

Slavery and  
Human Trafficking  
Statement  
2017

# Slavery and human trafficking statement 2017

This statement relates to Serco Group plc, covering all business regions, operating companies and business units throughout the world, including wholly owned subsidiaries and majority-owned operations. The statement relates to the financial year 2017.

## Progress against 2016 statement and update on 2017 key activities.

During 2017 Serco has:

- Refreshed its human rights risk assessment including impacts in regards to slavery and human trafficking – risk remains low
- Strengthened supplier due diligence:
  - o Introduced a detailed on boarding questionnaire for all new suppliers including questions in regards to slavery and human trafficking
  - o With support from Anti-Slavery International completed an initial review of potential high risk supplier categories from the perspective of slavery and human trafficking
  - o Initial implementation of in depth supplier due diligence in regards to specific tenders within identified high risk categories
  - o Embedded a broader third party due diligence process and implemented ongoing monitoring of all suppliers
- Strengthened contract terms in regards to slavery and human trafficking for use in purchase orders and all contracts with third parties
- Strengthened and clarified expectations in regards to human rights, including slavery and human trafficking, within Serco's Code of Conduct and its Supplier Code of Conduct
- Developed its training strategy with a general modern slavery course for inclusion in 2018 Serco Essentials Plus (mandated training for all managers and leaders).
- Anti-Slavery International provided training to the UK procurement and legal teams in regards to modern slavery with key points shared with other divisional procurement teams
- Updated Serco's Speak Up process, including concerns regarding slavery and human trafficking, following the implementation of a new independent speak up provider and related process

During 2018 Serco plans to:

- Develop a shortened Code of Conduct for temporary workers with specific guidance on slavery and human trafficking
- Embed further enhanced due diligence in regards to suppliers in identified high risk areas and roll this process out across all divisions
- Look at identifying significant suppliers in high risk areas to work with to develop effective processes for mitigating slavery and human trafficking risk within their supply chain
- Roll out modern slavery training as part of Serco Essentials Plus
- Embed awareness of modern slavery in broader communications to maintain general awareness
- Develop further guidance in regards to considering slavery and human trafficking when using the human rights assessment and decision tree

## Introduction

Serco condemns slavery in all its forms and will never tolerate it in our business or supply chain. To meet this commitment we have policies and processes in place supported by training and strong endorsement from Serco's senior executive and leadership. The policies and standards that are applied across all Serco's operations are defined in the Serco Management System (SMS) and its Code of Conduct.

These define expected individual and corporate behaviour in relation to all business conducted on the Company's behalf; reflect its values of Trust, Care, Innovation and Pride; provide direction on compliance with relevant laws and regulatory requirements where Serco works; and are sensitive to local customs, traditions and cultures. This includes recognition of its obligations under the UK Modern Slavery Act 2015 and a

commitment to respect the human rights of individuals across all Serco operations and not engage in any form of human trafficking or use forced, compulsory, illegal or child labour, or knowingly work with anyone who does.

