

Asset Protection Scheme

Scheme Escalation Procedure

A. UK Asset Protection Scheme (the "APS")

This document constitutes the Scheme Escalation Procedure applicable to The Royal Bank of Scotland plc's ("RBS") participation in the APS as referred to in the terms and conditions of the APS set out in the document entitled "UK Asset Protection Scheme Terms and Conditions" which is in the agreed form (the "Conditions").

This document is a Scheme Document.

Unless a contrary indication appears, capitalised terms used but not defined in this document have the meanings given to them in the Conditions.

B. Application of Scheme Escalation Procedure

This Scheme Escalation Procedure applies to all individuals, whether they are permanent or fixed term employees, agency staff or contractors, working in the customer-facing businesses, support functions and control functions of the Participant's Group, in every part of the world ("APS personnel").

C. Qualifying Scheme Disclosures

This Scheme Escalation Procedure is intended to enable APS personnel to raise genuine concerns which they believe fulfil the criteria for a Qualifying Scheme Disclosure set out below.

A "Qualifying Scheme Disclosure" is a disclosure, made in good faith, of information which, in the reasonable belief of the individual making the disclosure, tends to show that one or more of the following has been, is being, or is likely to be, committed:

- a criminal offence; or
- failure to comply with any regulatory duty, obligation or other requirement;

or, which is a matter of material concern relating to:

- failure to comply with the terms of the Scheme Documents; or
- the financial position of any member of the Participant's Group; or
- the financial performance of any member of Participant's Group; or
- the deliberate concealment of any of the above.

D. Employer's Responsibility

All managers within customer-facing businesses, support functions and control functions of the Participant's Group have a responsibility to ensure that APS personnel are aware of the content of this Scheme Escalation Procedure and that they feel able to report concerns which would constitute a Qualifying Scheme Disclosure

E. Raising a concern

Under this Scheme Escalation Procedure, individuals should be entitled to make Qualifying Scheme Disclosures, at their election, either to:

- the Scheme Head; or
- the Chairman of the Scheme Oversight Committee; or
- a Treasury Observer or an individual nominated by such Treasury Observer (where RBS shall communicate the contact details of such person or persons to all APS

personnel as soon as practicable after receipt of such details from the Commissioners of Her Majesty's Treasury (the "Treasury" or "HMT") or the Asset Protection Agency).

The Participant shall put in place such processes as it deems necessary to ensure that APS personnel can effectively communicate Qualifying Scheme Disclosures to the Scheme Head or the Chairman of the Scheme Oversight Committee (which may, for example, include a dedicated e-mail inbox).

If any APS personnel make a disclosure that they know to be false or which involves unfounded malicious allegations, that individual may be subject to disciplinary action.

In raising a concern, APS personnel should provide enough information about the practice or incident being reported for the Scheme Head, the Chairman of the Scheme Oversight Committee or the Treasury Observer (or relevant nominated individual), as the case may be, to be able to investigate the allegation.

APS personnel are not prohibited from making Qualifying Scheme Disclosures anonymously. However, it is preferable for the individual to provide name and contact details, as further information may be needed to progress the investigation. There may be circumstances in which, because of the nature of the investigation or disclosure, it will be necessary to disclose an individual's identity.

Members of staff should note that making a Qualifying Scheme Disclosure in line with the Scheme Escalation Procedure does not remove a legal obligation to make a formal report to an appropriate authority where this is required, for example for suspicions relating to financial crime.

Certain Qualifying Scheme Disclosures may be eligible for UK statutory protection.

Personal grievances should be raised through the HR Grievance or "Dignity at Work" procedures. The Scheme Escalation Procedure should not be used for such cases.

F. Responsibility of the Scheme Head

The Scheme Head or the Chairman of the Scheme Oversight Committee (as applicable) will ensure that APS personnel who make a Qualifying Scheme Disclosure in accordance with this Scheme Escalation Procedure are given appropriate protection from victimisation, discrimination, dismissal or other related detriment as a result of their disclosure.

Members of staff who victimise or retaliate against those who have raised concerns under this Scheme Escalation Procedure will be subject to disciplinary action.

Furthermore, the Scheme Head will ensure that information on any Qualifying Scheme Disclosures is collated and analysed, identifying any emerging themes or trends, and that remedial action is taken where any issues, or gaps or weaknesses in the process itself, are identified.

A full investigation of any Qualifying Scheme Disclosures will be conducted. The Scheme Head or the Chairman of the Scheme Oversight Committee (as applicable) will take appropriate action where the wrongdoing is confirmed, including such actions as are required under the Conditions and in accordance with existing Group policy.

As a minimum requirement, the Scheme Head or the Chairman of the Scheme Oversight Committee (as applicable) will procure the investigation of any Qualifying Scheme Disclosures in accordance with Fraud and Investigations procedural guidelines

If a Qualifying Scheme Disclosure is confirmed by subsequent investigation, the Scheme Head will escalate the matter to the Treasury.