

Bringing service to life



Principles in practice

Key highlights from our corporate responsibility report 2005



Serco touches so many lives. Our employees' wholehearted response to various disasters that occurred over the last 12 months exemplifies the spirit of public service that characterises everything we do.



During 2005, 80 Serco employees from around the world travelled to Sri Lanka with the charity Habitat for Humanity. Together, they worked alongside local people like **P Ramanathan** to rebuild homes – and lives.

Contents

Our commitment	2
Our approach to corporate responsibility	4
Highlights of 2005	6
Managing our responsibilities	10
Health and safety	14
People	18
Community	22
Disaster relief	26
Environment	32
Targets and objectives	36

For Serco, corporate responsibility is about living the values and principles that govern the way we operate and behave.



This document provides key highlights from our corporate responsibility report 2005. For more information, see a full version of the report at:

www.serco.com

Our commitment. We are committed to operating in a safe, socially responsible, consistent and honest manner, underpinned by a deep public service ethos that transcends our contractual obligations.

How we performed in 2005

15% increase in community investment (excluding our contribution to the tsunami appeal which increases this total to 28%)

40% of those completing the Serco Leadership Programme are now in senior roles within the company

1,480 blankets, duvets and sleeping bags were collected over 14 days to help those directly affected by the earthquake in Pakistan

53 staff received a Chairman's Recognition Award. These included in the *People: Outstanding Act* category



Ayesha Khan,
Auxiliary Enforcement
Officer, Serco Monitoring,
Serco Home Affairs, UK

Ayesha was honoured for her humanitarian actions and kindness during the aftermath of the London bombings on 7 July



Stephen Quane,
Driver, Merseyrail, Serco
Integrated Transport, UK

Stephen bravely stepped in during an altercation on his train to prevent a police officer from being attacked



Steve Quinby,
Assurance Manager,
Serco Integrated
Transport, UK

Offering first aid at the scene of a crime helped to get a young man to safety, all thanks to Steve



Thampi Jose,
Rail Operator,
Merseyrail, Serco
Integrated Transport, UK

Thampi showed courage and perception when he saved the life of a woman at the station he manages in Liverpool, UK



Andrew Boswell,
Street sweeper, Rother
Contract, Serco Government
Services, UK

Helping to save the life of a man with hypothermia who had collapsed on the promenade in Bexhill, UK, earned Andrew his award

Our approach to corporate responsibility

Kevin Beeston, Serco's Executive Chairman, fields some questions about Serco's approach to corporate responsibility, in a year when the Group supported communities from as far apart as south-east Asia and the UK to the Gulf of Mexico and Pakistan

You talk a lot about Serco's 'public service ethos'. Where do you think this ethos comes from?

From our people: it's as simple as that. Yes, my senior management team has a critical role to play when it comes to providing leadership.

It is also down to us to make sure we implement the procedures and processes required to manage our business according to our values.

But, ultimately, it is our people who inject life into those procedures and processes

through their dedication, commitment and professionalism.

The last year has seen a roll-call of global disasters. How can a business like Serco play a more effective role in disaster relief?

Our involvement in the tsunami relief effort certainly opened my eyes. Since then, emergencies elsewhere have simply highlighted the need for a fail-safe mechanism to transfer critical skills from private businesses to people on the frontline of disaster relief. This imperative is already shaping our work with the charity

Habitat for Humanity. It also underpins the efforts we are making through Business in the Community (BitC) to collaborate with other UK businesses and non-governmental organisations on developing new and more effective ways of managing crises.

Serco's response to recent disasters demonstrated a great generosity of spirit. How would you sum up the 'Serco spirit'?

I believe it is about 'Bringing service to life'. This defines the Serco spirit. The future of that spirit lies in the hands of our people.

This is why we invest so extensively in nurturing their development through programmes such as Skills for You while celebrating their achievements through initiatives such as the Chairman's Recognition Awards.

Serco has a good reputation in the field of social responsibility. Is there a risk that you will get complacent?

I am determined that that will never happen. We aim very high. For example, while our reportable injuries rate fell by 7.4%, we were actually aiming for a 15%

reduction. That said, I am certainly not dismissing what we achieved.

Among many other positives, it reflects the number of safety initiatives that we have in place, and which we are continuously developing, across our Group. But we can always do better. Similarly, our environmental performance is good – but we are taking steps to make it even better.

The fact that we can now pool environmental data from across our divisions is a critical step towards understanding our full impact and achieving the standards that we have set ourselves.



