

# Sustainable Procurement Charter



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# Our commitment to Sustainable Procurement

We are all part of a chain that begins and ends with the needs of society.

Serco supports governments around the world by delivering specific elements of their public policy commitments in the most effective and efficient manner. It is our privilege to work with our customers to maximise the value generated for society, in whose best interest those government policies are developed and executed.

In this we have never stood alone. Our supply chain partners play a critical role in realising our purpose – to be a trusted partner of governments, delivering superb services that transform outcomes and make a positive difference to our fellow citizens.

To create long-term, sustainable value for our shareholders and wider stakeholders, we need to behave ethically, responsibly and in a way consistent with the broader interests of society. This is true of all public companies, but it is particularly important to Serco. Our customers are governments, and governments want their suppliers to operate in ways that complement their public policy objectives whilst contributing directly to the wellbeing, resilience and prosperity of their nations and local communities.

Sustainable value creation across a complex ecosystem of stakeholders is therefore front and centre in our thinking when deciding to engage with any third party.

In selecting suppliers, we seek to:

- enhance and extend the quality, impact and resilience of our own service delivery whilst minimising our exposure to risk;
- achieve maximum value for public money on behalf of our government customers and their citizens; and

- build strong, reliable, service-enhancing supply chain partnerships, aligned to the higher standards of ethics and sustainability that we set for ourselves as a public service provider, to generate greater value for society.

Sustainable procurement is not new to Serco and our supply chain. Profitability and sustainability go hand in hand in how we strive to be the best managed business in our sector. For many years we have worked with our suppliers to achieve the objectives set out above.

We are keen to continue to support diversity in our supply chain and encourage small to medium sized enterprises, voluntary, community and social enterprise organisations, businesses owned by people from diverse communities and groups as well as those adversely impacted by the COVID-19 pandemic to be part of our supply chain. To this end, we will always look to work collaboratively with our suppliers and support them in making progress against the standards and KPIs set out in the Charter in a proportionate way that reflects our diverse supply chain.

In our Sustainable Procurement Charter, we are seeking now to build on these foundations – establishing a stronger, shared platform from which to more clearly communicate our ambitions and expectations; more effectively engage, collaborate and innovate; and more rapidly maximise our collective environmental, social and economic impact.

Recent experience has shown us that, even in the face of rapid change and global crisis, we can move mountains when we join forces in true partnership, lifting our eyes up from today to consider tomorrow. We believe that – by working, learning and challenging ourselves together – we can make a difference well beyond the sum of our parts.



**Anthony Kirby**  
Serco Group plc Chief Operating Officer



**Kirsty Bashforth**  
Non-Executive Director  
Chair, Corporate Responsibility Committee

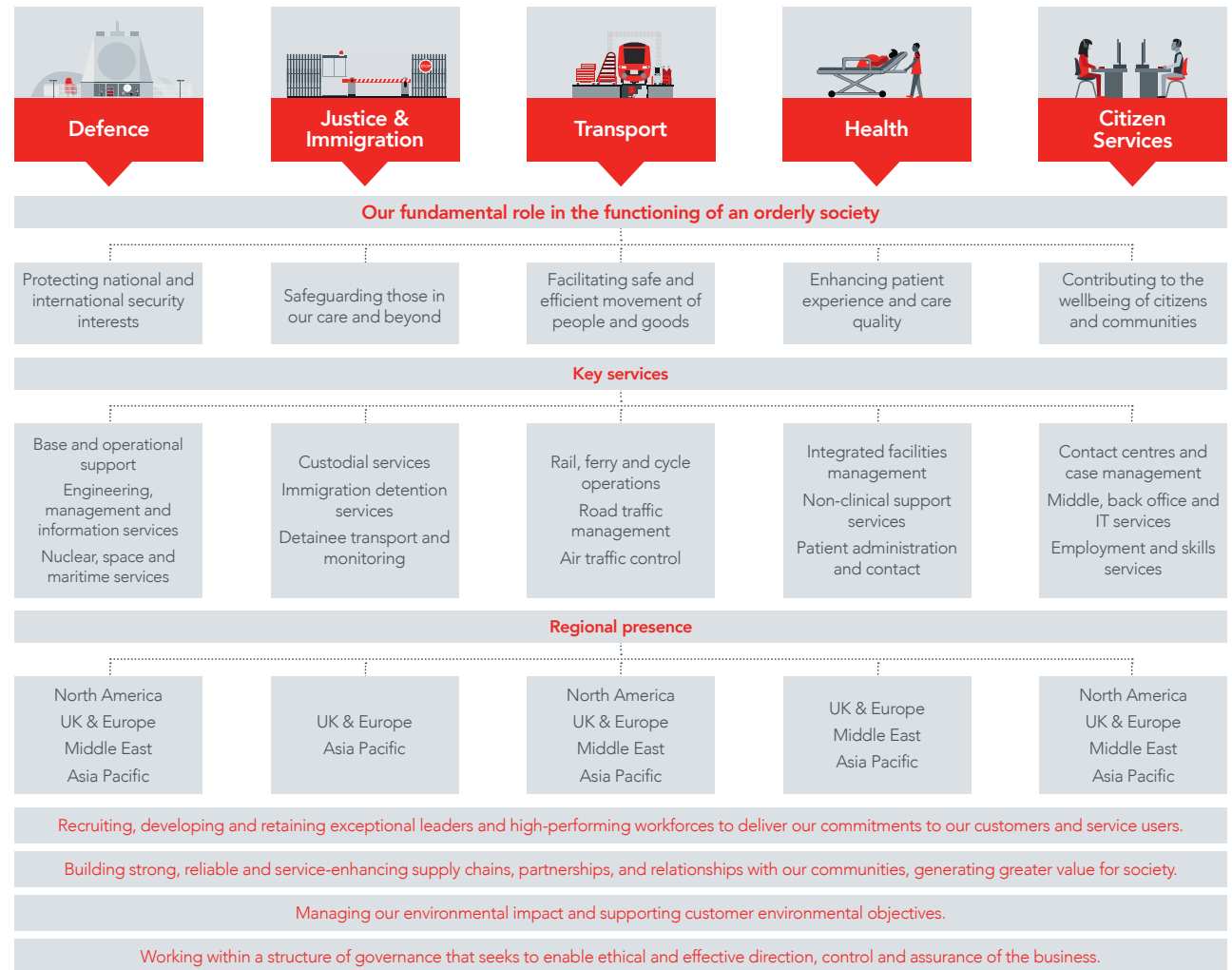
# About Serco

Serco delivers services to governments and other institutions who serve the public or protect vital national interests.

