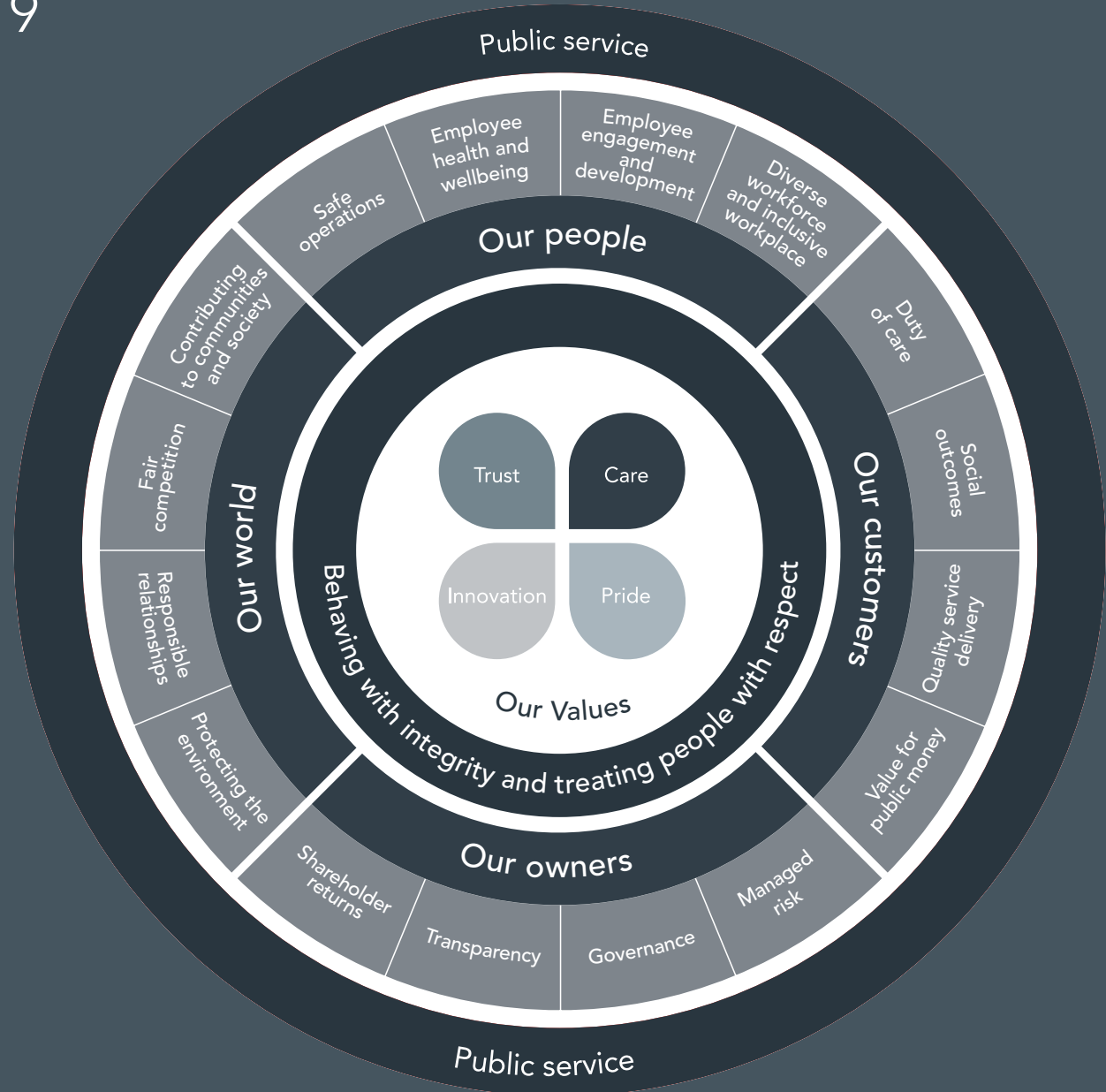


Serco Corporate Responsibility Report 2019



Corporate responsibility performance indicators



Corporate responsibility performance indicators

		2015	2016	2017	2018	2019	2018 v 2019	Var %	Comments
Our Values									
Employee engagement: Our Values	15-17: % 18-19: Avg. score	77	79	81	81	82	1	1.2	<p>¹ Represents employee engagement scores per one or more specific questions within our employee engagement survey.</p> <p>² Applies to all data from our 'Viewpoint' employee engagement survey. 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 remained broadly stable.</p>
Behaving with integrity and treating people with respect									
Employee engagement: Business Integrity	15-17: % 18-19: Avg. score	69	69	69	73	75	2	2.7	See notes 1 and 2.
Upheld cases of corrupt behaviour	Number	0	0	0	0	0	0	-	
Upheld cases of human rights violations	Number	0	0	0	0	0	0	-	
Speak Up cases:									
Investigated	%	96	97	90	94	92	-2	-2.1	³ Where anonymous cases provide insufficient information, we are unable to investigate.
Corrective action taken	%	63	53	42	54	52	-2	-3.7	
Disciplinary action taken against one or more individuals involved in a case	%	24	16	9	18	24	6	33.3	
Dismissal of one or more individuals involved in a case	%	6	6	5	11	8	-3	-27.3	
Closed within three months	%	48	64	89	75	89	14	18.7	
Speak Up: cases closed (substantiation rate)	Number (%)			450 (43%)	498 (40%)	454 (37%)	-44	-8.8	
Our people									
Safe operations									
Employee engagement: Safety	15-17: % 18-19: Avg. score	71	73	75	77	79	2	3	See notes 1 and 2.
Lost Time Incident Frequency Rate	Per 1m hours worked	6.16	5.01	4.41	5.30	5.69	-0.39	-7	<p>⁴ A review of workers compensation insurance in Asia Pacific and Americas identified misalignment between reported incidents data and that held by insurers. Definitions have been aligned and historical data corrected (2015 – 2018). Correction in incident numbers has also impacted incident severity rate.</p> <p>⁵ Slips and trips remains the most common cause of Lost Time Incidents outside those related to violence and aggression. This has been an area of focus throughout 2019 and while there has been improvement within Health and Transport, challenges remain within Citizens Services, Defence and Justice & Immigration. This will remain an area of focus for 2020.</p>
Lost Time Incident Severity Rate	%	17.46	22.53	23.74	27.80	23.38	4.42	16	See note 4.

