

Our marketplace

As a company we are passionate about what we do; working with our partners and supply chain we think about what our customers need and how we can improve our delivery and support their sustainable development aspirations.

Doing business with integrity builds trust and positive relationships that are central to maintaining a successful business. We work hard to ensure that we maintain the highest standards of ethical conduct in all that we do and we expect no less of our business partners than ourselves.

Our key marketplace issues	
Economic effectiveness	<ul style="list-style-type: none"> ■ Strategic development ■ Shareholder value ■ Investment
Ethical trading	<ul style="list-style-type: none"> ■ Anti-corruption ■ Business practice ■ Marketing ■ Human rights
Supply chain	<ul style="list-style-type: none"> ■ Ethical agreements ■ Governance ■ Local content

Managing our business

AMEC’s businesses are managed on a decentralised basis. While the board has retained reserve powers, the day-to-day management has been passed to the business leaders within defined authority limits. The management philosophy is to empower the business leaders to take the actions necessary to deliver the company’s operational business objectives, within defined Mandatory Procedures and Delegated Authorities. These set out the standards AMEC employees and agency staff are to achieve and adhere to.

These mandatory procedures and processes include dealing with our key marketplace issues such as strategy, ethical conduct and our supply chain. The policies and procedures set out clear standards for our businesses to achieve.

One key element in managing our business is operating an effective risk management process. Our risk management process ensures we have a pro-active approach to identify, assess and manage risk across the globe.

Risk management process in AMEC

AMEC seeks to mitigate the exposure to all forms of risk through effective risk management. AMEC has, therefore, developed and established a risk management process in order to ensure that a formal, pro-active approach is taken to the identification, assessment, planning and management of risk across all AMEC companies and businesses throughout the world. This process is driven from board level down through the organisation and is co-ordinated via the Corporate Risk Management Director. The AMEC risk management process is

mapped out in the diagram below:



The following outlines some of the specific risks faced by AMEC and the measures being taken to manage these:

Bidding risk

AMEC addresses the risk associated with bidding via a stringent tender review process which address the threats and opportunities with each tender submitted. The implementation of a web-based approval process across AMEC has resulted in improved visibility of the threats and opportunities as well as providing a consistent approach to the management of risk.

Subcontracting risk

In its subcontracting arrangements AMEC must ensure that it can perform its contractual obligations through robust supply chain arrangements. A set of AMEC Subcontracting Principles has, therefore, been developed which set out how subcontracting risk should be managed across the AMEC supply chain. AMEC pays considerable attention to subcontractors' insurance arrangements and is developing a software tool to improve the management of this process.

Project execution risk

Various measures are in place in order to address the project execution risk, including the risk management process, project reviews, internal audit of projects, and the implementation of peer reviews. Project execution risk has also been a key focus of the Operational Excellence programme particularly from a project management perspective.

Security of employees

The personal security of our employees and contractors based, or travelling extensively on business, in potentially hazardous locations is of paramount importance to AMEC. Risks are mitigated by keeping security in relevant locations under continual review with contingency arrangements in place to respond to any adverse security incidents affecting AMEC's operations across the globe. AMEC also operate a "working in countries subject to approval" procedure under which approvals are required prior to tendering for a contract which may involve working in a country designated as high risk.

Geopolitical and economic conditions

AMEC operates predominately in the UK, the Americas and Australia and is therefore particularly affected by political and economic conditions in those markets. The company is not, however, dependent on any one area of economic activity.

The risk associated with economic conditions resulting in a downturn and affecting the demand for AMEC's services has been addressed, as far as practicable, by seeking to maintain a balanced business portfolio.

In light of the current global economic downturn, steps are being taken in order to assess and monitor any potential impact on AMEC's project opportunities and address potential increased supply chain risk.

Environmental and social risk

AMEC's operations are subject to numerous local, national and international environmental regulations and human rights conventions. AMEC has taken steps to ensure that climate change related risks are appropriately highlighted in the corporate risk management process.

Breaches of, or changes in environmental or social standards, laws or regulations could expose AMEC to claims for financial compensation and adverse regulatory consequences, as well as damaging corporate reputation.