Serco's roots go back to 1929, and in 1988 the Group was listed on the London Stock Exchange. Now, Serco is a FTSE 250 company managing over 500 contracts worldwide and employing more than 60,000 people across our operations.

We deliver services through people, supported by effective processes, technology and skilled management. Our customers define what outcomes or services they need to deliver, and we develop new and more effective ways to deliver them. We provide innovative solutions to some of the most complex challenges facing governments, bringing our experience, capability and scale to deliver the service standards, cost efficiencies and policy outcomes governments want. In this way we make a positive difference to the lives of millions of people around the world, often looking after some of the most vulnerable and disadvantaged in society and helping to keep nations safe.

## Our core sectors



# Corporate responsibility at Serco

Our approach to sustainable procurement is based upon how we define and manage corporate responsibility at Serco.

'Corporate responsibility' (CR) is our chosen term for referring collectively to our principal areas of responsibility and sustainability.

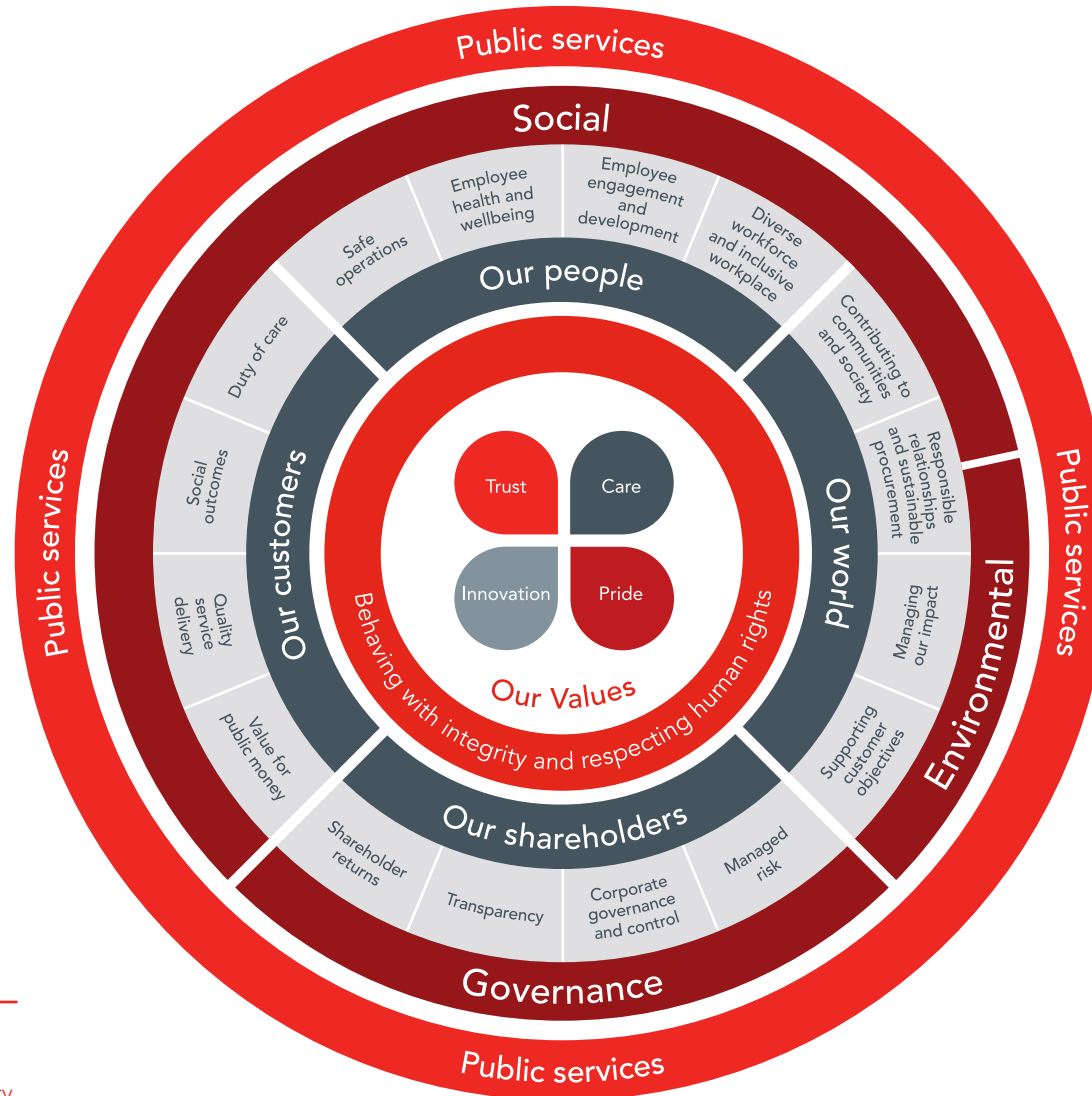
We define and drive our environmental, social and governance (ESG) agenda through our CR Framework.

