

**SERENA HOTELS****WHISTLE BLOWING PROTECTION AND FRAUD PREVENTION POLICY****1.0 BACKGROUND**

Serena Hotels ("Serena" or "the Company") Whistle Blowing Protection and Fraud Prevention Policy (together "the WBFP" or "the Policy") aims to inculcate a sense of responsibility amongst employees, and to encourage them to be good stewards of the Company's resources, as well as to protect those resources that stakeholders have entrusted upon the Company from misuse and abuse. Within these broad guidelines, Serena Management will encourage staff to exhibit integrity, honesty, ethical values and commitment that facilitates compliance with the Company's various policies and procedures. The respective East African countries' laws, the Kenya Capital Markets Authority (CMA) Regulations and Serena's Financial Policies and Procedures must be adhered to in the quest to promote high moral values and standards that will enhance stakeholder's confidence.

Whilst this WBFP has been developed within an environment of increasing reports of frauds and pilferage within the hospitality sector, the Policy shall apply to Serena operations only. Hence, any timely report that shall be made available to Management must strictly be those issues that are likely to impact negatively against the interests of Serena and its operations.

The Policy restricts submission of any confidential information regarding Serena's business strategy or any information that may compromise Serena's business interest to a third party.

Serena takes cognizance of the fact that what may appear to be a small infraction, if not handled immediately, may lead to financial loss to the Company and its stakeholders and could also lead to employees' job loss.

The Policy is twofold: (i) The Whistle Blower Protection Policy (paragraph 2) and (ii) the Fraud Prevention Policy (paragraph 3).

## **2.0 WHISTLE BLOWER PROTECTION POLICY**

A whistle blower (the “Whistle Blower”) as defined by this policy is an employee of Serena or any other stakeholder, who reports an activity that he/she considers to be illegal or dishonest to one or more of the parties specified in this Policy. The Whistle Blower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

This Whistle Blower Protection Policy (“the WBP”) has been developed to set out broad guidelines that will enable employees of Serena and other stakeholders who have information regarding financial impropriety, unethical and dishonest behaviour, discriminatory or illegal practices to come forth and report to Management without fear of retribution or recrimination.

The WBP is meant to make the workplace healthier and more conducive, where problems are handled expeditiously and professionally as and when they are detected in their early stages.

### **2.1 OBJECTIVES OF WBP**

- To discourage destructive behaviour.
- To facilitate a process that encourages employees to freely and voluntarily come forward in good faith and share with Management any information they may have regarding any violations that may be detrimental to the Company’s smooth operations, its stakeholders as well as its employees.
- To foster an atmosphere of mutual workplace respect and proper business behaviour that are vital to the integrity and success of the Company.
- To ensure that a process is in place to allow employees to report alleged improper conduct without fear of retribution or recrimination.
- To promote an integral process for sustainable work culture of **zero tolerance** to inappropriate behaviour, fraud, corruption, harassment, illegal acts, cheating, unsafe working conditions, etc.
- To protect the Company and/or minimize the risk of loss that is likely to arise through impropriety, infraction of policy and regulations and gross misuse of the Company’s resources through pilferage, fraudulent activities etc.

### **2.2 APPLICABILITY**

The WBP applies to all Serena staff, whether full time, part time, or on temporary employment, to all volunteers, to all those who provide contract services to the Company and to all officers, and directors each of whom shall be entitled to protection (a “Protected Person”).

### **2.3 SCOPE**

The WBP aims to address issues that relates to asset misappropriation (cash theft or skimming), corruption (bribery, economic extortion, illegal gratuity and conflict of interest), embezzlement,



breach of fiduciary duty, unethical, dishonest, discriminatory or illegal practices including but not limited to sexual favours or sexual harassment and/ or discrimination of any nature against Serena staff or its customers. The WBP shall also apply to any illegal activities, whether criminal or civil, and failure to implement the Company's policies and unprofessional conduct.

