

Capita plc

Tax strategy

December 2020



Capita is the UK's leading provider of technology-enabled business process and customer management services and professional services. We combine our expertise with technology to make processes smarter, organisations more efficient and customer experiences better.

Capita's Chief Financial Officer and Senior Accounting Officer (Patrick Butcher to 16 November 2020, Gordon Boyd from 16 November 2020) has ultimate responsibility for tax within Capita and for ensuring compliance with the Tax Strategy. This tax strategy has been approved by the Board of Directors. The Group Tax Team is responsible for the setting of the strategy and is accountable for its implementation. The strategy will be periodically reviewed by the Group Tax Team and any recommended amendments to the strategy will be considered and approved by the Board of Directors.

Risk management and Governance

We seek to set clear policies for our businesses to follow and to embed the right processes, reporting and culture across Capita

- The application of appropriate controls across all of the Capita businesses is a core part of managing growth.
- The Group Risk Management Framework and governance arrangements apply in respect of the management of all taxes, both in the UK and overseas.
- Financial, operations and key risk reporting is built into the monthly reporting reviews which report upwards from each business unit, ultimately to the Board of Directors.
- Processes are in place for identifying tax risks and these are reported, where appropriate, to the Audit and Risk Committee. The Group also has a Tax Risk Committee comprising senior leaders of Group Risk, Group Finance and Group Tax that meet on a regular basis to discuss the group's tax risk register and tax controls framework.
- The Group Tax function reports to the Chief Financial Officer via the Director of Tax and Treasury.
- The tax strategy is subject to regular review by Capita's Head of Tax and the Director of Tax and Treasury and any material changes are discussed with Group Finance leadership and the Board, as appropriate.
- In addition, Capita has a policy for the "Prevention of criminal facilitation of tax avoidance".

Risk appetite in relation to UK tax

Capita does not engage in high risk or aggressive tax planning

- The Capita Board has, in their opinion, a low risk appetite in respect of tax which is supported by HMRC's low risk rating of the Group.
- The complexity of tax laws in Capita's operating jurisdictions creates inherent risks. The Group manages this complexity through its approach to compliance, planning and risk management.
- Tax risks are assessed and decisions taken in line with the Group's overarching Risk Management policy and the tax policies.
- The tax policies focus on the key areas of risk.



Tax compliance

We are committed to complying with all applicable tax laws, rules and regulations and reporting and disclosure requirements

- It is important to Capita that the correct amount of tax is paid at the right time. This is achieved through the timely submission of returns and payment of tax liabilities taking independent advice where appropriate.
- Capita intends for profits to be declared in the place where their economic substance arises.

Tax planning

We do not have a complex tax structure and take an appropriate and balanced approach to tax planning

- Tax outcomes are considered as part of the overall evaluation and structuring of commercial transactions but the group does not undertake aggressive tax planning or planning which is inconsistent with the intentions of the UK or of other Governments.
- In respect of material transactions or where the Capita tax department does not have the required expertise tax advice may be obtained from appropriate external advisers.
- Where appropriate to do so the group will claim available tax reliefs and incentives.

Relationships with tax authorities

We have and seek to maintain open, honest and positive working relationships with HMRC and tax authorities around the world

- In the UK, Capita proactively engages with its designated HMRC Customer Compliance Manager and is committed to prompt disclosure and transparency in all dealings with HMRC and other tax authorities.

This document is publicly available for the purposes of complying with paragraph 16(2) Schedule 19 of the Finance Act 2016

All photographic images used in this presentation are under license – please do not copy, reuse or redistribute.

The trade and service marks represented in this collateral are the property of the respective owners. The information contained in this material is for general information only and subject to change.