It brings all our ESG priorities together in one model to enable easier oversight and governance, management of risks and value generation, measurement, and communication.

Our efforts are not limited to these elements, but this is where we focus our attention and ambitions most closely.



Further information regarding Corporate Responsibility at Serco is available at [www.serco.com/about/corporate-responsibility](http://www.serco.com/about/corporate-responsibility)



## Our Values

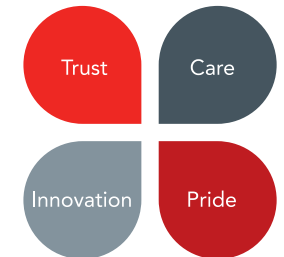
At the core of our CR Framework and our business are our Values – Trust, Care, Innovation and Pride. They set our culture and shape our individual behaviours and hence the way the Company behaves. They ensure we are all working from a commonly understood base that can be applied across our organisation.

**Trust** – We work hard to earn trust and respect.

**Care** – We care deeply about the services we provide, and the communities we serve, and we look after each other.

**Innovation** – We aspire to be better than anyone else at what we do.

**Pride** – We want to be proud of what we do.

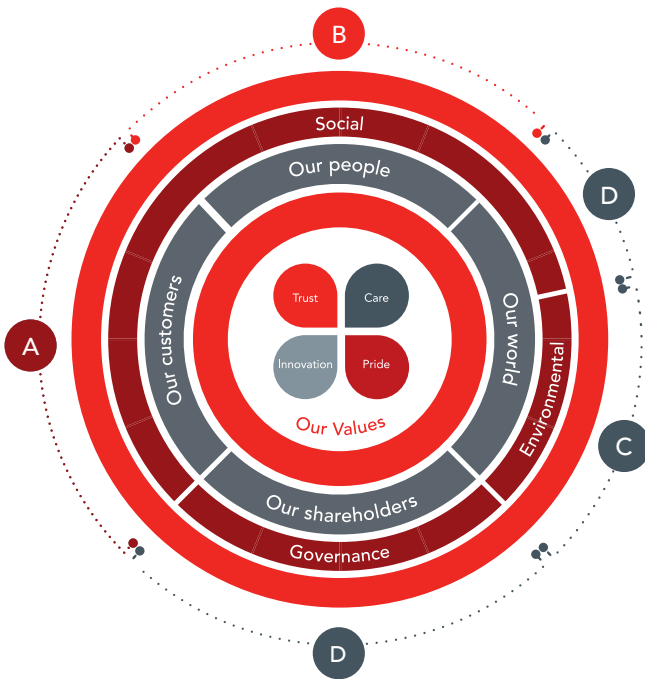


# Contributing to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (UN SDGs) are one of a number of initiatives and goals that help inform our thinking and approach. We are proud that many of our operations and ESG initiatives have linkage to UN SDGs.

## SUSTAINABLE DEVELOPMENT GOALS

The alignment between our Sustainable Procurement commitments and the UN SDGs are highlighted throughout this charter.



### A UN SDGs we contribute to as a **public service provider**

Our contribution is through the services we provide to citizens and society, and how we provide them, particularly through our focus on:

- the health, safety and wellbeing of the public and making a real difference to people's lives; and
- helping governments to raise standards of public service whilst enabling them to deliver better for less.



### B UN SDGs we contribute to as an **employer**

Our contribution is through how we attract, select, manage, develop and look after our employees, particularly through our focus on:

- the health, safety and wellbeing of our people;
- employee engagement and development; and
- building a diverse workforce and creating inclusive workplaces.



### C UN SDGs we contribute to through our **commitment to limit our environmental impact**

Our contribution is through limiting the impact of our operations on the environment through more sustainable business practice for our customers and wider stakeholders, focusing on:

- carbon and climate;
- resource efficiency; and
- environmental protection.



### D UN SDGs we contribute to as a **participant in global industry, infrastructure and the wider economy**

Our contribution is through how we manage, grow and govern the business, particularly through our focus on:

- protecting stakeholder interests and creating long-term, sustainable value;
- effective and transparent direction, control and assurance of the business at all levels; and
- ethical standards and sustainability throughout the business and our supply chain.



# Our Sustainable Procurement Charter

We aim to build a global community of best practice by working collaboratively with our suppliers.

“Sustainable Procurement is procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle.

Sustainable procurement involves the sustainability aspects related to the goods or services and to the suppliers along the supply chains.

Sustainable procurement contributes to the achievement of organizational sustainability objectives and goals and to sustainable development in general.”

International Organization for Standardization

## A new journey to sustainability

In all business disciplines across Serco we are maturing our ambitions and ways of working around an increasingly integrated environmental, social and governance agenda whilst continuing to grow our sustainability culture and capability. This includes increased momentum in how we maximise value for society, economy and environment from within our supply chain.

Integrating sustainability into every aspect of how we procure will not happen overnight – it requires long-term commitment. For sure-footed acceleration, we are working to align all procurement practice in Serco with the international guidance standard for sustainable procurement, ISO 20400. We have also become partners in the Supply Chain Sustainability School, opening access to the latest sustainability knowledge and training resources, which we are making available to our suppliers to support them in their own sustainability journeys.

## A call to action

Our Sustainable Procurement Charter sets out our new sustainable procurement agenda and brings all our sustainable procurement priorities together to enable an integrated enterprise approach. It is also a call to action and an invitation to collaborate for all our supply chain partners.

We recognise that the broader sustainability agenda represents both significant risk and significant opportunity for all suppliers of goods and services in our sectors, including Serco. Through our Charter, we aim to build a global community of best practice, working together to secure competitive advantage whilst extending and enhancing our impact on the world around us. Getting ahead of the curve is not something any of us can do in isolation.



