

DEFERRED PROSECUTION AGREEMENT

Serco Geografix Limited ("SGL"), by its undersigned representatives pursuant to authority granted by SGL's Board of Directors, and the Director of the Serious Fraud Office (the "SFO") enter into this Deferred Prosecution Agreement (the "Agreement"). This Agreement comes into force on the day when the Court makes a declaration pursuant to Schedule 17, Sections 8(1) and (3) of the Crime and Courts Act 2013.

The terms and conditions of this Agreement are as follows:

The Indictment and Acceptance of Responsibility

1. SGL agrees that the SFO will prefer an Indictment numbered U20190413 ("the Indictment").
2. SGL agrees that the Statement of Facts is true and accurate to the best of its knowledge and belief.
3. In the event of it becoming necessary for the SFO to pursue the prosecution that is deferred by this Agreement, SGL agrees that it will not contest the admissibility of, nor contradict, the Statement of Facts in any such proceedings, including a guilty plea and sentencing. The Statement of Facts will be treated as an admission by SGL of the facts stated therein under Section 10 of the Criminal Justice Act 1967 in any criminal proceedings brought against SGL for the alleged offences contained in the Indictment.

Term of the Agreement

4. This Agreement is effective for a period beginning on the date on which the Court makes a declaration under Schedule 17, Sections 8(1) and (3) of the Crime and Courts Act 2013 and ending three years from that date on the 4th day of July 2022 (the "Term").

Deferred Prosecution

5. In consideration of:
 - (i) SGL's
 - a. prompt and voluntary self-disclosure of the conduct set forth in the Statement of Facts, and
 - b. past and future co-operation as described in part A below, and

- c. lack of a history of similar conduct involving prior criminal, civil or regulatory enforcement actions, and
 - d. payment of a financial penalty in the amount of £19.2 million, and
 - e. payment of the SFO's reasonable investigation costs; and
- (ii) Serco Group plc's ("Serco Group's")
- a. provision of the undertaking included as Attachment A to this Agreement, which includes a commitment to past and future cooperation as described therein and guarantees the payments set forth in paragraphs 5(i)(d) and (e);
 - b. substantial remediation following the conduct described in the Statement of Facts, including:
 - i. implementing a multi-year, company-wide Corporate Renewal Programme (a comprehensive set of initiatives to strengthen Serco Group's assurance activities and operating practices), and
 - ii. making a complete change of senior management, including but not limited to its Chief Executive Officer and Chief Financial Officer, and
 - iii. subjecting itself to numerous forms of internal and external examination, analysis, detailed review, and audits to ensure progress and success in its rehabilitation efforts, and
 - iv. agreeing in 2013 to pay the UK's Ministry of Justice ("MoJ") £70,107,586, which included £20,000,000, representing a 50% share of "[p]rofit over bid level including equipment" for the life of the contract; and
 - c. representation to the SFO that SGL will remain in existence at least to the expiry of the Agreement, and
 - d. agreement, at its own expense, to complete the actions required in part F below.

The SFO agrees that, subject to the Court's approval of the Agreement, the Indictment should on being preferred immediately be suspended for the Term of the Agreement.

6. The SFO further agrees that if SGL fully complies with all its obligations under this Agreement or the Agreement as varied with approval of the Court, the SFO will not

continue the prosecution against SGL upon the Indictment. At the conclusion of the Term the Agreement will expire, and within 30 days of this Agreement's expiry the SFO will give notice to the Court and to SGL that the proceedings under the Indictment are to be discontinued.

7. After the expiry of the Agreement the SFO may institute fresh proceedings if the SFO believes that during the course of negotiations for the Agreement SGL or its affiliates provided inaccurate, misleading or incomplete information to the SFO and SGL or its affiliates knew, or ought to have known, that the information was inaccurate, misleading or incomplete.

