

1. PURPOSE

Frazer-Nash Consultancy Ltd is a wholly owned subsidiary of Babcock International Group Ltd and insists on the highest standards of honesty and integrity in all aspects of its business. This includes strict compliance with the laws and standards of conduct required in the countries in which it operates and does business. It operates a business ethical compliance programme, and under this the Frazer-Nash Managing Director is required to sign a declaration that the Company has complied with our Business Ethics Policy during the previous financial year.

Frazer-Nash fully supports an ethical approach to business and within its own operations is committed to the highest standards of openness, probity and accountability, and aims to promote a culture in which employees feel they can raise genuine concerns without fear of subsequent victimisation, discrimination or disadvantage.

This procedure describes the Company's approach to encourage reporting of Improper Conduct or breaches of business ethics compliance in Australia and has the following specific aims:

- to provide routes for employees to raise concerns in confidence and receive feedback on any action taken
- to reassure employees who disclose wrongdoing that they can do so safely, security and with confidence that they will be protected and supported
- To support Frazer-Nash's values and Code of Business Conduct (PAP1070)
- To meet Frazer-Nash's legal and regulatory obligations including under Part 9.4AAA of the Corporations Act 2001 (Cth) (Corporations Law) and Part IVD of the Taxation Administration Act 1953 (Cth) (Tax Act) (the Acts).

This policy relates to the operations of Frazer-Nash in Australia.

2. WHO THIS POLICY APPLIES TO

This policy is intended to cover concerns which are in the public and company interest. It details how Eligible Persons can raise concerns internally at a high level within our Australian organisation or upward to the leadership of the company in the UK, specifically to encourage and help enable disclosure of concerns.

"Eligible Persons" are current or former directors, officers, employees, contractors, sub-contractors or associates of the Company and families of those persons.

2.1 MATTERS THE POLICY APPLIES TO

A "disclosable matter" is any matter which an individual has reasonable grounds to suspect relates to misconduct, or an improper state of affairs or circumstance in relation to Frazer-Nash or a related body corporate of Frazer-Nash ("Improper Conduct").

Such concerns could include:

- conflicts of interest between an individual's private financial activities and their part in the conduct of company business
- financial malpractice or fraud including in relation to tax affairs
- unauthorised disclosure of confidential information
- failure to comply with legal obligations or statute
- health and safety risks, including risks to the public as well as other employees
- damage to the environment with a detrimental effect on the Company or public
- criminal activity
- improper conduct or unethical behaviour
- an attempt to conceal any of the above.

Employment issues including personal work-related grievances fall outside the scope of this policy and are dealt with separately. Some examples of personal work-related grievances are:

- interpersonal conflicts between an individual and another employee
- decisions about the engagement, transfer or promotion of an individual
- a decision to suspend or terminate the engagement of an individual or otherwise discipline an individual.

3. PROCEDURE FOR MAKING A DISCLOSURE

Initial concerns should be raised either verbally or in writing by an Eligible Person to the Designated Disclosure Officer: Marc Lyell.

If the employee believes that the disclosable matter is of a more serious nature, or the Designated Disclosure Officer is not appropriate or available, then their concerns should be discussed with one of the following:

Jonathan Armstrong, Director of Australian Operations
Neil McDougall, Managing Director, Frazer-Nash Consultancy Ltd

If the employee does not wish to raise their concerns internally they are able to raise them with our shareholder using the following confidential Babcock International Group reporting methods:

Internet

By visiting www.intouchfeedback.co.uk/babcock and input access code #22226 on the home page.

By post

By writing to: InTouch (Babcock)
Blythe Valley Innovation Centre
Blythe Valley Park
Solihull
West Midlands
B90 8AJ

All reports of Improper Conduct should provide specific, adequate and pertinent information with respect to, among other things, dates, places, persons/witnesses, amounts, and other relevant information, in order to allow for a reasonable investigation to be conducted. If the Eligible Person discloses his/her name, the person receiving the claim will acknowledge having received the report and may initiate a follow-up meeting. However, if the claim is submitted on an anonymous basis there will be no follow-up meeting regarding the report, and the Company will be unable to communicate with the discloser of information if more information is required, or if the matter is to be referred to an external party for further investigation. A mere allegation with no supporting information is not likely to be considered as having 'reasonable grounds to suspect'.

Note that disclosures of information relating to disclosable matters can also be made to ASIC, APRA or another Commonwealth body prescribed by regulation and qualify for protection under the Corporations Law.

