

Ethics and Business Conduct Policy Standard CAG/STAN/AZ I

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Authority:

Chief Executive, Serco Group

Applicability:

This policy standard is to be applied in relation to the Serco Group covering all business divisions, operating companies and business units throughout the world, unless local legal requirements are in place which then should be followed.

Executive Summary

Serco is committed to the highest standards of integrity, honesty, openness and professionalism in all its activities wherever they are undertaken. This Policy Standard outlines the principles that must be adhered to, to enable Serco to meet this commitment. Specifically these cover:

- legal and regulatory compliance and influence
- human rights and dignity of the individual
- cultural sensitivity, recognising the different countries and cultures within which we work
- business integrity including Serco's position in relation to financial inducements, facilitation payments, use of third parties and agents, gifts and reporting of malpractice and impropriety
- individual behaviours expected from all employees.

1 Introduction

This Policy Standard sets out the expected standards for individual and corporate behaviour to ensure that we meet the expectations of our customers, shareholders, staff and the wider community in relation to business conducted on the Company's behalf.

2 Commitment and Objectives

Serco's relationships with its customers, business partners, suppliers, associates, employees and the wider community will be conducted in accordance with the highest standards of integrity, honesty, openness and professionalism. Serco is committed to truth and fair dealing and creating a positive and supportive work environment.

Serco recognises that the behaviour of all its employees must meet the same high standards. Serco upholds its reputation by acting responsibly and by respecting the laws and regulations, traditions and cultures of the countries within which it operates.

Equivalent standards of conduct are expected from our business partners, associates and all others acting on behalf of Serco.

3 Principles

The following principles apply to all business activities undertaken by Serco:

- We will comply with the laws of the country in which business is being transacted
- We will respect the human rights and dignity of individuals
- We will respect the traditions and culture of communities and protect the environment within which we operate
- We will undertake our business activities in accordance with the highest standards of professionalism, integrity and honesty.

4 Requirements

4.1 Legal and regulatory compliance and influence

Serco employees must comply with the letter and, where it is clear, the spirit of all laws and regulations relating to their business conduct. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the country in which they are working.

Recognising the competitive environment in which Serco operates, collusive conduct will not be tolerated and all laws which promote competition in business and protect the interests of consumers in the countries where Serco operates will be adhered to.

Serco respects the authority of governments. Wherever it conducts business Serco will maintain honest relationships with these governments and their agencies, officials and personnel. Serco contributes to the public debate of policy issues that affect the Company in the countries in which it operates. Employees who provide information to governments and regulatory bodies on behalf of Serco must ensure that all information is accurate and complete. At times, attendance at events hosted by a political party may be required for briefing purposes but should not be attended if it might compromise Serco's impartiality. Employees who lobby on behalf of the Company or represent Serco in government and regulatory matters must comply with all applicable laws and regulations relating to corporate participation in public affairs.

Serco maintains a position of impartiality with respect to party politics. Accordingly, Serco does not contribute funds to any political party, politician, or candidate for public office in any country.

The laws that govern Serco's activities may be complex, but ignorance of the law does not excuse Serco or its employees from their obligation to comply. If in doubt legal advice should be taken.

4.2 Human Rights and dignity of the individual

Serco recognises the United Nations Declaration of Human Rights, the principles of which are considered in all appropriate policies and procedures and applied to all Serco's business activities.

The working environment created within these business activities will:

- respect and promote the equality of opportunity regardless of gender, race, disability, colour, ethnic and national origin, nationality, sexual orientation, marital status, responsibility for dependants, religion, trade union activity, political belief and age
- involve all employees through the creation of a favourable employee relations environment and recognise diversity in recruitment and dealings with employees.
- provide appropriate remuneration and benefits, training, personal development and compliance with employment laws and regulations of the countries within which we operate
- uphold the freedom of association with freely chosen workers' representatives and the exercise of collective bargaining in order to reach agreements that are jointly acceptable
- never use forced, compulsory or child labour. All labour is freely given, adheres to minimum ages stated in national labour laws or international standards and employees are free to leave in accordance with established rules
- maintain a safe, healthy and sustainable working environment wherever we operate – for our people, our customers, our partners and contractors, those we are employed to serve and the public
- respect the security of the individual and will not engage in nor benefit from any activity that violates humanitarian law or supports or encourages the abuse of human rights
- recognise and respect applicable international laws and the laws and authority of the countries in which we operate. This will include respecting and contributing to the realisation of economic, social and cultural rights as well as civil and political rights

- never offer, promise, give, accept, condone, knowingly benefit from, or demand a bribe or other improper advantage
- act in accordance with fair business, marketing and advertising practices and take every step to ensure the safety and quality of the services we provide
- respect the environment of the countries in which we operate and contribute to the wider goal of sustainable development.

4.3 Cultural sensitivity

Wherever Serco operates it will support and contribute to the social and economic well being of those communities within which we work and encourage individuals to participate in projects that strengthen these communities.

How we do business and the behaviour of employees will respect the local norms, laws and customs of the countries in which we work. All employees, and particularly those accepting an international assignment, should familiarise themselves, understand and respect the local culture, customs and commercial practices of where they are working.

