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There's an ever greater pace of **change in society**, living in an increasingly digital, mobile world...

Public services continue to be squeezed, with ongoing pressure to reduce budgets whilst improving frontline services.

Youth unemployment remains high, with more young people leaving school without qualifications or training for work as well as more students leaving university and competing for graduate roles.



Population growth, climate change and resource depletion require increasing collaboration between public and private sectors.

The rise in use of digital devices and mobile communications is influencing consumer behaviour and expectations, and creating new challenges around service reliability and data security.

Some parts of the population remain excluded from the services and benefits delivered through access to the digital world.

Demographic changes are creating specific challenges – for example the ageing population and increasing number of looked after children.



Communities face multiple pressures and consumers of services are **demanding** much more, so organisations need to **adapt** and flex. We have **grown our skills** and capabilities to help our clients address these **challenges...**

We now operate in 11 markets, 52% private sector and 48% public sector, enabling us to share learning and innovation across a wide range of industries and organisations.



We're supporting organisations to interact with their customers better in a digital, mobile world – navigating the challenges, protecting data, and realising significant growth opportunities.

We're helping to re-design and modernise public services, addressing the demand to deliver more and better value for less money.

We're growing our experience and resources across our target markets both directly and through acquisitions in a sustainable, controlled manner.



We interact with over 35 million people in the UK each year, and we're using this insight and experience to design services that support individuals' needs.

We draw on behavioural science, analytics, and collaborative customer focused service-design to create inclusive services that meet the needs of our diverse society.

Capita is committed to growing in a **responsible** way, building a **sustainable** business with good **leadership** and governance, capable of delivering long term **value** to all our stakeholders.

Running a resource efficient business

Good environmental management benefits our business and is important to our stakeholders. To support this, in 2013 we reviewed and strengthened our commitment to environmental management in our client and supplier relationships, as well as in our own business activity.



Engaging and supporting our people

We invest in our employees to ensure we have the right people with the right skills to deliver for our clients. In 2013, we invested £14m in training our employees and also helped over 1,000 new learners start an apprenticeship in Capita, helping to address the skills gap via training qualifications and on-the-job experience.



Building successful supplier relationships

Our suppliers provide additional new ideas, innovation and specialist skills. In 2013 we signed up to an external auditing system, Ecovadis, to ensure our key suppliers are complying with our policies and standards.

Responding to clients and their customers' needs

We work in partnership with our clients to understand the world they operate in, and to develop partnerships that transform their services with customers at their heart. This helped us to secure and extend relationships with a number of new and existing clients in 2013.

Investing in our communities

We want to have a positive impact on the communities in which we operate, helping to improve their social and economic development. We invest our time, money and expertise in supporting local projects and in 2013, we set up our new community development foundation Creating Better Tomorrows.



Welcome

“2013 was an excellent year for Capita with strong sales, operational and financial performance. We have established a number of new transformational partnerships with leading organisations in both the private and public sectors. We endeavour to make a positive contribution beyond the commercial value we create and I’m pleased to say that we’ve made great progress in adding value to all of our stakeholders in 2013.”

Andy Parker, Chief Executive*



Delivering against our KPIs

Our aim is to ensure that we operate our business responsibly and maximise benefits for all our stakeholders – including our employees, our clients and their customers, our suppliers and the local communities in which we operate. In this report, we describe the progress we have made in 2013 against our longer term commitments. In particular, this year we have continued to support local businesses with our supplier base now containing 64% SMEs (2012: 55%); helped tackle youth unemployment by supporting more apprentices across the business; successfully rolled out our first Group-wide graduate scheme; and continued to tackle energy and waste consumption across the Group.

Responding to changing client and customer needs

Increasingly our customers want smarter, more personalised service experiences. We’re investing in tools such as analytics, gamification and behavioural science which enable us to design more innovative, customer-responsive services based on a deeper understanding of the people we serve.

By making services more efficient and cost-effective, we support organisations in achieving savings which can be reinvested back into frontline services. In 2013, we provided services to 95 local authorities, 52 police forces, 22,000 schools and 84% of colleges.

We also continue to be a significant employer, contributing to skills development for both employees and the wider community, supporting economic growth in the UK. In 2013 we employed 64,000 people and invested £14m in training to ensure that we have the right skills to deliver for our clients.

We are focusing our Creating Better Tomorrows programmes on tackling community issues where we have specific expertise and resources to offer and where our clients have identified greatest need. In 2013, we invested £1.8m in helping local communities and we’re also building new mutually beneficial voluntary and community sector partnerships which support local initiatives and bring specialist knowledge and insight to Capita.

Looking ahead

We recognise that there’s still more to do and in 2014, we will be focusing on improving the capture of information for all our CR focus areas across the Group. This will enable us to measure the impacts and effectiveness of our programmes more accurately, and as a result identify the areas with greatest beneficial impact and those we need to improve the most. In 2013 we have laid the foundations for this, for example, by implementing baseline measures for carbon emissions at the Fire Service College so that we can record the impacts of new programmes introduced since Capita took over the running of the college (see page 35). We’ve also created a volunteering portal and developed a network of energy champions covering each of our sites to implement and report on energy reduction measures at a local level.

I would welcome your feedback on this report, and any views you have on our initiatives.

You can find more information at www.capita.co.uk/responsibility and you can contact us via corporate-responsibility@capita.co.uk

Andy Parker
Chief Executive

*CEO as of 1 March 2014.

About our business

We are the UK's leading provider of customer management and business process management (BPM). We design and deliver unique, cost-effective services that meet the long term needs of our clients and their customers.

From our entry point in local government in 1984, we now work across 11 public and private markets. Our business model allows us to swiftly align resources to meet the demands of clients across a wide range of sectors and has helped us to grow from a company with 320 employees and revenue of £25m in 1991, when Capita

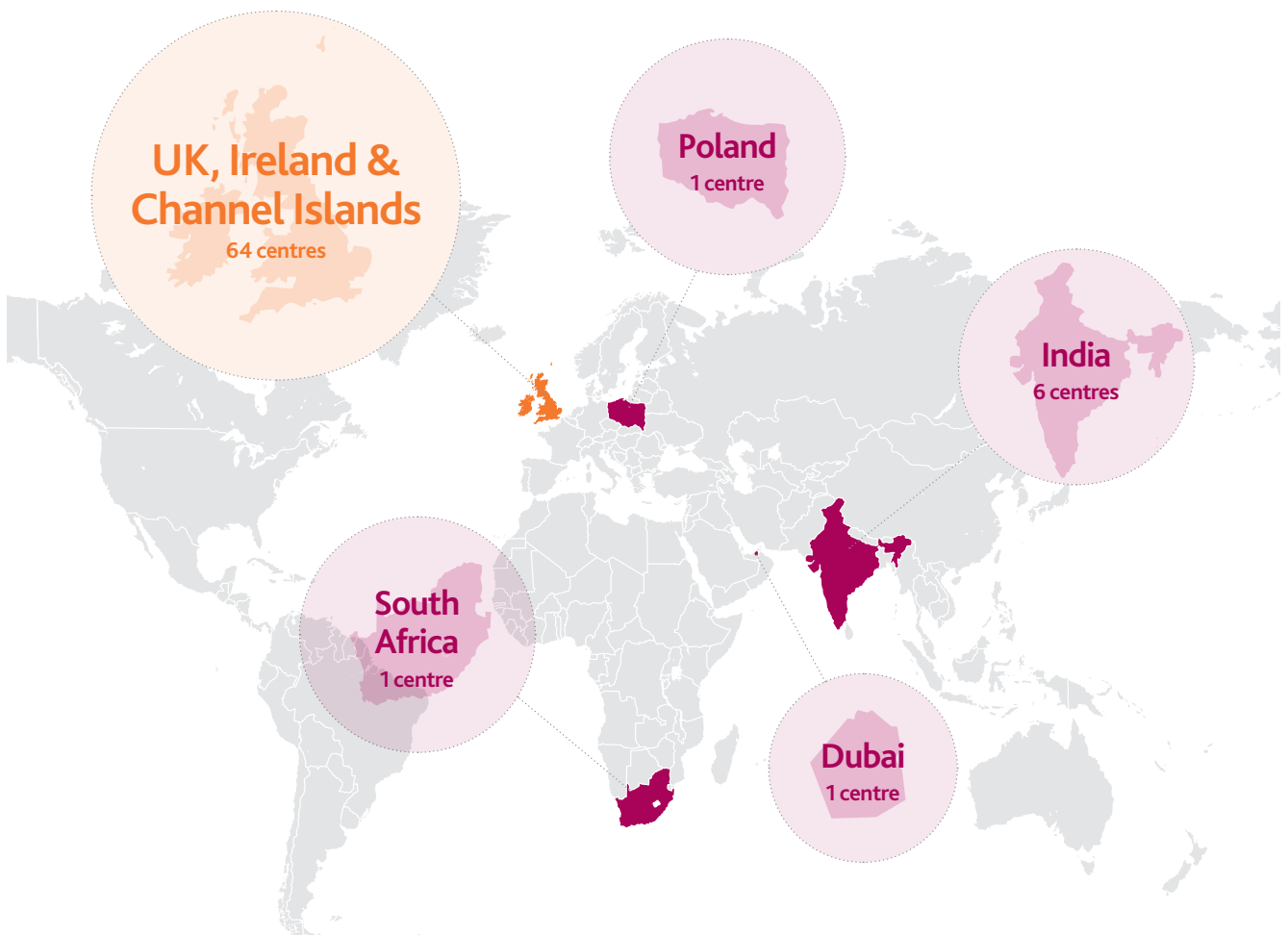
listed on the London Stock Exchange, to a FTSE 100 company with over 64,000 employees and revenue of £3,851m in 2013.

Where we are based

We have approximately 400 sites across the world, with the majority based in the UK and Ireland. We have an extensive network of multi-discipline business centres which now includes 73 centres in the UK, Ireland the Channel Islands and continental Europe and offshore in India, South Africa and Dubai.



Multi-service delivery centres



Our business strategy

Our business strategy is to continuously grow our operations in a controlled manner across all Capita's target markets. We deliver this strategy through our efficient, profitable business model which enables us to deliver effective services for our clients and their customers.

All this is underpinned by strong leadership, robust processes and embedded corporate responsibility (CR) behaviours and policies that address our impacts and opportunities to create value for all our stakeholders; our clients, employees, shareholders, suppliers and the communities in which we work and deliver services.

