

Slavery and
Human Trafficking
Statement
2018

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Reporting entity

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 2018.

Legislative compliance

This statement complies with the reporting criteria of:

- The UK Modern Slavery Act 2015
- The Australian Modern Slavery Act 2018

1 Progress against 2017 statement and update on 2018 key activities

During 2018 we:

- continued to monitor our human rights risk, including slavery and human trafficking; risk remains low;
- developed a version of our Code of Conduct for temporary workers, with specific guidance on slavery and human trafficking. This is being rolled out through our temporary worker agencies;
- developed a new questionnaire for enhanced supplier due diligence, focussing on how our tier 1 suppliers manage modern slavery risks within their own supply chains. We are already receiving completed questionnaires from those suppliers we have begun to engage. We have also analysed high risk areas to identify and enable further work with priority suppliers to enhance their own supplier due diligence;
- delivered new modern slavery awareness training to all managers in all Divisions, supported by communications to maintain general awareness. All managers are required to complete the course and we are tracking compliance;
- continued to refine the slavery and human trafficking guidance that supports the application of our human rights assessment and decision tree, with particular focus on consideration of human rights in new country entry;
- strengthened the human rights elements within our Supplier Code of Conduct, now available on our website; and
- completed a review of our third-party due diligence process, including quality of reports and information provided. This has fed into a broader process review, which will be completed in 2019.

During 2019 we plan to:

- continue working with priority suppliers to enhance due diligence within their supply chains;
- continue to ensure modern slavery risks are considered in new business opportunities;
- in support of the published Ethical Compliance Due Diligence in the Selection & Review of Third Parties Group Standard Operating Procedure, develop new country due diligence guidance including assessment of modern slavery risks;
- further review the legislative standards that apply in each Division to ensure all local requirements are met;
- question those suppliers we have identified through our risk assessment procedures in each Division as carrying the greatest risk and seek evidence of their commitment to the requirements of relevant Modern Slavery legislation; and
- conduct further assessment of our risks based on the responses our suppliers provide.

2 Introduction

“Our position is clear and uncompromising: from the heart of Serco to the outermost fringes of our operations, there is no place in Serco for any form of modern slavery or anything connecting to slavery, modern or otherwise. It is reassuring that our own modern slavery risks are low, but we are in no way complacent, and we want to extend our own high standards into our supply chain.”

Rupert Soames, Group Chief Executive

Human Rights are the basic rights and freedoms that belong to every person in the world. They include the right to life, the right to respect for private and family life and the right to freedom of thought, religion and expression. Underpinning our Values is the right to be treated with dignity, fairness, equality and respect, and we are committed to upholding it in our business, every day and everywhere.

We believe that the public deserve public services delivered from an uncompromising foundation of **Trust** that must include and safeguard all stakeholders throughout our value chain. We feel a compelling duty of **Care** for all engaged in, contributing to and impacted by our operations. We know there is always more we can do and further we can go, through improvement and **Innovation**, to defend against any risks that might threaten our people, those we serve and all who enable us to serve them. We believe that dignity, fairness and freedom are essential ingredients in the **Pride** that our people deserve to feel for the work they do, and that all who contribute deserve the same.

We condemn slavery in all its forms. We will never tolerate it in our business or supply chain. We respect

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

Our commitment is defined within our Business Conduct and Ethics Policy Statement, supporting standards and related operating procedures that form part of the Serco Management System (SMS) applied across all our operations. These are also defined in our Code of Conduct and supported by training and strong endorsement from Serco’s senior executive and leadership.

Our SMS and Code of Conduct define expected individual and corporate behaviour in relation to all business conducted on the Company's behalf; reflect our 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 Serco’s obligations under modern slavery legislation where we operate, including the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.

