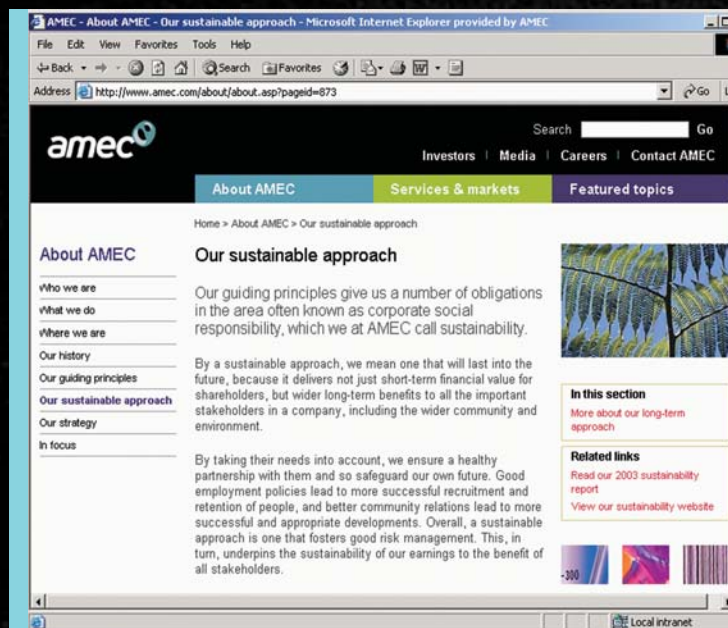


2004 performance

This year, in response to internal and external suggestions, we have moved main performance reporting to our website – www.amec.com, where you can view full metrics and explanations in each area.

During 2004 we initiated a wide-ranging review of our key performance indicators, which will be completed in 2005. Please refer to the final section of this report for more detail.



We now provide a detailed breakdown of our sustainability report on www.amec.com

How we are doing in each of the areas of sustainability that we report?
This table gives a qualitative assessment of our overall position today

■ Summary of AMEC sustainable approach and challenges

	Current status	Challenges
Community	<ul style="list-style-type: none"> <input type="checkbox"/> We consistently consult and work with our local communities <input type="checkbox"/> Many of our activities bring benefits to the community - for instance better traffic solutions in cities <input type="checkbox"/> We transfer knowledge and skills into communities and also invest in them, financially or in kind. 	<ul style="list-style-type: none"> <input type="checkbox"/> We want to deepen our investment in communities, investing in a way that improves their long-term quality of life <input type="checkbox"/> We would like to be able to measure our performance in this area more formally.
Employment	<ul style="list-style-type: none"> <input type="checkbox"/> We focus on investing in people and are take training and employee development seriously. We have a range of courses and proprietary development tools <input type="checkbox"/> We have a culture of treating our employees fairly and involving them in decisions <input type="checkbox"/> People tend to stay with AMEC for the long term. 	<ul style="list-style-type: none"> <input type="checkbox"/> One challenge is gender diversity: our industry generally does not attract as many women as men <input type="checkbox"/> We need to help broaden the pool of people working in our field, rather than just drawing on an existing pool <input type="checkbox"/> We want to improve our understanding of why people leave the company.
Environment	<ul style="list-style-type: none"> <input type="checkbox"/> We actively manage the environmental impact of our sites and projects <input type="checkbox"/> We ask all our operations to comply with ISO1400 and many have gone further, gaining independent certification <input type="checkbox"/> Many of our activities have a positive impact - for instance new waste management or energy technologies <input type="checkbox"/> We are also beginning to extend more services in this area to customers. 	<ul style="list-style-type: none"> <input type="checkbox"/> We need to do more to achieve our goal of zero enforcement actions <input type="checkbox"/> We can take more positive steps to improve the environment, rather than just minimising harm <input type="checkbox"/> We need to find measures of environmental performance that make better sense in a business context. We will have to do more in 2005 to ensure we are using meaningful key performance indicators.
Ethics	<ul style="list-style-type: none"> <input type="checkbox"/> We have an open and responsible culture, where people are encouraged to manage risk <input type="checkbox"/> We encourage people to report wrongdoing (for instance using a poster campaign) <input type="checkbox"/> We have almost no reported incidents or complaints <input type="checkbox"/> We have introduced new measure like help lines and training. 	<ul style="list-style-type: none"> <input type="checkbox"/> We can do more to check all our existing systems are working <input type="checkbox"/> Active communication and leadership from the top will continue to be essential.
Health and safety	<ul style="list-style-type: none"> <input type="checkbox"/> We have a very strong health and safety culture <input type="checkbox"/> There are robust policies across the board, which are the bedrock of our business. 	<ul style="list-style-type: none"> <input type="checkbox"/> We still want to reach the point where we have no incidents and must keep analysing incidents and taking preventative action.
Human rights	<ul style="list-style-type: none"> <input type="checkbox"/> We assess projects with care, avoiding work that compromises our own standards <input type="checkbox"/> Working closely with communities is our approach to ensuring we consider the rights of those affected by what we do. 	<ul style="list-style-type: none"> <input type="checkbox"/> We can try to do more to influence others to adopt our standards <input type="checkbox"/> We would like to develop a better method of measuring our performance in this area.
Profitable growth	<ul style="list-style-type: none"> <input type="checkbox"/> We have a prudent financial approach and access to the capital we need for growth <input type="checkbox"/> We have a diverse but balanced portfolio of businesses, with a range of new markets and opportunities <input type="checkbox"/> We have robust risk management systems and processes <input type="checkbox"/> We have a strong approach to quality systems <input type="checkbox"/> We have - and are extending - formal systems for managing customer relationships for the long term. 	<ul style="list-style-type: none"> <input type="checkbox"/> We want to do more to eliminate unwanted risks from the business. <input type="checkbox"/> Our risk management system can be streamlined <input type="checkbox"/> We can improve the level of investment in skills, training and shared knowledge <input type="checkbox"/> We also need to do more to build long-term relationships with our customers <input type="checkbox"/> Managing cash, controlling debt and generating more growth - and ultimately shareholder returns - are strategic priorities.