# Our Sustainable Procurement Charter

## A framework for partnership with our supply chain

Our Charter provides an overview of our commitment in each of 14 sustainable procurement focus areas, aligned to our Supplier Code of Conduct and our Corporate Responsibility Framework.

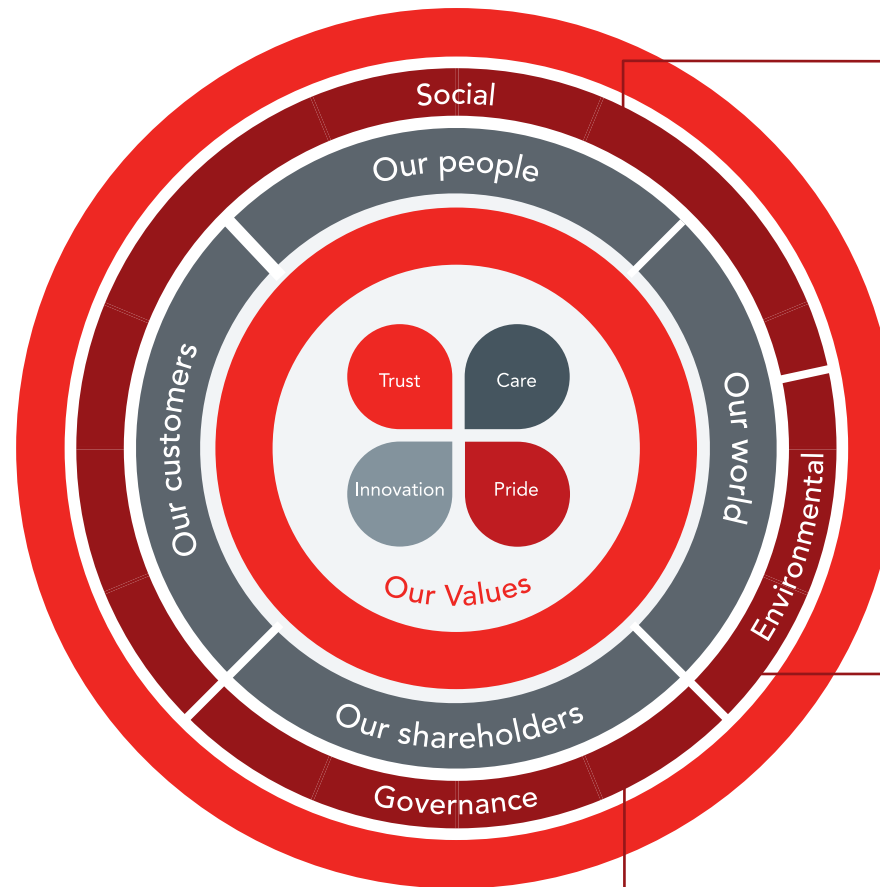
Our Supplier Code of Conduct is a mandatory condition of doing business with us. Our Sustainable Procurement Charter reflects our Supplier Code of Conduct as well as aligning to Serco's Corporate Responsibility Framework, proportionately applied, based on the risks and opportunities we perceive in achieving our sustainable procurement goals and aspirations.

For each sustainability focus area we set out:

- the primary standards we expect of our supply chain - conformance to these standards apply in a proportionate way and are aligned to the scale of impact and opportunity we perceive;
- indicative key performance indicators that we may ask suppliers to report on in order to monitor performance and compliance; and
- our aspirations regarding sustainability opportunities we wish to address in collaboration with our supply chain.

This framework is not intended to be a 'one size fits all' solution. The relevance of our individual sustainable procurement priorities will vary by procurement category, sector and region, as will the scope and scale of opportunity for each individual supplier.

Our Charter is implemented at a regional and local Contract level and suppliers are asked to focus on those areas where they can contribute most meaningfully.



We apply our Primary Standards and Key Performance Indicators in a relevant and proportionate way, according to the risks and opportunities presented by the size and nature of the purchase and supplier.

### Generating greater value for society

1. Diverse and local suppliers
2. Diverse workforce and inclusive workplace
3. Employee health and wellbeing
4. Safe operations
5. Modern slavery and human trafficking
6. Human rights and labour standards
7. Employment and training opportunities
8. Contributing to our communities

### Protecting the environment

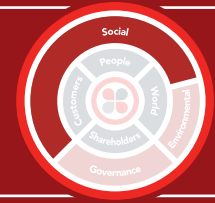
9. Carbon and climate
10. Resource efficiency
11. Environmental protection

### Ensuring corporate governance

12. Supplier Code of Conduct and ethical standards
13. Supply chain risk assurance
14. Sustainable procurement practices



# Generating greater value for society



As a public service provider our social impact is a particular focus. We serve society as a public service provider, an employer, and as a participant in industry, infrastructure and the wider economy.