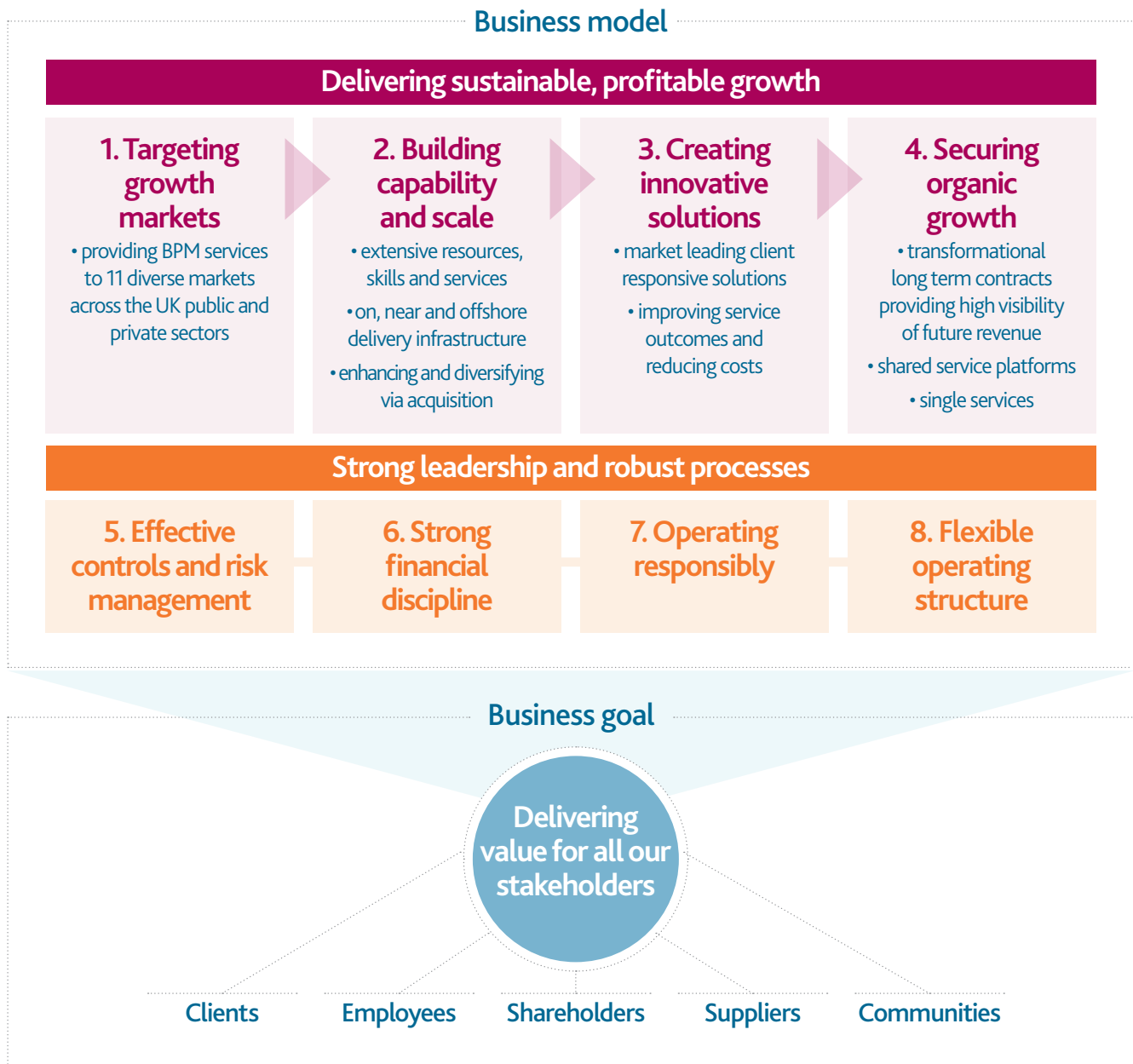
For more information about our CR leadership and policies

➔ see page 52



Our consistent business model

We have a consistent, robust business model and the initiatives we deploy to run our operations responsibly are an integral part of this model.



How we create value by being a responsible business

We create value by operating responsibly and steadily growing a sustainable business:

- delivering valuable services to our clients
- attracting, retaining and motivating the best people
- ensuring we have a robust operating infrastructure
- managing risks and reducing costs across our business
- encouraging innovation and identifying opportunities to grow and expand into new markets
- building our competitive advantage both internally and through acquisitions
- creating value for clients by helping them deliver their own CR agenda
- maintaining and enhancing our brand reputation.

Our CR strategy

Our CR strategy focuses on the five priority areas that:

- have the greatest economic impact on our business
- are of most concern to our stakeholders
- have the greatest potential to support our future business growth.

They are key to our long term success, and help us keep the needs of all our stakeholders in clear view.

Our CR priorities

We set KPIs around each priority to drive improvement, and we measure and report our progress against these KPIs annually.

- 1. Responding to clients and customer needs** – making sure we meet their needs, deliver their services responsibly and give their customers the experience they expect.
➔ see page 10
- 2. Engaging and supporting our people** – attracting and building a skilled, responsive and diverse workforce of motivated and supported employees.
➔ see page 20
- 3. Building successful supplier relationships** – building a responsible, quality and cost-effective supply chain across our businesses.
➔ see page 28
- 4. Running a resource-efficient business** – managing our impacts and protecting natural resources.
➔ see page 32
- 5. Investing in local communities** – targeting national and local issues that are most closely related to our business and the expertise we can offer.
➔ see page 40

For more information on our financial KPIs
➔ see page 13 of our 2013 annual report

External recognition

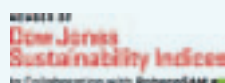


FTSE4Good

We have been included in the FTSE4Good Index every year since 2001



Capita were also included in the Euronext Vigeo Europe 120 and Euronext UK 20 index, confirming our performance as one of the top 20 UK companies and in the top 120 of European companies in this index



Capita has been included in the Dow Jones Sustainability Index since 2011



Capita successfully achieved re-certification of Carbon Saver's Gold Standard in 2014, recognising our commitment in reducing energy use and improving energy efficiency over a three-year period



Capita Group was reconfirmed for inclusion in the Ethibel Excellence Sustainability Index

1

Responding to client and customer needs

Society is changing, consumers are making smarter, more informed decisions and becoming increasingly connected in a digital world. We help our clients respond to their immediate challenges and those they may face in the future, developing partnerships that transform their services and create value for their business and their customers.

In this section:

Understanding our clients' changing world

Creating value across our target markets

Developing client relationships



The value we create with our clients

KPI

Continue to develop our infrastructure of business centres to meet the needs of our business

73

business centres in 2013
(2012: 70 business centres)

Organisations today are facing unprecedented challenges – from changes in demographics, the economic climate and advances in technology to market and regulatory changes. To survive and prosper, they need to be agile to respond to today's challenges and able to anticipate what's coming. We work in partnership with our clients to understand the world they operate in, and to develop partnerships that transform their services with customers at their heart.

- To meet the challenges they face, we help organisations design services that maximise value from their frontline and back office activities
- We help our clients respond to changing market and social factors – becoming an integral and valued partner
- Outsourcing is increasingly seen as a key enabler to facilitate change – not just by cutting costs, but by transforming services to better meet the needs of society
- By ensuring we're at the forefront of new developments in technology, we provide accessible and flexible services, which offer an easier, faster and simpler experience for customers
- We partner and collaborate with other organisations, including charities and voluntary organisations, to create mutually beneficial opportunities, offer greater value to clients and reach excluded or hard to reach communities and people
- By delivering responsible and sustainable services, we help our clients deliver their own corporate responsibility agenda while giving them the confidence that they can rely on us to be here in the long term to meet their needs
- We understand the changes in methods of communications and use these to influence and change customer behaviours to improve service outcomes and drive down client costs.

2013 highlights

90%

of our clients say that they have an excellent or good working relationship with Capita

24.7%

market share in customer and business process management up from 23% in 2012

Total revenue

£3,851m

up 15% on 2012

Responding to client and customer needs



Understanding our clients' changing world

We continually look for changes in market dynamics which may create a catalyst for action, generate new business and maximise value for our clients.

Our sector sales specialists provide insight into regulatory, economic, political and social drivers of change, identifying market drivers and new opportunities of where we can deliver value.

Driving down costs while improving services

In the private sector, commercial organisations face continued pressure to drive down operational costs and introduce new products and services to market faster. Changing legislation and regulation particularly in the banking, financial services and utilities sectors, is increasing interest in our customer management and administration services. We need to be responsive and flexible, evolving our service propositions to meet changing requirements.

The public sector is facing similar challenges, with ongoing pressure to reduce budgets while maintaining and adapting frontline services.

Demographic changes are creating further challenges – for example the ageing population and increasing number of children in care. Outsourcing is helping central government, health and local authorities transform their services to meet the growing needs of society within ever greater cost constraints.

The rise of mobile technology

In recent years, the rapid rise of digital communication, including the rise in use of mobile technology and social media, has had a significant impact on consumer behaviour and expectations. We apply our expertise in behavioural insight and analytics to innovate and deliver new services that meet customers' changing needs and keep our clients at the forefront of their markets.

Public Service Launchpad – supporting a new generation of innovators



Public Service Launchpad is a new programme, run by FutureGov and Solve, that aims to develop early-stage ideas in the public sector and the talented people who could unlock them. The scheme helps turn the best ideas into reality, supporting the creation of new businesses that can change lives. The programme is funded by Accord and the Cabinet Office's Social Incubator Fund (managed by the Big Lottery Fund), and is supported by Capita.

The first stage of the Launchpad – the scholarship programme – launched in 2013 at Hub Westminster, aimed to build

a diverse community of 100 Launchpad scholars to share early ideas and develop them together. We are supporting the programme by sharing professional expertise and running workshops to help commercialise new business ideas.

In December, 35 people were selected to work full-time in teams based in the Hub Westminster space as part of the Public Service Launchpad Accelerator, the second stage of the programme. The teams have four months to develop their projects, with the opportunity to gain investment for their ideas, as well as contracts with public services.

"The public sector is crying out for the new solutions that transform services for the people of the UK, whilst delivering badly needed efficiencies. The great news is that there are plenty of people within the sector who are brimming with ideas and are passionate about what needs to be done.

At Capita we believe that, given the right conditions, shared knowledge and experience can be combined to achieve truly innovative ideas, which can then be scaled up for the benefit of society. And because we work in partnership with many public sector organisations, we see Launchpad as a great opportunity to turn that promise into reality."

Joel Bailey, director of service design at Capita



Responding to client and customer needs



Creating value across our target markets

Our clients and the challenges they face are continually evolving, our ability to help them adapt to meet these challenges in turn allows us to grow our business and create value for both us and our clients. The following is a snapshot of some of the challenges and the ways we are responding across some of our target markets.

Education

- Schools budget due to be cut by a further 1% in 2015–2016
- The rise of free schools and academies
- Increasing value of mobile technology in education
- The growing role of apprenticeships.

How we create value

We work with approximately 22,000 schools and 84% of colleges in the UK, providing a range of support services and ICT systems leaving education professionals free to concentrate on what's most important to them – teaching.

Capita Managed IT Solutions offers a cloud-based learning portal, MY-CLOUD which enables students to securely access all their school learning resources 24/7, whether they are on the bus, in the library or at home. The portal is accessible via an internet connection and has allowed every student, regardless of background and financial circumstance, to have access to the same level of technology at home as they have at school – either on a device provided by the school or via their own devices.

We've helped HSBC provide over 1,000 apprenticeships since 2011, giving young people the opportunity to gain accreditations whilst learning on the job.



22,000

We work with approximately 22,000 schools and 84% of colleges in the UK



Local government

- Funding set to fall a further 9% from 2014/15 to 2015/16
- Demographic trends creating pressure points in certain areas
- Local authorities looking for opportunities to generate commercial profit to offset funding pressures.

How we create value

As the leading provider of local government services, we help improve efficiency, raise service quality and reduce costs. We cover all local government operations – including back office processing, administration, IT, customer management, HR and property development. Over the last two years, we have seen the evolution of 'transformational partnering' where we are designing and creating delivery models which add value beyond the traditional offering of 'improved service at reduced cost'.

We are helping around 95 local authorities across the UK make the most of their budgets.

In 2013, we formed a partnership with Staffordshire County Council, Entrust, to deliver a full range of educational support services for schools and academies. Entrust is targeting significant growth through securing new local authority, school, academy and higher education clients across the UK and has already secured over 240 new service line customers including over 110 outside of the Staffordshire region.

Central government

- Ongoing budgetary pressure is driving the need for alternative delivery models
- Private sector partnerships of all types are seen as a well established route to improving value for money and reforming frontline services
- Drive to increase the role of SMEs in delivery of public services.

How we create value

We continually create and discuss ideas with our central government clients of how we can transform service delivery and achieve significant savings for taxpayers, for example, in 2013 we were selected by the Cabinet Office to jointly deliver the Government's portfolio of project and IT management training tools.