2004 performance continued



The stakeholder research we carried out in 2004 asked us to explain our specific sustainability objectives in more detail. A short description of our approach in each area follows – together with brief comments on 2004 performance. Please see our website for more detail.

■ Community involvement and human rights

Investing in our community helps us manage risk and forge lasting relationships that will lead to benefits for both sides, including, for example, an improved local economy or better project plans. We have a range of approaches, from hiring people in the community where we work, to transferring knowledge and skills, and mentoring the local supply chain.

In the UK, where we have traditionally handled large infrastructure projects such as motorways and wind farms, we have appointed dedicated community liaison officers. In the Americas, we provide professional public consultation services to customers, through our specialist environmental services business. In Europe, we provide a range of customised solutions for towns and cities, including transport and security systems designed to meet communities' needs.



Our community liaison officer and other specialists address public concerns arising from our activities

We have established a good practice *Community Investment Guideline*, which gives our businesses a framework to assess how to help local communities in practical ways.

We will cascade this guideline into the business over the course of the next year.

We must also avoid any abuse of community or human rights and we do this through our tender review process, which is our means of assessing potential work or projects. This process allows us to ensure the work we do is consistent with our Guiding Principles. It was recently updated and will be cascaded into the business during 2005. In future, we want to do more to educate our people on what upholding human rights means in practice.

■ Employment

AMEC's approach to sustainable employment centres on investment in and engagement of our workforce. We depend on a high level of technical and specialist skills and want to encourage the widest range of young people to consider engineering services and project management as a career option. We need to promote our field and also to look beyond the most immediately obvious pool of potential employees – which is why encouraging a diverse work force is important.

In 2003, we only had two metrics against which to measure performance - employee consultation and gender diversity and therefore we are only able to report progress in these areas. During 2004, we extended consultation arrangements, particularly in the UK. Our European business and some of our UK divisions already had consultative forums – formal opportunities for management to consult with our people. We put more such forums in place across the UK during 2004 and have established a national level employee consultative committee in advance of any legal requirement to do so. However, we feel there was no noticeable progress in gender diversity, an area where it is hard for us to make significant changes over a short time period.

