

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

SERCO GROUP PLC

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	12/12
3. Support to Employees	7	11/14
4. Conflict of Interest	4	5/8
5. Customer Engagement	7	7/14
6. Supply Chain Management	5	7/10
7. Agents, Intermediaries and Joint Ventures	10	11/20
8. Offsets	4	4/8
9. High Risk Markets	4	5/8
10. State-Owned Enterprises	0	N/A
TOTAL		70/102
BAND		B

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
<p>The company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. There is clear evidence that this commitment was authorised and endorsed by the company's leadership.</p>
Evidence
<p>[1] Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf [p.1] We believe that the world's leading companies must set and achieve high standards of performance and behaviour.</p> <p>We are clear about what we believe in and the ethics and business standards we will operate to. These standards 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 we work; and are sensitive to local customs, traditions and cultures.</p> <p>We will:</p> <ul style="list-style-type: none"> • provide a working environment where our values, policies and Code of Conduct are actively supported • make sure everyone who works for us or with us understands the values we live by, our policies and code • compete legally, fairly and ethically, making sure the decisions we make promote competition in business, seek to protect our customers' interests and avoid situations that may or may appear to create a conflict of interest • not falsify records or misrepresent facts, recording and reporting information about our business accurately, honestly and transparently • not make irregular payments or payments in kind to win business, encourage others to act improperly or influence a decision in our favour • not participate in any form of corrupt behaviour, either directly or indirectly, anywhere in the world • not give or receive bribes, facilitation payments or gifts or hospitality that may improperly influence a business decision or judgement • recognise the principles in the Universal Declaration of Human Rights and not take part in, or benefit from, any activity that breaks any law relating to human rights • respect human rights in our operations and use international human rights standards, such as the UN Guiding Principles on Business and Human Rights, as a framework: to identify, assess and monitor adverse human rights impacts; prevent or mitigate causing or contributing to such impacts; and to address such impacts should they occur • not engage in any form of human trafficking or use forced, compulsory, illegal or child labour, or knowingly work with anyone who does • contribute to public debates about policies that affect our business. However, we will always be impartial about party politics • only work with partners, third parties and customers who share our ethical standards • encourage everyone to seek help and advice if they are unsure about what to do, or concerned that our values, policies or code are being violated • provide confidential resources for everyone to report such violations and make certain there is no retaliation of any kind against them • put improvements into place quickly after we have identified them, and remedy any wrongdoing we have identified as soon as possible

We will put this policy into practice by applying effective standards, operating procedures and processes to ensure we operate our business in an ethical and responsible way.

Rupert Soames
Group Chief Executive Serco Group plc

[2] Welcome to Serco's Code of Conduct (Webpage)

Accessed 23/08/2019

<https://www.serco.com/about/serco-code-of-conduct>

Welcome to Serco's Code of Conduct online. Our Code makes clear the standards and behaviours expected of everyone who works for and on behalf of Serco. This has been created to provide universal access of Our Code to them.

[...]

It is therefore absolutely essential that we maintain the highest standards of behaviour in delivering these services. In our business, values really matter. They matter because our customers and service-users have to be able to trust that we will deliver our work with care and pride and that we will constantly try and improve what we do. Which is why you will see on the walls of many Serco offices our four values of Trust, Care, Innovation and Pride.

Trust means that we deliver on our promises; are open, straightforward and honest; do the right thing; and take personal responsibility for getting things done.

Care means that we take care of each other, and those we serve, and we aim to make a positive difference to people's lives.

Innovation means that we share our knowledge and experience and embrace change, knowing that if we don't provide innovation and value for money to our customers, our competitors will.

Pride means that we know that the work we do is important, and we take pride in doing it well.

To help bring our values to life in a tangible way, we have written a Code of Conduct, which describes the standards and behaviours we expect of people who work for Serco. It does not cover all situations, but I hope you will find it useful as a description of the standards you must meet and the types of behaviour we expect to see in our interactions with colleagues, with service users, with suppliers and with the wider community.

So please read our Code of Conduct carefully and abide by it. You will have all my support if you do, and none if you do not.

Rupert Soames
Group Chief Executive
Serco Group plc
and proud of it

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
2
Comments
<p>The company publishes a clear anti-bribery and corruption policy and accompanying business ethics codes, which specifically prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) in the question.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.3] The Serco Management System (SMS) and our Codes of Conduct (employee and suppliers) embed policies, standards and operating procedures to support our commitment to a zero-tolerance approach to bribery and corruption. Serco's procedures to counter bribery and corruption are proportionate to the bribery and corruption risks we face and to the nature, scale and complexity of our activities and clear and practical.</p> <p>These procedures as well as the whole of the SMS are applicable to all business regions, operating companies and business units wherever Serco operates and covers:</p> <ul style="list-style-type: none"> • employees, officers, directors (executive and nonexecutive); and • wholly owned subsidiaries and majority-owned operations; and • where we hold a minority interest in a company or joint venture and, regarding our subcontractors and suppliers, Serco encourages alignment with our policies and standards. <p>[...]</p> <p>2 Policy commitment</p> <p>Serco operates a zero-tolerance policy regarding bribery and corruption. We are committed to operating in a fair and transparent manner, conducting our business activities with integrity whilst actively implementing and enforcing systems to seek to counter bribery and corruption. Serco will not knowingly approve any irregular payment or payment in kind to win business, encourage others to act improperly for the benefit of the company. The Board and Executive Management lead Serco's commitment to prevent bribery and promote a culture in which bribery and corruption are never acceptable.</p> <p>No Employee will knowingly offer, promise, give, accept, condone, approve or benefit from an improper business gratuity, a bribe, 'kickback' or other improper advantage, benefit or reward, or otherwise apply inappropriate influence. This relates to anyone we are involved with. Given the nature of Serco's business as a provider of public services, particular care is taken to ensure our policy commitment and zero-tolerance approach applies to any dealing with customers or public officials.</p> <p>[3] Code of Conduct (Document) Accessed 23/08/2019 https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193</p> <p>[p.6] "You"</p> <p>When Our Code refers to "You" that doesn't mean some people don't have to comply. "You" means all of us, whatever job we do at Serco. It also includes everyone who works with us in a full-time, part-time or temporary job, and all the contractors we work with around the world.</p> <p>We are also determined to only work with partners, third parties and customers whose standards are consistent with ours.</p>

[p.46] Bribery and Corruption

We will not offer, accept, solicit or pay a bribe or facilitation payment.

Even on the smallest scale, corruption is corrosive, and just the suspicion of it can severely damage our reputation. Remember: we would rather forgo business or lose money than become involved in corruption even on the smallest scale.

Sometimes doing wrong can seem right. For instance, when a small illegitimate payment would prevent a project falling behind schedule, it may seem harmless to pay up. Never be tempted to do so.

Be very cautious when giving or receiving gifts or entertainment. (see "Gifts and Hospitality").

No matter what "local custom" may be, all forms of bribery and corruption, and even the smallest facilitation payment, are forbidden.

Bribery – means giving or receiving an unearned reward to influence someone's behaviour. One common form of bribery is a "kickback" – an unearned reward following favourable treatment. Both are corrupt.

Corruption – is any unlawful or improper behaviour that seeks to gain an advantage through illegitimate means.

Bribery, abuse of power, extortion, fraud, deception, collusion, cartels, embezzlement and money laundering are all forms of corruption.

Facilitation Payments – are sums of money paid to an official to speed up or "facilitate" their actions. That's why they are sometimes referred to as "grease" or "speed" payments. Whatever the local custom, Our Code forbids facilitation payments to be made anywhere in the world. We make no distinction between them and bribes, no matter how small the amount.

UK Bribery Act – As a UK based company we must comply with the UK Bribery Act.

It applies to every Serco employee wherever they work around the world, and anyone who works on our behalf.

Even if you're not a UK national and the offence is outside the UK you could be prosecuted, and Serco could receive serious harm and damage to our reputation.

[p.47] We will not participate in any form of corrupt behaviour, either directly or indirectly, anywhere in the world.

Under no circumstances will we approve any irregular payment or payment in kind to win business, encourage others to act improperly or influence a decision in our favour.

We will not make facilitation payments and we do not allow others who work for us or represent us to make them.

Our policy is one of zero tolerance. We may take disciplinary action and, where appropriate, issue criminal proceedings if you give or take bribes, or engage in or condone any form of corruption.

We insist that our policy on corruption, bribery and facilitation payments is followed by our business partners, including joint ventures, agents, contractors and suppliers.

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.1] Applicability

Serco Group covering all business regions, operating companies and business units throughout the world covering:

- employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)
- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard.

[p.4] 2.8 Anti-bribery and corruption

S27. Serco operates a policy of zero tolerance in regard to bribery and corruption

S28. Serco supports the aims of global bodies such as the Organisation for Economic Co-operation and Development (OECD) to combat bribery and corruption. Serco will comply as a minimum with national anti-bribery and corruption legislation that is applicable to the business

S29. No Serco employee, their agents, representatives, joint venture partners or other third parties employed by Serco will:

1. offer, promise, give, accept, condone, approve or knowingly benefit from an improper business gratuity, a bribe, 'kickback' or other improper advantage, benefit or reward, or otherwise apply inappropriate influence; or

2. make a 'facilitation payment'. A facilitation payment refers to the practice of paying a small sum of money to (usually) an official as a way of ensuring they perform their duty. Current UK legislation forbids facilitation payments anywhere in the world

S30. Serco will only work with business partners (e.g. consortia, or joint ventures, supply chain partners) that meet its standards and commitment to preventing bribery and corruption¹²

S31. Serco's terms and conditions of employment and all contracts and purchase orders will clearly state that the giving or acceptance of bribes to any third party in exchange for a business courtesy is unacceptable

[p.5] S34. Serco may be restricted in its ability to offer certain types of payments or other things of value to government employees or public officials by international anti-corruption and/or anti-bribery standards and various, related national laws. Company representatives will obtain guidance and approval before making such payments or offering items of value.

[1] Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf>

[p.1] We believe that the world's leading companies must set and achieve high standards of performance and behaviour.

[...]

We will:

[...]

- not make irregular payments or payments in kind to win business, encourage others to act improperly or influence a decision in our favour
- not participate in any form of corrupt behaviour, either directly or indirectly, anywhere in the world
- not give or receive bribes, facilitation payments or gifts or hospitality that may improperly influence a business decision or judgement

[p.7] Whatever your position at Serco, you are responsible for your own actions and behaviours, and for reporting violations of Our Code. If you work for us, or with us, we expect you to always:

- Know, Use and Live Our Code

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.70] 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.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a designated board committee that is ultimately responsible for the oversight of the company's ethics programme. There is evidence that this includes reviewing reports from management on the programme's performance, and the company indicates that this committee has authority to require that changes are made.
Evidence
<p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.2] 2.2 Oversight and governance S5. The Group Chief Executive Officer (CEO) and each Divisional CEO will ensure that ethical matters are scheduled as a formal quarterly standard agenda item on the Executive Committee and Divisional Executive Management Team meetings to:</p> <ul style="list-style-type: none"> a) monitor and maintain the values and integrity of the business b) assure ethical risks are understood and managed through the application of policy, adequate procedures, training and review c) approve and monitor delivery of the Divisions' ethics and compliance programme d) determine the Divisions' position in regard to ethical issues and new markets, opportunities and activities that may present an ethical dilemma <p>[p.3] 2.4 Objectives targets and plans</p> <p>S14. The Corporate Responsibility Committee will set and periodically review the Group's ethics strategy, objectives and targets</p> <p>S15. Each Division will develop an ethics and compliance programme which will include objectives and targets aligned to the Group strategy</p> <p>S16. Each Division will monitor and report against agreed objectives and targets and their ethics and compliance programme</p> <p>[5] Corporate Responsibility Committee – Terms of Reference (Document) Accessed 23/08/2019 https://www.serco.com/media/2190/corporate-responsibility-committee-terms-of-reference.pdf?1513262119 [p.2] 11. Duties</p> <p>Without limiting the scope of the authority set out below, the duties of the Committee are to:</p> <p>[p.3] Ethics and Business Conduct</p> <p>11.6 In respect of the Company's ethics and business conduct related strategy, policies and practices, agree the ethical tone and culture, the structure, governance and mechanics of ethical leadership and support, and monitor conformity with that tone.</p> <p>11.7 Regularly review and approve the Company's Code of Conduct to ensure that its standards of business behaviour are up-to-date and reflect best practice.</p> <p>11.8 Ensure appropriate training programmes are in place and implemented to support appropriate understanding and compliance with the Company Code of Conduct.</p>

11.9 Reviewing the adequacy of the Company's whistle-blowing process and procedures, receive reports on issues raised and review the appropriate progression of issues raised ensuring that root cause analysis is undertaken and acted upon and ensure that there are arrangements that allow proportionate and independent investigation where appropriate (and include referral to the Audit Committee of any concerns about possible improprieties in matter of financial reporting).

11.10 Review the Group's procedures for detecting fraud (to include referral to the Audit Committee of any concerns about possible improprieties in matters of financial reporting).

11.11 Review the Group's procedures for the prevention of bribery and corruption and ensure appropriate scrutiny of Corporate Responsibility policies and practices.

[7] Annual Report and Accounts 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf>

[p.107] Board and Governance structure



The Company's governance structure is illustrated above. There is a schedule of matters reserved for the Board which is available on the Company's website. The Board has delegated certain of its responsibilities to the Audit, Corporate Responsibility, Group Risk, Nomination and Remuneration Committees, the terms of reference of each of which are also available on the Company's website. In addition, there is a Disclosure Group which meets to consider the disclosure of information to meet legal and regulatory obligations under the Market Abuse Regulation.

The Executive Committee is chaired by the Group Chief Executive and additionally comprises the Group Chief Financial Officer, Divisional Chief Executives, the Group General Counsel and Company Secretary, the Group HR Director and the Group Director of Strategy and Communications. The Committee has delegated responsibility from the Board to ensure the effective direction and control of the business and to deliver the Group's long-term strategy and goals.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.16] Key components in our governance

- Our Corporate Responsibility Committee (CRC) provides formal oversight of business ethics and human rights strategy and performance against agreed objectives and targets. The CRC, Executive Committee and Divisional Executive Management Teams (EMTs) review quarterly operational and strategic performance reports.

[p.24] Key components in our governance

- The Serco plc Board has ultimate responsibility for HSE, assisted by our Corporate Responsibility Committee (CRC), which provides formal review and oversight of HSE strategy and performance against agreed objectives and targets.
- The CRC, Executive Committee and Divisional Executive Management Teams (EMTs) review quarterly operational and strategic HSE performance reports. HSE data is also included in
 - monthly Business Performance Reviews by Divisional Chief Executive Officers (CEOs) and Business Unit Managing Directors; and
 - Divisional Performance Reviews by the Group CEO, Group Chief Financial Officer and Divisional CEOs.
- Our Group Director of Business Compliance and Ethics is responsible for HSE strategy design, management and execution and the development and maintenance of associated policy and governance.
- The Group Director of Business Compliance and Ethics chairs our global HSE Oversight Group (including Divisional HSE 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 HSE Leads are responsible for implementing policy and governance across the Division. In addition, we have c.150 operational HSE leads across the business, advising on HSE issues whilst ensuring company policy and management systems are properly applied and aligned to business requirements.
- Our annual compliance assurance and internal audit programmes cover health and safety, whilst regulatory audit and external certifications provide independent review and assurance.

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that a designated senior executive has ultimate responsibility for implementing and managing the company's ethics programme. The company indicates that this person has a direct reporting line to the board committee that provides oversight of the ethics programme. There is evidence of reporting and feedback activities between this person and the board as part of the company's reporting structure.</p>
Evidence
<p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.2] 2.2 Oversight and governance S5. The Group Chief Executive Officer (CEO) and each Divisional CEO will ensure that ethical matters are scheduled as a formal quarterly standard agenda item on the Executive Committee and Divisional Executive Management Team meetings to:</p> <ul style="list-style-type: none"> – monitor and maintain the values and integrity of the business – assure ethical risks are understood and managed through the application of policy, adequate procedures, training and review – approve and monitor delivery of the Divisions' ethics and compliance programme – determine the Divisions' position in regard to ethical issues and new markets, opportunities and activities that may present an ethical dilemma <p>[p.10] Group S97. The Group CEO will appoint a Group Conduct and Ethics Lead responsible for:</p> <ul style="list-style-type: none"> – developing and maintaining Group Conduct and Ethics policy – ensuring standards and associated programmes, procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage ethical challenges, risks and conflicts – managing government relations and ensuring relevant standards and rules are complied with providing oversight and reporting performance against the ethics and compliance programme to the Executive Committee. <p>[6] Corporate Responsibility Report 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf [p.3] Kirsty Bashforth Non-Executive Director Chair, Corporate Responsibility Committee</p> <p>[p.10] The Committee is comprised of both Executive and Non-Executive Directors. Kirsty Bashford is Chair of the CRC, commencing that role as of 1 January 2019. The CRC met three times in 2019. Elements within the CR framework have designated Group Leads, responsible for engaging with Divisional Chief Executive Officers (CEOs) to develop strategy, objectives and performance indicators, and monitoring and reporting performance to the Executive Committee and CRC.</p> <p>[p.16] Key components in our governance</p> <p>Our Corporate Responsibility Committee (CRC) provides formal oversight of business ethics and human rights strategy and performance against agreed objectives and targets. The CRC, Executive Committee and Divisional Executive Management Teams (EMTs) review quarterly operational and strategic performance reports.</p> <p>[...]</p>

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.

[p.24] Key components in our governance

The Serco plc Board has ultimate responsibility for HSE, assisted by our Corporate Responsibility Committee (CRC), which provides formal review and oversight of HSE strategy and performance against agreed objectives and targets.


The CRC, Executive Committee and Divisional Executive Management Teams (EMTs) review quarterly operational and strategic HSE performance reports. HSE data is also included in

- monthly Business Performance Reviews by Divisional Chief Executive Officers (CEOs) and Business Unit Managing Directors; and
- Divisional Performance Reviews by the Group CEO, Group Chief Financial Officer and Divisional CEOs.

Our Group Director of Business Compliance and Ethics is responsible for HSE strategy design, management and execution and the development and maintenance of associated policy and governance.

The Group Director of Business Compliance and Ethics chairs our global HSE Oversight Group (including Divisional HSE Leads), which meets regularly to discuss strategic and operational performance and share best practice.

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of the ethics programme. There is evidence indicating that the results of risk assessments are reviewed by the board on at least an annual basis. There is evidence that the results of such reviews are used to develop tailored mitigation plans and to update specific parts of the company's ethics programme.</p>
Evidence
<p>[7] Annual Report and Accounts 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf [p.60] Risk management Our risk management process does not eliminate risk, it identifies risks, thoroughly understands them and their potential impact, and devises strategies for mitigating and managing them.</p> <p>In common with other large businesses which operate internationally, Serco has to manage and mitigate a large number of potential risks. As a business which serves Governments, we have greater exposure than many to some potential risks such as changes in Governments, but less than many to other risks such as Brexit, as we import and export very little across borders. As a business, we take risk management extremely seriously, and invest significant effort into identifying and managing risks.</p> <p>Our business risks can be categorised and described in many different ways, but at the highest level can be thought of as external – essentially those risks that relate to the landscape in which we do business – and internal risks – those which arise as a consequence of the way we deliver our services. In the former, we would put political risks such as Brexit, changes in Governments and regulation; in the latter we would put risks such as cyber security, health and safety and growing our profits in a sustainable way.</p> <p>[...] Risk management life cycle</p> 

[p.61] Risk management approach

Our risk management process seeks to identify, understand, mitigate and manage risks at all levels of our business, reflecting the nature of the activities being undertaken and the level of control considered necessary to protect our interests and those of our stakeholders.

We undertake a bottom-up review of risks, with our Business Units identifying the main threats to achievement of their objectives, documenting and analysing their potential impact, and defining clear actions to reduce the likelihood of those risks materialising and/or the financial impact if they should still occur. This exercise is completed using the Serco risk management lifecycle process which is mandated throughout the company to ensure a consistent approach to identifying, analysing, monitoring and reporting risks and to provide assurance that the risk mitigation in place is effective and appropriate.

[p.62] Summary of principal risks

[...]

People risks – Failure to act with integrity

[...]

Legal and compliance risks – Material legal and regulatory compliance failure

[p.69] People risks

Failure to act with integrity

Being found to have engaged in a significant corrupt or dishonest act (bribery, fraud, misreporting, cheating and lying) leads to customers being reluctant to do business with such organisations. Such behaviour might arise through the actions of rogue employees or as a result of pressures individuals feel they are being placed under. Such acts might lead to: the loss of existing business; restrictions on our ability to bid or win new business; our ability to attract high-quality people or partners; or may impact shareholder, investor and financial institutions' confidence in Serco.

Building on work in 2018 we have rolled out improved ethics training, strengthened our internal capability through professional qualifications and reinforced our strong tone at the top.

Key risk drivers:	Material controls:	Mitigation priorities:	Risk trend:
<p>Failure to communicate – if we do not define and communicate our Values and expected standards adequately, our staff and third parties will fail to understand these, which may result in inappropriate leadership behaviour and low engagement with our values.</p> <p>Our ways of working do not align with our Values – staff or third parties being unaware of and/or not reflecting our Values may result in poor decision-making, unacceptable business conduct, and unethical or illegal behaviour bringing our operations into disrepute.</p> <p>Direct or indirect contribution to human rights abuse – staff either directly or indirectly contributing to human rights (including slavery and forced labour) abuses may result in a breach of laws/regulations.</p>	<ul style="list-style-type: none"> • Top-level commitment/tone from the top. • Strong, meaningful and understood Values. • Code of Conduct. • Corporate Governance with oversight by the Corporate Responsibility Committee ("CRC"). The CRC has explicit responsibility to oversee how we embed our values across the business. • Delegated Authority Matrix ("DAM"). • Serco Management System ("SMS"). • Financial controls and processes, with segregation of duties for core financial controls. • Gifts and Hospitality process and registers. • Risk management procedures. • Third-party due diligence. • Leadership Academy. • People development and remuneration. • Corporate investigations. • Speak Up process ("Ethicspoint"). 	<ul style="list-style-type: none"> • Delivery of the Deferred Prosecution Agreement project plan with oversight from DPA project steering group. • Formal separation of Group HSE from Ethics function. • Implementation of improved divisional ethics and compliance risk management processes. • Further development of Speak Up dashboard and reporting. • Embed use of Conflict of Interest registers. • Refinement of divisional ethics and compliance risk assessments. • Implementation of improved due diligence processes. • Continued refresh of Serco Essentials training. • Evaluate effectiveness of internal culture assessment processes. 	

[p.72] Legal and compliance risks

Material legal and regulatory compliance failure

Failure to comply with laws and regulations may cause significant loss and damage to the Group including exposure to regulatory prosecution and fines, reputational damage and the potential loss of licences and authorisations, all of which may prejudice the prospects for future bids. Defending legal proceedings may be costly and may also divert management attention away from running the business for a prolonged period. Uninsured losses or financial penalties resulting from any current or threatened legal actions may also have a material adverse effect on the Group.

Various laws and regulations that apply across the business continue to be subject to increased focus and attention, including Anti-bribery and Corruption laws, Market Abuse Regulation, Data and Privacy laws, Modern Slavery, Trade Compliance and Human Rights.

Key risk drivers:	Material controls:	Mitigation priorities:	Risk trend:
<p>Lack of governance and oversight – may result in a failure to identify potential or actual legal or regulatory breaches resulting in a failure to respond appropriately or confirm compliance with legal and regulatory requirements.</p> <p>Failure to comply with the SMS and contractual obligations – may result in compliance failures for Group-wide material legal and regulatory requirements.</p> <p>Failure to identify and respond to material changes in legal and regulatory requirements, including Brexit – complex and emerging new laws may result in key subject matter experts within the business not remaining up to date and failure to comply with material legal and regulatory obligations.</p> <p>Lack of awareness by employees of the legal and regulatory requirements placed upon them and the business – may result in lack of identification and subsequent compliance to requirements.</p> <p>Inadequate provision of systems and tools – may result in ineffective methods to support the management and reporting of legal and regulatory compliance.</p> <p>Legal or regulatory compliance failure by a third-party supplier/agent/partner – may result in Serco being held responsible for their failure under customer contracts.</p> <p>Class action litigation and increasing regulatory fines – particularly in relation to data privacy, employment/pensions.</p> <p>Compliance with SFO DPA obligations</p>	<ul style="list-style-type: none"> Automated alerts on material legal and regulatory obligations and changes. Legal and contracts experts aligned to various specialist areas across the business. Investment Committee and Business Life Cycle Review Team ("BLRT") bid process and governance. Third-party ethical and general due diligence on all suppliers. Serco Management System ("SMS") including various policies and operating procedures guiding and regulating conduct. Case management software and analytics. Legal training. Serco Essentials training. External and Internal audits. Compliance assurance processes and procedures. Regular reporting to Board and Executive Committee on legal issues and new laws across the Group. Speak Up process and case management system ("Ethicspoint"). EU-Exit Working Group reviewing Brexit related risks. Oxford Saïd Business School Senior Management and Contract Director training on legal and contract issues and best practice. Group and Divisional Standard Operating Procedures. 	<ul style="list-style-type: none"> Delivery of Deferred Prosecution Agreement project plan with oversight from DPA project steering group. Horizon scanning on key potential new laws and regulations, including Brexit. Greater use of data and trend analysis to inform Key Risk Indicators. Embedding risk-based third party due diligence. Improve review of key controls within SMS as the basis for ongoing compliance assurance. Continuing development of Serco Essentials training programmes. Continue and improve key contract and compliance assurance reviews on legal compliance. 	

[26] Internal Controls and Risk Management (Webpage)

Accessed 23/08/2019

<https://www.serco.com/about/the-board-and-governance>

Internal controls and risk management

We have a well-established system of internal controls (including financial, operational and compliance controls) and risk management to safeguard shareholders' investments and the Company's assets and reputation. These processes are reviewed annually and conform to the requirements of the UK Corporate Governance Code. Further details on the Group's internal control and risk management processes are contained within the 'Principal Risks and Uncertainties' and 'Corporate Governance' sections of our latest annual report and accounts.