3 About Serco

What we do

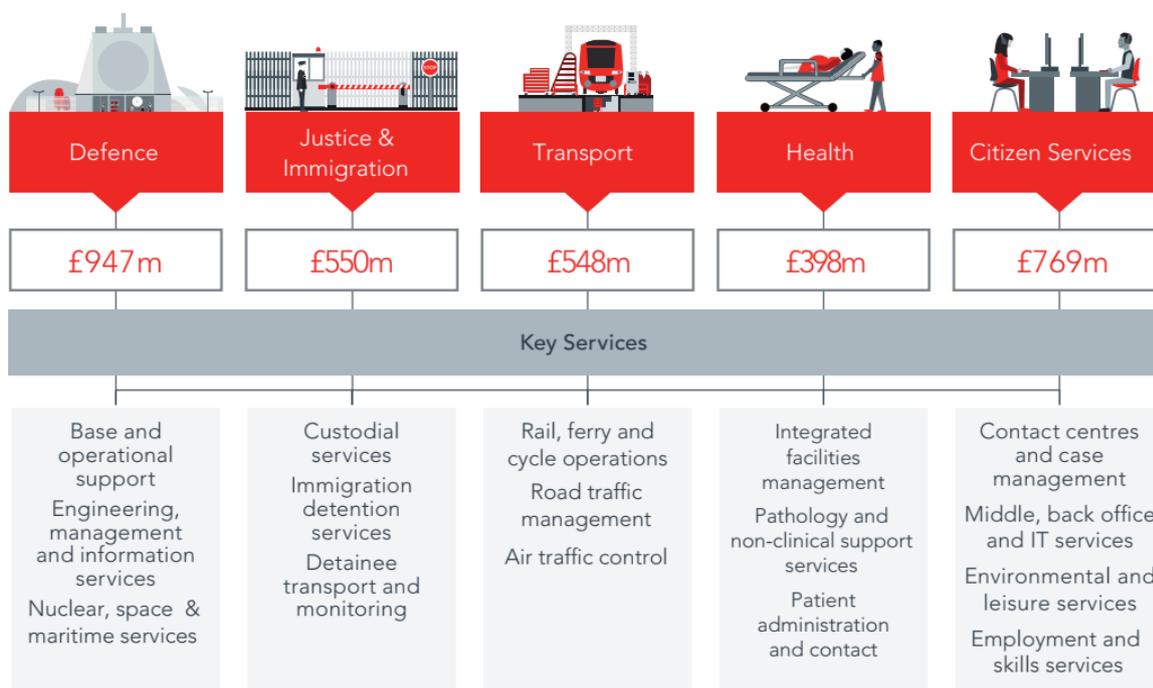
Serco delivers services to governments and other institutions who serve the public or protect vital national interests.

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 provide 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, often looking after some of the most vulnerable and disadvantaged in society and helping to keep nations safe.