# Slavery and human trafficking statement 2017 continued...

## What we do, and how we do it

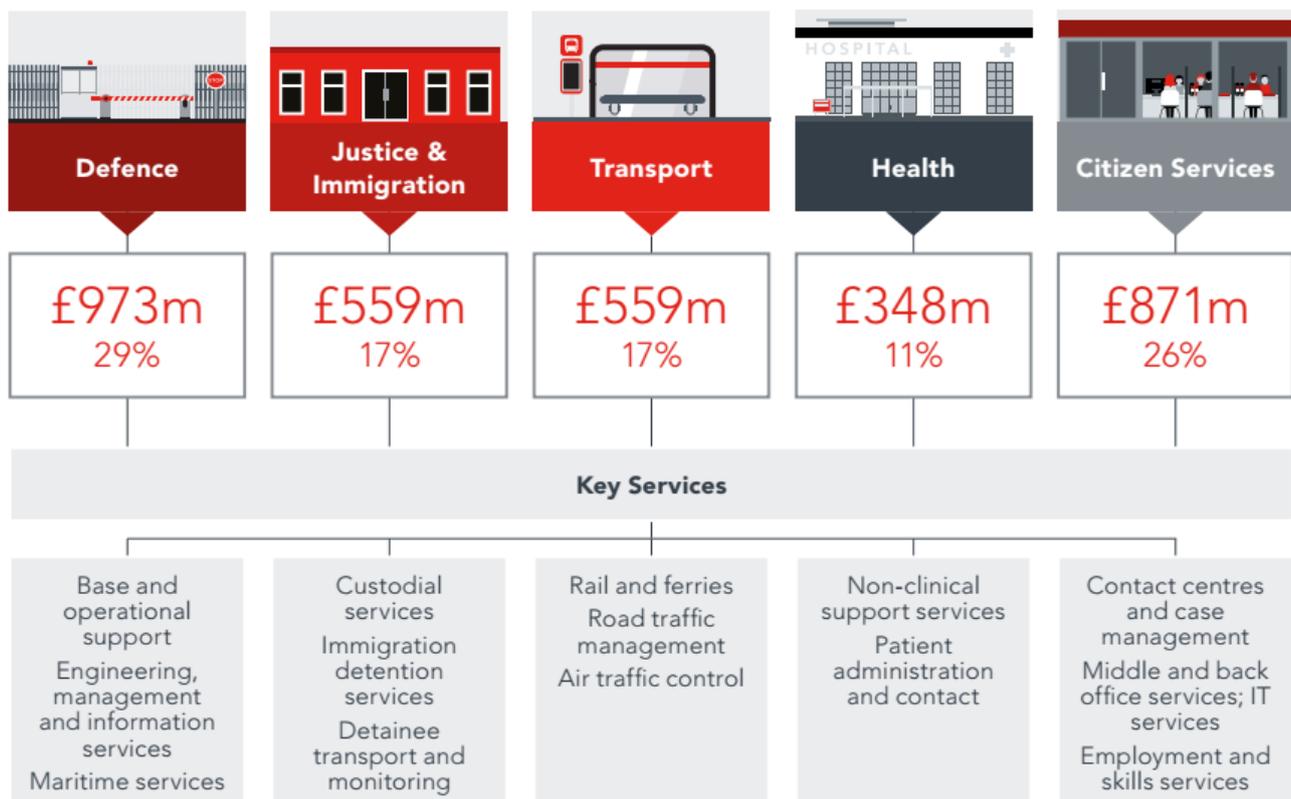
Serco delivers services to governments and other institutions who serve the public or protect vital national interests.

We deliver services through people, supported by effective processes, technology and skilled management. Our customers define what outcomes or services they need to deliver, and we develop new and more effective ways to deliver them. We deliver innovative solutions to some of the most complex challenges facing governments, bringing our

experience, capability and scale to deliver the service standards, cost efficiencies and policy outcomes governments want. In this way we make a positive difference to the lives of millions of people around the world, and help keep nations safe.

## Our core sectors

Our business is focused across five core sectors and four geographies, with revenue in 2017 (including share of joint ventures and associates) of £3,310m



