serco

Corporate
Responsibility
2014

Contents

Corporate Responsibility

For Serco to be successful and sustainable, we have to work in the right way. This means living up to our responsibilities to our customers, the public, our employees, partners, suppliers, communities and the environment.

Being a responsible business means ensuring that we:

- always do the right thing;

- are open and transparent with our customers, our people and the societies we serve;

- deliver on our commitments and comply with the law;

- engage with and motivate our people;

- act safely and with respect for the environment and those with whom we work;

- minimise business risks;

- achieve appropriate financial returns; and

- develop and safeguard our reputation and brand.

By acting responsibly, we will enhance our financial performance and create sustainable value for our shareholders. Corporate responsibility (CR) is therefore embedded within all aspects of the Serco Management System (SMS) so that it is built into the way we operate. The SMS defines the rules that govern the way we behave, operate and deliver our strategy. It encompasses a set of Group-wide policies and standards, covering subjects ranging from business conduct and ethics, health, safety and the environment (HSE), people to procurement and supply chain. During 2014, we completed a comprehensive review and republished the SMS along with an extended and fully refreshed Code of Conduct.

The way we manage our responsibilities and our performance in the year are summarised below.

Managing corporate responsibility

Our CR framework encompasses: our people; health and safety; communities; the environment; our marketplace, which covers our relationships with our customers, suppliers and other parties; and our commitment to ethics and business conduct.

The Board has ultimate responsibility for our Group business strategy which encompasses our approach to CR. One of our Non-Executive Directors is the Board sponsor for CR and chairs the Corporate Responsibility and Risk Committee (CRRC). More information on the CRRC can be found in the Corporate Governance Report on page 78.

This Board Committee has oversight of our approach to CR and its governance, ethics, risk management, security and health, safety and environment matters. This committee met four times during 2014 receiving at each meeting formal progress reports on the elements making up our CR framework.

The Group Chief Executive Officer is a member of the CRRC and is responsible for promoting the Group's approach to CR and its effective implementation across the Group. This is agreed with the Executive Committee which oversees its implementation.

Each CR element has a designated Group lead responsible for engaging with Divisional leads to develop an appropriate strategy, objectives, and performance indicators and monitor and report on performance. Each Divisional Executive Management Team under the direction of the Divisional Chief Executive then develops specific plans to address the elements within the CR framework relevant to their business operations and strategy.

Ensuring ethical standards

At the heart of being a responsible business is a commitment to doing the right thing. To support this commitment in 2014 we further strengthened ethical governance across the business with the appointment of Ethics Leads. Reporting to the relevant Divisional Executive Management team they are responsible for the development and implementation of the Division's ethics and compliance programme in line with Group strategy and assessed risks. Working collaboratively with colleagues on the Divisional Executive Management team they support the business in identifying and resolving ethical challenges, risks and potential conflicts. They are also responsible for managing our whistle-blowing 'Speak Up' process and investigating and resolving issues raised.

Our Speak Up process is supported by an online whistle-blowing case management system provided by a third party independent provider. This was fully implemented across the Group in 2014. These processes along with our Speak Up policies and standards were reviewed as part of the SMS refresh in 2014 with changes made to strengthen them. This was supported by specific training of those involved in the investigation of Speak Up issues.

Awareness of Speak Up was raised with the relaunch of our Code of Conduct (www.serco.com/codeofconduct). The results of our employee engagement survey 'Viewpoint' showed that 80% felt that they had received the information they needed to understand Serco's Code of Conduct with 73% feeling they can report unethical conduct without fear (above the Aon benchmark average of 69%).

Of the Speak Up cases closed in 2014 all were reviewed with 95% investigated. Those that were not investigated either had insufficient information from an anonymous caller or were addressed directly by management. 56% of the cases resulted in some corrective action being taken; 15% resulted in disciplinary action; and a further 9% resulted in one or more employees being dismissed. 70% of the cases were closed within three months of the issue being raised.

A focus during 2014 has been on ethics training with over 800 leaders attending a face to face workshop 'Business Ethics in a Challenging World'. This was followed by a workshop for managers 'Values Based Leadership' which was attended by over 3,500 managers.

