

KIER GROUP PLC
Business ethics policy
Code of Conduct and guidelines for employees

Introduction

Ethical business practice is one of the guiding principles of Kier Group plc. The Kier Group Board is committed to ethical business conduct and expects the highest standards of integrity to be followed by all employees in each of its businesses wherever work is undertaken, globally. This Code of Conduct and guidelines are to be followed without exception by all employees. They apply in addition to the individual policies, procedures, codes and statements that have already been issued by Kier Group plc and/or its operating companies.

The guidelines in this Code set standards which are considered appropriate for all companies within the Group, and apply to all employees, agents and representatives of the Group when conducting its business. Most of the standards amplify those which already appear in the contract terms applicable to our dealings with customers, suppliers and within employees' own terms and conditions of employment, incorporating departmental and disciplinary rules.

Any suspected violation of this Code of Conduct and guidelines must be reported to your line management or by using the processes outlined in the applicable policy and procedures. Such reports will be taken seriously and will be subject to thorough investigation, after which necessary remedial measures will be applied. It must be understood that any violation or failure to comply with this Code of Conduct and guidelines could have severe consequences for the Kier Group. Standards set in the Code will be strictly enforced, with infringements being handled firmly and consistently, and could, in certain circumstances, lead to appropriate disciplinary action for individual employees, including termination.

Our vision is to be the most highly respected company in the industry, and this is dependent upon how all employees behave. Our core values demand us to be enthusiastic, open and honest, and to be proactive, committed and safe. By fully complying with this Code of Conduct and by living our core values, our vision will become a reality.

Summary for managers

This Code of Conduct is intended to specify the standard of behaviour the Group expects from its employees, and others acting on its behalf, when conducting business on behalf of the Group. The areas which are covered in greater detail in the Policy which follows are:

1. *conflicts of interest* - between the obligations of an individual as a Kier Group employee and outside influences on the same person, which may prevent an employee acting impartially.
2. *improper payments* - in the form of bribes or 'persuasive back-handers' made by employees to outsiders to obtain, retain or improve the business.
3. *offering details of Group confidential information* - particularly financial or commercial-in-confidence documents, without having been given formal authority to talk or write about these.
4. *insider dealing* - taking advantage, for personal gain, of knowledge gained as an employee - whether through share dealing or other trading.
5. *linking the Group with a political party or cause* - by making contributions or getting involved with political activities under a Group banner.
6. *ignoring equality of opportunity* - by conducting business on an arbitrary or discriminatory basis.
7. operating in a way which does not *protect employees and the environment*.
8. *ignoring Group approved protocols* - particularly for contact and dealings with government departments, the media and others.
9. *disreputable activities* - either by behaviour outside the workplace or by inappropriate use of e-mail or the internet.

What is being set out in this Code of Conduct is not new, nor are the consequences for any breach. The Code does nevertheless set out the Group's expectations more explicitly in areas which have hitherto either been implied in employment contracts or contracts with suppliers or others, which could eventually have major and unanticipated consequences for individuals, and others, in their dealings within the Group.

1. Compliance with the Code

This Code of Conduct ("Code") applies to all employees within the Kier Group (collectively, the "Group") and agents and representatives of the Group when acting on its behalf.

2. Duty to Report non-Compliance

If you have knowledge of any activities which you have reason to believe may violate the Code, you must report such activities immediately to your line Manager or Business Unit Director (collectively "Management"). Alternatively the Whistleblowing Hotline (01767 641 753) may be used.

3. Health, Safety and Environmental Protection

Employees are responsible for conducting the Group's business in a manner that protects the health and safety of Group employees and the environment. They should act at all times in a manner that ensures Group compliance with all applicable governmental and private health, safety and environmental requirements. Please refer to the Group Health and Safety Policy, the Group Environmental Policy and the Group Strategy for Sustainability, each of which is available in KIERnet and the Group website.

4. Equal Employment Opportunity and Workforce Diversity

The principles and practices of equal employment opportunity and workforce diversity contribute to the achievement of Kier Group plc's business objectives. Please refer to the Group Equality and Diversity Policy available from the Personnel Department and on KIERnet.

Management values the differences among employees based on gender, race, colour, ethnic or national origin, sexual orientation, religion, or marital status. Individual differences enrich the workplace and strengthen the Group's ability to reach customers. A work environment, which openly values individual difference and supports the full contribution of every employee leads to increased productivity.

