

Capita plc – Environmental Social and Governance Committee Terms of Reference

The Group Environmental Social Governance Committee (the “ESG Committee”) is a Committee of the Capita plc

These Group ESG Terms of Reference are approved as at 17 January 2023

Board (“Board”).

Objectives and Purpose

Capita’s ESG Strategy is guided by Capita’s Purpose, set by the Board, to create better outcomes, for its employees, clients and customers, suppliers and partners, investors, and society.

The ESG Committee will assist the Board in promoting the long-term sustainable success of the Company with regards to ESG matters ensuring Capita is a responsible business, in how it operates, serves society, respect its people and the environment, and delivers attractive returns to its investors.

1 Purpose

- 1.1 The principal purpose of the ESG Committee is to consider and approve, on behalf of the Board, Capita plc’s (the “Company”) strategy relating to ESG matters as proposed by the the ESG Working Group and the Executive.
- 1.2 The ESG Committee will review and have oversight of the practices and initiatives of the Company relating to ESG matters ensuring they remain effective and up-to-date. In fulfilling its remit, the ESG Committee will be cognisant of the United Nation’s 17 sustainable development goals and societies views on ESG.
- 1.3 In these terms of reference “ESG matters” or “ESG” refers to the following:
 - 1.3.1 **Environmental:** the Company’s impact, both directly and through its supply chain, on the natural environment and its response to the challenge of climate change including: greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and deforestation, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Company’s supply chain.
 - 1.3.2 **Social:** the Company’s interaction with employees, other stakeholders and the communities in which it operates and the role of the Company in society including; workplace policies (e.g. employee relations and engagement, diversity, non-discrimination and equality of treatment, safety, health and well-being), ethical/responsible sourcing and social aspects and labour standards of the supply chain (including child labour and modern slavery), and engagement with and contribution to the broader community through social projects and charitable donations.
- 1.2.2 **Governance:** the ethical conduct of the Company’s business including its corporate governance framework, business ethics, policies and codes of conduct (e.g. related to donations, bribery and corruption), and the transparency of non-financial reporting.

Role of the ESG Committee

2 Duties

- 2.1 The ESG Committee shall carry out the duties detailed below for the Company, major subsidiary undertakings and the group as a whole unless required otherwise by regulation, as appropriate. In carrying out these duties, the members of the ESG 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.
- 2.2 On behalf of the Board, and with the support of the ESG Working Group, the ESG Committee shall oversee the development of the Group's ESG strategy, monitoring its performance in relation to ESG matters.
- 2.3 Consider the adequacy of the Group's ESG policies and processes by reviewing reports prepared by, and receiving presentation from, management and the ESG Working Group on:
 - 2.3.1 the Company's Code of Conduct;
 - 2.3.2 privacy and data protection;
 - 2.3.3 diversity and inclusion in the workplace;
 - 2.3.4 health and wellbeing within the workplace;
 - 2.3.5 workforce engagement and review of employee NPS;
 - 2.3.6 employment data for the Company, including but not limited to attrition;
 - 2.3.7 clinical governance and safeguarding;
 - 2.3.8 health and safety in respect of the Group's employees;
 - 2.3.9 the Company's impact on the environment and its progress against its net zero strategy;
 - 2.3.10 review of Customer NPS;
 - 2.3.11 the support provided by the Company to charities and local communities and how this complies with the Company's Community and Charity Policy; and
 - 2.3.12 agreeing and monitoring the Company's ESG metrics following recommendation by the ESG Working Group.
- 2.4 Oversee and support stakeholder engagement on ESG matters.
- 2.5 Oversee and monitor the Group's progress against its net zero emissions strategy.
- 2.6 Liaise with and make proposals to the Remuneration Committee regarding appropriate ESG related performance objectives for the Executive Directors and members of the Executive Committee. Provide an assessment as to the outcomes of the ESG related performance objectives as at the end of the relevant reporting period.