Online training was made available to support the rollout of the refreshed Code of Conduct with an introduction from Rupert Soames, Group Chief Executive Officer highlighting its importance to him and his commitment to it. This is mandatory training for all employees that will be repeated annually

People

We are trusted to deliver essential and life-enhancing services that our communities depend on. Delivering great service starts with our colleagues. We depend on their skills and commitment to deliver the services our customers expect. They contribute directly to our reputation and ability to grow.

We recognise the privileged role we are given, and that we must enable our people to deliver great service. We must also make it easy to manage our workforce with standard, simple and intuitive systems and processes:

- We want our leaders to be fit for the future, agile and adaptable and clear on the behaviours and results expected of them.
- We want our colleagues to be highly engaged and passionate about service. We want them to share our values and a sense of personal responsibility for delivering great customer outcomes, and achieve them time after time.
- We want our workforce and people management practices to have an unrivalled reputation for effectiveness and efficiency.

Leadership model

An objective for 2014 was to roll out our new leadership model. This was launched at the beginning of 2014 when work began to integrate it into our leadership hiring, profiling and performance review processes. The revisions to leadership hiring were used to good effect throughout the year with a number of significant senior leadership hires successfully completed, bringing high quality, well-reputed talent into the organisation and strengthening our leadership capability. The arrival during the year of Rupert Soames as Group Chief Executive Officer presented an opportunity for his shaping of the leadership model which was completed and incorporated in Q4.

Alongside this, a new annual performance review process was launched (the Performance & Development Review) which integrates with the Leadership Model and is designed to support a balanced range of performance targets through 'Customer', 'Operational Excellence', 'People & Culture' and 'Financial' objectives.

During 2015 we intend to continue to build leadership capability through our talent management strategy, focusing on resourcing, development and career progression, underpinned by our new leadership model.

Employee engagement

We have continued to build on best practices in engagement through 2014. A comparative analysis study, 'Engagement links to business performance', established robust and replicable positive correlations between employee engagement at Serco and staff turnover, sickness absence and lost time incident rates. Recognising its importance employee engagement was added into Leadership Performance and Development and Divisional Performance Review processes as a key performance indicator.

We measure engagement through an annual 'Viewpoint' survey. Our survey questionnaire was restructured and expanded in 2014 to improve our ability to interpret and respond to the results, while analysis of global team sizes enabled us to update the minimum team size for engagement scores from ten to seven, providing greater granularity of results and greater precision in action planning. The 2014 Viewpoint Survey successfully launched and completed in Q3 achieved a strong participation rate (81% for all employees globally, 98% for leaders). Our current global engagement strengths are: diversity and inclusion, line management, customer focus and performance management.

During 2015 we will continue to focus on improving engagement, with particular emphasis on our priority engagement drivers: recognition, acting on employee feedback, connection to Serco, and use of employee knowledge, skills and abilities.

Developing systems and processes

Through 2014 we continued work to identify and analyse opportunities for enhancement of our HR system's (MyHR) functionality and enhancements with additional services. Milestones for 2014 included the implementation of new learning and recruitment solutions.

At the beginning of 2014 it was recognised that the implementation of a new Learning Management System (LMS) would be fundamental to delivering the numerous compliance and behavioural training requirements outlined in the Corporate Renewal Programme. The new LMS was successfully implemented for the UK in Q3, going live to a growing number of pilot audiences. A comprehensive training curriculum to achieve global training objectives for Corporate Renewal is being delivered from the LMS platform.

A pilot for a new global recruitment solution went live successfully at Fiona Stanley Hospital in Australia in Q2. The implementation includes a new recruitment website (http://fshcareers.com.au) to attract candidates and drive them to live vacancies, robust candidate tracking, talent pooling to create a searchable database of prospective candidates, and an extensive reporting and analytical capability. Through the remainder of 2014, over 10,000 applications were processed through the system. To put this single site pilot in context, globally Serco connected with in excess of 700,000 prospective candidates in 2014 through our recruitment processes (includes estimated contact through all channels, eg mass volume campaigns and recruitment events, on top of c.585,000 actual recorded applications).

These two implementations represent the first steps on our journey to globally consistent learning and recruitment solutions that will greatly improve our capabilities in those areas. Both integrate to our existing HR systems driving further value. Plans to extend both solutions across the UK, the Asia Pacific region and other geographies are now in development.