IT IS OUR PEOPLE WHO INJECT LIFE INTO SERCO'S PROCEDURES AND PROCESSES THROUGH THEIR DEDICATION, COMMITMENT AND PROFESSIONALISM



Highlights of 2005

our year in pictures

We review an outstanding year in corporate responsibility, reflecting our dedication to supporting biodiversity, the community and the environment and protecting health and safety



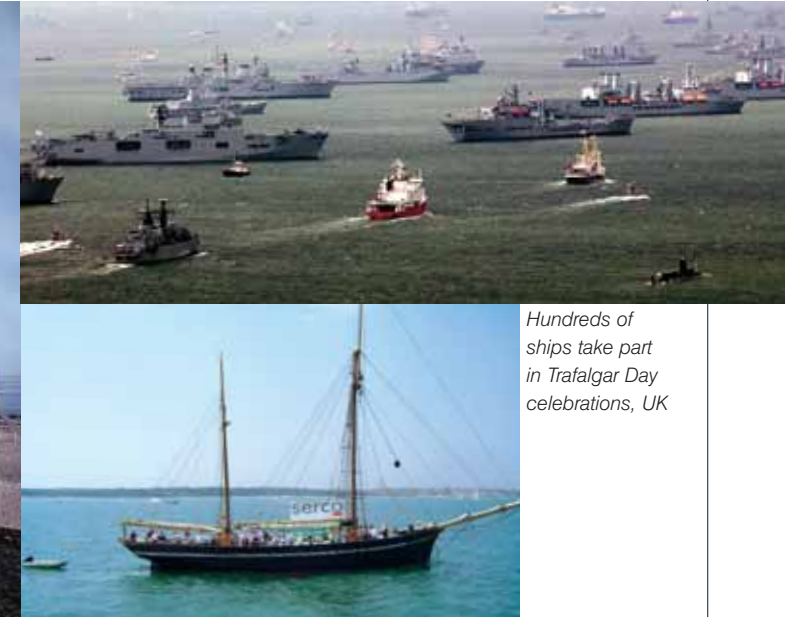
Serco volunteers help to rebuild houses in Sri Lanka



The natural habitat in Goose Bay, Canada



The award-winning RAF Fylingdales, UK



Hundreds of ships take part in Trafalgar Day celebrations, UK

first quarter

- Challenged to match a £100,000 donation from the business, our people raise £123,000 this quarter for the tsunami appeal, later rising to £453,000 including the sponsorship of our volunteers and their fundraising.

- In March, Serco Goose Bay became our first contract in Canada to gain certification to the international ISO 14001 environmental management standard. This achievement reflects the strength of our commitment to protecting one of Canada's most complex and sensitive habitats.
- The ongoing commitment to provide employment opportunities for people with disabilities results in Serco Hong Kong receiving the Caring Service Company award for the third consecutive year. The award is given to companies that benefit society and demonstrate good corporate citizenship.

second quarter

- In Sri Lanka, 80 Serco volunteers take part in a house-building programme under the direction of international charity Habitat for Humanity. For many, it proves a life-changing experience.
- In May, Serco receives a gold medal, six gold awards and one silver award from the UK Royal Society for the Prevention of Accidents (RoSPA), while RAF Fylingdales receives the prestigious RoSPA President's Award. Only organisations achieving a minimum of ten consecutive gold awards are eligible for this honour.

- Events to celebrate the Battle of Trafalgar's 200th anniversary are a success, partly thanks to Serco Denholm's exemplary behind-the-scenes management involving staff from both Portsmouth and Clyde. A total of 35 nations took part, involving 175 ships with 26,000 personnel on board. Together, we carried out 1,000 ship moves (which under normal circumstances, would take place over nine months) in 12 days, without any incidents.
- Visitors enjoy the water features in Melbourne's parks in July, thanks to an environmentally-friendly way of reducing algae. Serco Parks and Gardens use submerged cages filled with barley straw to prevent the growth of algae. Once decomposed, the straw is replaced.



A young tsunami survivor in Sri Lanka



Top: Learners at Serco Denholm, Portsmouth, UK
Above: Jill Garfitt collects the Skills for Life award

third quarter

- Our Skills for You programme – which offers employees essential skills training alongside work-based learning – scoops a top accolade in July's annual Business in the Community awards. Jill Garfitt, Serco's Head of People Development, collects the award at a ceremony in London, UK. "We want people to grow personally and professionally," she comments.

- Serco teams across the country spring into action following the London terrorist bombings on 7 July. Our air traffic control teams help to set up a no-fly exclusion zone over the UK capital, while Serco personnel working for the Helicopter Emergency Medical Service (HEMS) take on extra responsibilities, freeing up doctors and nurses.
- The launch of ASSURE™ version 2.2, Serco's Group-wide data capturing system, enables us to consolidate environmental data from across our business. This helps to make us more effective at assessing our overall performance, targeting our resources and achieving improvements.



