

# CAPITA

Capita plc

## CORPORATE RESPONSIBILITY

# 2016

A summary of our performance  
and progress





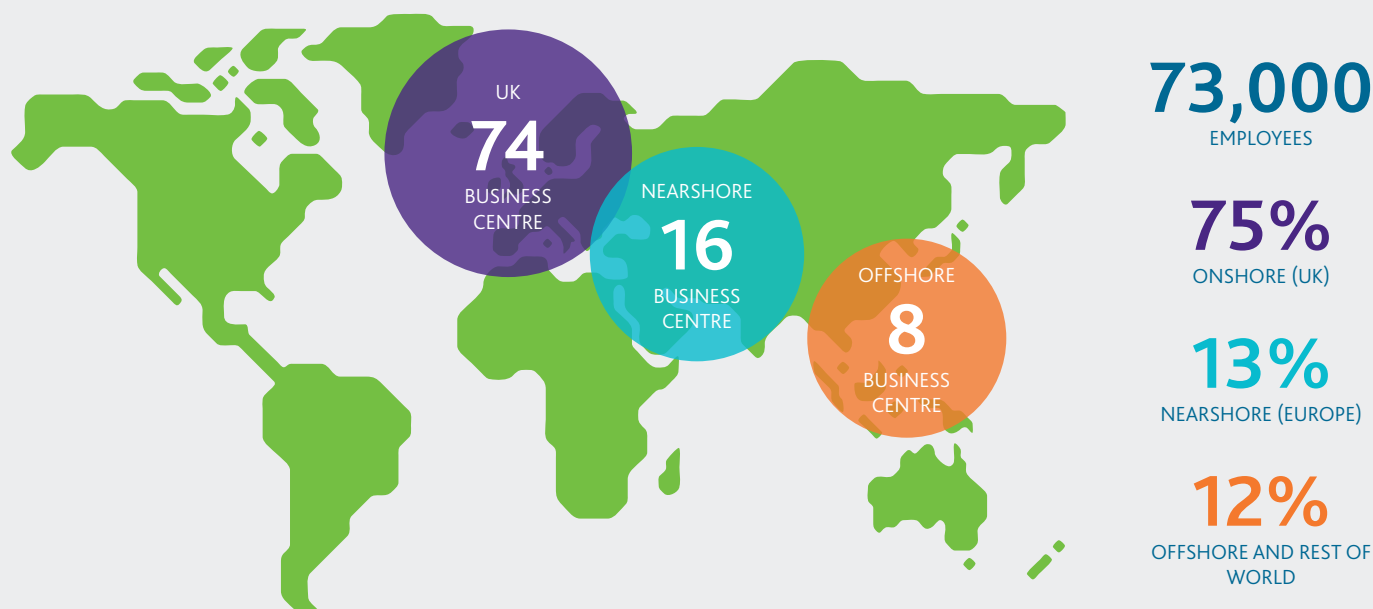
## WHO WE ARE

Capita exists to improve the efficiency and productivity of its clients so that they can provide superior services to their own customers and end users, therefore Capita plays a key role in the economy of the UK and other areas where it operates.

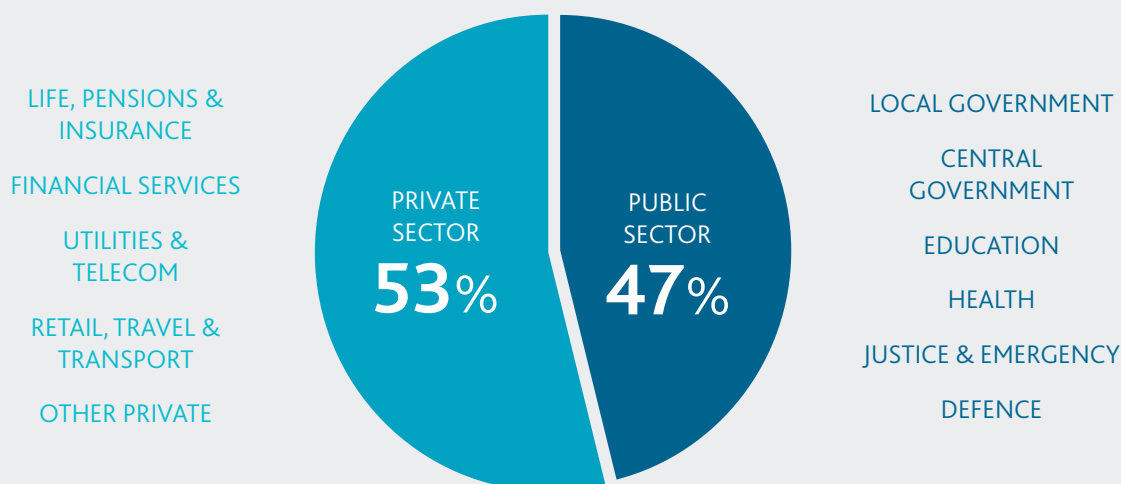
We are the UK's leading provider of technology-enabled customer and business process management and integrated professional support service solutions. We generate the majority of our revenues from long-term contracts and partnerships across both the private and public sectors. We are proud to employ 73,000 dedicated staff across the UK, Ireland, Europe, South Africa and India.