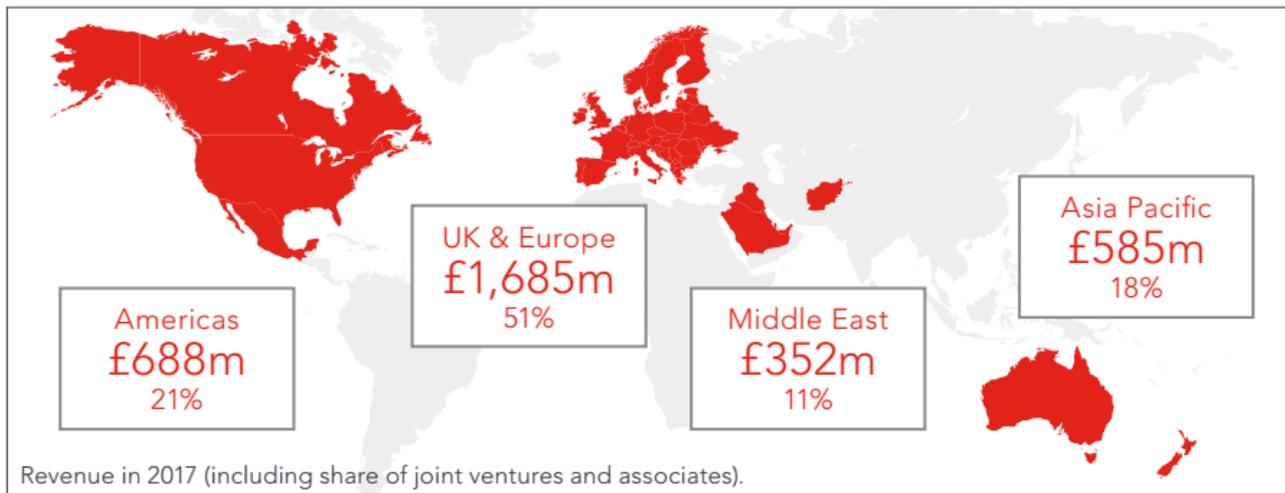
## Our purpose and ambition

Our purpose at Serco is to be a trusted partner of governments, delivering superb public services that transform outcomes and make a positive difference for our fellow citizens. Our ambition is to be considered the best-managed business in our sector.

Since our success in delivering is almost entirely dependent on people, we believe that such an ambition is a worthy and value-creating aspiration, and one that we can use to inspire our management teams and customers.

# Slavery and human trafficking statement 2017 continued...

## Our geographical footprint



## Our structure and governance

Serco's business operates through a number of divisions each under the direction of a Divisional Chief Executive.

Each division comprises a number of Business Units (BU) with responsibility for a number of contracts. Each BU is responsible for ensuring Serco meets its commitment to not accept any form of slavery by identifying, preventing or mitigating any adverse human rights, slavery and human trafficking impacts caused or contributed to by its operations or directly linked to Serco through its customers, business partners or related third parties.

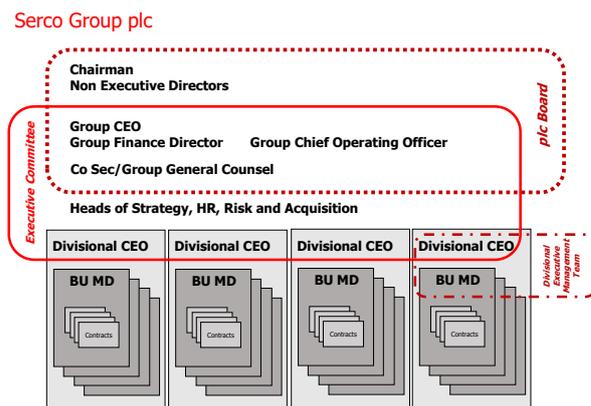
The MD of each BU along with support function leads and the Divisional CEO make up a Divisional Executive Management Team responsible for ensuring within the division that human rights policy is complied with, impacts are understood and appropriate oversight is exercised.

The Divisional CEOs, along with other senior leaders responsible for corporate functions and the Executive Directors from the plc Board, form the Executive Committee of the company. This Committee reports through the Executive Directors to the Serco Group plc Board. The Executive Committee recognises the potential harm to individuals that modern slavery can present and actively reviews an ethics and human rights report quarterly which includes as appropriate slavery and human trafficking.

The plc Board has ultimate responsibility for and sets human rights policy, including Serco's commitment to not tolerate slavery and human trafficking in its business, which sits within the SMS. This sets the tone and commitment of the organisation at the highest level.

On behalf of the plc Board oversight and review of human rights is undertaken by the Corporate Responsibility Committee (CRC), a formal committee of the plc Board. Within the terms of reference for this committee is a

responsibility to ensure the company understands the human rights risks (including slavery and human trafficking) it faces and has appropriate programmes in place to manage them, specifically in regard to the review of new business opportunities. The CRC provides oversight in regard to the implementation of human rights policy and the monitoring of risks and issues raised through Serco's Speak Up process.



## Our management system

Recognising Serco's commitment to its employees, customers, those who work for or with Serco and those it serves, it sets policies, standards and procedures within the SMS. The SMS is made up of 15 policy areas each supported with a policy statement (16) and supporting group standards (23) and operating procedures. All policy statements are approved by the plc Board and signed by the Group CEO. The supporting standards and operating procedures are reviewed and

# Slavery and human trafficking statement 2017 continued...

approved by the Executive Committee and issued under the authority of the Group CEO.