The HEMS team springs into action during the July 7 bombings



Hi-Viz vests help to keep children safe on the streets



Employees benefit from our Staff Assaults conference in York, UK



Ernie Buckley, Project Director for Serco's environmental services contract at Breckland, UK, with a local newspaper boy

fourth quarter

- During European Week for Safety and Health at Work in October, Serco Local Government drivers in Breckland, UK, began giving high visibility (hi-viz) vests to paper delivery boys and girls. The idea was the brainchild of Ian Clancy, a Serco HGV driver, who – as a father himself – was concerned for the youngsters' safety on the roads, during their early morning rounds.
- Employees worldwide are quick to assist the victims of the Pakistan earthquake in October. In Abu Dhabi, staff raise over £1,500 for relatives of colleagues left homeless by the disaster. Working in partnership with the charity Islamic Relief, UK staff donate 950 blankets, 360 sleeping bags and 170 duvets.

- The National Railways Museum in York, UK, is the venue for our third Personal Security and Reducing Staff Assaults conference. Held in November, the event brings together employees from across our divisions as well as representatives from external bodies such as British Transport Police and the rail unions.
- By the end of 2005, we have completed a comprehensive review of our management system and the policy standards that underpin our commitment to corporate responsibility. Drawing on feedback from across our Group, the revised management system and supporting suite of standards provide a robust platform for the next phase in our journey from being a good company to becoming a great one.

To ensure our principles and values deliver tangible results, we updated and re-published our management system and supporting suite of policy statements and standards.



Managing our responsibilities. We are constantly refining the management system underpinning the highly developed sense of corporate responsibility that governs everything we do.

1st the position we hold in Management Today's list of Britain's most admired services businesses

151 employees have now completed Serco's Director Development Programme

92% the proportion of our turnover that comes from the public sector, where our deep public service ethos continues to win our clients' trust

10,976 rise in employees within Serco. This increase in numbers is largely as a result of our acquisition of ITNET (now known as Serco Solutions) and RCI (now known as Serco Inc.) and our joint venture with NED railways running Northern Rail

review

- ✓ Our collective response to crises in Sri Lanka, London, the Gulf of Mexico and Pakistan became an inspiring expression of our socially responsible culture in action
- ✓ During 2005, we took a long hard look at what we stand for as a company and how we should behave as a socially responsible business
- ✓ This debate gave us the clarity to restate our principles and values within the five foundation stones that underpin our approach to corporate responsibility
- ✓ Our Corporate Assurance Group (CAG) ran three crisis management workshops with the Cabinet Office's National School of Government. These events were designed to give our leaders the skills and confidence to react quickly and appropriately to unforeseen difficulties, assuring the public's well-being and protecting our reputation
- ✓ 200 senior Serco leaders gathered in Cannes to understand, share and commit to our shared goals, purpose and vision inspired by 'Bringing service to life', which expresses our management philosophy



Pupils Daniel and Lee at the New Leaf Centre

Turning over a New Leaf

Since we took over the education authority in Walsall, UK, we have worked hard to engage local school children through a range of carefully thought out and implemented initiatives

Among the most successful initiatives has been the New Leaf Centre, which is designed to bring excluded children back into school with fresh motivation. It also provides good opportunities for them to gain the key skills they will need to move into work training or further education.

The results of our work are benefiting youngsters throughout the Walsall area. Fifty three accredited awards were gained by

students in 2005 against a zero figure in 2003.

High quality
At the end of 2005, five Walsall schools were named on Ofsted's list of particularly successful schools and colleges for 2004/05. The schools were found to be very, or extremely, effective in providing high quality education and ensuring that their pupils unlock their full potential.

“
EXAM RESULTS
HAVE IMPROVED
SIGNIFICANTLY AND WE
HAVE ACHIEVED RECORD
SCHOOL ATTENDANCE
”



Winning admiration

Once again, Serco was voted Britain's most admired services business in *Management Today's* Britain's Most Admired Companies Awards poll. The verdict came from some of the toughest judges in the business – our peers – who also named us Britain's sixth most highly-rated company overall.

In North America, Serco Inc. took an important lead in the business-critical area of ethics with the launch of an updated ethics compliance programme. Part of the initiative involved a whistle-blower hotline for staff.





Serco air traffic controllers in the US, in 54 different towers, from California to Alaska, helped five million passengers to land safely in 2004, while Serco Middle East has forged a strong reputation thanks to its world-class aviation safety management systems. In Dubai alone 22 million passengers landed safely thanks to our air traffic controllers.

review

- ✓ We have developed an increasingly rigorous safety management system, which we subject to continuous review and improvement
- ✓ In 2005, we implemented our ASSURE™ system – which gathers health, safety and environmental information on our activities – across the entire Group
- ✓ Our safety performance remains significantly above average when compared with similar businesses
- ✓ In September, the UK's Health and Safety Executive invited Serco's Executive Chairman, Kevin Beeston, to become one of its health and safety business champions
- ✓ Several Serco volunteers with health and safety expertise visited post-tsunami Sri Lanka to advise on safety during a Habitat for Humanity rebuilding programme
- ✓ Efforts to eliminate verbal and physical assaults by passengers against our railway staff have achieved a 50% drop in reported incidents over the past three years

Health and safety. We never compromise on protecting the health, safety and welfare of the people who work for us, or the communities they serve.