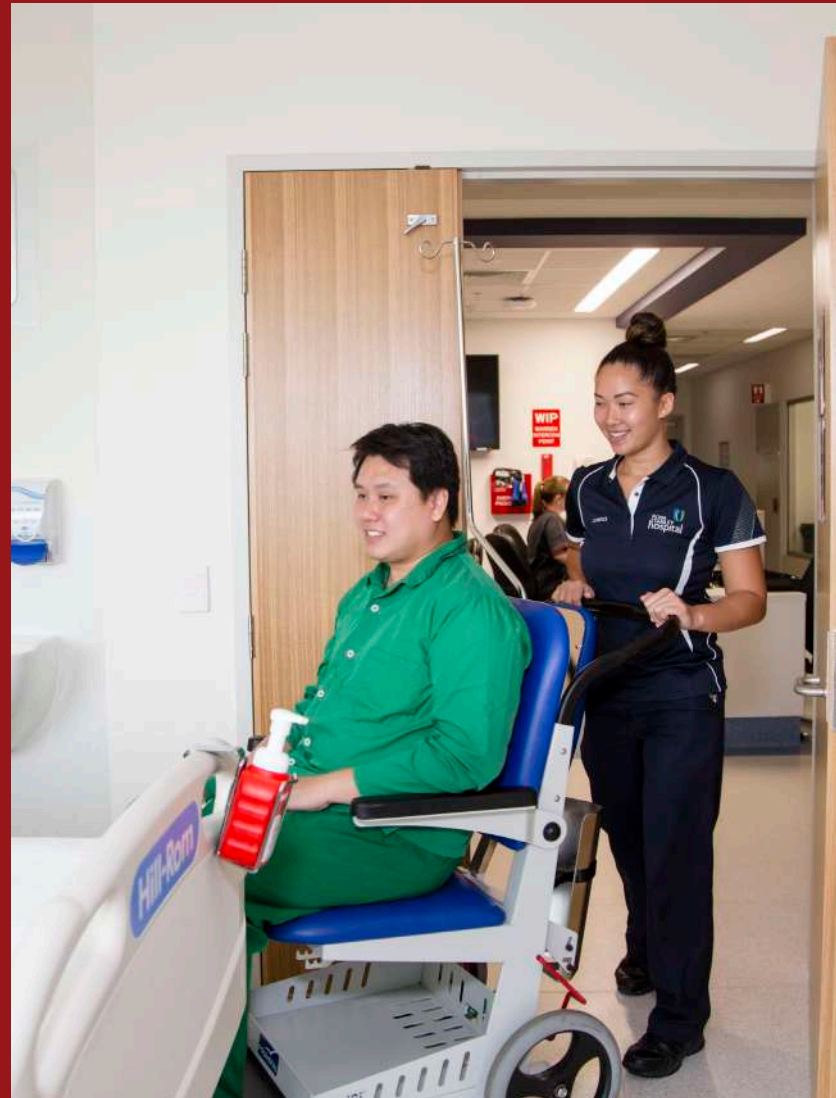
We provide efficient and economical services that address complex social challenges and contribute directly to the wellbeing, resilience and prosperity of whole nations, local communities and individual citizens.

Our workforce is multi-skilled and diverse – drawn from the communities in which we operate and reflective of the communities we serve and providing opportunities for full and part-time work and for people to develop their skills and careers.

We strive to generate greater value for society, communities and economies in which we operate. Across these we recognise our responsibilities to a range of stakeholders, including the third parties with whom we interact as neighbours, customers, peers and partners.

We strive to build strong, reliable and service-enhancing supply chains, partnerships and relationships with our communities – aligned to ethical standards and sustainability, generating greater value for society and enhancing social outcomes.

The health, social and economic impact of Covid-19 will have a profound effect on our societies for years to come. We aim to do all we can to help people and businesses adversely impacted by the pandemic.



## Our Sustainable Procurement Charter

### Generating greater value for society

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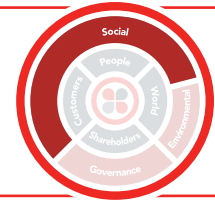
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# Generating greater value for society

## 1. Diverse and local suppliers



### Our commitment

We are committed to:

- maximising our business with diverse and local suppliers\*; and
- making ourselves as easy as possible to do business with, through measures including:
  - prompt payment practices
  - simplified onboarding and contracting processes
  - access to free training resources
  - support in meeting the standards and KPIs in this Charter through sharing of best practice
  - early engagement and partnership working on specific opportunities.



### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- have a programme of work to actively stimulate diverse and local suppliers within their own supply chain and be able to measure their performance in this respect.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards

### Key performance indicators

We may ask you to report:

- % spend with SME and VCSE suppliers;
- % spend with local suppliers; and
- % spend with supplier businesses owned by people from diverse communities and groups.

### Aspirations

We want to work with our suppliers to:

- measure and demonstrate our combined social value at local Contract level, using the most economically robust methodology to do so.

### Our Sustainable Procurement Charter

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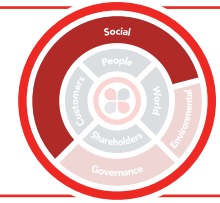


**Committed to**  
**MAKING OURSELVES AS EASY AS POSSIBLE TO DO BUSINESS WITH**

\* Includes Small to Medium Enterprises, Voluntary, Community and Social Enterprise organisations, businesses owned by people from diverse communities and groups and those adversely impacted by the Covid-19 pandemic.

# Generating greater value for society

## 2. Diverse workforce and inclusive workplace



### Our commitment

We are committed to:

- a diverse workforce and inclusive workplace, which reflects the diversity\* of the communities in which we operate, enabling us to deliver optimum value to our customers and the communities we serve.



### Our Sustainable Procurement Charter

#### Generating greater value for society

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### Committed to

## REFLECTING THE DIVERSITY OF THE COMMUNITIES IN WHICH WE OPERATE

### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- measure and report their workforce diversity; and
- have a policy and/or strategy and plan for developing their workforce to better reflect the communities in which they operate.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards

### Key performance indicators

We may ask you to report:

- % of employees from under-represented communities; and
- % of workforce receiving diversity and inclusion training delivered annually.

### Aspirations

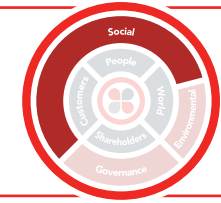
We want to work with our suppliers to:

- improve recruitment and retention of under-represented people within the workforce.

\* Under-represented communities and groups will be defined in specific regional plans.

# Generating greater value for society

## 3. Employee health and wellbeing



**Our commitment**

We are committed to:

- creating an environment where our people have good health and the ability to thrive; and
- providing services, education and environments that enable all our colleagues to take control of their own health and wellbeing.