Transforming business processes to drive down administration costs, while also improving the end user experience, is the goal of the majority of what we do for our clients. We focus on delivering technology-enabled solutions, providing excellent customer service and operational delivery. We combine our expertise with emerging technology to make processes smarter, organisations more efficient and customer experiences better.

### Support by our people and key operating centres



### Highly diversified across private and public sectors



For more information about our business model see page 06 of 2016 Annual Report.

## OUR CORPORATE RESPONSIBILITY (CR) STRATEGY AND APPROACH

At Capita, being a responsible business means that we operate with integrity, securely and transparently. It involves creating a culture for our employees that is inclusive, inspiring and supportive. It allows us to innovate and deliver smarter services for our clients. These allow us to make a positive contribution to society, both through the services we provide as well as through our community investment programmes. Further, it gives us the opportunity to work collaboratively with our clients to support their own CR agendas.

To deliver this we have developed a framework based around our 4 priority areas that has been identified with our stakeholders through our materiality exercise and we have aligned our activities to them. Our strategy is underpinned by our values – Open, Ingenious, Collaborative and Effective. Our values and their associated behaviours shape who we are as an organisation and our success is based on living these values, applying them to how we act and work every day.

By being a responsible business we support the creation of a financially stable, sustainable business, that is attractive to long term investors. It allows us to manage risks and achieve cost savings. It gives us the ability to differentiate ourselves from our competitors, and enhance our reputation making us a business that our clients and potential clients want to work with. It also ensures that we attract and retain the right people, do the right thing in our local communities, grow our business and help us deliver our purpose – unlocking value.

## DELIVERING OUR STRATEGY

We employ 73,000 people across the Company and we use their broad range of skills and expertise to help us deliver our strategy. We also partner with our clients, suppliers and other business partners to maximise the positive impact of our activities.

We already have a well-established network of employees who are actively involved in this agenda and we are committed to building on this, ensuring we collaborate with employees from right across the Group. Employees are also given the time to volunteer in their local communities. We recognise our employees involvement with our CR activities through our employee recognition scheme, the Capita People Awards.

### Non-Financial KPIs

#### CLIENT RESOURCES

**AIM:** Continue to develop our infrastructure of business centres to meet the needs of our business

**98** multi-service delivery centres  
(2015: 94)

#### CLIENT SUCCESSFUL SUPPLIER RELATIONSHIPS

**AIM:** Annually audit all material suppliers' against Capita's standards of business

**51%**  
(2015: 31%)<sup>2</sup>

#### EMPLOYEE RESOURCES - LEADERSHIP

**AIM:** Maintain high retention rate for senior managers (Executive Directors and senior management teams)

**96%**  
(2015: 98%)

#### EMPLOYEE RESOURCES - SKILLS & FLEXIBILITY

**AIM:** Maintain high employee retention

**78%**  
(2015: 81%)

#### CONTROLLING OUR ENVIRONMENTAL IMPACTS

**AIM:** Continue to measure and assess our carbon footprint<sup>3</sup> and minimise wherever possible

**108,613** tonnes CO<sub>2</sub>eq  
(2015: 111,173 tonnes CO<sub>2</sub>eq)<sup>4</sup>

#### SUPPORTING OUR COMMUNITIES

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

**£2.0m**  
(2015: £2.3m)

#### KPI

This symbol is used to indicate our KPIs throughout the report.

1. Material supplier refers to our top 250 (approximately) suppliers, prioritised each year by spend and relevance.
2. 2015 figure restated based on new definition of material supplier.
3. Calculated using UK Government GHG conversion factors 2016.
4. Figure restated based on updated data.

