

Group Standard

Business Conduct & Ethics



Serco must be clear
about its values and
the ethics and business
standards we set
ourselves

Document Details

Document Details	Serco Business
Reference SMS GS-BC2: Business Conduct and Ethics	Version 4.1
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Applicability Serco Group covering all business regions, operating companies and business units throughout the world ¹ covering: <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 Where a minority interest and in regard to its subcontractors and suppliers Serco encourages alignment with this Standard	
Authority Chief Executive, Serco Group plc	
Accountable Policy Owner (Group) Group General Counsel	
Additional Information Supporting standards, standard operating procedures and guidance relating to this Group Standard are available on 'Our World' under Serco Management System	
Governance Our policies and standards, together with any regional or market requirements and enhancements to them, are authorised through a robust governance process.	
Consequence Management 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 (SMS-GS-G1) details how instances of non-compliance will be dealt with	
¹ As used herein, Serco Group and its affiliates, subsidiaries and operating companies are referred to as 'Serco', the 'Company' or 'company', or 'we', 'us' or 'our'.	

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1 Objectives

Serco must be clear about its business ethics and the importance of creating a culture where individual decisions and choices do not conflict with Serco's values. This is defined within our policies. Our policies reflect our values, provide direction on compliance with the relevant laws and regulatory requirements of the countries in which Serco does business and are sensitive to local customs, traditions and cultures.

Wherever Serco operates, employees must comply with local laws and respect human rights¹, our values and the culture and dignity of the communities in which we work. Serco is committed to the highest standards of integrity, honesty, openness and professionalism in all its activities wherever they are undertaken. This Group Standard sets out the expected standards for individual and corporate behaviour in our business to ensure that we meet the expectations of our customers, shareholders, employees and the wider community in relation to business conducted on the Company's behalf.

It should be read in conjunction with and is applicable to the full set of Serco's Policies and Standards along with Serco's Code of Conduct ('the Code'). By meeting these standards we will:

- Provide a working environment where our values, policies and Code of Conduct are actively supported
- Ensure we comply with legal requirements and honest business practices
- Make sure everyone who works for Serco and its business partners understands the values the company stands for and Serco's policies and Code
- 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
- Only work with partners, third parties and customers whose working practices are compatible with our ethical standards

- Put improvements into place quickly after we have identified them, and remedy any wrongdoing we have identified as soon as possible

2 Policy Standards

2.1 Policy management

- S1. Employees are required to recognise and uphold the laws and authority of the countries in which Serco operates and applicable international laws. This includes respecting and contributing to the realisation of economic, social and cultural norms as well as civil and political rights
- S2. Employees will understand or seek appropriate guidance regarding the laws and regulations relevant to their work and comply with legal requirements applicable to them and their work. For guidance, speak to your line manager, Ethics Lead or Divisional Legal Representative
- S3. Policies, standards and systems (including adequate procedures) defining Serco's position and management of ethical issues will be defined, documented, implemented and maintained
- S4. Systems and procedures will be appropriate and proportionate to the nature of the organisation's ethical risks

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:
 - 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

¹ See Human Rights Group Standard SMS GS-BC5

- 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:
- 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
- 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 assessment² and approved by the Executive Committee prior to any commitments or contractual arrangements being agreed

2.3 Risk management and controls

- S8. Ethical risks, including those of bribery, corrupt behaviour, financial and economic sanctions and human rights³ 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 opportunities⁴⁵
 - 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 them⁶⁷
- 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 risks⁸
- S13. Standards defined for risk management will be applied⁹

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

2.5 Training awareness and competence

- 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
- 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
- S19. All suppliers, agents, third parties and business partners will be made aware of Serco's Code of Conduct and the consequences of Serco

² See Third Party Legal and Ethical Compliance Due Diligence GSOP Ref: SMS GSOP BC2-3

³ See Human Rights Assessment and Decision Tree GSOP Ref: SMS GSOP BC2-1

⁴ See Bidding Group Standard Ref: SMS-GS-BD1

⁵ See Third Party Legal and Ethical Compliance Due Diligence GSOP Ref: SMS GSOP BC2-3

⁶ See Procurement and Supply Chain Group Standard Ref: SMS-GS-PSC1

⁷ Third Party Legal and Ethical Compliance Due Diligence GSOP Ref: SMS GSOP BC2-3