It is expected that you will not discriminate against any employee or applicant on the basis of gender, disability, race, colour, ethnic or national origin, sexual orientation, religion, or marital status. In addition, it is expected that you will strive to maintain a workplace that is free from any form of harassment or bullying on the basis of any of the foregoing, including any form of sexual harassment.

5. Human Rights

The Group's business activities are pursued with respect for human rights. As such, we need to ensure and to demonstrate that we treat all employees and contractors fairly, legally, with respect and with dignity. It is not acceptable to abuse the human rights of either individuals or groups of individuals and the Group endeavours to operate in a manner consistent with the principles of the United Nations Universal Declaration of Human Rights and the core International Labour Organisation Convention areas (freedom of association, collective bargaining, non-discrimination, prohibition of child labour and of forced labour).

We will not participate in, contribute to or obtain information from any blacklist or other similar service which undermines these principles and as part of this obligation we will ensure that compliance with our Equality and Diversity Policy, as well as this Business Ethics Policy, will form part of the selection process for appointing subcontractors and other members of our supply chain.

6. Business Ethics and Legal Compliance

The Group requires all employees to conduct business with honesty and integrity. It is the Group's policy to comply with this requirement in all respects, and to ensure compliance by its employees and agents with all applicable legal and ethical standards of each country, state, province or local jurisdiction in which the Group's business is conducted.

7. Conflicts of Interest - including receipt of gifts

To enable the Group to conduct its business effectively, the integrity of its employees must be maintained. While the Group respects the right of employees to privacy in their personal activities and financial affairs, employees must not have personal interests which conflict with those of the Group. Therefore, you need to avoid situations in which your personal interests conflict or appear to conflict with the interests of the Group. Although it is impossible to detail every situation in which a conflict of interest may arise, the following are examples of clear conflict of interest situations that you **should aim to avoid**:

- acquiring a substantial interest in any customer, supplier or competitor of the Group;

- any personal, consulting, employment **or otherwise beneficial** relationship with any current or prospective customer, supplier or competitor of the Group;
- taking personal advantage of a contract or transaction with the Group, other than in the ordinary course of employment.
- any outside business activity that is competitive with any of the Group's businesses, **or makes use of Group assets**;
- receiving any amount of cash, elaborate entertainment, gift or anything of significant value, going beyond the common courtesies and to be perceived by you as extravagant, from any individual or group with which the Group does business. Registers of significant entertaining are held by your line manager and should be completed before accepting. Gifts of a very small intrinsic value such as a diary or calendar may be accepted, although returned gifts should be accompanied by a written explanation as to why the gift was unacceptable.
- any outside employment or other activity that calls into question your ability to devote appropriate time and attention to your responsibilities to the Group;
- serving as an officer or director of any customer, supplier or competitor unless approved in writing by management;
- serving as a director of a public group unless approved in writing by both the Company Secretary and by the Chief Executive of the Group;
- supervising, reviewing or having any influence with respect to job evaluation, pay or benefits of any close relative employed by the Group;
- taking personal advantage of an opportunity learned of in the course of employment with the Group if that opportunity could be of benefit to the Group; and

Anything that would represent a conflict of interest for you may well be a conflict of interest if it involves a close relative. For example, a conflict would arise if your spouse receives a valuable gift or elaborate entertainment from a customer, supplier or competitor of the Group. If a conflict of interest situation arises, you must discuss the situation with your immediate Manager or Business Unit Managing Director to avoid embarrassment at a later date. **You should also discuss such situations in advance if you anticipate a conflict of interest situation is likely to arise.**

This conflict of interest policy is not meant to restrict you from participating in customary business-related functions, entertainment and courtesies (such as the giving or receiving of business meals or gifts of insubstantial value) which, under appropriate circumstances, may be in the best interests of the Group. However, extravagance which is offered to you often builds an obligation to another, and is not merely thanks.

8. Improper payments

It is Group policy that you may not offer, pay, promise or authorise the payment of money or anything of value to: (1) government officials (2) political parties, party officials or political candidates; or (3) any person, if you know or believe that the money or thing of value will be given or promised to a person described in (1) or (2) above, in order to obtain, retain, facilitate or expedite business for the Group.

In addition, no payments may be made to these individuals for the purpose of influencing the action or decision of the recipient, inducing the recipient to do or refrain from doing any act in breach of his or her lawful duty, or inducing the recipient to exert influence on any foreign government or its department or agency.

It is also the Group's general policy that no bribes, kickbacks or similar unlawful or **Group barred** remuneration be given to any person or entity for purposes of obtaining or retaining business for the Group or for any other reason related to the Group.

