

Slavery and
Human Trafficking
Statement
2019

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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 2019.

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 2018 statement and update on 2019 key activities

During 2019, in addition to delivering our ongoing processes, programmes and schedules of training, assurance and continuous improvement for Ethics Compliance, which covers human rights including slavery and human trafficking, we undertook the following:

Policy

- We responded to the introduction of new Australian modern slavery legislation, reviewing and updating our policy to ensure compliance and also ensure our policy addresses:
 - adherence to local and national laws; freedom of workers to terminate employment; freedom of movement; and freedom of association; and that it prohibits:
 - any threat of violence, harassment and intimidation; worker-paid recruitment fees; compulsory overtime; child labour; discrimination; and confiscation of workers' original identification documents.

Due diligence

- Serco Australia held a workshop with relevant internal stakeholders to identify high-risk supply categories relevant to local operations;
- Serco UK and Group Procurement held a workshop, facilitated by Stronger Together (www.stronger2gether.org), to validate current identified high-risk supply categories and consider the process to better manage our complex supply chain, initially focussed on Tier 1 but with clear recognition of the need to address Tier 2+ suppliers in the future;
- we revised our Group Standard Operating Procedures for the due diligence and monitoring of suppliers; agents and strategic partners; and customers;
- we implemented risk-based screening of third parties, which includes modern slavery where identified in public records, prosecutions and allegations in the public domain; and
- we strengthened our Tier 1 supplier reviews, revising our onboarding questionnaire with specific questions on modern slavery and a more in-depth questionnaire for high risk suppliers.

Governance

- We transformed procurement services, resulting in improved processes and stronger governance of our procurement and management of suppliers.

Risk assessment

- Each Division conducted a comprehensive risk assessment of ethics compliance risks, including human rights (incorporating modern slavery). Risks are currently being consolidated into a Group assessment.

Training

- We refreshed our Code of Conduct training for all employees, which includes explicit reference to modern slavery.

During 2020 we plan to:

- continue to review the risk we face of modern slavery in our operations and supply chain;
- embed our revised due diligence processes;
- develop stronger relationships with suppliers in high-risk categories;
- explore how we engage Tier 1 suppliers regarding Tier 2+ suppliers and their management of modern slavery risks.

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

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 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. 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. These are also defined in our Code of Conduct and supported by training and strong endorsement from Serco’s senior executive and leadership.