Scope of Agreement

8. This Agreement brings to a close the SFO's investigation into the conduct of SGL and all Serco Group companies, but does not provide any protection against prosecution for conduct not disclosed by SGL, Serco Group, or their affiliates to the SFO prior to the date on which the Agreement comes into force, nor does it provide protection against prosecution for any future criminal conduct committed by SGL, Serco Group, or their affiliates. In addition this Agreement does not provide any protection against prosecution of any present or former officer, director, employee or agent of SGL, Serco Group, or their affiliates.

Terms

A. Co-operation

9. Unless released from the obligation to do so by the SFO, SGL shall retain in England and Wales for the Term of the Agreement all material gathered as part of its internal investigation, as well as all material gathered in the course of the SFO's investigation leading to this Agreement, for the Term of the Agreement, and shall use its best efforts to procure that Serco Group does the same. This provision does not amend or derogate from Sections 2 (16) and (17) of the Criminal Justice Act 1987 nor any other statutory or common law obligation.
10. SGL shall cooperate fully and honestly with, and shall use its best efforts to procure Serco Group's full and honest cooperation with, any and all SFO pre-investigations, investigations and prosecutions during the Term of this Agreement, subject to applicable law and regulations.
11. At the request of the SFO, SGL shall also cooperate fully and honestly with, and shall use its best efforts to procure Serco Group's full and honest cooperation with, any other

domestic or foreign law enforcement and regulatory authorities and agencies in any investigation or prosecution of any of its present or former officers, directors, employees, agents, and consultants, or any third party, in any and all matters relating to the conduct which is the subject of the Indictment and described in the Statement of Facts.

12. SGL agrees that its cooperation and the cooperation it shall use its best efforts to procure from Serco Group pursuant to paragraphs 10 and 11 shall include, but not be limited to, the following:

- a. disclosure to the SFO, and, as directed by the SFO, to any other agency or authority, domestic or foreign, of all information and material in its possession, custody or control which is not protected by a valid claim of legal professional privilege or any other applicable legal protection against disclosure, in respect of its activities and those of its present and former directors, employees, agents, consultants, contractors and sub-contractors, and any other third parties.
- b. use of its best efforts to make available for interview, as requested by the SFO, present or former officers, directors, employees, agents, and consultants of SGL.

13. Nothing in paragraphs 10 through 12 is intended to derogate from SGL's legal rights to raise any defences or assert affirmative claims in criminal, civil, and regulatory proceedings in other fora or jurisdictions relating to the matters set out in the Statement of Facts, provided such defences and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts or otherwise violate paragraphs 38 through 41 below.

14. During the Term of the Agreement, should any of SGL's Directors learn of any evidence or allegation of conduct by itself, Serco Group, or another of its affiliates, or by its past, present, or future officers, directors, employees, or agents which (1) any of SGL's Directors reasonably believes constitutes serious or complex fraud, as that term is used in the SFO's Statement of Principle, and (2) any of SGL's Directors reasonably believes would satisfy the SFO's criteria for case acceptance set forth therein, SGL shall promptly report such evidence or allegation to the SFO.

B. Compensation

15. The SFO and SGL agree that £12.8 million is the approximate amount of compensation owed to the MoJ as a result of the offences alleged in the Indictment.

16. The SFO and SGL further agree that Serco Group's 2013 payment of £20 million, as described in paragraph 5(ii)(b)(iv) above, approximately £13.1 million of which addressed the time period described in the Indictment, shall be credited against that compensation

amount, and that therefore no additional compensation for the offences alleged in the Indictment shall be sought from or paid by SGL or Serco Group to the MoJ.

17. The SFO is not precluded from arguing in any future prosecution that the Court should impose a higher compensation amount.

C. Disgorgement of Profits

18. The SFO and SGL agree that £12.8 million is also the approximate amount of profit unlawfully obtained or retained by SGL, Serco Group, and their affiliates as a result of the offences alleged in the Indictment.

19. The SFO and SGL further agree that Serco Group's 2013 payment of £20 million, as described in paragraph 5(ii)(b)(iv) above, approximately £13.1 million of which addressed the time period described in the Indictment, shall be credited against that disgorgement amount, and that therefore no additional disgorgement based on the offences alleged in the Indictment shall be sought from or paid by SGL, Serco Group, or their affiliates.

