

Sometimes the right thing to do isn't the easiest thing to do.

Ethical conduct goes beyond legality and involves doing more than what you must do – it means doing what you should do.



Our core values in action

U.S. supplement to our code of conduct

Integrity | Teamwork | Excellence | Respect

We work diligently to maintain our relationships with shareholders, employees, customers, vendors and partners.



Balfour Beatty

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We are committed to ethical conduct: doing what is good, right, and honorable.



1. Introduction

This U.S. supplement (“Supplement”) to the Balfour Beatty Code of Conduct provides guidance to all employees on the special requirements that apply when contracting with U.S. federal, state and local governments. From proposal to contract formation and management through closeout, contracting with the government is a highly complex and heavily regulated process. Any employee who deals with bidding on and/or performing under contracts with governmental agencies or authorities (referred to herein as “government”), either as a prime contractor or as a subcontractor, must understand and comply with these special requirements to the extent applicable. Failure to do so may result in fines, penalties, and in the most egregious cases, debarment and suspension from doing business with the government. The information in this Supplement is meant to provide you with an overview of the special requirements; however, employees should be familiar with the specific requirements applicable to the projects and contracts on which they are working. Any employee with questions about these requirements should contact their compliance or legal department for guidance.

2. Procurement Integrity

The federal government and many state governments prohibit a contractor from gaining an unfair competitive advantage by obtaining the bid or proposal information of a competitor before a contract is awarded by the government. Bid or proposal information includes a competitor’s prices, rates, estimates, or technical data. Confidential information includes the government’s technical or price evaluations, rankings, or competitive range determinations and any information marked as confidential, proprietary, or source selection material. These prohibitions apply whether or not the information is obtained inadvertently. Under no circumstance should such information be used in preparing a bid or proposal. The prohibition on receiving this information extends to materials received from any unauthorized source including government personnel, disgruntled employees, or consultants.

3. Hiring Government Employees

The US Government and many state and local governments prohibit employees and representatives of competing contractors and government procurement officials from knowingly soliciting or discussing future employment or business opportunities, and also prohibits contractors from hiring or compensating former government officials who were involved in a procurement involving the contractor for a certain period of time thereafter. Prior to engaging in preliminary discussions with a government employee relating to employment, the Human Resources, Compliance or Legal Department of your operating company must be contacted for guidance.

Failure to comply with these provisions could result in criminal and civil penalties to individuals as well as the organization.

4. Truth in Negotiations Act

Federal and many state governments require contractors to submit cost or pricing data and certify that such data are current, accurate and complete on the date of final agreement on price, commonly referred to as the “handshake.” Cost or pricing data consist of all facts that exist on the date of the agreement on the price of a contract or contract modification that a reasonably prudent buyer or seller would consider relevant or material to the pricing decisions, even if the data are not used in preparing the proposal. All employees must be aware of and comply with these requirements. Further guidance and policies are available from the Compliance or Legal Department of your Operating Company (“OpCo”).

Your personal actions
directly affect our
reputation and credibility.

No employee will be discharged or otherwise discriminated against as a result of disclosing unethical conduct by others.



5. Representations and Certifications

Providing inaccurate or misleading information to a government client is illegal. A false report, certification or representation may result in disqualification, ineligibility, or suspension from the procurement and/or debarment from all further government contracting, as well as criminal charges. All reports, representations and certifications should be executed by an authorized senior corporate officer who can attest to the factual nature of the representations and certifications being made.

6. Americas Recovery and Reinvestment Act

Employees who work on projects funded by the American Recovery and Reinvestment Act of 2009 ("ARRA") should be familiar with the special provisions outlined below:

- 1. GAO/IG Access:** This grants the Government Accountability Office ("GAO") access to examine any of the OpCo's or subconsultant's records that relate to transactions under the contracts and allow them to interview any officer or employees regarding such transactions.
- 2. Reporting Requirements:** The US OpCos are required to report on their use of Recovery Act funds under a contract. Reports under this rule will be posted online at <http://www.federalreporting.gov> and are available to the public for review.
- 3. Buy American Requirements for Construction Material:** The Buy American Act applies to domestic source restrictions on construction projects funded by the Act, to the extent such restrictions are not inconsistent with trade agreements. These restrictions apply to any recipient of Recovery Act funds, including state and local governments and their consultants.
- 4. Whistleblower Protections:** This provision prohibits the US OpCos from "discharging, demoting, or otherwise discriminating against an employee as a reprisal for disclosing covered information" to the government. Covered information is information that the employee reasonably believes is evidence of gross mismanagement or gross waste of Recovery Act funds, or a violation of law or regulation related to an agency contract funded by Recovery Act funds. The Recovery Act requires OpCos to post notices of rights and remedies for whistleblowers.