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.3] 2.3 Risk management and controls

S8. Ethical risks, including those of bribery, corrupt behaviour, financial and economic sanctions and human rights will be:

- a. identified and assessed for existing business operations and markets
- b. identified and assessed, along with appropriate due diligence, for new markets, geographies, acquisitions, bids and rebid opportunities
- c. identified and assessed, along with appropriate due diligence, for business partners and agents as part of the procurement process and prior to entering into working arrangements with them

S9. If a significant ethical, financial or economic sanction or human rights risk or issue is raised, it will be reviewed by Divisional executive management and direction agreed with the Divisional CEO. Agreed direction will be reported to the Group CEO and Chief Operating Officer (COO), recorded and, subject to any limitations and appropriate preservation of company legal or other privileges, communicated to management and reported to the Executive Committee

S10. If the Divisional CEO and the Divisional Executive Management Team requires further guidance, the issue will be raised to the Executive Committee for a final decision

S11. All material ethical risks will be recorded within risk registers, with appropriate controls implemented to manage the risk, in accordance with the Risk Management Group Standard

S12. Ethical risks will be reviewed as part of the regular review of business risks

S13. Standards defined for risk management will be applied

2.4 Objectives targets and plans

S14. The Corporate Responsibility Committee will set and periodically review the Group's ethics strategy, objectives and targets

S15. Each Division will develop an ethics and compliance programme which will include objectives and targets aligned to the Group strategy

S16. Each Division will monitor and report against agreed objectives and targets and their ethics and compliance programme

Question					
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?					
Score					
2					
Comments					
<p>Based on publicly available information, there is evidence that the company's ethics programme is subject to a regular audit process to ensure the programme is consistent with the business risks facing the company. This includes provisions for continuous improvement, supplemented by an internal or external audit every year. There is also evidence that high-level audit findings are presented to the board, with clear ownership assigned to an individual for planned updates and improvements to the ethical programme.</p>					
Evidence					
<p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.4] 2.6 Compliance assessment and audit</p> <p>S21. Ethical systems, procedures, processes and controls along with divisional ethics and compliance programmes will be periodically assessed to provide a planned, independent and documented assessment of compliance, their effectiveness and adequacy</p> <p>S22. Ethics compliance assessments and audits will be completed in accordance with Compliance and Internal Audit requirements</p> <p>S23. Ethics compliance assessments will be:</p> <ul style="list-style-type: none"> a. planned b. carried out by competent employees c. recorded and results reported to management <p>S24. All actions arising from ethics assessments and audits, including changes in procedures, will be documented, communicated, followed up and completed</p> <p>2.7 Management review</p> <p>S25. Ethical systems, procedures, processes and controls along with Divisional ethics and compliance programmes will be periodically reviewed to ensure their continuing suitability, adequacy and effectiveness in order to meet applicable legal, Group and customer requirements</p> <p>S26. The review will consider any need for changes to policy and objectives and any other elements in light of issues raised through Speak Up, management and compliance reviews, internal audit, changing circumstances and our commitment to continual improvement</p> <p>[p.16]</p>					
Process		Controls		Responsibility	
A set of related activities that must be carried out to achieve policy outcomes		The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference		for ensuring controls are in place and operating effectively	
Ref	Description	Ref	Description	Group	Division
				Business Unit	Contract
					All Employees

P4 Compliance assessment and audit

➔ C13

A compliance plan is in place which includes assessment of ethical systems and procedures

○ ● ● ○ ○

➔ C14

Compliance and audit reports have action plans to address non-conformities

○ ● ● ○ ○

[7] Annual Report and Accounts 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf>

[p.111] Serco's approach to managing business risks and internal control

[...]

Third line of defence – The Group Head of Internal Audit reports functionally to the Audit Committee Chair and is responsible for the delivery of the Internal Audit programme.

Together with external audits undertaken across the Group, Internal Audit provides an independent assessment of the design and operating effectiveness of the Group's governance, risk management and control frameworks in place to manage risk.

The Internal Audit team carries out an annual programme of risk-based audits reporting findings to the Audit Committee. The audit programme is approved by the Audit Committee. The in-house Internal Audit team uses PwC as a co-sourced resource, where appropriate.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.17] Our next steps

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

[...]

– 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;

[p.70] 3rd line of defence: Internal Audit provides independent review (sometimes delivered by independent external parties working under Internal Audit's direction) of the design and operating effectiveness of our processes and controls. External Audit is also used to test control effectiveness in areas of the business where there is a customer or legal requirement.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company publicly commits to investigating incidents and there is a specific procedure in place to deal with whistleblowing cases which stipulates actions and documentation to be taken at each step. It covers the whole investigation process from receipt to final outcome and there is a commitment to providing whistleblowers with updates on the outcome of investigations.</p> <p>In addition, there is evidence indicating that all investigations are handled by independent teams, and that central bodies, the company's Corporate Responsibility Committee and Executive Committee, review the status of cases on a regular basis.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.12] 10 Speaking Up Serco encourages an open and supportive culture such that employees and business parties are encouraged to report issues and malpractice.</p> <p>[p.13] Cases received are initially reviewed by the Group Ethics Compliance Team. Where appropriate this includes consultation with Group or Divisional General Counsel to assess the need for legal involvement. The initial review considers the information available and assesses it against the Serco Incident Reporting Scale, allocating the case against one of 4 levels which is then recorded on the case management system. Each level is defined in the SMS and comprise:</p> <ul style="list-style-type: none"> • SIRS 1 – Severe - Investigations led by Group and independent of the related Division. • SIRS 2 – Major - Investigations led by Division and independent of related management. • SIRS 3 – Moderate - Investigations led by the Business Unit or Contract, with Divisional oversight. The investigation is independent of related management. • SIRS 4 – Minor - Investigations led by the Contract. The investigation is independent of management of the area being investigated. <p>Once triaged the reporter is contacted and informed on next steps and then kept informed during the investigation. Investigations are undertaken in line with agreed procedures. The objective being that investigations are thorough, fair and balanced and completed in a timely manner.</p> <p>SIRS 1 and 2 cases are classified as corporate investigations and undertaken by trained investigators. Training is provided in house using a consistent training module and delivered by the Head of Corporate Investigations.</p> <p>The output of all investigations is a final report with recommendations and follow up action plans with identified owners:</p> <ul style="list-style-type: none"> • SIRS 1 Cases Reports and recommendations reviewed and approved by the General Counsel and Director Business Compliance and Ethics. The Director Business Compliance and Ethics has oversight of the final report and the implementation of actions and recommendations. • SIRS 2 Cases Reports and recommendations reviewed and approved by the Divisional Ethics Compliance Lead and appropriate senior management. The Divisional Ethics Compliance Lead has oversight of the final report and implementation of actions and recommendations. • SIRS 3 Cases Reports and recommendations reviewed and approved by the Divisional Ethics Compliance Lead and appropriate senior management. The Divisional Ethics Compliance Lead has oversight of the final report and implementation of actions and recommendations. • SIRS 4 Cases Reports and recommendations are reviewed by Contract management and local Business Unit management. The Divisional Ethics Compliance Lead has oversight of the final report. If the issue is

shown to be substantiated, then consideration is given to disciplinary action in line with company disciplinary procedures and local employment laws.

If there is evidence of potential criminal activity, then the Case Manager raises the matter with divisional General Counsel who reviews and if applicable refers the matter to the relevant law enforcement agencies. Where findings may be material this will be discussed with the Group General Counsel who will determine if the matter should be reported externally. The Group General Counsel ensures that as appropriate necessary authorities are informed and reported to the plc Board. The Company ensures that any internal investigation does not hinder a formal law enforcement investigation.

The reporter is informed of Case closure and the outcome where appropriate by the Case Manager. If the reporter is not satisfied that their concern is being properly dealt with by the investigating manager, they have the right to raise it in confidence with the Group Director Business Compliance and Ethics.

[p.14] 10.2 Reporting

Speak Up system reports and dashboards are provided, on a regular basis, to Group and Divisional Executive teams and the Corporate Responsibility Committee so that trends can be reviewed, and appropriate management action taken, if required. In addition to performance data the Executive Committee and Corporate Responsibility Committee receive details on cases classified as high risk (SIRS1 and 2) for their review and oversight. This includes any material findings regarding bribery and corruption. In such instances the General Counsel will also report these to the plc Board. Appropriate briefings on the investigation of significant matters is provided to the relevant Divisional Executive Management Team (EMT) and, as appropriate, the Company Secretary, Serco Group plc.

The Case Management system is periodically reviewed by the Ethics and Compliance Steering Group and the outcome reported to the Executive Committee and plc Corporate Responsibility Committee. Divisions regularly publish case examples to illustrate the use of the system, how they are dealt with and the handling of issues. Regular meetings, led by the Director Business Compliance and Ethics with the Divisional Ethics Compliance Leads are held to review cases, actions and recommendations made in the final investigation reports and to identify trends and patterns of repeat behaviour and agree changes to operating procedures should any trends be identified. Although findings and recommendations are anonymised where necessary, the lessons learnt from investigations and changes to operating procedures are used for internal communications and to publicise the effectiveness of the Speak Up process.

[8] Group Standard Speaking Up (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1544/1544.original.pdf>

[p.3] 2.2 Complaint handling and investigation

S6. A procedure will be implemented for the handling and reporting of malpractice or impropriety

S7. Any manager notified of an issue will:

- ensure issues raised are taken seriously, properly reviewed, an objective assessment made and raised to Divisional or Group level Ethics Leads for reporting or/and management if required
- where an independent investigation is conducted, ensure full provision of accurate and complete information and appropriate and timely participation of themselves and their employees
- inform the reporter whether an investigation will be conducted and timescales
- ensure that all necessary and appropriate actions to resolve valid issues are taken
- where appropriate, provide feedback to the reporter on the outcome and any action taken
- ensure, as a minimum, that all concerns relating to fraud, tax evasion or any other type of financial crime including bribery, theft of assets or misuse or falsification of information will be recorded on EthicsPoint either directly or through the Speak Up Manager Report Form available within the SMS
- ensure there is no retaliation against any employee for raising an issue

S8. Speak Up issues will be handled in accordance with Serco's Speak Up issues handling procedures

S9. All issues will be reviewed and/or investigated by appropriate representative(s) of Serco

S10. The purpose of any investigation will be to gather and establish the facts relating to specific incidents, events, claims or allegations

S11. Investigations will be thorough, fair, balanced, transparent and, where appropriate, conducted under legal privilege

S12. There should be no unreasonable delay in conducting and concluding any investigation

S13. The investigator's role will be to provide facts to enable informed decision making

Complaint closure and final report

S14. The case manager will retain ownership for updates and case closure

S15. When there is enough evidence to conclude a review, the case may be considered closed. Any investigation should produce a report and make recommendations if appropriate

[p.4] S16. Upon completion of an investigation, depending on the nature of the findings, some feedback on the outcome of the case, will be provided to the original reporter of the issue. This should be placed on the system if the reporter remained anonymous

S17. If the reporter is not satisfied with the outcome of the investigation and has appropriate grounds for appeal, this appeal will be submitted in writing, and will be reviewed by the Group Speak Up Lead or nominated delegate

S18. Recommendations and actions should be acted upon at a Division or Group level and the data used for internal reporting and communications

Safeguards

S19. Serco will protect any employee who discloses issues provided from adverse employment action unless it is proved they have been made in bad faith

S20. Direct or indirect victimisation of any person using this Standard will be regarded as a serious disciplinary offence

S21. The identity of the individual raising the issue may be kept confidential so long as it does not compromise, hinder or otherwise frustrate any investigation

S22. Anonymous reports will be appropriately reviewed based upon the information reported; however Serco encourages individuals to report their issues directly since it believes that the ability to follow up with the reporting individual can aid in ensuring an appropriate review of issues raised

S23. Serco will conduct an initial review in order to determine whether appropriate and adequate information exists upon which to conduct an investigation. In exercising this discretion, the factors to be taken into account will include the:

- seriousness of the issues raised, including determining whether the basis of the allegation more properly represents a divisional or contract management issue versus a malpractice or impropriety allegation
- credibility of the issue based upon the information presented and readily identifiable facts
- level of sufficient detail provided and whether an investigation can be initiated
- likelihood of confirming the issue from attributable sources or the ability to identify other information to assess the issue

S24. The initial case review will also assess if the issue needs to be investigated under legal privilege, where this may apply

S25. Where an investigation is undertaken under legal privilege all documentation will be marked 'legally privileged and confidential' and access to any investigation report and associated documentation will be limited to those who have specific involvement in the management of the case

S26. If an individual makes malicious or vexatious allegations or otherwise acts in bad faith, they may be subject to disciplinary action

[...]

Reporting and oversight

S29. The Corporate Responsibility and Risk Committee, Executive Committee and Divisional Executive Management Team will receive reports on issues raised, ensure agreed actions have been taken and monitor trends that may require management action

S30. Serco will include within its Corporate Responsibility Report an overview of issues raised and their status

S31. On a periodic basis completed issues will be used as anonymous case examples to raise awareness of the system and its effective management

[p.9] Any manager notified of an issue regarding malpractice or impropriety is responsible for:

- Reviewing all allegations in an objective manner
- Determining, with support from an Ethics representative, HR, legal representative or the Company Secretary if required, whether an investigation should take place
- Providing accurate, complete and timely information to any independent investigation conducted
- Keeping the complainant updated with progress and providing feedback, where appropriate
- ensuring, as a minimum, that all concerns relating to fraud, tax evasion or any other type of financial crime

including bribery, theft of assets or misuse or falsification of information is recorded on EthicsPoint either directly or through the Speak Up Manager Report Form available within the SMS

- Ensuring all necessary and appropriate actions are taken to resolve valid issues
- Ensuring no retaliation against any employee for raising an issue

[9] Question or Concern (Webpage)

Accessed 23/08/2019

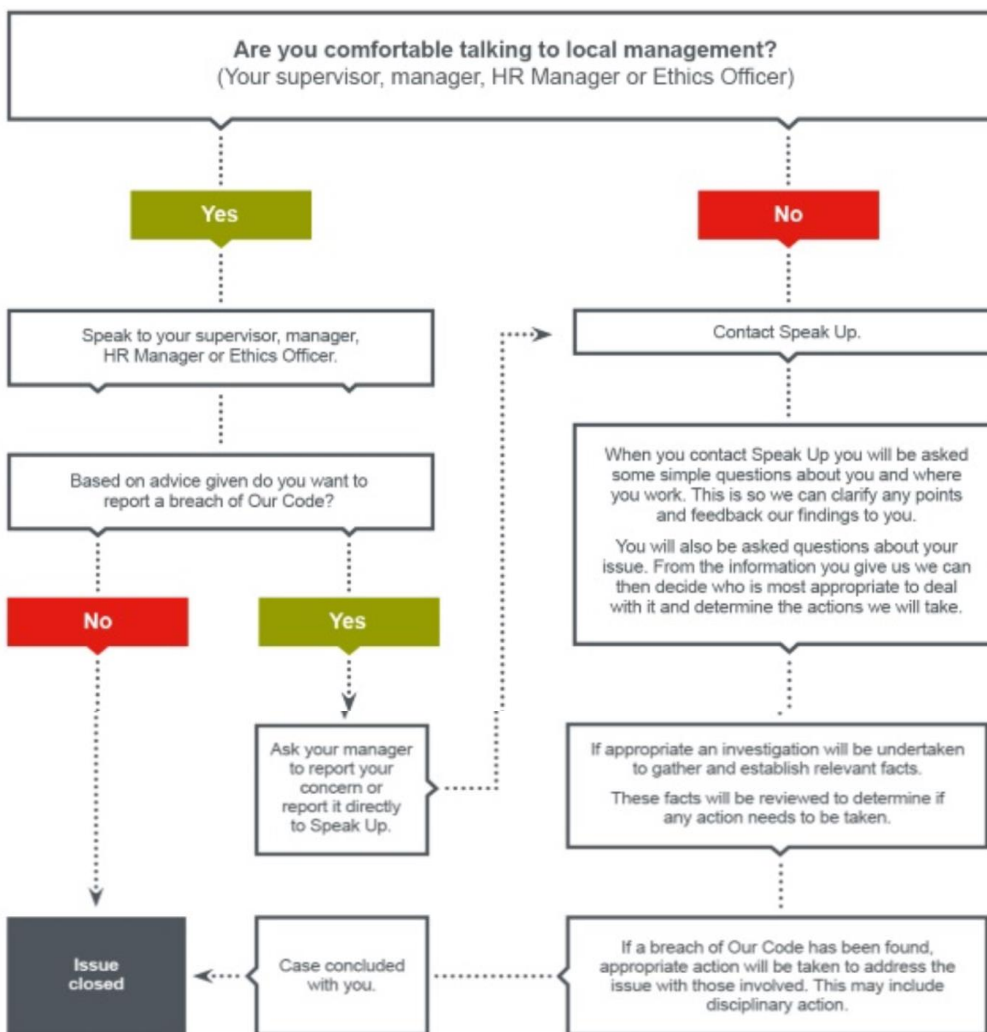
<https://www.serco.com/about/serco-code-of-conduct/living-our-code/question-or-concern>

If you've got a question or concern

If you have a question, then in the first instance speak to your supervisor, manager, HR manager or Ethics Lead. Or you can 'ask a question' online by going to serco-speakup.com. The system will forward your question to an appropriate manager who will respond.

If you have a concern then there are a number of paths you can follow.

Follow the path you want to take below. It will tell you who you can speak to, and give you alternatives if you're uncomfortable with any of your first options. It also tells you what will happen when you Speak Up.



[3] Code of Conduct (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193>

[p.79] [Evidence same as diagram above]

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company assures itself of the quality of both its whistleblowing and internal investigations. The company provides information on how complaints about the investigation process are handled and who is responsible for handling such complaints; that person is of an appropriate senior level within the company. The company indicates that internal investigations are carried out by appropriately trained individuals. In addition, there is evidence that the company reviews its investigation procedure periodically and at least every two years.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf <p>[p.12] 10 Speaking Up Serco encourages an open and supportive culture such that employees and business parties are encouraged to report issues and malpractice.</p> <p>[p.13] Cases received are initially reviewed by the Group Ethics Compliance Team. Where appropriate this includes consultation with Group or Divisional General Counsel to assess the need for legal involvement. The initial review considers the information available and assesses it against the Serco Incident Reporting Scale, allocating the case against one of 4 levels which is then recorded on the case management system. Each level is defined in the SMS and comprise:</p> <ul style="list-style-type: none"> • SIRS 1 – Severe - Investigations led by Group and independent of the related Division. • SIRS 2 – Major - Investigations led by Division and independent of related management. • SIRS 3 – Moderate - Investigations led by the Business Unit or Contract, with Divisional oversight. The investigation is independent of related management. • SIRS 4 – Minor - Investigations led by the Contract. The investigation is independent of management of the area being investigated. <p>Once triaged the reporter is contacted and informed on next steps and then kept informed during the investigation. Investigations are undertaken in line with agreed procedures. The objective being that investigations are thorough, fair and balanced and completed in a timely manner.</p> <p>SIRS 1 and 2 cases are classified as corporate investigations and undertaken by trained investigators. Training is provided in house using a consistent training module and delivered by the Head of Corporate Investigations.</p> <p>[p.14] 10.2 Reporting</p> <p>[...]</p> <p>The Case Management system is periodically reviewed by the Ethics and Compliance Steering Group and the outcome reported to the Executive Committee and plc Corporate Responsibility Committee. Divisions regularly publish case examples to illustrate the use of the system, how they are dealt with and the handling of issues. Regular meetings, led by the Director Business Compliance and Ethics with the Divisional Ethics Compliance Leads are held to review cases, actions and recommendations made in the final investigation reports and to identify trends and patterns of repeat behaviour and agree changes to operating procedures should any trends be identified.</p> <p>Although findings and recommendations are anonymised where necessary, the lessons learnt from investigations and changes to operating procedures are used for internal communications and to publicise the effectiveness of the Speak Up process.</p> <p>10.3 Assurance and review</p> </p>

Trends and issues raised through Speak Up are considered in the broader review of SMS documentation. Speak up and investigation processes are subject to periodic review. The last review occurred in Q4 2019. Specifically, this review considered:

- verifying whether Serco's Speak Up programme (including investigations) is operating to established policies and procedures as agreed in the SMS;
- assessing if the level of handling, documentation and evidence of case management and investigations was adequate; and
- assessing if Serco's Speak Up programme was operating in conformance with best practices.

This resulted in several recommendations to improve the case management system to better capture and support investigations. Speak Up and investigations policies and procedures form part of the Serco Management System and as such are reviewed periodically, typically every two years. Following such a review of Speak Up and investigation processes the Speak Up Group Standard and the Corporate Investigations Group Standard Operating procedure were updated and reissued in December 2019. The Speak Up Issues Handling Group Standard Operating procedure was updated in 2019 and is currently under review to incorporate changes being implemented as a result of the Q4 review.

[8] Group Standard Speaking Up (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1544/1544.original.pdf>

[p.3] 2.2 Complaint handling and investigation

[...]

S9. All issues will be reviewed and/or investigated by appropriate representative(s) of Serco

[p.4] S16. Upon completion of an investigation, depending on the nature of the findings, some feedback on the outcome of the case, will be provided to the original reporter of the issue. This should be placed on the system if the reporter remained anonymous

S17. If the reporter is not satisfied with the outcome of the investigation and has appropriate grounds for appeal, this appeal will be submitted in writing, and will be reviewed by the Group Speak Up Lead or nominated delegate

S18. Recommendations and actions should be acted upon at a Division or Group level and the data used for internal reporting and communications

[p.11] C8 Appropriate systems and procedures are in place to receive, assess, investigate, take action and report on issues raised

C9 Systems and procedures are periodically reviewed and updated

C10 The contract location database on EthicsPoint System is reviewed quarterly

C11 Assessment questionnaires monitoring potential retaliation and user experience have been completed on a periodic basis

C12 Compliance plans include an assessment of Speak Up procedures

[p.13] C22 The Group Speak Up Lead reviews any appeals following an investigation, within agreed timescales

C23 Recommendations and actions are completed following an investigation, with information communicated as appropriate to enable learning and continuous improvement

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.17] Our progress

[...]

- developing a real-time Ethics Compliance dashboard for more consistent and responsible monitoring;

- conducting a Group-wide review of our global ethics helpline and investigation process, Speak Up, to inform improvement plans;

[...]

Our next steps

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

[...]

- act on the findings of our Speak Up review and further strengthen our Speak Up oversight and investigations capability, and improve communications and awareness.

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.4] 2.7 Management review

S25. Ethical systems, procedures, processes and controls along with Divisional ethics and compliance programmes will be periodically reviewed to ensure their continuing suitability, adequacy and effectiveness in order to meet applicable legal, Group and customer requirements

S26. The review will consider any need for changes to policy and objectives and any other elements in light of issues raised through Speak Up, management and compliance reviews, internal audit, changing circumstances and our commitment to continual improvement

[p.11] Division

S101. The Divisional CEO will appoint an Ethics Lead responsible for:

[...]

d) implementing a management structure to manage ethics and the delivery of this Standard, review performance and respond to issues raised through Speak Up

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company's investigative procedure includes a commitment to report material findings of bribery and corruption from investigations to the board. The company also indicates that the Group General Counsel is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon, if found necessary.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.13] If the issue is shown to be substantiated, then consideration is given to disciplinary action in line with company disciplinary procedures and local employment laws.</p> <p>If there is evidence of potential criminal activity, then the Case Manager raises the matter with divisional General Counsel who reviews and if applicable refers the matter to the relevant law enforcement agencies. Where findings may be material this will be discussed with the Group General Counsel who will determine if the matter should be reported externally. The Group General Counsel ensures that as appropriate necessary authorities are informed and reported to the plc Board. The Company ensures that any internal investigation does not hinder a formal law enforcement investigation.</p> <p>[8] Group Standard Speaking Up (Document) Accessed 23/08/2019 https://www.serco.com/media/1544/1544.original.pdf [p.2] Consequence Management</p> <p>As a Group Standard the requirements detailed in this document are mandated and must be adhered to. Non-compliance will have consequences which may include disciplinary action. The Consequence Management Group Standard details how instances of non-compliance will be dealt with</p> <p>[p.3] Reports submitted to Serco that allege malpractice or impropriety will be investigated and depending on the results of such investigations may lead to other actions by the Company.</p> <p>[p.5] 2.6 Reporting and oversight S29. The Corporate Responsibility and Risk Committee, Executive Committee and Divisional Executive Management Team will receive reports on issues raised, ensure agreed actions have been taken and monitor trends that may require management action S30. Serco will include within its Corporate Responsibility Report an overview of issues raised and their status</p> <p>[p.13] C24 Quarterly reports are produced which include as a minimum: -an overview of significant cases -trends and data on new cases by type -cases still open by type -average time to handle cases</p> <p>[3] Code of Conduct (Document) Accessed 23/08/2019 https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193 [p.34] From time to time we will be asked to cooperate with internal or government inspections or investigations. We cooperate, and comply with the law.</p> <p>[p.47] Our policy is one of zero tolerance. We may take disciplinary action and, where appropriate, issue criminal proceedings if you give or take bribes, or engage in or condone any form of corruption.</p>

Question

2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?

Score

2

Comments

Based on publicly available information, there is evidence that the company publishes some high-level information on ethics and compliance-related incidents and investigations involving its employees. This data includes the number of reports received, number of reports received through whistleblowing channels, number of investigations launched, and the number of disciplinary actions as a result of investigation findings. This data is updated on an annual basis, and there is evidence to suggest that this data includes details of bribery or corruption-related incidents, investigations and disciplinary actions.

Evidence

[7] Annual Report and Accounts 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf>

[p.93]

		2015	2016	2017	2018	2019	2018 vs 2019	Var %	Notes
Our Values									
Employee engagement: Our Values	15-17: % 18-19: Avg. score	77	79	81	81	82	1	1.2	1, 2
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	1, 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
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	

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.17]

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)

[p.79]

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	

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company provides training that outlines the principles of its anti-bribery and corruption programme, including the whistleblowing options available to employees. The company provides this training to all employees across all divisions and countries of operation and in all appropriate languages. The company indicates that employees are required to undertake refresher courses on at least an annual basis.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.10] 7 Training and Communications</p> <p>7.1 Training</p> <p>Training requirements fall into two areas that which is mandated across all employees or specific groupings of employees e.g. all managers and then specific training for specific groups. The development of both areas is based on an assessment against identified ethical risks with training being given to help employees understand and manage the ethical risks being faced.</p> <p>Employees receive an induction when joining the company which includes coverage of our anti-bribery and corruption policies. They are also provided with a copy of 'Our Code at a Glance' and are required to complete Code of Conduct training which includes reference to our zero tolerance around bribery and corruption, information on how to speak up and where to access our full Code. Third Parties are made aware of Serco's Code of Conduct, including Speak Up and the potential consequence of Serco severing business relationship for failure to meet expected standards.</p> <p>As part of ongoing training and awareness, employees and Third Parties are advised of how they can alert the Company to potential areas of misconduct through the use of the Speak Up process that provides a blame-free method of reporting genuine issues or concerns they may have. We have an annual programme of Serco Essentials training which is mandated for all staff. This covers Code of Conduct training to regularly remind employees of our Code, their responsibilities, the consequences of not following it and how to Speak up if they have an issue.</p> <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.3] 2.5 Training awareness and competence</p> <p>S17. The needs of employees will be assessed against identified ethical risks and, where appropriate, training will be given to help them understand and manage the ethical risks being faced</p> <p>S18. New employees will be advised, and existing employees regularly reminded, of the Company's policies, standards and procedures and will be provided with updates to those policies or changes in local requirements</p> <p>S19. All suppliers, agents, third parties and business partners will be made aware of Serco's Code of Conduct and the consequences of Serco</p>

[p.4] severing business relationship for failure to meet the standards expected to be met

S20. As part of their ongoing training and awareness, employees and business partners will be advised of how they can alert the Company to potential areas of misconduct through the use of the Speak Up process that Serco has set up to provide a blame-free method of reporting genuine issues or concerns they may have.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.69] 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 employment.

[3] Code of Conduct (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193>

[p.7] Whatever your position at Serco, you are responsible for your own actions and behaviours, and for reporting violations of Our Code.

If you work for us, or with us, we expect you to always:

- Know, Use and Live Our Code
- Attend all the training sessions we ask you to attend, so you learn how to live Our Code, and comply with all the laws, policies and regulations that apply to your job

[p.47] - Always act with honesty and integrity. Do not participate in any form of corruption or bribery, and do not use others to do so on our behalf

- Make sure you are comfortable with the honesty and integrity of any agents representing Serco, and our business partners, contractors and suppliers, and ensure they understand and abide by Our Code

- Speak Up immediately if you are concerned or know about any corruption, bribery or facilitation payment involving Serco in any way

[11] Our Code – at a glance Manager’s edition (Webpage)

Accessed 23/08/2019

<https://www.serco.com/media/2394/at-a-glance-manager-english.pdf?1523270645>

[p.5] Overview of Training

The training tools have been designed to make training simple and effective, and to fit into limited time slots – for example, at a shift handover. The main tools you’ll use are:

- Videos
- The full Code of Conduct video is part of Serco Essentials, a suite of training materials mandated for all members of staff.
- The full Code of Conduct video is also provided in separate short video segments, each covering a particular element of Our Code.
- These are available to download on Our World.
- Dilemmas
- Scenarios that ask people to think about what they’d do when faced with important issues in Our Code. There are four Dilemmas for each issue.
- Training Guide – PowerPoint (PPT) presentation
- A facilitator’s presentation pack that provides you with everything you need for presenting and discussing each section of Our Code. You can adapt this to your workplace.