20. The SFO is not precluded from arguing in any future prosecution that the Court should impose a higher disgorgement amount.

D. Payment of a Financial Penalty

21. The SFO and SGL agree that SGL will pay a financial penalty to the SFO for onward transmission to the Consolidated Fund in the amount of £19.2 million, calculated as follows:

| | |
|---|----------------------|
| Harm: | £12.8 million |
| <i>(50% of above-14% EM Contract profitability, October 2010-November 2013)</i> | |
| Culpability Level: | A (High) |
| Harm Figure Multiplier: | 300% |
| Discount: | 50% |
| TOTAL: | £19.2 million |

SGL will pay the financial penalty within 30 days of the Court's declaration under Schedule 17, Sections 8(1) and (3) of the Crime and Courts Act 2013 and, subject to paragraph 22 below, failure to do so will constitute a breach of this Agreement. The payment of the financial penalty is final and shall not be refunded.

22. At the sole discretion of the SFO late payment of the financial penalty by up to 30 days will not constitute a breach of this agreement but will be subject to interest at the prevailing rate applicable to judgement debts in the High Court on any amount of financial penalty unpaid.
23. The SFO is not precluded from arguing in any future prosecution that the Court should impose a higher financial penalty.
24. SGL agrees that no tax reduction will be sought in the United Kingdom or elsewhere in connection with the payment of any part of this financial penalty.

E. Costs

25. The SFO and SGL agree that SGL will pay the reasonable costs of the SFO's investigation and of entering into this Agreement in the amount of £3,723,679 to the SFO. SGL will pay this sum to the SFO within 30 days of the Court's declaration under Schedule 17 Sections 8(1) and (3) of the Crime and Courts Act 2013 and, subject to paragraph 26 below, failure to do so will constitute a breach of this Agreement. The payment of costs is final and shall not be refunded.
26. At the sole discretion of the SFO late payment of the SFO's costs by up to 30 days will not constitute a breach of this agreement but will be subject to interest at the prevailing rate applicable to judgement debts in the High Court on any amount of costs unpaid.
27. The SFO is not precluded from arguing in any future prosecution that the Court should impose a higher costs order.
28. SGL acknowledges that no tax deduction may be sought in the United Kingdom or elsewhere in connection with the payment of any part of this costs payment.

F. Corporate Compliance Programme

29. Since identifying the matters set out in the Statement of Facts, Serco Group has implemented and will continue to implement compliance and ethics programme improvements designed to enhance its ability to prevent and detect violations of the Fraud Act 2006, the Theft Act 1968, the Bribery Act 2010, and other applicable fraud and anti-corruption laws throughout its operations, including those of SGL and its other subsidiaries. Specifically, in order to address potential deficiencies in its assurance controls, policies and procedures, Serco Group has from November 2013 undertaken:
 - a. A Group-wide "Corporate Renewal Programme," which has involved significant financial and management investment and has comprised a comprehensive set of initiatives to strengthen the Group's assurance activities and operating practices

covering themes such as “People,” “Governance and Transparency,” and “Culture and Ethics.” Key components of that Corporate Renewal Programme have included:

- i. revising Serco Group’s Code of Conduct and other principles, supported by extensive training;
 - ii. strengthening contract-level governance;
 - iii. assessing and reissuing Serco Group’s framework of management control to include more prescriptive guidance on required operational processes and procedures;
 - iv. strengthening risk management compliance and internal audit processes and capabilities; and
 - v. creating new Board-level committees to formalise the process of guidance and decision-making on ethical, compliance, and compliance assurance issues.
 - b. An overhaul of Serco Group’s systems and approach to financial transparency, including robust reporting of operations and financial contract key performance indicators.
 - c. Numerous forms of internal and external examination, analysis, review, and audit of matters including Serco Group’s business culture, management systems, billing, and servicing of key high-risk contracts.
30. Notwithstanding paragraph 29, as set forth in Attachment A Serco Group has agreed to continue to review and, where necessary and appropriate, modify its Group-wide compliance programme, including internal controls, compliance policies, and procedures in a manner consistent with all of SGL’s obligations under this Agreement and Serco Group’s obligations under Attachment A, in order to ensure that Serco Group maintains: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous compliance programme that incorporates policies and procedures designed to effectively prevent and detect violations of the Fraud Act 2006, the Theft Act 1968, the Bribery Act 2010, and other applicable fraud and anti-corruption laws throughout its operations, including those of SGL and its other subsidiaries.