AMEC takes a pragmatic, integrated approach to managing environmental and social risks utilising existing business management systems to identify and mitigate such risks.

Ethics in AMEC

Companies considered to have a high standard of ethical conduct benefit from strong relationships with stakeholders and are seen to have a positive reputation. Reputations can be made or lost on the actions of a single employee. Efforts to manage reputational risk arising from corrupt practices by employees or business partners require a management system that has supporting processes in place, with the appropriate leadership support. AMEC has implemented a robust ethical management process, which has developed over a number of years. AMEC has a Code of Business Conduct which operates across AMEC.

At board level AMEC has a non-executive director, Martha Hesse, who chairs AMEC's Compliance and Ethics Committee. This Committee considers and approves the Code of Business Conduct and related compliance arrangements, taking responsibility for the management of investigations into any violations as necessary.

Our Code of Conduct sets out clear standards of behaviour in our business dealings and commitment to anti-corruption measures. This approach is supported by the ethics hotline which was introduced in 2008 – a confidential option for employees and others to report suspected violations of our policy and code.

As part of our membership of the World Economic Forum AMEC has joined the Partnering Against Corruption Initiative.

Ethical business conduct

Ethical conduct and compliance is absolutely central to AMEC's vision and values and ensures that we attain the highest standards of honesty and integrity in the way in which we behave and operate in the workplace.

During the year we have translated our Code of Business Conduct into a number of languages to ensure all our employees understand our requirements.



The code gives clear and unambiguous advice, building on key ethical risk areas to which our people, through their business life, may be exposed. It sets out a clear standard of conduct which AMEC expects all its people to adhere to. The code is arranged into six main sections, focusing on our responsibility to:

- our customers
- our business partners
- each other
- the company
- governments
- the wider social environment.

The Code of Conduct is available to all employees on our intranet or in hard copy.

We continue to encourage our people to report any behaviour that may constitute a breach of our code of conduct using the process set out in the Business Code of Conduct. Further advice and encouragement is given on AMEC's Ethics intranet site.

“Reputations can be made or lost on the actions of a single employee.”

Michael Blacker, General Counsel and Company Secretary

Acting with integrity and respect

As announced on 26 October 2009, AMEC has paid a sum of £4.9 million (plus associated costs) in respect of a Civil Recovery Order following the identification by the company of certain irregular payments received between November 2006 and early 2007. External advisers were immediately appointed and AMEC self reported its findings to the Serious Fraud Office in March 2008. As part of AMEC's commitment to main the highest ethical standards, an independent consultant has been appointed to review and report on AMEC's ethics and compliance programme.

AMEC take compliance and ethics seriously. We have a zero tolerance for bribery and corruption. Over 300 senior managers have been through the latest compliance and ethics training programme, and in the Americas, refresher training continues on the specific ethics requirements of the US Government.

Strategic development

Vision 2015 – assured growth

The unveiling of Vision 2015 in December 2009 defined our overall corporate vision, targets and strategic direction for AMEC beyond 2015. Through the Operational Excellence programme and now Vision 2015, AMEC and its shareholders have a clear outline of objectives, growth markets and geographies.

We take pride in understanding our customers' needs and changes in end market focus and through the integration of Natural Resources and Power and Process moved forward and remodelled our business to reflect these. This collaborative approach allows us to work closer together and provide leaner and more effective services to our clients, whilst opening up large growth opportunities across the sectors.

Through the Operational Excellence programme we are achieving the highest standard in every area of our business and we are continuously improving to striving to better position our company in our target markets. As well as strengthening our financial position, Operational Excellence is becoming a way of life for everyone at AMEC, helping us achieve our vision:

To be the leading supplier of high-value consultancy, engineering and project management services to the world's natural resources, nuclear, clean energy, water and environmental sectors.

Mergers and acquisitions: A pillar for growth

Acquisitions are an integral part of AMEC's vision and make a key contribution to AMEC's long-term prospects. One such acquisition which took place in 2009 and supports our strategy of growth globally was GRD Limited, which built AMEC's presence in Australia to almost 750 people. The mining expertise from its internationally recognised subsidiary, Minproc, complements our existing services and strengthens our presence in Australia, South Africa/Africa and South America. This acquisition along with our existing mining business increases our geographic reach and broadens our client base.

