

CAPITA PLC

SUPPLIER REQUIREMENTS STANDARD

Classification	Public
Version	1.0
Date of Issue	December 2016
Date of Next Review	December 2017
Expiry Date	Not applicable

1 OBJECTIVES

Capita is committed to ensuring that its procurement processes are responsible and sustainable. The way we manage our procurement is increasingly important to our profitability, reputation, risk management and Corporate Responsibility (CR) objectives. This standard establishes our expectations of suppliers and their supply chain in providing goods and services to the Capita Group. For further information on CR please see: <http://www.capita.com/responsibility>.

Effective procurement is the foundation to every successful business. To achieve this we will apply consistent procurement procedures in selecting suppliers. How we work with our suppliers to add value:

- We take a risk-based approach to managing our supply chain – focusing on the areas that pose the greatest risk/opportunity to our business, the environment and society
- By working closely with our suppliers, we can identify shared efficiencies, reducing costs for Capita businesses and our clients
- Our policies and processes help us manage risk in our supply chain, ensuring we comply with relevant legislation and maintain our reputation
- We are incorporating CR performance monitoring into our relationships with strategic suppliers
- We aim for a diverse supplier base to ensure continuity of supply of key products and services
- We support local communities by using local suppliers wherever possible and aim to avoid overwhelming small businesses with unnecessary assessments and paperwork.

1.1 WHAT CAPITA EXPECTS FROM THE SUPPLY CHAIN

Capita assesses the risks associated with each supplier based on total expenditure, the ability, capacity, financial soundness, sanctions and authorisation of the supplier in relation to the services and/or goods that they supply. This assessment determines how we engage with our suppliers. To ensure they comply with our policies where we have acquired a new business, a key part of the due diligence process is a supplier risk assessment to ensure that they meet Capita's Standards before they migrate to become one of our suppliers. For further information on Capita's policies please see: <http://www.capita.com/policies>.

In order to achieve a high supply chain standard the following key areas are evaluated prior to contractual commitment:

- **Sustainable and Ethical Procurement:**
 - Meets Capita's ethical standards, security requirements, environmental, CR, equality and diversity objectives, and complying with relevant legislation, best practice and Capita Policies
 - Assesses suppliers to ensure that they are fit for purpose and sustainable
- **Encourage Continuous Improvement:**
 - By embedding best practice and professional collaborative relationships
- **Governance:**
 - To ensure systems and control mechanisms are in place for effective procurement processes
- **Financial Soundness:**
 - For initial assessment and continued financial health monitoring
- **Information Technology Security:**
 - To certify best practice of information technology management
- **Policies and Procedures:**
 - Defines, regulates and informs Capita of how your organisation operates
- **Outsourcing and Sub-contracting:**
 - Identifying associated risks within the supply chain
- **Legal and Regulatory Compliance:**
 - For confirmation that all laws and regulatory requirements are complied with at all times
- **Management of Information:**
 - To verify appropriate processing management and sharing of information.

All Suppliers and their sub-contractors must comply and provide the following minimum requirements:

Regulation and Legislation Compliance:

- Have the capability to comply with all applicable regulation and legislation, including but not limited to:
 - Aware of and comply with the requirements of the UK Bribery Act 2010; maintaining policies, procedures and guidelines that are applicable to all members of the Supplier Group and Supplier Personnel (including Subcontractors) in respect to the services provided to Capita.
 - Comply to requirements of Modern Slavery Act 2016
 - Comply to any local Health and Safety laws

Due Diligence and Risk Assessment:

- Register on Ecovadis supplier audit tool (**Only applicable to suppliers where Capita has an annual expenditure of over £1m or deemed as a High Risk to the supply chain of goods and/or services**) please see appendix 1 (Capita EcoVadis Brochure or www.ecovadis.com)
- Willing to support Capita's Due Diligence processes to ensure capability, sustainability and fit for purpose, including:
 - Willing to complete Due Dilligence Assessment as requested
 - Provide licenses and accreditations applicable to the supply e.g. ISO9001, ISO14000
 - Willing to share all Policies as requested
 - Willingness to provide information and data on relevant staff training
 - Willing to support Capita's ongoing oversight monitoring and audits
- Notify Capita of all supply chain parties involved in delivery of proposed services and ensure **flow down of Capita requirements**
- Provide Capita with reasonable access to data and premises in relation to the supply.
- Cooperate with Capita's regulators including allowing access to sites announced or unannounced.