To help us understand this better, during 2004 we widened substantially the areas we looked at when assessing our employment performance. For this year's report we have looked at gender split in far more detail, breaking it down into employment categories and levels of seniority. This helps us to understand what is really going on in our company and identify areas where there are barriers to developing careers with AMEC. We are also measuring the number of new recruits into AMEC and where they came from, looking particularly at our ability to attract



We have established an employee consultative committee

2004 performance continued

and train new entrants to our industry. We already do a wide range of work with schools and universities, including presentations, site visits, sponsorship and work experience and we will continue to review how this can be made more effective.

Our oil and gas business has a specific medium-term objective to develop indigenous capability across its global activities and to reduce the use of expatriates. To this end, we are recruiting graduates from a wide range of nationalities who are trained to international standards and then return to work in their home countries.

We are looking at how well we develop our people, reviewing the extent to which we can source vacancies internally and the level of promotions. We are also measuring our overall training spend. A significant number of AMEC people every year receive training to enhance their skills and are given opportunities to progress their careers.

Finally, we are seeking a better understanding of employee attitudes towards our company. One measure of this, which we are now collecting, is the rate of resignations from AMEC, to understand how many people are leaving, where and why. We will use this information to identify both particular problems and best practices and to develop specific responses to these.

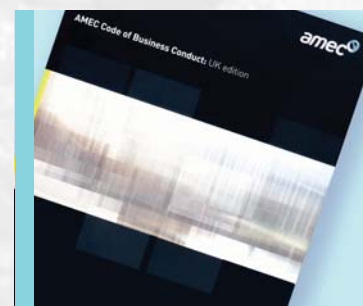
In addition, we conduct a wide range of employee surveys. During 2004 we surveyed around 500 senior managers globally as well as running a series of broader employee surveys in a number of our individual businesses. We expect to do more of this in future and to use this feedback to identify and implement the most effective measures as part of our local Agenda 21 programmes.

■ Environment

The main way we manage environmental performance at present is through an ISO 14001 compliant framework. We ask all our operations to comply with this system and many of our businesses have gone further, gaining independent certification to this standard.

Overall we have seen an improvement in the coverage of ISO 14001 and 87 per cent of our employees are covered by a compliant environmental management system, which was a positive step forward in 2004.

However, we have failed to achieve our target of zero enforcement actions as our UK businesses were served with two noise abatement notices. This was a slight improvement on last year's performance but highlights the need to apply consistently high environmental standards to our projects.



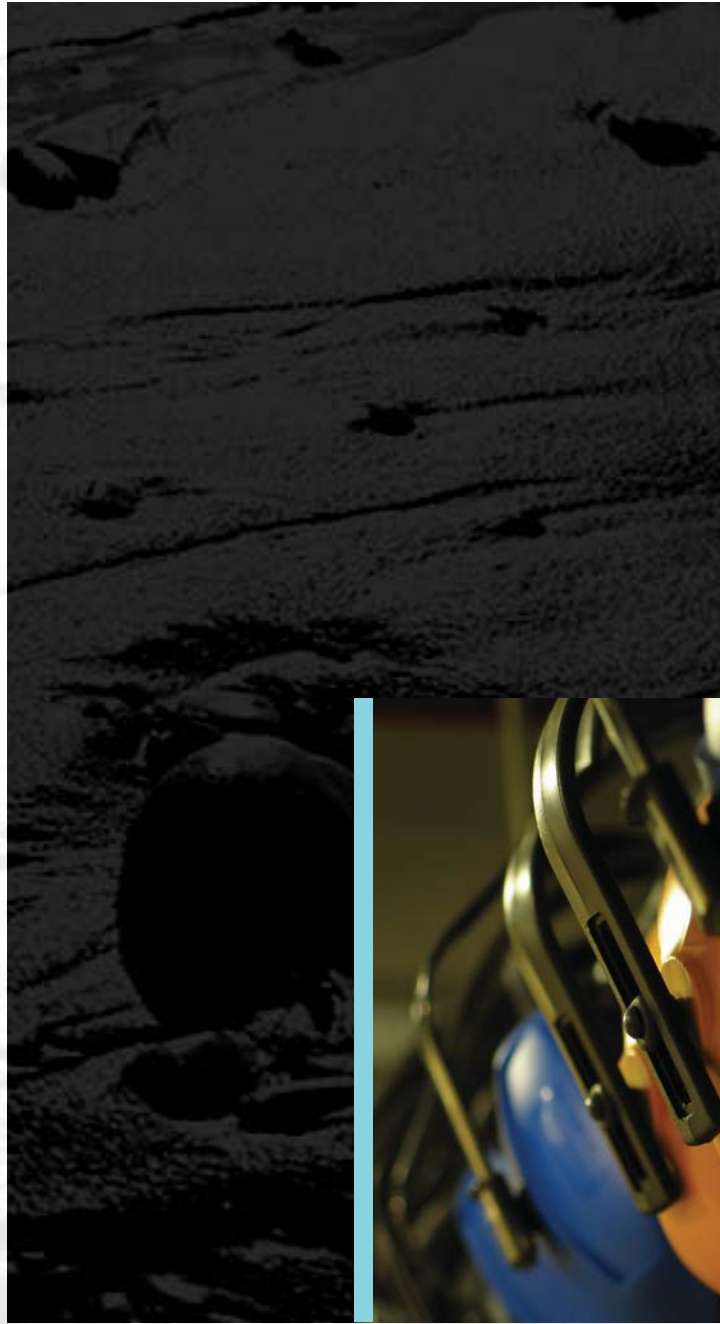
Our UK edition of the Code of Business Conduct