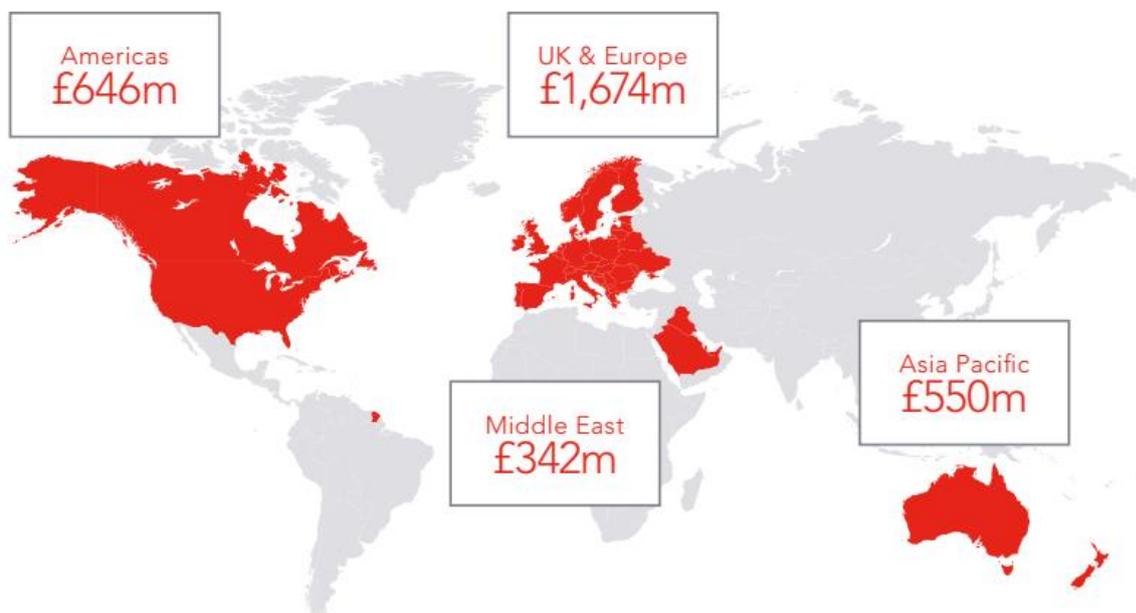
Our core sectors

Our business is focused across five core sectors, with revenue in 2018 of £2,837m or, including our share of joint ventures and associates to reflect our total scale in each sector, of £3,212m.



Where we operate

Serco's operations are across four geographic regions:



Revenue in 2018 (including share of joint ventures and associates).

4 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 Managing Director (MD) of each BU along with support function leads and the Divisional Chief Executive Officer (CEO) make up a Divisional Executive Management Team (EMT) responsible for ensuring within the Division that human rights policy is complied with, impacts are understood, and appropriate oversight is exercised.

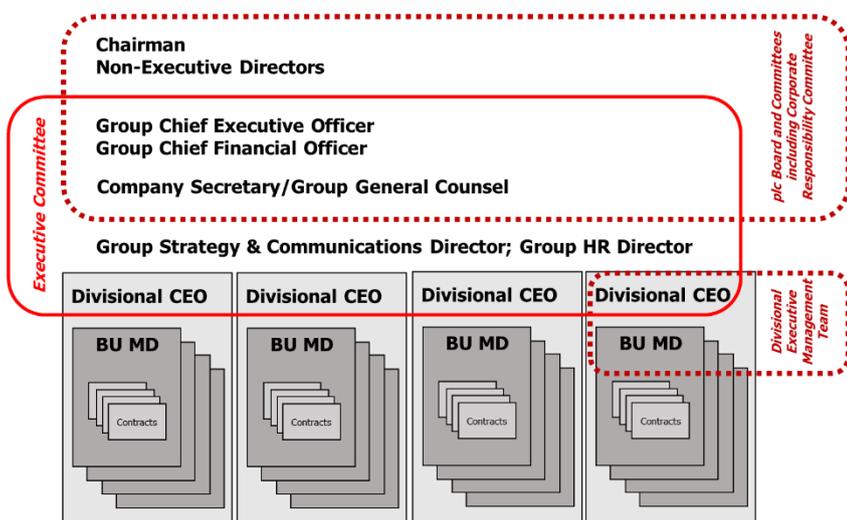
The Divisional CEOs, along with other senior leaders responsible for corporate functions and the Executive Directors from the plc Board, form the Executive Committee of the Company. This Committee reports through the Executive Directors to the Serco Group plc Board. The Executive Committee recognises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

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 regarding the review of new business opportunities. The CRC provides oversight regarding the implementation of human rights policy and the monitoring of risks and issues raised through Serco’s Speak Up process.

All Serco joint ventures and strategic partnerships are governed by the SMS. Our Investment Committee provides formal oversight and approval of contractual structures and arrangements for any partner or strategic relationship, whilst Divisional EMTs are responsible for managing these relationships, including regular strategy and performance review meetings with partners, supported by members of the Executive Committee and plc Board as appropriate.

Serco Group plc



5 Our Serco Management System

The SMS is our management framework. It describes how we do business and defines the rules governing how we operate, behave and deliver our strategy.

At the heart of the SMS are 16 Group policy statements, 24 Group standards and 45 Group Standard Operating Procedures. Group policies are owned by Group Functional Directors, signed by the Group Chief Executive and approved by the plc Board. They define our strategic commitments and apply across the Group.

Group standards reflect our Values and define the minimum standards we must achieve, focusing on mandatory requirements applicable across the Group.