Another region for growth for AMEC is North America and the acquisition of Phillips Engineering in Quebec, Canada, provided us with infrastructure capabilities at a time when the Canadian Federal and Ontario governments committed to substantial economic stimulus spending. Our position was further solidified in the region through the acquisition of JBA, which strengthened the geotechnical, mining and environmental engineering consultancy services; and Arcas, which provided archaeological consulting expertise. Their long term, trusted relationships with key clients, help AMEC to diversify its client base and broaden business opportunities in Canada.

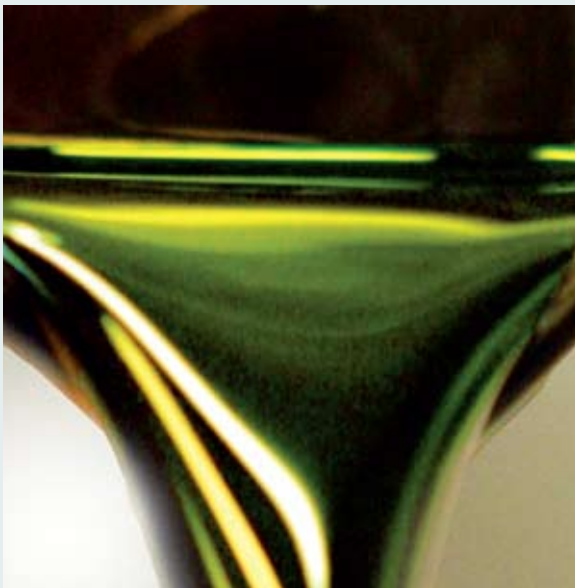


Case study

Creating a greener future with Sapphire Energy

When our clients are seeking to pioneer alternative energy sources, AMEC is right beside them working to create a greener and sustainable future. Sapphire Energy is pushing the boundaries of alternative fuel source investigation and development and AMEC have been chosen to help them determine a suitable site to build the first commercial-scale pilot plant for their project. They have applied all the current biotechnology knowledge to develop green crude, a unique commercially viable fuel source that derives from strains of algae than can be readily converted from a living organism to a fuel.

Myles Grotbo, Principal Geologist with AMEC Geomatrix says: "This project extends the traditional environmental work that we have done and applies it to a newly regulated, little known industry. Trying to explain these types of projects to regulators and communities is challenging, we have to work very closely with them to build an understanding of what the project is, combat any misconceptions, and educate the regulators on the impacts associated with the project. The work we are doing is very multi disciplinary in nature, and now AMEC is working closer together than ever before we have those specialists ready to mobilise which is a distinct advantage and benefit for Sapphire Energy."



The purchase of Performance Improvements Group (PI) Limited, the UK based asset optimisation consultancy enhanced AMEC's services for our oil and gas customers. In this case the company's wide client base, ranging from international oil companies to new entrants also has a significant potential for international expansion into other oil and gas markets such as the Middle East, Caspian and South East Asia.

Of major importance to our acquisition process is the management of integration and culture during what can be a stressful and worrying time for employees. Ensuring that new employees are listened to, communicated with and well equipped with the necessary tools to work alongside AMEC is essential in a successful merger. We also provide the necessary support to allow the individual entities to grow at a faster pace than they could have done independently.

“ Acquisition has allowed us to expand our geographic footprint and improve our capabilities.”

Roger Jinks, President, Earth & Environmental

Operational Excellence

Our Operational Excellence programme focused on achieving a sustainable, profitable business into the long term. In 2009 we developed and implemented key tools and processes in marketplace areas including:

- Strategic marketing
- Strategic relationship management and business capture
- Commercial management
- Project management
- Engineering
- Supply chain management.

Operational Excellence and Supply Chain Management

The goal of the supply chain management focus area was to ensure that AMEC becomes the customer of choice to the best suppliers. It is important for us to concentrate on forming key positive relationships with our supply chain, and working together to respond to our clients' needs.

During 2009 a Supply Chain Management (SCM) directorate was established to provide pan-AMEC direction and leadership of the Supply Chain Management activities for the supply of goods and services. It consists of all the lead SCM management across the world.