We are also supporting the UK Government's SME agenda and, in 2013, 64% of our supplier base was comprised of small and medium-sized businesses (SMEs). Our suppliers are an important source of innovation and specialist skills and we recognise that working with smaller, local businesses, social enterprises and third-sector organisations makes good business sense.

Health

- NHS target of £20bn productivity savings by 2014–2015
- Broad consensus that structural changes and private sector involvement are needed to help transform the way services are delivered
- Growing pressure on primary care, especially GPs, to extend their role in supporting the elderly and providing care co-ordination.

How we create value

We work in partnership with NHS trusts, local health service providers and private companies to design and deliver services that transform healthcare. Our experience is widespread – from providing clinical expertise, systems and process design to innovative technologies.

In 2013, we secured a strategic partnership with Sussex Community NHS Trust to support its aim to drive change and improve the quality and sustainability of its patient care services.

We will use our business transformation and customer management experience to identify efficiencies and better ways of working, initially focusing on helping the Trust's procurement team, transforming their property and facilities management services and strengthening the skills and resources of key Trust clinical care and support service leaders.

Through our partnerships with NHS trusts we can help deliver services more effectively and efficiently, whilst improving outcomes for patients.

Responding to client and customer needs



Justice and emergency

- Need to increase police visibility while reducing costs
- Focus on the role of care services to help victims and offenders get their lives back on track
- Focus remains on spending only what is necessary on technology and support services, leaving as much as possible for the frontline.

How we create value

We work with 52 out of 53 UK police forces in the country providing them with a number of services and products including ICT, radio network services and communications systems and secure mobile data solutions.

In addition, we process and look after approximately 645,000 detainees for the UK police and Home Office annually.

We work in partnership with St Giles Trust, a charity which aims to help break the cycle of offending. We support a case worker who provides young ex-offenders with intensive, tailor-made support to help them overcome barriers and change their lives. In 2014, we'll also be supporting our own employees to volunteer to become support mentors to ex-offenders.

Defence

- The Ministry of Defence is facing further cuts in its core budget for 2013–15
- Calls to further improve efficiency and effectiveness whilst maintaining high levels of capability
- Need to upgrade back office systems to deliver cost savings.

How we create value

We have a 10-year partnering contract with the army to deliver recruitment of soldiers and officers to the Regular Army and Reserves.

We carry out around 18,000 recruitment medicals every year for the Royal Navy and the RAF.

In 2013 we signed the Armed Forces Corporate Covenant, recognising the value that serving personnel, reservists, veterans and military families can bring to our business.

For further details on our commitment

➔ [see page 47](#)

Life and pensions

- Pressure to reduce operating costs while improving quality and speed of service for customers
- ICT becoming an increasingly important tool for providing access to information for customers
- Providers seeking a 'safe pair of hands' for legacy and complex business so they can focus on growing their businesses.

How we create value

We provide support to over 20 major UK financial services providers, and we administer over 650 occupational pension schemes with over 4 million members.

We've been administering the Teachers' Pension Scheme (TPS) since 1996. Following research into customer awareness and requirements, we're further transforming the way the service is delivered to better meet their needs of today. We're also focusing on educating teachers about the value of contributing to their pensions.



Financial services

- The financial services industry is facing significant increases in compliance costs, specifically investment and retail banks
- Banking Reform Bill due to come into force in early 2014
- Recent IT system failures highlight the reliance on outdated legacy technology and issues of data security at a time when online and mobile banking are increasingly important.

How we create value

We are supporting our financial services clients through the changing regulatory environment, enabling them to focus resources on frontline, customer related activity.

We provide finance advisory services designed for specific sectors – such as the emergency services who we provide with financial advice, portfolio management, and contract management services.

For example, in March 2013, we were appointed primary and special loan server to the National Asset Management Agency (NAMA) in Ireland.

Insurance services

- Highly competitive market landscape driving need for improved customer experience and multi-channel customer services
- Rise in extreme weather events requiring fast response to customer claims and resulting in rising costs for providers.

How we create value

Outsourcing of transactional functions, such as claims handling, enables insurers to focus on the delivery of higher-value services.

We take care of necessary non-core activities, enabling our clients to focus on their customers.

We manage 1 million insurance policies and administer over £9bn of claims liabilities every year.

We also support the processing of over £10bn of multi-currency premium transactions.

Private sector including utilities, telecoms and retail

- Customer service expectations are continually rising
- Increasing role of outsourcing in supporting customer management and back office administration
- Rapid legislative and regulatory change, including tariff simplification and smart metering, increasing the need for transparency and improved customer services.

How we create value

We work with some of the UK's biggest brands in the sector, providing quality customer experiences, to help encourage loyalty as well as attract new customers.

In 2013, we secured a number of significant contract wins in this area. We are supporting Telefónica UK (O2) in enhancing and expanding digital services for its customers. As part of our 10-year strategic partnership, Capita is running and managing O2's customer management centres. We are designing services around customers' evolving needs, introducing new capabilities quickly and ensuring a continued focus on excellent customer experience.

We were also awarded the first new major strategic partnership in the utilities sector, securing a customer management transformation and delivery programme for npower.

Responding to client and customer needs

Developing strong client relationships

Our success depends on developing strong valued relationships with existing and future clients. The success of these relationships is reflected in our strong performance. In 2013, we increased our market leading position to 24.7% (2012: 23%) of the UK customer and business process management market. Our win rate in 2013 was better than 1 in 2, clearly beating our long term rate of 1 in 3, and we achieve this by being both very selective regarding the opportunities we bid for and continuously enhancing our client propositions.

Our evolving relationships – from cost savings to transformation

Over the last two years, we have seen some interesting developments in the way in which we are collaborating with client organisations. Traditionally, our relationships have focused purely on improving services at reduced cost. Now, we work with clients to develop partnerships that deliver wider transformational benefits. The customer-focused delivery models we design and deliver aim to create far greater value for clients, customers and society as a whole. They can help our clients deliver better services, increase revenue, and support economic regeneration and job creation.



How we work with our clients

We rely on open and honest relationships to deliver the best outcomes for our clients. Through open dialogue, we gain a deep understanding of our clients' business, challenges and the customers they serve. Once we have established key objectives and motivations, we use this knowledge when designing services.

We don't just design the services, we also deliver them. During the design phase, we put in place an operational team to ensure we have the appropriate skills and resources in place to deliver for the client.

We pull together expertise from across our business and, in some cases, we involve other organisations who can add value to our services. In 2013, we continued to grow the number of partnerships we have, which include SMEs and community and voluntary organisations. This has included working with a start up accelerator to develop three paid pilot projects, focusing on gamified learning and voice analytics in our contact centre operations, and streamlining and digitising the construction drawing review process. These partnerships inspire innovation and provide vital customer insight – improving services and creating value for our clients.

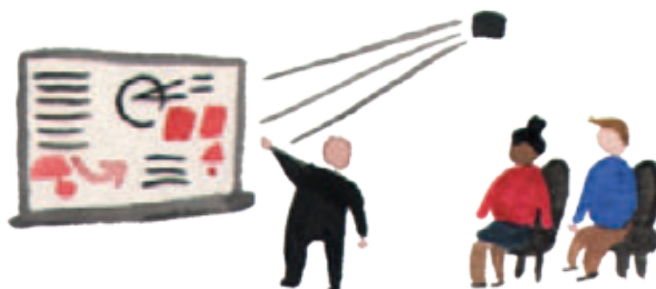
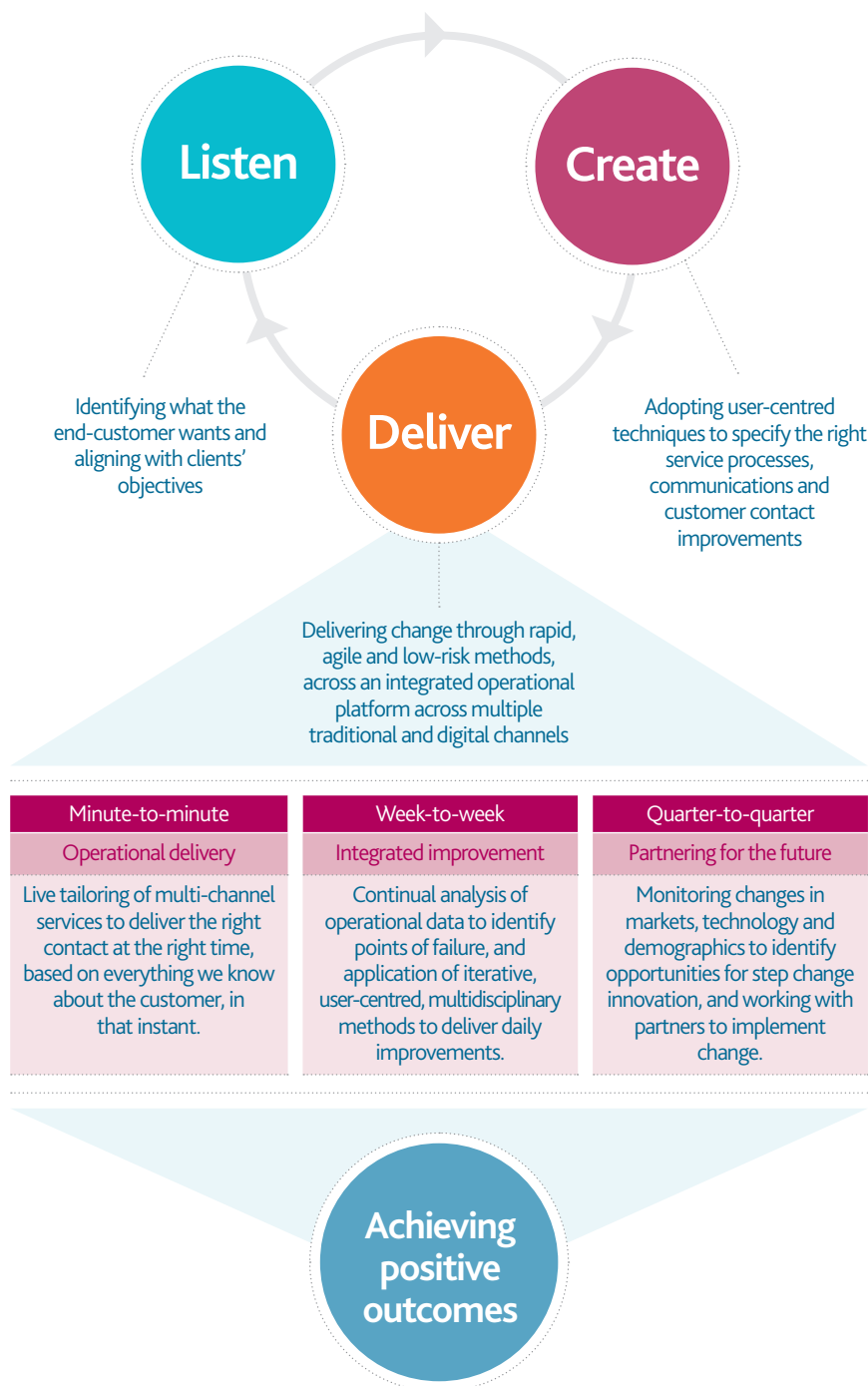
To maintain positive and engaging relationships with our clients, we continually track performance over time to ensure that we are improving and adding value over the life of the contracts.

Listening to our clients

In 2013, we carried out our first client satisfaction survey, focusing on our top clients by revenue across the Group. We achieved a response rate of 49.4% with 86 key clients responding. The headline results included:

- 71% were either very satisfied or satisfied with Capita
- 90% said they had a good or excellent working relationship with Capita.