One of the policy areas covered is Business Conduct and Ethics, including Serco's commitments regarding human rights, slavery and human trafficking. Full details on the SMS are available on the Serco website at [www.serco.com/sms](http://www.serco.com/sms).

All elements of the SMS are subject to a schedule of regular review, ensuring they are up-to-date, relevant, appropriate and able to meet our needs. In 2017, new Group Standards included one on Human Rights providing greater clarity on the company position in regards to slavery and human trafficking.

Serco recognises in its policies and standards its commitment to not allow individuals involved in its business to suffer in slavery or through human trafficking. These include:

- Serco Code of Conduct
- Business Conduct and Ethics Policy Statement
- Human Rights Group Standard
- Human Rights Assessment and Decision Tree Group Standard Operating Procedure
- People Policy Statement
- Employee Lifecycle Group Standard
- Procurement and Supply Chain Group Standard
- Serco Supplier Code of Conduct
- Speak Up Group Standard

These are available on the Serco website at [www.serco.com/about](http://www.serco.com/about).

## Our Code of Conduct

Supporting the SMS is Serco's Code of Conduct ([www.serco.com/code](http://www.serco.com/code)). Serco's Code defines what the company is committed to do and the standards it expects. Serco's Values – Trust, Care, Innovation, Pride – define the behaviours it expects. While the Code of Conduct defines 'what' is expected, the Values define the 'how', and with this the behaviours that are expected from those who work for Serco.

The employee Code of Conduct is supported by Serco's 'Supplier Code of Conduct', which applies to all Serco's suppliers, their facilities and the suppliers they work with in providing goods and services to Serco. It formalises Serco's practices and, recognising differences in cultures and legal requirements, makes clear the expectation that wherever our suppliers are located, whether producing products for us or delivering services for us, they operate and treat those employ or work with in a manner compatible with the high standards that contribute to the reputation of Serco.

Slavery and human trafficking are specifically covered in both Serco's Code of Conduct and its Supplier Code of Conduct.

Both these documents were reviewed in 2017 with a specific focus on updating and clarifying Serco's commitment and expectations in regards to human rights, slavery and human trafficking.

Details on how to raise issues through Serco's Speak Up process, including concerns regarding slavery and human trafficking were also updated following the implementation of a new independent speak up provider and related process. The management and investigation of concerns raised is governed by procedures embedded in the SMS. The Executive Committee and CRC receive reports on Speak Up activity, investigations and actions taken. During 2017 there were no issues relating to slavery and human trafficking raised.

## Our business model

Serco's business model starts with the identification of a pipeline of contract opportunities. These identified opportunities go through a series of 'gate' approvals which consider the risk profile of each potential contract, including human rights impacts. We employ people and provide services to people and therefore it is important that this is done with respect and integrity. Serco's Human Rights Assessment and Decision Tree Group Standard Operating Procedure (GSOP) provides guidance on elements to be considered from a human rights, slavery and human trafficking perspective.

Serco's services are ordinarily delivered through a commitment to a long-term contract with the customer. Risks, including potential human rights, slavery and human trafficking impacts, are monitored and managed through the contracts lifecycle in line with Serco's standard approach to risk management, as defined in the SMS. This requires that risks to people and their human rights are assessed at a contract, BU and divisional level and reviewed periodically as part of management oversight by Divisional Executive Management Teams, the Executive Committee and the CRC.

## Our supply chain

The relationship between Serco and its suppliers is an important component in achieving high performance in our business. In selecting suppliers, Serco works hard to choose reputable business partners who are committed to ethical standards and business practices compatible with those of Serco. Whilst Serco operates in a number of different markets, its operations are characterised by the provision of services. This is reflected in the make-up of its supply chain which is summarised below.