Group, Country, Divisional and Local operating procedures build on these foundations within the SMS, providing direction on how to achieve mandatory requirements and comply with relevant laws and regulations in the countries where we operate. Operating procedures are sensitive to local customs, traditions and cultures.

All elements of the SMS are subject to a schedule of regular review to ensure they meet our needs and are up-to-date, relevant and appropriate.

Employee and manager responsibilities regarding SMS compliance are clearly defined and all employees complete appropriate SMS, Code of Conduct and Values training on joining Serco and periodically

during their time with Serco. Our Group Consequence Management Standard defines how instances of non-compliance are managed.

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 (all versions: full, at a glance and short-term temporary staff)
- Serco Supplier 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 and Employee Wellbeing Group Standards
- Procurement and Supply Chain Group Standard
- Speak Up Group Standard

These are available on the Serco website at www.serco.com

6 Our Code of Conduct

Our Code of Conduct helps us to drive continuous and consistent responsibility and behaviours across our organisation. Based on our Values, it forms part of the SMS, clearly and concisely defining our expectations of operational and behavioural compliance.

Our Code applies to everyone who works for and on behalf of Serco, regardless of role, location and background, and confirms what they can expect of us as well as what we expect of them.

All Serco employees are expected to know, use and live our Code.

Our employee Code of Conduct is supported by our Supplier Code of Conduct. Our Supplier Code of Conduct clarifies our requirements and expectations

regarding our suppliers and their facilities, wherever they are located.

Slavery and human trafficking are specifically covered in all versions of our Code of Conduct and our Supplier Code of Conduct.

In 2018, we introduced a shortened code for short-term temporary employees, designed to engage them in the key elements of our code. This is being rolled out through our temporary worker agencies.

7 Our Values

First and foremost, Serco lives by its Values.

Our culture is based on a set of four values – Trust, Care, Innovation and Pride – that shape our individual behaviours and hence the way the company behaves. They help to ensure we are all working from a commonly understood base that can be consistently applied across our organisation.

Our Values are incorporated into the SMS, our Code of Conduct and all existing channels, publications and resources.

8 Our 'Speak Up' whistleblowing process

Speak Up is available to all employees, supported by an online case management system provided by an independent third party. 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 2018 there were no issues relating to slavery and human trafficking raised.

