
WHISTLEBLOWING POLICY



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PART 1: TRAINING¹

1. TRAINING

- 1.1 An effective whistleblowing programme is a key element of your business's compliance programme. It is essential that your business's whistleblowing programme is communicated to all employees through training and clear physical and online notices and communications (as appropriate) in order to ensure that your business has "adequate procedures" (Bribery Act) or "reasonable procedures" (failure to prevent tax evasion) in place. A key element of this is to ensure awareness training is delivered to all employees as to how to raise whistleblowing concerns.
- 1.2 A understanding of how to identify whistleblowing complaints and distinguish them from other employee grievances or processes is fundamental in allowing whistleblowing concerns to be dealt with appropriately and independently of other issues. Separating out whistleblowing concerns from other HR processes can afford additional protection in subsequent employment claims (e.g. for retaliation/victimisation). Such training is normally carried out for HR, compliance and legal teams and, potentially, line management.

¹ Please note this is a non-exhaustive summary. The full policy should be reviewed and assessed for further training, practical and procedural implications and updates that are specific to your business.

PART 2: WHISTLEBLOWING POLICY

1. INTRODUCTION

- 1.1 Melrose Industries PLC, and its business units (**collectively referred to as the “Company”**) is committed to conducting its business with honesty and integrity at all times. However, it recognises that incidents of workplace malpractice may arise and that such matters are of serious concern. By encouraging a culture of openness and accountability, we believe that we can help prevent such incidents occurring.
- 1.2 The purpose of this policy is to ensure that all Company employees and third parties with whom the Company deals feel confident that they can raise matters of concern. For company employees it is important that this is without fear of being disloyal to colleagues or to the Company, or for fear of being subjected to harassment, victimisation or any other detriment or retaliation. Any individual coming forward in such circumstances will be protected to the fullest extent possible by the Company and their concerns will be taken seriously. Please be aware that your business unit may have a specific Process or Policy in addition to this policy which you will need to follow.
- 1.3 This policy is distinct from the Company’s grievance procedure. If you have a complaint relating to your personal circumstances, such as the way you have been treated at work, you should raise a grievance under the Company’s grievance procedure.
- 1.4 For the avoidance of doubt, this policy is for guidance only and does not form part of your contract of employment.
- 1.5 This policy has been approved by the board of directors of Melrose Industries PLC, who are responsible for ensuring this policy complies with relevant legal and ethical obligations.
- 1.6 The General Counsel for each business unit within the Company is responsible for ensuring awareness of and compliance with this policy within their particular business unit.
- 1.7 Each business unit within the Company is expected to establish a “culture” of compliance with this policy. The executive team of each business unit must take direct responsibility for ensuring effective transmission of this policy throughout their business unit, together with relevant guidance and training, and appropriate safeguards, monitoring, and resources, in order to ensure compliance with this policy.
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2. WHO IS COVERED BY THIS POLICY?

- 2.1 This policy applies to all individuals working at all levels, including senior managers, officers, directors, employees (whether permanent, fixed-term, or temporary), pension trustees, consultants and other business advisers, contractors, trainees, casual workers/agency staff, volunteers, business agents, distributors, joint venture partners, or any other person working for, or on behalf of the Company (collectively referred to as “staff” for the purposes of this policy), regardless of status, position and length of service.
- 2.2 The Company also wishes to support disclosures from third parties (e.g. customers, suppliers, counterparties) of any circumstances or conduct that the third party believes the Company should be aware of. A separate section dealing with disclosures from third parties is at section 8 below.

3. WHAT IS WHISTLEBLOWING?

- 3.1 **“Whistleblowing”** refers to the act of reporting or exposing suspected or actual wrongdoing or dangers at work, either within an organisation, or externally to someone like a regulator. A **“whistleblower”** is a person who reports or raises a concern which relates to suspected or actual wrongdoing or dangers at work.
- 3.2 Staff are encouraged to make a disclosure under this policy if they have reasonable grounds to believe that one or more of the following occur, is in the process of taking place, or is likely to occur in future:
- criminal offence;
 - breach of a legal obligation;
 - miscarriage of justice;
 - danger to the health and safety of any individual;
 - damage to the environment;
 - failure to comply with any legal or professional obligation, or regulatory requirements;
 - bribery;
 - financial fraud or mismanagement;
 - negligence;
 - breach of our internal policies and procedures;
 - unauthorised disclosure of confidential information;
 - the deliberate concealment of information about any of the above; or
 - any other conduct of a fellow employee not covered within the above which would be likely to harm the reputation of the Company.

