

Capita plc – Nomination Committee Terms of Reference

These Nomination Committee Terms of Reference are approved as at 26 November 2019.

Objectives

The Nomination Committee is a Sub-Committee of the Capita plc Board and has been established by the Board under the Articles of Association.

The purpose of the Nomination Committee is identify and nominate for the approval of the Board, candidates to Board vacancies as and when they arise. To keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the market place.

The Nomination Committee has authority to carry out ad hoc reviews as requested by the Group Board.

Role of the Committee

1. Duties

- 1.1. The Committee shall at all times comply with the Listing Rules issued by the Financial Conduct Authority and the recommendations of the UK Corporate Governance Code. Responsibility for nominations in respect of regulated firms is owned by their boards or respective nomination committees, as applicable.
- 1.2. The Nomination Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. In carrying out these duties, the members of the Nomination Committee must comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.
- 1.3. The Nomination Committee shall:
 - (a) regularly review the structure, size and composition (including the skills, knowledge, experience, diversity and independence) of the Board and make recommendations to the Board with regard to any changes, having regard to the chair of the Board's vision for achieving the optimal board composition and assessing periodically whether the desired outcome has been achieved;
 - (b) ensure plans are in place for orderly succession to both the Board and senior management positions, conduct a continuous and proactive process of planning and assessment and oversee

the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and in senior management positions in the future;

- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (d) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and independence on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search, whilst having due regard to internal talent and capability;
 - (ii) agree the process to be undertaken to identify, sift and interview suitable candidates, ensuring that the interview process is conducted so that candidates with diverse backgrounds are not disadvantaged;
 - (iii) consider candidates from a wide range of backgrounds;
 - (iv) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity (of gender, social and ethnic backgrounds, and cognitive and personal strengths) on the Board, taking care that appointees have sufficient time available to allocate to the position;
- (e) ensure that each proposed appointee to the Board is:
 - (i) required to disclose the time commitments involved in any business or other interests which he/she has, including any business or other interests which could result in a conflict of interest for him/her as a member of the Board;
 - (ii) required to seek prior approval of the Board before taking on any additional external appointments;
- (f) review annually the time required from non-executive directors and evaluate annually whether each non-executive director is spending sufficient time to fulfil his or her duties;
- (g) consider whether to set limits on the number and scale of other appointments that Board members (and in particular the chair of the Board and other non-executives) may take on without compromising their effectiveness;
- (h) prepare, for the appointment of a chair of the Board, a job specification, including the time commitment expected and require that a proposed chair:
 - (i) is independent (when assessed against the circumstances set out in the UK Corporate Governance Code);

- (ii) must not be the current or previous chief executive of the Company (save in exceptional circumstances and following prior consultation with major shareholders); and
- (iii) must disclose his or her other significant commitments to the Board before appointment and report any changes to the chair's commitments as they arise;
- (i) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (j) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (k) take an active role in setting and meeting diversity objectives and strategies for the Company as a whole, and in monitoring the impact of diversity initiatives, together with an active interest in how talent is managed throughout the organisation;
- (l) review the results of the Board performance evaluation process that relate to the composition of the Board;
- (m) ensure that on appointment to the Board, the chair and non-executive directors receive a formal letter of appointment (which must be made available for inspection) setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- (n) ensure that the papers accompanying shareholders resolutions proposing to elect or re-elect each director set out the specific reasons why the contribution of each director is, and continues to be, important to the Company's long-term sustainable success; and
- (o) work and liaise as necessary with all other Board committees.

1.4. The Nomination Committee shall also make recommendations to the Board concerning:

- (a) membership of the Audit and Risk Committee and Remuneration Committee, and any other Board committees as appropriate, in consultation with the chairs of those committees;
- (b) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills, experience, time commitment and independence required;
- (c) the election and re-election by shareholders of any director under the Company's articles of association or under the UK Corporate Governance Code, having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills, experience, time commitment and independence required and the need for progressive refreshing of the Board;
- (d) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and

- (e) the proposed appointment of any director to an executive position or to any other office with any group undertaking.

2. Authority

- 2.1. The Nomination Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 2.2. The members of the Committee are authorised by the board to carry out any investigation relevant to its terms of reference.
- 2.3. The Committee is authorised to obtain advice from independent search consultants and any other outside legal or professional adviser on matters within its terms of reference.

3. Membership

- 3.1. Members of the Nomination Committee shall be appointed by the Board. The Nomination Committee shall be made up of at least 3 members, all of whom shall be directors of the Company and the majority of whom shall be independent non-executive directors.
- 3.2. Only members of the Nomination Committee have the right to attend Nomination Committee meetings. However, other directors and other individuals (including representatives of external advisers) may be invited to attend for all or part of any meeting, as and when appropriate in the opinion of the chair of the Nomination Committee or the majority of its members.
- 3.3. Appointments to the Nomination Committee shall be for a period of up to 3 years (subject to the election and re-election provisions in the Company's constitution and in the UK Corporate Governance Code), which may be extended by no more than two further periods of up to 3 years each, provided the director concerned still satisfies the criteria (if he or she was to be a new member) for appointment to the Nomination Committee.

4. Chair and Quorum

- 4.1. The Board shall appoint the chair of the Nomination Committee who should be either the chair of the Board or an independent non-executive director. In the absence of the chair of the Nomination Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chair of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the chair.
- 4.2. The quorum necessary for the transaction of business shall be two both of whom must be independent non-executive directors. A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

5. Secretary

- 5.1. The Company Secretary or his or her nominee shall act as the Secretary of the Committee. In conjunction with the Chairman, the Secretary will prepare an Agenda for each meeting which shall be circulated, with any supporting papers, in a timely manner.

5.2. The Secretary shall maintain appropriate minutes and actions.

6. Agenda and Timing

6.1. The Nomination Committee shall meet at such times as the chair of the Nomination Committee shall require.

6.2. Meetings of the Nomination Committee shall be called by the secretary of the Nomination Committee at the request of the chair of the Nomination Committee.

6.3. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Nomination Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting.

6.4. The secretary shall ensure that each member of the Nomination Committee (and other attendee as appropriate) receives information and papers in a timely manner to enable proper consideration to be given to issues. Such information and papers can be sent in electronic form if the recipient has agreed to that method of communication.

7. Annual General Meeting

7.1. The chair of the Nomination Committee should attend the annual general meeting to answer any shareholder questions on the Nomination Committee's activities.

8. Committee support

8.1. The Nomination Committee shall:

- a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and associated guidance, the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;
- d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9. Reporting Responsibilities

9.1. The chair of the Nomination Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2. The Nomination Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3. The Nomination Committee shall produce a report to be included in the Company's annual report about its work. The Nomination Committee's report shall in particular:

- a) describe the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline of talent;
- b) describe how the board evaluation has been conducted, the nature and extent of an external valuer's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition;
- c) describe the policy on diversity (of gender, social and ethnic backgrounds, and cognitive and personal strengths) and inclusion, its objectives and linkages to company strategy, how it has been implemented and progress on achieving the objectives during the period covered by the report;
- d) set out the gender balance of those in the senior management (being the executive committee or first layer of management below board level, including the company secretary) and their direct reports;
- e) identify any external search consultancy engaged by the Company for the appointment of the chair and non-executive directors and state whether such party has any other connection with the Company, or explain if external advice or open advertising has not been used (as applicable); and
- f) where a director has been authorised by the Board to accept a significant external appointment, explain the reasons for permitting such significant appointments.

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