31. Implementation of additional controls, policies and procedures shall not be construed in any future proceedings as providing an automatic statutory defence, immunity or amnesty in respect of conduct occurring subsequent to their implementation. Nothing in this paragraph is intended to derogate from SGL's legal rights to raise any defences or assert affirmative claims in criminal, civil, and regulatory proceedings in other fora or jurisdictions relating to the matters set out in the Statement of Facts, provided such defences and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts or otherwise violate paragraphs 38 through 41 below.
32. SGL agrees that it will report annually—in 12 month increments beginning 12 months from the date on which the Court makes a declaration under Schedule 17, Sections 8(1) and (3) of the Crime and Courts Act 2013, and with the third and final report to be submitted not fewer than thirty (30) days prior to the expiration of this Agreement—to the SFO during the Term of this Agreement that it—or if applicable, Serco Group, in a way that applies to SGL—has undertaken and continues to undertake remediation and implementation of the compliance measures and internal controls, policies, and procedures described in paragraph 30 above. Such reporting shall take the form of a description of SGL's progress in improving its internal controls, policies, and procedures for ensuring compliance with the Fraud Act 2006, the Theft Act 1968, the Bribery Act 2010, and other applicable fraud and anti-corruption laws, and shall be transmitted to Head of Division C, Serious Fraud Office, 2-4 Cockspur Street, London SW1Y 5BS. SGL may extend the time period for submission of the report with prior written approval of the SFO, and to the extent Serco Group's reporting described in paragraph 3 of Attachment A addresses the matters upon which SGL is required to report pursuant to this paragraph, Serco Group's reporting shall satisfy SGL's obligations pursuant to this paragraph, and SGL shall not be required to submit a separate report.
33. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the SFO determines in its sole discretion that disclosure would be in furtherance of the SFO's discharge of its duties and responsibilities or is otherwise required by law.

Breach of the Agreement

34. If, during the Term of this Agreement, the SFO believes that SGL has failed to comply with any of the terms of this Agreement, the SFO may make a breach application to the Court.

In the event that the Court terminates the Agreement the SFO may make an application for the lifting of the suspension of the Indictment associated with the DPA and thereby reinstitute criminal proceedings.

35. In the event that the SFO believes that SGL has failed to comply with any of the terms of this Agreement, the SFO agrees to provide SGL with written notice of such alleged failure prior to commencing proceedings resulting from such failure. SGL shall, within fourteen (14) days of receiving such notice, have the opportunity to respond to the SFO in writing to explain the nature and circumstances of the alleged failure, as well as any actions SGL has taken to address and remedy the situation. The SFO will consider the explanation in deciding whether to make an application to the Court.

Sale or merger of SGL

36. SGL agrees that in the event that, during the Term of this Agreement, it sells, merges or transfers all or substantially all of its business operations as they exist at the date of this Agreement, whether such sale is an asset sale, merger or transfer it shall include in any contract for sale, merger or transfer a provision binding the purchaser or successor to the obligations described in this Agreement.
37. In the event that, during the Term of this Agreement, Serco Group sells, merges or transfers all or substantially all of SGL's business operations as they exist at the date of this Agreement, whether such sale is an asset sale, merger or transfer, SGL shall use its best efforts to procure that Serco Group shall include in any contract for sale, merger or transfer a provision binding the purchaser or successor to the obligations described in this Agreement.