Our approach to creating value with our clients



Policies

Board responsibility

Vic Gysin and Dawn Marriott-Sims
Joint Chief Operating Officers

We have a number of overarching policies at Group-level as well as procedures which are embedded in our business processes and ways of working. We have more detailed policies at a business level which are specific to those businesses. These include risk policies and business continuity plans that together ensure we can deliver services to our clients in the event of a major disruption, with no impact on our contracted service levels.

For more information, please visit:

www.capita.co.uk/responsibility

Priorities for 2014

- Develop our skills, capability and scale, both internally and through selectively acquiring small to medium-sized businesses which support our client propositions
- Leverage advances in intelligence and technology enabled change i.e. predictive analytics, behavioural science, digital and gamification
- Undertake our annual client satisfaction survey and effectively disseminate feedback across relevant Capita teams to ensure that we continue to meet the needs of our clients
- Continue to evolve our client relationship management programme which connects Group Board and divisional Directors with key major Group clients and contracts.

2

Engaging and supporting our people

To meet our clients' needs, it is vital that we have the right people, with the right skills in the right places. We need to attract and retain the best people to deliver our strategy, both now and in the future.

In this section:

Our strong culture

Engaging and listening to our employees

Helping employees reach their potential

Promoting diversity and inclusion

Respecting human rights

A safe and healthy place to work



How we work with our employees to create value

KPIs

Maintain high retention rate for senior managers (divisional directors and senior management teams)

98%

retention rate for managers in 2013
(2012: 96%)

Maintain overall employee retention rate at or above industry average¹

82%

overall employee retention rate
(2012: 83%)

We employ over 64,000 people and we're growing all the time. Around 70% of our employees join us through transfer as a result of clients outsourcing activities to us, or as a result of acquisitions. To excel in our line of business, we need to be experts in people management to smoothly integrate these people into our business and ensure they are properly trained, motivated and productive. We want employees to feel respected, valued and to benefit from their experience with Capita.

- We benefit from a continual inflow of new skills from direct recruitment and with the contracts we win and acquisitions we make – it keeps us fresh and alive to new ideas
- Creating an inspiring and supportive culture helps us attract and retain the best people and keeps them feeling motivated and valued
- Our apprenticeships, graduate scheme and training courses are helping to meet future talent requirements – both our own and those of our clients
- Our employees are often also end users of our services. We listen to their views to make better decisions and design better services for customers
- We empower our people to respond to clients' needs quickly and effectively
- We aim to employ a diverse workforce that reflects the communities we serve – driving innovation, supporting local employment and improving services for customers
- By supporting our people and making sure we take care of their health and safety we can minimise business risk and increase productivity.

2013 highlights

£14m

investment in training our employees

1,000+

new learners started an apprenticeship in Capita

¹ CIPD 2013 (88.1%) and 2012 (87.3%).

Engaging and supporting our people

Our strong culture

Capita has a strong and distinctive culture. We respect clients and colleagues, we're open and honest, and have a clear set of values we expect everyone to adhere to.

We have 10 Capita values which include:

- consistency in managing our employees and having an open door approach
- embracing diversity and respect for our colleagues
- delivering consistent, high-quality services
- giving our employees autonomy and responsibility in their roles
- respecting our customers and treating them fairly.

Our culture and values are part of the reason why 71% of employees think Capita is a good place to work (2012: 71%).

Engaging and listening to our employees

Listening to and valuing the opinions of our people is good for productivity and retention, and it helps us shape our future business. Our people have a clear view of our operations. Their opinions and ideas help us make better business decisions and design more innovative customer-focused services.

We engage with employees in a number of ways – from face-to-face conversations with managers to our annual employee survey. Structured around our core values, the employee survey helps us identify what we're doing well and what we can improve.

In 2013, 46% of employees (a total of 25,212 employees) responded to our survey (2012: 46%; 21,109 employees). They told us we are doing particularly well at:

- supporting new ideas for improving services for our clients and service users (80%)
- encouraging innovation in teams from a managerial level (81%)
- maintaining an approachable managerial approach (91%)
- always encouraging open and honest communications (87%)
- promoting a culture of value and respect amongst employees (90%).

Once again the 2013 employee survey highlighted the need to improve communications between our individual businesses. Although our employees reported an improvement in communications this year (2013: 53% up from 51% in 2012) as the Group continues to grow we will continue to face this challenge. We will be addressing this issue as part of our communications strategy review in 2014, setting targets to drive progress in this area.

We will also concentrate more of our efforts on listening to our employees (2013: 66% the same as 2012) to further improve engagement.

TUPE – Transfer of Undertakings (Protection of Employment)

Under TUPE Regulations, when an employee's work has been transferred to a new company, that company must ensure that the employee's terms and conditions of employment are protected. We fully comply with TUPE and aim to meet best practice standards when we transfer and integrate new people into our business.

With such a large proportion of our workforce transferring into Capita under TUPE arrangements, we are well practised in supporting people through times of change. A dedicated Capita team works closely with clients to engage potential employees and trade unions right from the outset.



Recognising and rewarding performance

We pay particular attention to recognising and rewarding people's individual achievements. Our performance management system is consistently applied across the whole Group. Remuneration packages and local performance schemes are managed by individual businesses to ensure they are competitive within their markets and that they reflect terms and conditions and union arrangements within each business unit.

A Group-wide employee recognition scheme, The Capita People Awards, celebrates employees who are excelling in one of five categories that reflect behaviours which Capita considers key to the success of our business – service excellence, innovation and improvement, teamwork, leadership, and charitable support and community engagement.

One of our 2013 People Awards winners was Fiona Edwards from Capita's Recruiting Partnering Project with the Ministry of Defence. Fiona TUPE transferred to Capita in October 2012 and won the gold award for outstanding leadership. Fiona is responsible for five large administrative teams supporting the recruiting operation, each with a different and complex set of responsibilities and 99% of whom were new when the partnership began. She has balanced competing demands and her performance as a business leader and line manager has been exemplary.

Welcoming people to the business

Our approach to managing the transfer and integration of employees into our business is tried and tested. From the moment they become a member of the Capita team, we make it a priority to welcome people into our business and support them as they familiarise themselves with our values and ways of working. We ensure everyone receives the induction and training they need to understand our values, our code of ethical conduct and other policies and processes.

Supporting people through change

Inevitably, as our business is about creating more efficient as well as effective services for our clients, there will be times when we have to reduce headcount to meet the needs of a particular client. Our business is growing, so we make the most of opportunities to redeploy people in other parts of the business. When suitable alternative positions aren't available, we communicate openly and honestly to support the people affected. We have good working relationships with trade unions, including UNISON, PCS, Prospect and Unite. These relationships are fundamental to securing the best outcomes for our employees during times of organisational change.



Engaging and supporting our people

Helping employees reach their potential

We take a positive approach to performance management. Each employee is given the opportunity to create a personal development plan with their manager to address their development needs and career aspirations.

We offer a wide variety of learning and development opportunities including:

- business skills and personal development courses, many of which have been designed specifically for Capita
- a large suite of instantly accessible online tools
- vocational learning opportunities including apprenticeship programmes
- professional qualifications, including two masters courses specifically for Capita employees
- a graduate scheme MSc in Leadership and Management.

Activities are delivered in a number of ways including online training, workplace training, coaching and group instruction.

This year, we invested £14m in training, providing over 12,400 days of classroom training across the Group (2012: £13m).

Developing talented leaders

We use our performance management system to identify talented people who have the potential to be one of our future leaders. Our Capita Manager Academy runs programmes designed to equip them with the skills they need to meet this potential.

In 2013, we launched a new Leadership and Management masters course in response to employee feedback that there was a gap in training for middle managers wanting to progress in their career. We are now on our fourth intake with approximately 25 delegates per intake. Due to its success we have also launched a further masters programme in 2014 on Business and Organisational Strategy.

Succession planning is also a key element of our strategy, ensuring that we have the appropriate resources in place to maintain stable leadership. Succession plans are developed locally for the leadership teams of each business. In 2014, further guidance is being provided to managers to ensure our businesses are consistent in their approach.

Capita apprenticeships

We're constantly building our capacity to allow young talent to shine, and to help young, disadvantaged people get closer to the jobs market. Our high quality apprenticeship scheme gives our people the opportunity to develop their skills and experience, improving their employability and supporting young talent across our businesses.

We have supported almost 6,900 employees to undertake an apprenticeship since we first launched our programme in 2006, and in 2013 over 1,000 learners started an apprenticeship in Capita. We've got plans to increase this number substantially in 2014 and we'll be introducing new apprenticeships in other parts of the Group.

Sharing our expertise

We launched Capita Talent Partnerships in 2013 to help our clients unlock talent and grow their business. Capita Talent Partnerships builds on our strong history of delivering employee training and development. Whether it's an apprenticeship programme to create new routes to careers in the organisation – such as our partnership with HSBC – or the transformation and growth of an entire business, we work closely with clients to design and deliver solutions that reflect their emerging talent ambitions.

Today's graduates, tomorrow's leaders

In 2013 we launched Lead the Way, our first Group-wide graduate scheme aimed specifically at developing future leaders. As part of the assessment process, we used our new gamification business G2G3 to develop a live business challenge. We recruited 28 graduates to take part in a two-year programme of work placements, mentoring, training and professional development, investing over £20,000 per graduate. We're also supporting them to study for an MSc in Leadership and Management. In 2014, we intend to grow our programme placing even more graduates across our businesses.

£14m



We invested £14m in training our employees in 2013



"Working relationships with the sub contractor Capita are outstanding because all involved in the programme work very closely to provide apprentices with a coherent programme."

Ofsted report, 2013



HSBC apprenticeships – a first for the UK banking sector

We work with a number of clients including HSBC to deliver training programmes, helping to launch their first apprenticeship programme in 2011. The scheme offers people over the age of 16 the opportunity to gain new skills and professional qualifications, while earning a competitive salary.

Our team works closely with HSBC's own trainers and line managers to ensure the programme equips learners with the skills and knowledge they need to make a real difference to the business.

In a recent Ofsted review the programme received a good grading and the relationship between us and the client was praised.

Over 456 people have now successfully completed an apprenticeship at HSBC, with more than 700 currently on the programme. In 2013, the bank won the Investors in People Newcomer Employer of the Year 2013, recognising their commitment to developing their people through apprenticeships.

Engaging and supporting our people

85%

of our people believe Capita
values diversity in the workplace¹

Promoting diversity and inclusion

We value difference. Our aim is to attract the best people from the broadest talent pool so that our teams reflect the communities we serve and deliver a better service for our customers.

We focus on a number of key areas:

- **Values and behaviour** – requiring everyone at Capita to treat their colleagues and customers fairly and with respect
- **Equal opportunities** – ensuring our recruitment and management processes do not discriminate for any reason
- **Promoting a positive working environment** – encouraging people to raise any issues through our open door policy so that we can identify and resolve any problem areas
- **Meeting the needs of diverse customers** – building teams who understand the customers they are dealing with.

We ask all our employees to complete online diversity awareness training every three years. As we expand into new areas of business, we face new challenges. For example, our contracts with the UK Border Agency and the Department for Work and Pensions require us to support people with very specific needs. Our challenge is to build teams that understand those needs, so that they are equipped with the skills and behaviours they need to provide high quality appropriate services.

Respecting human rights

We understand our responsibility to respect the human rights of our employees and those of the communities in which we operate. We support the principles set out in the articles of the United Nations' Universal Declaration of Human Rights, and the International Labour Organisation (ILO) Core Labour Principles.

