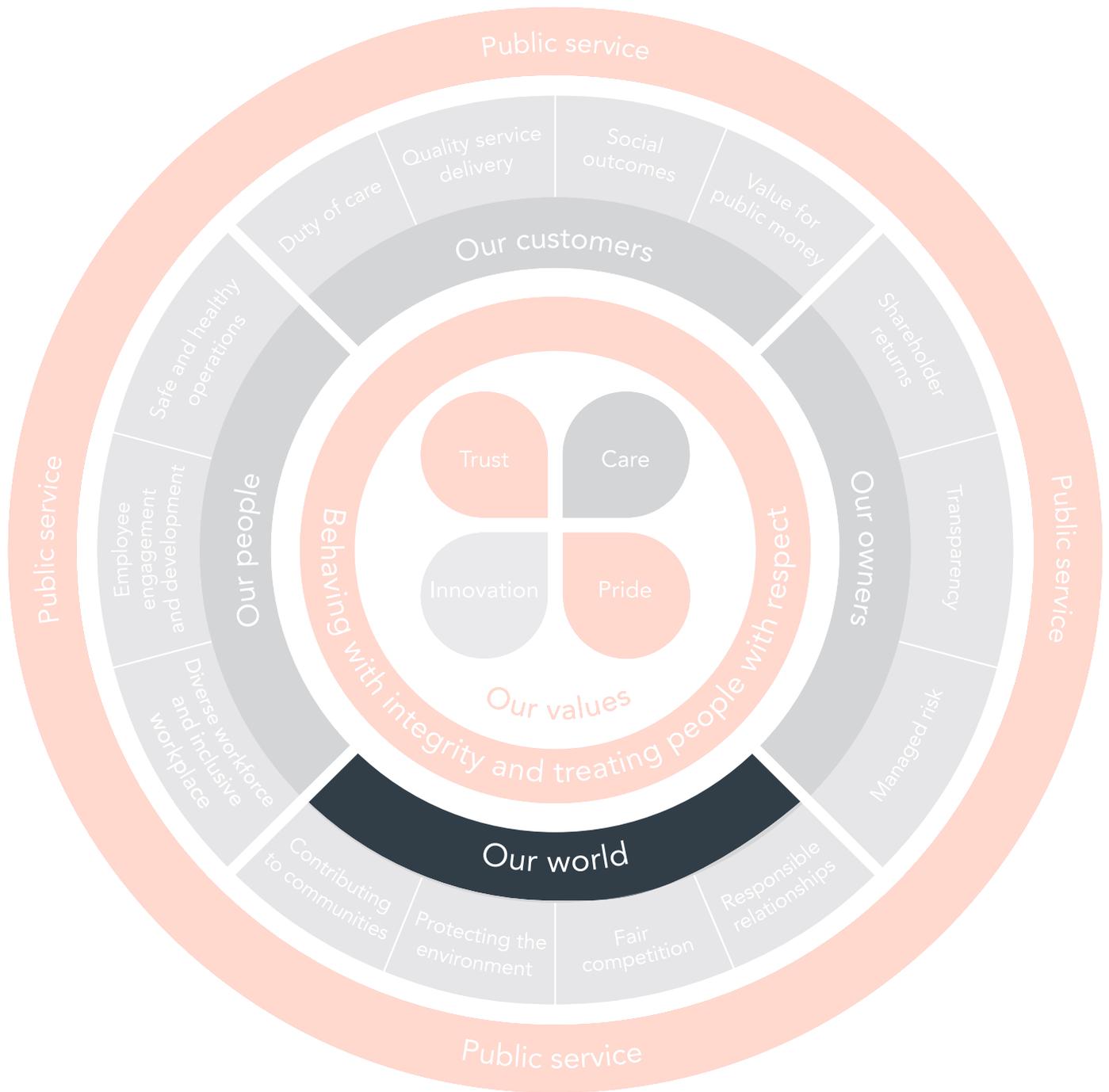


# Serco corporate responsibility report 2018



## Our world



# Our world

As a provider of diverse public services, operating in over 20 countries around the world, we operate within and contribute to multiple complex social, economic and physical environments. Across these we recognise our responsibilities to a range of stakeholders, including the third parties with whom we interact as neighbours, peers, partners and environmental stewards.

We strive to be responsible in how we impact the communities, economies and environments in which we operate – making a positive difference wherever possible and limiting any other impact we may have. We are committed to: working closely, collaboratively and partnering effectively with our stakeholders; protecting their interests by operating legally, fairly and ethically; and building honest, respectful and transparent relationships.

## Communities

Our engagement with communities – those we serve and those where we operate – is at two levels: business-led and employee-led. We are committed to proactive dialogue with representative bodies to understand and manage our impact; and facilitating employee participation in community initiatives and charitable giving, which also applies to the regional causes our employees choose to support.

At Contract and Business Unit levels we maintain relationships with specific non-governmental organisations (NGOs) with whom we consult or collaborate for delivery of service outcomes. For example, our contract to operate Her Majesty's Prison Belmarsh West, UK, is delivered in partnership with voluntary-sector partners, Turning Point and Catch 22.