9 Our business model

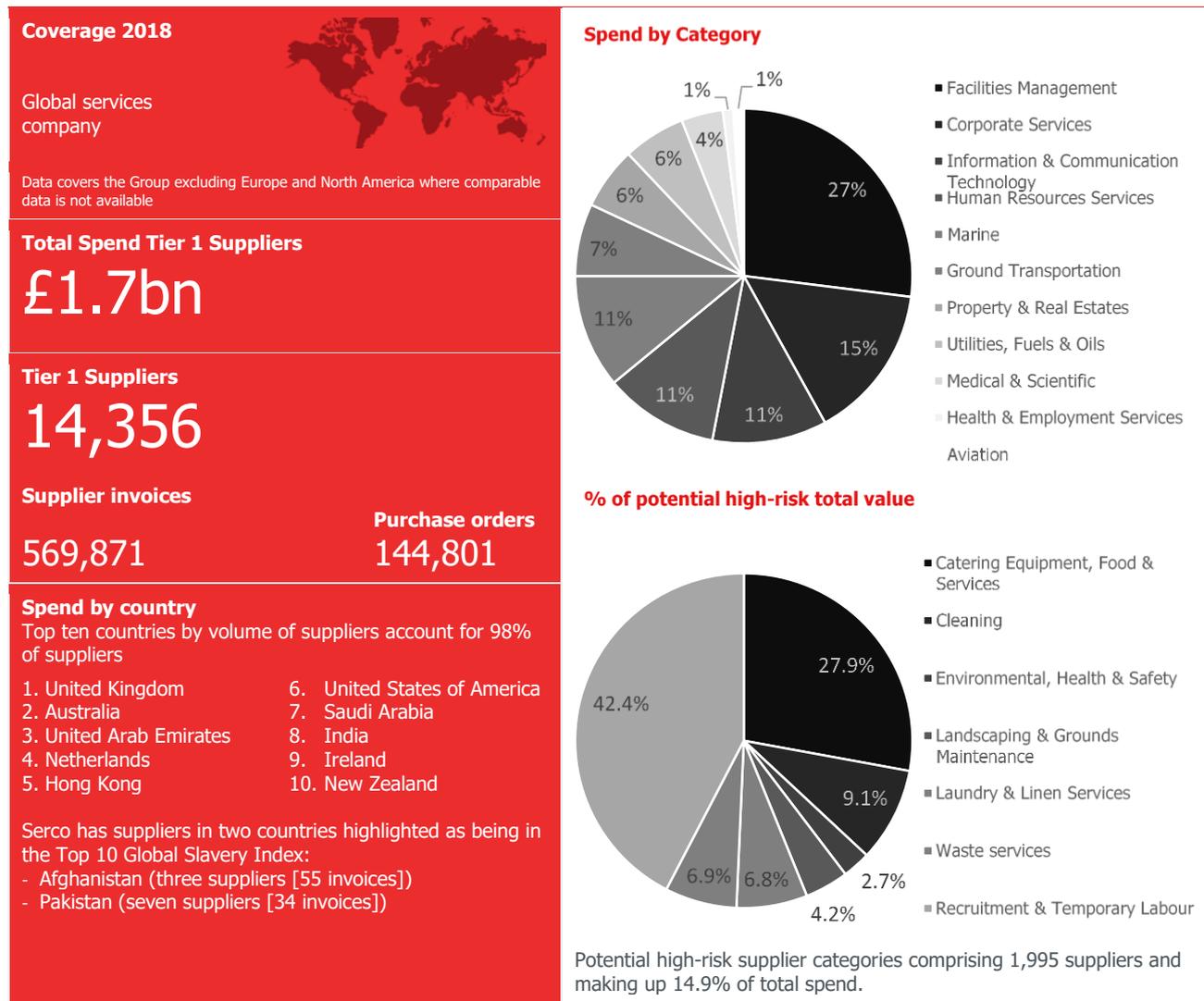
Serco's business model starts with the identification of a pipeline of contract opportunities. These identified opportunities go through a series of 'gate' approvals which consider the risk profile of each potential contract, including human rights impacts. We employ people and provide services to people 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 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 contract 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 EMTs, the Executive Committee and the CRC.

10 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, summarised below.



11 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.

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 EMT and, if significant, the issue is raised to the Executive Committee and, in extreme cases, considered by the plc Board.

In 2018, we continued to refine the slavery and human trafficking guidance that supports the application of our human rights assessment and decision tree, with particular focus on consideration of human rights in new country entry. We also completed a review of our third-party due diligence process, including quality of reports and information provided. This has fed into a broader process review, which will be completed in 2019.

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

Direct employment and operations

Regarding those Serco employs, it believes the risk of slavery and human trafficking continues to be extremely low.

The main area of potential risk is in regard 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, debt bondage or other bonded or forced labour, including deceptive recruiting practices.

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

We recognise that there is a potential risk of slavery and human trafficking within our extended supply chain, particularly in higher-risk categories relating to labour supply, uniforms, catering, cleaning, laundry, waste management services and landscaping. We complete legal, ethical and human rights due diligence on proposed key third parties, relating to any aspect of our Business Lifecycle, and conduct ongoing monitoring throughout the lifetime of the relationship.

Our Procurement and Supply Chain Function delivers consistent procurement processes in the selection and management of suppliers, ensuring compliance with laws and regulations, our ethical standards, Code of Conduct and human rights throughout our supply chain. We apply robust supplier sourcing and selection criteria, and regularly review risk and monitor supplier performance, to inform relationship management and identify opportunities for improvement.

In 2018 we strengthened the human rights elements within our Supplier Code of Conduct, now available on our website, and developed a new questionnaire for enhanced supplier due diligence, focussing on how our tier 1 suppliers manage modern slavery risks within their own supply chains. We are already receiving completed questionnaires from those suppliers we have begun to engage. We also analysed high risk areas to identify and enable further work with priority suppliers to enhance their own supplier due diligence.