As a services business, we mainly focus on labour and workplace rights, including fair working conditions, freedom from association and collective bargaining. In 2014, we will develop a stand-alone human rights policy, in consultation with the Group's CR Steering Group and stakeholders from across our business. The policy will build on our existing commitments currently detailed in our people policies and our responsible sourcing policy and will be developed in conjunction with an action plan.

Providing a flexible workplace

We recognise that providing opportunities for flexible working is good for business and for the well-being of our employees. Supporting people to balance their work and personal commitments increases retention rates, makes us a more attractive place to work and reduces stress.

We support part-time working, reduced hours and job sharing where it is operationally possible, with 19% of our workforce working part-time. We also enable employees to work remotely where possible, providing the technology they need to do their job.



Attracting the best

In 2014, Capita were recognised at the Opportunity Now Excellence in Practice Awards, where we were joint winners of the Female FTSE 100 Award. The award is given to the UK business with the most women on the Board. Four of our nine Group Board members are now women, as Dawn Marriot-Simms joined the Board as Joint Chief Operating Officer in January 2014. Along with Vic Gysin she is responsible for our relationships with our clients and how we treat our employees, including championing diversity and inclusion.

A safe and healthy place to work

Most of our work has traditionally been office-based, requiring a strong focus on risks such as slips, trips and falls, and workstation ergonomics. However, as our business grows and diversifies, we are facing potential new risks as the nature of some of our new services changes.

How we manage health and safety

We manage health and safety risk for all our activities through a Group-wide health and safety management system. Our Group and divisional health and safety teams work with managers to identify hazards, assess risk and take appropriate action at each particular site. This includes assessing all new contracts and acquisitions and taking steps to ensure that they are in line with Group standards.

We review and monitor our key risks and challenges through:

- open, two-way communication between line managers and employees
- site managers holding regular safety, health and environment meetings
- line managers regularly reviewing their own work areas
- learning from accident, incident and ill health statistics and trends
- carrying out formal Group site audits twice a year.

All our employees undertake health and safety training as part of their induction, and we provide additional training to reduce job-specific risks, such as on construction sites and lone working.

In 2013, we launched a new training course on behavioural safety and leadership for our senior managers. We also adapted our existing 'Health and Safety for Senior Executives' training and began rolling it out internationally.

Our performance

We monitor our health and safety performance across the business. In 2013, our accident frequency rate increased slightly to 1.42 per 1,000 employees (2012: 1.41), however this is still a 38% reduction in reportable accidents from the 2004 baseline. The increase in our 2013 accident rate is the result of a greater risk profile in some of the activities which began in 2013, such as our work on behalf of the UK Borders Agency.

Employee health and wellbeing

We invest in employees' health and wellbeing, not just because it is the right thing to do but because it increases productivity and reduces absenteeism. We promote healthy and balanced lifestyles through encouraging employees to sign up to sporting events such as marathons and football tournaments, in addition to raising awareness of issues via targeted health campaigns on our employee intranet. In 2013, these included campaigns on identification and prevention of prostate cancer, breast cancer and skin cancer and the risks of carbon monoxide poisoning.

In 2013 our absenteeism rate was 2.24%, equivalent to five days per employee; improving on our target of 3% and below the national average². We monitor absenteeism and undertake return to work interviews where appropriate to ensure we maintain open communication with our employees to enable us to better support them.

Our global policy framework

Board responsibility

Vic Gysin and Dawn Marriott-Sims
Joint Chief Operating Officers

We apply our values, policies and principles to all our employees, wherever they are based. As we gradually grow our international footprint, we continually adapt our policies and training materials to comply with, or to exceed, the legal and regulatory requirements of the countries in which we operate. This includes employment law and human rights legislation.

For more information, please visit:

⊕ www.capita.co.uk/responsibility

Priorities for 2014

- Create a stand-alone human rights policy which clearly states our corporate values and behaviours
- Continuing to support our positive retention rates by identifying and developing internal talent supported by structured development programmes around the Group
- Growing channels for talent acquisition through increased opportunities for graduates and increasing the number of apprenticeships we offer across the Group.

90%

of Capita employees say they feel we take their personal safety at work seriously¹

¹ Statistics taken from annual employee survey.

² CIPD 2013 – 7.6 days absence per employee.

3

Building successful supplier relationships

We spend around £1.1bn a year with around 28,900 suppliers so it is vital that we manage our supply chain responsibly. We ensure that our purchasing promotes the highest ethical standards, and we aim to support local economies, communities and minimise our environmental impacts.

In this section:

Managing our supply chain

Our strategic partnerships

Promoting industry best practice

Diversity in our supply chain



KPI

Annually audit all strategic suppliers
against Capita's standards of business

100%

of our strategic suppliers audited in
2013 (2012: 100%)

How we add value

As Capita continues to expand and diversify – both in terms of service and geographical spread – the importance of our purchasing decisions grows. Our responsible sourcing policy sets out the principles and standards we expect from our suppliers, including the way they treat their employees, their business ethics and environmental management. In turn, we commit to be open and fair with our suppliers.

- 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 us and our clients
- Our strict procurement policies and processes help us manage risk in our supply chain, ensuring we comply with legislation and maintain our reputation
- We aim for a diverse supplier base to ensure continuity of supply of key products and services
- Our purchasing power gives us the opportunity to influence suppliers to adopt more responsible business practices
- We give smaller suppliers and third-sector organisations access to our purchasing business, helping them build their capability to grow and become more sustainable. We aim to avoid overwhelming small businesses with unnecessary assessments and paperwork
- We support local communities by using local suppliers.

2013 highlights

£1.1bn

Total supply chain spend in 2013, with
some 28,900 suppliers

64%

of our supplier base are SMEs

Helping voluntary and community sector suppliers win business

“Many frontline voluntary organisations understand that the sector in which they operate is changing – in terms of funding and resultantly how they deliver services to clients. By giving organisations, such as ours, access to and insight from a heavyweight of the commercial sector (Capita) was incredibly valuable.”

Robin Mulholland,
Citizens Advice Bureau



The UK Government wants voluntary and community organisations to have the opportunity to help deliver and shape public services. But in 2010, the voluntary sector delivered only £4.4bn worth of government contracts, compared with £86.3bn delivered by the private sector.

At Capita, we see the value in working with these groups as part of our overall service solutions. They have a wealth of knowledge and expertise about the people who depend on our services, and we can support them by providing commercial expertise and capability to help them win new contracts.

In 2013, we worked with the National Council for Voluntary Organisations and other partners to design and deliver a series of masterclasses to help voluntary and community sector members develop the commercial skills needed to secure public service contracts. The initial programme will benefit over 500 organisations, and there are plans to extend it due to the excellent response and feedback.

Managing our supply chain

We refreshed and relaunched our revised responsible sourcing policy in March 2013. The policy now includes collaborative efforts to improve standards across our supply chain. Our Group procurement team use a category management approach with our key suppliers, utilising internal category subject matter experts (e.g. IT services, telecoms, HR, travel, fleet, office services, print and marketing) to ensure we deploy best practice and governance.

It will be further improved in 2014 with a web-based CR supply chain tool with our key supplier partnerships. It outlines the principles and standards we expect from our suppliers, including health and safety, human rights, working conditions, anti-bribery and corruption, and environmental management.

We continue to work with our clients and suppliers and take part in independent benchmarks such as Ecovadis, FTSE4Good and the CIPS Sustainability Index. This helps to show us how we are performing and identifies areas for improvement.

Our main challenge is to manage an ever-growing supply chain – as we win new contracts and acquire new businesses – engaging with new suppliers and communicating our policies. We assess risk to our business for each supplier based on the amount we spend with them, what they supply us with and where in the world they operate. This assessment determines how we engage with them. For example, low risk suppliers sign a Memorandum of Understanding as their commitment to our standards, and then we carry out ad hoc scorecard assessments to monitor compliance. For our highest risk suppliers, we physically audit compliance against our responsible sourcing policies and work in partnership to develop continuous improvement plans where necessary.

In 2013, we invested in a new 'Purchase to Pay' system, which provides a simple and efficient portal for our businesses to purchase goods and services. We're rolling this out across the business to ensure we use pre-approved partners and common terms and conditions for suppliers throughout the Group.

We engage with our suppliers to:

- communicate what we expect of them
- involve them in helping us to meet our business and CR goals
- support and encourage them to improve their performance.

Our strategic partnerships

Our Group procurement team manage our relationships with our key suppliers allowing us to build strategic partnerships. They meet regularly with these suppliers to review performance, share knowledge and expertise, and look at opportunities to collaborate. Spending time with these suppliers enables them to better understand our business and also provides us with the opportunity to help them improve their own CR performance where needed. The team also supports a network of local procurement specialists within our individual businesses to ensure consistent standards are met across the Group.

Promoting industry best practice

We promote purchasing and supply chain management industry best practice at a number of forums, roundtables and conferences. In 2013, we were ranked the highest in our sector for our supply chain management in the Dow Jones Sustainability Index.

Diversity in our supply chain

We aim to work with a diverse range of suppliers, and we actively encourage SMEs, voluntary and community organisations and social enterprises to be part of our supply chain. In 2013 64% of our supplier base was SMEs, an increase of 9% on 2012.

Policies

Board responsibility

Gordon Hurst
Finance Director

Our responsible sourcing policy outlines the principles and standards we expect from our suppliers. We regularly review all relevant policies, guidelines and best practice in this area as part of our supplier relationship management.

For more information, please visit:

www.capita.co.uk/responsibility

Priorities for 2014

- Continue to build our understanding of who we buy from and their capability; so that we can identify opportunities to support SMEs to grow their business
- Work with the CR Steering Group to strengthen our existing human rights commitments and standards in our supply chain
- Complete the implementation of the Capita Desktop Purchase to Pay (P2P) system across the Group
- Continue to attend best practice forums such as Action Sustainability, to deliver the best value and results from our supply chain for our shareholders, clients, employees and suppliers.

KPI

Continue to measure and assess our carbon footprint¹ and minimise wherever possible

110,341

tonnes CO₂eq in 2013
(2012: 103,728 tonnes CO₂eq)

The value we create through good environmental management

We're predominantly office-based delivering professional service operations, so our main environmental impacts are from carbon emissions related to energy use and business travel. Our challenge is to reduce our direct impacts across a large number of sites and services, working with our employees and clients.

- The financial savings we make from reducing our energy use, business travel and waste support the long term sustainability of our business
- We build good environmental management into the design and delivery of new services and client partnerships, helping our clients deliver their own sustainability agenda
- Our purchasing decisions aim to improve the environmental performance of our supply chain
- We help improve local environments for communities, particularly around some of our main offices
- We're planning ahead to manage potential risks related to the environment, ensuring we do all we can to protect our clients and our business for the future
- Being able to report good environmental performance gives us a competitive advantage, improving our reputation with clients, shareholders and employees.

2013 highlights

25%

increase in number of conference calls to 379,082

13%

reduction in our carbon emissions from business mileage

43%

of waste recycled at our top 20 waste producing sites

¹ Based on latest available greenhouse gas emissions from Defra.

Running a resource-efficient business

Our approach

We continue to focus our efforts on:

- minimising energy use at our sites
- reducing business travel
- managing our use of natural resources
- waste management.

Our environmental policy sets out our approach to managing and reducing our impacts. In 2013, we reviewed our policy and strengthened our commitment to environmental management in our client and supplier relationships.

We continually monitor and assess our performance against targets through our ISO 14001 based environmental management system. We also identify and manage key business risks, such as extreme weather events, to ensure we can continue to deliver for our clients.

We don't always own the buildings where our employees are based, and we often share buildings with other tenants. This poses a number of challenges around data collection. Where this is the case, we work collaboratively with landlords to capture data and improve performance.