### Our Sustainable Procurement Charter

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**Committed to**

# ENABLING OUR PEOPLE TO TAKE CONTROL OF THEIR OWN HEALTH AND WELLBEING

#### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- have a policy, plan and wellbeing indicators in place for proactively measuring and evidencing action to effectively manage their employee health and wellbeing.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

#### Key performance indicators

We may ask you to report:

- % of your people managers trained in health and wellbeing awareness.

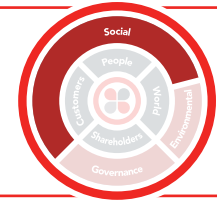
#### Aspirations

We want to work with our suppliers to:

- measure and improve the wellbeing of supplier workforces, with an ever-increasing focus on prevention and early intervention.

# Generating greater value for society

## 4. Safe operations



### Our commitment

We are committed to:

- the early identification, reduction and ultimate prevention of injury and incident to both our people and those of our suppliers; and
- continuously growing a just and positive health, safety and wellbeing-focused culture across all our operations.

### Primary standards

We require our suppliers to:

- commit to safe operations through clear, evidenced health and safety policies, practices, documentation and behaviour; and
- meet the standards and requirements of our supplier onboarding process (including signing up to SafeContractor or equivalents outside the UK).

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report on:

- number of work-related fatalities;
- Major Incident Frequency Rate per 1m hours worked;
- number of prosecutions and fines paid in £'000s;
- Lost Time Incident Frequency Rate per 1m hours worked; and
- % Lost Time Incident Severity Rate.

### Aspirations

We want to work with our suppliers to:

- ensure the health and safety of all our people and drive towards our shared goals and vision of Zero Harm.



Committed to  
A JUST AND  
POSITIVE HEALTH,  
SAFETY AND  
WELLBEING-  
FOCUSED CULTURE

### Our Sustainable Procurement Charter

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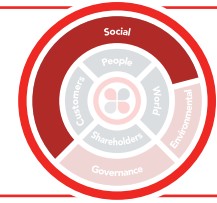
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# Generating greater value for society

## 5. Modern slavery and human trafficking



### Our commitment

We are committed to:

- our zero-tolerance approach to modern slavery and human trafficking; and
- implementing and enforcing effective systems and controls that seek to ensure modern slavery and human trafficking is not taking place anywhere in our own business or in our supply chains.



Committed to  
**OUR ZERO TOLERANCE APPROACH TO MODERN SLAVERY AND HUMAN TRAFFICKING**

### Primary standards

We require our suppliers to:

- adhere to international legislation and principles on modern slavery and human trafficking\*;
- ensure that risk assessment, due diligence and mitigation are regularly carried out in all supply chains;
- prohibit the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children; and
- have a published modern slavery statement or equivalent.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- number of incidents of confirmed modern slavery and human trafficking in your own supply chain.

### Aspirations

We want to work with our suppliers to:

- offer a respectful and dignified workplace to all their workers, implementing and enforcing effective systems and controls that seek to ensure modern slavery and human trafficking is not taking place anywhere in their business or their own supply chains.



\* Including the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the UK Modern Slavery Act, the Modern Slavery Act Australia and any other applicable Modern Slavery / Human Trafficking legislation in the regions in which Serco operates.

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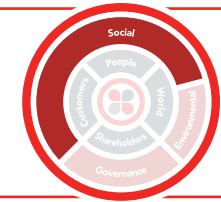
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# Generating greater value for society

## 6. Human rights and labour standards



### Our commitment

We are committed to:

- respecting and upholding the fundamental human rights and freedoms\* of everyone who works for us and with us, and of the people and communities we serve and work among.

### Primary standards

We require our suppliers to:

- respect and uphold the human rights and freedoms of those that work for and with them;
- adhere to international legislation and principles on human rights and labour standards\*\* and work to implement best practice in these areas;
- make appropriate grievance mechanisms available to all workers; and
- understand and manage related risks within their operations and supply chain.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- number of reported allegations/incidents where human rights and labour standards have been breached;
- number of reported incidents of employment avoiding fair taxation or legal employment rights (for example: sick pay, parental leave); and
- % of workforce paid a living wage

### Aspirations

We want to work with our suppliers to:

- achieve the highest standards of ethical practice and behaviour in public service delivery.



\* Including the right to life; the right to respect for private and family life and freedom of thought, religion and expression; and the right to be treated with dignity, fairness, equality and respect; all of which are embedded in our Values.

\*\* Including the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights.

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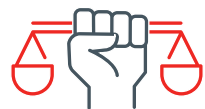
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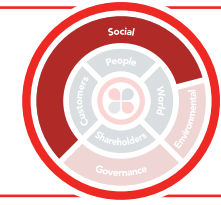
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Committed to  
**RESPECTING  
 AND UPHOLDING  
 FUNDAMENTAL  
 HUMAN RIGHTS  
 AND FREEDOMS**

# Generating greater value for society

## 7. Employment and training opportunities



### Our commitment

We are committed to:

- providing equal opportunities for access to work and career progression for under-represented communities such as ex-offenders, disabled people, long term unemployed, multi-ethnic people and those adversely affected by the Covid-19 pandemic such as young people.

### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- have a strategy, plan and evidence of action to provide employment opportunities to under-represented groups, and developmental opportunities to under-represented groups in the workforce.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- % of person hours in formal education for under-represented people in the workforce;
- % of person hours in informal training for under-represented people in the workforce; and
- % recruitment of under-represented people into the workforce.

### Aspirations

We want to work with our suppliers to:

- deliver annual improvements in recruitment and workforce training resulting in equal opportunities for access to work and career progression, particularly among under-represented groups.



