

Crisis Management Policy Standard

CAG/STAN/I2

Issue Date:

1st January 2006

Authority:

Chief Executive, Serco Group

Applicability:

Serco Group covering all business divisions, operating companies and business units throughout the world

Executive Summary

This Policy Standard provides the framework for the effective management of crisis events to meet the requirements of good corporate governance and protect the interests of Serco's stakeholders.

It is the responsibility of Directors and Managers at all levels of the organisation to ensure that potential risks events are identified and appropriate plans put in place in accordance with this standard. At all levels of the organisation, crisis management, reporting and auditing processes will reflect the requirements set out in this policy standard.

I Introduction

This Policy Standard sets out the detailed requirements and minimum levels of achievement necessary to implement the crisis management elements of the business risk imperative of the Serco Management System: We manage the risks associated with our activities and minimise the impact of undesired and unexpected events.

Managing a crisis effectively (or preventing an incident becoming a crisis) will depend on speed of response and this means having 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 principles for dealing with the media
- immediate access to relevant information which will be required by media and others.

I.1 Definitions

Crisis is defined as: "An intense, unexpected and unstable state that disrupts normal operations, has highly undesirable outcomes and requires out-of-the-ordinary measures to restore order and normality".

Crisis Management is the management at a strategic level of the medium and long-term consequences of an incident. It will have as its priorities the maintenance of business continuity and the restoration of customer, shareholder and public confidence.

Emergency Management 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.

2 Objective and Commitment

Serco is committed to implementing appropriate management strategies and processes that will identify and manage possible emergency and crisis events associated with all our business activities. We will therefore:

- 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 business.
- where appropriate, support our customers in preparing for, and responding to, emergency and crisis events that affect their operations and activities.

- 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.

We will demonstrate achievement of the individual components of this Policy Standard through the preparation of documented procedures, the reporting and review of crisis planning at all levels of the business and a monitoring and audit programme to ensure that the processes are being implemented.

3 Principles

Serco's response to an emergency or crisis event will have the following objectives:

- 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
- restore normality (or the best that can be achieved) as soon as possible

4 Requirements

Serco Group plc, its subsidiaries, business divisions, business units and joint venture companies are expected to have plans in place which address the potential crisis or emergency scenarios appropriate to the type of business being undertaken. Specific tasks include:

- identification of possible/likely crisis scenarios based on a formal risk assessment
- development of Emergency or Crisis or Management Plans for each business unit and the support offices, which should 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

5 Responsibility and Authority

This policy standard is issued under the authority of the Chief Executive, Serco Group plc. Responsibility for implementation of this policy standard is set out below.

- Responsibility for the achievement of this policy standard rests with the Executive Team.
- Divisional Chief Executives are responsible for implementing the policy standard, monitoring its implementation in the everyday activities of their division and report to their divisional board.
- Managers are responsible for implementing the policy standard, monitoring its implementation in the everyday activities of their operations and report to their contract board.
- Divisional and Contract Boards have the responsibility for auditing Crisis and Emergency Management Plans and business continuity and disaster recovery plans and assessing the readiness of a division, company, business unit, subsidiary or joint venture to be able to respond to a crisis.

6 Evidence of Compliance

To demonstrate compliance with this Policy Standard, the following documentation is to be available for audit:

- Serco Group plc
 - Crisis Management Policy Standard (This document)
 - Related policy statements and procedures
 - Risk assessment of Serco Group activities
 - Crisis management plan(s)
 - Business continuity and disaster recovery plan(s)
 - Internal Audit reports
- Divisions/operating companies
 - Procedures
 - Risk assessment of operating company activities

- Crisis management plan(s)
- Business continuity and disaster recovery plan(s)
- Audit/review records
- Business units/operating contracts
 - Risk assessment of project activities
 - Emergency management plan(s)
 - Business continuity and disaster recovery plan(s)
 - Audit/review records

7 Guidance

Serco crisis management guidance and training material is available on the Corporate Assurance Group area of the Our World intranet.