We've achieved environmental accreditation at a number of our sites, including some of our call centres and buildings occupied by our property and infrastructure business. We have plans to achieve accreditation for our largest Capita site (approximately 5,000 employees) and for our sites in South Africa and some in India during 2014. By the end of 2013, 11% of our employees were based at ISO 14001 certified sites.

Managing our carbon footprint

We measure and report our carbon emissions annually and in 2013, our overall carbon emissions were 110,341 tonnes CO₂eq, an increase of 6%.

This increase was due to:

- Continued growth of Capita through acquisition and contract wins, including new operations such as the Fire Service College
- Increased international operations
- Significant increase in 24/7 call centre operations
- Significant growth in field operations.

In 2010, we set ourselves the target of a 4.5% annual cut in carbon intensity (scopes 1 and 2) across the Group.

We define carbon intensity as tonnes CO₂ emitted per £million turnover.

In 2013, we achieved a reduction of 2.6% against this target across the whole Group. However we managed to achieve a reduction of 5.3% across our UK and Ireland operations, and have now made reductions of 15.6% since 2007 across these operations.

Responding to climate change

Our clients rely on us to keep delivering their services, regardless of severe weather or flooding. Our day-to-day approach to risk management reduces the risk of disruption to our business, but it is impossible to predict all risk. We have a robust business continuity management process in place, and detailed recovery plans. We also assess business continuity as part of our supply chain risk management.

We request information on historical flooding for any new property we take on. Encouragingly, our offices have so far fared well during recent flood incidents. A number of our sites in the UK and India have dealt with major floods without loss of service.

Our carbon footprint

	2013	2012	2011	2010	2009
Total carbon emissions (tonnes CO ₂ eq)	110,341	103,728	91,318	81,112	79,212
Group revenue (£m)	3,851	3,352	2,930	2,744	2,687
Total Group Carbon Intensity – Scopes 1, 2&3 (tonnes CO ₂ eq/£m)	28.7	30.9	31.2	29.6	29.5
Total Group Emissions ¹ – Scopes 1&2 (tonnes CO ₂ eq)	87,512	78,102	70,320	55,978	55,621
Carbon Intensity Scopes 1&2 (tonnes CO ₂ eq)	22.7	23.3	24.0	20.4	20.7
Annual change (%)	-2.6	-2.9	17.6	-1.4	-1.9
Cumulative vs 2007 (%)	1.9	4.5	7.6	-8.5	-7.2
UK & Ireland Carbon Intensity – Scopes 1&2 (tonnes CO ₂ eq)	18.0	19.0	20.7	16.9	17.7
Annual change (%)	-5.3	-8.2	22.5	-4.5	-8.3
Cumulative vs 2007 (%)	-15.6	-10.8	-2.8	-20.7	-16.9

The full breakdown of our carbon emissions can be found at:

⊕ www.capita.co.uk/responsibility

¹ Scopes 1 and 2 (tonnes CO₂eq) offices only.

Tackling emissions at the Fire Service College



In January 2013, we took over the Fire Service College in Gloucestershire. The college delivers vital training to the UK Fire and Rescue Services (FRS) and delegates from around the world. A big part of the training involves live incidents, such as building fires and motorway crashes, and so the site has a much larger impact on the environment than our other business operations, especially on our CO₂ emissions.

Live incidents will continue to play a key role in training but we are also introducing greater online simulation and other training to reduce this where appropriate.

In 2013 we worked to establish a baseline for carbon emissions at the college to use as a benchmark for measuring the impacts of our environmental management initiatives going forward. For 2013 these emissions totalled 3,662 metric tonnes.

Many of the ageing buildings on site are energy inefficient. We've introduced smart metering in a number of key buildings to identify opportunities for improvement. We are either demolishing buildings where asbestos is present or taking remedial action to encapsulate the asbestos, and building a new accommodation block which will exceed regulations for fuel and power conservation. A new building management system will help minimise energy use by looking at when, and which parts of, buildings are in use.

On the Fire Ground, we've contracted an expert company who use natural bacteria and stimulants to clean up old fuel contaminated areas, particularly oil catchment and containment pits which have become a solid 'sludge' over time.

The site is in an important area for bats, so we've incorporated designated bat tubes in to our new accommodation building in consultation with Natural England.



Running a resource-efficient business

Cutting our energy use

Energy use in our offices is a key focus. We've had a programme in place to identify opportunities and achieve improvements since 2006. We continue to make improvements across our sites, installing smart metering at all sites that come under the UK Carbon Reduction Scheme. In October 2013, we signed renewable generation electricity supply contracts for both our half hourly and non-half hourly supplies covering sites in England, Wales and Scotland. We've also made significant energy savings in our data centres. In 2013, we switched to EC fans, which consume around 50% less electricity than conventional air conditioning fans.

Helping our clients cut energy use in IT

In 2013, we introduced a new service to help clients reduce their environmental impacts. 'Capita Private Cloud' is a new platform that allows clients in any industry to make cloud computing an integral part of their IT strategy, cutting costs, improving business performance and increasing energy efficiency.

Minimising business travel

In 2013, we adapted and relaunched our business travel policy, reflecting the step change we're aiming for in cutting both costs and carbon emissions. We've introduced green travel plans at a number of sites, reviewing employees' current mode of travel to work and raising awareness of the use of sustainable modes of transport. We've capped company car CO₂ emissions at 130g/km and plan to reduce it further in the future. We also promote the UK Government's Cycle to Work scheme as part of our employee benefits package.

We encourage use of video and teleconferencing to reduce business travel. Where travel is unavoidable, we encourage people to use public transport. In 2013, we saw a 25% increase in teleconferences and a 13% decrease in carbon emissions from business mileage as a result, even though our total number of employees grew by 16%.



Green travel

240 employees at our Rotherham office signed up to Busboost, a local partnership scheme which encourages people to leave their cars at home in return for up to 28 days free travel on buses and trains. 63% of the people who took part said they will continue using public transport for part or all of their journey to work in the future.

Reducing our impacts at Innovation Court, Basingstoke

“For many years, I have supported and practised recycling initiatives and was always very keen to introduce a more robust approach at work. I am delighted at what we have been able to achieve with a very small investment and support from our recycling partners. A zero waste to landfill target is very ambitious but I am wholeheartedly committed to achieving it.”

Melanie Jenkins, facilities manager,
Innovation Court

We’ve introduced a number of measures at our Basingstoke site, demonstrating the commitment of our managers and employees to reducing our impacts:

- We replaced all the windows with glass that allows heat in but not out, and insulated the roof, addressing the main sources of heat loss from the building
- Lighting motion detectors and daylight sensors automatically dim lights in bright daylight and go out completely after 14 minutes if no motion is detected
- Automatic valves in the urinals reduce the amount of water used
- We’ve cut the amount of water used to flush toilets by around 50%
- New building control management software is helping us to manage our energy use for air conditioning and heating more efficiently
- Since introducing recycling stations and removing under-desk bins, we’ve cut the volume of waste going to landfill by over a third.



Improving what's on our doorstep



The London Victoria Business Improvement District (BID) is a diverse collective of businesses working together to improve the local environment. We have a number of offices based in Victoria and we've been fundamental to the success of the BID since it was first launched. Martin Kelly, director of land planning at Capita, is Vice Chair of the Victoria BID Board. He also chairs the Clean & Green Steering Group, which aims to build the green infrastructure of this dense urban environment, improving air quality, reducing flood risk, increasing biodiversity and visually enhancing the area.

Martin and Capita's land planning team helped the partnership become the first BID to carry out a Green Infrastructure Audit.

The audit has led to a wide range of actions including:

- London's largest living wall – a 350m² wall covered in pollinator-friendly plants and watered via rainwater harvesting tanks on the roof
- the i-Tree Study – a research project that quantified the air pollution, amenity, carbon storage, storm water and surface temperature benefits of trees in the area
- a tree planting project – which has so far seen 30 new trees planted
- a green infrastructure audit best practice guide – to help other business partnerships carry out their own audits
- a cycle safety group – bringing stakeholders together to run a range of safety-promoting initiatives.



IMAGE ABOVE: The 350m² living wall on the side of The Rubens at the Palace hotel on Buckingham Palace Road was identified in Victoria BID's GI Audit and taken forward by the hotel's owners, the Red Carnation Hotel Collection.

Credit: Red Carnation Hotels.

Protecting natural resources

We aim to use resources efficiently and to avoid generating unnecessary waste. Many of our offices are in shared buildings so we focus on the needs and feasible services at each individual property.

In 2012, we began working with our facilities provider to build a more accurate, robust picture of waste at our 20 most waste producing sites. We established a baseline and set a target to recycle 80% of all waste at these sites by 2015.

In 2013, we measured waste volumes and reviewed on-site practices for the disposal of waste at these sites, and found the average volume of waste recycled was 43%. To help us try and meet the target for 2015 data is now collected from multiple sources and a working group is in place to implement changes and achieve better results. With some sites already recycling 74%, we hope to quickly learn best practice and roll this out across the other sites.

We have a number of recycling schemes in place for paper and consumables such as printer cartridges, mobile phones and redundant IT equipment. In 2013, we recycled 26,139 pieces of IT equipment. We also work with our suppliers to source more environmentally friendly products, and to review the logistics of how goods are delivered to our offices. We've increased our use of electronic document management systems, reducing paper use and increasing efficiency.

Our water use is relatively low, but we endeavour to conserve this resource. Where we have full control over a site, or we are refurbishing an office, we install low flush toilets, taps and urinal controls as standard.

Involving our employees

We ask all our employees to play their part in reducing our environmental impacts. We run engagement campaigns to embed environmental sustainability into people's everyday working lives.

In 2013, these campaigns focused on:

- reducing business travel through use of conference calls
- encouraging offices to develop green travel plans
- using public transport
- increasing recycling in offices
- switching lights and equipment off when not in use.

Policies

Board responsibility

Gordon Hurst
Finance Director

Our environmental policy focuses on minimising the impact we make on the environment, covering the reduction of energy and water use, minimising waste and maximising recycling as well as taking into account environmental considerations in the purchasing of consumables.

For more information please visit:

⊕ www.capita.co.uk/responsibility

Priorities for 2014

- Continue focus on reducing energy/carbon emissions
- Continue working with our facilities provider to get closer to achieving our target of recycling 80% of waste across our 20 most waste-producing sites
- Support further ISO 14001 accreditations across the Group internationally.



5

Investing in communities

We aim to create lasting value for society through our daily business operations. We also invest our time, money and expertise in supporting communities to tackle some of society's most pressing issues.

In this section:

Creating Better Tomorrows

Supporting job creation

Employee volunteering

Supporting charities

Understanding our positive impacts



The value we create by working with communities

KPI

Continue to grow and measure our community investment annually, using London Benchmarking Group methodology

£1.8m

total community investment in 2013
(2012: £1.8m)

We focus our community investment on the issues that are of greatest concern in the markets where we operate, and that are most closely aligned to the expertise we can offer. That way, we can maximise value for our business and for communities.

- The jobs we create support employment in many regions and help to sustain local economies through the 'multiplier effect' of salary spend
- We deliver major efficiencies and cost savings for the public sector, allowing more time and money to be spent on improving frontline services
- We support SMEs and local businesses by using them in our supply chain wherever possible. Currently 64% of our supplier base are SMEs
- Our community development foundation – Creating Better Tomorrows is helping organisations working with priority groups to build their capabilities and develop new community programmes
- This work builds and strengthens our reputation and provides us with valuable insight that helps us improve our services
- We maximise our impact by developing partnerships with voluntary sector organisations
- We generated £239,000 in charitable donations in 2013 for our corporate charity partnership.