12 Training

Training is delivered at two levels, for all Serco employees and then for those where a deeper understanding is appropriate. All Serco employees and managers 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. In recognised high-risk areas, specific training on slavery and human trafficking is undertaken.

Our SMS asserts group standards which influence the training requirements whilst the training tools we use are localised and the subject matter refined further to reflect the legislative standards applicable in the Divisions.

In 2018 we have delivered new modern slavery awareness training to all managers in all Divisions, supported by communications to maintain general awareness. All managers are required to complete the course and we are tracking compliance.

In Serco North America, we included a mandatory review of our Anti-Trafficking policy in our curriculum for 2018 and provided access to an optional training module created by the US Department of Defense Combating Trafficking in Persons Program Management Office.

13 Monitoring

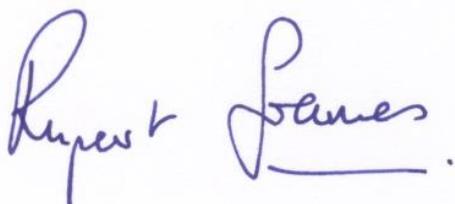
Serco uses a number of indicators to monitor how it manages and communicates its policy and potential impacts as well as specific concerns regarding modern slavery. Indicators used include the proportion of suppliers evaluated through its due diligence process; numbers of employees trained on Serco's 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 CRC.

These key performance indicators will be subject to ongoing review by the CRC on behalf of the plc Board, to ensure their continued effectiveness. See Annex A.

The risk of modern slavery is covered in our Group Principal Risk, 'failure to act with integrity'. As such, it is reviewed quarterly by our Group Risk Committee (GRC) and EMTs, with updates submitted to the plc Board by the Chair of the GRC.

14 Our commitment

This statement constitutes Serco's slavery and human trafficking statement as agreed by senior management and the Serco Group plc Board. It is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.



Rupert Soames OBE

Group Chief Executive Officer, Serco Group plc

March 2019

Annex A – performance indicators

Indicator	2017	2018	Note
Third party screening			
- Number validated	28,066	7,867	1, 2
- Number pending review	1,143	191	
- Number disqualified	3	1	3
% Speak Up cases relating to Modern Slavery	0	0	4
Viewpoint Index: Ethics and Integrity	69%	73 (avg. score)	5
% Code of Conduct self-assessment	95	97	6
% Business Conduct and Ethics self-assessment	95.7	96.4	7

Notes:

- 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 & Individuals and other similar lists from international/multi-lateral organisations.
- 2018 numbers reflect business as usual addition of third parties following completion of initial due diligence review of all third parties completed in 2016 and 2017.
- Additional organisations disqualified because they are no longer used by Serco or there is a gap of 2+ years in the relationship: 6,634 in 2017; 173 in 2018.
- Speak Up cases are managed through our independent Speak Up provider's case management system
- In 2018, our methodology for calculating employee engagement changed, aligned to our new survey provider. Pre-2018, engagement results represent the proportion of engaged employees expressed as a percentage. As of 2018, engagement scores represent the average response, with maximum potential scores of 100. It is not possible to adjust all our historic data to restate to the new methodology. However, analysis performed by our new survey provider indicates that engagement levels from 2017 to 2018 have remained broadly stable, with opportunity for improvement against new benchmarks. Regarding Viewpoint Index scores, an index comprises one or more related questions that cover a specific area of analysis. The Ethics and Integrity Index assesses employee engagement in relation to five questions focused on the ability to speak up and working with integrity.
- This relates to the level of compliance against the following question in the annual contract SMS self-assessment: "All employees have been provided with a copy (pdf or print) of Serco's Code of Conduct (either 'Our Code at a Glance' or full Code document) and are aware of its content, including the Speak-Up process and Serco's no retaliation commitment, through management briefings."
- This relates to the level of compliance against the Serco Business Conduct and Ethics Group Standard, assessed in the annual contract SMS self-assessment.