7.4%

improvement in reportable injury rate per 100,000 employees

25%

reduction in the average lost time per incident

33%

reduction in physical staff assault rate per 100,000 hours worked



In 2004, marine services provider Serco Denholm undertook a study to find which employees had had the most accidents over the previous two years. Finding that it was tank cleaners on-board vessels at Devonport and Portsmouth, in the UK, it launched a training programme to make safety awareness an instinctive part of staff behaviour. It has produced an impressive 40 per cent reduction in tank cleaning incidents.

“
OUR SAFETY PROGRAMME
HAS REDUCED TANK
CLEANING ACCIDENTS BY 40%
”

Left: Tank cleaners at Serco Denholm, Portsmouth

On track for safety

In August, the Serco-operated Docklands Light Railway (DLR) achieved secure station awards at its Stratford, Canning Town and Bank stations

This means that the DLR was the first urban railway in the UK to achieve the accreditation at all of its stations.

Since then, four new DLR stations have opened up, and all of them are expected to

achieve accreditation early in 2006.

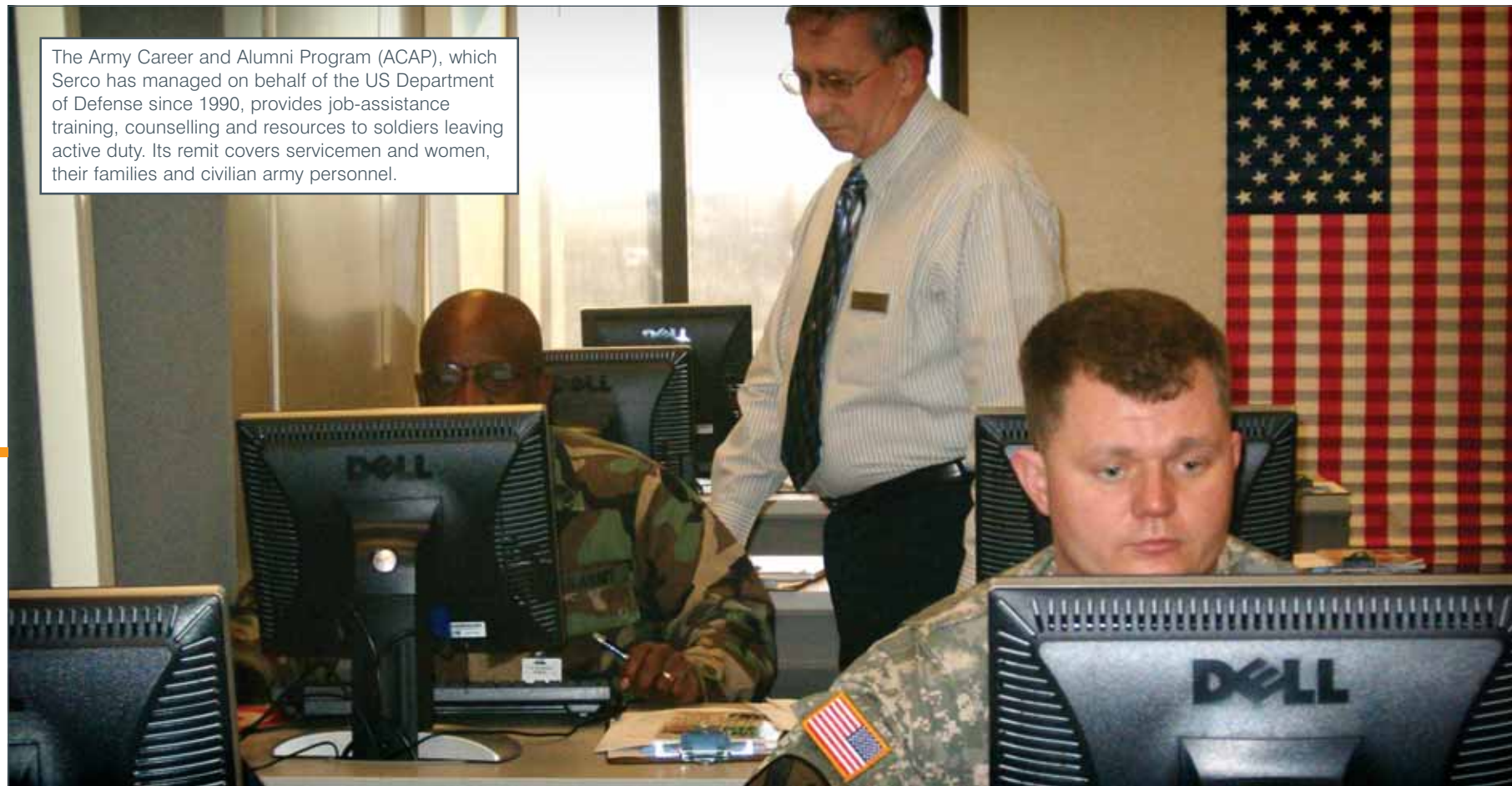
Keeping watch

Serco also plans to install a CCTV system on every DLR train during 2006 – another safety first for a UK rail network.



In North America, Serco employs 700 drivers on a range of contracts. Most had clean driving records, but some did not and were a potential risk to themselves and others. To ensure all drivers met our standards, we launched a safe driver programme, which has reduced our auto insurance premium costs by more than 50 per cent.

The Army Career and Alumni Program (ACAP), which Serco has managed on behalf of the US Department of Defense since 1990, provides job-assistance training, counselling and resources to soldiers leaving active duty. Its remit covers servicemen and women, their families and civilian army personnel.



review

- ✓ The Serco Leadership Programme continues to be a success. Forty per cent of those who joined the first two groups now work in senior roles within the company
- ✓ With the aim of developing a long-term skilled workforce, we currently employ apprentices in electrical engineering, facilities management and aircraft and property maintenance
- ✓ To reinforce people's sense of belonging, we produced a new global employee handbook and distributed it to every member of staff
- ✓ In the UK, we now list new job vacancies with Remploy, an organisation that supports disabled people in their search for employment
- ✓ We aim to redeploy at least 10 per cent of displaced employees, which will retain skilled individuals and minimise redundancy costs

People. Empowering our increasingly diverse workforce to excel is one of our governing principles. We give people the support they need to fulfil their potential.