# Slavery and human trafficking statement 2017 continued...

Coverage 2017

Global services company

Total Spend Tier 1 Suppliers

# £1.7bn

Tier 1 Suppliers

# 14,058

Supplier invoices **585k** Purchase orders **152k**

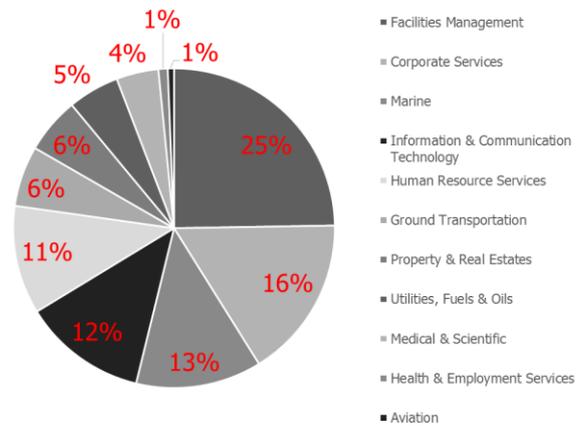
Spend by country

Top 10 countries by volume of suppliers account for 98% of suppliers

1. United Kingdom	United States of America .6
2. Australia	Saudi Arabia .7
3. United Arab Emirates	India .8
4. Netherlands	Singapore .9
5. Hong Kong	New Zealand .10

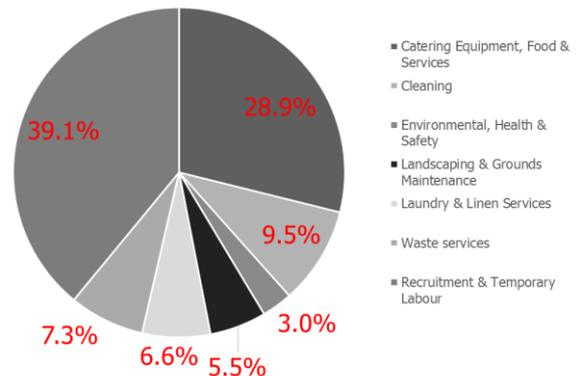
Serco has suppliers in 2 countries highlighted as being in the Top 10 Global Slavery Index – India (15 suppliers [366 invoices]) and China (2 suppliers [6 invoices])

Spend by Category



% of potential high risk total value

Potential high risk supplier categories comprising 2,124 suppliers and making up 9% of total spend



## Our risks and due diligence

Serco recognises the importance of treating people with respect and integrity. Recognising this Serco assesses the human rights risks, including those relating to slavery and human trafficking, and any potential impacts associated with the services it provides, the customers it works with, the suppliers it uses, and through the fair and appropriate treatment of its employees and those who are in the facilities it manages or benefit from the services it provides.

Human rights impacts are assessed for existing business operations and markets; along with appropriate due diligence, for new markets, geographies, acquisitions, bids and rebid opportunities; and for business partners and related third parties when acting in connection with Serco's own operations.

Recognising its impact on people Serco uses a Human Rights assessment and decision tree process as a tool for evaluating any adverse human rights impacts caused or contributed to by its operations, and impacts directly linked to its operations through its business partners and related third parties. This process covers five stages:

- initial review to define the level of assessment;
- understand the context (legal and social, customer, third parties activity) including stakeholder engagement;
- identify potential impacts including identification of salient human rights;
- impact assessment including mitigation, management and remediation; and
- decision making – defined decision tree

# Slavery and human trafficking statement 2017 continued...

Throughout this process the assessment is undertaken on the basis that:

- any actual or potential adverse human rights impacts to others are risks to Serco's business; and
- such an assessment will be from the perspective of whether Serco are causing, contributing to or directly linked to adverse impacts, in line with best practice and international standards such as the UN Guiding Principles.

If a risk is identified it is reviewed by the Divisional Executive Management Team and, if significant, the issue is raised to the Executive Committee, and in extreme cases considered by the plc Board.

Serco's current assessment is considered at a number of levels:

- **Direct employment and operations** – in regards to those Serco employs it believes the risk of slavery and human trafficking is extremely low.

The main area of potential risk is in regards to recruitment agencies, particularly where out of country agencies are used. Serco has specific policies and processes to manage this risk including contracts that do not allow agents to charge candidates fees. These controls are supplemented with a candidate satisfaction survey undertaken by a randomly selected group of new employees to ensure there are no issues which might lead to any form of slavery, bonded or forced labour.