⁸ See Risk Management Group Standard Ref: SMS-GS-RM1

⁹ See Risk Management Group Standard Ref: SMS-GS-RM1

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 process¹⁰ that Serco has set up to provide a blame-free method of reporting genuine issues or concerns they may have

2.6 Compliance assessment and audit

- 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
- S22. Ethics compliance assessments and audits will be completed in accordance with Compliance and Internal Audit requirements¹¹
- S23. Ethics compliance assessments will be:
- planned
 - carried out by competent employees
 - recorded and results reported to management
- S24. All actions arising from ethics assessments and audits, including changes in procedures, will be documented, communicated, followed up and completed

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

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:
- 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
 - 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

¹⁰ See Speaking Up Group Standard Ref: SMS-GS-BC3

¹¹ See Compliance Group Standard Ref: SMS-GS-G2 and Internal Audit Group Standard Ref: SMS-GS-G3

¹² Third Party Legal and Ethical Compliance Due Diligence GSOP Ref: SMS GSOP BC2-3

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.)¹³.
- 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

favourable treatment was sought, received or given in exchange for receipt of a business courtesy

- 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

2.10 Financial and economic sanctions

- S43. Serco will comply with export controls, anti-boycott and international embargo regulations in all locations where we do business
- S44. Risks associated with export controls and associated regulations will be assessed and where appropriate procedures will be established to ensure compliance
- S45. Financial and economic sanction risks will be assessed and due diligence and screening against applicable financial sanctions target

¹³ See Gifts and Hospitality GSOP Ref: SMS GSOP BC2-2

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>

lists, including HM Treasury's Consolidated List, the Iran List and OFAC's SDN List on new customers in those territories; when looking at new business opportunities¹⁶

- S46. The Executive Committee will approve and maintain a list of countries which are subject to wider embargoes and ensure that services are not supplied to persons or entities in those countries, including via a third party distributor or otherwise indirectly, unless an exemption applies
- S47. Contractual controls with third parties will include sanctions exclusions and warranties

2.11 Business and financial integrity

- S48. When providing information internally or externally, or responding to customer enquiries, tenders and bids as well as media, regulatory agencies and other external audiences, the information issued on behalf of Serco will be accurate, consistent and timely. Serco will not make misleading, false or exaggerated claims concerning the Company, or competitors¹⁷
- S49. The selection of the customers and suppliers for whom Serco are prepared to work with will be based on multiple factors, including their capability to perform the work, the value they may provide to Serco and other factors, such as their commitment to compliance with legal and ethical standards as well as their financial standing
- S50. Financial records and reports will be accurate and complete and will conform to relevant international and national legislation and regulations. Serco employees will not falsify records or misrepresent facts
- S51. No employee will engage in any activity that is designed, or can be reasonably construed to perpetuate a fraud, misrepresentation or money laundering

- S52. Employees shall not make false or misleading statements or submit false claims in conducting Company business
- S53. Employees will only execute transactions, and access assets, in accordance with their management's general or specific authorisation or delegation of authority¹⁸. Once a transaction has been approved, it will be submitted for inclusion in its accounts and records in accord with proper financial reporting rules
- S54. Employees will exercise the appropriate care in overseeing the use of Serco assets. Serco's funds will be protected against monies, loss, fraud or theft
- S55. Any actual or suspected incident of misuse, loss, fraud, money laundering or theft of Serco funds will be reported¹⁹

2.12 Competition and anti-trust

- S56. Serco is committed to operating in a fair and competitive business environment. All Serco's business activities will be conducted in accordance with fair business, marketing and advertising practices
- S57. Collusive conduct will not be tolerated and all applicable laws which promote competition in business and protect the interests of consumers in the countries where Serco operates will be adhered to
- S58. The Divisional Legal Representative will advise on and record competition and anti-trust matters. They will use legal advisers in accordance with local practice to provide additional advice and guidance on issues relating to Competition and Anti-trust law and their application within the Division. The Divisional Legal Representative may delegate responsibility to others within Serco or to external legal advisers

2.12.1 Market share

- S59. Where Serco has a dominant position in a market it will not abuse this position, as defined by applicable laws. For example, a business may be presumed to be dominant when it has a market share of more than