2.3%

rise in ethnic minority employees

1.9%

increase in female employees. This, in part, can be attributed to the success of the Women in Serco (WiSe) movement. We also have two women on the Global Management Board, who act as positive role models for other women in our company

20%

the average number of volunteers taking up Skills for Life training following assessment

£1m

money saved across the business due to recruitment agencies. Our preferred supplier network of recruitment agencies has delivered savings to the business in excess of £1 million, and over 800 people across the UK have been trained to use the e-recruitment system

Woman's world

The nature of our business means that many of our contracts are in sectors traditionally dominated by men. We recognise that there are times when women working in these areas can feel isolated. That is why we strongly encourage them to network with women in other parts of our business

Women in Serco (WiSe) is an initiative that reinforces and complements our leadership and staff development programmes. We created it to support women developing their careers within our business.

While it is open to all female employees, WiSe places particular emphasis on increasing the number of

women in management positions.

Nurturing and leading

WiSe identified a need to train more women in senior positions to mentor women coming up through the business and organised a major networking event that gave guidance on performance management, mentoring and the use of business networks.

Serco employees at the WiSe networking event



Portsmouth College provides on-site education on a weekly basis to employees at Serco Denholm Portsmouth, UK, as part of our Skills for You initiative. Trainees drop in at any time during the day, either to fit in with work requirements or at the end of a shift.



“ WE ARE COMMITTED TO ENSURING THAT OUR EMPLOYEES ARE ABLE TO BALANCE THE NEEDS OF THEIR FAMILY WITH THOSE OF THEIR WORK ”

We implemented a suite of family-friendly policies, which provide for enhanced maternity and paternity leave, paid time off for IVF treatment, a career-break scheme and a childcare payment programme so employees can take advantage of tax breaks on approved childcare.

Working with the Ayrshire and Arran Alcohol and Drug Action Team (ADAT), Serco Home Affairs staff, including Maria McLaren, right, at HMP Kilmarnock in Scotland have played a significant part in saving ex-prisoners' lives. In 2002, seven prisoners died within 14 days of being released due to drug overdoses. Following the formation of ADAT, no post-release deaths were recorded in 2003 and 2004.



Community. We are an integral part of the communities we serve. Through our services, we have become a trusted part of people's lives in diverse and often profound ways.