2013 highlights

£239,000

donated to our corporate
charity partner

£352,000+

donated through payroll giving, by 5%
of our employees

Investing in communities

Creating Better Tomorrows

In 2013, we set up our new community development foundation, Creating Better Tomorrows. The foundation helps charities, SMEs and voluntary organisations working across four key community focus areas. These areas were identified and selected to align with the issues present in some of our key markets so that we can help and work with people beyond the services delivered by our business operations and on behalf of our clients.

- Inclusion for people with health issues
- Supporting offender rehabilitation
- Resettlement for ex-service personnel
- Employability support for young people including those in care.

The support we are providing includes:

- a virtual shared-services centre where organisations can access support services to improve their efficiency and focus more on their front-line
- pro-bono advice and mentoring to help build capacity and long term sustainability of third sector organisations
- developing and delivering community partnership programmes to address local needs.

In 2013, we supported over 100 organisations.

➤ You can read about some of the projects in the case studies in this chapter.



Supporting job creation

From June to August 2013, there were 2.49 million unemployed people in the UK aged 16 and over. We know every new job counts so, as we expand through new acquisitions and contract wins, we make the most of opportunities to support employment, creating new jobs in many regions.

- In 2013, we announced plans to double our workforce in Ireland to 1,600 over the next three years
- We've increased our workforce in Scotland tenfold over the past seven years, and we're anticipating a further 2,000 new jobs for Scotland over the next two years
- In 2013, we created over 500 jobs in our Dearne Valley and Leeds call centres through our contracts with large high-street brands
- We created another 200 jobs in Birmingham through a contract with the Department for Work and Pensions.

Tackling unemployment in South Africa

We design our recruitment processes to promote accessibility and ensure our teams reflect the communities they serve. In South Africa, we use a local programme called Monyetla to recruit people who are out of work into new roles in our contact centre. We provide our standard induction and training programme, plus additional customer contact training for those who need it.

"Monyetla was a huge motivation and skills boost to my career and future. I was nervous at first but I received guidance, coaching and the opportunity to develop my skills. I now have a qualification and can't wait to grow within Capita."

Paul Soloman, customer experience agent, Capita South Africa



“Many of the young people I work with are desperate to break free from the destructive, deadly trap of gang crime, but they lack the support to do so. The SOS Project helps them by offering intensive, tailor-made support driven by the needs of the young people. We help them overcome any barrier which might be holding them back from moving their lives forward to a crime-free future – such as help with housing, looking for work or training or rebuilding family ties.”

James Richards, St Giles Trust SOS caseworker



Supporting young offenders

Between October 2010 and September 2011, the re-offending rate in Lambeth was 26.9%. The Council had identified it as a serious social problem. We joined forces with St Giles Trust, a charity trying to break the cycle of offending, to reduce re-offending rates and support young people out of gang life in Lambeth.

The programme, the SOS Project, is delivered by ex-offenders who have first-hand experience of the challenges the young people face. We fully fund a caseworker who provides help and

support to young offenders – from accessing training to accompanying them to court hearings. We’ve also helped St Giles Trust set up a 24-hour hotline in one of our call centres to allow police contact with case workers 24 hours a day. Now we’re looking at options to provide a 24/7 service for people involved in gangs and their families, working with the Council’s dedicated gang unit. In 2014 Capita employees will also be volunteering to help develop employability skills of young offenders, assisting them in their search for employment.

Investing in communities

Helping young people enter the jobs market

Tackling the skills gap

An estimated 31% of employers worldwide find it difficult to fill positions because of talent shortages in their market (Manpower 2010 Talent Shortage Survey). As a major employer and supplier of learning and development services, we're making it our responsibility to help address this skills gap.

Developing the workforce of tomorrow

We are supporting the UK Government to develop a new high quality national apprenticeship scheme. The aim is to introduce consistent apprenticeship standards and assessments that will ensure all apprenticeships in the UK maximise benefits for the economy and for the apprentices themselves. Our own apprenticeship programme is going from strength to strength. Since we launched it in 2006, over 6,900 people have completed a Capita apprenticeship.

In 2013, we ran a series of free, intensive 'boot camps' with the National Apprenticeship Service to help 16–18 year olds improve their employability skills. The focus was on helping young people write CVs, prepare for interviews and access the information they need to apply for an apprenticeship that fits with their skills and ambitions.

Employee volunteering

We aim to make volunteering a core part of our culture, and we encourage every employee to take one day a year as paid volunteering leave. Our employees tell us that volunteering has a positive impact on them, motivating them and improving their morale. It also helps us meet our community development commitments, and develop the skills and confidence of our workforce.

Supporting charities

Our charity programme is managed at Group level, supported by individual businesses. We run a range of corporate charity events that involve as many people as possible, such as Capita Charity Week and Capita Challenge – an adventure race fundraising day. A network of local charity champions also organise local events in their offices, many fundraising for local charities.

Our charity of the year – Cancer Research UK

Our employees choose our corporate charity partner each year. In 2013, they voted for Cancer Research UK, focusing on an issue which has touched many people's lives. In 2013 we raised over £239,000, including our employees' donations of over £21,000 in stock to Cancer Research shops. We have provided additional in-kind support such as discounted rates for our learning and development services. In return, the teams at Cancer Research have worked with us to deliver employee health campaigns and improve our approach to fundraising.



Recognition for our contribution

"I'm pleased to give Capita's employees in Southampton this Big Society Award. It recognises everyone in the team who has given up their time and used their expertise to give young people in the City opportunities to gain those vital skills needed for the world of work."

David Cameron, Prime Minister



In 2013 over 80 Capita employees in Southampton have donated over 970 hours via their community and employment programmes to benefit local people.

They've teamed up with schools, colleges and community groups to deliver a range of initiatives including:

- work experience placements for 16–19 year olds
- a mentoring programme offering advice to young entrepreneurs
- mock interviews to build confidence and interview skills
- guest lectures by Capita people and attendance at career events
- extra support for more challenging students at the college.

We also joined forces with the Shaw Trust, a local employment charity that helps people with disabilities to develop real life skills, study for qualifications and find and maintain work. From October 2013, the local City College has offered Shaw Trust clients pre-employment training in everything from IT, communication, team skills and customer services. Participants then have the opportunity to apply for a six-month NVQ programme which includes one day a week at Capita, one day at college and a Capita mentor. 15 Shaw Trust clients are now in full-time work and have credited a large part of their success to Capita's employment programme.

In January 2014, employee's efforts were recognised by the Prime Minister with a Big Society Award.

Investing in communities

Celebrating our employee involvement

Many of our employees who get involved in supporting charities with fundraising activities or volunteering their time and expertise are nominated for a Capita People Award. The 2013 nominees for charitable support and community engagement included:

- an employee from our life and pensions operations in Glasgow who every year organises volunteers to support Comic Relief phone lines. In 2013 Capita employees hosted 70 lines on the evening, taking £67,048.39 in donations from the public and separately raising £2,315.00 on the day themselves
- employees from our property and infrastructure business' joint venture with Merthyr Tydfil, Bridgend and Rhondda Cynon Taf County Borough Councils, in Wales for their work supporting and developing young local people. Through their 'Breakin' Stereotypes' and 'Building Bridges' day programmes they have helped hundreds of local pupils learn more about the opportunities available to them with employees from all areas such as architecture, civil engineering, structural engineering, transport planning and ecology, attending the days
- several charity champions from across the Group for their continued dedication to promoting fundraising and participation in their area and enabling our charity of the year partnerships to be so successful.

Payroll giving

We encourage our employees to support a charity of their choice by making a regular donation from their monthly salary. We pay the overhead costs of the scheme and work with a partner to encourage people to sign up. In 2013, we received the Silver Payroll Giving award with 5% of employees donating a total of £352,000 to over 349 charities.

Understanding our positive impacts

We need to understand the outcomes we are achieving through our community development programmes to maximise our impact and ensure we're meeting our goals. This means not just measuring what we put in, but understanding the overall impacts of the activities that result from our projects and charitable donations.

We use the London Benchmarking Group's methodology, which takes into account cash, time given and in-kind donations to measure our total company contribution. Although we improved our data capture in 2013, we still need to capture more of the data on our charitable activity across the business. In 2014, we will be developing our impact measurements to better assess the effectiveness of our programmes for communities.

Policies

Board responsibility

Andy Parker, Chief Executive
Maggi Bell, Business Development Director

We have a charity and community programme managed at a Group level and supported by individual businesses including our overseas operations.

We have an employee volunteering policy, giving each employee one paid day a year to volunteer in their local community.

For more information, please visit:

⊕ www.capita.co.uk/responsibility

Priorities for 2014

- Improve data capture of community involvement and charitable activity from individual businesses
- Increase number of employees taking part in volunteering
- Successfully launch new charity partnership and increase employee engagement with our community programmes.



of Capita employees say they are proud of our charitable activity (2012: 85%)



Inspiring young entrepreneurs

In 2013, Lambeth Council found that a large number of young entrepreneurs were struggling to make their business a success due to a lack of guidance, knowledge and resources. We launched The Big Business Idea in November 2013 and invited 17–27 year olds to come along and pitch their ideas to a panel of judges in a 'Dragon's Den' style competition. We also held talks and workshops on running a business for all attendees.

The best three ideas won a grant, a business mentor for a year, and masterclasses with the Capita Board. The mentor's role includes ensuring that the grants are spent in the best way to develop the business ideas. Five smaller grants were also given to other candidates who demonstrated a well thought through business idea.

The winning businesses included a catering company looking to develop an online presence, a service offering pop-up shops to designers enabling them to sell their products and test the market, and a catering business specialising in homemade cakes.

Supporting the Armed Forces



The Reserve Forces (RF) plays an increasing role in the UK, with plans to grow the UK's Reserves to around 35,000 by 2020. In recognition of the contribution made by Capita employees who serve in the RF, and the transferable skills they bring to the business, the Capita Board has committed to pay up to 10 days special leave a year to help Reservists to complete their training commitments.

We have signed The Armed Forces Corporate Covenant and we are an active member of the Ministry of Defence Career Partnership Steering Group, which looks for ways to support current and ex-service men and women and their families.


"Reservists cannot operate effectively without support from employers and their family. Knowing that Capita supports and values my commitment means an enormous amount to me, particularly when deployed on operations. It's one less thing to worry about."