## **2.4 TIME FRAME**

Whistle Blowers shall endeavour to report any of the incidences under the scope of this Policy as soon as they become imminent.

## **2.5 REPORTING CREDIBLE INFORMATION**

A Protected Person shall be encouraged to report information relating to illegal practices or violation of policies and procedures of the Company that such a person has in good faith reasonable cause to believe is credible. He must exercise sound judgement to have reasonable grounds to believe that the information given indicates a violation occurred so as to avoid baseless allegations.

Information shall be reported to the Whistle Blowing Committee ("the Committee" or WBC") which shall promptly investigate each report and take the appropriate action in line with this Policy.

The WBC shall comprise of the CEO and Head of Internal Audit. The WBC will liaise with the relevant departmental heads as and when necessary. In the event that the Whistle Blower is not satisfied with the conclusion arrived at by the WBC, then the matter can be escalated to the BAC Chairman.

## **2.6 WHISTLE BLOWER PROTECTION**

No person entitled to protection shall be subjected to retaliation, intimidation, harassment or other adverse action for reporting information in accordance with this Policy. Any person entitled to protection who believes that he or she is a subject of any form of retaliation for such participation should immediately report the same in accordance with this Policy.

Any individual within the Company who retaliates against the Protected Person who has reported a violation in good faith or who in good faith has cooperated in investigation of a violation is subject to disciplinary action including termination of employment.

## **2.7 IDENTIFICATION AND CONFIDENTIALITY**

The Company encourages anyone reporting a violation to identify himself or herself when making a report (the "Protected Disclosure") in order to facilitate investigation of the violations. However, the Protected Disclosure maybe submitted anonymously through a designated email address or through letters to the WBC members. Provided that anonymous emails and letters shall always be treated with a lot of caution and the authors of such emails and letters may be required to identify themselves to assist with investigations.

The Protected Disclosure or suspected violations will be kept confidential to the extent possible with the understanding that confidentiality may not be maintained where identification is required



by law or in order to enable the Company or law enforcement to conduct an adequate investigation.

## **2.8 INVESTIGATIONS AND REMEDIAL ACTION**

The WBC shall conduct investigations of the Protected Disclosures to examine the veracity of allegations. Investigations are based on principles of integrity, fairness, impartiality and objectivity.

The Committee will register the Protected Disclosure and after that evaluate the information in order to consider the merits of all the allegations. In so doing, the Committee will carry out a thorough investigation and seek corroboration where required. The WBC will at its discretion consider involving an investigator for purposes of conducting the investigation in relation to the Protected Disclosure.

After the investigations, the WBC will prepare a preliminary report that presents the evaluated evidence and provide an opinion on the credibility, materiality and verifiability of the Protected Disclosure.

Where the allegations are found to provide a legitimate basis, the Delinquent shall be informed about the allegations and the ensuing investigation against him. Further he will be given an opportunity to respond and defend himself against the allegations (Where Delinquent means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of any investigations).

If the findings of the investigations and trial of the Delinquent lead the WBC to conclude that an improper or unethical act has been committed, they shall make recommendations to Management.

Management shall then take such disciplinary or corrective action against the Delinquent as they deem fit given the circumstances of the case which shall include but is not limited to termination of employment.

The Chairman of the WBC shall make best efforts to complete an investigation within Forty Five (45) days from receipt of the Protected Disclosure.

## **2.9 COLLATING AND PUBLISHING INVESTIGATION REPORTS**

The investigation reports compiled by the WBC will be maintained in a register (the "Register") in which the information generated will form part of the Company's risk profile on frauds and other irregularities reported through the Company's WBC. The Register will be confidential and will not record any information that may reveal the whistle blower's identity.

Statistics on the number and types of disclosures will be published in a report to the Board Audit Committee on a quarterly or annual basis as will be appropriate. The Board Audit Committee may however, instruct that a report be produced on demand if and when it deems necessary or for the Report to be escalated to the Company's respective Boards.