■ Health and safety

We implement health and safety management systems that are consistent with the internationally recognised standard, OHSAS 18001, and we are totally committed to continuous improvement in our health and safety performance. We use a range of metrics to measure health and safety performance, which are described in more detail in the expanded report on our website, www.amec.com.

Our goal in 2004 was to improve in all these areas and we made further progress in reducing overall accident rates, although our target for at least 10 per cent improvement was only achieved in one of the two rates reported. In the other rate, there was a 4 per cent improvement. In real terms, 104 fewer people suffered a lost time injury in 2004 than in 2003.

Despite this progress, we also faced tragedy when, in eight incidents, nine people lost their lives. Details of each of these incidents are set out on our website. As we strive for a goal of zero incidents, we report not just those incidents where we can take preventative action, but those that occur off AMEC sites, like the death of a sub-contractor's employee in Belgium who was working on an AMEC site but killed by an unrelated gas explosion outside AMEC's site.



Health and safety is central to AMEC's culture



Our Health & Safety manual

2004 performance continued



A poster helped communicate our ethics policy

■ Ethics

During 2004, our goal was to continue ethics training for our North American workforce. In the UK, we introduced an ethics help line, rolled out a Code of Business Conduct, and started developing an online ethics training course to support the Code.

In AMEC's European business, processes are slightly different. However, we began looking at ways of bringing the two approaches closer together by reviewing our processes with local management.

We did not set specific targets for the year, though in previous years we have measured calls to the help line(s) and disciplinary actions that result. During 2004, through our web-based training and the use of a CD format for remote project staff, North American employees received annual training. Also, the UK Code of Business Conduct handbook was delivered to all UK based employees. In 2005, we will roll out online training in the UK. We will also establish a closer liaison between the ethics functions across the company.

■ Profitable growth

Profitable growth is an important aspect of sustainability. We need to be sure that our business is secure for the future, as many others depend on us for their livelihood. Our annual report explains our business and how we generate profits. However, here we have noted particular things we do to protect our future profitability.

■ Financial management

For future profitability, we need reliable access to the level of funding we require for our development, both equity and debt. We also need to ensure we manage and allocate the company's capital prudently and balance our shorter-term objectives against longer-term goals.

We have relationships with major banks across the regions in which we work, which allows us to access medium-term banking finance, and operate a policy of disclosure and open discussion with them. Since 2003 we have also developed a presence in the UK and US private placement market where we raised close to US\$200 million in the US. This makes us less dependent on a single source of funding.

Our approach to cash and debt management is outlined in our Annual Report and Accounts. For full details, please see our online version at www.amec.com.