The directorate's vision for SCM is: "To deliver effective supply chain management services that enable the company to satisfy client requirements and deliver enhanced business performance through the skills of our people and our suppliers."

The members of the directorate meet regularly to focus on delivery of this vision, by institutionalising the SCM Operational Excellence initiatives across AMEC to strengthen our people and positioning for 2015. It has clear ownership for procurement and supply chain strategic direction and improvement. It actively engaged and supports the whole Supply Chain Management

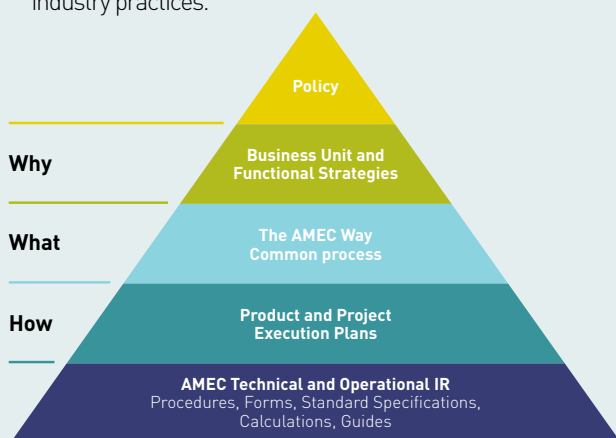
Case study

One of the key deliverables from the Operational Excellence programme was the development of a business management system that supports governance, assurance and learning across AMEC with the benefit of improving the quality and predictability of our business outcomes.

Part of the development recognised that we needed common approach on "how AMEC does its work" and developed a common process model for our key deliverables – "The AMEC Way".

The AMEC Way is a delivery assurance framework covering AMEC's key business processes and represents a common AMEC-wide approach to executing our business which:

- Defines performance standards for all the mandatory activities which make up AMEC's agreed common functional activities
- Provides guidance, tools and best-practice examples to support personnel in their activities
- Interfaces all relevant sub-processes in related functional areas e.g. project management, commercial, engineering, supply chain management, business development,
- Is deployed in a web-based format accessible to all AMEC personnel using simple graphical and text based interface
- Is presented in accessible, 'world English' based on established best-practice examples available within AMEC's existing operations and on generically applicable recognised industry practices.



The benefits of developing such a framework are:

- Faster, smarter start-ups
- Increased interface robustness
- Consistency of approach
- Knowledge capture and transfer
- Embraces good initiatives, already in progress
- Moves us towards a performance-based culture
- Improved customer satisfaction.

The AMEC Way supports our consistent and excellent performance delivery by:

- Defining a common language for what we do
- Stating common expectations of WHAT we MUST and SHOULD do in executing day-to-day tasks without constraining HOW we may do it
- Providing accessible links to resources in the form of guidance, procedures, templates and tools which represent AMEC-recommended best practice in each activity and sector.

To realise these benefits, the key delivery processes have been mapped based on inputs from across all AMEC divisions, business units, industry sectors and operating regions. Based on these agreed maps performance standards have been defined, in the form of MUST and SHOULD expectations that anyone performing a delivery role within AMEC should aspire to. It is simply part of the way we will achieve excellence.

In management systems terms, the AMEC Way provides a common framework above established management system execution plan such as the Project Management Plans which prescribe local solutions defining HOW business will be undertaken.

In 2010, led by the functional directorates, we will be working to implement the AMEC Way common process methodology fully across the business.

The diagram left outlines the new AMEC Way process, and how it fits in with current management systems.

community by focusing on:

- Strengthening our people
- Harmonising tools and processes
- Enhancing our capabilities
- Driving forward our supplier relationship management programme.

Strong links and networking are taking place between the Project Management, Engineering and Supply Chain Management directorates to ensure a focus on alignment and delivery of processes, procedures and systems which recognise and address the effectiveness of the critical interfaces and interaction that drives the successful technical delivery on projects.

Sustainability and supply chain

To ensure a consistent focus on sustainability with our suppliers of goods and services, a sustainability evaluation module has been included within AMEC's online procurement centre. It was originally scheduled for release by the end of 2009, but has been delayed to ensure its effectiveness. It is now scheduled for release and use during Q2 2010.