65 employees signed up as e-mentors in a groundbreaking pilot initiative aimed at youngsters in Walsall, UK

600 disadvantaged young people in the UK were supported through Serco's bursary to the Duke of Edinburgh's Award

C\$3.3m goods and services procured by Serco from businesses run by Inuit, Innu and Metis communities in Canada

£453,000 the sum donated to the tsunami relief effort by Serco and its employees, either through donations or sponsorship

review

- ✓ We invested a total of £1,017,129 in cash and in kind to community initiatives around the world, representing 1.3% of our pre-tax profits
- ✓ The strength of our community commitment was illustrated by our response to the crises in south-east Asia, London, UK, the Gulf of Mexico and Pakistan
- ✓ 80 Serco employees from around the world volunteered to join reconstruction efforts underway in post-tsunami Sri Lanka
- ✓ Our long-term support for the Duke of Edinburgh's Award Scheme created new opportunities for disadvantaged young people around the UK
- ✓ We continued to build links with minority communities wherever we operate, achieving notable successes in Australia and Canada
- ✓ Our Skills for You programme produced a list of inspiring success stories from one of our core communities – the people who work for us
- ✓ Our regional CR networks were instrumental to the success of community initiatives worldwide, from the UK to the Middle East



Staff employed by Kuka Transport, Goose Bay, Canada

“We value our relationship with Serco, which has grown over recent years,” notes Sebastian Benuen, who runs Kuka Transport in Goose Bay, Canada. “We need each other and the benefits work both ways.” Sebastian is one of many businessmen to benefit from the C\$3.3m of goods and services we have procured from enterprises run by members of Canada’s Inuit, Innu and Metis communities.

Building bridges

In 2000, Australian entertainer Nikki Webster boarded the Indian Pacific train leaving Sydney for Perth to launch the first Indian Pacific Outback Christmas Party. The annual event is our way of thanking communities along the Indian Pacific route for their support. It has become so popular that some people walk miles to join the fun.

Chris Leech, Northern Rail's Schools Liaison Officer, has a straightforward mission: to open children's eyes to the dangers of anti-social behaviour on trains and tracks. As part of this, he has presented rail safety talks to over 250,000 pupils aged between four-and-17-years old.

Impressive results

His efforts have helped reduce anti-social behaviour on the Northern Rail network by an impressive 74%. As a result, every rail operator in the UK is now obliged to have a Schools Liaison Officer.

CHRIS LEECH HAS PRESENTED RAIL SAFETY TALKS TO OVER 250,000 PUPILS

Making a difference

2005 will be remembered for a series of incidents that devastated communities as far apart as Sri Lanka and the UK, the Gulf of Mexico and Pakistan. Our collective response to these events became an inspiring expression of Serco's value-based culture in action.

It is important to place on

record that a significant number of people associated with our business were directly affected by these crises.

In particular, the July 7 bombings, in London, UK, claimed the life of one of our colleagues. Our deepest sympathies remain with his family and friends.



Changing lives in Sri Lanka

As well as raising tens of thousands of pounds for the tsunami appeal, 80 Serco volunteers took part in a company-supported programme to build houses in a tsunami-hit area of Sri Lanka



Above: A Sri Lankan youngster, complete with Serco hard hat, alongside one of our volunteers

Right: A survivor surveys the damage left by the tsunami

Previous page: Sri Lankan schoolchildren try to get back to normal

Days after the tsunami, our business made a corporate donation of £100,000 to the relief efforts, and within six weeks, our employees had exceeded that figure by collecting over £123,000 through their own fundraising efforts. By the end of the year, Serco and its employees had contributed over £453,000 in donations and company sponsorship to the tsunami relief effort. But our contribution was not exclusively financial.

Memorable experience

Under the guidance of the UK-based charity Habitat for Humanity GB (HFH), Serco volunteers travelled to Sri Lanka to help build houses. They developed new skills, met new people – and had one of the most memorable experiences of their lives. The volunteers came from such countries as Canada, Bermuda,

America, the UK, Ireland, the Ascension Islands and the Netherlands, and from the Middle East. They included managing directors and bus drivers, scientists and PAs. As one volunteer commented: "Job titles were irrelevant. All we needed was the passion, enthusiasm and desire to give something back to people in need."

Gaining inspiration

Personal testimonies from the volunteers make inspiring reading. KN Satheesan works with Serco Gulf in Dubai. "I am a carpenter by profession," he says. "But in Sri Lanka, I worked as a mason and helped with house construction. The atmosphere was good and everyone was friendly. People were so happy we had come to help. It felt good to be part of a bigger organisation that cares for people."



United in the face of terror

Serco staff were at the heart of London's courageous, calm and prompt response to the July 7 bomb attacks

Immediately after the blasts, our Air Traffic Control team at Battersea helped set up a no-fly exclusion zone over the city, securing airspace for the police, army and medical services. Serco teams at the London heliport and the Helicopter Emergency Medical Service took on extra responsibilities, freeing up doctors and nurses to care for the injured.

Safety first

Our teams on the Docklands Light Railway (DLR) shut down the network swiftly and safely. Having reunited stranded schoolchildren with their families during the morning, teams reopened the system in time for

evening commuters to return home safely and efficiently.

