

Approvals and Allotment Committee

Approvals and Allotment Committee - Terms of Reference

(As Adopted on 27 May 2004)

Constitution

The Board of Serco Group plc has reviewed and confirmed the establishment of a Committee of the Board to be known as the Approvals and Allotment Committee.

Membership

The membership of the Committee shall be the Executive Directors and the Company Secretary.

The Chairman of the Committee shall be appointed at the Committee meeting.

The quorum of the Committee shall be a minimum of two Executive Directors save where matters relating to Allotment (as defined below) are concerned, when the quorum shall be two Executive Directors or any one Executive Director and the Company Secretary. The quorum for the allotment must not benefit from the allotment being approved.

The Secretary of the Company or their nominee shall be the Secretary of the Committee.

Frequency of Meetings

Meetings shall be held as required.

Authority

The Committee is authorised by the Board to obtain legal or other independent professional advice from both inside and outside the Company. Guests with relevant experience and expertise may attend meetings of the Committee if the Chairman considers this necessary.

Duties

The duties of this Committee are to provide the approval of:

1. Matters relating to the interim and final accounts process

To have authority in relation to the interim and annual accounts process including, but not limited to the approval of:

- Financial documentation to Shareholders in relation to the interim and annual accounts;
- Interim and final dividend payments;
- Release of announcements required in accordance with the listing rules and Serco News Announcements;
- Approval of AGM and EGM notices;

- Letters of representation and letters of support as may be required by the auditors in relation to their work;
- Other such documents as may be required from time to time in relation to this process.

2. The entry into acquisition and disposal transactions

- To review and approve any contract bid and associated documentation (as necessary) relating to a contract bid with an annual turnover up to the signing authority delegated by the Board, and reviewed from time to time;
- To review and approve any acquisition or disposal (“Transaction”) and associated documentation (as necessary) relating to the Transaction, provided that the Transaction fits the criteria delegated by the Board, and reviewed from time to time;

3. The entry into parent guarantees and treasury-related contracts

- To review and approve any Parent Company Guarantee (“PCG”), provided the underlying transaction has been approved in accordance with the signing authorities approved by the Board and reviewed from time to time. Any PCG must be signed by two Directors or any one Director and the Company Secretary;
- To review and approve any Counter Indemnity required by a Bank in respect of a Bond, Guarantee or Letter of Credit (“BGI”), provided the underlying transaction has been approved in accordance with the signing authorities approved by the Board and reviewed from time to time. Any BGI counter indemnity must be signed by any two Directors or any one Director and the Company Secretary;
- To review and approve any documents materially amending the Group’s banking facilities, provided that to do so would not result in the Group being subject to more restrictive covenants than those previously approved by the Board;
- To review and approve the issue, transfer and cancellation of loan notes in relation to deferred consideration on acquisitions which had previously been approved by the Board and issued on behalf of the Company.

4. The allotment of shares pursuant to the Company’s staff share schemes

- To have the authority to allot shares to the participants exercising their options under the Serco staff Share Schemes;
- To allot shares in respect of an acquisition previously approved by the Committee or by the Board;
- To authorise the allotment of shares under any agreed scheme such as a Rights Issue, a Bonus Issue, a Capitalisation or any other such scheme approved by the Board.

Delegated Signing Authority

A copy of the latest delegated signing authorities is available from the Company Secretary.

Minutes

The minutes of the meetings of the Committee shall be circulated to all members of the Board in the following Board pack.