

Management and Engagement (GRI 4.1 – 4.4, 4.14 – 4.15)

Corporate governance (GRI 4.1)

The Board is responsible to shareholders for the management of the company and for the protection of its assets. As such, it is ultimately responsible for implementing AMEC’s systems of internal control and for reviewing their effectiveness. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and consequently can provide reasonable, but not absolute, assurance against material misstatement or loss.

Management and Policy Framework (GRI 4.1)

AMEC’s businesses are managed on a decentralised basis. Whilst 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 the AMEC Management and Policy Framework, which establishes the standards AMEC employees and contracting staff are expected to meet.

The Board (GRI 4.2, 4.3)

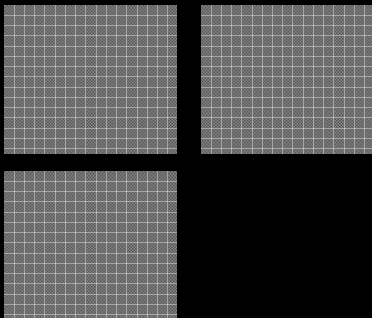
The board comprises the non-executive chairman, three executive directors and five independent non-executive directors. The company does not combine the role of chairman and chief executive. The chairman is responsible for the running of the Board, with the chief executive being responsible for running the group and implementing Board strategy and policy. This ensures a clear division of responsibilities at the head of the company, so that no individual has unfettered powers of decision. The independent non-executive directors review the relationship between the chairman and chief executive each year to ensure that the relationship is working effectively.

Board committees (GRI 4.1)

Under AMEC’s Management and Policy Framework, the board has formally delegated specific responsibilities to various committees, all of which have written terms of reference. The remit of each committee is set out below. The quorum is generally three directors. Full details of the constitution and remit of the audit, nominations and remuneration committees can be found under “corporate governance” on www.amec.com.

The committees chaired by non-executive directors are:

Audit committee – Reviews the integrity, including the material financial reporting judgements, of the company’s accounts. This includes the annual and interim results, related report and accounts and Stock Exchange announcements and any other formal announcements in connection with the company’s financial performance, and recommends their approval to the board.



Nominations committee – Makes recommendations to the Board concerning the appointment or termination of a director or the company secretary and, in the case of a non-executive director and the chairman, the extension of an existing appointment.

Remuneration committee – Sets, and reviews as necessary, the overall contractual and remuneration framework for the chairman, the executive directors and the company secretary, including pension rights and annual bonus incentives.

Charities committee – Makes commitments and donations in support of charitable, educational and cultural causes.

Compliance and ethics committee – Considers and approves the codes of business conduct and related compliance arrangements and takes responsibility for management of investigations of violations, as required.

Share transaction committee – Provides clearance or denies permission to relevant employees to deal in AMEC plc shares.

The committees chaired by executive directors are:

Banking committee – Reviews and approves facilities for borrowing, guarantees, bonds, indemnities and employee bridging loans and also interest rate and foreign exchange hedging strategies within authority limits set by the board.

Corporate transactions committee – Considers acquisitions and disposals of businesses and provides guidelines in respect of such transactions within authority limits set by the board.

Pensions and retirement benefits committee – Reviews proposals relating to new arrangements, amendments, discontinuance, funding or any other matters relating to pension and retirement benefits.

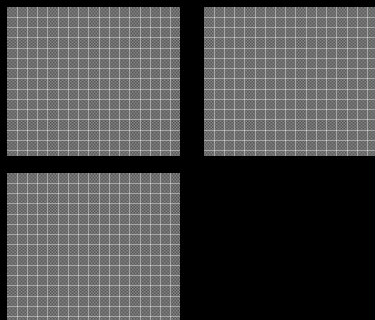
Risk review committee – Approves the AMEC plc risk register, the AMEC plc risk transfer policy and proposals to enter into contractual commitments that fall outside the delegated authority limits of the executive directors.

Shareholder and employee feedback (GRI 4.4)

AMEC has appointed an Investor Relations Director who reports directly to the Chief Executive during 2006. In part the remit of this director is to interface with our investor community. AMEC has in place a number of mechanisms in place for shareholders to feed back to AMEC's Board of Directors:

- Shareholder resolution options
- Annual General Meeting
- Direct question to AMEC through the Investor Relations Director.

AMEC has implemented a shareholder contact service through our Investor Relations web site and contact details are given for fax, telephone and direct postal mail.



Minority investors, dependant on the size of their holding (refer to Companies House for further details) may raise a shareholder resolution. During 2006 there were no resolutions raised by minority shareholders. Minority shareholders not eligible to raise issue through the shareholder resolution route have the opportunity to directly question at AMEC's Annual General Meeting.

Employees are encouraged to directly question AMEC's Chief Executive and since October 2006, Samir Brikho has established an intranet based Chief Executive Page and posted regular progress reports throughout the business. UK Employees are consulted through the UK Employee Consultative Committee. Coverage of formal consultative committees is an indicator tracked in our Employment performance section. Consultative committee meetings, minutes and questions and answers accessible to employees on the AMECnet. Issues raised by employees through the consultative committee during 2006:

- Skills and labour issues
- Business demerger and the Sale of AMEC Spie
- Employee redeployment and redundancy
- Pension issues

Stakeholder engagement activity (GRI 4.14 – 4.15)

AMEC has implemented a stakeholder engagement process which seeks to identify AMEC's significant corporate stakeholders. It is a risk based approach which seeks to identify significant stakeholder groups.

During 2006 corporate stakeholder engagement activity included:

Shareholder events – AMEC organised and took part in a number of shareholder events including a human rights workshop event. This was a valuable event in that it brought together investors and companies to discuss the issue of operating in politically difficult areas where human rights were not well recognised by the regimes in power.

Major Non-governmental bodies – AMEC supported a number of NGO events this year including the Engineers Against Poverty organisation. The Business Development Director for AMEC plc continued to be a trustee for the Non Governmental Organisations (NGO) and AMEC supported many of the events, conferences and assisted in developing publications and initiatives.

Major clients – During 2006 AMEC saw an increase in major client activity around the sustainability/Corporate Social Responsibility agenda. Clients including Boots, British Airports Authority, BT and the Highways Agency audited the business on aspects of social and environmental sustainability.

Government – At local business unit level AMEC has engaged with local government structures and it is imperative that we maintain this local relationship. At corporate level AMEC is proactive in helping to shape future legislation and strategies such as energy policy and security and environmental legislation, low carbon economy and renewable technology investment.

Employees – Most important to the company now and in future is the renewed and sustained effort to engage with AMEC employees. This has been a particular focus of AMEC's new Chief Executive with frequent communication regarding restructuring, question and answer sessions, invitation of questions by mail and cascades through the business through face to face meetings.