9. Proprietary and Confidential Information

A. Obligation of Confidentiality

During the course of employment, you may acquire information not generally known to the public, including knowledge of a commercially sensitive nature, business plans or outlook, marketing or sales programmes, customer lists, significant new services or price changes, mergers and acquisitions, offering or redemption of shares, changes in management and other proprietary and confidential information.

You must not disclose, during or after your employment by the Group, any non-public information regarding the Group's business or operations to any outsider unless disclosure is authorised in writing by Senior Management, **or as protected under Whistleblower' legislation in the UK**. Except as is necessary for business objectives, you should also avoid sharing such confidential information with other employees. Each employee should work to keep confidential information secure at their work station, including passwords, and to ensure the security of such information during authorised transmissions to fellow employees or to third parties such as suppliers, service providers, etc. Whenever possible, authorised third party recipients of the Group's confidential information should be required in advance to execute agreements acknowledging their confidentiality obligations to the Group.

No employees should reveal a trade secret of a previous employer and no employee should accept improperly obtained proprietary information about another business. In addition, the Group from time to time receives private information concerning its employees and obtains proprietary information from customers, suppliers and other third parties under written agreements or given under an obligation of confidentiality. Employees must respect the proprietary nature of such information and not use or disclose it without proper written authority.

B. "Insider" Trading Prohibited

Neither you nor any of your close relatives should trade, including the purchase or sale of options, in the securities of Kier Group plc if you possess any material non-public ("inside") information about the Group. In particular, neither you nor any of your relatives may trade in any such shares when you know non-public information that may have an impact on the market price of those shares. Such practices may result in civil and criminal proceedings against you as well as publicity adverse to the Group. Notwithstanding the above, the Group does not discourage employees from purchasing shares in Kier Group plc for long-term investment purposes, particularly through the Kier Group AESOP schemes and SAYE, and shares may be purchased or sold on your behalf by those schemes when you are in possession of inside information provided that such trades are on a non-discretionary basis.

Summary (6A and B above)

In summary, all employees must:

1. Respect and protect confidential and/or sensitive Group business information and avoid sharing confidential information with any third party, including other employees, for any reason other than as directed by Management.
2. Keep confidential information secure at their work station and work to ensure the security of such information during transmission to employees or other third parties authorised to receive it.
3. Avoid trading in the shares of Kier Group plc if they possess any material non-public ("inside") information.

10. Compliance with Laws Prohibiting Anti-competitive Activity

The Group Board is committed to the Group complying with competition law, and all employees should be aware that any infringements of the procedures or guidelines in the Kier Group Competition law compliance policy will be viewed very seriously. Breaking the competition rules is a disciplinary offence, leading to disciplinary action, up to and including dismissal. If you have any questions concerning this policy or would like further guidance on competition law or its application, in the first instance contact the Group Company Secretary or failing that any member of the Group Legal Department.

11. Political Contributions and Activities

Management recognises that employees may properly contribute, on their own time and at their own expense, money to political parties, candidates or causes. However, under no circumstances may Group funds, facilities, or other resources be used for such political contributions without the express prior written approval of the Board.

12. Supplier Relations

Management places great importance on relationships with the people and organisations that supply goods or services to the Group.

Suppliers must be selected in a completely impartial manner, on the basis of price, quality, performance and suitability of product or services. You are expected to avoid doing anything, including socialising, that would suggest selection of a supplier on any basis other than the best interests of the Group, or that could give one supplier an improper advantage over another - particularly if the supply contract could involve relatives or friends. For this reason you must comply with clause 23 of the employee handbook regarding gifts and entertainment.

13. Communications - Government Inquiries and Investigations

From time to time certain national, state, provincial or local government agencies may be mandated to review and/or audit various Group records and practices. It is the Group's policy to ensure that inquiries from government agencies are properly handled to minimise Group exposure and liability.

In the event specific local Group procedures or established local Group practices cover routine requests by representatives of government agencies for documents or interviews (e.g. fire department inspections), such requests should be handled in a manner consistent with such procedures or practices.

Non-routine requests for company documents from government representatives should be immediately referred to the Group Company Secretary or the Group's Legal Department for response.

Regarding non-routine requests by government representatives to interview you regarding Group matters, the Group requires that such request be referred **immediately** to the Group's Director of Corporate Communications and the Group Company Secretary without **any** further discussions with such contact. An employee who is confronted by a government investigator, either in person or by telephone, should record the caller's or visitor's name, title, department or agency which he or she represents and its address and telephone number and politely advise the caller or visitor that you are referring their inquiry to Management. The employee should not sign anything or have any other conversation with this person.