Work was also completed in 2014 to review our people policies and standards as part of a broader refresh of the SMS. Having relaunched these the focus in 2015 will be to ensure our people standards for Employee Wellbeing and the Employee Lifecycle are embedded with specific focus on resourcing, developing, managing and rewarding our people.

Diversity

Serco is an inherently diverse business. We value difference and work to create an inclusive and fair environment for all. We treat people fairly and equally, accept and embrace diversity and, as far as is reasonably possible, reflect the local communities in which we work.

Serco ensures equality, diversity, inclusion, and anti-discriminatory practice in the workplace and community, offers fair treatment in every aspect of working life and fosters a positive climate of employee relations where all employees are treated with respect and dignity. We adopt equality-proofed polices and processes to promote equality in the workforce and monitor its diversity (where allowed to do so by law). According to our 2014 engagement survey, 78% of employees believe that Serco values diversity. This is up 7% from 2013. By comparison, externally the global average is 71%. Diversity and inclusion is one of our areas of strength in engagement.

At 31 December 2014, the numbers of men and women employed by Serco were as follows:

	Number		Percentage	
	Male	Female	Male	Female
Directors	7	3	70%	30%
Senior Managers	70	12	85%	15%
Employees[1]	73,553	41,489	64%	36%

1   At 31 December 2014, we had 118,621 employees, of which we had gender information on 115,042. (Source: Serco global HR systems, figures provided on a total headcount basis includes joint ventures.)

Human rights

We recognise the importance of protecting human rights. We respect the United Nations Declaration of Human Rights and its Guiding Principles on Business and Human Rights, as well as the national laws of the jurisdictions in which we operate.

We have policies in place aimed not only at protecting human rights but also providing employees with an opportunity to raise any concerns they may have in relation to such rights, in order for appropriate action to be taken if necessary.

Our Business Conduct and Ethics policy and Group standard requires us to respect the human rights and dignity of individuals, and not to take part in, or benefit from, any activity that breaks any law relating to human rights. This policy applies to all jurisdictions in which we operate to help ensure that, as a company, we do not adversely impact human rights. Ethical and human rights considerations are reviewed as part of risk management. If a significant ethical or human rights issue is raised it is reviewed by the Divisional Executive Management Team and appropriate action agreed. In instances where a significant ethical issue arises, it is raised to the Executive Committee for a final decision.

Human rights risks are assessed and appropriate due diligence is undertaken when we are considering new markets, geographies and establishing working relationships with joint venture partners or other third parties. In forming a decision, we have a 'decision tree' which enables us to highlight any potential human rights issues associated with the contracts we are thinking of bidding.

The Investment Committee determines Serco's position in relation to new geographic markets, or opportunities and activities. Where those activities have been identified as presenting an ethical dilemma which either has implications across the Group or represent a significant reputational risk to the Group, then such activities will be considered by the CRRC on behalf of the Board.

We recognise we can be a force for good and will consider operating in countries where there are known human rights issues, provided we would not knowingly be connected to any abuses either directly by our employees or through associated third parties. Furthermore, in areas where we have an influence and believe this influence can be used to improve others' respect for human rights, we have the option to do so.

Our approach to due diligence of new opportunities as well as the selection of third parties we work with is currently being reviewed, updated and enhanced and will be re-issued along with supporting training in 2015.

The refresh of our Code of Conduct in 2014 included a specific update on human rights and now includes specific guidance on the topic. In support of its relaunch we are training all staff which includes our commitment to the protection of human rights.

Marketplace
Customers

Developing and improving long-term relationships with our customers is central to our business. Furthermore, one conclusion from the reviews that supported the development of our Corporate Renewal Programme was that we needed to improve our oversight of the delivery of our contractual obligations to our customers. We have learned that being clear and transparent with our customers is fundamental to maintaining trusting relationships. While day-to-day responsibility for meeting our customers' needs lies with our contract directors, we have sought to increase the frequency and transparency of our customer engagement and invested in more formal oversight of delivery of our contractual commitments. This will help to ensure we identify and respond promptly to operational performance issues and to our customer concerns. This commitment is embedded in a new Operations Group Standard which forms part of our refreshed SMS. We have also placed customer satisfaction at the core of our management reporting and incentive structures, so we are fully focused on ensuring our customers receive the high-quality services they deserve from us.