4. LEGAL PROTECTION FOR DISCLOSERS

This policy is designed to offer protection to Eligible Persons who disclose Improper Conduct provided the disclosure is made:

- in good faith
- in the reasonable belief that the conduct is Improper Conduct and that the disclosure is made to a person or means identified in section 3
- in line with this policy.

The Company is committed to protecting and supporting a person who makes a disclosure and will endeavour to provide the following protections:

- identity protection (confidentiality)
- protection from detrimental acts or omissions
- compensation and remedies, and
- civil, criminal and administrative liability protection.

4.1 CONFIDENTIALITY

The Company will treat all disclosures in a confidential and sensitive manner. The Company is committed to protecting the identity of all persons making disclosures under this policy. However, the investigation process may reveal the source of the information and the individual may need to provide a statement as part of the required evidence. This possibility will be discussed with the person prior to any investigation and the individual is then able to decide whether they wish to proceed.

The Company will endeavour to keep the identity of the discloser confidential and not disclose their identity to a third party unless:

- the individual consents to the disclosure
- the disclosure is made to Australian Securities and Investments Commission (ASIC), Australian Prudential Regulation Authority (APRA), a member of the Australian Federal Police (AFP), the Commissioner of Taxation (ATO) (if tax-related) or other prescribed body in accordance with the Corporations Law or the Tax Act
- the disclosure is made to a legal practitioner for the purposes of the Company obtaining legal advice or representation in accordance with the Acts
- a court or tribunal thinks it is necessary in the interests of justice or
- where the disclosure is otherwise required or permitted by law.

The Company will endeavour to not disclose information that is likely to lead to the identification of the individual unless:

- it would be permitted to disclose the person's identity (as above) or
- where the disclosure of that information is reasonably necessary for purposes of investigating the Improper Conduct, and the Company has taken reasonable steps to reduce the risk that the individual will be identified as a consequence of the disclosure.

Individuals making a disclosure under this policy should be aware that people may be able to guess or establish their identity where they:

- have mentioned to other people they are considering making a disclosure
- have complained or raised concerns with other people about the subject matter of the disclosure
- are one of a very small number of people with access to the information the subject of the disclosure
- are disclosing information that has been told to them privately and in confidence.

4.2 PROTECTION FROM DETRIMENTAL ACTS OR OMISSIONS

The Company will endeavour to prevent either the discloser or persons affected by a disclosure from suffering detriment in relation to a disclosure.

Detrimental conduct includes such things as dismissal of an employee, injury of an employee in his or her employment, alteration of a person's position or duties to his or her disadvantage, harassment or intimidation

of a person and damage to a person's reputation. Detrimental conduct does not include administrative actions that are reasonable for protecting a discloser from detriment or the Company managing a discloser's unsatisfactory work performance if the action is in line with the Company's performance management framework.

If an individual has concerns about detrimental or victimising conduct they should immediately notify their Line Manager. The Company will endeavour to assist and support any such individuals and may, at its discretion, provide or assist with support services (including counselling or other professional or legal services) or strategies to help to minimise and manage stress, time or performance impacts or other challenges resulting from the disclosure or the investigation.

A discloser of information, or other person, who has suffered loss because of detriment suffered in the circumstances described above can seek compensation and other remedies through the courts. Individuals should seek independent legal advice in these circumstances.

4.3 OTHER PROTECTIONS AVAILABLE TO DISCLOSERS OF INFORMATION

Where an employee makes a disclosure that qualifies for protection under the Acts, that person will be protected from any of the following in relation to the disclosure:

- Civil liability (for instance, legal action against the employee for breach of an employment contract, duty of confidentiality or another contractual obligation)
- Criminal liability (for instance, the attempted prosecution of the discloser for unlawfully releasing information, or other use of the disclosure against the discloser in a prosecution, other than making a false disclosure)
- Administrative liability (for instance, disciplinary action for making the disclosure).

The protections available to employees who make a disclosure qualifying for protection under the Acts do not, however, grant that person immunity for any misconduct they have engaged in that is revealed in their disclosure.

4.4 ANONYMOUS ALLEGATIONS

Disclosures may be made anonymously, however this procedure is designed to encourage individuals to put their name to any disclosure that is made. Disclosures expressed anonymously can be less credible and more difficult to investigate but may be considered at the discretion of the Company.

In exercising such discretion, the factors to be taken into account include:

- The seriousness of the issues raised
- The credibility of the concern
- The likelihood of confirming the allegation from alternative sources.