Corporate responsibility performance indicators

		2015	2016	2017	2018	2019	2018 v 2019	Var %	Comments
Major Incident Frequency Rate	Per 1m hours worked	0.43	0.40	0.45	0.50	0.39	0.11	22	See note 4.
Physical Assault Frequency Rate	Per 1m hours worked	7.32	7.04	8.96	13.13	8.09	5.04	38	⁶ Improvements primarily result from a continued focus on reducing violence and aggression within the UK custodial environment and reductions in associated Serious Physical Assaults. ⁷ A review of reporting accuracy against Group Standard Operating Procedure definitions has resulted in minor adjustments to historical data (2015 – 2018). 2019 has been checked. Significant improvement in 2019 against 2018 reflects the impact over time of a range of initiatives. This work will continue in 2020. ⁸ Significant improved performance following a lot of effort and several initiatives throughout 2019. Several initiatives established in 2018 were widened and a relationship between UK & Europe and Asia Pacific Justice & Immigration teams was established seeking to share best practice. Initiatives have included the 'Key worker' scheme, five-minute interventions, supported by use of batons and body worn cameras. This work will continue into 2020 with further rollout of devices to support control and restraint and establishment of drug misuse teams to reduce the impact of illegal substances on staff.
Serious Physical Assault Frequency Rate	Per 1m hours worked	0.50	0.95	0.87	1.32	0.63	0.69	52	See notes 7 and 8
Prosecutions	Number	1	0	0	0	0	0	-	⁹ 2015 data relates to an incident in 2011.
Fines paid	£'000	200	0	116	0	0	0	-	¹⁰ 2017 data relates to Dubai Metro: February 2017 (500,000AED) public hazard relating to escalator maintenance by a sub-contractor – fine paid by sub-contractor and revised work instructions implemented; August 2017 (100,000AED) unsafe lifting operations relating to glass movement in station – revised work instructions implemented.
Employee health and wellbeing									
Proportion of days lost to sickness	%	3.2	3.2	3.1	12.3	5.2	7.1	57.7	¹¹ Increase in 2018 reflects introduction of new absence management system and subsequent planned improvement in absence capture.
Employee engagement and development									
Employee engagement	15–17: % 18–19: Avg. score	53	54	56	67	71	4	5.9	See note 2.
People manager engagement	15–17: % 18–19: Avg. score	59	62	65	70	73	3	4.3	See note 2.
Leadership engagement	15–17: % 18–19: Avg. score	55	72	71	69	77	8	11.6	See note 2.
Employee engagement: Learning & Development	15–17: % 18–19: Avg. score	46	48	49	60	64	4	6.7	See notes 1 and 2.
Staff turnover	%	32.8	33.8	30.6	27.0	29.3	-2.3	-8.5	
Diverse workforce and inclusive workplace									
Employee engagement: Diversity & Inclusion	15–17: % 18–19: Avg. score	67	69	70	74	79	5	6.8	¹² Diverse workforce data is representative only of employees for whom relevant data is available. See notes 1 and 2.

Corporate responsibility performance indicators

		2015	2016	2017	2018	2019	2018 v 2019	Var %	Comments
Number of women:									
Serco Group plc Board	Number (%)	3 (30.0)	2 (22.2)	3 (30.0)	3 (33.3)	3 (33.3)	0	-	¹³ As of 2018, this data is based on that submitted to the annual Hampton-Alexander Review, UK. For 2019, the data was submitted in June 2019.
Executive Committee and Direct Reports	Number (%)	13 (16.7)	12 (17.1)	15 (21.7)	28 (31.8)	24 (31.6)	-4	-14.3	See note 13.
All other employee levels	Number (%)	21,165 (42.6)	18,798 (41.9)	18,129 (41.6)	18,960 (42.4)	20,896 (43.1)	1,936	10.2	
Number of men:									
Serco Group plc Board	Number (%)	7 (70.0)	7 (77.8)	7 (70.0)	6 (66.7)	6 (66.7)	0	-	See note 13.
Executive Committee and Direct Reports	Number (%)	65 (83.3)	58 (82.9)	54 (78.3)	60 (68.2)	52 (68.4)	-8	-13.3	See note 13.
All other employee levels	Number (%)	28,531 (57.4)	26,054 (58.1)	25,435 (58.4)	25,757 (57.6)	27,634 (56.9)	1,877	7.3	
Number of employees with disclosed disabilities	Number (%)	468 (1.3)	516 (1.2)	425 (1.0)	343 (0.8)	847 (1.7)	504	146.9	
Age profile									
16-24	%	9.5	9.1	8.7	8.5	8.9	0.4	4.7	
25-40	%	35.9	35.7	38.8	38.7	37.8	-0.9	-2.3	
41-54	%	29.2	29.2	31.4	29.8	29.1	-0.7	-2.3	
55-64	%	14.9	15.6	17.9	17.6	18.1	0.5	2.8	
65+	%	2.3	2.6	3.1	3.1	3.5	0.4	12.9	
Undisclosed	%	8.2	7.8	0.1	2.3	2.6	0.3	13.0	¹⁴ Reduction in 2017 reflects improvements in data availability resulting from new D&I strategy and focus on developing clearer and more robust data.
Our world									
Fair competition									
Upheld cases of anti-competitive behaviour	Number	0	0	0	0	0	0	-	
Responsible relationships									
Third-party due diligence screening									¹⁵ 2018 and 2019 data reflect business as usual addition of third parties following completion of initial due diligence review of all third parties completed in 2016 and 2017.
Third parties validated	Number	-	-	28,066	7,867	5,253	2,614	33.2	
Third parties pending review	Number	-	-	1,143	191	1,092	901	471.7	
Third parties disqualified	Number	-	-	3	1	0	-1	-100	¹⁶ 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.