We will maintain relationships at all levels with our customers, so they are aware of how we can help them and so that we can anticipate their changing needs. These relationships lie with our Divisional and Group leaders.

Our reputation with our existing customers is also vital to our success and to our prospects of future growth. Many factors influence our reputation, including:

- the quality of our service;
- the trust of our customers;
- our values and service ethos;
- our capacity to innovate; and
- our engagement with our employees and other stakeholders, such as local communities.

Suppliers

Effective procurement helps us to achieve our vision and deliver high-quality service to customers. We aim to be professional in all our dealings with suppliers and to establish mutually beneficial relationships. We have a Procurement and Supply Chain function, which is responsible for putting this approach into practice and for Group procurement policy and standards. These documents have been reviewed, updated and re-published in 2014 as part of the refreshed SMS. As a result we have strengthened guidance on due diligence of third parties to ensure they meet our policy standards and Code of Conduct, including for example our zero tolerance to bribery and corruption.

In line with the relaunch of our Code of Conduct we also reviewed and republished our Supplier Code of Conduct. This sets out the principles and standards we expect from those we work with, to ensure we operate not just legally, but ethically and fairly.

Joint venture partners

Serco is involved in a number of joint ventures with commercial partners and customers. Strong relationships, based on mutual trust and respect and clarity of roles, are essential ingredients if a joint venture is to deliver excellent customer service.

Our Divisional Management Teams are responsible for relationships with our joint venture partners, supported by members of the Group Executive Committee and Board as appropriate. This includes holding regular strategy and review meetings with our partners.

Strategic partners

We often deliver services as part of a consortium, either as prime contractor or as a subcontractor. This allows us to bring together companies with the skills to meet the precise requirements of a bid. This includes working with voluntary sector organisations that often lack the scale and experience to access major government programmes. Responsibility for relationships with our strategic partners lies with the relevant contract and Divisional management.

Community

Our communities are primarily the people who live and work around our contracts but our definition extends to include the third-sector organisations we partner with to deliver a number of our contracts.

Working with communities contributes directly to our business success. It helps to enhance our reputation and build trust with our customers and the public, by demonstrating that Serco is a values-led organisation. Engaging also gives us a better understanding of communities' needs, which can help us to win bids and to operate existing contracts successfully, particularly where we are delivering services directly to the public.

In 2014 we set an objective to recognise exceptional contributions made by our people to the communities in which they live and work. The Serco Pulse Awards recognise people at every level and from every part of the company whose behaviours are making a difference, and providing role models that help shape our businesses in the future. By recognising these individuals and teams we are rewarding the right behaviours that demonstrate Serco's values. During 2014 we reviewed and revised the award categories to introduce a specific Community Award. This award recognises people who have, through Serco, given an exceptional and sustained level of commitment to the communities we serve. Sixteen divisional pulse community awards have been recognised of which five will receive a Global Pulse Community Award. These reflect just a few examples of the many initiatives that contracts undertake to engage with the communities in which they work.

Serco Foundation

We also committed to promote and support the Serco Foundation. The Serco Foundation was established in December 2012 to work with charities and NGOs within the regions where Serco operates, to capitalise on the passion of our people to do good and to make donations that will significantly benefit the campaigns of the charities it chooses to work with. It will also seek to work with large scale Foundations and NGOs to help them consider how to improve the delivery outcomes they seek to achieve.

In 2013, linked to the celebration of 25 years of Serco, our staff around the world carried out a wide range of fund-raising activities, which continued into 2014 and raised just over £500,000 for the nine regional charities which had been selected by our employees, all linked by our chosen initiative of supporting 'Every Child Everywhere'. These charities were:

- In the Americas – St Jude Children's Research Hospital, Ronald McDonald House Charities and Military Child Education Coalition.
- In India – Swiss Emmaus Leprosy Relief work.
- In the Middle East – Al Noor.
- In Asia Pacific – Canteen, KidsCan and Po Leung Kuk (Society for the Protection of Women and Children).
- In the UK – WhizzKidz.

Concurrently during 2014, the Serco Foundation has been exploring a strategic relationship with a global charity to enable them to have access to the experience and capabilities within Serco that might help them to maximise their impact on the lives of children around the world. We are planning to run a pilot scheme with them, funded by the Serco Foundation during 2015 to prove the concept.

