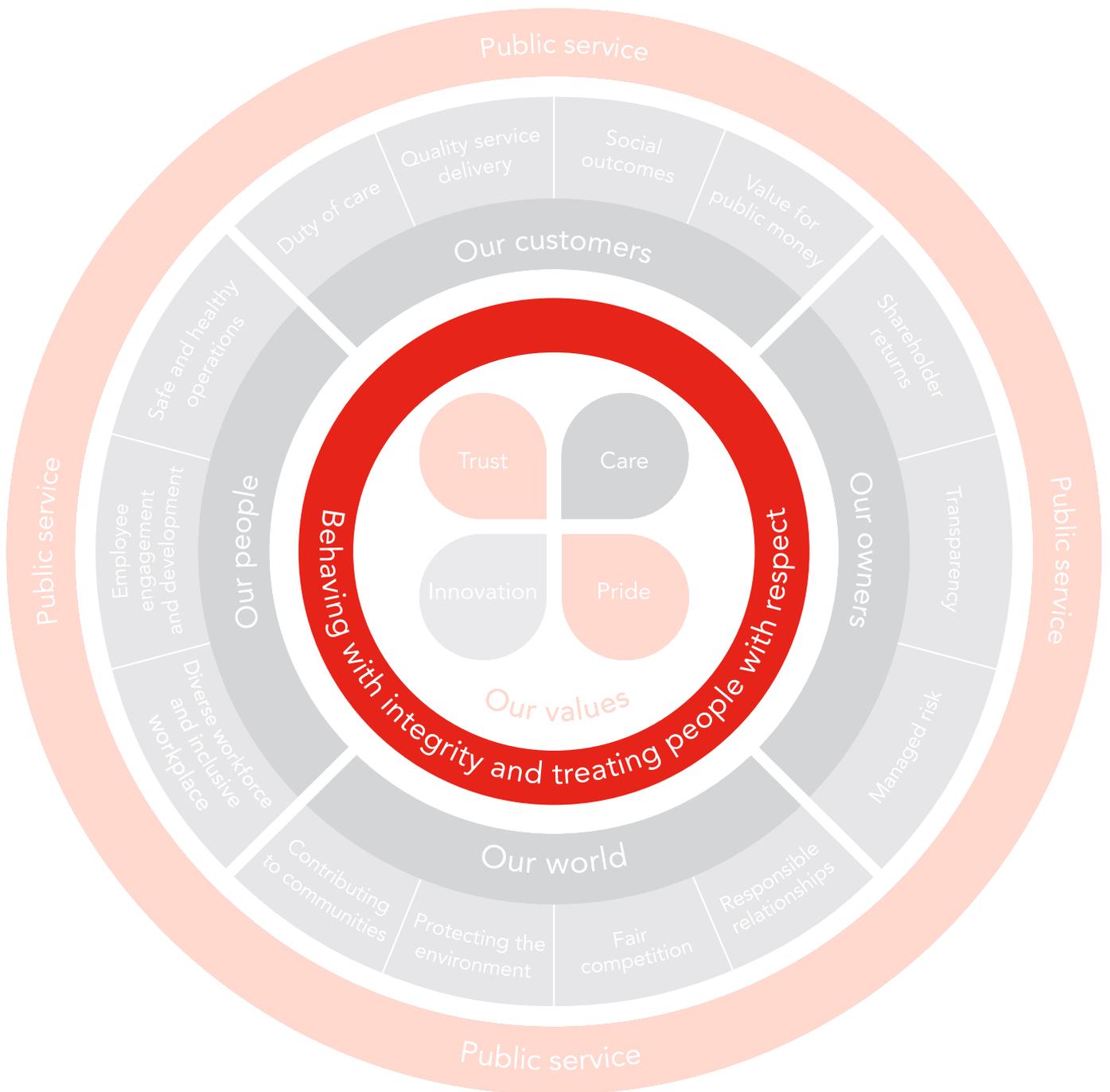


Serco corporate responsibility report 2018



Behaving with integrity and treating people with respect



Behaving with integrity and treating people with respect

What behaving with integrity and treating people with respect means to us

Across all our regions, we aim to meet the high moral and ethical standards we have set ourselves, within the bounds of expected individual and corporate behaviour, with regard for relevant laws and regulatory requirements, with sensitivity to local cultures and with respect for human rights.