4.	HOW STAFF SHOULD RAISE A WHISTLEBLOWING CONCERN	
4.1		All staff are encouraged to disclose relevant information as soon as possible after they become aware of the issue in question. Early disclosure will help to ensure that any problems are resolved as quickly as possible, and allow full and accurate investigations to take place.
4.2		Any member of staff wishing to make a disclosure under this policy should follow the procedures outlined below. You should ensure that you also refer to the business unit policy to ensure compliance with any additional procedures. Please note that option 1 will not be suitable unless you are employed by the Company.
		<u>Option 1 – Normal Procedure</u>
		You are encouraged to tell your immediate Line Manager, or your Human Resources Officer. They may be able to agree a way of resolving your concern quickly and effectively. In some cases, they may refer the matter to a more senior member of staff, the Melrose Group Company Secretary or the Chairman of the Company’s Audit Committee.
		<u>Option 2 – Alternative Procedure</u>
		Where you feel that your Line Manager or Human Resources Officer has not addressed your concern, or you prefer not to raise it with them for any reason, you may report the matter online via the confidential Melrose ethical reporting line which can be accessed at www.melrose.ethicspoint.com .
4.3		Please note that where allegations are made anonymously, we may be unable to obtain further information from you in order to facilitate a full investigation.
5.	WHAT WILL HAPPEN FOR STAFF ONCE YOU HAVE MADE THE DISCLOSURE?	
5.1		Initial Meeting
	5.1.1	The person to whom you make your disclosure will invite you to a meeting to discuss what action needs to be taken. You may be asked to put your concern in writing and/or clarify your concerns before the meeting. If your concern is raised via the anonymous online or telephone reporting lines and you decide to leave contact details, you will be contacted with feedback either via your local management

or directly using the contact details you provide.

- 5.1.2 If a meeting is held, then during that meeting, a written summary of your concern will be taken down and you will be provided with a copy after the meeting. You will also be given an indication as to how the matter will be dealt with.

5.2

Investigation

- 5.2.1 The length and scope of the investigation will depend upon the subject matter of the disclosure.
- 5.2.2 An investigator may be appointed or, in some cases, an investigation team including staff with relevant experience of investigations or specialist knowledge of the subject matter may be appointed to establish whether wrongdoing has occurred. In most instances, the investigator(s) will carry out an initial assessment of the disclosure to determine whether there are grounds for a more detailed investigation to take place or whether the disclosure is, for example, based on erroneous information. In any event, a report will be produced and copies will be provided to the Board / Audit Committee.
- 5.2.1 You may be asked to provide further information. The investigator may also be accompanied by a member of staff to assist with the investigation.
- 5.2.2 We will aim to keep you informed of the progress of the investigation and its likely timescale. However, the need for confidentiality may prevent the Company from giving you specific details of the investigation or actions taken.

5.3

Outcome

- 5.3.1 Following the investigation, findings will be communicated to you as soon as possible, and as appropriate to the other individual(s) being investigated. If you are unhappy with the way that your concern has been handled, you can raise it under the alternative procedure at option 2 at section 3.2 above.
- 5.3.2 In circumstances where you make a disclosure in relation to wrongdoing or dangers at work with which you have been personally involved, the Company will view the fact of the disclosure positively and, and at the Company's sole discretion, you may receive a lighter sanction than if you had decided to keep quiet. The decision of the Board will be final in such matters.
- 5.3.3 Where appropriate, the Company will refer matters to external authorities. In some circumstances, the Company may need to make such a referral without your knowledge

or consent.

**6. STAFF
CONFIDENTIALITY**

- 6.1 Every effort will be made to ensure that your identity will not be disclosed, unless:
- 6.1.1 disclosure is necessary for the purpose of the investigation;
 - 6.1.2 disclosure is necessary to comply with a legal obligation;
 - 6.1.3 your identity is already within the public domain; or
 - 6.1.4 your identity needs to be disclosed to professional advisers, on a strictly confidential basis, for the purpose of obtaining further advice.
- 6.2 If there are any other circumstances where your identity needs to be revealed outside of the circumstances listed above, where possible, the matter will first be discussed directly with you.
- 6.3 Except as provided for in section 6 below, to ensure that no investigation is jeopardised, you will also be expected to keep the fact that you have raised a concern under this policy confidential unless and until you are informed otherwise.

**7. EXTERNAL
DISCLOSURES**

The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying wrongdoing or danger in the workplace.