Ongoing Training

Training on Our Code should not just be an annual exercise. The full Code of Conduct video is therefore also provided in separate short segments. These are designed to help you use Our Code to engage employees on a number of issues throughout the year.

All of the videos are available on Our World by clicking on The Way We Work, through to the Serco Management System and Our Code of Conduct. It's important to engage people in thinking about the issues involved, and to get them to realise that they are empowered to do what's right and Speak Up. A typical session might run as follows:

- Introduction – what this session will cover (PPT)
- Run the video – for the section of the Code you are going to explore.
- Dilemma 1 – Ask people to discuss one of the Dilemmas around the focus issue for this session.
- What Our Code says – Review and discuss what Our Code says about this issue (PPT).
- Dilemma 2 – Now ask people to discuss a second Dilemma, knowing more about Our Code.
- “Living Our Code” – what to do if you have a question or concern, or need to Speak Up (PPT). It's important that you make it clear you are there to help with issues, and support and protect anyone who has the courage to Speak Up.

Annual Mandatory Training

All employees must watch the full Code of Conduct video each year. You can use the presentation template to help you introduce the video. It is important that after the video has been shown, staff are given the opportunity to ask questions. You should use the printed copy of the full Code of Conduct as a reference guide to help answer employee's questions.

In setting up for the training you need to ensure that:

- You have the appropriate equipment to show the presentation, and both the video and sound work;
- You have a hard copy of the Code of Conduct to refer to;
- You are familiar with the materials on the link.

The video should also be shown as part of the induction process for all new employees. You need to keep a record of those employees who have watched the full video to demonstrate compliance with this mandatory training requirement. Use the training attendance record provided on the link.

Keeping on Track

All staff must be trained on Our Code, and their training must be up-to-date.

It is important you maintain a record of all training undertaken. Your records should show that every employee has seen the full Code of Conduct video on an annual basis.

Training on Our Code is a mandatory part of the induction process for any new employee, and must be completed as soon as possible.

You are responsible for making sure this happens for all the staff you manage.

[10] Download Our Code and Related Materials (Webpage)

Accessed 23/08/2019

<https://www.serco.com/about/serco-code-of-conduct/downloads>

Our Code of Conduct by Language

Below, you can download a copy of the Code of Conduct. The Code is available in Arabic, Chinese, Dutch, English, French, German, Italian, Polish and Spanish.

Training Videos

Below you can download a copy of the training videos for our Code of Conduct. The training videos are available in American, Canadian, Chinese, Dutch, English, French, German, Italian, Polish and Spanish

Factsheets

Below, you can download a copy of the factsheets available on a range of compliance topics. For each they provide general definition and background on the topic.

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company provides tailored anti-bribery and corruption training for employees in high-risk positions, middle management and board members. The company states that the training is tailored to these groups based on an assessment of their role and exposure to corruption risk. There is evidence indicating that this training is refreshed on an annual basis.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.10] 7 Training and Communications</p> <p>7.1 Training</p> <p>Training requirements fall into two areas that which is mandated across all employees or specific groupings of employees e.g. all managers and then specific training for specific groups. The development of both areas is based on an assessment against identified ethical risks with training being given to help employees understand and manage the ethical risks being faced.</p> <p>[...]</p> <p>We have an annual programme of Serco Essentials training which is mandated for all staff. This covers Code of Conduct training to regularly remind employees of our Code, their responsibilities, the consequences of not following it and how to Speak up if they have an issue.</p> <p>Whilst employees complete Code training, Managers are required to complete three additional modules covering safety, data protection privacy and security and financial crime including bribery and corruption. Managers are also required to complete a short Conflict of Interest module which includes updating the conflict of interest declaration. Roles are assessed against several risk factors including those of bribery and corruption.</p> <p>For those identified in high risk roles along with managers are required to complete annual training which includes the module 'Protecting us against financial crime'. This covers several areas of financial crime including bribery, fraud, misreporting, money laundering etc. We have also developed specific training for certain groups of individuals where there is a specific risk, for example within our environmental services business where employees may be challenged to receive cash payments to divert their routes or collect items not covered by their usual rounds.</p> <p>We recognise that leaders and the Board equally need regular training regarding ethical issues including bribery and corruption. Recently this was addressed at a specific session as part of annual leadership conferences which are attended by Executive and non-executive directors. We also recognise the need to develop our Ethics Compliance Leads across the business. That is why we initiated a development programme that commenced in 2019 to get Divisional Ethics Compliance Leads Certified Compliance and Ethics Professionals. (CCEP-I https://www.corporatecompliance.org/certification)</p> <p>[6] Corporate Responsibility Report 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf [p.17] Our next steps To deepen our global Ethics Compliance maturity and overall capability, we plan to:</p>

[...]

-launch enhanced training for the Board, Executive Committee and Divisional Executive Management Teams, including at our annual leadership conferences;

[p.55] Our progress

We have:

[...]

-developed targeted training for high-risk roles.

[...]

Our next steps

In addition to delivering our ongoing processes, programmes and schedules of continuous improvement, we plan to deploy our new training for high-risk roles.

[p.71] – delivered appropriate SMS and Code of Conduct training for all managers and employees – featuring new, refreshed and updated modules and refined content to drive engagement and impact in specific areas of focus – per our ongoing Groupwide programme of ‘Serco Essentials’ training;

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company reviews its anti-corruption communications and training programme regularly to ensure that its standards reflect best practice.</p> <p>However, the company receives a score of '1' because there is no evidence that the company conducts assurance on at least an annual basis, nor that the results of these reviews are used to update specific parts of the company's training programme. In addition, there is no clear evidence that the company has a system or specific measures in place for reviewing the efficacy of its training programme.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.4] In addition to the overall review of SMS documentation the Business Conduct and Ethics Group Standard requires that ethical systems, procedures, processes and controls along with Divisional ethics and compliance programmes are periodically reviewed to ensure their continuing suitability, adequacy and effectiveness in order to meet applicable legal, Group and customer requirements.</p> <p>[p.10] Performance data is also shared to demonstrate the use of Speak Up the percentage that are investigated and where action has been taken to demonstrate the system is taken seriously.</p> <p>[p.11] Compliance management provides assurance that key risks are being managed effectively and that a robust control environment is in place. Compliance management is based on a structured approach, independent of operational reporting lines, to obtain evidence-based information on the current state of process compliance and control effectiveness to:</p> <ul style="list-style-type: none"> • Seek to ensure compliance with the SMS and specific regulatory and customer requirements • promote proactive identification of control deficiencies so that control effectiveness can be strengthened • provide information on systemic control weaknesses that may require strategic control solutions to be implemented • improve visibility of process compliance and control effectiveness • improve the effectiveness of processes and controls. <p>[...] The Group Ethics and Compliance team also undertake compliance reviews to ensure key controls that manage Ethics Compliance risks are in place and effective. Recent reviews have included reviews of anti-bribery and corruption controls, management of Agents, effectiveness of Speak Up processes and Export Controls compliance.</p> <p>[p.14] Although findings and recommendations are anonymised where necessary, the lessons learnt from investigations and changes to operating procedures are used for internal communications and to publicise the effectiveness of the Speak Up process.</p> <p>[5] Corporate Responsibility Committee – Terms of Reference (Document) Accessed 23/08/2019 https://www.serco.com/media/2190/corporate-responsibility-committee-terms-of-reference.pdf?1513262119</p> <p>[p.2] 11. Duties</p> <p>Without limiting the scope of the authority set out below, the duties of the Committee are to:</p> <p>[p.3] Ethics and Business Conduct</p> <p>[...]</p>

11.7 Regularly review and approve the Company's Code of Conduct to ensure that its standards of business behaviour are up-to-date and reflect best practice.

11.8 Ensure appropriate training programmes are in place and implemented to support appropriate understanding and compliance with the Company Code of Conduct.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.14] We have:

- continued to embed our Values through our operating procedures and reinforce them through employee communications, recognition schemes and engagement initiatives at all other levels; and
- continued to ensure that our Values shape our policies, standards and procedures within the SMS as it goes through its regular review cycle. Our 2019 employee engagement survey results indicate that employee perceptions of our Values have improved by 1pt.

Performance indicators		2018	2019
Employee engagement: Our Values	Avg. score	81	82

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

Our next steps

We plan to continue reinforcing and promoting our Values throughout the business whilst monitoring employee understanding and perceptions of how well they are lived – responding with appropriate interventions as required.

[p.17] Our progress

[...]

-conducting a Group-wide review of our global ethics helpline and investigation process, Speak Up, to inform improvement plans;

[...]

-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)

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company's incentive schemes incorporate ethical principles. The company indicates that it conducts performance appraisals, which consider values-based behaviour. The company also indicates that employees are only eligible for financial bonuses if they complete annual anti-corruption training and have not been found in breach of the Code of Conduct.</p> <p>However, the company receives a score of '1' because there is clear evidence that incentives or rewards must be proportionate to the employee's salary in the case of high-risk employees.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.4] Serco seeks to reward employees in line with local legislation and with appropriate consideration for local custom and practice. Remuneration and benefits are set so that they are appropriate to attract, retain and motivate the required employees, considering:</p> <p>[p.5] • market competitiveness in base salary and benefits • any local legislation regarding fairness and equality • the scope and scale of the role • individual performance and potential, as well as • business affordability.</p> <p>Base pay is reviewed annually for employees. Certain management and leadership roles are entitled to the company bonus scheme. This is set and approved by the Remuneration Committee. The allocation of bonuses is reviewed by the Executive Committee annually. This considers performance ratings from the performance review process to assess the personal element of bonus as well as agreed financial metrics. Awards are governed by scheme rules to ensure awards are proportionate to an employee's salary.</p> <p>Any discretionary one-off payments must be approved by the Divisional HR Director and CEO whilst such payments for leadership positions require Group HR Director approval. Individual performance reviews assess not just what an individual has done but also how they have delivered it.</p> <p>This ensures that behaviours are in line with our Values. Serco's Reward Scheme policy (covering pay reviews and bonus payments) states that 'Failure to pass the Values Gate tests, through your conduct and completion of mandatory training (which includes training covering financial crime including bribery) will cancel any entitlement to an award under the plan'.</p> <p>The Values Gate test validates that the individual has not been found in breach of Serco's Code of Conduct, which includes its zero tolerance to bribery and corruption and that the individual has not been subject to a substantiated speak-up or corporate investigation.</p> <p>[6] Corporate Responsibility Report 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf</p> <p>[p.14] Our Values are integrated into our Code of Conduct, Leadership Model and annual Performance and Development Review process, enabling us to clearly define our expectations of Values-based behavior and ensure they are met. Our bonus payment 'Values Gate' enables us to reward performance aligned to our values.</p>

[p.43] – Our Value of Care is integrated into our Code of Conduct, Leadership Model, annual Performance and Development Review process and Pulse Awards recognition programme, enabling us to define and communicate our expectations of caring behaviour and helping to ensure these are met.

[p.65] Our policy and commitment

We focus as much on the preservation and growth of the business as on the maximisation of shareholder value. We believe that in a free market system, and in the long term, the two will automatically coincide, even if there is some short-term divergence. Delivering sustainable, profitable growth is therefore central to appropriate delivery of shareholder returns, and our performance framework is structured accordingly. In summary, we strive to:

- ensure a balanced performance framework that recognises value must be delivered to our shareholders as well as our customers and the people who work in the business;
- align remuneration and incentive arrangements to long-term, sustainable value creation;

[...]

Key components in our governance

[...]

– Short-term incentives include a mix of financial measures as well as key strategic goals aligned to generating long-term shareholder value, whilst long-term incentives directly include: relative total shareholder return (TSR) as an explicit performance measure; earnings per share (EPS) growth; return on invested capital (ROIC); employee engagement; and progress with increasing our order book.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
1
Comments
<p>There is clear evidence that the company commits to support and protect any employee who refuses to act unethically, in keeping with the company's anti-corruption commitments, even where such actions result in a loss of business or another disadvantage to the company.</p> <p>However, the company receives a score of '1' because there is no evidence that the company assures itself of its employees' confidence in this statement through anonymised surveys or other clearly stated means.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.3] Whilst it is appropriate that we take strong action where our policies are breached, we equally recognise that it is important to support employees who refuse to act unethically. Our policy is clear, no employee will suffer demotion, penalty or other adverse consequence for refusing to pay a bribe, even if such refusal results in Serco losing business.</p> <p>[p.4] Should any employee have any concerns or questions about issues of policy or compliance with Our Code, the Code explains how individuals can Speak Up and how they will not face retaliation or negative consequences if they do speak up.</p> <p>[p.13] 10.1 Non-retaliation</p> <p>We do not tolerate adverse action against anyone for raising an issue or concern in good faith. This might include instances where an employee is dismissed, demoted, suspended, threatened, harassed, excluded or deliberately marginalised.</p> <p>Employees are responsible for ensuring that they never retaliate against colleagues who speak up with an issue or concern. It is a management responsibility to take action to protect members of their team from retaliation if they speak up about issues or concerns. If an individual feels that they are being retaliated against they should raise it in confidence to their Ethics and Compliance Lead or through Speak Up.</p> <p>All such cases are fully investigated (just as any speak up issue is triaged and reviewed). For any substantiated cases those found to be involved will be subject to disciplinary action, in line with Company disciplinary procedures, which might result in dismissal.</p> <p>[3] Code of Conduct (Document) Accessed 23/08/2019 https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193</p> <p>[p.5] Please read the Code of Conduct and abide by it.</p> <p>We will be robust in our support of people who follow it and fierce dealing with those who don't.</p> <p>[2] Welcome to Serco's Code of Conduct (Webpage) Accessed 23/08/2019 https://www.serco.com/about/serco-code-of-conduct</p> <p>So please read our Code of Conduct carefully and abide by it. You will have all my support if you do, and none if you do not.</p> <p>Rupert Soames Group Chief Executive Serco Group plc and proud of it</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
2
Comments
<p>Based on publicly available information, the company promotes a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents, which applies to all employees across the organisation, including those employed by the group as third parties, suppliers and joint venture partners. There is some indication that the company assures itself of confidence in this system through randomized interviews with employees who have reported ethics incidents to ensure that they did not feel like they experienced any acts of retaliation</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.13] 10.1 Non-retaliation</p> <p>We do not tolerate adverse action against anyone for raising an issue or concern in good faith. This might include instances where an employee is dismissed, demoted, suspended, threatened, harassed, excluded or deliberately marginalised.</p> <p>Employees are responsible for ensuring that they never retaliate against colleagues who speak up with an issue or concern. It is a management responsibility to take action to protect members of their team from retaliation if they speak up about issues or concerns.</p> <p>If an individual feels that they are being retaliated against they should raise it in confidence to their Ethics and Compliance Lead or through Speak Up. All such cases are fully investigated (just as any speak up issue is triaged and reviewed). For any substantiated cases those found to be involved will be subject to disciplinary action, in line with Company disciplinary procedures, which might result in dismissal.</p> <p>To build confidence in the system and assure that no retaliation has taken place, divisions undertake random, regular reviews by contacting individuals who have raised issues to confirm that no retaliation has occurred. This is done through a structured interview either face to face or by telephone.</p> <p>[3] Code of Conduct (Document) Accessed 23/08/2019 https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193 [p.6] "You"</p> <p>When Our Code refers to "You" that doesn't mean some people don't have to comply. "You" means all of us, whatever job we do at Serco. It also includes everyone who works with us in a full-time, part-time or temporary job, and all the contractors we work with around the world.</p> <p>We are also determined to only work with partners, third parties and customers whose standards are consistent with ours.</p> <p>[p.7] We should always: Here is a list of the things you can expect from us. They are things we should always do; but we also need everyone's help to make sure they are always being done.</p> <p>[...]</p> <p>-Support and protect anyone who reports a violation or helps an investigation, and make certain there is no retaliation of any kind against them</p>

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.16] 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:

[...]

– 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;

[8] Group Standard Speaking Up (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1544/1544.original.pdf>

[p.1] Applicability

Serco Group covering all business regions, operating companies and business units throughout the world covering:

-employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)

- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard

[p.4] 2.5 Non-retaliation

S27. Periodic assessment of cases will be undertaken to ensure that reporters of issues have not been retaliated against

S28. Where retaliation has been alleged it will be investigated and if found to be valid, appropriate disciplinary action will be taken against those involved

[12] Speak Up (Webpage)

Accessed 23/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-code/speak-up>

If you think you should report something...

No matter where you work in Serco, if you believe Our Code is being broken, then you should report it.

To understand our commitment to Speak Up you can download our Speaking Up Group Standard.

We absolutely prohibit retaliation towards anyone who reports a violation or helps an investigation, and we will protect you and respect you for having the courage to live Our Code.

Question													
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?													
Score													
2													
Comments													
<p>Based on publicly available information, there is evidence that the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's ethics programme. There is evidence that the company's channels are sufficiently varied to allow the employee to raise concerns across the management chain and through external channels operated by an independent third party.</p> <p>There is evidence that the company's channels allow for confidential and, wherever possible, anonymous reporting. They are available and accessible to all employees in all jurisdictions where the company operates, including those employed by the group as third parties, suppliers and joint venture partners, and in all relevant languages.</p>													
Evidence													
<p>[12] Speak Up (Webpage) Accessed 23/08/2019 https://www.serco.com/about/serco-code-of-conduct/our-code/speak-up If you think you should report something... No matter where you work in Serco, if you believe Our Code is being broken, then you should report it. To understand our commitment to Speak Up you can download our Speaking Up Group Standard.</p> <p>[...]</p> <p>...here's how to Speak Up.</p> <p>First speak to local management (your supervisor, manager, HR or Ethics Lead). If you're not comfortable doing that, then you can contact the company in confidence through the Serco Ethics Hotline. To call toll free use the numbers provided below.</p> <p>Or you can report online by going to: serco-speakup.com</p> <p>You can also email a report, or problems with the hotline numbers, to speakup@serco.com (for Serco Americas use speakup@serco-na.com)</p> <p>Or you can write to: Company Secretary, Serco Group plc, Serco House 16 Bartley Wood Business Park, Bartley Way, Hook, RG27 9UY, UK</p> <p>Direct Dial numbers:</p> <table border="1"> <thead> <tr> <th>Country</th><th>Number</th></tr> </thead> <tbody> <tr> <td>Australia</td><td>1-800-267-057</td></tr> <tr> <td>Bahrain</td><td>8000-0199</td></tr> <tr> <td>Belgium</td><td>0800-7-6194</td></tr> <tr> <td>Canada</td><td>800-969-6363</td></tr> <tr> <td>France</td><td>0-800-91-8654</td></tr> </tbody> </table>		Country	Number	Australia	1-800-267-057	Bahrain	8000-0199	Belgium	0800-7-6194	Canada	800-969-6363	France	0-800-91-8654
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Germany	0-800-180-6762
Hong Kong	800-90-5876
Italy	800-789938
New Zealand	0800-452479
Qatar	00800-100-380
Spain	900-99-1281
Switzerland	0800-56-1326
United Kingdom	0808-234-9902
United States	800-969-6363

Dial the code shown below, then when prompted, dial the following toll free number:

Direct Access Code	Dial	Followed by
Gibraltar	8800	877-517-2683
Ireland	1-800- 550-000	877-517-2683
Ireland (UIFN)	00-800-222-55288	877-517-2683
Netherlands	0800-022-9111	877-517-2683
Saudi Arabia	1-800-10	877-517-2683
UAE	8000-021	877-517-2683

Please note that calling restrictions may apply in some countries when using mobile phones, pay phones or hotel phones. Alternative methods for reporting include use of a landline phone or reporting online.

[8] Group Standard Speaking Up (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1544/1544.original.pdf>

[p.1] Applicability

Serco Group covering all business regions, operating companies and business units throughout the world covering:

- employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)
- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard

[p.2] 1. Objectives

Serco takes malpractice and impropriety extremely seriously. We will maintain an effective mechanism and processes to deal with legitimate concerns and/or complaints in a responsible and effective manner. Those concerns may be in the public interest or relate to internal poor practice.

Where someone believes they have information which demonstrates malpractice, wrongdoing or violations of our Code of Conduct or values, they are required to raise the issue and bring it to management's attention. This can be done without fear of reprisal.

Speaking up (or whistleblowing) is the responsibility of every employee. This Standard covers those concerns that:

- are in the public interest (as governed by applicable statutory or regulatory provisions) including failure to comply with a legal obligation or statutes or criminal activity
- relate to non-compliance with company policies; or
- are violations of our Code of Conduct

[...]

2. Policy Standards

Contacting the Company

S1. In the first instance employees are encouraged to talk to their line manager if they have information which demonstrates malpractice, wrongdoing or violations of our Code of Conduct or values

S2. If this is uncomfortable for the employee, impractical or if the employee believes matters should be reported outside of their line management, a variety of options to communicate concerns exist, including reporting to:

- a member of the Human Resources department
- an Ethics/Compliance representative
- a Serco legal representative or
- the Company Secretary

S3. Some divisions may provide country specific ethics hotlines to meet local requirements, or other reporting mechanisms which employees are encouraged to use

[p.3] S4. In addition to those mechanisms for reporting concerns above, employees or external third parties may also use the following:

- calling the appropriate confidential Speak Up Hotline (provided by an independent third party offering free phone numbers on countries where we operate and language translation as appropriate)¹;
- using a secure web-based self-reporting system² which can also be used to ask questions about ethics, compliance and Serco's Code of Conduct;
- emailing³; or
- writing⁴

S5. It is a fundamental requirement of an employee's obligations that they professionally carry out their duties and not disclose confidential information about the employer's affairs. Nevertheless, where an individual discovers information that they believe demonstrates malpractice or wrongdoing anywhere within the Company, then this information must be disclosed without fear of reprisal and, where appropriate, independently of line management

[p.4] S22. Anonymous reports will be appropriately reviewed based upon the information reported; however Serco encourages individuals to report their issues directly since it believes that the ability to follow up with the reporting individual can aid in ensuring an appropriate review of issues raised.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.16] – 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.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company formally addresses conflicts of interest as a corruption risk and has a clear policy and procedure that defines conflicts of interest, including actual, potential and perceived conflicts. There is evidence that this policy covers all of the categories of possible conflicts listed in the guidance. The company indicates that this policy applies to all employees and board members, including those of subsidiaries and other controlled entities.</p>
Evidence
<p>[13] Conflicts of interest (Webpage) Accessed 24/08/2019 https://www.serco.com/about/serco-code-of-conduct/our-business/conflicts-of-interest Conflicts of interest lead to unfair, dishonest and even corrupt behaviour.</p> <p>Conflicts of interest can also break the law. They can cause serious problems for you and real damage to our integrity and reputation. Even when there's no actual conflict just the appearance of one can do serious harm.</p> <p>A Conflict of Interest arise when your private interests interfere, or could appear to interfere, with the best interests of Serco. Your own business judgement may be improperly influenced as result of the conflict, or because you or someone you know may benefit to the expense of the company or another employee.</p> <p>Organisational conflicts of Interest can arise when a company could end up with an unfair competitive advantage in the market. If we don't identify and resolve these, they can do enormous harm. One example is when we employ someone who has access to proprietary information or who might be able to influence government decisions that could benefit Serco. This is called "Unequal Access to Information". But there are other kinds of OCIs as well. Whenever you think there may be an OCI you should raise it at once.</p> <p>Examples of actual or potential conflicts of interest</p> <ul style="list-style-type: none"> – Serco is competing for work from a customer you are advising. – You have secondary employment. – You, your spouse, partner or family member: <ul style="list-style-type: none"> – has a financial interest in any company or business venture we do business with. – is employed by any other Serco business or joint venture. – is employed by a direct competitor to any other Serco business or joint venture. – is employed by a supplier of goods or services to Serco. – As a leader or manager you find yourself making an employment decision relating to a spouse, partner, close family member or friend. – You become aware of conditions that might compromise impartiality or neutrality so Serco will benefit unfairly. – You know competitive terms are unequal, favouring one company over another. <p>For more information, help and advice, check out our SayNo Toolkit and App.</p> <p>[14] Conflicts of interest – Fact sheet (Document) Accessed 24/08/2019 https://www.serco.com/media/1028/1028.original.pdf [p.1] Conflicts of interest can generally be found at two levels: (1) personal – when the private interests of an individual appear to influence the objective exercise of their official duties; and (2) organisational – when a company</p>

has multiple interests and because of those activities or relationships, an organisation is unable to provide impartial services. As the integrity of an employee is fundamental to the rule of law, conflicts of interest pose a major risk for companies. A duty of loyalty stipulates that an employee should refrain from accepting any incentives that could give them a reason to act contrary to the best interest of their employer. By compromising their work, individuals are opening the door to bribery and corruption. Even the mere perception that a conflict of interest has influenced a particular outcome can undermine a company's integrity, resulting in the loss of public confidence. Therefore, the main goal is to manage conflicts of interest on proper grounds, in a timely manner, with legitimate reasons and without bias.

[p.2] A perceived or apparent conflict of interest can be just as damaging as a poorly managed actual conflict. The critical factor is that public officials, executives and employees must not only behave ethically, they must be seen to do so. Therefore, professional ethics cannot be overlooked due to personal values or beliefs, as this is not a legitimate reason to alter one's official duty and/or to influence a decision-making process.

[...]

Types of Conflict			
ACTUAL Conflict	PERCEIVED Conflict	POTENTIAL Conflict	
...a direct conflict between individual's official duties & existing private interests.	...where it could appear that individual's private interest could improperly influence the performance of their duties.	...arises where an individual has private interests that could conflict with their official duties in the future.	
Conflicting Duties	Misconduct	Self-Dealing	Family Interests
...when individual finds that part of their principal job involves taking on another public/private sector role	...the decision to put their own interest first which are inappropriate, may amount to transgression	...when an official who controls an organisation is on both sides of the transaction deal	...abuse of this type of conflict is called nepotism
Ways to Mitigate Conflicts of Interest:			
<ul style="list-style-type: none"> • Identify areas of risk • Balance Public/Shareholder Duty and Private Interests • Develop strategies and responses 		<ul style="list-style-type: none"> • If possible avoid them entirely • Enforce and monitor strict Disclosure rules and procedures • The imperative for Recusal 	

[p.3] Regardless of the approach, all staff members of the firm, from contract workers, external associates, to senior managers, investors and board members should have access to policies and tools that will help them to identify, disclose and manage a conflict of interest. Increasing numbers of companies are also developing interactive training programmes that are focused on a problem-solving (case-study) approach to circumstances and relationships that can lead to conflicts of interest.

Needless to say, the effective implementation of strategies to address conflicts of interest requires thought, effort and commitment from a company's leadership. Executives and managers need to clearly and unequivocally apply high ethical standards in their everyday conducts – demonstrating tone from the top.

[1] Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf>

[p.1] We will:

[...]