4.4 Business Integrity

Wherever Serco operates, business will be conducted in accordance with the highest standards of integrity, honesty and openness. We select the customers for whom we are prepared to work on the basis of their values and ethics as well as their financial standing. Equally we will never knowingly use suppliers whose values do not reflect our own.

4.4.1 Financial inducements

Under no circumstances will Serco approve any irregular payment or payment in kind (gifts, favours, etc.) to win business, induce others improperly to grant permits or services to which Serco would not generally be entitled or to influence a business decision in the Company's favour. In international business, in particular, employees may sometimes come under pressure to make such payments. No such payments are to be made by the company or its agents and third parties who are employed by the Company to represent its interests.

4.4.2 Use of Third Parties and Agents

Serco recognises that in certain countries, business practices or other conditions require the use of agents or third parties to represent Serco's interests. These representatives must be carefully chosen because improper conduct could damage Serco's reputation and expose the Company and individual employees to legal or other sanctions. Local procedures are to be implemented in relation to the appointment of representatives which as a minimum will:

- thoroughly check the representative's reputation and qualifications. There should be no history of improper business practices and no relationships should exist that could improperly influence decisions
- ensure compliance within any agreement of Serco's policies and standards, specifically Serco's policy standard on ethics and business conduct
- ensure the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly.

4.4.3 Gifts

The utmost care should be taken in relation to the giving or receiving business-related gifts. This applies to direct payments and payments in kind, including the provision of goods or services, personal favours, and entertainment (e.g. meals, travel, etc.). Accepting or offering gifts of moderate value is acceptable in situations where it is legal and in accordance with local business practice (i.e. where the exchange of gifts is customary and the gifts are appropriate for the occasion).

However, gifts of any kind should not be given or accepted if this action could be reasonably regarded as unduly influencing the recipient or creating business obligation on the part of the recipient. Particular caution should be exercised if any offers of value, including hospitality, entertainment and gifts are offered when the Company is negotiating or considering contracts and they are in a position to influence, directly or indirectly, the outcome of a decision.

The monetary value of the gift, local customs, and legal requirements should be considered when determining whether a gift should be retained by an employee, handed to the Company, or returned. If it is decided that a gift should be handed to the Company, the gift should be donated to a nominated charity or made available to all employees in the work unit. The following items must not be given or accepted under any circumstances, regardless of their value: cash, personal cheques or payments or loans to be used toward the purchase of personal property; drugs or other controlled substances and product or service discounts that are not available to all employees.

Under no circumstances should an employee request a gift of any kind from a supplier, customer or other party with whom Serco conducts business.

4.4.4 Whistle-blowing

Serco takes malpractice and impropriety extremely seriously and will deal with legitimate concerns and/or complaints in a responsible and effective manner. 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.

A separate whistle-blowing policy standard (CAG/STAN/D2) sets out the process for handling concerns relating to malpractice or impropriety raised by employees. 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.

4.5 Individual Behaviour

The following behaviour is required of all employees of the Company within the scope of their duties and responsibilities:

- a. To conduct business in accordance with the laws of the country in which business is being transacted.
- b. To comply with the Company's published procedures and policies.
- c. To exercise all reasonable professional skill and care in the performance of work undertaken for, or on behalf of, the Company and take every reasonable precaution to avoid injury to colleagues and members of the public.
- d. To behave in a way that recognises the rights and sensitivities of other individuals, both within the Company and outside, and reflects positively on the Company.
- e. To maintain the confidentiality of customers information unless the customer has given written consent or the law requires or allows disclosure.
- f. To protect property and information concerning the Company and its business activities, ensuring its use is for authorised purposes only and in accordance with any specific conditions of use.
- g. To declare any outside business or financial interest which could conflict with the interests of the Company or its subsidiaries or its customers.
- h. Not to harass, victimise or discriminate against any individual within the working environment.
- i. Not to make any public statement, written or verbal, concerning the Company's business without authorisation.
- j. Not to countenance corrupt practices.

5 Responsibility and Authority

This Policy Standard supports the Serco Management System and is issued under the authority of the Chief Executive, Serco Group plc.

Serco Group and each business division will operate systems and procedures that are consistent with our governing principles and this Policy Standard.

Serco expects each employee and division to conform to this Ethics Policy Standard at all times. Failure to do so could lead to disciplinary action being taken that may result in dismissal.

Serco expects and encourages existing, potential and former employees to report malpractice or impropriety and will investigate all such reports. It will not take any direct or indirect action against employees making a report in good faith.

6 Evidence of Compliance

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

- Serco Group plc
 - Ethics Policy Standard (This document)

- Related policy statements and procedures
- Confidential reporting and investigation procedures
- Division
 - HR Procedures
 - Procedure for appointment of Third Parties and Agents
 - Records of facilitation payments made
- Business Unit
 - HR Procedures

7 Guidance

The following policy standards are relevant:

- Corporate Social Responsibility Policy Statement
- Equal Opportunities Policy Statement
- Whistleblowing Policy Standard
- Alcohol & Substance Abuse Policy Standard
- Human Rights Policy Standard

Further guidance material is available on the Human Relations and Corporate Assurance Group areas of the Our World intranet

The following international and national standards provide useful guidance:

- United Nations Universal Declaration of Human Rights (10 December 1948)
(www.un.org/Overview/rights.html)