The law recognises, however, that in certain circumstances it may be appropriate to report your concerns to a relevant external body, such as a government agency or regulator, although we encourage you to raise the matter internally and seek advice before reporting a concern to anyone external. Please note that it will very rarely (if ever) be appropriate to alert the media

**8. PROTECTION FROM
DETRIMENT OR
RETALIATION FOR
STAFF**

- 8.1 We understand that whistleblowers might be worried about possible repercussions. We aim to encourage openness and support staff who raise concerns under this policy, even if they turn out to be mistaken.
- 8.2 If you raise a concern under this policy, you will not be dismissed or be subjected to any other detriment or retaliation, such as harassment or victimisation, as a result. If you believe that you have suffered a
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detriment or retaliation within the workplace as a result of raising concerns under this policy, you should raise a formal grievance under the grievance procedure. These protections will not be available if an investigation under this policy concludes that a disclosure has been made maliciously.

**9. REPORTS FROM
THIRD PARTIES**

- 9.1 As noted above, the Company wishes to support disclosures from third parties (e.g. customers, suppliers, counterparties) of any circumstances or conduct that the third party believes the Company should be aware of.
- 9.2 Third parties are welcome to contact, in confidence, Melrose Group Company Secretary, Joff Crawford on +44(0)20 7647 4500.

**10. RESPONSIBILITY
FOR THE SUCCESS
OF THIS POLICY**

- 10.1 The board of directors of Melrose Industries PLC has overall responsibility for this policy, and for reviewing the effectiveness of actions taken in response to concerns raised under this policy. Your business unit General Counsel will keep a confidential log to assess the effectiveness of the Company's policy and any emerging trends. This policy will be reviewed regularly.
- 10.2 Managers have a specific responsibility to facilitate the operation of this policy and to ensure that staff feel able to raise concerns without fear of reprisals in accordance with this policy. Managers will be given training on the relevant legal and operational framework and best practice.
- 10.3 All staff should be aware of and are responsible for the success of this policy and should ensure that they take steps to disclose any wrongdoing or dangers at work of which they become aware. If you have any questions about the content or application of this policy, you should contact the human resources department to request training or further information.
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PART 3: KEY TRENDS AND DEVELOPMENTS

New legislation, regulatory focus on the effectiveness of whistleblowing programs and the increase in whistleblowing complaints is causing companies to review their whistleblowing and “speak up” strategies so that they can better identify inappropriate, unethical or illegal activities and minimise reputational damage, and avoid claims from employees. This factsheet outlines some key trends and developments in this area.

• New whistleblowing laws

All EU member states are required to implement the EU Whistleblowing Directive 2019/1937/EU (the “**Directive**”) by 2021. In many member states this will result in significant changes to existing whistleblowing regimes. The Directive will not apply to the UK as the implementation date is after the UK has left the EU. Nonetheless, the UK is considering reforming its whistleblowing laws based on the findings of the 2019 ‘Making whistleblowing work for society’ report from the All Party Parliamentary Group.

Beyond Europe, there are other notable examples of enhanced whistleblowing legislation such as the Australian whistleblowing legislation (Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019).

Any global roll out of a whistleblowing program will need to take account of the particularities of local legislation (even in Europe post 2021) and in particular the following:

- Who can qualify as a whistleblower?
- What constitutes “misconduct”?
- The extent to which employees’ ability to expose misconduct or wrongdoing can be limited through employment contracts and/or severance arrangements.
- The ability to report externally – and the rules relating to such external reports.
- The whistleblower’s burden of proof.
- Anonymous reporting.
- Compensation and fine regimes.

In addition persons who are the subject of whistleblowing reports now have strengthened data protection rights which, depending on the jurisdiction, may require the reporting person and/or the context of any report to be revealed.

• Regulatory focus on whistleblowing programs

Whistleblowing programs are the subject of much regulatory focus and are a key indicator of the effectiveness of the overall compliance program and the health of the culture of the company.

The recent Department of Justice Guidance (Evaluation of Corporate Compliance Programs) states the following;

“Another hallmark of a well-designed compliance program is the existence of an efficient and trusted mechanism by which employees can anonymously or confidentially report allegations of ... suspected or actual misconduct. Prosecutors should assess whether the company’s complaint-handling process includes pro-active measures to create a workplace atmosphere without fear of retaliation, appropriate processes for the submission of complaints, and processes to protect whistleblowers.”

The latest UK Deferred Prosecution Agreement (July 2020) draws attention to an independent review of G4S’ whistleblowing program which will be the subject of further review by the External Reviewer in its 3 year post settlement monitorship of G4S.