14. Communications - News Media Relations

It is important that inquiries from the news media are properly handled in order to maintain effective public relations and to protect the Group's competitive position and proprietary information. Employees must not discuss Group business with any member of the news media, even on an informal basis. This will minimise news stories based on rumour or unofficial "tips" which can be damaging to the Group's best interest. All requests for information from the news media must be referred to the Group Corporate Communications Department, as should non-routine enquiries, especially those of significance to the financial, national or international media.

Any invitations to undertake lectures or presentations at conferences or seminars in the public domain, or any literature being produced for publication concerning any Group matters must first be authorised by line management and the Group Corporate Communications Department.

It is important that no information relating to financial matters is released by any employee as there are strict guidelines governing a listed company on disclosure of any financial data. Please refer any such enquiries to the Group Corporate Communications Department.

In the event of a serious or fatal accident, supervisory personnel may be contacted by representatives of the news media attempting to obtain details. If contacted, a supervisor or other member of local Management is authorised to confirm only that an accident did occur. Absolutely no details of the accident or the name(s) of the person(s) involved should be released. The name and telephone number of the caller must immediately be communicated to local Management, and the Group Corporate Communications Department. Please refer to the Group policy on dealing with the public and media on KIERnet under policies and procedures.

15. Communications - E-mail and Internet

The Company provides e-mail and internet facilities to support the communication, research and development needs of the business. At all times employees are required to follow precisely the provisions detailed in the Group Policy on the Use of Business Systems (Guidance for staff in using electronic mail (e-mail) and internet), which is available on KIERnet under policies and procedures.

Management has responsibility on a day to day basis for ensuring that access to the business systems is used prudently. Managers must ensure that contract or temporary staff are informed and familiar with this policy and that they agree to be bound by the terms listed.

Key issues with regard to the use of these IT facilities are:

- Misuse of e-mail or internet for personal communications;
- Risk of defamation by an individual or organisation;
- Bringing into the workplace via e-mail or the internet material of a racist, pornographic, sexist, obscene, abusive, defamatory or other inappropriate nature or material that may be in breach of copyright;
- Unwittingly creating a binding contract with a supplier, client, etc;

- Knowingly introducing a virus to Company equipment or forwarding a virus.

16. Personal conduct outside the work place

Kier's reputation as a Group depends largely upon its people and how they interact with stakeholders within and outside the organisation as well as how they behave in the public domain outside their place of work.

17. Corporate governance

The Group Board recognises the importance of high standards of corporate conduct and is committed to managing the Group's operations in accordance with the best principles of corporate governance as contained within the Combined Code on Corporate Governance issued in June 2006. The Group's corporate governance statement is published annually in its Annual Report & Accounts, which is also available on the Kier Group website. Any questions concerning corporate governance should be referred to the Group Company Secretary.

18. Other affiliated policies, procedures, codes and statements

Elements of ethical business practices are referred to in many other Group publications and several of the topics raised in this Code also appear in more detailed and defined policies, procedures, codes and/or statements already put into practice by the Group and/or its subsidiary companies or divisions. Similarly, the Group's participation in third party bodies, such as corporate membership of Business in the Community, associate membership of the Considerate Constructors Scheme, membership of Constructing Excellence and listing on the London Stock Exchange, brings with it certain obligations that contribute to the Group's ethical business commitments.

In this context, where any questions or doubts arise over the interpretation of any issue addressed in this Code, please refer in the first instance to the appropriate subject-specific policy or procedure guidance if it exists. If such guidance does not exist or is still uncertain, then please contact the Group Legal Department.

Other affiliated Group policies and statements, all of which are available on KIERnet or through the appropriate Departments, include the following:

- Whistleblowing policy and procedures
- Competition law compliance policy
- Fraud awareness policy
- Health and safety policy
- Environmental policy
- Equality and diversity policy
- Policy on the use of business systems
- Sustainable procurement policy
- Personnel procedures manual
- Strategy for sustainability

19. Our vision and core values

By providing our clients with the highest possible quality of service and through sustainable, profitable growth, our vision is to be the most highly respected company in the industry.

Be enthusiastic, open and honest

Be proactive, committed and safe

Be a team

Be Kier

By maintaining our core values and remaining focused on improvement & delivery, our vision will become a reality.