Employees should consult with their Compliance or Legal Department to ensure complete compliance with reporting requirements.

7. Records Retention

In order to comply with statutory, contractual and regulatory obligations, the OpCos maintain record retention policies and procedures that specify the manner in which documents are created, maintained and retained. All employees must be familiar with and comply with their OpCo's record retention policies.

8. Socioeconomic Programs

The US OpCos should seek to provide opportunities for Small Disadvantaged, HUBZone, Women-Owned, Small, Veteran and Service-Disabled Veteran Owned Small Businesses, to the maximum extent practicable where such opportunities are consistent with efficient contract performance on all contracts. The US OpCos are committed to complying with the contractually agreed upon socioeconomic objectives of all clients.

9. Exports

The federal government regulates and monitors the export and transfer of certain commercial goods, which includes defense-related goods, and technical data to non-U.S. jurisdictions and, in the case of defense-related goods and data, to non-U.S. persons, even if they are in the United States. Controlled exports may include technical drawings, specifications, software (including commercial software) and other data and technologies. Balfour Beatty is committed to complying with the laws and regulations governing these exports. Employees who deal with defense-related goods and technical data or goods that are intended to or may be exported should be familiar with and are expected to comply with the Balfour Beatty U.S. Export Compliance Program.



We will always act in a socially responsible manner.

10. Mandatory Disclosure Requirements

In connection with government contracts covered by the Federal Acquisition Regulation (FAR), the federal government requires that its contractors maintain a compliance program designed to prevent and detect improper business conduct and violations of law. The Balfour Beatty compliance program, including its Code of Conduct and this Supplement, has been designed to comply with this requirement. Under FAR-required compliance programs, contractors must disclose violations of federal law involving fraud, conflicts of interest, bribery or gratuities to the Inspector General and the applicable contracting officer. These mandatory disclosure requirements apply to federal contracts valued at \$5 million or more or with a term of 120 days or more. Any employee who has credible evidence of such a violation should immediately contact the OpCo's Compliance or Legal Department.

11. False Claims

It is a violation of law to knowingly overcharge or submit a false claim to a government client. This includes not only the intentional submission of a false claim, but also claims that are submitted with deliberate ignorance or reckless disregard for the falsity of the claim. It is Balfour Beatty's policy not to submit false claims to our clients. Failure to comply with this policy could result in criminal and civil penalties to employees, as well as the organization as a whole.

**Falsifying records is fraud –
regardless of intent –and violates
both the law and company policy.**

Business activities shall be conducted in a professional manner at all times, adhering to high ethical standards, and complying with the law in all business dealings.



12. Anti-Kickbacks

It is illegal to solicit, accept or attempt to solicit or accept any kickbacks from subcontractors in connection with contracts with the government. Accordingly, no employee, representative or agent of an OpCo may accept, offer, make or solicit such a kickback.

A kickback is defined as money, fee, commission, credit, gift, gratuity, thing of value or compensation of any kind which is provided, directly or indirectly, to any contractor, subcontractor, or employee of either, for the purpose of improperly obtaining or rewarding favorable treatment. A kickback may appear as an outright payment, an offer to give building materials or supplies to a purchasing agent for his or her personal use, or discounts that may be offered for the purpose of getting favorable business considerations.

Where a proposed arrangement with a subcontractor could be perceived as a kickback, employees must consult with their OpCo's Compliance or Legal Department.

13. Boycotts and Trade Restrictions

The federal government restricts U.S. companies from doing business in certain countries or with people designated on the "Denied Parties List" and other restricted lists. The Balfour Beatty U.S. OpCos must comply with these restrictions. It is also a violation of U.S. law to cooperate with foreign country boycotts that discriminate against U.S. firms or citizens on the basis of race, color, religion, sex or national origin, or to comply with the request of a foreign client for conduct or information implementing the boycott of a nation friendly to the U.S. The Balfour Beatty U.S. OpCos are required by U.S. law to report all such requests to cooperate with such boycotts or to provide information that would assist in implementing a boycott to the U.S. Department of Commerce and to maintain, for six years, appropriate files on all transactions that relate to the boycott, even if the US OpCo does not comply with the request or if the information requested appears to be harmless.

Compliance with these laws requires particular diligence. Failure to report the receipt of such requests for boycott compliance or boycott information can result in substantial penalties and fines levied against the US OpCos, even if the US OpCo refuses to comply with the boycott.

Employees who receive oral or written requests to cooperate with or provide information that would assist in implementing a boycott should immediately contact their Compliance or Legal Department.