- **Users of facilities and services** - we recognise that there is a potential risk that these individuals may have been subject to slavery or human trafficking, particularly in regard to immigration operations. Serco have trained immigration and related staff to recognise potential red flags and raise concerns should they believe that someone has been subject to slavery or human trafficking. Serco also provides access to information to raise awareness and understanding of the issue so individuals can raise concerns.
- **Supply chain** – during 2017 Serco has tried to better understand where risks exist and better manage them within its supply chain. During the year Serco has strengthened its Tier 1 supplier due diligence by further embedding the process introduced in 2016, including monitoring for human trafficking / human rights / slavery / exploitation violations or any adverse media in these areas; reviewed and refreshed its Supplier Code of Conduct and updated components in its supplier governance to meet modern slavery and human trafficking requirements, including the strengthening of contract terms; and engaged Anti-Slavery International to help it better understand related risks in its supply chain. Higher risk categories now being reviewed relate to labour supply, uniforms, catering, cleaning, laundry, waste management services and landscaping. Serco have also improved management of risk across its supply chain in the UK, Middle East and Asia Pacific by: implementing enhanced supplier on boarding, incorporating human rights, slavery and human trafficking requirements in contract and PO terms; and developing a Supplier

Relationship Management (SRM) policy, process and toolkit to deliver ongoing performance and innovation improvements with key suppliers. A UK pilot of the SRM programme concluded in Q4 2017 and will be rolled out in 2018.

## Training

Training is delivered at two levels, for all Serco employees and then for those where a deeper understanding is appropriate.

All Serco employees receive training on Serco's Code of Conduct as part of their induction and on an annual basis, as part of mandated 'Serco Essentials' training. During 2017 Serco reviewed a number of available courses on modern slavery and developed a briefing for all managers to complete in 2018.

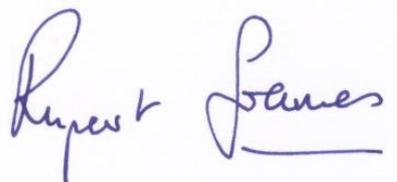
In recognised high risk areas, specific training on slavery and human trafficking is undertaken. During 2017 one of Serco's legal partners ran training sessions with the Serco MyHR team in the UK and its legal and contracts team. Anti-slavery International also ran a workshop with the UK procurement team. The intention in 2018 is to roll out similar briefings to procurement and legal teams across all divisions.

## Monitoring

Serco uses a number of indicators to monitor how it manages and communicates its policy and potential impacts as well as specific concerns regarding modern slavery. Indicators used include the proportion of suppliers evaluated through its due diligence process; numbers of employees trained on Serco's Code of Conduct; and numbers of issues raised through Serco's Speak Up process. These are covered in the quarterly reporting process to the Executive Committee and also the Corporate Responsibility Committee. These key performance indicators will be subject to ongoing review by the Corporate Responsibility Committee on behalf of the plc Board, to ensure their continued effectiveness. See Annex A.

## Our Commitment

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Serco's slavery and human trafficking statement as agreed by senior management and the Board.



**Rupert Soames OBE**

Group Chief Executive Officer, Serco Group plc  
March 2018

# Slavery and human trafficking statement 2017 continued...

## Annex A – Performance indicators

Indicator	2017 Performance	Comment
Third party screening <sup>1</sup> - No validated - No pending review - No disqualified	28,066 1,143 3*	* An additional 6,634 organisations were disqualified because they are no longer used by Serco or there is a gap of two years or more in the relationship.
% employees trained on Serco's Code of Conduct <sup>2</sup>	90%	
% Speak Up cases relating to Modern Slavery <sup>3</sup>	0%	There were no reported cases relating to modern slavery reported during 2017
<p><b>Notes</b></p> <p><sup>1</sup> All third party (customers, tier 1 suppliers and business partners) operating entities are screened through an independent compliance portal against: Global sanctions lists; Restricted jurisdiction; Restricted parties; Politically exposed persons and associations; Bribery and corruption, money laundering and other criminal record checks; Human trafficking/human rights/slavery/exploitation violations; Adverse media reports; World Bank Listing of Ineligible Firms &amp; Individuals and other similar lists from international/multi-lateral organisations.</p> <p><sup>2</sup> Part of Serco Essentials annual training mandated for all staff and tracked through Serco's learning management system</p> <p><sup>3</sup> Speak Up cases are managed through our Independent Speak Up providers case management system</p>		