Corporate responsibility performance indicators

		2015	2016	2017	2018	2019	2018 v 2019	Var %	Comments
Protecting the environment									
Carbon dioxide equivalent (Scope 1+2)	tCO ₂ e	298,986	291,883	253,655	259,814	266,894	-7,080	-2.7	¹⁷ Our reporting year for greenhouse gas emissions is one quarter behind our financial year, namely 1 October 2018 to 30 September 2019. We quantify and report to ISO 14064-1 2012, using an operational control approach to define our organisational boundary. The classification of reporting boundaries is set out in detail in our Basis of Reporting document, available on our website, www.serco.com. We report all material emission sources for which we consider ourselves responsible and have set our materiality threshold at 5%. Units reported: Mwh = megawatt hours of energy; tCO ₂ e = Tonnes Carbon Dioxide Equivalent; FTE = Full Time Employee.
UK	tCO ₂ e	-	-	189,059	191,329	193,387	-2,058	-1.1	¹⁹ Reduction of c.1,000 tCO ₂ e from NorthLink Ferries contract. Increase c.3,000 tCO ₂ e from increased operations in Future Provision of Marine Services contract.
Rest of world	tCO ₂ e	-	-	64,596	68,485	73,507	-5,022	-7.3	²⁰ New Hong Kong tunnel contract added c.4,500 tCO ₂ e. Increased scope of reporting in Americas added c.1,000 tCO ₂ e.
Scope 1 – Combustion of fuels and operation of facilities	tCO ₂ e	162,197	182,819	174,289	176,254	181,413	-5,159	-2.9	
Total UK	tCO ₂ e	-	-	164,663	169,759	175,681	-5,922	-3.5	
Total Rest of world	tCO ₂ e	-	-	9,626	6,496	5,732	764	11.8	
Gas	tCO ₂ e	26,215	28,188	25,680	26,381	26,658	-277	-1.0	
UK	tCO ₂ e	-	-	25,256	25,449	26,279	-830	-3.3	
Rest of world	tCO ₂ e	-	-	424	932	379	553	59.3	
Petrol	tCO ₂ e	600	3,860	2,862	4,067	3,162	905	22.3	
UK	tCO ₂ e	-	-	612	612	279	333	54.4	²¹ UK & Europe reporting system changed for company car / private mileage, more precision to identify type of fuel / size of vehicle which has changed conversion factors applied.
Rest of world	tCO ₂ e	-	-	2,250	3,455	2,883	572	16.6	
Diesel	tCO ₂ e	28,393	27,931	23,965	24,633	27,753	-3,120	-12.7	
UK	tCO ₂ e	-	-	19,526	24,237	27,466	-3,229	-13.3	See note 21.
Rest of world	tCO ₂ e	-	-	4,440	396	287	109	27.5	
Fuel oil									
UK	tCO ₂ e	-	-	182	221	339	-118	-53.4	