Community investment

We monitor our involvement with the communities we serve by recording our community investment through donations of money, assets and time and have typically aimed to invest 1% of adjusted pre-tax profits into the wider society. Whilst in 2014 we are reporting a significant loss in the year compared to profits previously, we have continued to support the communities we operate in. As a result we invested £1,464k into society in 2014. This is made up of:

- Cash Donations   £475k
- Employee volunteering   £296k
- Gifts in kind   £332k
- Management time   £361k

Health and safety

Our aspiration is zero harm. Nothing is so urgent or important that we cannot do it safely. A strong HSE performance ensures the safety of our people and protects our reputation. Wherever they work and whatever their role, our people must adhere to stringent health and safety procedures. These procedures are embedded in the SMS and are the minimum standards that apply. During 2014 these policies, standards and supporting Group operating procedures were reviewed, revised and re-published as part of the refresh of the SMS.

Serco operates in a number of heavily regulated, safety-critical areas, which places stringent requirements upon us. We have the systems in place to deliver these requirements, as reflected in the regulatory approvals and licences we operate under. This also means that we have regular regulatory oversight. Together, these factors give us a strong controls framework for managing our HSE responsibilities.

We monitor and have objectives around a number of performance indicators including lost time incidents; major reportable incidents and physical assaults.

Lost time incidents

In 2014 we saw an 18% reduction in numbers of Lost Time Incidents (LTI) compared to 2013 resulting in a 9.4% improvement in the lost time incident rate. At 457 our LTI rate (per 100,000 employees) has exceeded target (462) for the year by 1%. When the higher risk elements of our business ('frontline') are considered our LTI rate of 925 has seen a 10.8% improvement against 2013 and is 2.6% ahead of target (950). This reflects ongoing continuous improvements which have seen a 29% improvement in our LTI rate over the last five years. This is in the context of an increasing risk profile in some operations (eg from within our custodial business). For 2015 our objective is a further 3% reduction in the LTI rate to 444 for our combined frontline and back office operations.

Slips/trips/falls and manual handling continue to be the highest contributors to LTIs. Where this risk exists a variety of risk reduction initiatives are being implemented including staff awareness and training. Our approach is risk based in regard to safety critical areas where we have driven a number of initiatives including: improved governance arrangements; development of consistent process and toolsets; and significant improvements in the monitoring and reporting of safety performance.

Major reportable incidents

Major incidents are classed as fatalities, fractures, amputations, dislocations, loss of sight, chemical and hot metal burns, electrical burns, unconsciousness caused by asphyxia or exposure to a harmful substance and acute illness resulting from substance inhalation or ingestion.

The number of major reportable incidents fell by 42% to 19 in 2014, resulting in a rate of 19.9 per 100,000 employees. This can be broken down with rates for 'frontline' (higher risk) operations at 37.3 and our 'back office' operations at 4. These are ahead of our target of 40. For 2015 our objective is to sustain a major reportable incident rate under 30.

Physical assaults

No employee should be subjected to either physical or verbal abuse. We have clear policies to support all our employees and recognise the risks that some employees face.

This performance indicator has been an area of specific management focus in the UK Divisions and ASPAC where we have significant risk of assaults mainly through our immigration and custodial businesses. Many initiatives, working groups to spread best practice and training have helped to manage this risk area. For example the issue of 'legal highs' which has affected the UK custodial business has impacted by fuelling assault situations, however we have led an industry-wide working group to look at ways of addressing this.

In ASPAC, reducing the potential for assaults is managed through controls such as intelligence reports and surveillance, and training of our personnel in de-escalation and situational response strategies. In addition, Justice and Corrections in New Zealand launched a violence reduction strategy and a multi-disciplinary safer custody committee to assist in reducing the potential for assaults.

Having said this, with an evolving risk profile we have seen an increase in 2014 in the physical assault rate per 100,000 employees of 15% (554) against our rate in 2013 (481). This falls short of our target (460) by 20%. When just 'frontline' performance is considered our rate in 2014 at 1,155 is 12% higher than in 2013 (1,035) and misses our target of 988 by 17%. This reflects an erratic performance over the last five years which is reflective of the changing risk profile. We will continue to build on current initiatives and engage with others in the industry with the objective of reducing our physical assault rate by 3% in 2015 to 537.