We have an active investor relations programme and have regular feedback from our major investors, to ensure they are up-to-date with our corporate governance, risk management and sustainability procedures. We believe that we compare well with companies of a similar size in terms of the level of access and information that we provide to our investors.

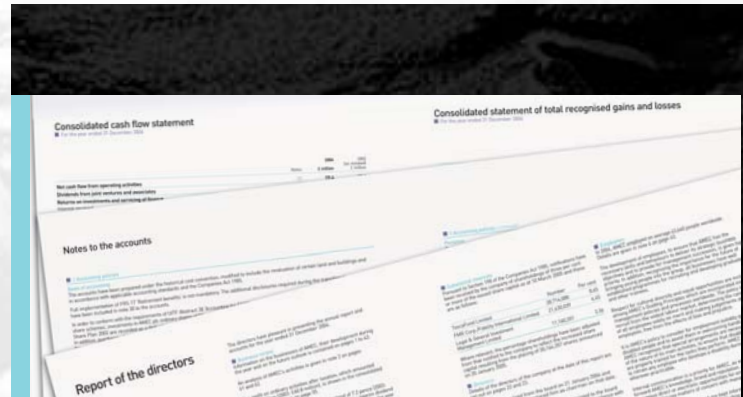
■ Strategy and markets

A sustainable strategy ensures that we are managing risks and opportunities in the markets in which we operate. Our portfolio of businesses must be sufficiently balanced to protect us from over-exposure in any one market – while sufficiently focused to make the most of our resources.

The corporate strategy, which sets the overall goals and strategic themes for the company, is supported and underpinned by specific competitive strategies for each of our businesses. These focus on assessing the attractiveness and prospects of the markets in which we compete, evaluating our competitive position, performance and capabilities in these chosen markets and identifying options for growth and development. As part of our strategic planning process, acquisitions are carefully vetted for strategic fit and a central team takes an overview of the allocation of capital across the group.

■ Customers

We focus on building long-term relationships with customers. This reassures them that we can gain a complete understanding of their needs and will be around in future to help look after the assets we have helped to deliver. It also makes our future workflow more predictable and secure.



2004 performance continued

In both the Americas and the UK we have many longstanding customer relationships. In the US and Canada, these include food producers General Mills and Cargill, which go back over fifty years. Our environmental business is also working with the US Air Force, to provide on-going services and support around the world.

In the UK, we increasingly work on a similar basis. During 2004, we continued our long-term relationships with customers such as BAA and Welsh Water and agreed to work for the long term with new customers such as the National Health Service and Thames Water. We also have active long-term regeneration partnerships with English Cities Fund and British Waterways and an important framework contract with the Ministry of Defence to manage their estates and facilities in Scotland.

We have worked with Scottish Power in the UK on the development of wave power solutions, as we have similar interests in investing in renewable alternatives to wind power. In some markets, such as oil and gas, where we have particularly strong and longstanding partnerships with customers, we work together on goals such as improving the local supply chain in the area where we are delivering a project – an example of how we did this with Shell at Malampaya in the Philippines can be found in the case study section.



We have a long-term relationship with BAA to construct and refurbish airfield pavements

■ Processes

Robust processes help to protect our company from risk. We have a commitment (set out in our Management and Policy Framework) to manage the company in a way that is consistent with the UK Combined Code on Corporate Governance. One important aspect of governance is ensuring a balanced board and we have a good mix of non-executive directors whose details can be seen in our Annual Report.

Our range of risk-management measures in place across AMEC include a senior risk forum which meets twice-annually, a risk register, which is reviewed annually by the board, and a seven-step Total Risk Management process. We apply this process, as appropriate, to all major decisions.

Equally important, however, is our strong culture of risk awareness, prudence and integrity, set at the top of the company and, we believe, embedded across AMEC. While processes are necessary, it is the attitudes of individuals that will in the end help to protect our company.

Applying systems that ensure quality and delivery to our customers is also important for long-term business success.



A risk management meeting in progress

We have put in place quality systems that are based on ISO 9000-2000, the most widely recognised international standard for a quality management system. We measure the extent to which we have achieved compliance with this and now have 85 per cent of our workforce working within ISO 9000-2000 compliant management systems.