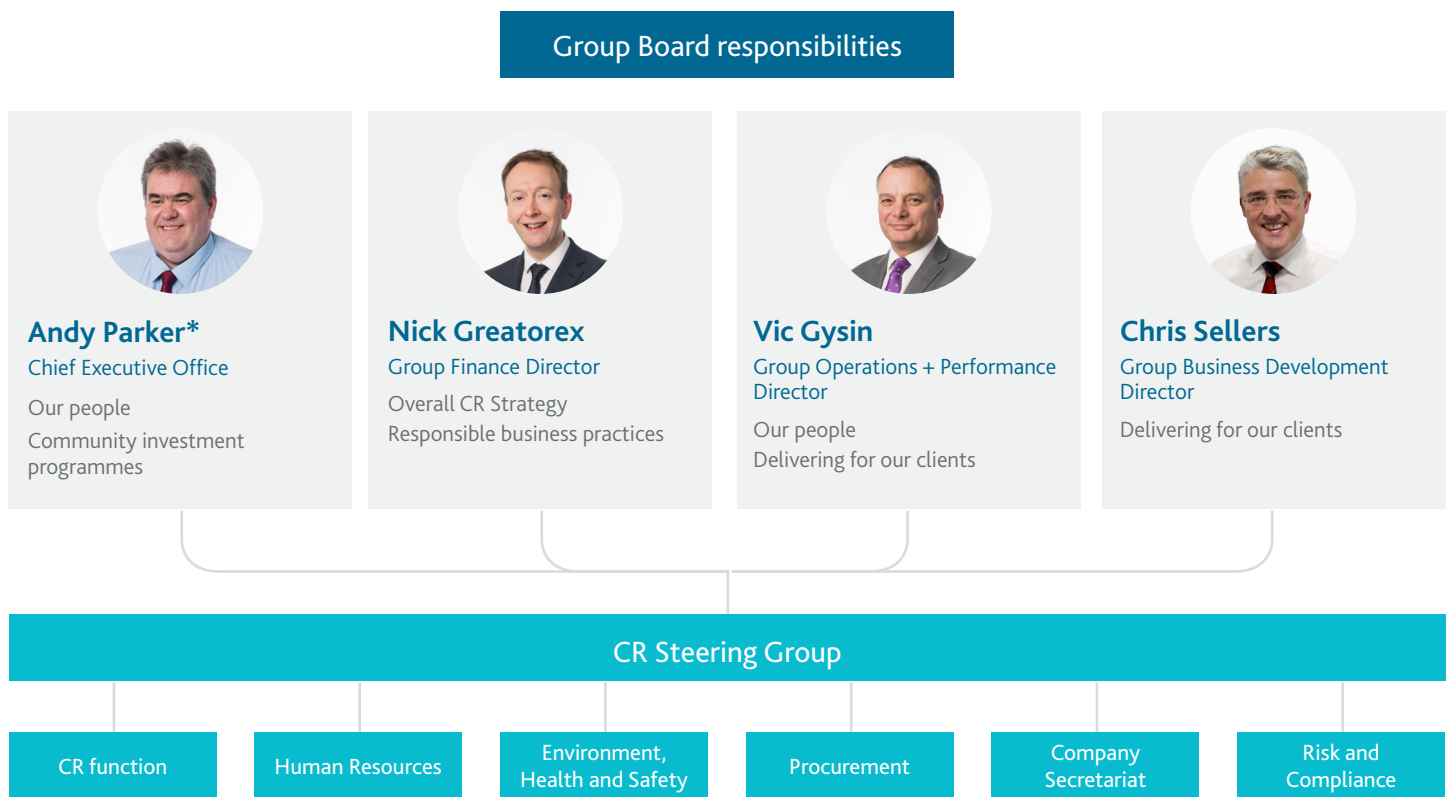


## CR LEADERSHIP AND GOVERNANCE

Accountability for our CR strategy sits with the Group Board, within which the Finance Director specifically has responsibility for our CR strategy. Each Executive Director is responsible for one or more of the focus areas.

The CR steering group, which includes functional heads from key areas, is responsible for implementing our strategy, developing our policies and providing guidance and sharing best practice to the business, as well as reporting progress to the Board via our monthly reporting process.

In 2016 the steering group discussed a broad range of CR issues including culture and behaviours, health and safety, supply chain management and our community engagement. Each of the programmes is owned by the appropriate member of the steering group and they are supported by various networks across the business who help embed the strategy and activities at a local level.



## External recognition



Included every year since 2001



Included in the Forbes Top 100 world's most innovative companies list



Included in the Ethibel European sustainability indices



Confirmed as one of the top 20 UK companies and in the top 120 of European companies in the Euronext index

\*Andy Parker will be leaving the Board in 2017

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

In 2016, we engaged with a number of our stakeholders, both internal and external, to understand what our significant economic, environmental and social impacts are, and those that influence the assessments and decisions of our stakeholders.