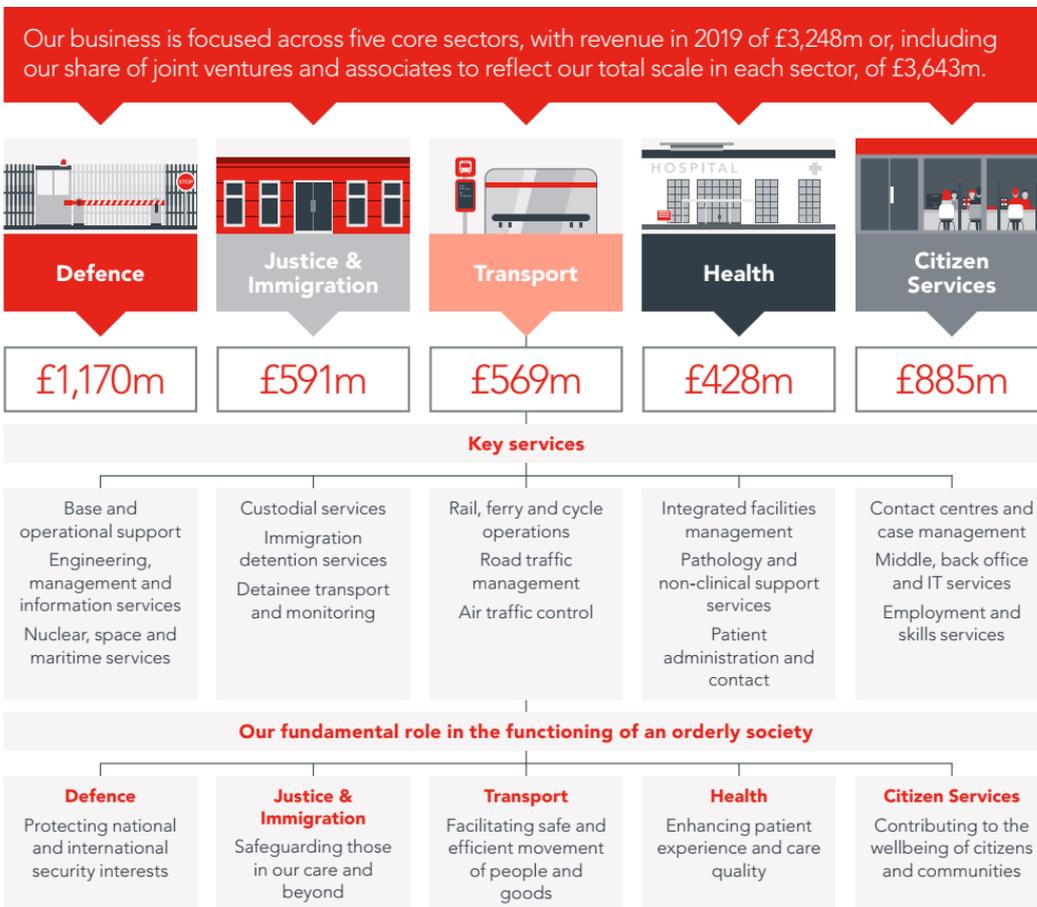
3 About Serco

What we do

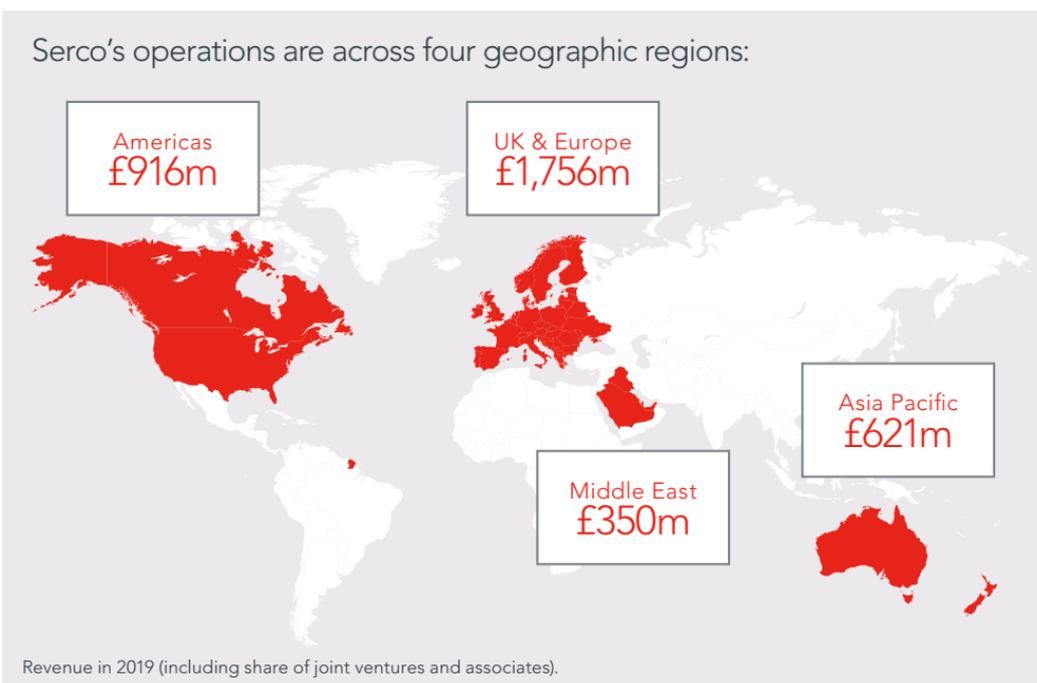
Serco delivers services to governments and other institutions who serve the public or protect vital national interests.

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.



Where we operate



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.