14. Preference Law

Products and services provided to federal agencies under government contracts are generally required by law to be either unmanufactured products mined or produced in the U.S. or a product manufactured in the U.S. or in another country with which the U.S. has a reciprocal trade agreement. Violations of these laws can result in civil or criminal penalties, as well as the termination of government contracts. Where applicable, OpCos will comply with these and other U.S. laws stating a preference for domestic goods and services as required by its contracts.

15. Subcontract and Contracts Labor

The accurate charging of subcontract and labor and material costs is critical to maintaining the integrity of customer invoices and financial reporting. Subcontractors and contract laborers are responsible for accurately charging their time and expenses. Employees responsible for subcontractors and/or contract laborers shall promptly undertake reasonable steps to correct any suspected errors in charging by such persons, such as charges made to the wrong labor account or charging of direct costs to an overhead account.

In awarding subcontracts and placing purchase orders for contract labor, employees shall follow their OpCo's policies on Gifts and Gratuities and Conflicts of Interest.

Public and private sector contracts typically require the contractor to include or "flow down" specified clauses to contracts with certain subcontractors or suppliers, such as subcontracts or purchase orders that exceed particular dollar thresholds. In awarding subcontracts and placing purchase orders with vendors, employees shall ascertain which clauses must be flowed down and undertake commercially reasonable efforts to ensure that such clauses are included in all covered subcontracts and purchase orders.



We will not engage in business practices of a fraudulent, dishonest, or unethical nature or act in a manner which would be derogatory to our integrity or reputation or that of our employees.

16. Request for Equitable Adjustments

All contract modifications or requests for equitable adjustment, as with any invoices and costs for which reimbursement is sought, arising under or relating to contracts with government clients must be accurate and submitted in good faith. Appropriate due diligence must be conducted before submitting a contract modification or request for equitable adjustment. Due diligence shall include review of the contract, related correspondence, and other relevant documents, as well as interviews with personnel reasonably likely to have knowledge of material facts regarding the basis for the contract modification or request for equitable adjustment.

Prior to submission of any contract modification or request for equitable adjustment, employees shall undertake all reasonable steps to ensure that it is consistent with the terms of the contract and seek compensation for which the OpCo believes, in good faith, it is entitled. Each contract modification or request for equitable adjustment shall identify which provision(s) of the contract establishes entitlement to relief or why the OpCo is otherwise entitled to relief (e.g., breach of contract).

17. Political Contributions and Lobbying

Applicable regulations prohibit the use of federal funds (other than profit) to influence or attempt to influence an officer or employee of any federal agency or a member of Congress or officer or employee of Congress in connection with the award of any federal contract or grant. For federally-funded contracts, contractors may be required to certify that they have not and will not make any prohibited payments for lobbying. In addition, there are state and local statutes that regulate political contributions and lobbying. For further guidance, please contact your Compliance or Legal Department.



Employees must be diligent to avoid activities that could expose us to legal liability or harm our reputation.

18. Employment of Persons with Prior Violations

It is illegal to knowingly employ in a management or supervisory capacity, elect or appoint to a board of directors, employ as an agent, representative or consultant, a person convicted within the last 5 years of fraud or any other felony arising from the performance of a Department of Defense contract.

Prior to hiring employees or engaging contractors or agents, criminal background checks must be performed to verify compliance with these requirements. Please contact your Human Resources Department for assistance and guidance in connection with performing criminal background checks.

19. Drugs, Alcohol and Other Prohibited Items

Employees have the right to work in an alcohol, drug and weapon-free environment and to work with persons free from the effects of alcohol and drugs. Employees who abuse alcohol or drugs are a danger to themselves, to other employees and the productive work environment.

Therefore, it is the policy of Balfour Beatty that each OpCo maintain their facilities and provide a working environment that is safe for its employees and others working or visiting there, and conducive to efficient and productive work standards. OpCos are committed to complying with the requirements of the Drug-Free Workplace Act of 1988, as well as the special Drug-Free Work Force rules promulgated by the appropriate governmental authorities.

Employee must be free from the influence of alcohol, drugs or improper use of prescription or other medication that could influence his or her ability to perform.



20. Reporting Violations, Questions and Other Concerns

Employees who have questions or concerns relating to the matters covered in this Supplement or who suspect violations have occurred should first seek guidance from their immediate supervisor. However, if it is uncomfortable or inappropriate to speak to a supervisor, or the question or concern is not fully addressed after speaking with a supervisor, employees may contact their local Human Resources manager, Director of Compliance/Compliance Officer, Legal Department or the Balfour Beatty Ethics Helpline by telephone (toll-free) at 1-866-840-3940 or via the internet at www.bbethicshelpline.com. Reports to the ethics helpline may be made anonymously. Balfour Beatty is committed to ethical business conduct and will protect from retaliation any employee who reports in good faith suspected illegal or unethical conduct.

