

## 1. Constitution

The Board of Serco Group plc (the 'Board') has reviewed and confirmed the establishment of a Committee of the Board to be known as the Group Risk Committee (the 'Committee').

## 2. Purpose

The purpose of the Committee is to assist the Board in discharging its duties to promote the success of the Company for the benefit of members as a whole and have regard to the matters, among other things, noted in Section 172 (1) (a-f) of the UK Companies Act 2006, namely that the Board should have regard for:

- a) the likely consequences of any decision in the long term;
- b) the interest of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and,
- f) the need to act fairly as between members of the Company.

The Committee will be responsible for overseeing the Company's approach to the risk management, compliance and assurance framework and ongoing related corporate renewal activities, to include:

- approving the Group Policy Statement on Risk Management;
- ensuring that the risk, compliance and assurance culture is robust, embedded and effective in reducing risk across the Group;
- oversight and consideration of Group strategic and material risk exposures in light of the Group policy Statement on Risk Management; and,
- advising the Board as to the material risk exposures identified and the processes and controls in place to manage risks.

## 3. Membership

- 3.1 The members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Chairman of the Committee shall be selected by the Board.
- 3.2 The Committee shall comprise at least three members. All members shall be independent Non-Executive Directors. The activities of the Committee should involve participation by the Chairman of the Audit Committee.
- 3.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 3.4 The Chief Financial Officer shall either be a Committee member or be in attendance at all meetings. Where applicable, the Chief Risk Officer shall be expected to attend at all meetings. The Committee Chairman shall decide whether the Chief Executive Officer should be present at meetings.

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- 3.5 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals including, but not limited to the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group General Counsel and Company Secretary, and the Director of Risk and Compliance will be invited to attend meetings as and when appropriate. In addition, other members of the Board may attend with the Chairman's consent.
  - 3.6 The Board shall appoint the Committee Chairman who shall be a Non-Executive Director. In the absence of the Committee Chairman and/or an appointed Deputy, the remaining members present shall elect one of themselves to chair the meeting.
  - 3.7 The Committee shall meet separately with the Director of Risk and Compliance, without management present, at their discretion.

#### 4. Secretary

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

#### 5. Quorum

The quorum for meetings of the Committee shall be two members.

#### 6. Frequency of meetings

The Committee shall meet not less than four times a year. Meetings can be held physically or by telephone and additional meetings may be convened, as the Chairman of the Committee shall determine.

#### 7. Notice of meetings

- 7.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the CRO if he or she considers a meeting necessary.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other non-executive directors and any other person required to attend, no later than five working days before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Committee members and to other attendees as appropriate.

#### 8. Minutes of meetings

- 8.1 The Secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman of the Committee.
- 8.3 Final signed copies of the minutes of the meeting of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

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## 9. Annual General Meeting

The Committee Chairman should attend the Annual General Meeting to respond to questions from shareholders on the Committee's activities.

## 10. Authority

- 10.1 The Committee reports to the Board and is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee of the Company in order to perform its duties and all employees are directed to cooperate with any request made by the Committee.
- 10.2 The Committee is authorised by the Board to obtain legal or other independent professional advice from both inside and outside the Company on any matter within its terms of reference where required at the Company's expense.

## 11. Support

The Chief Executive Officer will be responsible for ensuring that the management team includes dedicated resource of an appropriate level of seniority to be responsible for the development of the Company's risk policies, facilitating the effective implementation of agreed practice, and the measurement of the Company's adherence to those policies and practices. The senior responsible executive will report to the Chairman of the Committee in parallel with his/her executive reporting line.

## 12. Duties

Without limiting the scope of the authority set out above, the duties of the Committee are to:

- 12.1 Support the Board in determining the nature of extent of the principal risks it is willing to take in achieving its strategic objectives and ensuring that the Company maintains sound risk management and internal control systems;
- 12.2 On behalf of the Board, undertake a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and consider how those risks are being managed and mitigated;
- 12.3 Based on this assessment of the principal risks facing the Company, support the Audit Committee in the agreement of the Company's going concern and viability statements for inclusion within the Annual Report and Accounts;
- 12.4 Review and approve all risk-related disclosure in the Annual Report and Accounts;
- 12.5 Provide oversight of the Group risk management function to ensure that processes, systems and tools are fit for purpose, appropriate resources are made available and are together capable of delivering the Group Policy Statement on Risk Management. In particular:
- 12.5.1 Consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions;
- 12.5.2 Review the Group capability to effectively manage risk management lifecycles, ensuring that appropriate methods of identification, analysis and evaluation, mitigation, monitoring and reporting are applied and are effective;
- 12.5.3 Review reports on any material failures of risk controls of risk limits and the adequacy of proposed actions;

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- 12.5.4 Ensure that appropriate procedures/processes are in place in order to ensure that significant risks arising, control failures or weaknesses are identified with details of remediation action being undertaken;
  - 12.5.5 Review and approve compliance assurance programmes to ensure that they are effectively managed;
  - 12.5.6 Review proposed actions to manage risks in relation to IT Security and ensure that the Company has a suitable system and policy in relation to cyber security;
  - 12.5.7 Advise the Board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and the financial environment and have oversight over the effectiveness of the Company's risk management framework including the assessment of the principal risks facing the Company and the action.
- 12.6 In relation to risk assessment, review regularly and approve the parameters used in these measures and the methodology adopted;
  - 12.7 Consider other topics, as defined from time-to-time by the Board.

### 13. Reporting

- 13.1 The Committee shall provide formal updates to the Board after each meeting on all matters within its duties and responsibilities, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations.
- 13.2 The Committee shall review annually its Terms of Reference and its own effectiveness and recommend any necessary changes to the Board.
- 13.3 The role and responsibilities of the Committee, and the actions taken by the Committee to discharge those responsibilities, shall be disclosed in the Group's annual report and accounts.

### 14. Training

The Committee will adopt and maintain a programme of induction, training and development for its members. The Committee members will participate in activities arranged for them to keep abreast of current thinking and leading practices within the scope of the Committee's responsibilities.

### 15. Other Matters

The Committee shall:

- 15.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required; and
- 15.2 Give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.

**Approved by the Board of Serco Group plc**  
**14 February 2018**