- compete legally, fairly and ethically, making sure the decisions we make promote competition in business, seek to protect our customers' interests and avoid situations that may or may appear to create a conflict of interest

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.1] Serco Group covering all business regions, operating companies and business units throughout the world¹ covering:

- employees, officers, directors and individuals working as consultants and
- contractors and any other parties acting as representatives or agents of Serco (Employees)
- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard

[p.7] 2.13 Conflicts of interest

S70. A conflict of interest is a situation in which an individual or organisation, has competing interests or loyalties. Such competing interests can make it difficult for individuals to fulfil their duties impartially. A conflict of interest may exist even if no unethical or improper act results from it. Typical examples of conflict of interest may include:

a. Employee acting as adviser to a customer when Serco is competing for work from that customer

[p.8]

b. An employee has a position of authority in one organisation which conflicts with their interests in another organisation

c. An employee has secondary employment

d. An employee spouse, partner or family member has a financial interest in any company or business venture

e. A spouse, partner or family member is employed by any other Serco business or joint venture

f. A spouse, partner or family member is employed by a direct competitor to any other Serco business or joint venture

g. A spouse, partner or family member is employed by a supplier of goods or services to Serco

S71. All actual and potential conflicts of interest will be identified, declared, recorded, monitored and managed

S72. Where employees, directors or officers have an actual, potential or suspected conflict of interest, or discover or suspect others of having an actual or potential conflict of interest, they will put the interests of Serco first and report it to their line manager and their next level manager

S73. Employees, directors and officers acting as members of a committee or board will raise actual or potential conflicts of interest at the earliest opportunity at a meeting of the committee or board and these will be noted in the minutes

S74. Depending on the situation, appropriate approval such as employee's line manager, Contract Manager and or HR department will be gained before an employee starts any work with another company, whilst working for Serco

S75. Ownership by an employee, their partner, spouse or family member of a significant financial interest (greater than 5% of outstanding stock of a public company or any ownership interest in a company that is not publicly traded) in a competitor, or in a customer, consultant, subcontractor, supplier or other business partner must be declared to the employee's line manager and their next level manager if they or one of their subordinates deals with such individuals or entity.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has procedures to identify, declare and manage conflicts of interest, including actual, potential and perceived conflicts. There is evidence that the company has a dedicated register for recording conflicts of interest. The company states that disciplinary measures will apply if its conflict of interest policies are breached and gives a number of examples of criteria for recusals. The company outlines the oversight and reporting structure governing conflicts of interest cases, with responsibility for regulating cases held between middle management and the relevant divisional Ethics and Compliance Office.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.7] 4 Conflicts of interest</p> <p>4.1 Personal Conflicts of Interest</p> <p>Employees are required to disclose relevant private interests including outside commitments such as other appointments, employments, consulting, speaking engagements or directorships; financial interests, or endeavours for profit of self or immediate family; or other family or community interests.</p> <p>Should a Conflict of Interest (COI) exist they are required to put the interests of Serco first and report it. Failure to declare or refusal to resolve an COI or OCI may lead to disciplinary action in line with company disciplinary procedures. Disclosure is through completion of a COI declaration. Managers are required to review declared interests and identify whether a COI exists. Where appropriate they seek a legal review. This might include where the COI interferes with fiduciary duties, the COI could be potentially criminal, where it involves procurement or business development or employment of a senior Government Official.</p> <p>Where a COI is identified, conditions or actions to resolve or manage the conflict are agreed with the relevant employee. Possible actions or controls include:</p> <ul style="list-style-type: none"> • Disclosure of interests or relationships • Sharing of authority through collective decision making • Restrictions of access to certain information • Temporary separation or removal from the relevant process or decision • Permanent separation from a process or function • Divestment of liquidation of financial interests • Resignation in cases where COI is irreconcilable with the individual's function. <p>The aim is to ensure an appropriate amount of independence. Where appropriate, the manager seeks advice from HR, Legal and Ethics staff before deciding on appropriate action. Employees are responsible for ensuring these actions are taken. The employee's manager is responsible for monitoring agreed conditions and completion of any actions. Divisional Ethics and Compliance Leads monitor both the completion of required declarations and their review. They report on their findings within quarterly Ethics and Speak Up reports to the Group Ethics and Compliance Team.</p> <p>[p.8] 4.2 Organisational Conflicts of Interest</p> <p>Organisational Conflicts of Interests (OCI) occur where Serco may obtain an unfair advantage; be unable to render impartial advice or have impaired objectivity in performing work.</p>

The business is expected to ensure that actual and potential OCI are evaluated and resolved (by avoidance or mitigation) in consultation with the Divisional Ethics Lead before a customer contract is accepted or a contract with a third party agreed, and a record of steps taken to achieve avoidance or mitigations retained.

An OCI Checklist for Identifying Organisational Conflicts of Interest is available along with appropriate questionnaires

[p.8] (e.g. from Third Party Due Diligence or Procurement Onboarding) to evaluate if an OCI may exist. This evaluation and agreement to any mitigation plan is completed before a bid is submitted or a contract is agreed.

Business units review in consultation with their Divisional Ethics Lead identified OCIs to determine whether identified OCIs can be avoided or mitigated and agree a plan with the Divisional Legal Counsel. In most cases OCIs can be neutralised by withdrawing from the bid/procurement. OCIs can be mitigated by reducing the effects of the OCI to acceptable levels of risk to ensure fair competition and contract performance are not impaired.

This, for example, might involve working with the customer/third party to create firewalls to ensure that competitive information does not provide the company an unfair competitive advantage. Or, the customer (for bid) or Serco (for procurement) could release key information that has caused OCI to all those competing for the work to negate any competitive advantage.

Identified conflicts or conditions are recorded on the organisational conflicts of interest register. Divisional Ethics Leads periodically review the OCI register and report trends and any significant OCI, including actions taken, to their Executive Management Team and Group Business Compliance and Ethics. This is included as appropriate in reports to the Executive Committee and plc Corporate Responsibility Committee.

[14] Conflicts of interest – Fact sheet (Document)

Accessed 24/08/2019

<https://www.serco.com/media/1028/1028.original.pdf>

[p.1] Even though separate teams may take on the different tasks, there is always a risk that the integrity of one could be challenged by the operational outcomes of the other. One solution to this problem is greater disclosure. By having transparent, effective policies and procedures for identifying, disclosing and managing conflicts of interest, the company will be able to: (1) reduce the opportunities for corruption; (2) deal with accusations of bias; (3) demonstrate its commitment to good governance; and (4) demonstrate that it is operating in a fair manner.

[p.2]

Types of Conflict			
ACTUAL Conflict	PERCEIVED Conflict	POTENTIAL Conflict	
...a direct conflict between individual's official duties & existing private interests.	...where it could appear that individual's private interest could improperly influence the performance of their duties.	...arises where an individual has private interests that could conflict with their official duties in the future.	
Conflicting Duties	Misconduct	Self-Dealing	Family Interests
...when individual finds that part of their principal job involves taking on another public/private sector role	...the decision to put their own interest first which are inappropriate, may amount to transgression	...when an official who controls an organisation is on both sides of the transaction deal	...abuse of this type of conflict is called nepotism
Ways to Mitigate Conflicts of Interest: <ul style="list-style-type: none"> Identify areas of risk Balance Public/Shareholder Duty and Private Interests Develop strategies and responses If possible avoid them entirely Enforce and monitor strict Disclosure rules and procedures The imperative for Recusal 			

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 23/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.8] S71. All actual and potential conflicts of interest will be identified, declared, recorded, monitored and managed

S72. Where employees, directors or officers have an actual, potential or suspected conflict of interest, or discover or suspect others of having an actual or potential conflict of interest, they will put the interests of Serco first and report it to their line manager and their next level manager

S73. Employees, directors and officers acting as members of a committee or board will raise actual or potential conflicts of interest at the earliest opportunity at a meeting of the committee or board and these will be noted in the minutes

S74. Depending on the situation, appropriate approval such as employee's line manager, Contract Manager and or HR department will be gained before an employee starts any work with another company, whilst working for Serco

S75. Ownership by an employee, their partner, spouse or family member of a significant financial interest (greater than 5% of outstanding stock of a public company or any ownership interest in a company that is not publicly traded) in a competitor, or in a customer, consultant, subcontractor, supplier or other business partner must be declared to the employee's line manager and their next level manager if they or one of their subordinates deals with such individuals or entity.

[3] Code of Conduct (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193>

[p.54] At Serco all actual and potential conflicts of interest should be identified, declared, recorded, monitored and managed.

We will take care to identify and resolve any Organisational Conflicts of Interest (OCIs) that may result in us having an unfair competitive advantage.

We also have strict procedures and regulations regarding personal conflicts of interest that may cause the interests of our employees to conflict with those of Serco.

Beyond that, we leave you entirely free to make personal investments and enjoy both social and normal business relations.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.55] What fair competition means to us

We strive to compete legally, fairly and ethically, making sure we promote competition in business, protect our customers' interests and avoid situations that may, or may appear to, create a conflict of interest.

[...]

Our progress

We have:

- launched and begun to embed our new Organisational Conflicts of Interest procedure and Register;
- developed and launched a new Personal Conflicts of Interest Register, embedding it in our onboarding process for new starters and in annual declarations by management and those in specific roles;

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy that addresses the risks associated with the employment of public officials, and screens each new recruit from the public sector for potential conflicts of interest, implementing controls if risks are subsequently identified.</p> <p>However, the company receives a score of '1' because there is no evidence that it requires senior compliance officer (or equivalent) approval for the initiation of any employment discussions with former or current public officials. There is also no evidence that the company has a policy to implement a cooling-off period of at least 12 months before such public officials are permitted to have any form of contact or relationship with their former organisation on the company's behalf.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.6] 3.3 Relationships with government</p> <p>Serco specialises in the delivery of essential public services. Our customers are principally national, state and local governments. Serco respects the authority of governments. Wherever Serco conducts business we seek to maintain appropriate relationships with these governments and their agencies, officials and employees.</p> <p>A lot of those we employ have previously worked in the public sector. We recognise and are mindful of the risks that this presents particularly from both competition and conflicts of interest perspectives. How we handle Conflicts of Interest is covered in section 4.</p> <p>Whenever we seek to appoint a former Government official or minister, we commit to comply with the local legal and regulatory framework and to properly assess the risk of any potential actual or perceived conflict. This helps determine any action that may need to be taken to manage or mitigate the risk and provides guidance to the recruiter and candidate on required behaviours, standards and what they may or may not do on behalf of Serco.</p> <p>Care is taken when looking to appoint someone who currently holds a political or government office. Such individuals will not be employed to act as consultants nor advise Serco on how it may lobby or otherwise influence the work of the organisation or body to which they belong.</p> <p>This includes seeking to confer exclusive benefit upon Serco. Where the appointment of such individuals is being considered this is reviewed to consider:</p> <ul style="list-style-type: none"> • a clear distinction between their work for Serco and any ongoing work connected to their political/government office; • their actions as holders of political/government office being based solely upon consideration of the duties of their office and not those of Serco, and vice versa; and • how their payment or benefit stems from a service not connected to their office and this is covered in a contractual agreement. <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.9] 2.14.3 Hiring of former Government officials or holders of public office</p> <p>S86. The appointment of a former Government official or minister will comply with the local legal and regulatory framework</p>

S87. The recruiter and the candidate will receive and understand guidance on leaving government or office. Guidance will be obtained from the Divisional Government Relations, HR, Ethics lead or Legal lead, as appropriate, where uncertainty exists on what activities the candidate can or cannot undertake

S88. Serco employees who were formerly employed by government or holders of public office will be familiar with and comply with the laws and regulations which govern what they, as former government officials, may and may not do on behalf of Serco

2.14.4 Hiring current holders of political office

S89. The Divisional Government Relations Lead will be informed when someone who is currently holding a political office is to be employed and it is anticipated that such hiring could impact the individual's work on behalf of Serco

S90. The following will be considered before making the appointment:

- a) if the candidate in question is currently holding a political office – elected or otherwise – there will be a clear distinction now and in the future between their work for Serco and the work connected to their political office
- b) their actions as holders of political office will be based solely upon consideration of the duties of their office and not those of Serco, and vice versa
- c) Individuals in political office will not be employed to act as consultants, advising Serco on how it may lobby or otherwise influence the work of the organisation or body to which that employee belongs. This includes seeking by means of their participation in that organisation's proceedings to confer exclusive benefit upon Serco, making use of their position to arrange meetings with a view to lobbying members of that organisation, or connected to that organisation
- d) individuals will demonstrate that they do not receive payment or benefit in return for such services as defined above, and that if challenged they can show clearly that their payment or benefit stems from a service not connected to their office. Where possible contractual agreements will specifically exclude the provision of such services.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company publishes details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure on political contributions to ensure that these payments are not used as vehicles for bribery and corruption. The policy applies to all employees and board members across the group. The company states that its policy is to not make political donations but that such a donation would require signoff from the Board of Directors, with input from an individual with legal expertise, namely the Group General Counsel. There is also evidence that the company is associated with a Political Action Committee in the United States, which requires the signoff of a Divisional CEO with input from the company's Divisional General Counsel.</p> <p>Since the company does not prohibit political donations and is associated with a PAC, it receives a score of '0' in line with the scoring criteria.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.6] 3.2 Political donations</p> <p>Serco does not knowingly make political donations. This is reported annually in Serco's Annual Report and Accounts. Whilst stating that neither the Company nor the Group made political donations and the company's intent is to continue with this policy we recognise it is possible that certain routine activities may unintentionally fall within the broad scope of the Companies Act 2006 provisions relating to political donations and expenditure. For this reason, a resolution is typically presented at the company Annual General Meeting seeking authority to make donations to a limited value.</p> <p>Serco's delegated authorities make it clear that political donations remain a matter reserved specifically for the plc Board. Whilst to date this has not been exercised, if a matter was brought to the Board it would be supported by appropriate legal review with comment from the Group General Counsel.</p> <p>There is one exception: where Serco has a legitimate voluntary Political Action Committee (PAC) or similar voluntary contribution scheme. The establishment of a PAC can only be established if authorised by the Divisional CEO. The Divisional CEO will seek legal advice from the Divisional General Counsel to ensure the arrangements align to local legal and regulatory requirements.</p> <p>In this case, Employees can freely contribute donations, in line with the scheme's strict conditions.</p> <p>Although in Serco's name, the scheme is run independently, and Serco does not have any influence on its management.</p> <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 23/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.1] Serco Group covering all business regions, operating companies and business units throughout the world covering: - employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)</p>

- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard

[p.9] 2.14.2 Political donations

S85. Serco maintains a position of impartiality with respect to party politics. Accordingly, Serco will not contribute corporate funds, either direct or in-kind, or solicit funds for the contribution to any political party, politician or candidate for public office, save in the USA or other jurisdictions that permit political contributions under a voluntary Political Action Committee (PAC) or like scheme where employees may freely contribute donations. The PAC, whilst in the Company's name, is run independently and the Company does not influence its management. Where properly formed and governed, this Standard permits the Divisional CEO to authorise such a scheme and to permit appropriate political contributions strictly in accordance with applicable laws and regulations.

[3] Code of Conduct (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193>

[p.6] "You"

When Our Code refers to "You" that doesn't mean some people don't have to comply. "You" means all of us, whatever job we do at Serco. It also includes everyone who works with us in a full-time, part-time or temporary job, and all the contractors we work with around the world.

We are also determined to only work with partners, third parties and customers whose standards are consistent with ours.

[p.44] Political Donations

We do not contribute to any political party, politician or candidate for public office, or try to raise funds for them.

There's one exception: where we have a legitimate voluntary Political Action Committee (PAC) or similar voluntary contribution scheme. In this case, employees can freely contribute donations, but there are very strict conditions, and these sorts of schemes are only allowed in some countries.

Although it is in the Company's name, the scheme must be run independently, and the Company must not have any influence on its management. If properly formed and governed, the Divisional CEO can then authorise it, and permit appropriate political contributions to be made, so long as these are strictly in accordance with applicable laws and regulations.

[p.45] We expect you to:


-Freely hold and express your own political point of view, so long as it is legal and doesn't lead to a conflict of interest

-Freely engage in political activities, including standing for election to public office, if you choose to do so and it is your legal right. However we do have to remain apolitical as a company, so your participation will be entirely on your own behalf. Your political opinions will not represent Serco's position. And we won't reimburse you for any costs associated with your political activity

- Never incur an expense on behalf of Serco, or use any of its assets, resources or accounts to make a contribution to a political party, politician or candidate for public office.

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
2
Comments
<p>The company publishes a statement that it has not made any corporate political donations in the most recently reported financial year, and states that it intends to continue with this approach.</p> <p>In addition, there is evidence that the company publishes details of the contributions and disbursements made through its Political Action Committee (PAC) in the United States, by providing links to its FEC filings and Open Secrets. There is evidence that this information includes details of the recipient, amount and state of the recipient and that it is updated and released on a regular basis.</p>
Evidence
<p>[7] Annual Report and Accounts 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf [p.152] Political donations During the year neither the Company nor the Group made political donations and they intend to continue with this policy. However, it is possible that certain routine activities may unintentionally fall within the broad scope of the Companies Act 2006 provisions relating to political donations and expenditure. As in previous years, a resolution will therefore be proposed that the authority granted at the AGM in May 2019 regarding political donations be renewed. Details will be included in the Notice of AGM.</p> <p>Within the US business there exists a Political Action Committee (PAC), which is funded entirely by employees. The Serco PAC and its contributions are administered in strict accordance with regulatory requirements. Employee contributions are entirely voluntary and no pressure is placed on employees to participate. Under US law, an employee-funded PAC must bear the name of the employing company.</p> <p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.6] 3.2 Political donations</p> <p>[...] There is one exception: where Serco has a legitimate voluntary Political Action Committee (PAC) or similar voluntary contribution scheme.</p> <p>[...] In line with local requirements a filing is made monthly with the US Federal Election Commission that lists receipts of names and the amount of money contributed from employees; a list of disbursements to federal candidates including their name and the amount; and the amount of money in our bank account to show it reconciles with receipts and disbursements. All of Serco's filings are public and can be viewed at https://www.fec.gov. The information is also collated and published by OpenSecrets.org https://www.opensecrets.org/.</p> <p>[28] FEC Campaign Finance Data – Serco Inc. Political Action Committee (SERCO PAC) Accessed 26/10/2020 https://www.fec.gov/data/committee/C00402669/?tab=spending</p> <p>Total disbursements</p> <div> <input type="button" value="Filter all disbursements"/> </div> <hr/> <p>\$134,617.62</p> <p>spent in total disbursements by this committee from January 01, 2019 to October 14, 2020. See the financial summary for a breakdown of each type of disbursement.</p>

Disbursements

 Filter this data


GROUP BY:

All transactions

Recipient name

Recipient committee ID

Coverage dates: 01/01/2019 to 09/30/2020

Export 

Recipient	Recipient state	Description	Date ▼	Amount —
WOMACK FOR CONGRESS COMMITTEE	AR	CONTRIBUTION TO COMMITTEE	09/30/2020	\$5,000.00
SCOTT PETERS FOR CONGRESS	CA	CONTRIBUTION TO COMMITTEE	09/30/2020	\$1,000.00
RICK SCOTT FOR FLORIDA	FL	CONTRIBUTION TO COMMITTEE	09/30/2020	\$2,500.00
RICHARD E NEAL FOR CONGRESS COMMITTEE	MA	CONTRIBUTION TO COMMITTEE	09/30/2020	\$2,500.00
MCEACHIN FOR CONGRESS	VA	CONTRIBUTION TO COMMITTEE	09/30/2020	\$4,000.00
MCCONNELL SENATE COMMITTEE	KY	CONTRIBUTION TO COMMITTEE	09/30/2020	\$5,000.00
LAMBORN FOR CONGRESS	CO	CONTRIBUTION TO COMMITTEE	09/30/2020	\$3,000.00
HAL ROGERS FOR CONGRESS	KY	CONTRIBUTION TO COMMITTEE	09/30/2020	\$2,500.00
FRIENDS OF DON BEYER	VA	CONTRIBUTION TO COMMITTEE	09/30/2020	\$2,500.00
FAMILIES FOR JAMES LANKFORD	OK	CONTRIBUTION TO COMMITTEE	09/30/2020	\$2,500.00

Results per page: 10 ▼

Showing 1 to 10 of 66 entries



Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy covering charitable donations and sponsorships. There is evidence that the company takes steps to ensure that any donations are legal, appropriate and ethical, and any donations must be signed off by a manager. In addition, the company indicates that it records all charitable donations and sponsorships in an online register.</p> <p>However, the company receives a score of '1' because there is no evidence that it publishes details of all charitable donations made in the past 12 months, including details of the recipient, amount, country of recipient and which corporate entity made the payment. The company mentions some donations and projects in its reporting documents, but there is no evidence that it provides a total figure or a comprehensive list of donations made to cover all of the company's activities.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.5] 3.1 Charitable donations and sponsorship It is important for Serco that it supports the communities it works in. This might involve sponsorship of a local initiative or involvement and participation in legitimate charitable activities and causes.</p> <p>The SMS sets out a consistent approach for all charitable donations, sponsorships and/or other contributions donated or received by Serco.</p> <p>Sponsorship Serco will participate in corporate sponsorships, and sponsor charities and community organisations if this does not involve explicit or implicit endorsement of an organisation's product or service. Sponsorship arrangements must be based on a written agreement.</p> <p>Community Investment Serco regularly supports community activities and we track our community investment. For these to be classed as community investment the activity must be voluntary (i.e. no legal or contractual obligation); the organisation being supported must have a charitable purpose; the action must benefit the community; and it must involve Serco money (either monetary donations, gifts in kind or employee time).</p> <p>To ensure transparency and accurate reporting, charitable donations, sponsorship and/or other contributions are recorded using an online register.</p> <p>Where monies are given a written confirmation of receipt of the funds is required.</p> <p>To support Serco's social commitment it has established the Serco Foundation. More information on the work of the Foundation can be found at https://www.sercofoundation.org/.</p> <p>[3] Code of Conduct (Document) Accessed 23/08/2019 https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193 [p.56] Working with Communities</p> <p>Successful businesses are socially responsible.</p> <p>We have a responsibility to support the communities we work among, and we will try to support you in the social and charitable activities you want to undertake.</p>

We actively encourage involvement and participation in charitable activities and causes. But we do need to make sure that the charity in question is legal and appropriate, its activities are proper, and it really is raising money for good causes. We should not end up supporting something we don't want to support, or cannot support for legal or ethical reasons (for example, donations to political causes).

As a private individual of course you can raise money, make donations or participate in charitable activities for any legitimate cause you believe in. However, if you're involved in activities or raising money for a charity on behalf of Serco, always make sure it is legitimate, and always get approval from your manager.

What you can expect from us:

Our day-to-day operations have positive impacts on society. These range from providing employment and paying of taxes through to the services and innovations we deliver.

We also contribute to a variety of organisations and activities in the communities in which we do business. We want to improve lives and make a positive difference. So we consider what's important to our customers and our surrounding communities.

We try to have open and transparent dialogue and consultation with the communities and other representatives of civil society touched by what we do. So we listen, and we try to act on their concerns wherever we can.

We assess and report on our contribution to community projects and activities annually through our Corporate Responsibility (CR) report.

Our community engagement initiatives can include local business development, providing opportunities for workers from disadvantaged backgrounds, and creating partnerships that benefit our communities. We also share our expertise, skills and resources.

We will try and support you in charitable or community activities but these decisions will be made at a local level by your management teams.

[p.57] Stop and think

As a private individual of course you can raise money, make donations or participate in charitable activities for any legitimate cause you believe in. However, if you're involved in activities or raising money for a charity on behalf of Serco, always make sure it is legitimate, and always get approval from you line manager.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.48] 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.

[p.53] What contributing to communities and society means to us

Operating amongst and on behalf of our communities, we have a deep understanding of the complex social challenges that impact them. We encourage and facilitate community initiatives and charitable giving, both from employees and from the Serco Foundation. Beyond this, as an active and community-minded employer and participant in national infrastructure, we contribute to the sustainability and wellbeing of society and the economy wherever we operate.

Our policy and commitment

Our commitment is defined within our Operations Policy Statement, supporting standards and related operating procedures. In summary, we strive to:

- work closely with communities and partner effectively with local government in order to best contribute to society and economy at the local level;
- employ people from the local community where possible;
- encourage and participate in charitable activity that aligns with our Values.

Key components in our governance

In summary, we:

- manage individual local and regional community, charity and partner engagement at Contract, Business Unit or Divisional level, in line with our Values and the Serco Management System;
- follow our Group Standard Operating Procedure for Charitable Donations, Sponsorships and other Contributions; and
- use our compliance management system, Assure, to track community and charity investment.

Our progress

We have:

- continued positive and meaningful engagement locally with our communities, charities and other causes in all regions;
- engaged with the business to consider options for overcoming challenges in capturing the full extent of our community investment;
- hosted an event focused on the UK Government ‘Social Value’ agenda through the Serco Institute, ‘How to achieve real Social Value in public sector outsourcing’, with participants from a number of relevant sectors; and
- formally relaunched the Serco Foundation, an independent charitable organisation aiming to support non-profit organisations in the delivery of public services through awarded grants and the secondment of Serco employees.
» For example, £19,878.00 has been awarded to the Royal British Legion Industries to fund one of the charity’s ‘Lifeworks’ programmes, supporting veterans to find and maintain paid employment after military service.

Our next steps

We plan to:

- agree and implement improvements that will enable us to resume reporting our global community investment performance; and
- continue helping to facilitate government and industry dialogue and direction regarding the UK Government ‘Social Value’ agenda.

In addition, the Serco Foundation will focus on increasing the number of grants awarded to non-profit organisations and support the fundraising initiatives of Serco employees.

[15] Group Standard Operation (Document)

Accessed 24/08/2019

<https://www.serco.com/media/1017/1017.original.pdf>

[p.9] 2.11 Community engagement

S101. The Serco Executive Committee will maintain a corporate responsibility framework for the Group and will monitor performance against the elements within it.

[p.10] S102. Divisions will consider community engagement and initiatives appropriate to business operations, within their strategic planning process and set objectives and targets for the Division based upon Group objectives and targets, local risks and community engagement opportunities

S103. Divisions will consider community engagement and initiatives appropriate to business operations, local risks and community engagement opportunities. These will:

- a. be monitored, recorded and reported on ASSURE
- b. demonstrate achievement of benefits to the community and to the business in line with financial commitments and the efforts of our employees
- c. enable activities to be reviewed to ensure continuous improvement

[7] Annual Report and Accounts 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf>

[p.82] Social outcomes

We aim to enhance social outcomes by designing and delivering frontline public services that make a real difference to people's lives.

We have, and will continue to:

[...]

- contribute more to social outcomes outside the remit of our business through the rebirth in 2019 of the Serco Foundation, whose mission is to enhance public service outcomes for vulnerable citizens;

[p.83] Contributing to communities and society

Operating amongst and on behalf of our communities, we have a deep understanding of the complex social challenges that impact them. We encourage and facilitate community initiatives and charitable giving, both from employees and from the Serco Foundation. Beyond this, as an active and community-minded employer and participant in national infrastructure, we contribute to the sustainability and wellbeing of society and the economy wherever we operate.

We have:

- continued positive and meaningful engagement locally with our communities, charities and other causes in all regions;

[...]

- formally relaunched the Serco Foundation, an independent charitable organisation aiming to support non-profit organisations in the delivery of public services through awarded grants and the secondment of Serco employees.
– For example, £19,878.00 has been awarded to the Royal British Legion Industries to fund one of the charity's 'Lifeworks' programmes, supporting veterans to find and maintain paid employment after military service.

[...]