- 2.7 Review the Company's gender and ethnicity pay gap reporting.
- 2.8 Receive a Report from the Group Audit & Risk Committee regarding the Company's comply or explain statement in the Company's annual financial report setting out the Company's compliance with the Taskforce for Climate-related Financial Disclosures.
- 2.9 Liaise with the Group Audit & Risk Committee regarding matters relating to the Company's Speak Up Policy.
- 2.10 Receive, review and approve the Groupwide People Strategy on behalf of the Board, including approval of People strategic objectives.
- 2.11 On behalf of the Board review and approve the Company's Modern Slavery Statement on an annual basis.
- 2.12 Review regularly the requirement for external assurance of ESG matters and, as may be deemed necessary, appoint external third-parties to carry out assurance of the effectiveness of ESG related policies, process and initiatives and the accuracy of the reporting of ESG matters.
- 2.13 The ESG Committee shall endeavour to ensure that sufficient focus and resource is given to implementing, monitoring and managing the Company's ESG policies and processes and that these remain effective.
- 2.14 The ESG Committee shall, in consultation with executive management, consider the appointment of third parties to advise on ESG policies and practices and/or audit the Company's ESG policies. In relation to any such programme the ESG Committee shall, with executive management, evaluate potential third parties, agree the scope of the advisory/audit process and review the results of the exercise and agree the action(s) to be taken.
- 2.15 Review in conjunction with the Nomination Committee the responsible business-related expertise and education at Board level, identifying any gaps and agreeing any actions.

Membership

- 3.1 Members of the ESG Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, in consultation with the chair of the ESG Committee. The ESG Committee shall comprise at least 3 members.
- 3.2 All members of the ESG Committee shall be independent or employee non-executive directors.
- 3.3 Only members of the ESG Committee have the right to attend ESG Committee meetings. However, other Board Directors and other individuals (including representatives of external advisers) may be invited to attend all or part of any meeting as and when appropriate in the opinion of the chair of the ESG Committee or the majority of its members.
- 3.4 The Chief Executive Officer will be invited to attend every meeting of the ESG Committee. In addition, the Chief Financial Officer, Chief General Counsel & Company Secretary, Chief People Officer, Group Director of Responsible Business, Senior Medical Officer, and members of the ESG Working Group (as required), will be invited to attend meetings of the ESG Committee on a regular basis.
- 3.5 Appointments to the ESG 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 (subject to the other terms in this document).¹

Chair and Quorum

- 4.1 The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the ESG 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 ESG Committee.
- 4.2 The Board shall appoint the chair of the ESG Committee. In the absence of the chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Company chair will act as the first ESG Committee chair.

Secretary

- 5.1 The Company Secretary or nominee shall act as the Secretary of the ESG Committee. In conjunction with the Chairman the Company Secretary will prepare an Agenda for each meeting which shall be circulated in a timely manner in advance of the meeting to all members of the Committee and attendees, together with any supporting papers. The Company Secretary shall minute the proceedings and resolutions of all ESG Committee meetings, including the names of those present and in attendance.

Agenda and Meetings

- 6.1 The ESG Committee shall meet at least four times a year.
- 6.2 Meetings of the ESG Committee shall be called by the Secretary of the ESG Committee at the request of its chair.
- 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 ESG 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 ESG Committee (and other attendees 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.

Annual General Meeting

- 7.1 The chair of the ESG Committee should attend the annual general meeting to answer shareholder questions as appropriate and the remaining ESG Committee members should also attend.

ESG Committee Support and Other Matters

¹ Boards will need to justify why they consider a non-executive director independent beyond nine years (from the date of their appointment as a director)

- 8.1 The ESG Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to the Group Director of Responsible Business and the company secretariat for assistance as required;
 - (b) conduct an annual review of its work, constitution and these terms of reference to ensure it is operating effectively and make recommendations to the Board for any changes it considers necessary;
 - (c) ensure that it is aware of developments in and give due regard to applicable laws, regulations, codes, ESG standards and any other rules and guidance applicable to its Terms of Reference;
 - (d) organise appropriate training for any or all members of the ESG Committee;
 - (e) work and liaise with all other Board committees as may be necessary to fulfil the ESG's Committee's Terms of Reference; and
 - (h) consider any other matter referred to it by the Board.

Reporting Requirements

- 9.1 The chair of the ESG Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including how it has discharged its responsibilities.
- 9.2 The ESG 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 ESG Committee shall if so required by the Board produce a report to be included in the Company's annual report and accounts, describing the Committee's work and how it has discharged its responsibilities.

Authority

- 10.1 The ESG Committee is authorised to:
- (a) seek any information it requires from any employee of the Company in order to perform its duties;
 - (b) obtain, at the Company's expense, independent legal, or other professional advice on any matter it believes it necessary to do so.

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