Areas of regulatory enquiry would likely include the following:

- Is the Whistleblowing Policy – and supporting procedures - up to date and reflective of recent legislative developments, regulatory guidance and emerging international best practice?
- Is there a nominated executive with the level of authority, independence and resources to ensure and oversee the integrity, independence and effectiveness of the Company’s policies and procedures on Whistleblowing?
- Is there a nominated non executive Director responsible for the Whistleblowing programme?
- Are the Whistleblowing procedures outlining the Company’s approach to Whistleblowing readily available?
- Is there an up to date strategy for assessing and improving the Company’s speak up culture – and has this strategy been reviewed by the Board?
- Does the Board receive reports (at least annually) on the operation and effectiveness of its systems and controls in relation to Whistleblowing?
- Does the Board receive meaningful reports on whistleblowing statistics, incident management and the development of the whistleblowing programme
- Do the individual members of the Board behave in a way that encourages staff to speak up and do they demonstrate a commitment to the Whistleblowing programme?
- Has the Board commissioned an independent review of the Whistleblowing programme?

<ul style="list-style-type: none">• Responding to an increase in whistleblowing complaints

Whistleblowing has increased in recent years, in part thanks to improved whistleblowing programs but in addition due to the rapid spread of social media and campaigns such as the ‘Me Too’ movement have encouraged employees to speak up about inappropriate, unethical and illegal conduct within the workplace. Companies have had to respond to this increase, and ensure that they have appropriate measures in place. Some employers are struggling to deal with increased whistleblowing reports in the appropriate way. For example, sexual misconduct and harassment complaints are increasingly being reported and dealt with through whistleblowing channels rather than grievance procedures and so are sometimes dealt with by compliance professionals who may

not have the same experience in dealing with such issues as HR specialists. Conversely, non-employment related whistleblowing issues can be hidden within an employee's grievance and as a result, not appropriately identified and escalated. Having the appropriate policies in place is part of the solution but having in place a method for diverting complaints to be dealt with in the most appropriate forum is equally important.

- **Impact of covid-19**

COVID-19 has had a significant impact on whistleblowing in the workplace and it is expected that this will continue for the rest of the year. By June 2020, in the UK, there were around 1,900 reports from employees to HMRC claiming that employers were fraudulently claiming furlough benefits while requiring their employees to work. As restrictions begin to lessen and the UK government encourages people to return to work, employers could face a wave of complaints from employees regarding health and safety concerns about returning to work and the safety of offices. It will be important for line managers to be alert to such issues and ensure that they deal with concerns that are raised properly and in line with any whistleblowing procedures that are in place.

SOME RESOURCES

Anti-corruption ethics compliance handbook for business. OECD, UNODC and World Bank. 2013 - see <https://www.oecd.org/corruption/anti-corruption-ethics-and-compliance-handbook-for-business.htm>

The World Bank Integrity Guidelines contain helpful Reporting criteria on duty to report, advice, whistleblowing/hotlines, and periodic certification – see <http://pubdocs.worldbank.org/en/489491449169632718/Integrity-Compliance-Guidelines-2-1-11.pdf>

The revised DOJ Guidance on Compliance Programs (2019) and related US Sentencing Guidelines also contains useful material on whistleblowing programs – see <https://www.justice.gov/criminal-fraud/page/file/937501/download>

The United Nations Convention against Corruption: Resource guide on good practices in the protection of reporting persons, United Nations, 2015 - see http://www.unodc.org/documents/corruption/Publications/2015/15-04741_Person_Guide_eBook.pdf.

OECD guidelines for multinational enterprises (2011) – see <http://www.oecd.org/daf/inv/mne/48004323.pdf>.

NHS related resources - despite being directed at the health sector, there is useful “speak up” related Material - <https://improvement.nhs.uk/resources/freedom-speak-guidance-nhs-trust-and-nhsfoundation-trust-boards/> and <http://freedomtospeakup.org.uk/the-report/>

IBA Guidance (2018) - <https://www.ibanet.org/LPRU/whistleblowing.aspx>

The FCA Guidance on Whistleblowing Good Practice (November 2018) identifies financial sector best practice which is equally relevant to the broader commercial sector – see <https://www.fca.org.uk/publications/multi-firm-reviews/retail-and-wholesalebanking-review-firms-whistleblowing-arrangements>

UK all party parliamentary committee on whistleblowing – see <https://www.appgwhistleblowing.co.uk>