Public statements

38. SGL agrees that it shall not make, and it shall not authorise Serco Group or other affiliates, its present or future lawyers, officers, directors, employees, agents or shareholders, or any other person authorised to speak on SGL's behalf to make any public statement contradicting the matters described in the Statement of Facts. The decision whether any public statement by any such person contradicting a matter described in the Statement of Facts will be imputed to SGL for the purpose of determining whether to apply to the court seeking a finding that SGL has breached the Agreement lies within the sole discretion of the SFO. If the SFO determines that a public statement by any such person contradicts in whole or in part a matter described in the Statement of Facts, the SFO shall so notify SGL, and SGL may avoid the SFO applying to the court seeking a finding that SGL has breached the Agreement by publicly repudiating such statement(s) within five business

days after notification. This paragraph does not apply to any statement made by any present or former director, officer, employee or agent of SGL in the course of any criminal, civil, or regulatory proceedings instituted against or by the said individual, unless such individual is speaking on behalf of SGL.

39. SGL agrees that if it, Serco Group, or any of its other affiliates issues a press release or issues any other public statement in connection with this Agreement, SGL shall first consult with the SFO to determine (a) whether the text of the press release or other proposed public statement are true and accurate with respect to matters between the SFO and SGL, and (b) whether the SFO has any objection to the release. This paragraph does not apply to any non-public disclosure to any supervisory, regulatory, or judicial body or self-regulatory organisation, however any such disclosure shall remain subject to the terms of paragraph 38.
40. If SGL believes it is required by law or regulation to issue a press release or otherwise make a public statement in connection with this Agreement on a timetable that precludes it from complying with paragraph 39, SGL shall inform the SFO of the circumstances, timing, content, and manner of the press release or other public statement as soon as is reasonably practicable after such press release or other public statement is issued, and in doing so shall identify the specific exigency and legal or regulatory provision which SGL believed required such a press release or public statement to be issued without complying with paragraph 39.
41. SGL shall use its best efforts to procure that Serco Group and its other affiliates shall not make, and it shall not authorise its present or future lawyers, officers, directors, employees, agents, its subsidiaries or shareholders or any other person authorised to speak on Serco Group's behalf to make any public statement contradicting the matters described in the Statement of Facts. This paragraph does not apply to any statement made by any present or former director, officer, employee or agent of Serco Group in the course of any criminal, civil, or regulatory proceedings instituted against or by the said individual, unless such individual is speaking on behalf of Serco Group.

Warranty

42. SGL warrants that:
 - i. the information provided to the prosecutor throughout the DPA negotiations and upon which the DPA is based does not knowingly contain inaccurate, misleading or incomplete information relevant to the conduct SGL has disclosed to the SFO.

- ii. it will notify the SFO and provide where requested any documentation or other material that it becomes aware of whilst this Agreement is in force which it knows or suspects would have been relevant to the offences particularised in the Indictment.

43. SGL has procured and provided to the SFO an identical warranty from Serco Group.

44. SGL agrees to its legal advisors (Clifford Chance LLP) providing a warranty in the same terms as paragraph 42 above.

Limitations on Binding Effect of Agreement

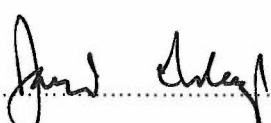
45. This Agreement is binding on SGL and the SFO, but specifically does not bind any other component of the UK Government or any other authorities.

Complete Agreement

46. This Agreement sets forth all the terms of the agreement between SGL and the SFO. No amendments, modifications, or additions to this Agreement shall be valid unless they are in writing and signed by the SFO and a duly authorised representative of SGL, and where required under the Deferred Prosecution Agreements Code of Practice, approved by the court.

Consent

Agreed

For Serco Geografix Limited: 

Name: **DAVID HORGAN**

Position: **GROUP GENERAL MANAGER + COMPANY SECRETARY**

Dated **2** day of **July** 2019

**FOR AND ON
BEHALF OF
SERCO GEOGRAFIX
LIMITED**

For the Serious Fraud Office: 

Name: Lisa Osofsky

Position: Director

Dated **2** day of **July** 2019