

Serco's approach to: Crisis Management

While we aim to assess and manage business risks effectively, we recognise that it's equally important to have effective systems and processes for managing any crisis that might arise.

We define a crisis as an intense, unexpected and unstable state that disrupts normal operations, has undesirable outcomes and requires out-of-the-ordinary measures to restore order and normality. And we view crisis management as the management at a strategic level of the medium and long-term consequences of the incident. It will have as its priorities the maintenance of business continuity and the restoration of customer, shareholder and public confidence. This is balanced against emergency management that is the direct management of the response to an incident and will have as its short-term priorities the preservation of life, protection of property and the prevention of escalation.

Based on these definitions Serco has developed best practice processes and tools to support every contract in developing an effective approach to crisis management. We can implement appropriate management strategies to identify and manage possible emergency and crisis events associated with our activities. The key drivers will be:

- Preservation of life and relief of suffering
- Protection of property and the environment
- Maintenance of business continuity
- Minimisation of financial and reputational losses
- Restoration of public and customer confidence
- Restoration of normality (or the best that can be achieved) as soon as possible.

This should not just be a process of defining what we would do but also testing its effectiveness. This will be achieved by identifying potential crisis scenarios associated with all our business activities and taking action to prepare for them. The effectiveness of systems and processes developed to manage a crisis (or prevent an incident becoming a crisis) depends on speed of response. So we will put in place:

- Clear procedures and lines of responsibility
- Staff and other resources that can be deployed at short notice to deal with a sudden crisis
- Agreed processes for customer liaison
- Agreed principles for dealing with the media
- Immediate access to relevant information that will be required by media and others.

The framework that is developed will be specific to each contract but will adhere to minimum levels of achievement necessary to implement the crisis management elements of the Serco Management System Policy Statement and the Crisis Management Policy Standard.

Objectives

During contract implementation we will refine our current best practice processes to develop a contract specific solution that defines appropriate management strategies and processes that will identify and manage possible emergency and crisis events associated with all our business activities. By going through this process we will:

- Identify potential crisis scenarios associated with all our business activities and take appropriate action to prepare for these and other unforeseen events as part of our risk management process
- Prepare appropriate plans to manage crisis events that could affect our operations and activities
- Where appropriate, support our customers in preparing for, and responding to, emergency and crisis events that affect their operations and activities
- In responding to a major incident, place priority on preserving life, relieving suffering and protecting the environment
- Train key management staff in the principles of crisis management and undertake appropriate exercises to test and evaluate our plans
- Regularly review our crisis management plans to ensure that they remain relevant, robust and effective
- Work closely with our customers, the emergency services and other government organisations in the development and execution of our response to emergency and crisis events
- Evaluate our response to exercises and incidents and identify lessons to be learned.

Once in place these processes will be reviewed on a regular basis as part of the overall management review of the contracts assurance processes. Crisis scenarios will be planned as appropriate and in accordance with the crisis management plan. Feedback from these scenarios will be used to refine and develop the contracts systems and processes.

Requirements

Serco is committed to achieving and demonstrating achievement of the individual components of the Crisis Management Policy Standard through the preparation of documented crisis management procedures, a monitoring and audit programme and the reporting of findings. The specific tasks that will be undertaken to develop appropriate systems and processes include:

- Identification of possible/likely crisis scenarios based on a formal risk assessment
- Development of emergency or crisis or management plans, which include:
 - organisation and resources
 - information requirements
 - specific procedures for managing identified crisis scenarios
 - specific plans for business continuity and disaster recovery
 - detailed processes for media handling.
- Identification and training of crisis management team(s) including deputies
- Exercising of the crisis management team and supporting services at regular intervals with realistic scenarios
- A programme of regular reviews to ensure that the crisis and emergency management plans are up-to-date and that appropriate training and exercises have been undertaken

Responsibility and authority

The contract manager will have responsibility and authority to implement the processes and systems developed and monitor their implementation within the contract. Managing the crisis will require the involvement of a range of groups of people. The specific groups and their responsibilities will be defined within the crisis management plan and might include: crisis manager, activation manager, information and planning team, operations team, human resources team, communications team and technical advisers. All those identified with specific responsibilities or in forming one of the support teams will be provided with appropriate training to meet their responsibilities.

The contracts board, comprising the contract manager, his management team and non-executive directors from within Serco will have the responsibility for auditing crisis and emergency management plans and business continuity and disaster recovery plans and assessing the readiness of the contract to be able to respond to a crisis.

Training and awareness

Unlike the emergency services, responding to a crisis situation may not be considered to be part of normal day-to-day activities for Serco. The importance of training in a properly structured manner is important if the full potential of all the parties involved is to be realised. Key training topics that are likely to be relevant to those involved in a crisis response are:

- Awareness - This is a universal requirement for all that may be involved, however remotely, in crisis response. They should be aware of the management framework within which the response is made. Training will cover the likely impact of a crisis and the potential scale and complexity of the response. The effect of stress and trauma on those involved in the emergency response and crisis management should also be addressed.
- Liaison and coordination - This will highlight the importance of liaison and coordination in the planning and delivery of the response. Consideration will be given to detailed aspects of joint operations with other organisations (eg customer, emergency services etc) where appropriate.
- Communications - Subjects for training will include familiarisation with other stakeholders' documentation, terminology and call-out arrangements where these are different, and information technology and information access.
- Media relations - In addition to the training required in preparing for the media response, individual practical training in interview and news conference techniques will be undertaken where appropriate.

Communications

Communication with interested stakeholders during a crisis is a critical element of the management process. However well a crisis is being managed internally, if accurate and timely information is not being communicated to key business stakeholders and other interested parties, which might include the general public and the media, the inevitable result will be a loss of confidence in the company.

A key element of our crisis management plan will therefore be clear processes and guidelines in relation to the management of information and effective communications throughout the incident. This will consider both internal stakeholder communications as well as public and media communications.

Exercises

Exercises take four basic forms and their use is dependent on the state of development of the contracts crisis management strategy and the target audience. These comprise:

- Seminar exercises
- Table-top exercises
- Drills
- Live exercises

Key staff and deputies will take an active role in practice exercises. A graduated programme of exercises will be planned so that all participants have gained appropriate experience before being confronted with a live exercise. The more realistic an exercise is, the more beneficial it will be to the company and the individuals concerned. Provision will be made for objective observation of the

exercise by persons from outside the crisis management team to add value to the feedback and lessons learnt from the exercise.

The value of an exercise is in testing the company's crisis management planning and the performance of all individuals within the crisis management organisation. Information gathering at all stages is required to give an accurate picture of the response to events as they unfold. Each exercise will produce lessons to be learned that may need to be incorporated in the crisis management plan in readiness for the next exercise or a real life crisis. The crisis management team should be debriefed as soon as possible after the end of the exercise to ensure it is fresh in people's minds. Provision of a succinct report of successes, failures and corrective actions to which management can refer is a vital part of the overall learning process.

Benefits

Serco is committed to ensuring appropriate emergency and crisis plans are developed and are effective when applied.

Plans and processes will be specifically developed for the contract while reflecting current best practice from within the company.

Scenarios will be used to validate the effectiveness of plans put in place.

The review of the systems and processes will be embedded in contract board and management review processes.