In addition, the Serco Foundation will focus on increasing the number of grants awarded to non-profit organisations and support the fundraising initiatives of Serco employees.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on lobbying. The company defines lobbying and highlights the corruption risks associated with such activities, as well as identifying some guidelines for 'responsible' lobbying activity. In addition, there is some evidence that the company has specific controls and oversight mechanisms in place, by stipulating that all lobbying activities must be authorised by the Divisional CEO or appropriate Government Relations lead. There is evidence that this policy and procedure applies to all employees, board members and third parties lobbying on the company's behalf.</p>
Evidence
<p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 24/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.1] Applicability Serco Group covering all business regions, operating companies and business units throughout the world covering:</p> <ul style="list-style-type: none"> – employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees) – wholly owned subsidiaries and majority-owned operations <p>Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard</p> <p>[p.8] 2.14 Relationships with government</p> <p>S76. Serco respects the authority of governments. Wherever Serco conducts business appropriate relationships will be maintained with these governments and their agencies, officials and employees S77. Serco employees planning to meet with an elected politician, their adviser, or another government official who is covered by local lobbying laws and who is not a direct customer will notify or otherwise co-ordinate with their Divisional or Group Lead on Government Relations. These meetings will be logged</p> <p>2.14.1 Political activity</p> <p>S78. Whilst remaining impartial in dealings with political parties, Serco may choose to contribute to the public debate of policy issues that directly affect the Company in the countries in which it operates. Such activity will only be done by employees specifically authorised by the Divisional CEO or appropriate lead on Government Relations S79. Employees who provide information to governments and regulatory bodies on behalf of Serco will ensure that all information is accurate and complete S80. At times, attendance at events hosted by a political party may be required for briefing or other legitimate business purposes, but should not be attended if it might compromise Serco's impartiality S81. Employees who lobby on behalf of the Company or represent Serco in government and regulatory matters will comply with all applicable laws and regulations relating to corporate participation in public affairs S82. Employees attending an event hosted by, or in aid of, a political party in their capacity as a Serco employee will declare this to the Divisional Government Relations lead or appropriate lead on Government Relations S83. Employees attending an event on their own account will do so out of office hours, in their own time, or when on leave. Any opinions expressed will not represent Serco's position, and will not be presented as doing so S84. Employees will not be reimbursed by Serco for any personal contributions, expenditure or gifts associated with political activity</p>

[16] Political activity (Webpage)

Accessed 24/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-business/political-activity>

Political activity

We respect the authority of governments and maintain honest relationships with them, their agencies, officials and staff.

We contribute to public debates about policies that affect our business. However, we are always impartial about party politics. You must take care that your actions do not compromise our impartiality.

You should seek approval from your support office before contacting politicians or those with political influence. Similar care is needed if you are going to attend a political party's event for briefing purposes.

Unless you are authorised to speak on our behalf, you should make it clear that your opinions or views do not represent Serco's position. Take care too if you are involved in any external events where you are asked to speak.

What you can expect from us:

Political Activity

We always remain impartial in our dealings with political parties and never try to influence government decisions through illegal, dishonest or corrupt means. However, we may choose to contribute to the public debate on policy issues that directly affect Serco.

Any employee who lobbies on our behalf or represents us in government and regulatory matters must be authorised to do so. They must also comply with all the relevant laws and regulations about how companies should participate in public affairs.

While we often work with trade and industry associations, we reserve the right to make our own representations where necessary.

Lobbying

In some countries special laws and procedures govern the way lobbyists and consultants must behave. It's really important to know these and make sure we follow them.

[...]

We expect you to:

Freely hold and express your own political point of view, so long as it is legal and doesn't lead to a conflict of interest.

Freely engage in political activities, including standing for election to public office, if you choose to do so and it is your legal right. However we do have to remain apolitical as a company, so your participation will be entirely on your own behalf. Your political opinions will not represent Serco's position. And we won't reimburse you for any costs associated with your political activity.

Never incur an expense on behalf of Serco, or use any of its assets, resources or accounts to make a contribution to a political party, politician or candidate for public office.

[1] Business Conduct and Ethics (Document)

Accessed 24/08/2019

<https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf>

[p.1] We will:

[...]

- contribute to public debates about policies that affect our business. However, we will always be impartial about party politics

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no publicly available evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no publicly available evidence to indicate that the company provides any details about its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality with clear procedures designed to ensure that such promotional expenses are bona fide and not used for bribery. This policy establishes financial limits, along with an approval procedure, for the different types of promotional expense that employees may encounter.</p> <p>In addition, the policy also clearly addresses the risks associated with gifts and hospitality given to and received from public officials. The company's policy includes a clear statement that all gifts and hospitality above certain thresholds are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[20] Group Standard Operating Procedure Gifts and Hospitality (Document) Accessed 26/08/2019 https://www.serco.com/media/2841/sms-gsop-bc2-2-gifts-and-hospitality-serco-business.pdf?1542099886 [p.4] 1 Introduction 1.1 Objectives This Group Standard Operating Procedure (GSOP) sets out the procedure to be followed across all of Serco's operations for the recording and approval of all gifts and hospitality that are offered or received by Serco employees, directors, representatives or other associated persons.</p> <p>Following this procedure will ensure transparency and provide assurance that any gifts and hospitality offered or received are reasonable, do not improperly influence a business outcome, or otherwise result in an improper advantage in order that the requirements set out in Serco's Group policy and Standard for gifts and hospitality are met.</p> <p>2 Procedure 2.1 Recording Gifts and Hospitality</p> <ul style="list-style-type: none"> • Gifts and hospitality offered, given or received will be appropriate and recorded in the Group gifts and hospitality register, even if they are declined • Serco employees can enter a record in the gifts and hospitality register <ul style="list-style-type: none"> – online at https://gandh.serco.com, or – offline by completing and emailing a paper form available within the SMS to gandh@serco.com so that the gift or hospitality recorded can be manually added to the gifts and hospitality register • The offline recording procedure is to be adopted where employees are not able to access https://gandh.serco.com • Contracts and Departments are to nominate an individual within the team with responsibility for managing the gifts and hospitality process and for ensuring that <ul style="list-style-type: none"> – printed paper forms are available for employees without access to https://gandh.serco.com to complete – completed paper forms are collected, scanned and emailed to gandh@serco.com whenever a gift or hospitality is offered or received <p>2.2 Management Approval of Gifts and Hospitality</p> <ul style="list-style-type: none"> • Management approval must be obtained and recorded for all gifts and hospitality offered, given or received which are valued at £100 or above per person (or equivalent in local currency) for the occasion or item • Prior management approval must be obtained and recorded where gifts or hospitality valued at £100 or above per person (or equivalent in local currency) for the occasion or item are being offered by Serco employees

- Management approval may be requested and provided as part of the gifts and hospitality registration process online or on the paper form. Where verbal approval has been obtained, this must be recorded in the gifts and hospitality register
- It is the responsibility of the employee to ensure management approval is requested, and to decline or withdraw the offer of any gift or hospitality not approved
- Managers are to ensure proper consideration is given to the nature of the gifts and hospitality they are requested to approve and, if necessary, obtain supporting documentation to satisfy themselves that gifts and hospitality are appropriate in the circumstances, having regard to the Business Conduct and Ethics Policy and Group Standard
- A manager should speak with their line manager or divisional Ethics Lead or use the Speak Up system⁵ to ask a question at serco-speakup.com if they are unsure about the appropriateness of the gifts and hospitality they have been requested to approve

[p.5] • Any employee concerned that this GSOP is not being followed should speak to their line manager or report their concern using the Speak Up system at serco-speakup.com

2.3 Gifts and Hospitality during the Procurement Period

- Except where there is a legitimate business purpose, when decisions are being made about the selection of suppliers or about the purchase of goods or services ('procurement period'), no gifts or hospitality valued at £100 or above per person (or equivalent in local currency) for the occasion or item should be accepted from any third party involved in the procurement process, and managers should not approve same, even if the gift or hospitality is to be used after the procurement period or by another employee or charity
- Except where there is a legitimate business purpose, Serco employees should not offer third parties involved in the decision to buy Serco products or services any gifts or hospitality valued at £100 or above per person (or equivalent in local currency) for the occasion or item, even if the gift or hospitality is to be used after the procurement period or donated to charity
- Snacks and beverages such as tea and coffee and promotional items of nominal value such as pens, key chains, mugs, hats, t-shirts, or similar items displaying a company's logo may be offered or accepted during the procurement period

2.4 Legitimate Business Purpose of Gifts and Hospitality

- Gifts and hospitality such as meals, drinks, entertainment, travel, or accommodation will usually have a legitimate business purpose when
 - they are appropriate, and necessary for and provided in connection with the promotion, demonstration, or explanation of Serco's or a third party company's products or services; and
 - there is nothing to suggest an expectation in return of improper performance, undue advantage or influence or other corrupt intent

2.5 Appropriate Gifts and Hospitality

- Gifts and hospitality will usually be appropriate when
 - they are not cash, securities, personal cheques or payments to or for the benefit of an individual or political party;
 - they are consistent with building business relations or designed to enhance knowledge in the organisation's field;
 - they are infrequent or occasional;
 - they are unsolicited and provided openly and transparently;
 - they do not risk negatively affecting Serco's reputation and are socially acceptable, reasonable in value and not lavish or extravagant or embarrassing for the recipient (i.e. you would be happy to reciprocate with the same level of gift or hospitality that is being offered);
 - they do not violate any local law or regulation or where known, the standards of the recipient's organisation;
 - they are not given or received during the procurement period or other period leading up to or following a commercial decision;
 - they are not given or received specifically in recognition of services performed – e.g. for meeting targets or objectives – without informing Group Tax for reporting purposes;
 - there is no expectation in return of improper performance, undue advantage or influence or other corrupt intent or a perception of same
- It should be recognised that situations change over time and what was once acceptable in the past or acceptable in certain countries may not generally be acceptable now. If you are at all uncertain, ask your manager for guidance. It is better to ask the question than to risk your reputation and the reputation of Serco.

2.6 Review and Monitoring of Gifts and Hospitality

- Managers will regularly review the reports of records of gifts and hospitality with their teams and direct reports to ensure compliance with this GSOP

[p.6]• Managers of procurement, bidding or business development teams will ensure this review takes place monthly, with any issues immediately reported to the divisional Ethics Lead

- The review of gifts and hospitality records should include a comparison of entries with the use of expenses and similar budgets by employees in order to ensure accuracy of record keeping

2.7 Divisional Reporting and Management

- Divisional reports from the Group Gifts and Hospitality Register will be provided by Ethics Leads on a regular basis, to Group and Divisional Executive Management Teams and the Corporate Responsibility Committee so that trends can be reviewed and appropriate management action taken, if required
- The Group Gifts and Hospitality Register will be periodically reviewed by the Ethics and Compliance Steering Group and the outcome reported to the Executive Committee and plc Corporate Responsibility Committee

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.5] 2.9 Gifts, gratuities and entertainment

S32. Gifts, gratuities or entertainment of any kind will not be requested, given or accepted if this action could be reasonably regarded as unduly influencing the recipient or creating a business obligation on the part of the recipient. This applies to direct payments and payments in kind, including the provision of goods or services, personal favours, and entertainment (e.g. meals, travel, etc.)

S33. Accepting or offering gifts of nominal value or entertainment that is of a reasonable nature, infrequent in nature and in the course of a meeting or another occasion for the purpose of bona fide business discussions or to foster better business relations may be acceptable in situations where it is legal and in accordance with local business practice (i.e. where the exchange of gifts is customary and the gifts are appropriate for the occasion)

S34. Serco may be restricted in its ability to offer certain types of payments or other things of value to government employees or public officials by international anti-corruption and/or anti-bribery standards and various, related national laws. Company representatives will obtain guidance and approval before making such payments or offering items of value

S35. The monetary value of the gift, local customs and legal requirements will be considered when determining whether a gift should be retained by an employee, handed to the Company, or returned. Employees should consult Serco management for guidance

S36. If it is decided that a gift can be retained and is handed to the Company, the gift should be donated to a nominated charity or made available to all employees in the work unit

S37. In no event will an employee offer or accept a gift where it is prohibited by law or is known by the individual to be contrary to law or the corporate business practices of the company employing the person offering or accepting the gift

S38. When accepting or offering gifts or entertainment it is important that the action is free from even the perception that it may infer that

S39. The marketing and sale of Serco's products and services must be free from even the perception that favourable treatment was sought, received, or given in exchange for the offering of business courtesies. No business courtesies will be offered that would constitute, or could reasonably be determined to constitute, unfair business inducements, that are otherwise prohibited by law, regulation, or the policies of customers or business partners, or that could otherwise negatively affect the reputation of Serco

S40. The following items will not be given or accepted under any circumstances, regardless of their value: cash, securities, personal cheques or payments to or for the benefit of individuals

S41. Special consideration must be given by Serco employees who are involved in the acquisition or other purchase of goods or services for Serco to ensure uniform and fair treatment for all suppliers. Therefore, any person involved in procurement or related actions, not just the Procurement Function, must not accept gifts from consultants, subcontractors, suppliers or other vendors, with the exception that they may accept advertising or promotional items of nominal value, such as pens, key chains, coffee mugs, or similar items displaying a company's logo

S42. Gifts and hospitality over an agreed value¹⁴ must be approved and registered¹⁵

14. All items valued at £250 or above although local procedures may set lower limits

15. Gifts and hospitality should be registered at <https://gandh.serco.com>

[17] Gifts and Hospitality fact sheet (Document)

Accessed 26/08/2019

<https://www.serco.com/media/1026/1026.original.pdf>

[p.1] Similarly, while 'cash' can never be justified as an acceptable gift for a foreign official, giving small amounts of cash for Chinese New Year may be an expected form of engagement with local staff and associates.

[p.3]



[19] Gifts and Hospitality - Video (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-business/gifts-and-hospitality>

Highlights of the Video:

- Examples of generally acceptable gifts (of nominal value)
- Examples of questionable gifts (including gifts to government officials)
- Examples of non-acceptable gifts and hospitality (including gifts or payments to government officials for expediting services)
- All gifts over £100 must have management approval and be registered
- Anything that is received or given should be registered at <https://gandh.serco.com>

[18] Gifts and Hospitality (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-business/gifts-and-hospitality>

The long term business relationships we depend on are based on trust and respect.

Exchanging gifts and hospitality can build goodwill, but we should not give or accept them if they risk even appearing to create improper influence. This requires care and good judgement.

Gifts and Hospitality - mean anything of value that you give or accept, either directly or in kind. Any gift or hospitality you accept from someone should be something that you would be able to give them as a proper and appropriate business expense. "Proper and appropriate" is what matters. For instance, if an existing supplier invites you to share a box at a football match, you should record this, but it may be appropriate. However, if a prospective supplier hoping to get a contract from you does the same, that is not appropriate.

Additionally, local rules may also limit the value of gifts or hospitality you can accept.

Unacceptable Gifts - There are some types of gifts that are never acceptable. These include cash, securities, and personal cheques or payments to or for the benefit of individuals.

Use your judgement. If in doubt: always check it and record it.

To make sure you always make the right judgement, ask yourself:

- Why is this being offered? Is it appropriate? Does it violate any laws, regulations or Serco policy?
- What's the background? Does the person making this offer feel obliged to make it? Is something expected in return? Might the intended recipient feel under undue obligation?
- Is it really an integral and logical part of the business relationship? What could be the outcome for Serco or the person receiving it if the offer is accepted or declined? Would it be easy to justify its acceptance to the public?
- Is there any involvement with government officials (including employees at state owned or controlled companies and members of government sponsored institutions)?

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
2
Comments
Based on publicly available information, there is evidence that the company requires the involvement of its procurement department in the establishment of new suppliers. This department is ultimately responsible for providing oversight of the company's supplier base. The company assures itself that proper procedures regarding the onboarding of suppliers are followed through clearly stated means at least every year.
Evidence
<p>[22] Group Standard Procurement & Supply Chain (Document) Accessed 31/05/2020 https://www.serco.com/media/4682/sms-gs-psc1-procurement-and-supply-chain.pdf?1586436934</p> <p>[p.2] 2 Policy Standards</p> <p>2.1 Policy</p> <p>S1. Procurement and Supply Chain policy, standards, systems and procedures will be defined, documented, implemented and maintained</p> <p>S2. Systems and procedures will be appropriate and proportionate to the nature of our procurement and supply chain risks</p> <p>S3. Policy, systems and procedures will be regularly reviewed (at least annually) to ensure they reflect business requirements and legal responsibilities</p> <p>S4. Systems and procedures will be made available to those working under the control of the organisation so that they are aware of their individual obligations</p> <p>S5. A procurement and supply chain management structure will be implemented to support the delivery of policies, systems and procedures, to review procurement performance and respond to business procurement and supply chain management needs</p> <p>2.3 Delegated Approval Authorities</p> <p>S8. All procurement will be conducted in accordance with Serco Group plc Delegated Approval Authorities</p> <p>S9. Where appropriate Divisional CEOs will define additional delegated authorities within their area of operations, which will be complied with</p> <p>[p.3] S10. All employees will make themselves aware of and adhere to the delegated authorities applicable to the transactions they execute or propose</p> <p>When to involve Procurement</p> <p>S11. Divisions/Regions will engage and co-ordinate with the relevant Procurement Lead as soon as a potential (in the case of bidding) or actual (in the case of existing business operations) purchase need is anticipated including any renewals, extensions or variations of any existing supplier contracts. This engagement will take place before any approach to the supply market and any engagement with suppliers including any incumbent suppliers</p> <p>[p.4] 2.6 Supplier contract approval</p> <p>S29. Serco will only enter into contracts which are fair and ethical to Serco and participating suppliers and that they do not compromise our competitive position or service and share appropriate risks</p> <p>S30. Divisions/Regions will delegate specific authority to a competent individual(s) to be responsible for the review, approval and management of supplier contracts. Only these authorised representatives may execute contracts with suppliers to Serco</p> <p>2.6.3 Contract approval and documentation</p> <p>S36. Unless executed on Serco's standard form or pursuant to Serco's standard terms and conditions, all supplier contracts will undergo an appropriate review and approval by procurement, technical, legal, tax, finance and ethics, as the case may be depending upon the nature of the deviation from Serco's standard contractual requirements, before being signed in accordance with the Delegated Approval Authorities</p>

S37. All approvals will be in accordance with Serco Group plc Delegated Approval Authorities
 S38. Any supplier contract must be signed by a Director of the Serco legal entity entering into the contract, subject to delegation to other Divisional EMT members or by a specific Power of Attorney provided by the relevant legal entity for an individual to sign a specific contract and related documentation. Any supplier contract entered into of a value greater than £15m must be notified to the Company Secretary and minuted by the relevant legal entity
 S39. Prior to any commitment or signature of any type of supplier contract for goods and services (as listed in section 2.6.1, with the exception of Non-Disclosure Agreements), a commercial review will be undertaken by the Procurement Lead for any contract £100,000 or greater
 S40. For any contract over £50,000 contract documents should include, if applicable:
 General Conditions of Contract
 Special Conditions of Contract (if applicable)
 Specifications/Scope of Services/Works (as applicable)
 Other Contract Requirements, including Safety, Health and Environment
 Pricing (Item pricing or schedule of rates)
 Service Level Agreements (SLA) Key Performance Indicators (KPI)
 Management Information and Reporting requirements
 S41. Documents will be retained in accordance with the Document Retention Group Standard Operating Procedure

[p.8] 3 Responsibilities & Accountabilities

S74. The following responsibilities will apply to the delivery of the defined standards. If these are not completed effectively, the person responsible will be accountable for any consequences.

[p.9] Group

S75. The Group CEO will appoint a Group Chief Procurement Officer responsible for:
 developing and maintaining Group Procurement and Supply Chain policy
 ensuring standards and associated procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage Procurement and Supply Chain risks
 providing oversight and reporting Procurement and Supply Chain performance

Division/Region

S76. The Divisional CEO will appoint a Divisional/Regional Procurement and Supply Chain Lead responsible for:
 a) implementing Procurement and Supply Chain policy, standards procedures and key controls across the Division/Region; which may include the development of country/region/divisional procedures and management systems
 b) ensuring procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage Procurement and Supply Chain risks
 c) defining roles and responsibilities and detailed operating models for the provision of a Procurement & Supply Chain function
 d) ensuring that the Procurement Lead is engaged as soon as a potential or actual purchase need is anticipated
 e) ensuring that the Procurement Lead manages the sourcing and selection of a suppliers and the negotiation of all supplier contracts where the annual spend is estimated to be greater than £100,000
 f) ensuring that all supplier contracts are provided to the relevant Procurement Services organisation for central maintenance and storage
 g) providing oversight and reporting Divisional/Regional Procurement and Supply Chain performance

Procurement

S77. Procurement entering into a contract (for Preferred Suppliers) will:
 a) be responsible for managing the sourcing and selection of suppliers
 and the negotiation of all supplier contracts where the annual spend is estimated to be greater than £100,000
 b) be responsible for approving all purchase orders where the purchase order value is greater than £50,000
 c) be responsible for planning the actions necessary including contract renewal for the expiry of supplier contract
 d) be accountable for ensuring that all appropriate approvals (including Procurement services) are in place before a contract is signed
 e) be accountable for ensuring that a supplier signature is obtained on all contract documents
 f) be responsible for ensuring that the original, signed hard copies of all third party procurement contracts are safely and securely stored; and for the signed contracts to be scanned into PDF electronic copy and maintained in the Regional Procurement services organisation for retention

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.57] Responsible relationships

[...]

Our policy and commitment

Our commitment is defined within our Ethics Compliance strategy, Business Conduct and Ethics and Procurement Policy Statements, supporting standards and related operating procedures.

[...]

Key components in our governance

- Our Investment Committee provides formal oversight and approval of contractual structures and arrangements for partner/ strategic relationships, whilst Divisional Executive Management Teams 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.
- Divisional Legal Representatives manage contractual arrangements with customers, partners and suppliers.
- 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.

[...]

Our progress

We have:

- transformed our global procurement function, which will help us mitigate supplier risks more effectively, partly by enabling us to leverage the strategic capabilities and global scale of a new third-party procurement delivery partner;

[21] Group Policy Statement Procurement & Supply Chain (Document)

Accessed 26/08/2019

<https://www.serco.com/media/339/339.original.pdf>

[p.1] We will:

[...]

- understand and manage procurement and supply chain risks through effective governance and management processes and practices
- apply financial controls to ensure procurement activities are well managed

[...]

- measure, monitor and report on key supplier performance to inform management of the effectiveness of the relationship and to identify opportunities for improvement.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct due diligence on all of its suppliers. There is also evidence to suggest that the highest risk suppliers are subject to enhanced due diligence. The company states that it conducts due diligence monitoring throughout the life cycle of its relationship with suppliers. There is evidence that the company might be willing to review and/or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p> <p>However, the company receives a score of '1' because there is no clear evidence that its due diligence includes checks on beneficial ownership and the frequency of checks on suppliers is also unclear. It is noted that the company has a document called "Third Party Legal and Ethical Compliance Due Diligence" but this does not appear to be accessible in the public domain.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.9] 6 Due Diligence</p> <p>Serco seeks to only do business with Third Parties that share its commitment to operate ethically and in full compliance with applicable legal requirements including those around bribery and corruption. The risk from Third Parties is assessed through due diligence and actively managed. Our approach to due diligence is appropriate to the type of Third Party and:</p> <ul style="list-style-type: none"> a. is risk-based, focusing on an assessment of the degree of corruption and other related risks associated with the Third Party; b. reviews the structure of the overall transaction, with specific attention to any "red flags" for corruption or illegal or unacceptable business practices; and c. reviews their reputation, qualification and experience. <p>This assessment and due diligence occurs before the Third Party is engaged or renewed. The procedures to assess and complete due diligence depends upon whether they are a supplier, agent or strategic partner. For each we have specific processes to follow and different levels of governance around decision making.</p> <p>[...]</p> <p>Supplier engagements are subject to a written agreement with contract protections, representations and warranties to minimise the risk of improper conduct. Suppliers are required to agree to abide by Serco's Supplier Code of Conduct and agreements typically contain a:</p> <ul style="list-style-type: none"> • commitment to comply with standard Ethics & Compliance clause • commitment to a no-bribes policy, human rights, including modern slavery and to implement and/or ensure to have an adequate compliance programme • audit rights, providing access to the Supplier's relevant records • right to terminate the contract in the event of or suspicion of breach of the Ethics & Compliance Clause. <p>In relation to high risk supplier categories the following requirements are typically included:</p> <ul style="list-style-type: none"> • right to audit lower tiers of high-risk supply chains • provisions limiting the Supplier's ability to act on behalf of the company and/or to have interactions with government officials (where applicable) • a contractual obligation by the Supplier to report on services rendered.

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.10] 2.15 Use of third parties and agents

S93. The selection of agents or other third parties to represent Serco's interests will include:

- a. a thorough check of the representative's reputation and qualifications of each such agent or other third party representative. Proper consideration will be given to any history of improper business practices. No relationships should exist that improperly influences decisions
- b. a clear, written statement of the work to be conducted by such individuals or entities; a requirement to have regular reports of the actions completed; and agreement to comply with sound standards of business conduct and ethics that are consistent with this standard
- c. an assessment that the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly nor provide reimbursement for a facilitation payment

S94. Before entering into any commercial agreements with third parties, any competition concerns will be raised with the Divisional Legal Representative as soon as they are known

S95. The following will always be cleared with the Divisional Legal Representative, except pursuant to a fully executed joint venture, and any teaming agreement or subcontract issued there under where the joint venture has received independent legal counsel concerning the business opportunity in question:

- a. any understanding with a non-Serco company on Serco's contract pricing except in the ordinary course of dealings with Serco's customers
- b. agreements with business partners of longer than 5 years duration
- c. exclusive agreements, i.e. agreements under which suppliers are not allowed to purchase or provide supplies or services to any of Serco's competitors (or vice versa)
- d. any situation in which Serco is able to exercise market power by agreement with others or because of Serco's own position in the market
- e. agreements tying the supply of one service or product with another (e.g. catering and cleaning services). However, agreements under which Serco provides a range of services may well be acceptable so long as the provision of one service is not conditional upon the customer also engaging Serco for other services
- f. joint venture agreements, teaming agreements and subcontracts with competitors of Serco, except as authorised in accord with the Joint Ventures and Alliances section in the Business Development Group Standard²¹

²⁰ Third Party Legal and Ethical Compliance Due Diligence GSOP Ref: SMS GSOP BC2-3

²¹ See Bidding Group Standard Ref: SMS-GS-BD1

[22] Group Standard Procurement & Supply Chain (Document)

Accessed 31/05/2020

<https://www.serco.com/media/4682/sms-gs-psc1-procurement-and-supply-chain.pdf?1586436934>

[p.2] 2.2 Risk management

S6. Procurement and supply chain risks will be identified and assessed with appropriate controls implemented to manage the risk in accordance with the Risk Management Group Standard

S7. Procurement and supply chain risks will be reviewed at regular intervals (at least annually)

[p.3] 2.5 Supplier Selection and Sourcing

2.5.1 Supplier selection

S17. Regions will implement a supplier selection and registration process that as a minimum will ensure:

- a) supplier selection does not undermine Serco's Preferred Supplier List (PSL)
- b) supplier selection is subject to competition, except to the extent that appropriate sourcing justifications may be considered where the Procurement leads determines that Serco's interests are properly served
- c) suppliers have the opportunity to raise questions and request clarifications as part of the sourcing process
- d) suppliers have access to the same information upon which a selection decision would be made and such information will be shared generally, except where this would compromise supplier innovation or intellectual property

e) selection criteria will include, but are not limited to, low cost or best value, past performance, sustainability, ethics, health and safety, supply risk and financial risk, and other criteria appropriate to the procurement opportunity
f) Serco standard terms and conditions, including any requirements for non-disclosure agreements, are complied with. Any deviation must be subject to review by Divisional Legal representative and Procurement Lead (or their delegates)

[p.4] g) a clear audit trail exists that captures document transmission between Serco and suppliers to allow continuous benchmarking to ensure that the quality, cost and capabilities of the goods and services purchased are aligned with Serco needs and market conditions

[p.5] 2.6.2 High Risk and High Importance contracts

S34. All supply contracts will be risk assessed to identify specific supply contracts that are 'High Risk' and/or 'High Importance'.