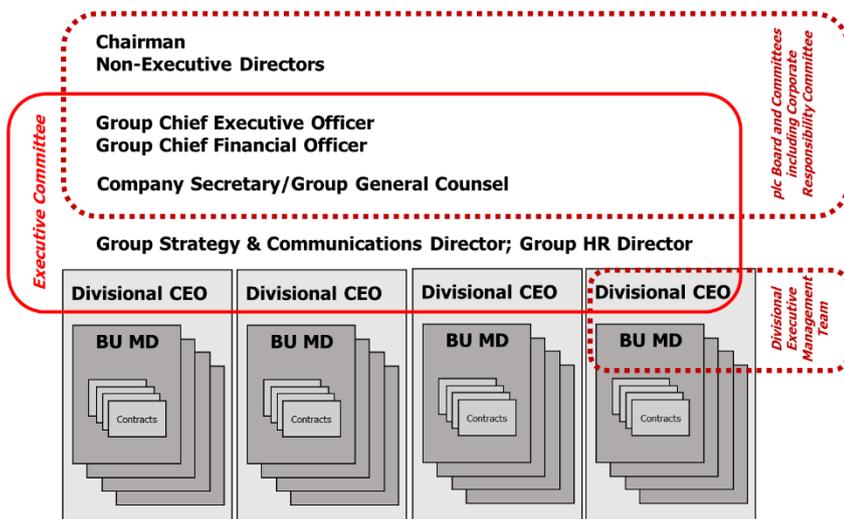
The Divisional CEOs, along with other senior leaders responsible for corporate functions and the Executive Directors from the plc Board, form the Executive Committee of the Company. This Committee reports through the Executive Directors to the Serco Group plc Board. The Executive Committee recognises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

Oversight and review of human rights is undertaken by the Corporate Responsibility Committee (CRC), a formal committee of the plc Board. The CRC provides oversight regarding the implementation of human rights policy (including slavery and human trafficking) 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 Values

Our Values – Trust, Care, Innovation and Pride – are the foundation of our culture, shaping 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 and our Code of Conduct, as well as all channels, publications and resources.

6 Our Serco Management System

The SMS is our management framework. It describes the 'what' through policies, standards and procedures that define the rules governing all our operations. It provides direction on compliance with relevant laws and regulatory requirements including slavery and human trafficking.

Group Policies are owned by Group Functional Leads, 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 (GSOPs, CSOPs, DSOPs and LSOPs) build on these foundations within the SMS, providing direction and guidance on how to achieve mandatory requirements and comply with relevant laws and regulations in the countries where we operate. Standard 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. As a result, the numbers of Standards and Standard Operating Procedures vary from time to time.

Currently at the heart of the SMS there are 16 Group Policy statements, 24 Group Standards and 39 Group Standard Operating Procedures.

Employee and manager responsibilities regarding SMS compliance are clearly defined. 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:

- Business Conduct and Ethics Policy Statement *
- People Policy Statement *
- Human Rights Group Standard
- Employee Lifecycle and Employee Wellbeing Group Standards
- Procurement and Supply Chain Group Standard
- Speak Up Group Standard
- Human Rights Assessment and Decision Tree Group Standard Operating Procedure
- Supplier Due Diligence Group Standard Operating Procedure
- Serco Code of Conduct (all versions: full, at a glance and short-term temporary staff) *
- Serco Supplier Code of Conduct *
- Serco Terms and Conditions for the purchase of goods and/or services from suppliers *

* available on the Company website at www.serco.com

During 2019:

- we responded to the introduction of new Australian modern slavery legislation, reviewing and updating our policy to ensure compliance and also ensure our policy addresses:
 - adherence to local and national laws; freedom of workers to terminate employment; freedom of movement; and freedom of association; and that it prohibits:
 - any threat of violence, harassment and intimidation; worker-paid recruitment fees; compulsory overtime; child labour; discrimination; and confiscation of workers' original identification documents; and
- revised Group Standard Operating Procedures for the due diligence and monitoring of suppliers; agents and strategic partners; and customers.

7 Our Code of Conduct

Based on our Values, our Code of Conduct clearly and concisely defines 'how' we expect our operations to be delivered and the behaviours we expect across our organisation. It provides direction to ensure we are sensitive to local customs, traditions and cultures.

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.

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.

8 Our 'Speak Up' process

Our global ethics helpline and investigation 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 2019 there were no issues relating to slavery and human trafficking raised.