### **3.0 THE FRAUD PREVENTION POLICY ("AFP")**

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his injury. Each member of the Management team will be familiar with the types of improprieties that might occur within his area of responsibility, and be alert for any indication of irregularity.

The AFP sets out Serena's approach to dealing with fraud. This Policy is aimed at addressing among others, zero tolerance to fraud, and to encourage staff to report any incidences. It will help inculcate an anti-fraud culture by raising awareness across the Company and will reduce the risk of mishandling fraud situations.

### **3.1 OBJECTIVES OF AFP**

The AFP is a set of specific instructions whose objectives are to:

- Improve recovery of wrongly obtained assets from fraudsters and make a clear statement to employees and other parties that the Company is not a soft target for attempted fraud;
- Minimize adverse/ negative publicity as a result of fraud related incidences;
- Highlight Management's responsibility in detecting fraud;
- Investigate all instances of suspected fraud and report all suspected frauds to the appropriate authorities, and assist the police in the investigation and prosecution of suspected fraudsters as the case maybe.

### **3.2 SCOPE OF POLICY**

The AFP applies to any irregularity or suspected irregularity involving employees as well as other stakeholders such as consultants, vendors, contractors and any other parties with a business relationship with the Company.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Company.

### **3.3 POLICY**

Management is responsible for the detection and prevention of fraud, misappropriations and other irregularities.

Any irregularity that is detected or suspected must be reported immediately to the Head of Internal Audit.

The prevention and reporting of fraud is a responsibility of all employees of the Company. All employees have a duty to familiarise themselves with the types of improprieties that might occur within their areas of responsibility and to be alert for any indications of irregularity.

### 3.4 ACTIONS CONSTITUTING FRAUD

These include but are not limited to:

- Any dishonest or fraudulent act;
- Misappropriation of funds, supplies, or other assets;
- Impropropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of company activities;
- Disclosing confidential and proprietary information to outside parties;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/goods to the Company;
- Inappropriate relationships with third parties thereby causing conflict of interest;
- Manipulation, falsification or alteration of financial statements, other records or documents;
- Suppression or omission of the effects of transactions from records or documents;
- Deliberate misapplication of accounting or other regulations or policies;
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or any similar or related irregularity.

### 3.5 INVESTIGATION

The Internal Audit department will have the primary responsibility to carry out investigation of all suspected fraudulent acts as defined in this Policy. If the findings of the investigations are such that fraudulent activities have occurred, the Head of Internal Audit may elect to table the cases before the WBC or issue a report directly to the Managing Director and to the Board of Directors through the Board Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Group CEO in conjunction with the WBC, as will final decisions on disposition of the case.

### 3.6 CONFIDENTIALITY

All information received will be treated confidentially. Any person who suspects dishonest or fraudulent activity will disclose the issue through the whistle blowing process outlined in the WBFP. He/she should however not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate mandate. This is important in order to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

### 3.7 AUTHORISATION FOR INVESTIGATING SUSPECTED FRAUD

Members of the Investigation team will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented.



- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

### 3.8 REPORTING PROCEDURES

All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Legal Department or WBC. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Head of Legal, Head of Internal Audit department or Human Resources Director.

### 3.9 REMEDIAL ACTION

At the completion of the investigation, guided by the Head of Internal Audit's Report or recommendations by the WBC, if the Human Resources Director is satisfied that a fraud has been committed she will exercise her discretion to summarily dismiss the respective employee and recommend criminal charges against the employee.

### 3.10 ADMINISTRATION

The BAC is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed annually and revised on a need basis.

For purposes of this Policy, Serena Hotels shall mean TPS Eastern Africa Limited and all its subsidiaries and associate companies in Eastern Africa,

APPROVED



Francis Okomo-Okello  
Board Chairman, TPS Eastern Africa Limited

13<sup>th</sup> November, 2015  
Date