supply contract at the earliest possible stage. 	<ul style="list-style-type: none"> We act in a bona fide manner, and expect this to be reciprocated. Disputes are resolved as quickly as possible. We act according to agreed processes that include clear escalation procedures. 	
<ul style="list-style-type: none"> To communicate openly and accurately with suppliers. 	<ul style="list-style-type: none"> The exchange of information is adequate to support the successful fulfilment of any supply contract. We do not withhold information to which a supplier is legitimately entitled to have access. 	

3.3 BEHAVIOUR

Operating principles

Minimum standards

- To ensure that business with suppliers is conducted ethically.

- Our business is conducted in good faith.
- We do not indulge in anti-competitive practices.
- We do not bribe or accept bribes under any circumstances.
- The safety of the general public, sub-contractors and employees is paramount.
- We do not undertake activities that breach environmental legislation or accepted standards.
- No employee gains personally from our dealings with suppliers - beyond remuneration.

- To honour agreements made with suppliers.

- Commitments made are adhered to.
- Work is undertaken in accordance with the contract and agreement.
- Clear and appropriate delegated authorities are in place.
- Those with authority to make commitments to suppliers are suitably qualified.

4 RELATIONSHIPS WITH SOCIETY AT LARGE

These operating principles are intended to cover the full life cycle of relationships with the different interest groups and communities that make up 'society at large': from initial engagement and development of the relationship, through on-going management, to withdrawal where appropriate.

It is recognised that many of these relationships will be permanent for as long as a given Operating Company operates within particular market sectors and geographies. Others will be more transient, depending on the nature and location of particular projects and service delivery.

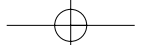
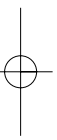
The different stakeholder groups that make up 'society at large' include government departments, regulators and related bodies, non-governmental organisations (NGOs), trade associations, 'single-interest' groups, charities, think tanks, local communities and the general public.

Operating principles	Minimum standards
<ul style="list-style-type: none"> To develop constructive relationships with regulators, influencers and other vested-interest groups and communities across the sector markets and geographies in which we operate. 	<ul style="list-style-type: none"> Every Operating Company takes reasonable steps to ensure that it is aware of the different stakeholder groups who will have an interest in its operations.
<ul style="list-style-type: none"> To work with all stakeholders in a manner consistent with our core values. 	<ul style="list-style-type: none"> To ensure that the different groups in the wider community are able to engage with us in a manner consistent with the standards that we set ourselves.

SOCIETY

4.1 ENGAGEMENT AND RELATIONSHIP DEVELOPMENT

	Operating principles Minimum standards	
4.2 MANAGEMENT	<ul style="list-style-type: none"> To operate in accordance with the letter and spirit of all relevant legal and professional standards in our dealings with the wider community. 	<ul style="list-style-type: none"> Every Operating Company ensures conformance to the relevant legal and professional standards, and is sensitive to local customs and traditions.
	<ul style="list-style-type: none"> To communicate openly and appropriately with different stakeholder groups whenever such communications are undertaken. 	<ul style="list-style-type: none"> The exchange of information is adequate to support the effective management of the relationship. We do not withhold information to which a group is legitimately entitled to have access.
4.3 BEHAVIOUR	Operating principles Minimum standards	
	<ul style="list-style-type: none"> To ensure that our business and the associated relationships with different stakeholder groups are conducted ethically. 	<ul style="list-style-type: none"> We do not engage in anti-competitive practices. We do not bribe or accept bribes under any circumstances. We operate systems and methods of work that protect those engaged or impacted by our activities, including the general public. We do not undertake activities that breach environmental legislation or accepted standards. We attempt to carry out our project activities so that they have no greater adverse environmental or social impact than might be expected.
	<ul style="list-style-type: none"> To honour agreements made with different stakeholder groups. 	<ul style="list-style-type: none"> Commitments made are adhered to. Clear and appropriate managerial authorities and controls are in place.



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