9 Our business model

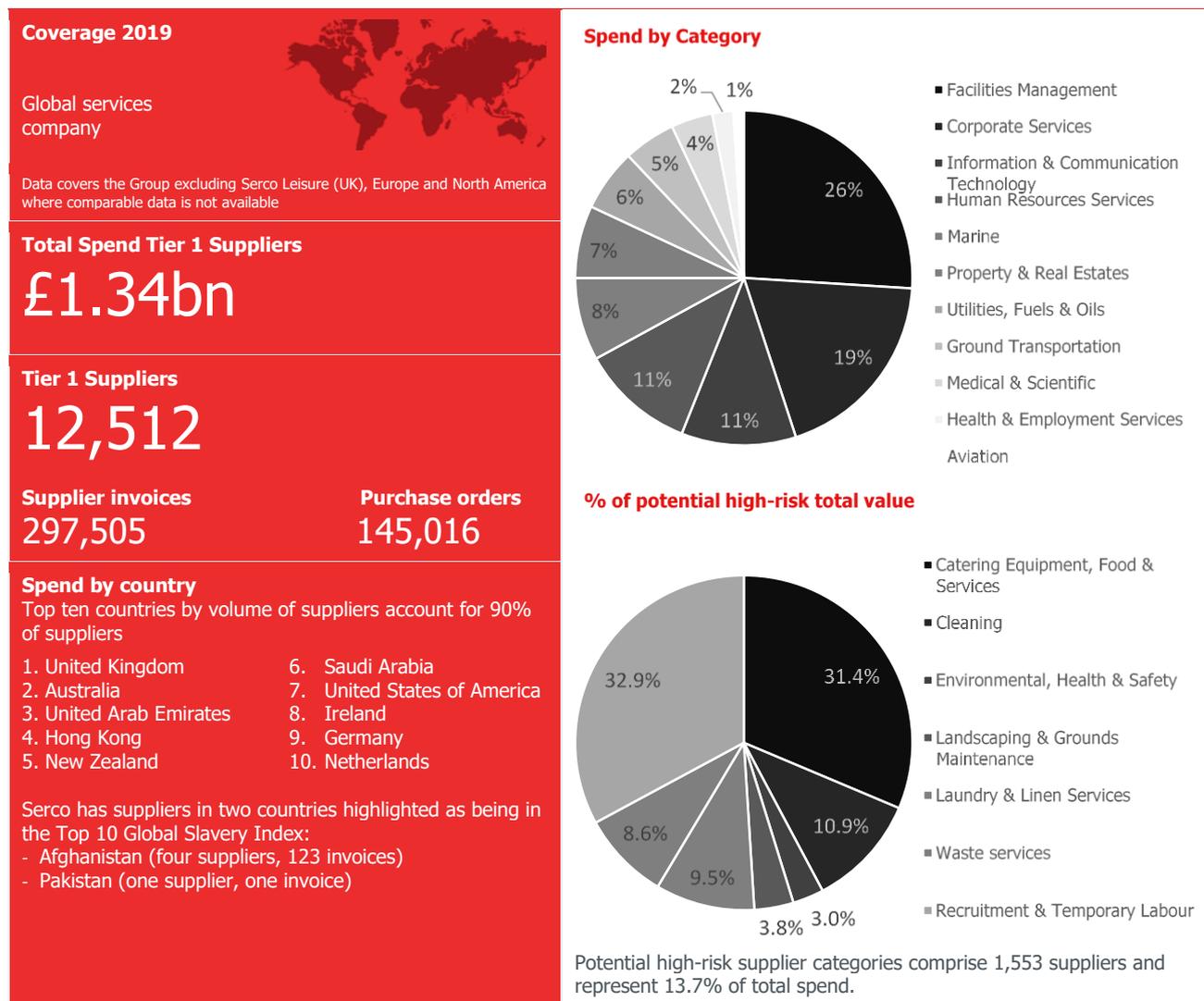
Serco's business model starts with the identification of a pipeline of contract opportunities. These identified opportunities go through a series of 'gate' approvals which consider the risk profile of each potential contract, including human rights impacts. We employ people and provide services to people and therefore it is important that this is done with respect and integrity. Serco's 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

Sercos 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 and 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 Sercos’s own operations.

Recognising its impact on people, Sercos 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 party 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.

During 2019:

- Serco UK and Group Procurement held a workshop, facilitated by Stronger Together, to validate current identified high-risk supply categories and consider the process to better manage our complex supply chain, initially focussed on Tier 1 but with clear recognition of the need to address Tier 2+ suppliers in the future. A further workshop is planned for early 2020 to review and revise supplier due diligence processes;
- Serco Australia held a workshop with relevant internal stakeholders to identify high-risk supply categories relevant to local operations;
- we reviewed and updated third party due diligence processes, which includes human rights and consideration of modern slavery;
- we implemented risk-based screening of third parties, which includes modern slavery where identified in public records, prosecutions and allegations in the public domain;
- we strengthened our Tier 1 supplier reviews, revising our onboarding questionnaire with specific questions on modern slavery and a more in-depth questionnaire for high-risk suppliers; and
- each Division conducted a comprehensive risk assessment of ethics compliance risks, including human rights (incorporating modern slavery). Risks are currently being consolidated into a Group assessment.