Our policy and commitment

Our commitment to business ethics and human rights is defined within our Business Conduct and Ethics Policy Statement, supporting standards and related operating procedures. We publish an annual Modern Slavery Statement at www.serco.com/slaverystatement

In summary, we:

- have zero tolerance for corruption and any activities that break any law relating to human rights, either directly or indirectly, anywhere in the world;
- will not engage in or approve any form of bribery; and will take disciplinary action, and issue criminal proceedings where appropriate, if an employee participates in or condones any irregular payment or payment in kind;
- will not engage in any form of human trafficking or use forced, bonded, illegal or child labour, nor knowingly work with anyone who does; this commitment recognises all applicable modern slavery legislation;
- use international human rights standards as a framework to assess, monitor, mitigate and remedy any actual or potential adverse human rights impacts (AHRIs) that may affect our business;
- provide guidance and support to all employees to help them identify, manage and respond to any risk or issue;
- maintain confidential reporting resources for anyone concerned about violations of our Values, policies or Code, whilst ensuring there is no need for them to fear the consequences of doing so; and strive to
- record and report information about our business accurately, honestly and transparently.

Key components in our governance

- Our Corporate Responsibility Committee (CRC) provides formal oversight of business ethics and human rights strategy and performance against agreed objectives and targets. The CRC, Executive Committee and Divisional Executive Management Teams (EMTs) review quarterly operational and strategic performance reports.
- Our Group Business Compliance and Ethics Lead is responsible for developing and maintaining associated policy and governance, and chairs the Group Ethics and Speak Up Oversight Group (including Divisional Ethics Leads), which meets regularly to discuss strategic and operational performance and share best practice.
- Divisional EMTs are responsible for appropriate Divisional adherence to policy and standards and managing associated risks, while Divisional Ethics Leads are responsible for implementing policy and governance across the Division.
- Depending on the context and scale of any ethical dilemmas or suspected AHRIs, our position will be determined by Divisional EMTs, the Executive Committee, Investment Committee or plc Board.
- Our Business Lifecycle governance process ensures due diligence, review and oversight of related risks throughout bidding and operations.
- Our human rights assessment and decision tree enables us to evaluate any AHRI caused or contributed to by our operations, or linked to them through our business partners and related third parties.
- Our 'Speak Up' whistleblowing process is available to all employees, supported by an online case management system provided by an independent third party.

Our progress and performance in 2018

We have:

- completed a review of Anti-Bribery and Corruption (ABC) adequate procedures and Speak Up in our Divisions;
- developed our UK ABC assessment tool into a Group ABC Risk Indicator Questionnaire, embedding it in our SMS self-assessment tool, completed annually by contracts across all Divisions;
- assessed ethics, regulatory compliance and human rights risks in all Divisions;
- delivered new modern slavery awareness training to all managers in all Divisions. All managers are required to complete the course and we are tracking compliance;
- continued promotion of Speak Up at Divisional level to increase trust in the process, whilst reviewing it for improvement. For example,
 - in the UK, analysis of cases raised via Speak Up has prompted action to promote dialogue with line managers and HR before resorting to Speak Up, when appropriate;
 - in Americas, confidence in the Speak Up process is reinforced through transparent reporting of non-confidential data regarding Speak Up performance in the employee newsletter; and
 - also in Americas, we have analysed the Speak Up process for potential unconscious gender bias, studying cases and outcomes by gender from 2008-17. Our analysis concluded that unconscious bias does not appear to affect management of individual cases.

Key performance indicators	2017	2018
Viewpoint Ethics and Integrity Index	69%	73 (avg. score)
Upheld cases of corrupt behaviour	0	0
Upheld cases of human rights violations	0	0
Speak up: cases closed (substantiation rate)	450 (43%)	498 (40%)

For additional data and performance commentary, including changes to our engagement scoring and our Viewpoint indices, see: **Corporate Responsibility KPIs** (page 69)

Our next steps

We will:

- continue to monitor and work actively to mitigate our ethics, regulatory compliance and human rights risks;
- review data and internal reporting to develop an effective dashboard;
- continue to raise awareness of Speak Up and review how we monitor live cases to ensure optimal case management and closure; and
- further review the legislative standards for modern slavery that apply in each Division to ensure all local requirements are met.

For items relating to fair competition and conflicts of interest, see: **Fair competition** (page 52)

For items relating to third parties, see: **Responsible relationships** (page 54)