A discloser who provides their identity when making a disclosure under this policy:

- can expect the Company to provide the person with appropriate protection and support (see sections 4.1, 4.2 and 4.3)
- enables a person appointed to investigate the matter with an opportunity to clarify or seek further information from the individual. Without further information, the Company may be unable to investigate the report.

4.5 UNTRUE ALLEGATIONS

If an individual makes an allegation in good faith, which is then not confirmed by subsequent investigation, no action will be taken against the individual. However, in making any disclosure the individual should exercise due care to ensure the accuracy of the information. Malicious allegations can lead to disciplinary action being taken against the individual.

5. HANDLING AND INVESTIGATION OF A DISCLOSURE

The Board of Directors has responsibility for:

- a) this policy, including approving the policy and any amendments
- b) Where relevant, determining how a matter reported under this policy will be managed, including seeking legal advice on the Company's statutory or other legal obligations arising from a disclosure made under this policy.

The Designated Disclosure Officer (see section 3) is responsible for:

- a) receiving disclosures under this policy
- b) subject to any permissions from a person, ensuring an individual's identity is kept confidential
- c) ensuring an individual has access to this policy
- d) Assessing disclosures made under this policy
- e) Notifying the Board where a disclosure is sufficiently serious.

Once a report of suspected Improper Conduct has been received by the Designated Disclosure Officer (or by another person listed in section 3), from an individual who has provided reasonable grounds for their belief that Improper Conduct has occurred, that person will conduct an initial assessment to determine whether:

- a) it qualifies for protection and
- b) a formal, in-depth investigation is required.

At the Board's discretion, an Investigating Officer may be appointed. The Investigating Officer may be a senior manager or a Human Resources manager or, at the discretion of the Company, an external person. The Investigating Officer may require the assistance of an internal or an external accounting, legal or other specialist.

All material issues and any actions that may be required as a result of the investigations will be reported to the Board.

Investigations will be conducted promptly and fairly with due regard for the nature of the allegation and the rights of the persons involved in the investigation. Evidence, including any materials, documents or records will be held securely by the person investigating the matter.

During the investigation, the person investigating will require access to all of the relevant materials, documents, and records. The directors, officers, employees and agents of the Company must cooperate fully with the Investigator. During the investigation, the Board will use all reasonable means to protect the confidentiality of the information regarding the discloser.

At the conclusion of the investigation, the Investigator will prepare a report of the findings for the Board. Where the final report indicates that Improper Conduct has occurred, the final report will include recommendations for steps to be taken to prevent the Improper Conduct from occurring in the future; as well as any action that should be taken to remedy any harm or loss arising from the Improper Conduct, including disciplinary proceedings against the person responsible for the conduct and the referral of the matter to appropriate authorities, as is deemed necessary by the Board.

6. NOTIFICATION

The employee will be informed of the progress of the investigations and if appropriate, the final outcome of the investigation. The Company will ensure that, provided the claim was not submitted anonymously, the individual who made the disclosure is kept informed of the outcomes of the investigation of the relevant allegations, subject to the considerations of privacy of those against whom allegations are made.

7. OBLIGATIONS OF EMPLOYEES AND OTHERS

All employees of the Company, and persons providing services as an independent contractor or labour hire worker to the Company, are required to:

- a) subject to a claim of privilege or self-incrimination, cooperate with the Designated Disclosure Officer, the Board and any person investigating, including by providing relevant documents and information or answering questions during the conduct of any investigation under this policy
- b) strictly maintain the confidentiality of a whistleblower's identity, whether they obtain that information directly or indirectly and
- c) refrain from committing, or threatening to commit, any act of detrimental conduct to a whistleblower, or any other person, because they believe or suspect that the whistleblower, or another person, has made, may have made, proposes to make, or could make a disclosure that qualifies for protection under the Acts.

8. BREACHES OF THIS POLICY

Any employee who breaches this policy, including by breaching an obligation to keep a whistleblower's identity confidential, refusing to participate or cooperate with an investigation into a whistleblower's disclosure, or engaging in detrimental conduct against a whistleblower or another person, will face a disciplinary process in accordance with the Company's Disciplinary Procedure (PAP1010), which could result in the termination of their employment.

The Company may terminate its relationship with other individuals and entities providing goods or services to the Company if they breach this policy.

9. REVIEW OF THIS POLICY

The Company is committed to monitoring and reviewing the effectiveness of this policy and its related processes and procedures. The Board will periodically review this policy and its related processes and procedures and implement any changes to rectify any issues identified from its review in a timely manner.

This policy does not form part of any employee's contract of employment and the Company may amend it at any time.