Noel Hannan, senior technical security consultant at Capita




Reporting Framework

Reporting framework

Responding to clients' needs

Commitments	Measurement	2013 progress	2012 progress	2011 progress
<ul style="list-style-type: none"> – ensure that we have a trained workforce and business infrastructure to meet the needs of our clients – establish and maintain high levels of client engagement – ensure we protect our clients' reputations and that of their customers 	 Client resources – continue to develop our infrastructure of business centres to meet the needs of our clients	73 business centres	70 business centres	68 business centres
	Track client satisfaction year-on-year for our key clients across the Group	Conducted client survey and shared results across the business – 71% of our key clients were either very satisfied or satisfied with Capita	New measure introduced, conduct annual client survey – narrative reporting	–
	Report on the processes and procedures we have in place during transitions to provide continuity of service and skills transfer where necessary	Detailed employee transfer and onboarding process	New measure introduced, narrative reporting	–
	Report all breaches of our statement of business principles, anti-bribery and corruption policy and code of ethical conduct	No material breaches	New measure introduced, narrative reporting	–

Engaging and supporting our people

Commitments	Measurement	2013 progress	2012 progress	2011 progress
<ul style="list-style-type: none"> – increase employee engagement and retention – grow and develop our talent – ensure we have a diverse and inclusive workplace – protect and promote health and well-being – ensure our employees maintain the highest standards of ethical conduct 	 Manager retention rate (divisional and senior management team)	98%	96%	95% ¹
	 Maintain and increase retention rate of all employees at or above industry average	82%	83%	89%
	Increase participation in annual employee survey response rate to 50%	46% response rate	46% response rate	46% response rate
	Ensure succession plans are in place (with two potential internal candidates defined) for the managing directors/executive teams of each business	Succession plans are developed locally for the leadership teams of each business. In 2014 further guidance is being provided to ensure our businesses are consistent in their approach	New measure introduced, narrative reporting	–
	Measure and report number of intra-Group employee movements	A portal for internal vacancies is managed by our resourcing business ensuring all employees have access and can apply for new roles within the Group – 246 candidates were placed internally by our resourcing business in 2013	New measure introduced, number of intra-Group moves	–
	Measure and report annual learning and development spend per employee	£218 per employee Slight decrease in spend, although increase in number of training days delivered and the number of employees accessing this training  see page 24	£247 per employee Slight decrease in spend, although increase in number of classroom training days delivered	£280 per employee
	Support at least 1,000 apprentices per year across the Group	1,057 employees started on the programme	954 employees started on the programme	1,001 employees started on the programme

Engaging and supporting our people **continued**

Commitments	Measurement	2013 progress	2012 progress	2011 progress
<ul style="list-style-type: none"> – increase employee engagement and retention – grow and develop our talent – ensure we have a diverse and inclusive workplace – protect and promote health and well-being – ensure our employees maintain the highest standards of ethical conduct 	Report on employee diversity:			
	Male/female split for all employees	51% male/49% female	50% male/50% female	53% male/47% female
	Male/female split for senior management (divisional directors and senior management teams)	86% male/14% female	88% male /12% female	78% male/22% female ²
	Male/female split for Group Board Directors	67% male/33% female	70% male/30% female	85% male/15% female ³
	Percentage/actual number of employees from ethnic minority groups ⁴	22% 24,812	19% 20,387	–
	Report percentage of employees working part-time out of total workforce	18%	19%	15%
	Introduce initiatives to reduce and maintain our employees' absence rate to below 3%	2.24%	New measure introduced, employee absence rate	–
	Reduce accident frequency rate per 1,000 employees RIDDOR	1.42 Slight increase due to greater risk profile of some of the new contracts we began in 2013	1.41	1.16
	Report on training, processes and any breaches of our code of ethical conduct	No material breaches	No material breaches	No material breaches


¹ 2011 figure based on salary band exceeding £50k pa.

² 2011 figure based on salaries between £50k pa – £89k pa.

³ 2011 figure based on salaries exceeding £90k pa.

⁴ Based on 45% of our employees disclosing their ethnic origin in our annual employee survey (2012: 44%).


Building successful supplier relationships

Commitments	Measurement	2013 progress	2012 progress	2011 progress
<ul style="list-style-type: none"> – ensure that we manage our supply chain responsibly, mitigating against any risks – engage with our suppliers, building relationships and looking for further ways to improve how we work together 	 Annually audit all strategic suppliers against Capita's standards of business practice	100%	100%	100%
	Respond to and report on any significant changes to business processes identified as a result of supplier engagement, or breaches or relevant codes with action undertaken as a result	Appointed Ecovadis, to provide independent auditing and monitoring of our key Group Procurement suppliers, enabling us to capture any issues that may arise in our supply chain	New measure introduced, narrative reporting	–
	Monitor and encourage the number of SMEs within our supply chain by ensuring they have fair opportunities to work with us. Report number of SMEs as percentage of supplier base	64%	55%	32%
	Encourage and support our suppliers to create apprenticeship places as part of our procurement process	Continued to work with our suppliers to promote and support them in the creation of new apprenticeship places	New measure introduced, narrative reporting	–




Reporting Framework

Reporting framework

Running a resource-efficient business

Commitments	Measurement	2013 progress	2012 progress	2011 progress
<ul style="list-style-type: none"> – aim to reduce our energy use, ensuring we have good energy practices in place at our sites – reduce our business travel wherever possible, by the use of alternative methods of communication, including promoting the use of conference calls – aim to reduce our resource use and waste across our sites – maintain robust environmental management systems – engage our employees to support our environmental initiatives 	 Monitor and report our absolute carbon emissions (tonnes CO ₂ e)	110,341	103,728	91,318
	Report and reduce our carbon intensity for the Group (tonnes CO ₂ e/£m) scopes 1 and 2 offices only	22.7 ➤ see page 34	23.3	24.0
	Reduce our carbon intensity (CO ₂ /£m) for scopes 1 and 2 by 4.5% a year	Carbon intensity decreased by 2.6%	Carbon intensity decreased by 2.9%	Carbon intensity increased by 17.6%
	Ensure that Capita estate has smart meters fitted to capture 99% of our energy and gas consumption by April 2014	Working towards achieving this target by the end of 2014	New measure introduced, narrative reporting	–
	Continue to monitor and manage energy use across the Group. Each wholly occupied Capita site will have a nominated energy champion who will receive monthly reports tracking the sites energy consumption by April 2014. Where energy use has increased at a site we will review and implement additional energy reduction measures	Energy champion network is in place. Working to improve proactive approach to new measures	New measure introduced, narrative reporting	–
	Increase the number of conference calls made by 40% year-on-year	25% increase in conference calls	34% increase in conference calls	26% increase in conference calls
	Increase recycling of IT equipment across the business year-on-year	26,139 pieces of IT equipment recycled	23,137 pieces of IT equipment recycled	25,740 pieces of IT equipment recycled
	Increase recycling of paper across the Group	2,448 tonnes of paper recycled	2,137 tonnes of paper recycled	2,263 tonnes of paper recycled
	Encourage and increase recycling of mobile phones and printer cartridges (business and personal) across the Group	8,702 items recycled	New measure introduced, items recycled	–
	Recycle at least 80% of waste across our 20 highest waste producing sites	Average volume of waste recycled at these sites was 43%	New measure introduced, % of waste recycled	–
	Increase the proportion of the business by headcount covered by ISO14001 accreditation	11% of employees covered by accreditation	New measure introduced, % of employees covered by accreditation	–
	Increase online reporting via our SH&E portal and undertake environmental site audits once a year at all our sites, feeding any significant results into our risk register	Audits completed at all sites	Audits completed at all sites	Audits completed at all sites
	Report on any environmental fines or prosecutions	No environmental fines or prosecutions	New measure introduced, narrative reporting	–
	Hold an annual Going Green campaign on environmental issues	Communications promoting recycling and Cycle to Work schemes on employee intranet. Full campaign week planned for 2014	Promoted energy reduction at sites	Promoted ways to reduce business travel

Investing in our communities to create better tomorrows

Commitments	Measurement	2013 progress	2012 progress	2011 progress
<ul style="list-style-type: none"> – create social and economic value above and beyond our contracts – continue to focus our community programmes on our four key areas; young people and those in care, inclusion for people with health disabilities, offender rehabilitation and resettlement for ex-service personnel – Increase employee engagement with our community initiatives 	 Continue to grow our level of community investment based on 2011 benchmark (using LBG methodology)	£1.8m	£1.8m	£2.0m
	Implement community programmes which support our four key areas of focus <ul style="list-style-type: none"> – Inclusion for people with health issues – Supporting offender rehabilitation – Resettlement for ex-service personnel – Employability support for young people including those in care 	Implemented several employability programmes as well as two projects to support offender rehabilitation. We will continue to support these whilst rolling out further programmes in the other two focus areas  see page 42	New measure introduced, narrative reporting	–
	Increase investment in local economies by using more local suppliers	64% of our supplier base in 2013 were SMEs	New measure introduced, narrative reporting	–
	Provide work experience, employment opportunities and improve job ready skills for young people in our local communities	Over 50 work experience placements completed both at Group and individual business level. Employability workshops held across the country in both schools and at Capita offices	New measure introduced, narrative reporting	–
	Provide support to third-sector organisations through mentoring, training and pro-bono work to help them become more sustainable and have greater positive impact	Introduced a number of initiatives including providing pro-bono support and advice to smaller suppliers and third-sector organisations about how to win new work. By giving them access to our procurement business we can help them build their capability to grow and become more sustainable  see page 30	New measure introduced, narrative reporting	–
	Use third-sector and SME partnerships as a means of informing and improving our services	In 2013 we increased the number of working partnerships with SMEs	New measure introduced, narrative reporting	–
	Encourage at least 10% of Capita employees to donate through our payroll giving scheme	5% 2,471 employees donated via the scheme	5% 2,420 employees donated via the scheme	5% 1,778 employees donated via the scheme
	Encourage 15% of employees to volunteer each year in their local communities	Launched volunteering portal at the beginning of 2014, enabling us to start to capture employee volunteering across the Group from 2014	New measure introduced, % of employees volunteering	–
	Increase employee engagement with our community programmes. Report on the number of charity and community champions across the Group	In 2013 our network of champions included over 200 employees from across the business	New measure introduced, narrative reporting	–

Ensuring responsible business behaviours

Our statement of business principles

Our statement of business principles sets out the standards of behaviour we expect from everyone at Capita to operate professionally, fairly and with integrity. It covers our business values, responsibilities to our stakeholders, and our commitment to the environment.

You can read the full statement at:

⊕ www.capita.co.uk/responsibility

Our code of ethical conduct

Our code of ethical conduct details how we do business, engage with clients, and manage our relationships with customers, suppliers and third parties. It sits above all local laws wherever we work in the world, and it applies to all our businesses and employees. Our Group risk and compliance team reviews the code annually to check its suitability and effectiveness.

We provide training and guidance to help our employees put our principles into action and make the right decisions. If an employee is concerned that a policy has been breached, then they have a responsibility to speak up – either through their line manager, HR adviser or via our confidential hotline.

You can read the full policy at:

⊕ www.capita.co.uk/responsibility

Bribery and corruption

We have zero tolerance of bribery and corruption. Our anti-bribery policy extends to all our business dealings and transactions around the world.

The Group risk and compliance team regularly reviews our policy to capture changes in law, reputation demands and changes in the business. All our employees must complete our fraud awareness training annually.

You can read the full policy at:

⊕ www.capita.co.uk/responsibility

Confidentiality and data security

Many of our contracts involve handling sensitive and confidential information, so data protection and security is a key priority for us. Our security framework consists of Group-wide policies and procedures that ensure we comply with all legal requirements. We develop additional local policies for individual businesses to address specific regulatory, contractual or legislative requirements. All our employees complete annual Information Security and Data Protection training.

Governance/leadership

Our CR programme is overseen by the Group Board. Gordon Hurst, Group Finance Director, has overall responsibility for our strategy, with each Executive Director having responsibility for one or more priority impact areas.

The CR strategy and CR operating structures are communicated across the Group by a central CR team in association with functional heads – the CR Steering Group.

The functional heads across the business are responsible for activities within their respective areas. They provide guidance and support at the business unit level and communicate progress to the Board.

The CR Steering Group meets regularly throughout the year to review and challenge the Group's approach, impact areas, and risks and opportunities.

They are supported by a number of communication initiatives and employee networks that help us embed our CR programmes across the Group.

Stakeholder engagement

We engage with, impact on and create value for a wide range of stakeholders including:

- clients
- employees
- suppliers
- shareholders
- local communities
- socially responsible investment analysts
- trade unions
- government – both local and central.

We communicate regularly and transparently with all our stakeholders so that we understand clearly what they expect of us and what they think of what we're doing. We listen carefully to what they're telling us and use this information in our decision-making and to help set the future direction of our activities.

For more information about how we engage with our stakeholders see:

⊕ www.capita.co.uk/responsibility

Capita plc
71 Victoria Street
Westminster
London SW1H 0XA

T 020 7799 1525
F 020 7799 1526

www.capita.co.uk