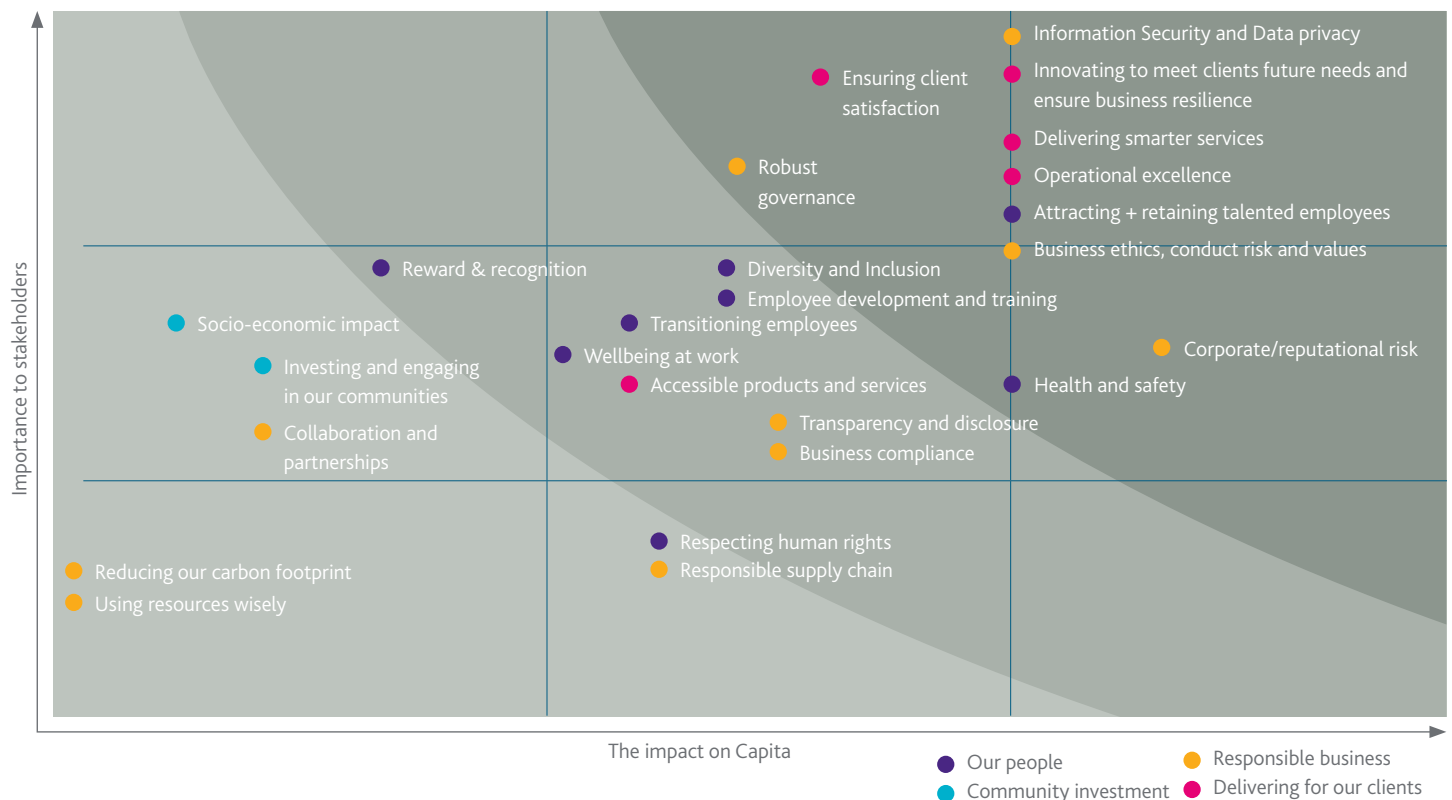
The exercise looked at both internal and external factors, both current and emerging. It involved:

- desk based research identifying relevant legislation, industry issues and trends, including the Sustainable Development Goals, societal expectations and peers' material issues
- telephone interviews with external stakeholders including clients, suppliers and SRI investors
- survey of our employees

The results of the exercise allowed us to identify our four priority impact areas where we will focus our efforts going forward and we have aligned our reporting to these areas.

### Our priority impact areas

1. Responsible business practices
2. Delivering value for our clients
3. Our people and culture
4. Community investment



We've developed metrics to help us measure our progress against each of the different topics included in our materiality matrix.


To find out more about our 2016 performance see pages 20-25




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# 1 RESPONSIBLE BUSINESS PRACTICES

We believe in operating with integrity, both in our business decision making and the conduct of our employees. We have a detailed framework of policies and procedures in place across the Group including our ethical code, bribery and corruption, human rights, environment and information security, as well as HR policies, which collectively set out how we do business. We also set out the standards that we expect our suppliers to meet.