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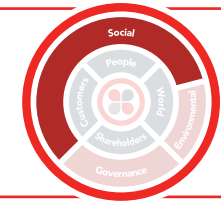


Committed to  
**PROVIDING EQUAL OPPORTUNITIES FOR UNDER-REPRESENTED COMMUNITIES**



# Generating greater value for society

## 8. Contributing to our communities



### Our commitment

We are committed to:

- working with the local communities in which we operate, and any other communities we choose to support, in a way that delivers the best value for and strengthens those communities; and
- encouraging and facilitating community initiatives and charitable giving, both from employees and from the Serco Foundation.



### Our Sustainable Procurement Charter

#### Generating greater value for society

1. Diverse and local suppliers
2. Diverse workforce and inclusive workplace
3. Employee health and wellbeing
4. Safe operations
5. Modern slavery and human trafficking
6. Human rights and labour standards
7. Employment and training opportunities
8. Contributing to our communities

#### Protecting the environment

9. Carbon and climate
10. Resource efficiency
11. Environmental protection

#### Ensuring corporate governance

12. Supplier Code of Conduct and ethical standards
13. Supply chain risk assurance
14. Sustainable procurement practices



Committed to  
**DELIVERING  
 THE BEST  
 VALUE FOR AND  
 STRENGTHENING  
 OUR COMMUNITIES**

### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- report on their engagement with and investment in the local communities in which they operate, and any other communities they choose to support.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

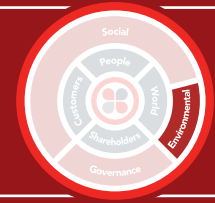
- annual community investment and value of community programmes delivered (including volunteering and fundraising).

### Aspirations

We want to work with our suppliers to:

- maximise our combined impact for the benefit of our local communities and any other communities we choose to support.

# Protecting the environment



We are committed to addressing the environmental and climate emergencies and supporting the net zero carbon ambitions of our clients and wider society whilst limiting the impact of our operations on the environment through more sustainable business practice.

Alongside our customers and other stakeholders, we recognise that environmental sustainability is a critical factor in the wellbeing of society. We also recognise that the impacts of climate and environmental emergencies will be felt ever more acutely across the public service landscape, driving evolution, adaptation and innovation in order to keep pace with the changing needs of society.

Our impact and opportunity to make a positive difference from an environmental perspective varies in each market and is dependent on the nature of services we deliver and the level of operational control we hold at any given Contract.



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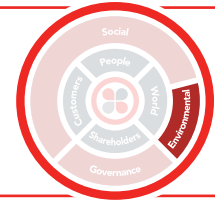
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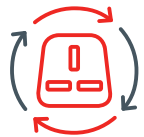
## 9. Carbon and climate



### Our commitment

We are committed to:

- achieving net zero for our overall reportable Scope 1 & 2 carbon emissions by 2050 against a 2019 baseline, aligning with the Paris Agreement and the Science Based Target Initiative (SBTi) methodology;
- reporting against the 11 Taskforce for Climate Related Financial Disclosures (TCFD) for our Group operations as of our 2021 Annual Report and
- reviewing our environmental strategy, targets and milestones regularly to ensure we remain aligned to our customer expectations and the latest climate science, net zero pathway guidance and methodologies.



Committed to  
**NET ZERO EMISSIONS  
BY 2050**

### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- have a clear understanding of their carbon footprint and a plan to reduce it.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- total greenhouse gas emissions in CO<sub>2</sub>e (TCO<sub>2</sub>e) and breakdown of your Scope 1 and Scope 2 emissions;
- total TCO<sub>2</sub>e / spend; and
- % year on year change in TCO<sub>2</sub>e

### Aspirations

We want to work with our suppliers to:

- help deliver our customers' commitments to net zero and the Paris Agreement;
- develop alternative solutions and/or sources of supply that accelerate our move away from dependence on fossil fuels;
- measure more accurately and set targets against our Scope 3 emissions in the short term; and

- encourage net zero commitments and science based carbon reduction targets through initiatives such as the SME climate hub, the Science Based Targets initiative and the UN Race To Zero campaign.



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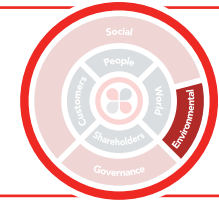
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# Protecting the environment

## 10. Resource efficiency



### Our commitment

We are committed to:

- promoting resource efficiency and supporting the circular economy;
- achieving zero waste to landfill, with more than 95% of waste diverted from landfill as of 2021; and
- reporting waste tonnage, landfill diversion and water usage (m3) externally as of 2021.

### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- support our commitment to resource efficiency and communicate how their products and services contribute to resource efficiency and the circular economy.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- tonnes of waste generated;
- % waste diverted from landfill;
- tonnes of single use plastic supplied;
- % goods with a recycled content supplied; and
- number of green labelled products supplied.

### Aspirations

We want to work with our suppliers to:

- eliminate single use plastics from our operations;
- maximise our procurement of secondary goods and materials;
- use water more efficiently; and
- procure goods and services that comply with the most appropriate ethical and environmental standards.



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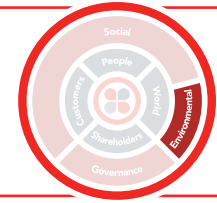
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Committed to  
**ACHIEVING  
ZERO WASTE TO  
LANDFILL**

# Protecting the environment

## 11. Environmental protection



### Our commitment

We are committed to:

- an Environmental Management Systems (EMS) policy and EMS procedures that are effective and proportionate to our operations, aligned to ISO14001 where appropriate;
- continually improving our EMS by undertaking audits, inspections, incident investigations and management reviews;
- reporting our operations on or adjacent to environmentally sensitive sites;
- establishing more formal relationships with environmental organisations;
- maintaining our annual target of zero significant pollution incidents;
- reducing our contribution to air pollution via greener fleet and travel; and
- transitioning to more efficient / greener vehicles, setting ourselves more specific targets in our regions.