Corporate responsibility performance indicators

		2015	2016	2017	2018	2019	2018 v 2019	Var %	Comments
Burning oil / Kerosene	tCO ₂ e	2,106	680	463	384	1,098	-714	-185.9	
UK	tCO ₂ e	-	-	462	384	1,098	-714	-185.9	
Rest of world	tCO ₂ e	-	-	1	0	0	0		
LPG / Propane	tCO ₂ e	477	2,137	2,198	1,672	2,131	-459	-27.5	
Rest of world	tCO ₂ e	-	-	2,016	1,451	1,792	-341	-23.5	
Gas oil	tCO ₂ e	1,496	2,089	3,199	2,973	1,899	1,074	36.1	
UK	tCO ₂ e	-	-	3,199	2,973	1,899	1,074	36.1	
Rest of world	tCO ₂ e	-	-	0	0	0	0	-	
Specialist marine fuel	tCO ₂ e	102,493	117,656	115,652	115,883	118,480	-2,597	-2.2	
UK	tCO ₂ e	-	-	115,652	115,883	118,480	-2,597	-2.2	
Rest of world	tCO ₂ e	-	-	0	0	0	0		
Fugitive emissions	tCO ₂ e	417	278	270	263	232	31	11.8	
UK	tCO ₂ e	-	-	270	263	232	31	11.8	
Rest of world	tCO ₂ e	-	-	0	0	0	0	-	
Scope 2 – Grid electricity purchased for own use (location-based)	tCO ₂ e	136,789	109,064	79,366	83,560	85,481	-1,921	-2.3	
UK	tCO ₂ e	-	-	23,900	21,308	17,707	3,601	16.9	²² UK electricity conversion factors reduced by 10%.
Rest of world	tCO ₂ e	-	-	55,466	62,252	67,774	-5,522	-8.9	
Energy consumption used to calculate Scope 1+2 emissions	Mwh	-	-	873,287	891,931	918,740	-26,809	-3.0	²³ 2017 and 2018 restated to exclude Scope 3 electricity.
UK	Mwh	-	-	763,268	772,007	792,086	-20,079	-2.6	
Rest of world	Mwh	-	-	110,019	119,924	126,654	-6,730	-5.6	
Headcount intensity (Scope 1+2)	tCO ₂ e/FTE	5.16	5.98	5.56	5.80	5.87	-0.07	-1.2	²⁴ 2018 re-stated to 5.80 from 5.53 to include Middle East residential consumption.
Scope 2 – Grid electricity purchased for own use (market-based)	tCO ₂ e	-	-	70,629	80,832	81,583	-751	-0.9	²⁵ Expanded scope of measurement in 2017. Market-based electricity emissions are calculated using the conversion factors specifically from our suppliers generating assets where available.
Scope 3 – Business travel	tCO ₂ e	-	-	26,891	24,094	27,291	-3,197	-13.3	²⁶ Expanded scope of measurement in 2017. 2017 represents extrapolations by FTE to reflect global dataset and contrast against 2018 global dataset. 2018 and 2019 data are total Group data.
Air travel	tCO ₂ e	-	-	21,940	20,009	22,203	-2,194	-11.0	
Rail travel	tCO ₂ e	-	-	467	298	370	-72	-24.2	
Hotel stays	tCO ₂ e	-	-	2,436	1,943	2,459	-516	-26.6	
Private car / hire	tCO ₂ e	-	-	2,048	1,844	2,258	-414	-22.5	
Headcount intensity (Scope 3 Business travel)	tCO ₂ e/FTE	-	-	0.59	0.54	0.60	-0.06	-11.1	²⁷ 2018 restated to include 2018 UK and Europe hotel nights data, previous calculation used 2017 dataset.