 For more details of our policies see <http://www.capita.com/about-us/policies-and-principles/>

Through our risk management framework, we ensure that we identify, assess and mitigate against potential risks which could affect the growth of our business.

 For more information on our principle corporate risks see pages 46-55 of our 2016 Annual Report

## How do we unlock value by operating responsibly?

- By reducing risks across our operations and ensuring we comply with legislation we maintain our reputation in the markets in which we operate
- We aim for a diverse supplier base and support the growth of SMEs – 70% of our supplier base are SMEs
- By managing our environmental impact, reducing our energy use, business travel and waste management we make financial savings that support the long term sustainability of the business
- By identifying and managing potential risks associated with human rights violations, including modern slavery, we ensure we protect our reputation as a socially responsible business.

Information security

Capita must protect its clients and corporate data as a significant breach of security could impact the Group’s ability to operate and deliver against its clients’ requirements and our business objectives.

We take measures ranging from:

- physical and logical access controls to encryption
- raising employee awareness through mandatory training covering information security, data protection and fraud awareness
- monitoring of key partners to manage its information security risks.

In 2016 our Information security team produced a new set of guidance that outlines our corporate stance on cyber and information security. The guidance has been designed to offer a more flexible approach that supports innovation and operational efficiency, whilst still maintaining a secure operating model through which we can do business.


2016 has seen a more aggressive threat landscape in ‘cyber risk’ and Capita is not alone in facing an increase in recorded attacks. However, those attacks have not led to material breaches. Incidents when they do occur are reviewed for root cause analysis and we work with our business partners and national agencies to promote further corporate co-operation. We are not complacent however and we are investing more resource into the evolving threats.

Data protection

Capita has to collect and use information about people with whom it works. This may include members of the public, service users, current, past and prospective employees, clients, customers, contractors, suppliers and partner organisations. In addition, Capita may be required by law to collect and use information in order to comply with the requirements of national legislation.

We need to ensure that personal information is handled and dealt with properly, no matter how it is collected, recorded and used. We have a detailed Data Protection Policy, setting out rules and conditions which Capita and its staff must follow when collecting & using this data. It aims to ensure that people know where their data is held, what it is used for and who it is shared with.





CARBON INTENSITY 16.2  
(TONNES CO<sub>2</sub> EQ/£M)  
FOR SCOPES

1 and 2





## Managing our supply chain

We have a diverse supply chain, spending £1.8bn a year with 34,500 suppliers so good procurement practices and the purchasing decisions we make have a direct impact on our business performance. Through our policies and processes we can ensure the effective management of supply chain risks, work with suppliers to ensure we adapt to the needs of our clients, and procure goods and services cost effectively.

In 2016, we developed a new procurement policy and standard which set out our strategic approach and key principles to ensure we manage our procurement activity effectively. Our Supplier Requirements Standard sets out our expectations of suppliers and their supply chain, ensuring that both Capita and our suppliers comply with the changing regulatory and legal landscape in which we operate, including compliance with the Modern Slavery Act.

We also reviewed how we categorise our suppliers, redefining what we recognise as a material supplier to our business. This new definition includes all those suppliers with whom we spend over £1m as well as those who have a potential risk area based on 10 identified areas, including the products or services they supply and where in the world they operate. We use an external online assessment tool to audit our material suppliers and in 2016 we completed audits for 52% of these suppliers. We will continue to audit all material suppliers and work with them where necessary to ensure that they improve their performance and meet the standards we expect. In addition to this our due diligence toolkit was developed and will be rolled out in 2017 – initially to all new suppliers and then our existing ones. The toolkit assesses a number of areas including suppliers' labour practices, adherence to the Modern Slavery Act, environmental performance and data protection. If a supplier's response highlights a potential risk area, the supplier will be further assessed by subject matter experts from across our business who will work with the supplier to ensure they meet our standards.

We treat our suppliers fairly and actively encourage supplier diversity, providing all suppliers with the opportunity to work with us. Currently 70 % of our supplier base are SMEs.

## Human Rights

We are committed to respecting the human rights of our employees and those within the communities in which we work. We published our first human rights policy in 2014. We support the principles as set out in the UN Declaration of Human Rights and the International Labour Organisations Core Labour Principles. Following the introduction of the UK Modern Slavery Act we introduced our prevention of modern slavery policy. We've set out the detail, governance approach and steps taken in 2016 in our Modern Slavery Statement



70%  
OF OUR SUPPLIER  
BASE ARE SME'S



## Managing our environmental impacts

We're committed to tackling climate change and protecting our natural resources and so we take a proactive approach to good environmental management. Although our environmental impact is small compared with other industries we know that our stakeholders expect us to minimise our impacts and that by doing this we can create financial savings to support the long term sustainability of the business. It also allows us to manage potential risks to our operations related to the environment, ensuring we have business continuity plans in place if, for example, our employees were prevented from getting to work.