[...]

S35. For all High Risk and/or High Importance supplier contracts, the contract with the supplier should include appropriate provisions to address or mitigate the risks identified and be reviewed by the Procurement Lead prior to any agreement being reached or signature.

2.6.3 Contract approval and documentation

S36. Unless executed on Serco's standard form or pursuant to Serco's standard terms and conditions, all supplier contracts will undergo an appropriate review and approval by procurement, technical, legal, tax, finance and ethics, as the case may be depending upon the nature of the deviation from Serco's standard contractual requirements, before being signed in accordance with the Delegated Approval Authorities

[p.6] 2.9 Supplier management and measurement

S60. Divisions/Regions will put in place systems and processes to monitor and review supplier arrangements and performance

S61. All preferred suppliers will be subject to formal performance reviews so Serco can evaluate supplier performance, upgrade relationships, resolve conflicts and enable Serco to identify alternative suppliers and track supplier performance in the marketplace

S62. Serco will not do business with a supplier where serious breaches of these Standards are identified and where the supplier consistently fails to take corrective action within an agreed timescale

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.11] –Our Third Party Due Diligence processes and controls – which apply to customers, suppliers, agents and other third parties, and mergers and acquisitions, and enable assessment of whether a third party relationship will increase our exposure to ethical and legal liability.

[p.48] 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 seek to complete appropriate due diligence to understand those we work with.

[p.57] Our policy and commitment

Our commitment is defined within our Ethics Compliance strategy, Business Conduct and Ethics and Procurement Policy Statements, supporting standards and related operating procedures.

In summary, we strive to:

– only work with customers, partners and suppliers who respect our Values and meet our standards of business conduct and ethics;

– 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;

[...]

Key components in our governance

[...]

– 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.

[...]

Our progress
We have:

[...]

– commenced a review of our small and medium-sized suppliers to identify opportunities for improved management in line with new UK regulations;

– upgraded our third-party due diligence process to adopt a risk-based approach and implemented a revised screening tool to enable more proportionate due diligence per third party;

– revised procedures for the due diligence and monitoring of suppliers, agents and strategic partners, and published new due diligence guidance for new country entry;

[p.58] – reviewed our management approach to Company agents, identifying opportunities for improvement;

– strengthened our Tier 1 supplier reviews and enhanced our onboarding questionnaire;

– developed a more in-depth due diligence questionnaire for high-risk suppliers regarding modern slavery; and

– worked with Stronger Together (www.stronger2gether.org), to validate our high-risk supply categories and identify opportunities for improved supply chain management.

Performance indicators		2018	2019
Third party due diligence screening			
Third parties validated	Number	7,867	5,253
Third parties pending review	Number	191	1,092
Third parties disqualified	Number	1	0

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

Our next steps

In addition to delivering our ongoing processes, programmes and schedules of continuous improvement, we plan to:

– complete the implementation of our new third-party due diligence process and screening tool, including improved customer segmentation;

[p.82]

Responsible relationships

Third-party due diligence screening

¹⁴ 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

¹⁵ 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.

[7] Annual Report and Accounts 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf>

[p.66] Operational risks

[...]

-Third-party due diligence checks for key suppliers.

[p.69] People risks

Failure to act with integrity

[...]

Material controls:

-Third-party due diligence

[p.72] Legal and compliance risks

Material legal and regulatory compliance failure

[...]

Material controls:

[...]

-Third-party ethical and general due diligence on all suppliers.

[...]

Mitigation priorities:

[...]

-Embedding risk-based third party due diligence.

[p.84] Responsible relationships

We seek to build honest, respectful and transparent relationships with customers, partners and suppliers – requiring that they follow regulatory compliance and share our ethical standards and commitment to sustainability throughout the supply chain.

We have:

[...]

-upgraded our third-party due diligence process to adopt a risk-based approach and implemented a revised screening tool to enable more proportionate due diligence per third party;

-revised procedures for the due diligence and monitoring of suppliers, agents and strategic partners, and published new due diligence guidance for new country entry;

[p.89] Our Business Lifecycle decision-making tools

The SMS features several tools which directly support Business Lifecycle decision-making. These include:

- Our New Country Due Diligence guidance – which prescribes the extent and depth of due diligence required for entry into a new country based on a range of service, customer and geographical criteria.

[...]

- Our Third Party Due Diligence processes and controls – which apply to customers, suppliers, agents and other third parties, and mergers and acquisitions, and enable assessment of whether a third party relationship will increase our exposure to ethical and legal liability

[p.100] How stakeholder interests influence Board discussions and principal decisions

[...]

Our Suppliers

[...]

- The management of suppliers has been discussed at the Board and the Procurement Transformation programme was endorsed in recognition of the need to improve supplier management processes.
- Key risks in relation to the supply chain were considered when approving the approach to due diligence of suppliers, which was revised during the year.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company requires suppliers to have adequate anti-bribery and corruption policies and procedures in place. The company states that all suppliers must have, at minimum, policies that prohibit bribery, facilitation payments as well as policies and procedures to address conflicts of interest, gifts and hospitality and whistleblowing. There is evidence that the company takes active steps to ensure this by requiring that all suppliers follow the Supplier Code of Conduct and the company's Code of Conduct, and there is evidence that the company assures itself of this when onboarding new suppliers.</p>
Evidence
<p>[23] Supplier Code of Conduct (Document) Accessed 26/08/2019 https://www.serco.com/media/1519/1519.original.pdf</p> <p>[p.3] 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.</p> <p>Suppliers are required to comply with this Code and to have and maintain practices similar to those in Serco's Code of Conduct (available at www.serco.com). Serco is committed to helping its suppliers comply with these standards. In turn, Serco expects its suppliers to apply these standards to the suppliers they work with in providing goods and services to the company.</p> <p>Serco strongly encourages suppliers to exceed the requirements of this Code and promote best practices and continuous improvement throughout their operations. If there is no local legal requirement, or if a local legal requirement is not as strict as the requirement included in this Code, Serco Suppliers are required to follow this Code if they want to do business with Serco.</p> <p>[p.8] 3. Our Business</p> <p>Supplier Code of Conduct > Our Business</p> <p>Serco is committed to the highest standards of integrity, honesty, openness and professionalism in all its activities wherever they are undertaken, we respect local laws and do not engage in any form of corrupt practices, including extortion, fraud, or bribery, at a minimum.</p> <p>3.1 Bribery, Corruption and Facilitation Payments</p> <p>Bribery is offering, providing or receiving something of value – including cash, gifts, hospitality or entertainment – as an inducement or reward for something improper. Usually, but not always, it's to obtain or retain business or some other illegitimate advantage. Bribes are against the law and against our code, no matter what the "local custom" may be.</p> <p>A facilitation payment refers to the practice of paying a small sum of money to (usually) an official as a way of ensuring they perform their duty. UK legislation forbids facilitation payments anywhere in the world. Corruption involves any of these activities: bribery, extortion, fraud, deception, collusion, cartels, abuse of power, embezzlement and money laundering.</p> <p>Engaging in bribery and corruption and making facilitation payments can seriously damage our reputation and business relationships.</p> <p>We never offer, give or receive bribes or improper payments, or participate in any kind of corrupt activity, either directly or through any third party.</p> <p>We expect our suppliers to apply the same stringent principles. Serco Suppliers should not engage in any form of commercial bribery or kick-back scheme. Suppliers acting on behalf of the company must comply with applicable anti-bribery laws as well as all local laws dealing with bribery of government officials.</p> <p>In connection with any transaction related to the manufacture, distribution or delivery of goods or services to the company or that otherwise involves the company the supplier must not offer, promise, authorise, give, demand or accept any gift, loan, fee, reward or other advantage to or from any person as an inducement; to do something</p>

which is dishonest, illegal or a breach of trust; to obtain, retain or direct business; or to secure any other improper advantage.

Under these standards, improper payments include offers, promises, authorisations or payments of anything of value to expedite routine government actions.

We expect our suppliers to implement appropriate and adequate procedures for their employees to comply with applicable anti-corruption laws and these standards.

The help, advice and local knowledge of agents and other consultants or contractors can sometimes be essential. However, we require them to operate at all times in accordance with our standards, particularly in relation to bribery and corruption.

3.2 Gifts and Hospitality

Serco develops long-term business relationships based on trust and respect. Exchanging gifts and hospitality can build goodwill, but may, or may appear to, create improper influence. Any gift or hospitality we accept or give in connection with business should always be customary and reasonable in terms of value and frequency.

Serco Suppliers should not provide any gift, meal or entertainment to a company employee in any situation in which it might influence or appear to influence any employee decision in relation to the supplier. In other situations, suppliers may provide modest gifts, meals or entertainment to company employees if they are:

- not cash or cash equivalent
- consistent with customary business practice and supplier company policy
- not frequent or expensive
- do not violate any law.

Equally we do not want our suppliers to be influenced or pressurised in turn through the acceptance of inappropriate gifts or hospitality. If someone tries to do this to you, always tell us.

We require our staff to record gifts and hospitality given or received by them.

3.3 Conflicts of Interest

Conflicts of interest run counter to the fair treatment we expect. They can also break the law and seriously damage our integrity and reputation. A conflict of interest occurs when your private interests interfere, or appear to interfere, with the best interest of Serco.

Serco Suppliers should avoid any interaction with any Serco employee that may conflict or appear to conflict with that employee acting in the best interests of Serco. By way of example, suppliers should not employ or otherwise make payments to any Serco employee during the course of any transaction between the supplier and Serco (other than pursuant to the company contract). If a supplier employee is a family relation to any Serco employee or if a supplier has any other relationship with a Serco employee that might represent a conflict of interest, the supplier should disclose this fact to the company or ensure that the Serco employee does so.

Suppliers must also make Serco aware of any Organisational Conflicts of Interest that could prohibit Serco from pursuing future work with the same client.

[p.16] 7. Raising Concerns

Serco Suppliers who believe that a company employee or anyone acting on behalf of the company has engaged in a legal or otherwise improper conduct should report the matter to the company.

Serco Suppliers similarly should report any potential violation of this Code. Reports may be made through the Serco Speak Up Line, full details of which are available in Serco's Code of Conduct available through www.serco.com.

You may also email ethicshotline@serco.com.

A supplier's relationship with the company will not be affected by an honest report of potential misconduct.

[22] Group Standard Procurement & Supply Chain (Document)

Accessed 31/05/2020

<https://www.serco.com/media/4682/sms-gs-psc1-procurement-and-supply-chain.pdf?1586436934>

[p.7] 2.11 What Serco expects from its suppliers

S67. The following expectations will be assessed and considered when reviewing the overall suitability and performance of suppliers in the procurement process

S68. A Supplier Code of Conduct will be made available for suppliers to ensure that they know what is expected of them

2.11.1 Regulatory compliance and business integrity

S69. Throughout Serco's supply chain, suppliers will be required, either by contract terms and conditions or otherwise in its business dealings with Serco, to:

- a. Conduct their business in accordance with the highest standards of integrity, honesty and openness. Serco will never knowingly use suppliers whose values do not reflect appropriately on our own
- b. Recognise, comply with and respect laws applicable to their operations and those governing the Serco–supplier relationship
- c. Act in accordance with fair business, marketing and advertising practices
- d. Comply with all national and other applicable law and regulations
- e. Establish and maintain ethical and other standards that are, at a minimum, consistent with Serco's Business Conduct and Ethics Group Standard
- f. Never offer, promise, give, accept, condone, knowingly benefit from, or demand a bribe or other improper advantage
- g. Never offer, promise or give payments to foreign public officials ('Facilitation Payments') unless required by local written law
- h. Support Serco's commitment to sustainable procurement
- i. Maintain an appropriate compliance and ethics programme that reflects the legal and ethical requirements applicable to the supplier's business and its business dealings with Serco
- j. Ensure provision of appropriate guidance to their employees and sub-contractors, applicable in its business dealings with Serco, to implement this Standard's requirements
- k. Suppliers will have in place a code of conduct and provisions to ensure compliance with international, national and local anti-bribery and anti-corruption laws, as well as other applicable laws

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.1] Applicability

Serco Group covering all business regions, operating companies and business units throughout the world covering:

- employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)
- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard.

[p.4] 2.8 Anti-bribery and corruption

S27. Serco operates a policy of zero tolerance in regard to bribery and corruption

S28. Serco supports the aims of global bodies such as the Organisation for Economic Co-operation and Development (OECD) to combat bribery and corruption. Serco will comply as a minimum with national anti-bribery and corruption legislation that is applicable to the business

S29. No Serco employee, their agents, representatives, joint venture partners or other third parties employed by Serco will:

1. offer, promise, give, accept, condone, approve or knowingly benefit from an improper business gratuity, a bribe, 'kickback' or other improper advantage, benefit or reward, or otherwise apply inappropriate influence; or
2. make a 'facilitation payment'. A facilitation payment refers to the practice of paying a small sum of money to (usually) an official as a way of ensuring they perform their duty. Current UK legislation forbids facilitation payments anywhere in the world

S30. Serco will only work with business partners (e.g. consortia, or joint ventures, supply chain partners) that meet its standards and commitment to preventing bribery and corruption¹²

S31. Serco's terms and conditions of employment and all contracts and purchase orders will clearly state that the giving or acceptance of bribes to any third party in exchange for a business courtesy is unacceptable

[24] Working with others (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-business/working-with-others>

Working with others

We deal fairly and honestly with suppliers and third parties, and expect the same of them.

The suppliers and third parties we work with play a crucial role in the success and integrity of our business. They can also contribute to our goals of sustainability and social and environmental responsibility. If we work with someone, it is our business what they do and how they do it.

We do not want to buy goods or services that exploit others, or work with anyone who violates Our Code. If you have any doubts, ask "awkward questions". Look closely. Stay alert. Report your concerns

[...]

We expect you to:

- Treat suppliers and third parties with respect, deal with them fairly and honestly, and pay them promptly.
- Speak Up if you have any concerns about their conduct or integrity, and always report any concerns they may have about us.
- Keep to your delegated approval authorities.
- Never turn a blind eye to what a third party may be doing. If there's a rumour that concerns you, follow it up, or report it.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company takes steps to ensure that its sub-contractors have adequate anti-bribery and corruption programmes in place and that the substance of its ethics programme and standards are included in subcontracts throughout the supply chain. This evidence is in the form of a set of supplier principles that sets the minimum standards of ethical behaviour expected throughout the supply chain.</p>
Evidence
<p>[22] Group Standard Procurement & Supply Chain (Document) Accessed 31/05/2020 https://www.serco.com/media/4682/sms-gs-psc1-procurement-and-supply-chain.pdf?1586436934 [p.7] 2.11.1 Regulatory compliance and business integrity</p> <p>S69. Throughout Serco's supply chain, suppliers will be required, either by contract terms and conditions or otherwise in its business dealings with Serco, to:</p> <ol style="list-style-type: none"> Conduct their business in accordance with the highest standards of integrity, honesty and openness. Serco will never knowingly use suppliers whose values do not reflect appropriately on our own Recognise, comply with and respect laws applicable to their operations and those governing the Serco–supplier relationship Act in accordance with fair business, marketing and advertising practices Comply with all national and other applicable law and regulations Establish and maintain ethical and other standards that are, at a minimum, consistent with Serco's Business Conduct and Ethics Group Standard Never offer, promise, give, accept, condone, knowingly benefit from, or demand a bribe or other improper advantage Never offer, promise or give payments to foreign public officials ('Facilitation Payments') unless required by local written law Support Serco's commitment to sustainable procurement Maintain an appropriate compliance and ethics programme that reflects the legal and ethical requirements applicable to the supplier's business and its business dealings with Serco Ensure provision of appropriate guidance to their employees and sub-contractors, applicable in its business dealings with Serco, to implement this Standard's requirements k. Suppliers will have in place a code of conduct and provisions to ensure compliance with international, national and local anti-bribery and anti-corruption laws, as well as other applicable laws <p>[23] Supplier Code of Conduct (Document) Accessed 26/08/2019 https://www.serco.com/media/1519/1519.original.pdf [p.14] 6. Communication, Monitoring and Compliance</p> <p>Serco Suppliers should communicate, through its existing ethical operating standards/practices or through this Code that its workers, supervisors and its permitted subcontractors are aware of the requirements detailed in this Code.</p> <p>Serco reserves the right to do such things as announced and unannounced inspections of facilities, to ensure compliance with this Code. Serco Suppliers must maintain at each facility all documents necessary to demonstrate compliance with the Code. Serco Suppliers must allow representatives from Serco and, if requested, Serco's customers, full access to facilities, documents, worker records and workers for confidential interviews in compliance with local laws.</p> <p>Serco Suppliers are expected to take necessary corrective actions to promptly remedy any identified non-compliance. Serco reserves the right to terminate its business relationship with any Serco Supplier who is unwilling or unable to comply with this Code when termination is allowed by local laws.</p>

We encourage Serco Suppliers to communicate to us any actions taken to improve its business practices and to send us suggestions about how Serco can best contribute to the implementation of the principles set out in this Supplier Code of Conduct.

Full details of Serco's Governing Principles, Code of Conduct, Policies and Standards are available on www.serco.com.

If you have questions about our Supplier Code of Conduct, please contact Serco at suppliercode@serco.com.

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations relating to its suppliers or associated disciplinary actions.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy covering the use of agents. The policy addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks. There is evidence that the company commits to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function. In addition, there is evidence that this policy applies to subsidiaries and owned joint ventures.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.9] 6 Due Diligence</p> <p>Serco seeks to only do business with Third Parties that share its commitment to operate ethically and in full compliance with applicable legal requirements including those around bribery and corruption.</p> <p>The risk from Third Parties is assessed through due diligence and actively managed. Our approach to due diligence is appropriate to the type of Third Party and:</p> <ul style="list-style-type: none"> a. is risk-based, focusing on an assessment of the degree of corruption and other related risks associated with the Third Party; b. reviews the structure of the overall transaction, with specific attention to any “red flags” for corruption or illegal or unacceptable business practices; and c. reviews their reputation, qualification and experience. <p>This assessment and due diligence occurs before the Third Party is engaged or renewed. The procedures to assess and complete due diligence depends upon whether they are a supplier, agent or strategic partner. For each we have specific processes to follow and different levels of governance around decision making.</p> <p>[...] Approval of Agents and Strategic Partners is in line with Approved Delegated Authorities. Approval typically includes consideration of:</p> <ul style="list-style-type: none"> • the need for the Agent/Strategic Partner • their reputation, qualifications, and prior history with Serco (if any) • the scope of services to be provided and the amount of proposed compensation • the terms of the proposed agreement • the ethics and compliance risk or other violation of law posed by them. <p>[...]</p> <p>Similarly, agreements with Agents and Strategic Partners are in writing and include anti-corruption contract and related ethics and compliance provisions. Depending on the outcome of the due diligence exercise and the risk that a Third Party represents, they may be placed onto ongoing monitoring.</p> <p>The level and type of monitoring is appropriate to the risk classification and is determined by the Divisional Ethics Compliance Lead. For key Agents and Strategic Partners the Divisional Executive Management Team identify a Sponsor responsible for managing the ongoing relationship.</p>

Payments are reviewed and approved by the Sponsor, the Divisional Ethics Compliance Lead and the Finance Department. All payments are made to the designated bank account identified in the agreement. The value of all payments is provided in the main agreement.

[p.10] An annual review to substantiate services rendered is undertaken with each Agent.

Due diligence is undertaken when a relationship is first established and then periodically, typically this is every three years unless we become aware of an issue which would lead to revised due diligence being undertaken.

High risk third parties (including agents and strategic partners) are placed on ongoing monitoring.

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.1] Serco Group covering all business regions, operating companies and business units throughout the world covering:

- employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees)
- wholly owned subsidiaries and majority-owned operations

Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard

[p.10] 2.15 Use of third parties and agents

S93. The selection of agents or other third parties to represent Serco's interests will include²⁰:

- a. a thorough check of the representative's reputation and qualifications of each such agent or other third party representative. Proper consideration will be given to any history of improper business practices. No relationships should exist that improperly influences decisions
- b. a clear, written statement of the work to be conducted by such individuals or entities; a requirement to have regular reports of the actions completed; and agreement to comply with sound standards of business conduct and ethics that are consistent with this standard
- c. an assessment that the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly nor provide reimbursement for a facilitation payment

S94. Before entering into any commercial agreements with third parties, any competition concerns will be raised with the Divisional Legal Representative as soon as they are known

S95. The following will always be cleared with the Divisional Legal Representative, except pursuant to a fully executed joint venture, and any teaming agreement or subcontract issued there under where the joint venture has received independent legal counsel concerning the business opportunity in question:

- a. any understanding with a non-Serco company on Serco's contract pricing except in the ordinary course of dealings with Serco's customers
- b. agreements with business partners of longer than 5 years duration
- c. exclusive agreements, i.e. agreements under which suppliers are not allowed to purchase or provide supplies or services to any of Serco's competitors (or vice versa)
- d. any situation in which Serco is able to exercise market power by agreement with others or because of Serco's own position in the market
- e. agreements tying the supply of one service or product with another (e.g. catering and cleaning services). However, agreements under which Serco provides a range of services may well be acceptable so long as the provision of one service is not conditional upon the customer also engaging Serco for other services
- f. joint venture agreements, teaming agreements and subcontracts with competitors of Serco, except as authorised in accord with the Joint Ventures and Alliances section in the Business Development Group Standard

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging with its third parties and agents. There is also evidence to indicate that higher risk agents and third parties are subject to enhanced due diligence. The company indicates that it undertakes due diligence on all third parties during the onboarding process and that it refreshes these checks every three years, with ongoing monitoring throughout the lifecycle of the contract; the level of information provided on these checks is sufficient to receive a score of '2'.</p> <p>It is noted that the company references a document called "Third Party Legal and Ethical Compliance Due Diligence" but this does not appear to be accessible in the public domain.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.9] 6 Due Diligence</p> <p>Serco seeks to only do business with Third Parties that share its commitment to operate ethically and in full compliance with applicable legal requirements including those around bribery and corruption. The risk from Third Parties is assessed through due diligence and actively managed. Our approach to due diligence is appropriate to the type of Third Party and:</p> <ol style="list-style-type: none"> a. is risk-based, focusing on an assessment of the degree of corruption and other related risks associated with the Third Party; b. reviews the structure of the overall transaction, with specific attention to any "red flags" for corruption or illegal or unacceptable business practices; and c. reviews their reputation, qualification and experience. <p>This assessment and due diligence occurs before the Third Party is engaged or renewed.</p> <p>The procedures to assess and complete due diligence depends upon whether they are a supplier, agent or strategic partner. For each we have specific processes to follow and different levels of governance around decision making.</p> <p>Regarding Serco's few Agents, these are subject to thorough due diligence. This typically includes reviewing:</p> <ul style="list-style-type: none"> • evidence of establishment and ownership (including beneficial ownership) information • a copy of any commercial registrations and licenses • financial statements • business references • a copy of any written code, policy, or procedure addressing business ethics, anti-corruption, human rights, payments of commissions, entertainment of or gifts for customers or Public Officials, or related topics, if available. <p>[...]</p> <p>Depending on the outcome of the due diligence exercise and the risk that a Third Party represents, they may be placed onto ongoing monitoring. The level and type of monitoring is appropriate to the risk classification and is determined by the Divisional Ethics Compliance Lead.</p> <p>[p.10] An annual review to substantiate services rendered is undertaken with each Agent.</p>

Due diligence is undertaken when a relationship is first established and then periodically, typically this is every three years unless we become aware of an issue which would lead to revised due diligence being undertaken.

High risk third parties (including agents and strategic partners) are placed on ongoing monitoring.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.57] Our policy and commitment

Our commitment is defined within our Ethics Compliance strategy, Business Conduct and Ethics and Procurement Policy Statements, supporting standards and related operating procedures.

In summary, we strive to:

- only work with customers, partners and suppliers who respect our Values and meet our standards of business conduct and ethics;
- 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 progress

We have:

[...]

- upgraded our third-party due diligence process to adopt a risk-based approach and implemented a revised screening tool to enable more proportionate due diligence per third party;

[4] Group Standard Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/1684/1684.original.pdf>

[p.3] 2.3 Risk management and controls

S8. Ethical risks, including those of bribery, corrupt behaviour, financial and economic sanctions and human rights will be:

- a. identified and assessed for existing business operations and markets
- b. identified and assessed, along with appropriate due diligence, for new markets, geographies, acquisitions, bids and rebid opportunities
- c. identified and assessed, along with appropriate due diligence, for business partners and agents as part of the procurement process and prior to entering into working arrangements with them

[...]

S10. If the Divisional CEO and the Divisional Executive Management Team requires further guidance, the issue will be raised to the Executive Committee for a final decision

S11. All material ethical risks will be recorded within risk registers, with appropriate controls implemented to manage the risk, in accordance with the Risk Management Group Standard

S12. Ethical risks will be reviewed as part of the regular review of business risks

S13. Standards defined for risk management will be applied.