¹⁶ HMT: http://www.hm-treasury.gov.uk/fin_sanctions_index.htm
 US Treasury: www.ustreas.gov/offices/enforcement/ofac/programs/
 OFAC: www.treas.gov/offices/enforcement/ofac/

¹⁷ See Information Integrity and Data Management Group Standard Ref: SMS-GS-III1

¹⁸ See Approved delegated authorities

¹⁹ See Reporting Fraud GSOP Ref: SMS GSOP-BC3-2

50%. The Divisional Legal Representative should provide guidance on this matter

- S60. Serco will not enter into any sharing agreements that might involve agreeing with competitors that certain customers 'belong' to one or other of the parties and the other will not attempt to obtain business from these customers. Such agreements might specify individual customers by name or identify a category of customers (possibly by size, location, geography, business sector, etc.)

2.12.2 Pricing and contractual terms

- S61. Pricing and contractual decisions through the business lifecycle will be based on Serco's own commercial analysis of market conditions. There must be no suggestion that there is any sort of agreement or understanding with our competitors in relation to prices, terms and conditions or that Serco's pricing intentions have been indicated to competitors
- S62. Serco will not enter into or discuss any agreement or understanding with an actual or potential competitor as to the price and contract terms at which services are to be provided, unless it has a fully executed joint venture, teaming agreement or subcontract concerning the business opportunity in question
- S63. When contract pricing and terms comprise a number of individual elements, any agreement with an actual or potential competitor relating to the pricing or contractual terms of any individual part of a contract is prohibited
- S64. Where there is a proposal for a joint venture, teaming agreement or subcontract with other companies any discussion of price or terms and conditions will only relate to the goods or services which are to be provided under the transaction and will not lead, or risk leading to, the co-ordination of activities which would otherwise have been conducted in a competitive manner

2.12.3 Tenders

- S65. Tenders will always be prepared and submitted independently, including with Serco business partners, as reflected in a fully executed joint

venture, teaming agreement or subcontract concerning the business opportunity in question

- S66. Serco employees will obtain appropriate legal guidance and exercise sufficient caution when attending any meeting or holding any discussion with a competitor

2.12.4 Trade associations

- S67. Serco employees will exercise care when attending trade association meetings. In particular they will not discuss:
- pricing
 - specific future business intentions including specific customers and which specific tenders Serco will bid for
 - output limitations
 - allocation of customers or territories
 - other competitively significant aspects of Serco's relations with customers or other third parties

2.12.5 Competitor information

- S68. Competitor information will be deduced or obtained from information generally available to the public. It will not be obtained through improper discussions with competitors
- S69. Advice will be obtained from the Divisional Legal Representative if a competitor (or other party) suggests sharing information on any commercially sensitive topic. If an employee attends a discussion where such information is being exchanged or requests for information sharing are being made, they will leave immediately and inform the Divisional Legal Representative

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

- 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

2.14 Relationships with government

- 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

2.14.1 Political activity

- 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

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

2.14.3 Hiring of former Government officials or holders of public office

- S86. The appointment of a former Government official or minister will comply with the local legal and regulatory framework
- 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:
- 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

- 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
- 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
- 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

2.14.5 Current Political Activity

- S91. Serco employees may engage in political activities, including standing for election to public office, provided that it is:
- undertaken in their own personal capacity
 - carried out in their own time
 - a right conferred by law
 - not explicitly prohibited by contract
 - not in conflict with their obligations to Serco or applicable laws and other circumstances
- S92. Employees engaging in political activities are asked to discuss, as appropriate, with their line management and/or the Divisional Government Relations Lead if these activities could lead to adverse public comment for Serco or our customers, and, in any event, to consider and raise to management how their individual political activities may create an actual or potential conflict with Serco's business based upon their employment by Serco

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 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
 - 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
 - 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:
- any understanding with a non-Serco company on Serco's contract pricing except in the ordinary course of dealings with Serco's customers
 - agreements with business partners of longer than 5 years duration
 - 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)
 - 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

- 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
- 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

3 Responsibilities & Accountabilities

- S96. 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 consequences²²

Group

- S97. The Group CEO will appoint a Group Conduct and Ethics Lead responsible for:
- 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
- S98. The Group CEO will appoint a Lead with responsibility for legal matters, legal guidance and advice
- S99. The Group CEO will appoint a Lead with responsibility for Government relations
- S100. The Executive Committee is responsible for:

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 See Consequence Management Group Standard Ref: SMS-GS-G1

- a. Determining Serco's position in relation to new geographic markets, opportunities and activities that have been identified as presenting an ethical dilemma
- 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

Division

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

- a. implementing Conduct and Ethics policy, standards, associated programmes, procedures and key controls across the division; 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 ethical risks
- c. providing oversight and reporting Conduct and Ethics performance to the Divisional Executive Management Team
- d. implementing a management structure to manage ethics and the delivery of this Standard, review performance and respond to issues raised through Speak Up

S102. The Divisional CEO will appoint a Lead with responsibility for legal matters, legal guidance and advice

The Divisional CEO will appoint a Lead with responsibility for Government relations

Contract/Function

S103. The Contract Manager (or Corporate Function Head) is responsible for ensuring all employees are made aware of Serco's Code of Conduct, how to speak up and the consequences for failure to meet our policies and standards

S104. Contract management will:

- a. monitor and maintain the values and integrity of the business
- b. assess ethical risks and where identified ensure they are managed
- c. ensure specific actions, including training, required through the Division's ethics and compliance programme are delivered

4 Processes and Controls

4.1 Governance processes and controls

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
P1	Conduct and Ethics responsibilities are defined and understood	➡ C1	<p>A Group Conduct and Ethics Lead is appointed by the Group CEO with responsibility 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 	●	○	○	○	○

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
		➡ C2	A Lead is appointed by the Group CEO with responsibility for legal matters, guidance and advice and a Lead responsible for Government relations	●	○	○	○	○
		➡ C3	<p>The Executive Committee is responsible for:</p> <ul style="list-style-type: none"> Determining Serco's position in relation to new geographic markets, opportunities and activities that have been identified as presenting an ethical dilemma Approving operations in a country where Serco does not currently operate prior to any commitments or contractual arrangements being agreed and following a full ethical and human rights risk assessment 	●	○	○	○	○

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
		➔ C4	<p>A Divisional Ethics Lead is appointed by the Divisional CEO with responsibility for:</p> <ul style="list-style-type: none"> Implementing Conduct and Ethics policy, standards, associated programmes, procedures and key controls across the division; which may include the development of country/region/divisional procedures and management systems Ensuring procedures and key controls remain fit for purpose, reflect legislative and regulatory requirements and effectively manage ethical risks Providing oversight and reporting conduct and ethics performance to the Divisional Executive Management Team Implementing a management structure to manage ethics and the delivery of this standard, review performance and respond to issues raised through Speak Up 	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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
		➔ C5	A Lead is appointed by the Divisional CEO with responsibility for legal matters, guidance and advice	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
		➔ C6	A Lead is appointed by the Divisional CEO with responsibility for Government Relations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
		➔ C7	Contract Managers and Corporate Function Heads are responsible for: <ul style="list-style-type: none"> ensuring all employees are made aware of Serco's Code of Conduct, how to speak up and the consequences for failure to meet our policies and standards monitoring and maintaining the values and integrity of the business assessing ethical risks and where identified ensure they are managed ensuring specific actions, including training, required through the divisions ethics and compliance programme are delivered 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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
P2	Establish policy	➔ C8	Policy, standards and group procedures are defined and published	●	○	○	○	○
		➔ C9	Policy requirements, defined in the Serco Management System, are communicated and implemented	●	●	●	●	○
P3	Establish systems and process	➔ C10	Appropriate systems and procedures are in place to meet the Serco Management System, legal requirements and manage identified ethical risks	○	●	●	●	○
		➔ C11	Systems and procedures are periodically reviewed and updated	○	●	●	●	○
		➔ C12	Legal and regulatory requirements are monitored with changes reflected in systems and procedures	○	●	●	●	○
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	○	●	●	○	○

Process

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Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
		➡ C15	Agreed actions are closed out	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

