

Whistle-Blowing Policy Standard

CAG/STAN/D2

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 sets out the process for handling concerns relating to malpractice or impropriety raised by employees to implement the confidential reporting elements of the Serco Management System and Ethics Policy Standard (CAG/STAN/AZ1).

Serco takes malpractice and impropriety extremely seriously. The objective of this Standard is to cover those concerns that are in the public interest and may at least initially be investigated separately but might then lead to the invocation of other procedures e.g. disciplinary.

All Serco business units are required to establish, and communicate to all staff, procedures that:

establish a confidential complaint handling process

identify appropriate procedures for the thorough investigation of complaints

take appropriate corrective action where required in response to the complaint.

provide mechanisms for the reporting of complaints and the resolution action to senior management.

All staff are responsible for reporting concerns relating to malpractice or impropriety in accordance with this Policy Standard and for its implementation within the framework of Serco's procedures and directives.

1 Introduction

As a Company listed on the London Stock Exchange, the Serco Group plc is required as a matter of good governance to have a whistle-blowing policy standard and procedure in place across the Group. This Policy Standard sets out the process for handling concerns relating to malpractice or impropriety raised by employees to implement the confidential reporting elements of the Serco Management System and Ethics Policy Standard (CAG/STAN/AZ1). Specifically it addresses the expectation that there is a defined process for reporting and monitoring malpractice and impropriety.

2 Objective and Commitment

Serco's relationships with its customers, suppliers, associates, employees and competitors will be conducted in accordance with the highest standards of integrity, honesty, openness and professionalism. Serco is committed to truth and fair dealing and to the highest standards of openness, probity and accountability.

Serco takes malpractice and impropriety extremely seriously. An important aspect of our desire to maintain the efficacy of our values and code of ethical conduct, is the mechanism and processes we have in place to deal with legitimate concerns and/or complaints in a responsible and effective manner.

The objective of this Standard to cover those concerns that are in the public interest and may at least initially be investigated separately but might then lead to the invocation of other procedures e.g. disciplinary. These concerns could include:

- financial malpractice or impropriety or fraud
- failure to comply with a legal obligation or statutes
- dangers to health and safety or the environment
- criminal activity
- improper conduct or unethical behaviour
- attempts to conceal any of these

It is not designed to question financial or business decisions taken by the Company nor should it be used to reconsider any matters, which have already been addressed under grievance, harassment, disciplinary or any other Company procedures.

3 Principles

It is a fundamental term of every contract of employment that an employee will faithfully serve his or her employer and not disclose confidential information about the employers' affairs. Nevertheless, where an individual discovers information that they believe shows serious malpractice or wrongdoing anywhere within our organisation, then this information should be

disclosed internally without fear of reprisal and where appropriate, done independently of line management.

Employees are required to raise their complaints through the internal procedures set down in this Standard rather than initiate them outside the Company.

4 Requirements

All Serco business units are required to establish, and communicate to all staff, procedures that implement the following requirements:

- establish a confidential complaint handling process
- identify appropriate procedures for the thorough investigation of complaints
- take appropriate corrective action where required in response to the complaint.
- provide mechanisms for the reporting of complaints and the resolution action to senior management.

The following provides details of the procedure for handling serious complaints.

4.1 Complaint Handling

The following procedure is to be adopted for all reports/concerns relating to the activities of the company or individuals:

4.1.1 Notification

- In the first instance, concerns should be reported to the relevant line manager.
- If for any reason the person raising the concern does not feel able to report them to their line manager they should notify the Company Secretary Serco Group plc.
- It is preferable for concerns to be reported in writing, detailing the nature of the concern, when an act or acts took place, who was involved, and other relevant information. It is possible for a complainant to report the concern verbally but they should be aware that the person receiving it will need to take notes in order to investigate the matters raised.
- The person with whom the concern was raised, will as soon as reasonably possible, send a written acknowledgement of the concern/complaint to the complainant.

4.1.2 Initiating Action

- The individual who receives and takes note of the complaint must pass this information, as soon as reasonably possible, to the Managing Director of the relevant operating company.
- The Managing Director will investigate complaints of malpractice or impropriety unless the complaint is against the Managing Director or is in any way related to the actions or

omissions of the Managing Director. In such cases, the complaint should be passed instead to the Chief Executive of the relevant business division for referral.

- In the case of a complaint that is in any way connected with but not against the Managing Director of the operating company, the Chief Executive of the relevant business division will nominate a senior manager to act as the investigating manager.
- Complaints against the Chief Executive of the relevant business should be passed to the Executive Chairman of Serco Group plc who will nominate an appropriate investigating manager.
- If there is evidence of criminal activity then the investigating manager should inform the police. The Company will ensure that any internal investigation does not hinder a formal police investigation.
- The time taken to investigate the concern will depend on the complexity of the issues involved. In most cases, the investigation will be carried out within 28 days and action will be taken as necessary. If it appears that this timescale needs to be extended, the person raising the concern will be informed accordingly. Due to the varied nature of these concerns or complaints, which may involve internal investigators and / or the police, it will not always be possible to lay down precise timescales for such investigations.
- The result of the investigation and the subsequent action taken will be reported back to the complainant.
- If the investigation is a prolonged one, the complainant will be kept informed, in writing, as to the progress of the investigation and as to when it is likely to be concluded.
- All responses to the complainant should be in writing and sent to their home address.
- All complaints received are to be reported to the Company Secretary Serco Group plc, who should then be kept informed of the investigations, their findings and actions taken.