Environment

Serco's aspiration for zero harm applies as much to the environment as it does to health and safety. It makes good business sense to protect our reputation and reduce our energy consumption and environmental impact. Our environmental policy is also driven by the desire to do what is right for the world we live in.

Although Serco's activities are typically managed at a local level, we are united in our strategy of measuring our impact and reducing our environmental footprint. This supports a range of initiatives in our operations around the world. A small number of examples of initiatives included:

- In Americas, consulting and guidance were provided to industrial contracts on a wide range of environmental issues, with examples including hazardous waste disposal, wastewater treatment, ozone depleting substances, industrial hygiene topics and others.
- In Australia, at Acacia Prison we engaged in a partnership into a hydroponic nursery and seedling production. Creating training, employment opportunities in a sustainable business model. Also across their immigration centres they introduced biodegradable plates to eliminate 1000s of plastic plates being manufactured and waste to landfill.
- In the Middle East, our aviation business is looking at continuous descent approach and climb departure to reduce fuel and CO_2e emissions.
- In India, 70% of operations are now certified to ISO14001.
- In the UK, we are implementing a Combined Heat and Power solution at Tenterden Leisure Centre and introducing an LED lighting upgrade of external lighting and plant controls at Lilleshall National Sports Centre.

Where environmental initiatives have been identified specific indicators relevant to the project are agreed so that delivery and where possible impact can be assessed. This is monitored within the relevant Division and managed locally to ensure appropriate ownership and sustainability of projects. In 2015, the introduction in the UK of the Energy Saving Opportunity Scheme (ESOS) regulations will require Serco to present to the Executive Committee costed energy reduction initiatives for a representative section of the business.

Across more than two thirds of our business, we are working on our customers' premises and are therefore not in direct control of the environment in which we operate. That is why collaborative working with our customers on environmental issues is important. Serco recognises its responsibility to ensure that any adverse impact on the environment is reduced, or where possible, eliminated by applying the most appropriate management systems at contract level – whether designed by our customers or by us.

Where we are not in control of the working environment, we support our customers in applying their own environmental management systems and objectives.

In 2014, Serco again responded to the Carbon Disclosure Project FTSE 350 (CDP) request for information achieving an improved score of 97% (16th equal and 2nd in our business sector), compared to 92% (18th equal in the FTSE 350 report) in 2013, retaining us in the Carbon Disclosure Leadership Index.

Greenhouse Gas Emissions

This section includes our mandatory reporting of greenhouse gas emissions, as required by Section 7 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (The Regulations).

Reporting year

Our reporting year for greenhouse gas emissions is one quarter behind our financial year, namely 1 October 2013 to 30th September 2014. We established this reporting period last year to ensure that the emissions information we obtain from supplier invoices is complete and we set last year as the baseline.

Global greenhouse gas emissions data

For the period 1 October 2013 to 30 September 2014 our total carbon dioxide equivalent (CO_2e) was 368,012 tonnes. A breakdown of this by emission type is provided in Figure 1. This reflects an 8% reduction compared to last year's emissions which were 398.519. This results from the impact of weather, a warmer winter in 2013/14; changes in contributing contracts; and the impact of initiatives taken. Figures 2 and 3 draw comparisons between years by type (scope 1 and 2) and by Division.

Reporting boundary and responsibility

We report our emissions data using an operational control approach to defining our organisational boundary. This follows the greenhouse gas protocol and defines how we meet the Regulations' requirements in respect of the emissions we are responsible for.

We have reported all material emission sources for which we consider ourselves responsible and have set our materiality threshold at 5%. These sources align with where we consider we have operational control.

In 2014 we achieved an overall materiality level of just under 5% and our objective is to maintain this for future reporting.

We do not have responsibility for any emission sources that are beyond our operational control, for example, business travel other than by our own transport, and therefore do not report them here. Scope 3 emissions can be found in our annual Carbon Disclosure Project FTSE 350 submission.

Methodology

Serco quantifies and reports to ISO 14064-1 2012. We have used the Department for Environment, Food and Rural Affairs (DEFRA) 2014 conversion factors within our reporting methodology. We have also opted to use operational control as the consolidation approach, due to the nature of our business, with employees who are often on customer sites where no operational control is possible. As this approach is inconsistent with the financial statements, we have described the classification of reporting boundaries in detail in our Basis of Reporting 2014 document, which is available on our website, www.serco.com.