4.2 Key processes and controls

Process

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

Controls

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Responsibility

for ensuring controls are in place and operating effectively

Ref	Description		Ref	Description	Group	Division	Business Unit	Contract	All Employees
P5	Assess and manage ethical risks	➔	C16	Ethical risks, including those of bribery, corrupt behaviour, export control, anti-boycott and international embargo regulations as well as financial and economic sanctions and human rights are identified with assessments shown in risk registers using appropriate tool (e.g. eSTRIM). All registered risks have allocated owners and include controls to manage and mitigate them	●	●	●	●	○
		➔	C17	There is evidence of periodic review of ethical risks by management and the relevant Executive Committee/Meeting	●	●	●	●	○
P6	Define and monitor ethics strategy objectives and targets	➔	C18	An ethics strategy is agreed by the Corporate Responsibility and Risk Committee and communicated to Divisions	●	○	○	○	○
		➔	C19	Divisional ethics and compliance programmes are documented and there is evidence of periodic review	○	●	○	○	○

Process

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Responsibility

for ensuring controls are in place and operating effectively

Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
P7	Raise awareness on policy requirements, standards of conduct expected and ethical risks	➡ C20	Performance against programmes and KPIs are monitored by management and reported to the relevant Executive Meeting	●	●	●	●	○
		➡ C21	Ethics training requirements are defined, assessed, planned and implemented	●	●	●	●	○
		➡ C22	All employees have been made aware of Serco's Code of Conduct, how to speak up and the consequences for failure to meet our policies and standards through induction and periodic refresher training	○	●	●	●	○
		➡ C23	Key suppliers, agents, third parties and business partners are aware of Serco's Code of Conduct, how to speak up and the consequences for failure to meet our policies and standards	○	●	●	●	○

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Responsibility

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Ref	Description		Ref	Description	Group	Division	Business Unit	Contract	All Employees
P8	Manage financial and economic sanctions	➔	C24	When considering new business opportunities export control, anti-boycott, and international embargo regulations as well as, financial and economic sanction risks are assessed with due diligence and screening against applicable financial sanctions target lists	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
		➔	C25	The Executive Committee maintains a list of countries subject to wider embargoes with processes implemented to ensure we do not supply services in these countries	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
		➔	C27	Terms and conditions of employment, supplier contracts and purchase orders clearly state our position on bribery and corrupt business practices	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Process

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Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
		➡ C28	All employees have been made aware of Serco's position on bribery and corrupt business practices through induction and periodic refresher training	○	●	●	●	○
P10	Monitor and record gifts and hospitality	➡ C29	Gifts and hospitality valued at thresholds as outlined in the Standard Operating Procedure are approved and registered at https://gandh.serco.com	●	●	●	●	○
P11	Manage business and financial integrity	➡ C30	Due diligence has been undertaken and reviewed by management in regard to the business and financial integrity of agents, joint venture partners and other third parties prior to establishing working relationships	○	●	●	○	○
		➡ C31	All transactions are within approved delegated authorities	●	●	●	●	○
		➡ C32	Actual or suspected incidents of misuse, loss, fraud, money laundering or theft of Serco funds are reported	○	●	●	●	○
P12	Ensure compliance with competition and anti-trust laws	➡ C33	All competition and anti-trust matters are reported and recorded	○	●	●	○	○

Process

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Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
P13	Recognise, record and manage conflicts of interest	➔ C34	Actual or potential personal conflicts of interest are declared, recorded and managed	●	●	●	●	○
		➔ C35	Actual or potential organisational conflicts of interest are declared, recorded and managed	●	●	●	○	○
P14	Manage relationships with Governments	➔ C36	The Divisional Government Relations Lead is informed of meetings with elected politicians, their advisors or government officials	○	●	●	●	○
		➔ C37	Attendance at events hosted by a political party are approved by the Divisional Government Relations Lead	○	●	●	●	○
P15	Employment of Government officials or individuals in political office	➔ C38	The hiring of former or recent Government officials or people in political office is approved and in line with local legal and regulatory requirements	●	●	●	●	○
P16	Use of third parties and agents	➔ C39	Due diligence is completed assessing their suitability and integrity	○	●	●	○	○

Process

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Ref	Description	Ref	Description	Group	Division	Business Unit	Contract	All Employees
		➡ C40	An agreement specifies the works to be completed and adherence to our policies, standards and Code of Conduct	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
		➡ C41	An assessment that the agreed fee is reasonable for the services being rendered	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
		➡ C42	Approval has been received from the Divisional Legal Representative for: <ul style="list-style-type: none"> • agreement with business partners for over 5 years • exclusive agreements • any situation in which Serco is able to exercise market power • agreements tying one service with another • agreements with a competitor 	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