Our court escort and electronic tagging teams in the capital helped emergency services evacuate court buildings and police stations, assisting blast victims wherever possible. Meanwhile, the London Fire Service used equipment and techniques developed by our consulting teams as they activated the government's emergency response plans.

Hands-on help

The Serco-run National Traffic Control Centre helped to keep the roads clear, efficiently warning drivers away from London. Once

the immediate crisis had eased, they helped manage the road network to get drivers home. A record number of road users turned to the centre's website and telephone helpline for assistance.



THE LONDON FIRE SERVICE USED EQUIPMENT DEVELOPED BY OUR CONSULTING TEAMS AS THEY ACTIVATED EMERGENCY RESPONSE PLANS





Serco staff in the southern states of America played a critical role in the evacuation of areas hit by Hurricanes Katrina and Rita. When the US Government called on military chiefs to lead the relief campaign, Serco staff helped mobilise the troops swiftly and efficiently.

“
OVERCOMING CHALLENGES
DEMANDED CONSIDERABLE
COURAGE AND SOME
INGENIOUS IMPROVISATION
”

A firm footing for Pakistan

When Pakistan was hit by an earthquake last October, a significant number of Serco personnel around the world discovered that their own families had been caught up in the devastation

After the earthquake, we flew three Abu Dhabi-based employees – Zubair Khan, Mohammed Azam Khan and Fayyaz Khan – back to Kashmir on compassionate leave. When they arrived, they found their relatives alive but homeless. Their colleagues responded immediately. Within days, they had collected the equivalent of £1,500 and used the funds to rent two safe houses for the homeless families.

Working in partnership with the charity Islamic Relief, Serco

employees in the UK were equally quick to assist the earthquake victims.

Full support

Throwing their support behind the 'Two Weeks to Save Lives' appeal, launched by our Executive Chairman Kevin Beeston and Chief Executive Christopher Hyman, our staff collected 950 blankets, 360 sleeping bags and 170 duvets for people left homeless by the disaster.



COLLEAGUES
RESPONDED
IMMEDIATELY AND,
WITHIN DAYS, HAD
COLLECTED £1,500



Above: Blankets, sleeping bags and duvets were gathered together for the relief effort

Left: Thousands of people in Pakistan were left homeless by the earthquake

Our provision of strategic marketing and support services has assisted Envirowise, a state-funded programme which offers free, independent environmental advice to UK businesses, in making a significant contribution to achieving UK Government targets for cutting water usage, waste sent to landfill and chemical emissions. The company has helped UK businesses save £1.3 billion since 1994, through initiatives such as reducing packaging waste.

Environment. We are determined that our operations should never have a negative impact on the environment. Wherever possible, we strive to enhance it.

review

- ✓ We merged our health and safety and environmental policies to create an integrated health, safety and environment policy statement
- ✓ We have for the first time consolidated environmental performance data across the Group
- ✓ In America, the success of our Joint Environmental Material Management Service illustrates collaboration with customers to enhance environmental performance
- ✓ Around the world, we have launched a series of water conservation initiatives
- ✓ We actively encourage staff to volunteer for environmental causes inside and outside working hours
- ✓ The Environmental Network Group collaborated on expanding the principles of Serco's ethical procurement policy
- ✓ Sustainability remained a key focus throughout the year, and was an important discussion topic at our Corporate Responsibility conference

15% *reduction in electricity costs achieved through a number of initiatives for the National College of Ireland*

22% *reduction in reportable environmental incidents*

94.6% *the audit score achieved by HMP & YPOI Doncaster, UK in its environmental sustainability audit by the British Safety Council*

14,700m³ *the amount of water saved per month at Ulm, Germany, as a result of our water conservation project*



Conserving the environment

At Shrivenham in the UK, volunteers from the Ministry of Defence's Joint Services Command and Staff College have been taking part in a wide range of conservation initiatives to help preserve the surrounding woodland and wildlife. Their efforts are overseen by Alasdair Harper, Environmental Co-ordinator on our 28-year contract. "Our staff take conservation issues extremely seriously," comments Alasdair, who retrained for his current job with Serco after 20 years as an army physical training officer.















In Belgium, Serco is supporting national efforts to cut carbon emissions from the road network. To reduce traffic, the Belgian Government launched a radical scheme offering commuters free public transport. Serco covers 80% of its staff's public transport expenses to and from work, while the government makes up the balance.

UK-based Serco Leisure Swimming Pools introduced a number of changes designed to conserve water, cut costs and benefit the environment. Installing aerating shower heads saves seven litres of water per minute, while installing swimming pool covers helps prevent heat loss.















Targets and objectives. Progress against 2005 targets and objectives.