As a predominately office-based business, our main environmental impact comes from carbon emissions generated from energy use in our offices and through business travel and so this is where we concentrate our efforts. We also manage our resource use and waste management where possible. In addition, although our water usage is not significant, we have made efforts towards conserving this resource.

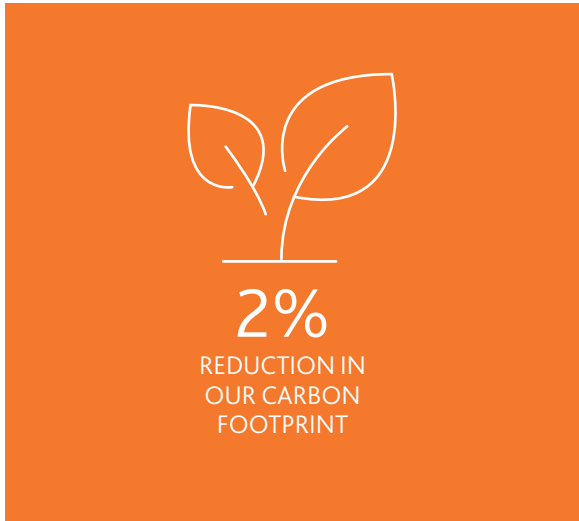
## Our carbon footprint

In 2016 our carbon footprint was 108,613 tonnesCO<sub>2</sub>eq (scopes 1,2 and 3)<sup>1</sup> down from 111,173<sup>2</sup> tonnes CO<sub>2</sub>eq in 2015, representing a year-on-year decrease of 2%. This decrease was based on reductions in our energy usage in the UK and India, and a reduction in our business mileage. In 2010, we set ourselves a target to reduce our carbon intensity (tonnes CO<sub>2</sub>eq/£m) for scopes 1 and 2<sup>3</sup> by 4.5% a year. In 2016, our carbon intensity was 16.2 (2015: 17.5), a reduction of 7.4%.

At the start of 2016 we set ourselves a target to reduce energy usage across all of our sites that are within scope of the CRC Energy Efficiency Scheme. We achieved an 8% energy reduction, equating to £1m savings. This was mainly through better data analysis, identifying where savings could be made and providing training to our facilities managers.

We have green travel plans at a number of our sites and actively encourage the use of video and teleconferencing. In 2016 we trialled a car sharing scheme at a number of our sites and we are looking to expand the scheme across a further 10 sites in 2017.

Footnotes for this chapter  
 1. Scopes 1,2 and 3 includes actual and estimated energy use and business travel  
 2. Figure restated based on updated data  
 3. Scopes 1 and 2 includes actual and estimated energy use





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# 2 DELIVERING VALUE FOR OUR CLIENTS

We deliver value for our clients by making processes smarter, organisations more efficient and customer experiences better. We do this by using smart technology and the skills and expertise of our people. We listen and respond to what our clients tell us, understanding their changing needs and working with them to ensure we meet their expectations.

How do we deliver value for our clients?

- We help our clients respond to changing market and societal factors, helping them adapt and meet the needs of their customers now and in the future
- We ensure we're at the forefront of developments in technology, providing flexible and accessible services and making customer experiences better
- We help our clients transform and streamline business processes, working closely to assess their needs and see where processes could run better and becoming an integral and valued partner
- We partner and collaborate with specialist partners including charities and voluntary organisations to create mutually beneficial opportunities and use their expertise
- By delivering responsible and sustainable services we help our clients deliver their own CR agenda.

## Innovative solutions

Our role is to provide the expertise and capability to deliver technology-enabled business process and customer management solutions and professional support services. We help our clients to deliver services more effectively, become more efficient, solve challenges and maintain their competitive positions.

Our focus is not just about driving down costs, we want to design solutions that improve customer and citizen services. Our innovative, technology-led approach puts us at the forefront of the digital revolution. Through our investment in digital technologies, combined with insight provided by data and analytics, our innovative software and our skilled people we develop digital solutions to meet our clients needs.

## Anticipating and delivering what our clients need

Meeting and anticipating the needs of our clients is an important reason why we have a high renewal and retention rate and continue to grow the business. We have a deep understanding of the market dynamics and the competitive and cost challenges and customer service needs that our clients face. We understand what it takes to deliver a truly transformational service - encompassing people, processes, technology and property. During economic cycles we have a track record of anticipating and adapting to changes in our clients' buying behaviour and market conditions, helping them adapt to their altered landscape.