Account Governance and Compliance:

- Actively supports eProcurement, eInvoicing and efficient Enterprise Resource Planning (ERP), including as a minimum to accept PDF Purchase Orders and provide PDF Invoices via email
- Take responsibility for ensuring that they keep Capita up to date with any changes to their details including; VAT registered number, bank account details and address
- Notify capita of any changes to authorisations, investigations and material risks and any development that may impact the supplier ability, capacity and authorisation to deliver
- Will sign and comply to Capita's Non-Disclosure Agreement (NDA).

Public

2 DOCUMENT CONTROL

2.1 DEFINITIONS

Term/Abbreviation	Definition
Capita -	Capita plc and any of its affiliates.
Due Diligence -	Is an umbrella term which represents a number of activities that should be undertaken prior to entering a contractual agreement. The purpose of due diligence is to test and verify the understanding of the contract or the deal to be entered into. The testing activities can include the verification of financial information, staff information, deliverables, previous contracts, assets, properties and human rights.
High Risk -	<p>The following would be considered as high risk requirements</p> <ul style="list-style-type: none"> ▪ Any requirements which would be considered as “business critical” (defect or failure in performance would materially impact on the ability of the business to meet its contractual, regulatory, statutory obligations or financial performance) ▪ Any requirement where there is a limited number of Suppliers in the market ▪ Any requirement which may lead to other unknown costs (such as maintenance or warranty) ▪ Any requirement which is politically sensitive or high in the interest of the public ▪ Any requirement which has Data Protection, Capita intellectual property, TUPE, Health & Safety considerations ▪ Requirement with complex specification requirements or relating to an innovative or bespoke product or service ▪ Highly confidential projects ▪ Any bespoke software requirements which are (not “off the shelf”) software packages ▪ Overseas purchases
Material Risks -	<p>£1M+ spend (this is total accumulated spend across Capita) or new business with a forecast spend of £1M+ or where the services or supply are critical to the business being able to meet its obligations and corporate responsibilities, judged on each division specific requirements.</p> <p>Strategic: supplier critical to the design or execution of the business units defined strategy/business plan/objectives</p> <p>Brand & Reputation: Supplier is subject to material public/media interest and/or public scrutiny, or is politically sensitive</p> <p>Products & Services: Supplier is delivering market sensitive products/services or a critical dependency on limited or single suppliers such that a defect or failure in performance would materially impact on the ability of the business to meet its contractual, regulatory, statutory, fiduciary obligations or financial performance</p> <p>Modern Slavery: Suppliers delivering (directly or through 3rd party suppliers) services/products/source materials from a low cost, labour intensive market, e.g. Cleaning, Catering and high risk sectors and geographic territories (may include UK).</p> <p>Duty of Care: Supplier services have an H&S impact on any and all parties where applicable or there are TUPE related impacts</p> <p>Security: Suppliers delivering internal or external Security services</p> <p>Legal: Supplier has access to/manage/process Capita or client personal data. Supplier has access to Capita Intellectual Property or where the choice of law is other than English Law</p> <p>Regulatory: Suppliers are delivering Regulated services</p>

Public

	Financial Crime: Products or Services delivered from high risk jurisdictions as defined by the Capita Jurisdictional Threat Analysis tool Environmental Impact: High risk of impact to the environment
PDF Invoices -	An invoice to Capita in a Portable Document Format (PDF).
PDF Purchase Orders -	A purchase order (PO) is a commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for goods and/or services in a Portable Document Format (PDF)

2.2 DOCUMENT REFERENCES

Related documents
Procurement Policy
Due Dilligence Assessment

2.3 DOCUMENT CONTROL

Document history

Issue	Date	Purpose	Author
1.0	November 2016	Final version-published	Rosella Tait and Sarah Roughan

Product approval

Name	Organisation	Role	Signature	Date
Nick Greatorex	Capita	Group Finance Director		November 2016
Clare Waters	Capita	Group Financial Controller		November 2016
Ian Galloway	Capita	Group Procurement Director		November 2016
Chris Terry	Capita	Group Risk and Compliance Director		November 2016

Product reviewed

Name	Organisation	Role	Signature	Date
Vic Gysin	Capita	Group Joint COO		November 2016
Dawn Sims Marriott-	Capita	Group Joint COO		November 2016