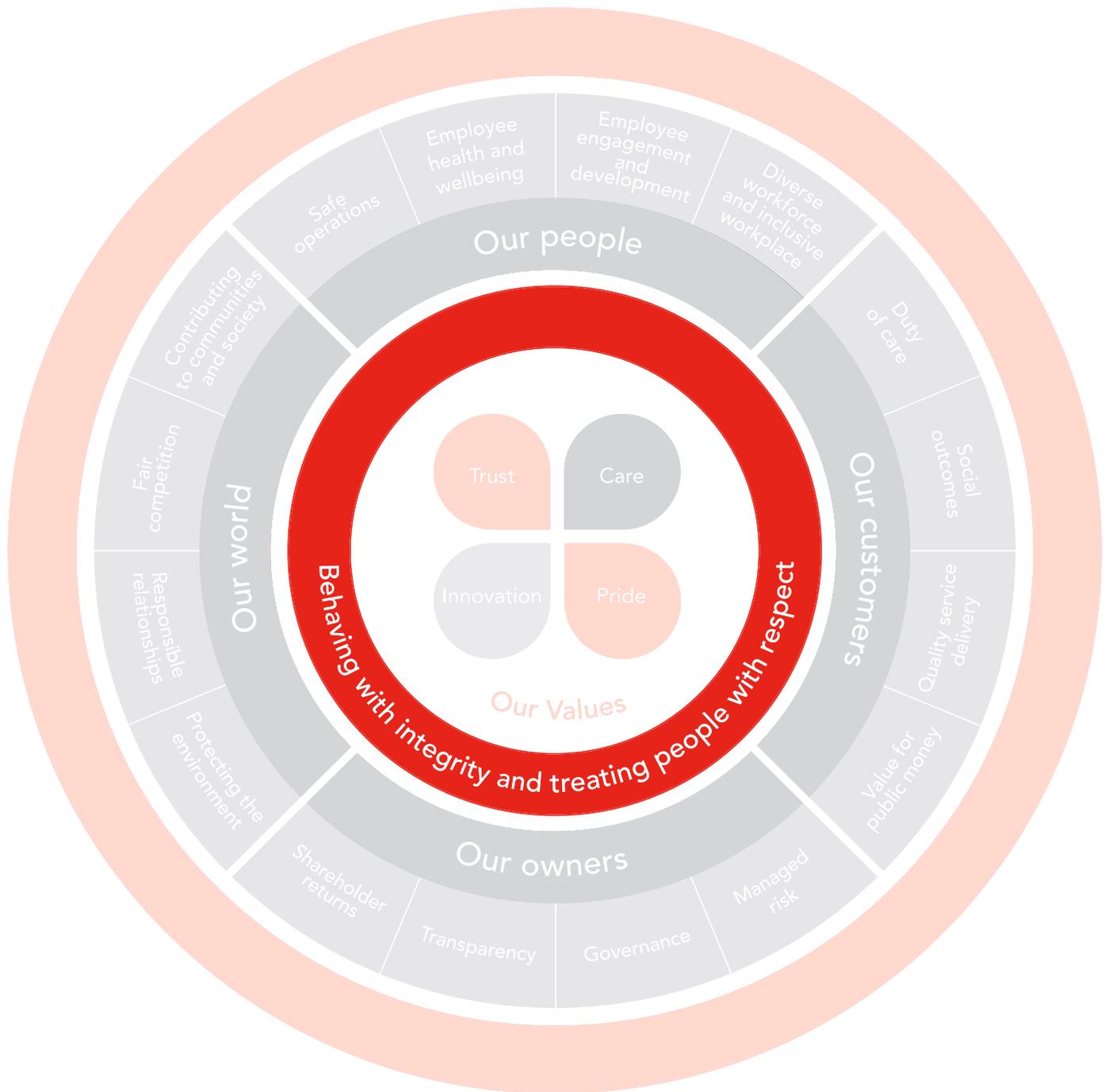


Serco corporate responsibility report 2019



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 strive to behave with integrity and treat people with respect, 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

Corporations should not be arbiters of morals and ethics; however, they can set standards of behaviour for themselves, and in our case these are reflected in our Values of Trust, Care, Innovation and Pride.

It is inevitable in any company employing more than 50,000 people that from time to time individuals or small groups behave inappropriately. Our task is to give people a framework and a clear understanding of our Values to minimise the risk of them going outside those boundaries, and also to have a comprehensive and effective compliance and reporting system so that if they do, we find out about it quickly.

