

Remuneration Committee Terms of Reference

Adopted by the Board of Capita plc on 27 November 2018

1. Sub-committee of the Board

The Remuneration Committee ("the Committee") has been established by the Board under the Company's Articles of Association.

2. Membership

The Committee will be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.

The Committee will consist of at least three members, all of which are independent non-executive Directors. The Chairman of the Board may also serve on the committee as an additional member if he or she was considered independent on appointment as Chairman.

The Board shall appoint the Committee Chairman. Before appointment, the Committee Chairman should have served on a listed company remuneration committee for at least 12 months. In the absence of the Committee Chairman, and an appointed deputy, the remaining members present shall elect one of the members present to chair the meeting.

The Committee Chairman and members shall be listed each year in the Annual Report.

3. Secretary

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

4. Meetings and Attendance

The Committee will meet at least twice each year and at such other times as it sees fit.

The quorum for meetings will be two members.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman (if not a member), the Chief Executive and external advisers may be invited to attend for all or part of the meeting, as and when appropriate and necessary.

5. Authority

The members of the Committee are authorised by the Board to carry out any activities relevant to its terms of reference. This will include having sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

6. Annual General Meeting

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

7. Duties/Responsibilities

The Committee will at all times comply with the Listing Rules and the recommendations of The UK Corporate Governance Code (2018).

The specific responsibilities of the Committee are:

- to determine and agree with the Board the framework for setting the remuneration policy for all executive directors, including pension rights and any compensation payments, and to determine the remuneration of the Chairman, Executive Directors, Executive Committee and Company Secretary. No director or senior manager shall be involved in any decisions as to their own remuneration. Remuneration of Non-Executive Directors should be determined by the Board;
- in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of The UK Corporate Governance Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- when setting remuneration policy for Executive Directors, review and take into account workforce remuneration and related policies, the alignment of incentives and rewards with culture and to be aware of and advise on any major changes in employee benefit structures throughout the Group;
- when determining executive director remuneration policy and practices, address the factors of clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture as set out in the the Corporate Governance Code (2018);
- develop a formal policy for post-employment shareholding requirements encompassing both vested and unvested shares;
- within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each executive director, the Chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards;;
- review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used;
- determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- to agree the policy for authorising claims for expenses for the Directors;
- to give due consideration regarding disclosure of remuneration, including pensions, as set out in the Companies Act 2006, the Listing Rules, Disclosure Guidance and Transparency Rules, The UK Corporate Governance Code and any other industry body guidance as appropriate;
- to make a statement in the annual report about its activities; explain if external advice has been sought; the membership of the Committee, the number of Committee meetings and attendance over the course of the year;
- to establish and oversee the Group's share plans and make recommendations to the Trustees as appropriate;

- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms for any remuneration consultants who advise the Committee;
- to attend the Company's AGM;
- to consider any other matters as referred to the Committee by the Board;
- to make available the Committee's Terms of Reference explaining clearly its role and the authority delegated to it by the Board; and
- to arrange periodic reviews of its own performance and, at least annually, review its terms of reference and recommend to the Board any changes it considers necessary.

8. Reporting Requirements

The Secretary of the Committee will circulate the minutes of meetings of the Committee to all members of the Board, except where a conflict exists.

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

The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. The Committee's report should take into account the reporting requirements set out in the Corporate Governance Code (2018).

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

The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and The UK Corporate Governance Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.