[p.10] 2.15 Use of third parties and agents

S93. The selection of agents or other third parties to represent Serco's interests will include:

- a. a thorough check of the representative's reputation and qualifications of each such agent or other third party representative. Proper consideration will be given to any history of improper business practices. No relationships should exist that improperly influences decisions

- b. a clear, written statement of the work to be conducted by such individuals or entities; a requirement to have regular reports of the actions completed; and agreement to comply with sound standards of business conduct and ethics that are consistent with this standard
- c. an assessment that the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly nor provide reimbursement for a facilitation payment

[p.20]

Process		Controls		Responsibility				
A set of related activities that must be carried out to achieve policy outcomes		The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference		for ensuring controls are in place and operating effectively				
Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
[...]								
P9	Managing anti-bribery and corruption	 C26	Bribery and Corruption due diligence has been undertaken and reviewed by management for all opportunities in new markets and geographies and when establishing working relationships with agents, joint venture partners and other third parties	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

[26] Internal Controls and Risk Management (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/the-board-and-governance>

Internal controls and risk management

We have a well-established system of internal controls (including financial, operational and compliance controls) and risk management to safeguard shareholders' investments and the Company's assets and reputation. These processes are reviewed annually and conform to the requirements of the UK Corporate Governance Code.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company seeks to establish the beneficial ownership of its agents and intermediaries as part of its due diligence process. The company indicates that it undertakes such checks regularly and that any red flags identified may trigger additional reviews.</p> <p>However, the company receives a score of '1' because it does not specifically commit to not engage or terminate an agreement if beneficial ownership cannot be established.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.2] Serco's terms and conditions of employment and all contracts for those who work with or for Serco (including agents, strategic partners and suppliers) and purchase orders clearly state that the giving or acceptance of bribes to any third party in exchange for a business courtesy is unacceptable.</p> <p>[p.9] 6 Due Diligence</p> <p>Serco seeks to only do business with Third Parties that share its commitment to operate ethically and in full compliance with applicable legal requirements including those around bribery and corruption. The risk from Third Parties is assessed through due diligence and actively managed. Our approach to due diligence is appropriate to the type of Third Party and:</p> <ol style="list-style-type: none"> is risk-based, focusing on an assessment of the degree of corruption and other related risks associated with the Third Party; reviews the structure of the overall transaction, with specific attention to any "red flags" for corruption or illegal or unacceptable business practices; and reviews their reputation, qualification and experience. <p>This assessment and due diligence occurs before the Third Party is engaged or renewed.</p> <p>The procedures to assess and complete due diligence depends upon whether they are a supplier, agent or strategic partner. For each we have specific processes to follow and different levels of governance around decision making.</p> <p>Regarding Serco's few Agents, these are subject to thorough due diligence. This typically includes reviewing:</p> <ul style="list-style-type: none"> • evidence of establishment and ownership (including beneficial ownership) information <p>[...]Depending on the outcome of the due diligence exercise and the risk that a Third Party represents, they may be placed onto ongoing monitoring. The level and type of monitoring is appropriate to the risk classification and is determined by the Divisional Ethical Compliance Lead.</p>

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company's anti-bribery and corruption policy applies to agents and that it includes anti-corruption clauses in its contracts with such entities or individuals. There is some evidence that the company includes termination rights in its contracts with these entities.</p> <p>However, the company receives a score of '1' because there is no clear evidence that the company includes audit rights in its contracts with all agents and intermediaries.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.9] In relation to high risk supplier categories the following requirements are typically included:</p> <ul style="list-style-type: none"> • right to audit lower tiers of high-risk supply chains • provisions limiting the Supplier's ability to act on behalf of the company and/or to have interactions with government officials (where applicable) • a contractual obligation by the Supplier to report on services rendered. <p>Similarly, agreements with Agents and Strategic Partners are in writing and include anti-corruption contract and related ethics and compliance provisions.</p> <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 26/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.1] Applicability Serco Group covering all business regions, operating companies and business units throughout the world covering:</p> <ul style="list-style-type: none"> - employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees) - wholly owned subsidiaries and majority-owned operations <p>Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard.</p> <p>[p.3] 2.5 Training awareness and competence</p> <p>S17. The needs of employees will be assessed against identified ethical risks and, where appropriate, training will be given to help them understand and manage the ethical risks being faced</p> <p>S18. New employees will be advised, and existing employees regularly reminded, of the Company's policies, standards and procedures and will be provided with updates to those policies or changes in local requirements</p> <p>S19. All suppliers, agents, third parties and business partners will be made aware of Serco's Code of Conduct and the consequences of Serco severing business relationship for failure to meet the standards expected to be met</p> <p>[p.4] 2.8 Anti-bribery and corruption</p> <p>S27. Serco operates a policy of zero tolerance in regard to bribery and corruption</p>

S28. Serco supports the aims of global bodies such as the Organisation for Economic Co-operation and Development (OECD) to combat bribery and corruption. Serco will comply as a minimum with national anti-bribery and corruption legislation that is applicable to the business

S29. No Serco employee, their agents, representatives, joint venture partners or other third parties employed by Serco will:

- a. offer, promise, give, accept, condone, approve or knowingly benefit from an improper business gratuity, a bribe, 'kickback' or other improper advantage, benefit or reward, or otherwise apply inappropriate influence; or
- b. make a 'facilitation payment'. A facilitation payment refers to the practice of paying a small sum of money to (usually) an official as a way of ensuring they perform their duty. Current UK legislation forbids facilitation payments anywhere in the world

S30. Serco will only work with business partners (e.g. consortia, or joint ventures, supply chain partners) that meet its standards and commitment to preventing bribery and corruption¹²

S31. Serco's terms and conditions of employment and all contracts and purchase orders will clearly state that the giving or acceptance of bribes to any third party in exchange for a business courtesy is unacceptable

[p.10] 2.15 Use of third parties and agents

S93. The selection of agents or other third parties to represent Serco's interests will include:

- a. a thorough check of the representative's reputation and qualifications of each such agent or other third party representative. Proper consideration will be given to any history of improper business practices. No relationships should exist that improperly influences decisions
- b. a clear, written statement of the work to be conducted by such individuals or entities; a requirement to have regular reports of the actions completed; and agreement to comply with sound standards of business conduct and ethics that are consistent with this standard
- c. an assessment that the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly nor provide reimbursement for a facilitation payment

[1] Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf>

[p.1] We believe that the world's leading companies must set and achieve high standards of performance and behaviour.

We are clear about what we believe in and the ethics and business standards we will operate to. These standards 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 we work; and are sensitive to local customs, traditions and cultures.

We will:

- provide a working environment where our values, policies and Code of Conduct are actively supported
- make sure everyone who works for us or with us understands the values we live by, our policies and code
- compete legally, fairly and ethically, making sure the decisions we make promote competition in business, seek to protect our customers' interests and avoid situations that may or may appear to create a conflict of interest
- not falsify records or misrepresent facts, recording and reporting information about our business accurately, honestly and transparently
- not make irregular payments or payments in kind to win business, encourage others to act improperly or influence a decision in our favour
- not participate in any form of corrupt behaviour, either directly or indirectly, anywhere in the world
- not give or receive bribes, facilitation payments or gifts or hospitality that may improperly influence a business decision or judgement
- recognise the principles in the Universal Declaration of Human Rights and not take part in, or benefit from, any activity that breaks any law relating to human rights

- respect human rights in our operations and use international human rights standards, such as the UN Guiding Principles on Business and Human Rights, as a framework: to identify, assess and monitor adverse human rights impacts; prevent or mitigate causing or contributing to such impacts; and to address such impacts should they occur
- not engage in any form of human trafficking or use forced, compulsory, illegal or child labour, or knowingly work with anyone who does
- contribute to public debates about policies that affect our business. However, we will always be impartial about party politics
- only work with partners, third parties and customers who share our ethical standards
- encourage everyone to seek help and advice if they are unsure about what to do, or concerned that our values, policies or code are being violated
- provide confidential resources for everyone to report such violations and make certain there is no retaliation of any kind against them
- put improvements into place quickly after we have identified them, and remedy any wrongdoing we have identified as soon as possible

We will put this policy into practice by applying effective standards, operating procedures and processes to ensure we operate our business in an ethical and responsible way.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.57] Responsible relationships

What responsible relationships means to us

We seek to build honest, respectful and transparent relationships with customers, partners and suppliers – requiring that they follow regulatory compliance and share our ethical standards and commitment to sustainability throughout the supply chain.

Our policy and commitment

Our commitment is defined within our Ethics Compliance strategy, Business Conduct and Ethics and Procurement Policy Statements, supporting standards and related operating procedures.

In summary, we strive to:

- only work with customers, partners and suppliers who respect our Values and meet our standards of business conduct and ethics;
- 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;
- complete robust analysis of requirements and establish a clear management structure (aligned to the Serco Management System and overall strategies for each business opportunity) for third-party arrangements considered necessary to meet contract requirements, including joint ventures, strategic partnerships and consortium arrangements;
- apply robust supplier sourcing and selection criteria, and monitor supplier performance to inform relationship management and identify opportunities for improvement; and

[...]

Key components in our governance

[...]

- Divisional Legal Representatives manage contractual arrangements with customers, partners and suppliers.

[...]

Our progress

We have:

- revised procedures for the due diligence and monitoring of suppliers, agents and strategic partners, and published new due

[p.58] diligence guidance for new country entry;

– reviewed our management approach to Company agents, identifying opportunities for improvement;

[3] Code of Conduct (Document)

Accessed 26/08/2019

<https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193>

[p.6] “You”

When Our Code refers to “You” that doesn’t mean some people don’t have to comply. “You” means all of us, whatever job we do at Serco. It also includes everyone who works with us in a full-time, part-time or temporary job, and all the contractors we work with around the world.

We are also determined to only work with partners, third parties and customers whose standards are consistent with ours.

[24] Working with others (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-business/working-with-others>

Working with others

We deal fairly and honestly with suppliers and third parties, and expect the same of them.

The suppliers and third parties we work with play a crucial role in the success and integrity of our business. They can also contribute to our goals of sustainability and social and environmental responsibility. If we work with someone, it is our business what they do and how they do it.

We do not want to buy goods or services that exploit others, or work with anyone who violates Our Code. If you have any doubts, ask “awkward questions”. Look closely. Stay alert. Report your concerns

[...]

We expect you to:

- Treat suppliers and third parties with respect, deal with them fairly and honestly, and pay them promptly.
- Speak Up if you have any concerns about their conduct or integrity, and always report any concerns they may have about us.
- Keep to your delegated approval authorities.
- Never turn a blind eye to what a third party may be doing. If there's a rumour that concerns you, follow it up, or report it.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company addresses incentive structures for agents as a factor in bribery and corruption risk. The company indicates that fees must be reasonable and not provide an incentive to act improperly, as well as stipulating specific sign off procedures for all agent payments. In addition, the company commits to only provide payments as specified in the contract and to making all payments into a designated bank account.</p> <p>However, the company receives a score of '1' because there is no evidence that the company imposes a proportional or other threshold on the payment of sales commissions to agents. There is also no clear evidence that remuneration is made in stage payments throughout the lifecycle of the contract.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.9] For key Agents and Strategic Partners the Divisional Executive Management Team identify a Sponsor responsible for managing the ongoing relationship. Payments are reviewed and approved by the Sponsor, the Divisional Ethics Compliance Lead and the Finance Department. All payments are made to the designated bank account identified in the agreement. The value of all payments is provided in the main agreement.</p> <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 26/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.10] 2.15 Use of third parties and agents S93. The selection of agents or other third parties to represent Serco's interests will include:</p> <ul style="list-style-type: none"> 93. a thorough check of the representative's reputation and qualifications of each such agent or other third party representative. Proper consideration will be given to any history of improper business practices. No relationships should exist that improperly influences decisions 94. a clear, written statement of the work to be conducted by such individuals or entities; a requirement to have regular reports of the actions completed; and agreement to comply with sound standards of business conduct and ethics that are consistent with this standard 95. an assessment that the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly nor provide reimbursement for a facilitation payment

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for and/or on behalf of the company.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, incidents or the associated disciplinary actions involving agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering and while operating in a joint venture. There is evidence that this due diligence is conducted for every joint venture partnership ("strategic partners") and that this includes checks on the beneficial ownership of the partner company. The company indicates that it undertakes due diligence on all strategic partners during the onboarding process and that it refreshes these checks every three years, with ongoing monitoring throughout the lifecycle of the contract for high-risk partners; the level of information provided on these checks is sufficient to receive a score of '2'.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.9] Regarding Strategic Partners the due diligence criteria applied typically covers areas such as:</p> <ul style="list-style-type: none"> • structure and ownership, including parents, subsidiaries, and affiliates, including whether there is any government ownership or control • legal and beneficial owners, directors, officers, and key employees, including those critical to the joint venture company or partnership structure, whether they have any close relations current or former government officials; and any other business interests which may conflict with the sought partnership • litigation and legal proceedings search • reviewing their areas of operation and sales • any regulatory hurdles, such as trade sanctions and export controls regulations. <p>Approval of Agents and Strategic Partners is in line with Approved Delegated Authorities. Approval typically includes consideration of:</p> <ul style="list-style-type: none"> • the need for the Agent/Strategic Partner • their reputation, qualifications, and prior history with Serco (if any) • the scope of services to be provided and the amount of proposed compensation • the terms of the proposed agreement • the ethics and compliance risk or other violation of law posed by them. <p>[...]</p> <p>Depending on the outcome of the due diligence exercise and the risk that a Third Party represents, they may be placed onto ongoing monitoring. The level and type of monitoring is appropriate to the risk classification and is determined by the Divisional Ethics Compliance Lead.</p> <p>[p.10] Due diligence is undertaken when a relationship is first established and then periodically, typically this is every three years unless we become aware of an issue which would lead to revised due diligence being undertaken. High risk third parties (including agents and strategic partners) are placed on ongoing monitoring.</p> <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 26/08/2019 https://www.serco.com/media/1684/1684.original.pdf</p> <p>[p.3] 2.3 Risk management and controls</p> <p>S8. Ethical risks, including those of bribery, corrupt behaviour, financial and economic sanctions and human rights will be:</p>

- a. identified and assessed for existing business operations and markets
- b. identified and assessed, along with appropriate due diligence, for new markets, geographies, acquisitions, bids and rebid opportunities
- c. identified and assessed, along with appropriate due diligence, for business partners and agents as part of the procurement process and prior to entering into working arrangements with them

[...]

S10. If the Divisional CEO and the Divisional Executive Management Team requires further guidance, the issue will be raised to the Executive Committee for a final decision

S11. All material ethical risks will be recorded within risk registers, with appropriate controls implemented to manage the risk, in accordance with the Risk Management Group Standard

S12. Ethical risks will be reviewed as part of the regular review of business risks

S13. Standards defined for risk management will be applied.

[p.20]

Process

A set of related activities that must be carried out to achieve policy outcomes

Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
P9	Managing anti-bribery and corruption	⇒ C26	Bribery and Corruption due diligence has been undertaken and reviewed by management for all opportunities in new markets and geographies and when establishing working relationships with agents, joint venture partners and other third parties	○	●	●	○	○

[26] Internal Controls and Risk Management (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/the-board-and-governance>

Internal controls and risk management

We have a well-established system of internal controls (including financial, operational and compliance controls) and risk management to safeguard shareholders' investments and the Company's assets and reputation. These processes are reviewed annually and conform to the requirements of the UK Corporate Governance Code.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company commits to establishing and implementing anti-bribery and corruption policies in its joint ventures. The company states that it includes anti-bribery and corruption provisions in its joint venture contracts and there is evidence indicating that contracts include termination rights.</p> <p>However, the company receives a score of '1' because there is no clear evidence that it takes steps to detect, control and prevent breaches through the inclusion of audit rights in all its joint venture contracts.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf</p> <p>[p.10] In relation to high risk supplier categories the following requirements are typically included:</p> <ul style="list-style-type: none"> • right to audit lower tiers of high-risk supply chains • provisions limiting the Supplier's ability to act on behalf of the company and/or to have interactions with government officials (where applicable) • a contractual obligation by the Supplier to report on services rendered. <p>Similarly, agreements with Agents and Strategic Partners are in writing and include anti-corruption contract and related ethics and compliance provisions.</p> <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 26/08/2019 https://www.serco.com/media/1684/1684.original.pdf</p> <p>[p.1] Applicability Serco Group covering all business regions, operating companies and business units throughout the world covering:</p> <ul style="list-style-type: none"> - employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees) - wholly owned subsidiaries and majority-owned operations <p>Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard.</p> <p>[p.3] 2.5 Training awareness and competence</p> <p>S17. The needs of employees will be assessed against identified ethical risks and, where appropriate, training will be given to help them understand and manage the ethical risks being faced</p> <p>S18. New employees will be advised, and existing employees regularly reminded, of the Company's policies, standards and procedures and will be provided with updates to those policies or changes in local requirements</p> <p>S19. All suppliers, agents, third parties and business partners will be made aware of Serco's Code of Conduct and the consequences of Serco severing business relationship for failure to meet the standards expected to be met</p> <p>[p.4] 2.8 Anti-bribery and corruption</p>

S27. Serco operates a policy of zero tolerance in regard to bribery and corruption

S28. Serco supports the aims of global bodies such as the Organisation for Economic Co-operation and Development (OECD) to combat bribery and corruption. Serco will comply as a minimum with national anti-bribery and corruption legislation that is applicable to the business

S29. No Serco employee, their agents, representatives, joint venture partners or other third parties employed by Serco will:

- a. offer, promise, give, accept, condone, approve or knowingly benefit from an improper business gratuity, a bribe, 'kickback' or other improper advantage, benefit or reward, or otherwise apply inappropriate influence; or
- b. make a 'facilitation payment'. A facilitation payment refers to the practice of paying a small sum of money to (usually) an official as a way of ensuring they perform their duty. Current UK legislation forbids facilitation payments anywhere in the world

S30. Serco will only work with business partners (e.g. consortia, or joint ventures, supply chain partners) that meet its standards and commitment to preventing bribery and corruption

S31. Serco's terms and conditions of employment and all contracts and purchase orders will clearly state that the giving or acceptance of bribes to any third party in exchange for a business courtesy is unacceptable

[p.10] 2.15 Use of third parties and agents

S93. The selection of agents or other third parties to represent Serco's interests will include:

- a. a thorough check of the representative's reputation and qualifications of each such agent or other third party representative. Proper consideration will be given to any history of improper business practices. No relationships should exist that improperly influences decisions
- b. a clear, written statement of the work to be conducted by such individuals or entities; a requirement to have regular reports of the actions completed; and agreement to comply with sound standards of business conduct and ethics that are consistent with this standard
- c. an assessment that the proposed fee is reasonable for the services being rendered and that it does not provide incentives to act improperly nor provide reimbursement for a facilitation payment

[1] Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf>

[p.1] We believe that the world's leading companies must set and achieve high standards of performance and behaviour.

We are clear about what we believe in and the ethics and business standards we will operate to. These standards 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 we work; and are sensitive to local customs, traditions and cultures.

We will:

- provide a working environment where our values, policies and Code of Conduct are actively supported
- make sure everyone who works for us or with us understands the values we live by, our policies and code
- compete legally, fairly and ethically, making sure the decisions we make promote competition in business, seek to protect our customers' interests and avoid situations that may or may appear to create a conflict of interest
- not falsify records or misrepresent facts, recording and reporting information about our business accurately, honestly and transparently
- not make irregular payments or payments in kind to win business, encourage others to act improperly or influence a decision in our favour
- not participate in any form of corrupt behaviour, either directly or indirectly, anywhere in the world
- not give or receive bribes, facilitation payments or gifts or hospitality that may improperly influence a business decision or judgement

- recognise the principles in the Universal Declaration of Human Rights and not take part in, or benefit from, any activity that breaks any law relating to human rights
- respect human rights in our operations and use international human rights standards, such as the UN Guiding Principles on Business and Human Rights, as a framework: to identify, assess and monitor adverse human rights impacts; prevent or mitigate causing or contributing to such impacts; and to address such impacts should they occur
- not engage in any form of human trafficking or use forced, compulsory, illegal or child labour, or knowingly work with anyone who does
- contribute to public debates about policies that affect our business. However, we will always be impartial about party politics
- only work with partners, third parties and customers who share our ethical standards
- encourage everyone to seek help and advice if they are unsure about what to do, or concerned that our values, policies or code are being violated
- provide confidential resources for everyone to report such violations and make certain there is no retaliation of any kind against them
- put improvements into place quickly after we have identified them, and remedy any wrongdoing we have identified as soon as possible

We will put this policy into practice by applying effective standards, operating procedures and processes to ensure we operate our business in an ethical and responsible way.

[3] Code of Conduct (Document)

Accessed 23/08/2019

<https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193>

[p.6] "You"

When Our Code refers to "You" that doesn't mean some people don't have to comply. "You" means all of us, whatever job we do at Serco. It also includes everyone who works with us in a full-time, part-time or temporary job, and all the contractors we work with around the world.

We are also determined to only work with partners, third parties and customers whose standards are consistent with ours.

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.57] Responsible relationships

What responsible relationships means to us

We seek to build honest, respectful and transparent relationships with customers, partners and suppliers – requiring that they follow regulatory compliance and share our ethical standards and commitment to sustainability throughout the supply chain.

Our policy and commitment

Our commitment is defined within our Ethics Compliance strategy, Business Conduct and Ethics and Procurement Policy Statements, supporting standards and related operating procedures.

In summary, we strive to:

- only work with customers, partners and suppliers who respect our Values and meet our standards of business conduct and ethics;
- 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;
- complete robust analysis of requirements and establish a clear management structure (aligned to the Serco Management System and overall strategies for each business opportunity) for third-party arrangements considered necessary to meet contract requirements, including joint ventures, strategic partnerships and consortium arrangements;

[p.58] Our next steps

In addition to delivering our ongoing processes, programmes and schedules of continuous improvement, we plant to:

[...]

– conduct a compliance review of all joint venture and strategic partner management;

[24] Working with others (Webpage)

Accessed 26/08/2019

<https://www.serco.com/about/serco-code-of-conduct/our-business/working-with-others>

Working with others

We deal fairly and honestly with suppliers and third parties, and expect the same of them.

The suppliers and third parties we work with play a crucial role in the success and integrity of our business. They can also contribute to our goals of sustainability and social and environmental responsibility. If we work with someone, it is our business what they do and how they do it.

We do not want to buy goods or services that exploit others, or work with anyone who violates Our Code. If you have any doubts, ask "awkward questions". Look closely. Stay alert. Report your concerns

[...]

We expect you to:

- Treat suppliers and third parties with respect, deal with them fairly and honestly, and pay them promptly.
- Speak Up if you have any concerns about their conduct or integrity, and always report any concerns they may have about us.
- Keep to your delegated approval authorities.
- Never turn a blind eye to what a third party may be doing. If there's a rumour that concerns you, follow it up, or report it.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
1
Comments
Based on publicly available information, there is some evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures. However, the company receives a score of '1' because it does not provide any further information on the steps that it takes to assure itself of this.
Evidence
<p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 26/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.1] Applicability Serco Group covering all business regions, operating companies and business units throughout the world covering:</p> <ul style="list-style-type: none"> – employees, officers, directors and individuals working as consultants and contractors and any other parties acting as representatives or agents of Serco (Employees) – wholly owned subsidiaries and majority-owned operations <p>Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard.</p> <p>[p.3] 2.5 Training awareness and competence</p> <p>S17. The needs of employees will be assessed against identified ethical risks and, where appropriate, training will be given to help them understand and manage the ethical risks being faced</p> <p>S18. New employees will be advised, and existing employees regularly reminded, of the Company's policies, standards and procedures and will be provided with updates to those policies or changes in local requirements</p> <p>S19. All suppliers, agents, third parties and business partners will be made aware of Serco's Code of Conduct and the consequences of Serco severing business relationship for failure to meet the standards expected to be met</p> <p>[p.4] 2.8 Anti-bribery and corruption</p> <p>S27. Serco operates a policy of zero tolerance in regard to bribery and corruption</p> <p>S28. Serco supports the aims of global bodies such as the Organisation for Economic Co-operation and Development (OECD) to combat bribery and corruption. Serco will comply as a minimum with national anti-bribery and corruption legislation that is applicable to the business</p> <p>S29. No Serco employee, their agents, representatives, joint venture partners or other third parties employed by Serco will:</p> <ol style="list-style-type: none"> a. offer, promise, give, accept, condone, approve or knowingly benefit from an improper business gratuity, a bribe, 'kickback' or other improper advantage, benefit or reward, or otherwise apply inappropriate influence; or b. make a 'facilitation payment'. A facilitation payment refers to the practice of paying a small sum of money to (usually) an official as a way of ensuring they perform their duty. Current UK legislation forbids facilitation payments anywhere in the world <p>S30. Serco will only work with business partners (e.g. consortia, or joint ventures, supply chain partners) that meet its standards and commitment to preventing bribery and corruption</p> <p>S31. Serco's terms and conditions of employment and all contracts and purchase orders will clearly state that the giving or acceptance of bribes to any third party in exchange for a business courtesy is unacceptable.</p>

[27] Anti-Bribery and Corruption Supplement (Document)

Accessed 14/05/2020

<https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf>

[p.10] In relation to high risk supplier categories the following requirements are typically included:

- right to audit lower tiers of high-risk supply chains
- provisions limiting the Supplier's ability to act on behalf of the company and/or to have interactions with government officials (where applicable)
- a contractual obligation by the Supplier to report on services rendered.

Similarly, agreements with Agents and Strategic Partners are in writing and include anti-corruption contract and related ethics and compliance provisions.

[1] Business Conduct and Ethics (Document)

Accessed 26/08/2019

<https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf>

[p.1] We believe that the world's leading companies must set and achieve high standards of performance and behaviour.

We are clear about what we believe in and the ethics and business standards we will operate to. These standards 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 we work; and are sensitive to local customs, traditions and cultures.