Key	Achieved 	Failed 	On Target 	On going 	New 
-----	--	--	---	---	---

Targets	Comment	Status	Timeline
Health and Safety			
To reduce the 2004 reportable accident rate per 100,000 employees by 15%	Although we didn't meet our target, we did manage to reduce our reportable accident rate by 7.4%		
To reduce the staff physical assault rate to three per 100,000 exposure hours by 2006	We exceeded our target and managed to reduce assaults to 2.37 per 100,000 exposure hours		
Complete implementation of ASSURE™ across all Serco's business operations	All divisions now operating ASSURE™		Nov 05
People			
Complete 'Skills For You' assessment on 20% of UK staff willing to be assessed	5% of UK staff achieved. The process takes longer than expected, but this ensures better take up		Dec 06
Reduce staff turnover % compared to that reported in 2004	Staff turnover reduced by 2.22% in 2005 compared to 2004 figures		
Develop and introduce the Serco Business Managers Programme	All six programmes have been piloted and the programme was ready for launch in January 2006		
Community			
Define measures to record the impact of Serco's community involvement	Research commissioned through BitC has started. Findings and toolkit to be published in 2006		June 06
Ensure our level of community investment reflects 1% of pre-tax profits	Our community investment figure was 1.3%		
Review and revise our approach to supplier engagement	Working group established, procurement policy being revised. Business guidelines to be published in 2006		May 06
Environment			
Implement consistent approach across Serco to environmental impact assessment	Standard guidelines and process issued for implementation across the business		
Develop ASSURE™ to capture environmental performance data	Reporting functionality available through ASSURE™ Initial research completed and strategy defined		
Raise awareness and understanding on sustainability	Business case for sustainability to be developed		Dec 06

Targets and objectives. New targets and objectives for 2006

This represents a small selection of our targets and objectives. For the complete list, see our full corporate responsibility report at www.serco.com

Targets	Comment	Status	Timeline
Health and Safety			
Achieve 5% reduction in the reportable accident rate per 100,000 employees	Serco to identify areas for accident reduction programmes, centrally. Divisions responsible for implementation		Dec 06
Incorporate risk assessment and management processes on ASSURE™	The system specification has been completed and programming will begin in Q1 2006		June 06
Develop and implement a self-assessment tool, initially for aviation safety	Safety management self-assessment tool development in Q1; testing in Serco Defence and Aerospace in Q2		Sept 06
People			
Set up a network of diversity champions across the business	To advise on diversity issues and set local targets		April 06
Carry out an employee engagement survey	Gauge level of employee engagement across business		June 06
10% of employees found alternative roles within Serco through redeployment centre	Reduce costs and retain skills and knowledge within our business		Dec 06
Community			
Review and revise stakeholder engagement strategy	A complex issue. Intention is to identify best practice and develop guidance for application locally		Sept 06
Develop a Serco family initiative	A successful family pilot project took place in 2005. This will be further developed for the summer period		Dec 06
Internal volunteering and community investment survey	Send to regional networks to gain a better insight into volunteering and community investment in our business		Mar 06
Environment			
Develop a toolkit to help establish a consistent method of determining the sustainability of procurement decisions	The kit will enable people to select sustainable suppliers and evaluate tenders using a sustainable evaluation scoring system to assess environmental criteria		May 06
Improve accuracy of environmental performance data to enable targets to be set	Process in place, complete training to raise understanding and assure accurate data capture		Dec 06
Develop toolkit for surveying opportunities for reducing resource use at source	Divisions to be offered advice on reducing water use, effluent costs and reducing waste generation at source		June 06

Serco Group plc

Registered Office
Serco House
16 Bartley Wood Business Park
Bartley Way, Hook
Hampshire RG27 9UY
United Kingdom
T +44 (0) 1256 745900
E generalenquiries@serco.com

Serco Europe

Justus-Von-Liebig-Straße 18
53121 Bonn
Germany
T +49 (0) 228 66810
E generalenquiries-europe@serco.com

Serco Group, Inc.

Towers Crescent Center
8000 Towers Center Drive
Vienna
Virginia 22182
United States
T +1 703 903 6996
E generalenquiries-na@serco.com

Serco Middle East

P.O. Box 9197
Dubai
United Arab Emirates
T +971 (0) 4 403 3500
E generalenquiries-middleeast@serco.com

Serco Group Pty Limited

Level 10
90 Arthur Street
North Sydney
NSW 2060
Australia
T +61 (0) 2 9964 9733
E generalenquiries-aspac@serco.com

Serco Institute

22 Hand Court
London WC1V 6JF
United Kingdom
T +44 (0) 20 7421 6486
E institute@serco.com

Serco Group plc is a company
registered in England and Wales
No. 2048608

www.serco.com

All Sri Lanka images by Barry Willis

Designed and produced by Wardour Publishing & Design

The paper used in this report is Revive Uncoated. Revive Uncoated is made from a guaranteed minimum 80% de-inked post consumer waste (recycled) and 20% mill broke.