### Primary standards

Where we believe there is an opportunity for our suppliers to materially impact our ambitions in this area, we require them to:

- operate an EMS that is relevant and proportionate to the type and size of their business, aligned to ISO 14001 where appropriate; and
- communicate how their products and services contribute to reducing impacts relating to biodiversity, greenspace and air pollution.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- % of your suppliers to employ an EMS proportionate to the size and type of their business and aligned to ISO14001, where appropriate; and
- % of annual vehicle fleet miles/km undertaken by low emission vehicles.

### Aspirations

We want to work with our suppliers to:

- measure supply chain impacts on biodiversity, habitats and greenspace;
- increase % of low emission vehicles in our fleet; and
- reduce air emissions from HGVs and marine vessels.



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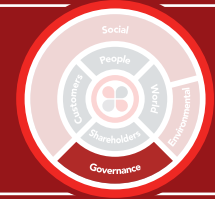
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**Committed to**  
CONTINUALLY IMPROVING  
OUR ENVIRONMENTAL  
MANAGEMENT SYSTEMS

# Ensuring corporate governance



For Serco, governance is an essential part of our public service ethos and how we manage our impact as a public company – seeking to protect shareholder interests by managing our business in a way consistent with the broader interests of society.

We have a comprehensive corporate governance framework, with clearly defined responsibilities and accountabilities to help safeguard long-term shareholder value. Below this our overarching management framework, the Serco Management System, describes what needs to be done, and by whom, while our Code of Conduct defines how we expect it to be delivered.

Our Supplier Code of Conduct aligns to our Code of Conduct and clarifies our expectation that all Serco suppliers will behave and operate in a manner compatible with the same high standards we set for ourselves.

To achieve our strategic and business objectives, protect our stakeholder interests and maximise our returns, we seek to identify, manage and mitigate our exposure to risks through robust procedures and controls throughout the organisation.



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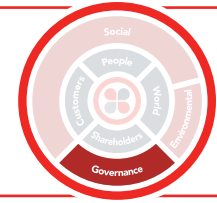
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# Ensuring corporate governance

## 12. Supplier Code of Conduct and ethical standards



### Our commitment

We are committed to:

- working closely with our supply chain to deliver lasting environmental, economic and social benefits;
- behaving in a way that reflects our Values of Trust, Care, Innovation and Pride;
- being accurate and timely in any information we provide;
- paying our suppliers on time, signing up to initiatives such as the Prompt Payment Code and acting fairly and transparently at all times;
- dealing with breaches of our code of conduct promptly and in a fair and ethical way; and
- using our global ethics helpline and investigation process, Speak Up, to enable our suppliers' grievances to be raised and managed appropriately.

### Primary standards

We require our suppliers to:

- agree to our Supplier Code of Conduct as a condition of doing business with us and to cascade similar requirements to their supply chains;
- complete our Supplier Code of Conduct training;
- pay their suppliers on time;
- never evade taxes or help someone to do so; and
- maintain an appropriate corporate governance framework – managing risk, maintaining accurate, structured and transparent records, paying fair and reasonable taxes in accordance with the law in the jurisdiction in which they are operating and maintaining auditory compliance.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report:

- current % suppliers paid on time and year on year improvements.

### Aspirations

We want to work with our suppliers to:

- help improve their policies and standards and develop better risk management policies and practices.

We encourage our suppliers to sign up to the Prompt Payment Code or equivalent.



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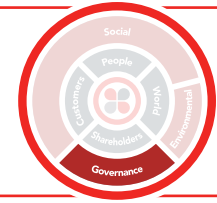


Further information regarding our Supplier Code of Conduct is available at

[www.serco.com/media/4794/serco-supplier-code-of-conduct.pdf](http://www.serco.com/media/4794/serco-supplier-code-of-conduct.pdf)

# Ensuring corporate governance

## 13. Supply chain risk assurance



### Our commitment

We are committed to:

- identifying, managing, and mitigating our exposure to risks through robust procedures and controls throughout the supply chain.



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Committed to  
**ROBUST  
PROCEDURES  
AND CONTROLS  
THROUGHOUT  
OUR SUPPLY CHAIN**

### Primary standards

We require our suppliers to:

- ensure appropriate resilience of their supply chains including ensuring appropriate due diligence is conducted on their own supply chains; and
- provide us with the information we need to manage our supply chain risks, including key areas such as financial health and integrity, fraud, bribery and corruption, modern slavery, human rights, conflict minerals, environmental incidents, and ethical breaches.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report on:

- number of third parties validated; and
- number of third parties disqualified.

### Aspirations

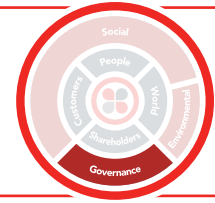
We want to work with our suppliers to:

- exercise due diligence over their employment, operational and procurement practices and provide training in key risk areas, such as modern slavery and human trafficking.



# Ensuring corporate governance

## 14. Sustainable procurement practices



### Our commitment

We are committed to:

- integrating sustainability into our procurement processes through our independently verified alignment to ISO 20400.



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## Committed to INTEGRATING SUSTAINABILITY INTO OUR PROCUREMENT PROCESSES

### Primary standards

We require our suppliers with material expenditure in their own supply chains to:

- align their procurement practices with the ISO 20400 standard.

Where appropriate, we will seek evidence of your compliance and continuous improvement regarding our primary standards.

### Key performance indicators

We may ask you to report on:

- your strategy and action plans aligned to ISO20400; and
- your independent evaluation against the standard.

### Aspirations

We want to work with our suppliers to:

- achieve independently verified best practice in sustainable procurement.



[www.serco.com](http://www.serco.com)

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