Corporate responsibility performance indicators

		2015	2016	2017	2018	2019	2018 v 2019	Var %	Comments
Scope 3 – Electricity and gas upstream leased	tCO ₂ e	-	-	-	-	15,870	-	-	²⁸ Not previously reported – leased accommodation for Asylum Accommodation and Support Services Contract (UK).
Scope 3 – Electricity transmission and distribution loss	tCO ₂ e	-	-	6,567	5,810	5,878	-68	-1.2	
Scope 3 – Basic screening using Quantis Scope 3 evaluator	tCO ₂ e	-	-	1,208,078	1,258,528	981,237	277,291	22.0	²⁹ For many companies, more than 80% of their GHG impacts occur outside of their own operations. Quantifying and reporting these Scope 3 'value chain' emissions can be time/resource intensive, yet it is a growing stakeholder expectation and globally recognised as good practice. The Quantis Scope 3 evaluator tool was developed by World Resource Institute / World Business Council for Sustainable Development's GHG Protocol. It is designed as a first step screening process to encourage the measurement and reporting of value chain GHG emissions. 2019: Procurement spend reduced by 25%.
Scope 3 – % of overall Scope 1, 2 and 3 using Quantis evaluator	%	-	-	82.7	82.9	78.7	4.2	5.1	See note 29.
Carbon Disclosure Project	Score	99%	B	B	C	C	-	-	³⁰ New scoring mechanism introduced in 2015.
Prosecutions	Number	0	0	0	0	0	0	-	
Fines paid	£'000	0	0	0	0	0	0	-	
Enforcement notices	Number	0	0	0	0	0	0	-	

Notes:

Performance is based on data reported as at 17/02/2020, unless otherwise stated. Additional data may arise after this date. Where this occurs, numbers will be corrected in the following year's report.

All data is for the total Group unless otherwise stated. All data excludes joint ventures and historical BPO data to enable like-for-like comparison. Our private sector offshore BPO business was sold in December 2015.

Current performance levels are in line with benchmark targets for the geographies and markets in which we operate. However, we continue to try to improve them. Please refer to the 'progress' and 'next steps' sections throughout this report for details of any Group targets. Other targets are managed at local and regional levels.

Examples of energy efficiency action as required by Streamlined Energy and Carbon Reporting

In the 2019 reporting period, we have addressed energy usage in three of the largest contracts / business units across our global portfolio:

1. NorthLink Ferries Contract, Serco UK & Europe

Our NorthLink contract accounts for 38% of our global emissions through significant marine fuel use. In 2019 we successfully re-bid and secured the Contract for a further six years. Best practice interventions have been implemented by the contract / client (captured within our ESOS energy audit recommendations in 2014 and 2019) including the initiation of the cold-ironing project to provide shore to ship power when a vessel is berthed to reduce energy, carbon and air pollution when in port. Serco's element was completed in late 2019 and it is anticipated that the project will go live in 2020. Feasibility studies are likely to be initiated for other ports. We will track the benefits of this project in 2020 along with Transport Scotland (owner of vessels). A bespoke monitoring system has also been implemented to assist carbon reporting and help to evaluate performance on individual voyages, assess operational changes and benchmark vessel energy performance delivering significant energy savings.

2. Leisure Business Unit, Serco UK & Europe

Our Leisure Business Unit accounts for 8% of our global emissions and is one of our most energy intensive business units globally. In 2019 we gained certification to the ISO 50001:2018 standard, formalising our Energy Management System. We also recruited a further full-time energy management post to the organisation to assist our technical and operational staff on delivering initiatives. These include increased monitoring and targeting, enhanced pool covers, LED lighting upgrades, insulation upgrades, plant upgrades and time schedule reviews and housekeeping, which helped to save circa 2,000 Mwh of electricity across the portfolio.

3. Citizen Services Environmental Services Business Unit, Serco UK & Europe

Our Citizen Services Environmental Services Business Unit accounts for 8% of global emissions and is one of our most energy intensive business units globally from a fleet energy perspective. In 2019 we produced fleet options papers for clients to implement electric Refuse Collection Vehicles, with 3 trials implemented in late 2019. We have telematics across a significant proportion of our fleet which monitor fuel efficiency, clutch control, breaking style enabling training interventions to influence more fuel-efficient driver behaviour. These initiatives are part of a wider suite of activity which our Fleet department are leading on to drive energy efficiency and reduce carbon and air pollution impacts.