21. Accurate Time Charging

While different contracts may prescribe special time charging procedures, it is not permissible to charge a client for time not actually worked or to charge time to a contract when the time was spent on a different contract. These rules apply whether the contract is cost reimbursable or lump sum or is in an overrun position. Employees are also prohibited from charging direct contract costs to overhead accounts. Employees who violate these procedures will be subject to disciplinary action, up to and including termination of employment.

22. Unallowable Costs

Generally, allowable and reasonable costs as defined under FAR Part 31 that are incurred in connection with government contracts can be charged to public sector clients. However, certain costs on government contracts are "unallowable" and cannot be charged, such as alcohol, political contributions and first-class travel costs (in most circumstances). In addition, certain overhead costs may be allowable and allocated to government contracts while other overhead costs, such as merger and acquisition activities and costs associated with claims against the government, are not allowable and cannot be allocated to the government. Employees are responsible for knowing what costs are allowable and unallowable and are required to allocate their time and charge expenses to the proper cost category.

The law and company policy require that books and records be accurate and truthful.



23. Organizational Conflicts of Interest

As the OpCos perform work for federal and state governments, we may become subject to rules related to organizational conflicts of interest (OCI). An organizational conflict of interest occurs when, due to a pre-existing business relationship or project, an OpCo has a potential unfair competitive advantage or could be seen as not being impartial in obtaining or performing government work. More specifically, an organizational conflict of interest means that due to other pre-existing activities or relationships, an OpCo is unable or potentially unable to render impartial assistance or advice to the government, or the OpCo's objectivity in performing the contract work is or might be otherwise impaired, or Balfour Beatty has an unfair competitive advantage. It is important to note that an OCI occurs even when there is only the potential for one of the elements to occur. The rules on OCI cover Balfour Beatty as a whole and are not alleviated by work performed by or bid on by different OpCos. Examples of circumstances where caution should be exercised include:

- An OpCo performing design work and then it or another OpCo bidding on the follow-up construction
- An OpCo developing a scope of work and another OpCo then seeking to bid on the work
- An OpCo performing construction work and another OpCo then seeking to perform inspections on the same project.

All OCIs or potential OCIs must be disclosed to the government client. Often, safeguards can be put in place to mitigate potential OCI issues and allow Balfour Beatty to perform such work. Additional information is available in Balfour Beatty's Organizational Conflicts of Interest Policy which addresses the process for identifying and managing potential OCIs. Any questions or issues should be directed to your OpCo Compliance or Legal Department.

24. Contract Wage and Benefit Rates

Contractors are required to pay prevailing labor or service wage rates and/or benefits and to maintain specified safety and health standards when performing certain types of construction and service contracts with the federal government and the District of Columbia. Information, policies and procedures on compliance with these requirements are available from your OpCo's Compliance or Legal Department.

Be careful never to create a situation where it seems that you've used your position in an unfair way to benefit the company, yourself or your family or friends.



25. Human Trafficking – Zero Tolerance Policy

The federal government has a “zero tolerance policy” prohibiting human trafficking (which includes forced labor and the procurement of commercial sex acts) which applies to contractors, subcontractors and their employees who perform work for the government at all times during the term of the contract. This includes any such actions taken by an employee outside of work hours and on the employee’s own time. Sanctions for violation of this regulatory requirement are severe. All employees performing work under contracts with the federal government are subject to, and required to comply with this zero tolerance policy.

We will not tolerate conduct that negatively affects our image or reputation.

26. Sanctions

Violations of the Code of Conduct, this Supplement, and your own OpCo’s policies, procedures and internal control systems are taken seriously. If a violation is discovered, appropriate corrective action will be taken immediately, including disciplinary action, up to and including termination.

27. Training

All employees assigned to take training on the Code of Conduct, this Supplement or any of the areas covered therein must complete the training when assigned.

28. Updates and Revisions

The Code of Conduct and this Supplement may be updated from time to time to reflect changes in law, policy and practice. This Supplement should be read in conjunction with the Balfour Beatty Code of Conduct and your own OpCo’s policies and procedures.



Do more than read this supplement —
measure your actions against it.



For more information, including copies of policies and other documents referred to in this code, visit your intranet, consult your operating company legal or compliance contact, or email ethicsandcompliance@balfourbeatty.com.
www.bbethicshelpline.com

Acting ethically is your
personal responsibility.



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