In some cases, we have estimated emissions based on similar Serco facilities. This is done, for example, where our staff work in leased premises but have no access to actual consumption figures. In other cases, we have extrapolated total emissions by using available information from part of the reporting period and extending it to apply to the full reporting year. This occurs for the rare occasions where gaps are identified in our data.

The sum of all estimated emissions is below x5% of our global emissions, so we consider the potential error to be immaterial.

Scope of reported emissions

We have reported emissions data for our operations in the following countries:

Division	Country
ASPAC	Australia & New Zealand
Middle East	Bahrain Hong Kong India UAE
Americas	USA Canada
Global Services	Australia India Ireland UK
Central Government Local and Regional Government	UK Ireland

The emissions that have not been included in this year's report relate to refrigerant gases from air conditioning and refrigeration outside the UK. After analysis, we believe these emissions are immaterial.

For countries where we have very limited operations, such as Dominican Republic and Virgin Islands where we have fewer than ten employees we have undertaken a materiality assessment and consider that the related emissions are not material and are therefore excluded.

Intensity ratio

To express our annual reported emissions in relation to the scale of our activities, we have used full time equivalents (FTE) as our intensity ratio. This is the most relevant indication of the constantly changing nature of our business and provides the best comparative measure over time.
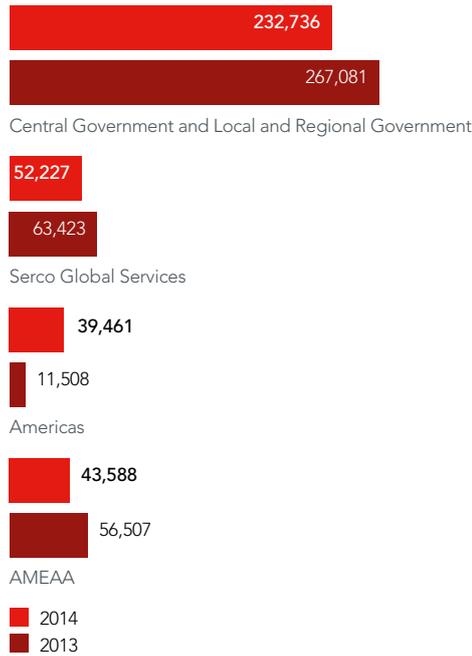
Our frontline operations have an emissions intensity of 6.86 tonnes CO_2e per FTE whilst our back office operations reported significantly less at 1.03 tonnes CO_2e per FTE. Combined our normalised emissions are 3.80 tonnes CO_2e per FTE which is a 6% improvement on 2013 (4.04).
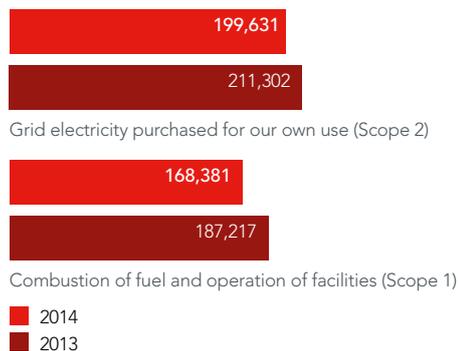
% breakdown 2014 by emission type
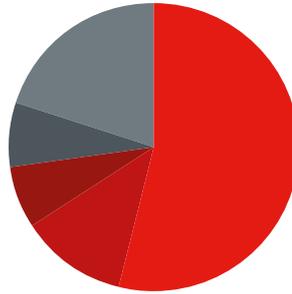
- Electricity **54%**
- Gas **12%**
- Petrol **0%**
- Diesel **7%**
- Fuel Oil, mostly Marine **7%**
- Specialist Marine Fuel **20%**
- Fugitive Emissions **0%**

Summary of emissions by Corporate Divisions (tonnes CO_2e) 2014 v 2013

232,736
267,081
Central Government and Local and Regional Government

52,227
63,423
Serco Global Services

39,461
11,508
Americas

43,588
56,507
AMEAA

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Global Scope 1 and 2 emissions in tonnes 2014 v 2013

199,631
211,302
Grid electricity purchased for our own use (Scope 2)

168,381
187,217
Combustion of fuel and operation of facilities (Scope 1)

- 2014
- 2013

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