## Client satisfaction

Our success depends on developing strong valued relationships with existing and future clients. We are committed to maintaining and improving the services we provide to our clients. To provide us with a general view of key client satisfaction we undertake an annual survey of key clients across our divisions, looking at both how we work with them on an operational and strategic level. This survey, along with our regular feedback mechanisms helps us to identify where we need to work harder and where there is the potential to add further value to our clients' operations.

We use the themes that emerge from this to create divisional action plans to drive ongoing performance improvement across the base and measure progress on an annual basis. Following the implementation of the new management and organisation structure at the end of 2016 Vic Gysin has taken on a new Board role as Group Operations and Performance Director. This role has been created to renew our focus on consistent operational performance and customer service excellence which are key to supporting future growth. In 2017, we will also be looking at building in client satisfaction measures into the remuneration packages of our senior directors.

For more information about how we deliver for our clients see <http://www.capita.com/what-we-do/unlock-value/>





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# 3 OUR PEOPLE AND CULTURE

Our people are our biggest asset. We employ 73,000 people and to recruit and retain the best talent we need to provide a workplace that is inclusive, inspiring and supportive. We want our employees to be empowered and motivated, enabling them to make better decisions and respond to our clients' needs effectively.

How do we support and develop our people and their talents?

- By creating an inspiring and supportive culture this helps us attract and retain the best talent and keeps them feeling motivated and valued
- We benefit from having a diverse workforce which provides us with a range of skills and expertise to create innovative solutions for our clients and help improve our own market competitiveness
- We ensure our employees have the right skills to do their job and feel empowered to respond to our clients' needs quickly and effectively
- By supporting our people and making sure we take care of their health and safety we can minimise business risk and increase productivity.

Capita’s culture and values

We work hard to foster an open culture where we act with integrity and transparency. We encourage our people to do things differently and smarter and we look for ways to combine talent and capability from across the business to benefit our clients. 2016 was a challenging year and we have taken the opportunity to refocus the organisation on our core business, streamline and strengthen our management and ensure comprehensive accountability. Delivering what we promise and believing that great service can always be better is a core principle of the business, from senior management to customer-facing employees.

We have a commons set of values – being open, ingenious, collaborative and effective - which are reflected in our policies and embedded right across our business. These values and their associated behaviours shape who we are as a business and underpin our success. In 2016, our ethical code was updated in line with our values setting out our commitments and ensuring that our employees can and do speak up if they see behaviours that are not consistent with our values.

Transitioning employees

Over 70% of our employees transfer into our business from either acquisitions or an outsourcing arrangement and so we’re experienced at managing large scale employee integrations. One of our key priorities in any transfer is to maintain continuity of service delivery for our clients by retaining talent, knowledge and skills through the existing workforce.

We work collaboratively with our clients and transferring employees from the beginning and have a dedicated HR & Integration team who support the process. Where the transfer involves employees under the TUPE (Transfer of Undertakings, Protection of Employment) regulations our approach is to fully engage with trade unions and employee forums at the earliest opportunity to ensure a detailed consultation from the outset.

Employees transferring into Capita have access to our online portal which gives them an insight into the breadth of what we do and where we operate. The site is also designed to keep employees up to date with the latest transition and consultation activities throughout the transfer and also allows employees to ask any further questions they may have.



£19m

INVESTED IN  
TRAINING SUPPORT



22%

EMPLOYEES FROM  
ETHNIC MINORITIES



## Talent management

We work hard to build and retain strong, stable leadership. Our Leadership framework details a clear set of behaviours that define what makes a great leader at Capita. We use this in conjunction with our performance management system to identify high performing individuals.

In 2016, we developed our training programmes for senior leaders in our business including our leadership induction day and the masterclass programme. This programme gives employees the opportunity to develop the skills to create and sustain high performing teams and navigate some of the challenges they may face within their business. In 2016, our retention rate for senior managers across the group was 96%

We have a twice yearly succession planning cycle, which ensures we have robust succession plans in place for all our key roles in the top three layers of our organisation and we will continue to cascade this throughout our business during 2017.

These processes allow us to support internal mobility so that managers can share their skills and innovation in different areas of the business, and this will continue to be one of our focus areas for 2017.

## Development and training

Training and development is not limited to senior leaders. We recognise that to deliver excellent service to our clients we need to ensure that our employees in our operations are equipped with the right skills. In 2016 we continued to deliver training support, investing £19m across the Group. We also want to ensure our people are managed in a consistent way and in 2016 we revitalised our training, developing a new 'Managing the Capita way' workshop, designed for managers to understand their role and responsibilities and where they can get support.