5 Supporting documentation and guidance

The following should be read in conjunction with this standard:

Ref	Document
SMS-GS-G1	Consequence Management Group Standard
SMS GS-BC5	Human Rights Group Standard
SMS GSOP-BC5-1	Human Rights Assessment and Decision Tree GSOP
SMS GSOP-BC2-3	Third Party Legal and Ethical Compliance Due Diligence GSOP
SMS-GS-BD1	Bidding Group Standard
SMS-GS-RM1	Risk Management Group Standard
SMS-GS-G5	Internal Boards and Committees Group Standard
SMS-GS-BC3	Speaking up Group Standard
SMS GSOP-BC3-1	Speak Up GSOP
SMS-GS-G2	Compliance Group Standard
SMS-GS-G3	Internal Audit Group Standard
SMS GSOP-BC2-2	Gifts and Hospitality GSOP
SMS-GS-II1	Information Integrity & Data Management Group Standard
SMS GSOP-BC3-2	Reporting Fraud GSOP
Our World>The Way We Work>Finance & Commercial>Finance> Group Financial Controls>Delegated Approvals – Delegated Approval Authorities	

6 Definitions

Term	Definition
Accountability	Being accountable means being not only responsible for something but also answerable for your actions.
Responsibility	<p>A responsible person is the individual who completes the task required. Responsibility can be shared and delegated.</p> <p>All responsible persons will also be accountable for completing tasks effectively. Non-compliance will have consequences which may include disciplinary action as defined within the Consequence Management Group Standard.</p>
Group	Serco Group plc is the administrative centre of the organisation, responsible for setting corporate strategy, defining governance requirements and supporting the business in its day to day operations
Division	The Group will define a set of business divisions which will be responsible for business delivery within a defined set of markets or geographies.
Business Unit	<p>A Business Unit is a cluster of contracts which provide a similar service e.g. Health, Defence, Transport etc.</p> <p>Where appropriate, a separate legal entity wholly owned or where Serco has a controlling share may also be referred to as a Business Unit, where appropriate.</p> <p>This may also refer to Counties/Territories</p>

Term	Definition
Contract	<p>A Contract provides specified requirements to a customer (either directly with Serco or to a consortium/Joint Venture in which Serco is a party)</p> <p>A Contract will also refer to a corporate/functional area.</p> <p>Corporate/functional areas are functions which support the business and they include finance, HR, procurement etc.</p>
Anti-trust	Anti-trust laws exist to stop any attempt to restrict free and fair competition and price fixing
Bribery	Bribery means giving or receiving an unearned reward to influence someone's behaviour
Corruption	Corruption is any unlawful or improper behaviour that seeks to gain advantage through illegitimate means. Bribery, abuse of power, extortion, fraud, deception, collusion, cartels, embezzlements and money laundering are all forms of corruption
Conflict of Interest - personal	A personal conflict of interest occurs when your private interests interfere, or could appear to interfere, with the best interests of Serco
Conflicts of Interest - organisational	Organisational conflicts of interest occur when, because of the activities or relationships with others, an unfair competitive advantage may result; impartial assistance or advice cannot be provided; or where objectivity may be impaired
Ethics	The term ethics refers to Business ethics meaning the application of ethical values, such as integrity, fairness, respect and openness, to business behaviour. Business ethics is about how an organisation does its business and how individuals carry out their roles

Term	Definition
Facilitation Payment	Facilitation payments are sums of money paid, often to an official, to speed up or 'facilitate' their actions
Fraud	Fraud is when you deceive someone by misrepresenting or dishonestly reporting facts to gain an advantage
Gifts and Hospitality	Gifts and hospitality means anything that you give or accept, either directly or in kind
Money Laundering	Money laundering involves trying to 'launder' the proceeds of criminal activities such as terrorism, drug trafficking and fraud into legitimate funds or assets

7 Further information and support

If you require any further information or support regarding this Group Standard, or if you have any suggestions for improvement, please contact the Accountable Policy Owner (Group) or email sms@serco.com