It consists of a series of focused questions to examine and determine a supplier's commitment to sustainability and the activities it undertakes to support AMEC's commitment to sustainability. In addition, a performance assessment has been included, to assess the extent to which a supplier met our requirements and their own stated commitment to sustainability.

Our marketplace performance

2009 delivered another year of excellent results, with significantly improved operating cash flow and a record EBITA margin of 8.2 per cent. This represented a rise of 1.1 percentage points from 2008. We believe that the trading environment will remain challenging but continue to be firmly on track to deliver our target of 8.5 per cent EBITA margin in 2010.

Summary of AMEC's financial performance

	2009 £millions	2008 £millions	Change
Continuing operations: Revenue	2539.1	2,606.4	-3%
Adjusted profit before tax	215.6	210.3	+3%
Profit before tax	203.5	306.6	-34%
Adjusted diluted earnings per share	46.7p	44.0p	+7%
Dividends per share	17.7p	15.4p	+15%

For more information and full details of the basis of calculation, please see AMEC plc 2009 annual report and accounts at amec.com.

We have continued to invest in the growth of our business, expanding our geographical reach and service provision to our clients in line with our vision and strategy.

Date	Business	Market	Purchase cost £ million
January	Performance Improvements Group (PI) Limited	UK based asset optimisation consultancy services	18
March	Philips Engineering Ltd	Canadian civil engineering consultancy	4.8
June	JBA	Canadian geotechnical and mining engineering consultancy	2.0
June	Arcas Consulting Archeologists Limited	Western Canadian archaeological firm	0.3
November	GRD Limited	Australian resources engineering and project development	88

For further information on our strategic acquisitions, please see page 42 and 43 or refer to amec.com.

Ethics helpline

We believe that we must continue to reinforce our commitment to ethical behaviour and encourage people to report poor ethical performance. The table below shows the number of incidents reported by the business.

On receipt of additional information the 2008 figures have been updated. Last year's reported figures are in brackets for information.

	2009	2008	2007
Extent to which employees or third parties bring alleged breaches of the Guiding Principles to management's attention	26	33 (17)	24
Extent to which complaints result in formal action being taken against individual employees	4	3 (2)	0

Our future

Gold Status for compliance with Supply Chain Code of Practice

In December 2009, AMEC secured a Gold Status Award for its compliance with the Oil and Gas UK Supply Chain Code of Practice.

The Code of Practice has been introduced to improve performance and efficiency and promote best practice in supply chain management around three themes of Planning, Performing and Paying. For the first time, the industry's major purchasers amongst the 150 signatories of the supply chain code of practice were subjected to an in-depth analysis of their compliance levels, looking at a variety of factors including, speed of invoice payments, transparency of forward work planning and the use of standardised contacts.

The new tiered compliance scheme allows companies to work towards three different award levels, according to ratings they receive from their suppliers.

AMEC was pleased to achieve Gold Status during this first year.

Our workplace

AMEC will launch its 'My Future' programme, and continue to improve its employee development programmes as part of the AMEC Academy during 2010.

There will be continued focus on the Beyond Zero Health and Safety programme. Specific items for roll-out in 2010 include the introduction and use of the new incident reporting, tracking and reporting tool, and the launch of the occupational health strategy.

Our environment

AMEC will continue work towards reducing its carbon footprint in order to meet our first milestone of 15 per cent reduction by 2013.

2010 will see a global reduction target of 10 per cent from 2009 levels introduced and rolled out as part of the Health, Safety, Security and Environmental performance scorecard which will be monitored quarterly.

Our community

We will continue to support the communities in which we work through education, community volunteering and other methods as appropriate.

In 2010 we will begin to record and analyse the hours spent by our employees in the community using the London Benchmarking Group model which will provide us with a better indication of the support we provide to our local communities over and above monetary charitable donations.

Our marketplace

2010 will see further development and marketing of AMEC's sustainability services, focusing on clean energy solutions and adapting to climate change.

Internally AMEC will look to further embed the Global Compact principles within our business policies and processes.