We also engage with NGOs and charities in the regions where we operate through the Serco Foundation, an independent charitable organisation established specifically for that purpose.

## Suppliers

Our supply chain is an important component in achieving high performance in our business. In selecting suppliers, we work hard to choose reputable business partners who are committed to ethical standards and business practices compatible with our own. We complete appropriate due diligence to understand those we work with.

The total number of Tier 1 suppliers in our supply chain as of 13th February 2019 was 14,356. While we operate in several different sectors, our operations are characterised by the provision of services. This is reflected in the make-up of our supply chain, demonstrated in Figure 1 below.

We spend c£600m annually with small and medium-sized enterprises (SMEs) through our supply chain. SMEs are involved in the delivery of around a third of our operations. We have partnering relationships with more than 7,000 SMEs.

## Strategic partners

We are engaged in several joint ventures with commercial partners. For example, Merseyrail is a joint venture between Serco and Abellio in the UK, while in Australia, Serco Sodexo Defence Services Pty Limited is a joint venture between Serco and Sodexo, delivering garrison support services to the Australian Defence Force.

We also have joint ventures with customers. For example, Viapath is a pathology services joint venture between Serco and the Guy's and St Thomas' and King's College Hospital NHS Foundation Trusts.

In some cases, we deliver services through consortium arrangements. For example, we are part of the NorthernPathways consortium in Australia (with John Laing, John Holland and Macquarie Capital), appointed by the New South Wales Government to design, build and operate the new Clarence Correctional Centre.

We maintain strong, collaborative relationships with our suppliers and strategic partners, both centrally and locally, engaging them regularly in strategy and performance review meetings, management forums and site visits.

### The environment

We recognise our responsibility for the environmental impacts of the services we deliver, the products and services we buy and the ways in which we operate. We consider the following environmental aspects to be material to our activities: carbon emissions generated through our own operations, energy consumption and business travel; climate resilience; waste generation and disposal; water consumption; resource use; pollution; and biodiversity.

Where we have direct control of environmental impacts, activities are managed locally. Across more than two thirds of our business we work on our customers' premises and are not in direct control of environmental impacts. In such cases, we work collaboratively with our customers, supporting them in applying their own environmental management systems and objectives.

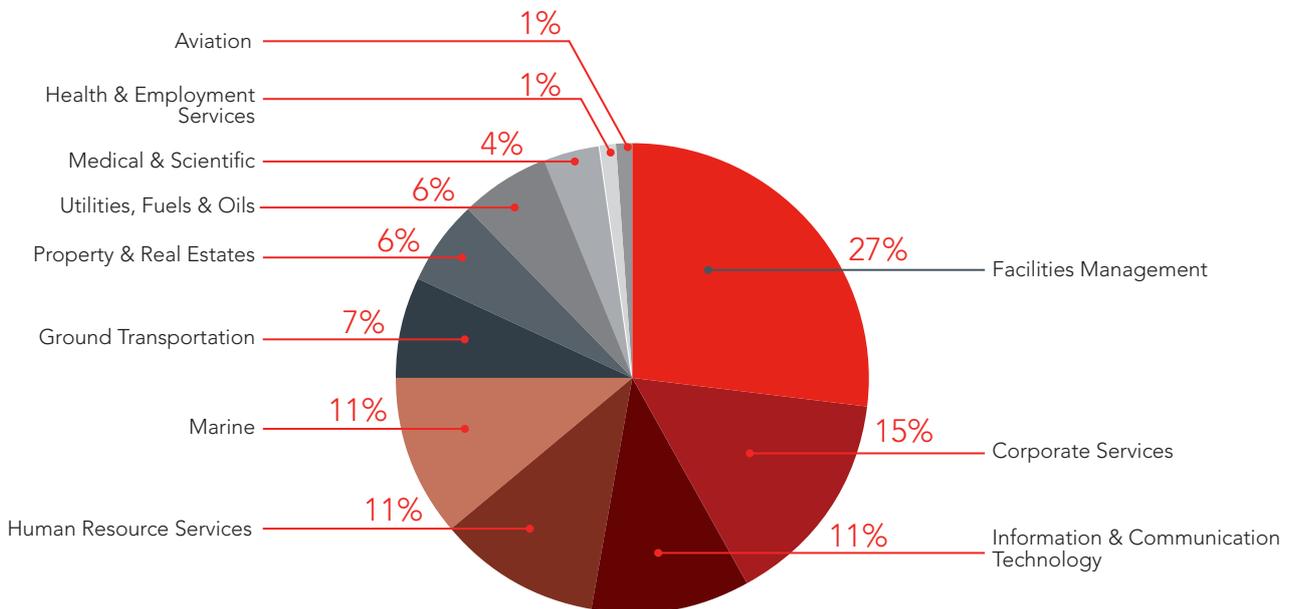


Figure 1: Spend by category

Data covers the Group excluding Europe and North America where comparable data is not available