Our commitment to business ethics and human rights is defined within our Ethics Compliance strategy, Business Conduct and Ethics Policy Statement, supporting standards and related operating procedures.

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.

Our Group Slavery and Human Trafficking Statement 2019 is available at www.serco.com/slaverystatement

Key components in our governance

- Our Corporate Responsibility Committee (CRC) provides formal oversight of our Ethics Compliance strategy and its effective delivery against agreed objectives and targets. The CRC, Executive Committee and Divisional Executive Management Teams (EMTs) review quarterly operational and strategic performance reports.
- The CRC retains time at the end of each meeting to meet separately without management present and invites one of the Divisional Ethics Leads to attend for part of this session. The Committee also meets privately with the Group Director of Business Compliance and Ethics.
- Our Group Director of Business Compliance and Ethics is responsible for Ethics Compliance strategy design, management and execution and the development and maintenance of associated policy and governance. The Group Director of Business Compliance and Ethics also 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, strategy 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 seeks to enable 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 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.

Our progress

We have continued to drive our Ethics Compliance agenda, including human rights, with focus and resolve:

- evolving our Group Ethics Compliance framework and strategy to provide a more standardised, structured blueprint for future evolution and impact;
- strengthening Ethics Compliance leadership and capability at Divisional levels by:
 - » updating and standardising organisational structures and roles;
 - » undertaking a programme of professional certification; five out of eight Ethics Compliance Leads are now CCEP-I certified – the remainder to complete in 2020;
- developing a real-time Ethics Compliance dashboard for more consistent and responsive monitoring;
- conducting a Group-wide review of our global ethics helpline and investigation process, Speak Up, to inform improvement plans;
- strengthening our compliance assurance, including:
 - » increased focus on critical controls within the Serco Management System (SMS) and SMS Self-Assessments;
 - » reporting changes to bring greater focus to the closure of actions and overdue actions from SMS Self-Assessments and Compliance Assurance Reviews; and
- reviewing and updating policies and procedures to ensure compliance with the Australian Modern Slavery Act (2018) and Whistleblower Reform (2019).

Performance indicators		2018	2019
Employee engagement: Business integrity	Avg. score	73	75
Upheld cases of corrupt behaviour	Number	0	0
Upheld cases of human rights violations	Number	0	0
Speak up: cases closed (substantiation rate)	Number (%)	498 (40%)	454 (37%)

For all CR performance data and commentary, see: **Corporate Responsibility Performance Indicators** (page 78)

Our next steps

To deepen our global Ethics Compliance maturity and overall capability, we plan to:

- drive greater coherency and collaboration by replicating our UK ‘Values and Integrity Network’ in every Division;
- launch enhanced training for the Board, Executive Committee and Divisional Executive Management Teams, including at our annual leadership conferences;
- enhance Board and Executive oversight and challenge for Ethics Compliance, including:
 - » annual reporting by Divisional Ethics Compliance and Compliance Assurance Leads to the CR Committee and Risk Committee respectively without Executive Management present;
 - » annual review of Ethics Compliance and compliance assurance governance and capability, Three Lines of Defence, and reporting of findings to the CR, Risk and Audit Committees of the Board;
 - » the continued evolution of the CR Committee of the Board with a principle focus on holding the organisation firmly to its Values and standards of behaviour, with particular emphasis on our principal areas of social responsibility: our people, our world and our commitment to behave with integrity and treat people with respect;
- ensure coverage of this area as part of the wider Compliance Assurance Programme to deliver the following benefits:
 - » standardised approach and testing of critical controls across the Group;
 - » development of assurance maps mapping the Three Lines of Defence;
 - » assurance reporting improvements to align and support integration with Enterprise Risk Management (ERM);
- incorporate within relevant Internal Audits, tests of the design and operating effectiveness of controls established by management to ensure compliance with Serco’s Ethics Compliance requirements;
- deliver a consistent approach to the assessment of Ethics Compliance risks in line with our ERM framework; and
- act on the findings of our Speak Up review and further strengthen our Speak Up oversight and investigations capability, and improve communications and awareness.

For items relating to fair competition and conflicts of interest, see: **Fair competition** (page 54)

For items relating to third parties, see: **Responsible relationships** (page 56)