We will:

- provide a working environment where our values, policies and Code of Conduct are actively supported
- make sure everyone who works for us or with us understands the values we live by, our policies and code
- compete legally, fairly and ethically, making sure the decisions we make promote competition in business, seek to protect our customers' interests and avoid situations that may or may appear to create a conflict of interest
- not falsify records or misrepresent facts, recording and reporting information about our business accurately, honestly and transparently
- not make irregular payments or payments in kind to win business, encourage others to act improperly or influence a decision in our favour
- not participate in any form of corrupt behaviour, either directly or indirectly, anywhere in the world
- not give or receive bribes, facilitation payments or gifts or hospitality that may improperly influence a business decision or judgement
- recognise the principles in the Universal Declaration of Human Rights and not take part in, or benefit from, any activity that breaks any law relating to human rights
- respect human rights in our operations and use international human rights standards, such as the UN Guiding Principles on Business and Human Rights, as a framework: to identify, assess and monitor adverse human rights impacts; prevent or mitigate causing or contributing to such impacts; and to address such impacts should they occur
- not engage in any form of human trafficking or use forced, compulsory, illegal or child labour, or knowingly work with anyone who does
- contribute to public debates about policies that affect our business. However, we will always be impartial about party politics
- only work with partners, third parties and customers who share our ethical standards
- encourage everyone to seek help and advice if they are unsure about what to do, or concerned that our values, policies or code are being violated
- provide confidential resources for everyone to report such violations and make certain there is no retaliation of any kind against them
- put improvements into place quickly after we have identified them, and remedy any wrongdoing we have identified as soon as possible

We will put this policy into practice by applying effective standards, operating procedures and processes to ensure we operate our business in an ethical and responsible way.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy of not entering into offset agreements. However, the company states that it has inherited an offset agreement as a result of a recent acquisition; the company indicates that it does not plan to enter into any further offset arrangements.</p> <p>The company's publicly available policies recognise the corruption risks associated with offset arrangements, and there is clear evidence that the company has undertaken due diligence on the process. The company also states that its Executive and Investment Committee is responsible for reviewing and approving offset arrangements. Although the company does not have a dedicated body, department or team responsible for offset activities, there is evidence to suggest that the company rarely enters into such agreements and therefore the measures stipulated are deemed sufficient for a score of '2'.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.7] 3.3.1 Offset contracting</p> <p>Serco policy has been not to undertake offset contracting. Following a recent acquisition within Serco Americas division we have inherited an offset commitment in Canada. This was identified as part of acquisition due diligence where risks were assessed and reviewed by the Investment Committee.</p> <p>This commitment relates to an obligation Serco has as a sub-contractor to contribute to the requirement placed on the prime defence contractor under Canada's Industrial and Technological Benefits Policy (ITB). In meeting this commitment Serco adopts ITB policy in determining the content value it undertakes and reports.</p> <p>We use a consultant, which has been subject to due diligence, to better understand the IRB to help compliance. Any investments made under ITB undergo appropriate due diligence and application of our SMS and its intent to prevent any bribery and corruption. This is the only offset commitment Serco has across its operations. Outside of this contractual commitment Serco maintains its intent not to undertake offset contracting.</p> <p>All bids are subject to formal review at stages during the bid period which considers risks including bribery and corruption risks. In the very rare occasions where Serco may consider offset contracting its risks form part of these reviews and require Executive and Investment Committee review and approval.</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures in place to conduct anti-bribery and corruption due diligence on offset obligations. There is also evidence that the company seeks to assure itself of the legitimacy of the investment.</p> <p>However, the company receives a score of '1' because there is no evidence that this process specifically includes checks on beneficial ownership or conflict of interest. There is also no evidence that the company refreshes this due diligence continuously or at least when there is a significant change in the business relationship or nature of the partner.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.7] 3.3.1 Offset contracting</p> <p>Serco policy has been not to undertake offset contracting. Following a recent acquisition within Serco Americas division we have inherited an offset commitment in Canada. This was identified as part of acquisition due diligence where risks were assessed and reviewed by the Investment Committee.</p> <p>This commitment relates to an obligation Serco has as a sub-contractor to contribute to the requirement placed on the prime defence contractor under Canada's Industrial and Technological Benefits Policy (ITB). In meeting this commitment Serco adopts ITB policy in determining the content value it undertakes and reports.</p> <p>We use a consultant, which has been subject to due diligence, to better understand the IRB to help compliance. Any investments made under ITB undergo appropriate due diligence and application of our SMS and its intent to prevent any bribery and corruption. This is the only offset commitment Serco has across its operations. Outside of this contractual commitment Serco maintains its intent not to undertake offset contracting.</p> <p>All bids are subject to formal review at stages during the bid period which considers risks including bribery and corruption risks. In the very rare occasions where Serco may consider offset contracting its risks form part of these reviews and require Executive and Investment Committee review and approval.</p>

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
1
Comments
The company publishes a statement to indicate that it currently employs one consultant to provide compliance advice in relation to its offset programme. Although the company does not provide any further details of this individual or entity, there is sufficient evidence to indicate that no other consultants act for or on behalf of the company's offset programme, so the company receives a score of '1'.
Evidence
[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.7] 3.3.1 Offset contracting [...] We use a consultant, which has been subject to due diligence, to better understand the IRB to help compliance.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
<p>There is no evidence that the company publishes details of the beneficiaries of the offset project it has recently inherited as part of an acquisition. The company indicates that its ongoing offset arrangement contributes to a requirement placed on a local contractor under Canada's Industrial and Technological Benefits Policy (ITB), but does not provide any further details about the project or direct beneficiary.</p>
Evidence
<p>[27] Anti-Bribery and Corruption Supplement (Document) Accessed 14/05/2020 https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf [p.7] 3.3.1 Offset contracting</p> <p>Serco policy has been not to undertake offset contracting. Following a recent acquisition within Serco Americas division we have inherited an offset commitment in Canada. This was identified as part of acquisition due diligence where risks were assessed and reviewed by the Investment Committee.</p> <p>This commitment relates to an obligation Serco has as a sub-contractor to contribute to the requirement placed on the prime defence contractor under Canada's Industrial and Technological Benefits Policy (ITB). In meeting this commitment Serco adopts ITB policy in determining the content value it undertakes and reports.</p>

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
Based on publicly available information, there is evidence that the company acknowledges the corruption risks associated with operating in different markets and there is evidence that it has a dedicated assessment process in place to assess such risks. There is evidence to suggest that the results of these assessments trigger the implementation of additional controls and have an impact on business decisions.
Evidence
<p>[7] Annual Report and Accounts 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf [p.89] Our Business Lifecycle decision-making tools</p> <p>The SMS features several tools which directly support Business Lifecycle decision-making. These include:</p> <ul style="list-style-type: none"> • Our New Country Due Diligence guidance – which prescribes the extent and depth of due diligence required for entry into a new country based on a range of service, customer and geographical criteria <p>[4] Group Standard Business Conduct and Ethics (Document) Accessed 26/08/2019 https://www.serco.com/media/1684/1684.original.pdf [p.3] S6. The Executive Committee will determine Serco's position in relation to new geographic markets, opportunities and activities that have been identified as presenting an ethical dilemma which:</p> <ul style="list-style-type: none"> a. have implications across the Group b. represent a significant reputational risk to the Group c. a Division or Corporate Function wishes to seek clarification on the Company's position <p>S7. Operations in a new country where Serco does not currently operate must be subject to a full ethical, financial and economic sanctions and Human Rights risk assessment and approved by the Executive Committee prior to any commitments or contractual arrangements being agreed</p> <p>2.3 Risk management and controls</p> <p>S8. Ethical risks, including those of bribery, corrupt behaviour, financial and economic sanctions and human rights will be:</p> <ul style="list-style-type: none"> a. identified and assessed for existing business operations and markets b. identified and assessed, along with appropriate due diligence, for new markets, geographies, acquisitions, bids and rebid opportunities c. identified and assessed, along with appropriate due diligence, for business partners and agents as part of the procurement process and prior to entering into working arrangements with them <p>[p.10] S100. The Executive Committee is responsible for:</p> <p>[p.11] a. Determining Serco's position in relation to new geographic markets, opportunities and activities that have been identified as presenting an ethical dilemma</p> <ul style="list-style-type: none"> b. Approving operations in a new country where Serco does not currently operate, prior to any commitments or contractual arrangements being agreed and following an ethical and human rights risk assessment

[p.20]

Process

A set of related activities that must be carried out to achieve policy outcomes

Controls

The action we put in place to mitigate a risk(s) within a key process and/or the delivery of policy outcomes. These are mandated and are the minimum that should be implemented regardless of any local difference

Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
P9	Managing anti-bribery and corruption	C26	Bribery and Corruption due diligence has been undertaken and reviewed by management for all opportunities in new markets and geographies and when establishing working relationships with agents, joint venture partners and other third parties	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

[6] Corporate Responsibility Report 2019 (Document)

Accessed 31/03/2020

<https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf>

[p.11] Our Business Lifecycle decision-making tools

The SMS features several tools which directly support Business Lifecycle decision-making.

These include:

- Our New Country Due Diligence guidance – which prescribes the extent and depth of due diligence required for entry into a new country based on a range of service, customer and geographical criteria.

[p.46] Key components in our governance: Value for public money

[...]

- balance innovation and our entrepreneurial spirit with robust risk management at all stages of business development, especially when entering new markets;

Question																																																																	
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																																	
Score																																																																	
1																																																																	
Comments																																																																	
<p>There is evidence that the company publishes a list of its consolidated subsidiaries and non-fully consolidated holdings. The list includes all of the company's holdings, showing the percentage ownership and country of incorporation for each entity. There is evidence that this list is updated on an annual basis due to its inclusion in the company's Annual Report.</p> <p>However, the company receives a score of '1' because the list does not include the countries of operation for each entity.</p>																																																																	
Evidence																																																																	
<p>[7] Annual Report and Accounts 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf [p.234]</p> <hr/> <h2>Appendix: List of Subsidiaries and Related Undertakings</h2> <table> <thead> <tr> <th>Company name</th><th>Serco Group interest</th><th>Registered office address</th></tr> </thead> <tbody> <tr> <td>Aeradio Technical Services WLL^{2/4}</td><td>49%</td><td>Headquarters Building, Building # 1605, Road # 5141, Askar # 951, PO Box 26803 Manama, Kingdom of Bahrain</td></tr> <tr> <td>Aeradio Technical Services LLC</td><td>49%</td><td>Headquarters Building, PO Box 126, Doha, Qatar</td></tr> <tr> <td>Alion-IPS Corporation</td><td>100%</td><td>12930 Worldgate Drive, Suite 600, Herndon VA 20170, United States</td></tr> <tr> <td>AWE Management Limited³</td><td>24.5%</td><td>Room 20, Building F161.2 Atomic Weapons Establishment, Aldermaston, Reading, RG7 4PR, United Kingdom</td></tr> <tr> <td>AWE Pension Trustees Limited</td><td>24.5%</td><td>Room 20, Building F161.2 Atomic Weapons Establishment, Aldermaston, Reading, RG7 4PR, United Kingdom</td></tr> <tr> <td>AWE plc</td><td>24.5%</td><td>Room 20, Building F161.2 Atomic Weapons Establishment, Aldermaston, Reading, RG7 4PR, United Kingdom</td></tr> <tr> <td>BAS-Serco Limited</td><td>10%</td><td>Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda</td></tr> <tr> <td>Cardinal Insurance Company Limited</td><td>100%</td><td>Maison Trinity, Trinity Square, St Peter Port Guernsey</td></tr> <tr> <td>CCM Software Services Ltd²</td><td>100%</td><td>135 Hillside, Greystones, Co Wicklow 216410, Ireland</td></tr> <tr> <td>COMPASS SNI Limited</td><td>100%</td><td>Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom</td></tr> <tr> <td>Confluent Innovations, LLC</td><td>49%</td><td>5880 Innovation Drive, Dublin, OH 43016, United States</td></tr> <tr> <td>Djurgardens Farjetrafik AB</td><td>50%</td><td>Svensksundsvagen 17, 111 49 Stockholm Sweden</td></tr> <tr> <td>DMS Maritime Pty Limited</td><td>100%</td><td>Level 24, 60 Margaret Street, Sydney NSW 2000, Australia</td></tr> <tr> <td>Hong Kong Parking Limited</td><td>40%</td><td>Room 2601, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong</td></tr> <tr> <td>Innu Serco Inc</td><td>49%</td><td>P.O. 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LOGTEC Inc.	100%	12930 Worldgate Drive, Suite 600, Herndon VA 20170, United States
Mahani Technical Services, LLC	49%	Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, Delaware 19801
Merseyrail Electrics 2002 Limited	50%	Rail House, Lord Nelson Street, Liverpool, Merseyside, L1 1JF
Merseyrail Infracore Limited	50%	Rail House, Lord Nelson Street, Liverpool, Merseyside, L1 1JF
Merseyrail Services Holding Company Limited ³	50%	Eversheds House, 70 Great Bridgewater Street, Manchester, Lancashire, M1 5ES United Kingdom
Northern Rail Holdings Limited	50%	Eversheds House, 70 Great Bridgewater Street, Manchester, Lancashire, M1 5ES United Kingdom
Northern Rail Limited	50%	Serco House 16 Bartley Wood, Business Park Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Priority Properties North West Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, United Kingdom
Serco (Jersey) Limited	100%	13 Castle Street St Helier Jersey JE4 5UT, Jersey
Serco Australia Pty Limited ³	100%	Level 24, 60 Margaret Street, Sydney NSW 2000, Australia
Serco Belgium S.A	100%	Avenue de Cortenbergh 60 – 1000 Brussels, Belgium

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Company name	Serco Group interest	Registered office address
Serco Caledonian Sleepers Limited	100%	Basement And Ground Floor Premises, 1-5 Union Street, Inverness, IV1 1PP, Scotland, United Kingdom
Serco Canada Inc.	100%	330 Bay Street, Suite 400, Toronto, Canada M5H 2S8
Serco Canada Marine Corporation	100%	12930 Worldgate Drive, Suite 600, Herndon VA 20170, United States
Serco Citizen Services Pty Ltd	100%	Level 24, 60 Margaret Street, Sydney NSW 2000, Australia
Serco Consulting Bahrain WLL	100%	Diplomatic Area, Road 1702, Block 317, Building 125, Flat 407, Manama, Kingdom of Bahrain
Serco Corporate Services Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Defence Clothing Pty Ltd	100%	Level 24, 60 Margaret Street, Sydney NSW 2000, Australia
Serco Defence SA	100%	Avenue de Cortenbergh 60-1000 Brussels, Belgium
Serco Defence Services Pty Ltd	100%	Level 24, 60 Margaret Street, Sydney NSW 2000, Australia
Serco Environmental Services Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Ferries (Guernsey) Crewing Limited	100%	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, GY1 2JA, Guernsey
Serco Ferries (HR) Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Geografix Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Gestion de Negocios SL	100%	Calle Ayala, 13 1 ^o Dr, 28001 Madrid, Spain
Serco Group (HK) Limited	100%	Suite No. 1, 11 F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong
Serco Group Pty Limited	100%	Level 24, 60 Margaret Street, Sydney NSW 2000, Australia
Serco Holdings Limited ¹	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Inc. ³	100%	12930 Worldgate Drive, Suite 600, Herndon VA 20170, United States
Serco Integrated Transport Private Limited ²	100%	Office# 431, Level 4, Augusta Point, Sector 53 Golf Course Road, Gurgaon 122002, India
Serco International Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco International S.à r.l	100%	17 Boulevard Royal, L-2449, Luxembourg
Serco Italia SpA	100%	Viale della Tecnica 161, 00144, Rome, Italy
Serco Leasing Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Leisure Operating Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Limited ³	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Listening Company Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Luxembourg S.A.	100%	Rue de Neudorf, 560A, L2200, Luxembourg
Serco Nederland B.V.	100%	Kapteynstraat 1, 2201 BB Noordwijk ZH, Netherlands
Serco New Zealand (Asset Management Services) Limited	100%	18 Viaduct Harbour Avenue, Auckland Central, Auckland, 1010, New Zealand
Serco New Zealand Limited	100%	Level 4, KPMG Centre, 18 Viaduct Harbour Avenue, Auckland Central, Auckland, 1010, New Zealand
Serco New Zealand Training Limited	100%	Level 4, KPMG Centre, 18 Viaduct Harbour Avenue, Auckland Central, Auckland, 1010, New Zealand

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Company name	Serco Group interest	Registered office address
Serco North America (Holdings), Inc.	100%	1209 Orange Street, Wilmington, DE 19801, United States
Serco North America Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Paisa Limited	50%	Surrey, Ci Tower, St. George's Square, New Malden, Surrey, KT3 4TE United Kingdom
Serco PIK Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Pension Trustee Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Projects LLC	49%	Global Business Centre 2, Second Floor, Al Hitmi Village Building, C-Ring Road, PO Box 25422 Doha, State of Qatar
Serco Regional Services Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Serco Safety Services L.L.C. ⁵	49%	Hala Business Center, Al Khor Building, Office 201, 202, Baniyas Street, Al Buteen Area Deira, Dubai
Serco Sarl	100%	15, rue Lumière 01630 Saint Genis Pouilly, France
Serco SAS	100%	15, rue Lumière 01630 Saint Genis Pouilly, France
Serco Saudi Arabia LLC	100%	Mazaya Tower, 1st Floor, King Saud Road, PO Box 366877, Riyadh 11393, Kingdom of Saudi Arabia
Serco Saudi Services L.L.C.	60%	Office No. 31, 4th Floor, Amar 40 Building (No. 2444), 6987 King Abdulaziz Road, Al Masif, PO Box 50025, Riyadh 11523, Kingdom of Saudi Arabia
Serco Services GmbH	100%	Lise-Meitner-Strasse 10, 64293 Darmstadt, Germany
Serco Services Inc.	100%	Suite 1000, 1818 Library Street, Reston VA 20190, United States
Serco Services Ireland Limited	100%	29 Earlsfort Terrace, Dublin 2, Ireland
Serco Singapore Pte Limited	100%	38 Beach Road, #29-11 South Beach Tower, Singapore, 189767
Serco Switzerland SA	100%	62 Route de Frontenex Bis 86, 1208 Geneva, Switzerland
Serco Traffic Camera Services (VIC) Pty Limited	100%	Level 24, 60 Margaret Street, Sydney NSW 2000, Australia
Serco-IAL Limited	100%	Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY, United Kingdom
Viapath Services LLP	33%	Francis House, 9 King's Head Yard, London, SE1 1NA, United Kingdom
Viapath Analytics LLP	33%	Francis House, 9 King's Head Yard, London, SE1 1NA, United Kingdom
VIAPATH Group LLP	33%	Francis House, 9 King's Head Yard, London, SE1 1NA, United Kingdom
Vivo Defence Services Limited	50%	Shared Services Centre Q3 Office, Quorum Business Park, Benton Lane, Newcastle-Upon-Tyne, NE12 8EX, United Kingdom


1 Serco Holdings Limited is directly owned by Serco Group plc. All other subsidiaries and associated undertakings are held indirectly via Group companies.


2 Companies in liquidation as at 31 December 2019.

3 Companies key to the consolidated numbers, all of which are engaged in the provision of support services.

4 Companies with a non controlling interest due to being consolidated in full as a result of considerations over control.

5 Formerly, Serco Hospitality Services L.L.C. Registered name changed to Serco Safety Services L.L.C. on 12th February 2020.

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
<p>There is evidence to indicate that the company is publicly traded on the London Stock Exchange, a regulated market in the UK, and it is therefore not required to disclose beneficial ownership further, so the company receives a score of '2'. The company publishes a statement to confirm this in its corporate reporting documents.</p>
Evidence
<p>[25] Financial Times Markets Data (Webpage) Accessed 11/03/2020 https://markets.ft.com/data/equities/tearsheet/summary?s=SRP:LSE</p>  <p>[6] Corporate Responsibility Report 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf [p.63] Our owners</p> <p>Serco is a Public Limited Company (PLC), incorporated in the UK and listed on the Main Market of the London Stock Exchange (LSE). Our owners are those who hold our shares. Our issued share capital consists of a single class of shares which carry no right to fixed income. Each ordinary share of the Company carries one vote at our general meetings.</p> <p>[7] Annual Report and Accounts 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf [p.4] Serco's roots go back to 1929, and in 1988 the Group was listed on the London Stock Exchange. Now, Serco is a FTSE 250 company managing over 500 contracts worldwide and employing over 50,000 people across our operations.</p>

Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
<p>The company publishes some information on its customers, indicating that 55 percent of its order intake for the most recently reported financial year came from the United Kingdom. However, the company receives a score of '0' because there is evidence to indicate that this figure includes both defence and non-defence orders, so there is no clear indication of the company's percentage of defence sales by customer.</p>
Evidence
<p>[6] Corporate Responsibility Report 2019 (Document) Accessed 31/03/2020 https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf [p.37] Our customers</p> <p>We recognise our customers to be those we serve – the public – and the governments and other organisations who engage us to provide public services. We operate internationally across four geographies – UK & Europe, North America, Asia Pacific and the Middle East – and across five sectors – Defence, Justice & Immigration, Transport, Health and Citizen Services. This means we work for and on behalf of multiple governments and stakeholders across these sectors.</p> <p>[...]</p> <p>Our four major governmental customers are the UK Government, the US Government, the Australian Government, and the Government of the United Arab Emirates.</p> <p>At the regional level, our major customers include:</p> <div> <div> <p>UK & Europe</p> <ul style="list-style-type: none"> • The UK Ministry of Defence • Defence Nuclear Organisation • The UK Ministry of Justice • The UK Home Office • Transport Scotland • Liverpool City Region • Network Rail • Stockholm County Council • Barts Health NHS Trust • Norfolk & Norwich University Hospitals NHS Foundation Trust • NHS Forth Valley • Local authorities and community leisure trusts throughout the UK • Sport England • The UK Department for Work and Pensions • The UK Department for Education • The UK National Citizen Service • Transport for Edinburgh • Transport for London • The European Space Agency • Institutional bodies and agencies of the European Union • CERN (European Organisation for Nuclear Research) • EUMETSAT (European Organisation for the Exploitation of Meteorological Satellites) </div> <div> <p>Asia Pacific</p> <ul style="list-style-type: none"> • The Australian Department of Home Affairs • The Australian Department of Defence • Services Australia • National Disability Insurance Agency • The Australian Taxation Office • The Australian Antarctic Division • New South Wales Corrective Services • Transport for New South Wales • South Australian Department for Correctional Services • City of Melbourne • Queensland Government, Corrective Services • The Western Australian Departments of Health and Corrective Services • Public Transport Authority of Western Australia (Transperth) • The New Zealand Ministries of Justice and Defence • Transport Department, The Government of Hong Kong Special Administrative Region • Prince of Wales Hospital, New Territories East, Hospital Authority, Hong Kong Special Administrative Region </div> <div> <p>North America</p> <ul style="list-style-type: none"> • The US Navy • The US Air Force • The US Army • The US Department of Health and Human Services • The US Department of Homeland Security • The US Patent & Trademark Office • The Canadian Department of National Defence • The Ontario Ministry of Transportation • US State and Local Departments of Transport • Pension Benefit Guaranty Corporation </div> <div> <p>Middle East</p> <ul style="list-style-type: none"> • The United Arab Emirates Roads and Transport Authority • Mubadala • The Saudi Railway Company • Dubai Airports • The Australian Defence Force • GCANS (General Company for Air Navigation Services) • DACO (Dammam Airports Company) • HMG (Dr. Sulaiman Al-Habib Medical Group) • Mashroat </div> </div> 

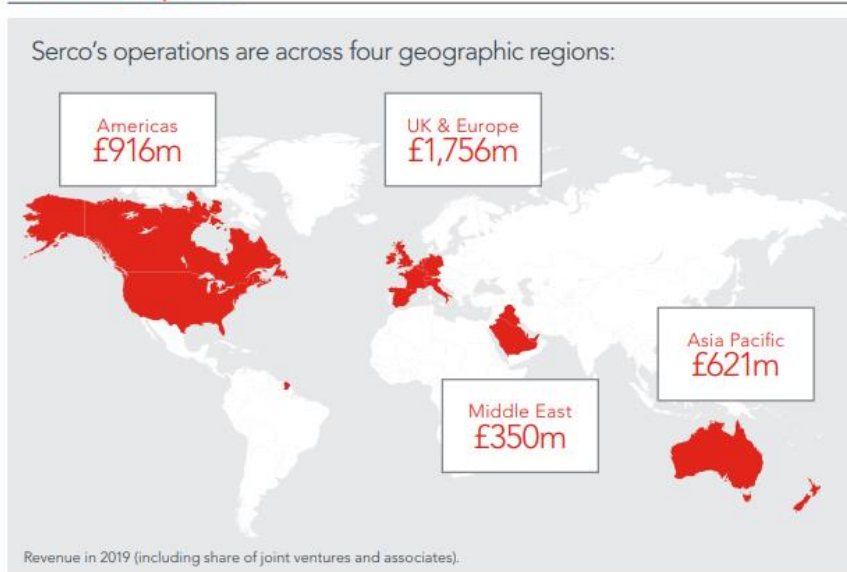
[7] Annual Report and Accounts 2019 (Document)

Accessed 31/03/2020

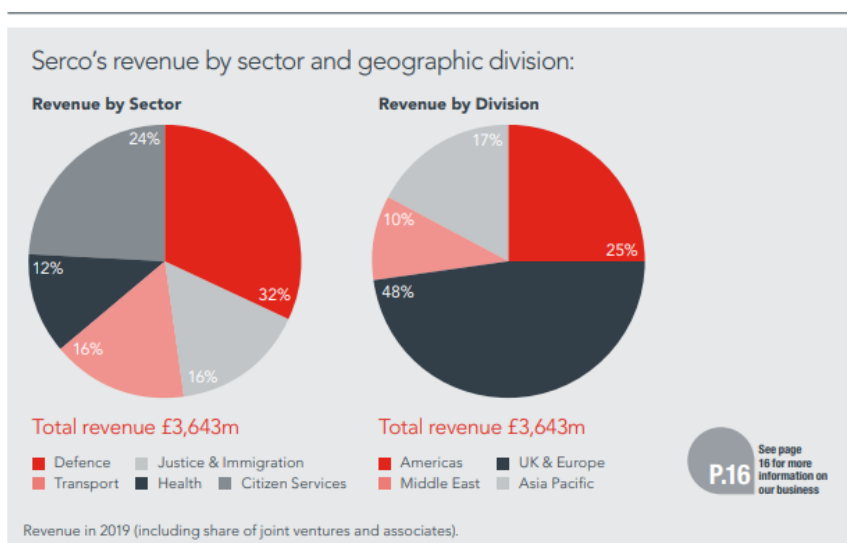
<https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf>

[p.5]

Where we operate



Our business mix



[p.6] In terms of our strategy, I would highlight two aspects. First, the advantage of Serco's broad international footprint has remained clear. Our North America and Asia Pacific regions demonstrated the strongest organic revenue performances, but we have also moved the UK back into organic growth for the first time since 2013 and, pleasingly, around 55% of our order intake came from the UK, with the balance from our international customers.

[p.22] "The benefits of having a broad international presence, with over 60% of our revenues and 50% of our employees outside the UK, are once again evident. We have delivered double-digit organic revenue growth in both our North America and Asia Pacific Divisions, and demonstrated the ability to execute strategically important acquisitions such as NSBU in markets with premium rates of growth. But 2019 is also notable as being the first time since 2013 that revenues have grown in the UK.

[p.28] Of the total order intake, over 40% comprised new business, with the balance represented by the value of rebids and extensions of existing work. Reflecting the scale of the AASC and PECS awards, around 55% of order intake came from the UK, with the remaining 45% from customers of our Americas, AsPac, Middle East and continental European businesses.

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Business Conduct and Ethics	23/08/19	https://www.serco.com/media/2579/sms-ps-bc-business-conduct-and-ethics-serco-public.pdf
02	Webpage	Welcome to Serco's Code of Conduct	23/08/19	https://www.serco.com/about/serco-code-of-conduct
03	Document	Code of Conduct	23/08/19	https://www.serco.com/media/2164/serco-code-of-conduct-nov-2017.pdf?1512991193
04	Document	Group Standard Business Conduct and Ethics	23/08/19	https://www.serco.com/media/1684/1684.original.pdf
05	Document	Corporate Responsibility Committee – Terms of Reference	23/08/19	https://www.serco.com/media/2190/corporate-responsibility-committee-terms-of-reference.pdf?1513262119
06	Document	Corporate Responsibility Report 2019	23/08/19	https://www.serco.com/media/4454/serco-corporate-responsibility-report-2019.pdf
07	Document	Annual Report and Accounts 2019	31/03/20	https://www.serco.com/media/4462/serco-annual-report-and-accounts-2019.pdf
08	Document	Group Standard Speaking Up	23/08/19	https://www.serco.com/media/1544/1544.original.pdf
09	Webpage	Question or Concern	23/08/19	https://www.serco.com/about/serco-code-of-conduct/living-our-code/question-or-concern
10	Webpage	Download Our Code and Related Materials	23/08/19	https://www.serco.com/about/serco-code-of-conduct/downloads
11	Document	Our Code – at a glance Manager's edition	23/08/19	https://www.serco.com/media/2394/at-a-glance-manager-english.pdf?1523270645
12	Webpage	Speak Up	23/08/19	https://www.serco.com/about/serco-code-of-conduct/our-code/speak-up
13	Webpage	Conflicts of interest	24/08/19	https://www.serco.com/about/serco-code-of-conduct/our-business/conflicts-of-interest
14	Document	Conflicts of interest – Fact sheet	24/08/19	https://www.serco.com/media/1028/1028.original.pdf
15	Document	Group Standard Operation	24/08/19	https://www.serco.com/media/1017/1017.original.pdf
16	Webpage	Political activity	24/08/19	https://www.serco.com/about/serco-code-of-conduct/our-business/political-activity
17	Document	Gifts and Hospitality fact sheet	26/08/19	https://www.serco.com/media/1026/1026.original.pdf
18	Webpage	Gifts and Hospitality	26/08/19	https://www.serco.com/about/serco-code-of-conduct/our-business/gifts-and-hospitality

19	Webpage	Gifts and Hospitality - Video	26/08/19	https://www.serco.com/about/serco-code-of-conduct/our-business/gifts-and-hospitality
20	Document	Group Standard Operating Procedure Gifts and Hospitality	26/08/19	https://www.serco.com/media/2841/sms-gsop-bc2-2-gifts-and-hospitality-serco-business.pdf?1542099886
21	Document	Group Policy Statement Procurement & Supply Chain	26/08/19	https://www.serco.com/media/339/339.original.pdf
22	Document	Group Standard Procurement & Supply Chain	31/05/2020	https://www.serco.com/media/4682/sms-gs-psc1-procurement-and-supply-chain.pdf?1586436934
23	Document	Supplier Code of Conduct	26/08/19	https://www.serco.com/media/1519/1519.original.pdf
24	Webpage	Working with others	26/08/19	https://www.serco.com/about/serco-code-of-conduct/our-business/working-with-others
25	Webpage	Financial Times Markets Data	11/03/20	https://markets.ft.com/data/equities/tearsheet/summary?s=SRP:LSE
26	Webpage	Internal Controls and Risk Management	23/08/19	https://www.serco.com/about/the-board-and-governance
27	Document	Anti-Bribery and Corruption Supplement	14/05/2020	https://www.serco.com/media/4778/anti-bribery-and-corruption-supplement-032020.pdf
28	Document	FEC Campaign Finance Data – Serco Inc. Political Action Committee (SERCO PAC)	26/10/2020	https://www.fec.gov/data/committee/C00402669/?tab=spending