4.2 Investigation

All allegations will be fully investigated by an appointed investigating manager with the assistance where appropriate, of other individuals / bodies. The investigation will implement the following process

- Full details and clarifications of the complaint will be obtained.
- The member or members of staff against whom the complaint is made should be informed of the complaint and their rights, including representation, as soon as is practically possible.
- Consideration should be given to the involvement of external bodies eg Company auditors, the Police. If external bodies are to be involved corporate communications are to be informed.
- The investigating manager will make a judgement concerning the complaint and validity of the complaint. This judgement will be detailed in a written report containing the findings of the investigations and reasons for the judgement.

- The Executive Chairman or a person or persons delegated on his or her authority will decide what action to take. If the complaint is shown to be justified, then they will invoke the disciplinary or other appropriate Company procedures.
- The complainant should be kept informed of the progress of the investigations and, if appropriate, of the final outcome.
- A copy of the outcomes will be passed to Company Secretary Serco Group plc and, if appropriate, the Corporate Assurance Group to enable a review of procedures.
- If the complainant is not satisfied that their concern is being properly dealt with by the investigating manager, they have the right to raise it in confidence with the Company Secretary Serco Group plc.
- If the investigation finds the allegations unsubstantiated and all internal procedures have been exhausted, but the complainant is not satisfied with the outcome of the investigation, the Company recognises the lawful rights of its employees and ex-employees to make disclosures to prescribed persons (such as the Health and Safety Executive, the Audit Commission, or regulators), or, where justified, elsewhere.

4.3 Safeguards

- Protection. Serco will protect any employee who discloses concerns provided any such disclosure is made in good faith. There should be some genuine basis for the concern raised in that the employee should have real reason to believe that the malpractice or impropriety has taken place or is likely to take place. Direct or indirect victimisation of any person using this standard in good faith will be regarded as a serious disciplinary offence.
- Confidentiality. Serco will treat all such disclosures in a confidential and sensitive manner. The identity of the individual making the allegation may be kept confidential so long as it does not hinder or frustrate any investigation. However, the investigation process may reveal the source of the information, with their consent particularly if a statement, as part of the evidence, is required.
- Anonymous Allegations. Serco encourages individuals to put their name to any disclosures they make. Whilst anonymous allegations will be considered the submission must be comprehensive to allow an effective investigation of the issue if the company is to investigate it as clarification that may be required to instigate an investigation and subsequent feedback on actions taken will not be possible given the anonymous nature of the notification. The Company will therefore use its discretion as to whether an investigation is appropriate. In exercising this discretion, the factors to be taken into account will include the:
 - seriousness of the issues raised
 - credibility of the concern
 - level of sufficient detail provided and whether an investigation can be instigated
 - likelihood of confirming the allegation from attributable sources.
- Untrue Allegations. If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against that individual. In

making a disclosure the individual should exercise due care to ensure the accuracy of the information. If, however, an individual makes malicious or vexatious allegations, and particularly if he or she persists with making them, disciplinary action may be taken against that individual.

5 Responsibility and Authority

5.1 Rights and Responsibilities

All employees have:

- a responsibility to inform the company of instances of malpractice or inappropriate behaviour
- a responsibility to assist in any process to resolve concerns
- the right to be protected from victimisation by others arising from concerns being raised

Employees raising concerns have:

- the right for their identity not to be disclosed without their consent
- the right to have their concern treated seriously
- the right to be told how the concern will be dealt with and the likely timescales
- the right to be kept informed about progress
- the right to be protected from victimisation arising from the concern

Managers notified of a concern have:

- a responsibility to ensure concerns raised are taken seriously, properly investigated and an objective assessment made
- a responsibility to keep the complainant advised on progress and timescales
- a responsibility for ensuring that all necessary actions to resolve valid concerns are taken
- a responsibility to provide feedback to the complainant on the outcome and any action taken

5.2 Authority

The Policy Standard is issued under the authority of the Audit Committee, Serco Group plc. Responsibility for its implementation is set out below.

- Responsibility for this Policy Standard rests with the Audit Committee of the Serco Group Board.

- 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.
- All staff are responsible for the reporting concerns relating to malpractice or impropriety in accordance with this Policy Standard and for its implementation within the framework of Serco's procedures and directives.
- The Company Secretary is responsible for reviewing the policy standard and ensuring that it is kept up to date with changes in legislation. It is also responsible for the development of guidance and training on the implementation of the policy standard and for providing appropriate reports to the Serco Group plc board and Audit Committee.

6 Evidence of Compliance

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

- Serco Group plc
 - Whistle-blowing Policy Standard (This document)
 - Related policy statements and procedures
 - Investigation reports
- Divisions/operating companies
 - Procedures
 - Staff familiarisation with reporting procedure
- Business units/operating Contracts
 - Staff familiarisation with reporting procedure

7 Guidance

The following documentation should be read in conjunction with this policy standard:

- Ethics Policy Standard (CAG/STAN/AZ1)

Further guidance material is available on the Human Resources and Corporate Assurance Group areas on the Our World intranet (<http://ourworld.serco.com>).