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

Direct employment and operations

Regarding those Serco employs, the Company believes that 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. Conversations are held with a random selection of new employees, who have been provided through these agencies, 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 there is a potential risk that these individuals may have been subject to slavery or human trafficking, particularly in regard to immigration operations. We provide access to information to raise awareness and understanding of the issue so individuals can raise concerns.

In the UK, we train employees involved in our immigration operations to recognise potential red flags and raise concerns should they believe that someone has been subject to slavery or human trafficking.

Supply chain

We recognise there is a potential risk of slavery and human trafficking within our extended supply chain. As illustrated on page nine, our supply chain is large and complex.

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.

Regarding slavery and human trafficking, our initial steps have been to:

- raise awareness and understanding of key procurement personnel through training and workshops;

- ensure our due diligence and onboarding processes of all suppliers include slavery and human trafficking as a factor;
- identify through a structured assessment those supplier categories which we believe present a higher risk: catering equipment, food and service; cleaning; environmental, health and safety; landscaping and grounds maintenance; laundry and linen services; waste services; and recruitment and temporary labour; and
- we have developed an initial approach to undertake more enhanced due diligence regarding slavery and human trafficking with our Tier 1 suppliers.

We now need to further embed enhanced due diligence through direct discussions and assurance across all high-risk procurement categories, improve ongoing monitoring and agree how we gain assurance within our Tier 1 supply chains.

During 2019:

- we transformed procurement services, resulting in improved processes and stronger governance of our procurement and management of suppliers; and
- worked with Stronger Together to support our development of supply chain due diligence, engagement and monitoring.

12 Training

Training is delivered at two levels: for all Serco employees, and for those where a deeper understanding is appropriate. All employees complete appropriate SMS, Code of Conduct and Values training on joining Serco and periodically during their time with Serco. In recognised high-risk areas, specific training on slavery and human trafficking is undertaken. For example, relevant procurement personnel have attended a number of training sessions.

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.

During 2019, we refreshed our Code of Conduct training for all employees, which includes explicit reference to modern slavery.

Our next step is to review appropriate training for our supply chain and validate training undertaken by suppliers we classify as high-risk.

13 Monitoring

Serco uses several 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; contract compliance in ensuring employee awareness and understanding of our 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.

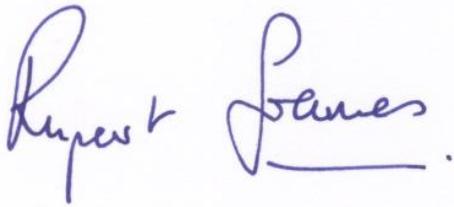
These performance indicators will be subject to ongoing review by the CRC on behalf of the plc Board, to ensure their continued effectiveness. See Annex A.

We continue to review the relevance of these and are looking at how we can improve them.

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.

A handwritten signature in blue ink that reads "Rupert Soames". The signature is written in a cursive style with a horizontal line at the end.

Rupert Soames OBE

Group Chief Executive Officer, Serco Group plc

March 2020

Annex A – performance indicators

Indicator	2018	2019	Note
Third party screening			
- Number validated	7,867	5,253	1
- Number pending review	191	1,092	
- Number disqualified	1	0	2
Speak Up cases relating to Modern Slavery (%)	0	0	3
Employee engagement: Business Integrity (avg. score)	73	75	4
Code of Conduct self-assessment (%)	97.0	97.6	5
Business Conduct and Ethics self-assessment (%)	96.4	98.0	6
Suppliers signed up to Serco Supplier Code of Conduct (%)	100	100	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.
- Additional organisations disqualified because they are no longer used by Serco or there is a gap of 2+ years in the relationship: 173 in 2018; 136 in 2019.
- Speak Up cases are managed through our independent Speak Up provider's case management system.
- 'Employee engagement: Business Integrity' assesses employee engagement, as measured through our employee engagement survey, in relation to the following questions:
 - 'I never feel under pressure to compromise our ethical standards to get the job done.'
 - 'My line manager does not tolerate behaviours that fall below our expected standards.'
 - 'I can report unethical behaviour or practices, either via my manager or Speak Up, without fear of retaliation at Serco.'
- 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.
- All suppliers must sign a contract or agree to a purchase order agreement which states that they must comply with Serco's Supplier Code of Conduct.