We have continued our 'Lead the Way' graduate programme, giving graduates the opportunity to have placements within different areas of our business and develop their career path. Since the programme began 90% of these graduates continue to work for us across the Group.

We also have an apprenticeship programme, giving new and existing employees the opportunity to develop their skills and experience and improve their employability. In 2016, 700 employees started on the programme.

## Diversity and Inclusion

Having a diverse workforce brings fresh perspectives and helps us to create truly innovative solutions that benefit our clients and help improve our own market competitiveness. With over 70% of employees transferring into Capita we are committed to developing an inclusive culture and aim to reflect the diversity of our clients, their customers and the communities in which we work. In 2016, we have continued to focus on embedding diversity in our business. We have improved our data analytics tool which allows us to better understand the diversity profile of our people and areas that we may want to focus on in 2017. In 2016, our gender split for senior managers was 78% male: 22% female, and for all employees 52% male: 48% female.

## Health and safety

By making sure that we take care of the health and safety of our people we reduce risks across our business, protecting our reputation and that of our clients. We have an established Group-wide health and safety management system and all our employees have to complete training as part of their induction. Our health and safety team works with individual managers to assess risks on specific contracts, for example, with our network engineers, and implement tailored training where needed. In 2016, our accident rate was 1.41 per 1,000 employees (2015:1.48), showing a 38% reduction in reportable accidents from our baseline.



Employee wellbeing

We recognise that a healthy, motivated workforce is good for business, reducing sickness absence and increasing retention rates. In 2016 we ran a campaign ‘Step Challenge’ to encourage our employees to be active, whilst at the same time raising funds for our corporate charity partner. We are repeating this initiative in 2017 as well as a number of health awareness campaigns.

We provide opportunities for flexible working where it is operationally possible, allowing employees to achieve a healthy work-life balance. We have also developed smarter ways of working, providing employees with the technology they need to do their job remotely. In 2016, 14% of our employees worked part time.<sup>1</sup>

Reward and recognition

We want to retain the best talent across our business and believe in recognising and rewarding our employees. We offer remuneration packages and local performance schemes that are competitive within their markets. Senior directors are eligible for an annual bonus subject to the financial performance of the business. We also have a company wide employee recognition scheme, the Capita People Awards, recognising those employees who put our values into practice.

Employee engagement

Listening to and valuing the opinions of our people is good for productivity and it helps us shape our future business. We engage with our employees through a number of different ways, ensuring that they receive regular updates including those relating to the performance of our business. We actively encourage their feedback as they have a clear view of our operations and their ideas can help us deliver for our clients.

Our key engagement channels include:

- formal appraisals
- team meetings/one to one sessions
- board communication around Group activity and performance
- dialogue with trade unions and other industry bodies

Following the organisational changes made at the end of last year a key focus in 2017 will be on Capita’s strategic people agenda, including improving engagement and diversity. We have reviewed our approach to seeking employee feedback and adopted a new approach to our employee survey. In 2017 we will conduct a number of short surveys and one more detailed survey throughout the year which will allow us to more effectively track how our employees are feeling, develop focused action plans to address any issues identified and monitor the impact of the plans throughout the year.

Supporting people through change

So we can help our clients be more efficient and meet future business requirements it is sometimes necessary to reduce the headcount on a particular contract or business. Where this is the case Capita take a proactive approach in seeking alternative employment options for those affected employees in order to redeploy them into other areas of our business.

Where suitable opportunities are not available we are open and honest about the situation. We go through a full redundancy consultation process involving individuals and their recognised trade union and employee representatives. Consultation with our unions is key to securing the most appropriate outcomes for affected employees.

1. Figure excludes data from Capita employees based in Europe





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# 4 SUPPORTING OUR COMMUNITIES

We add value to our wider communities in a number of ways, as a major employer contributing to the wider economy, creating jobs, using local suppliers and through the services we deliver. We also invest in the local communities through our community programmes, ensuring that these communities benefit both socially and economically.

How do we unlock value in our local communities?

- The jobs we create support local employment which in turn help to sustain local economies through the multiplier effect of salary spend
- We support SMEs and local businesses by using them in our supply chain wherever possible
- We share our skills and expertise through our employee volunteering scheme. This also benefits our business because it helps develop employees' skills, improves morale and increases employee retention
- Working collaboratively with our clients, suppliers and local businesses helps maximise the positive impact we have on our local communities. By building these relationships this helps strengthen our relationships and provides us with valuable insight which helps us improve our services
- Through our community investment programmes and support of our charity partner we contributed £2m in our local communities in 2016.

Our programmes

In 2016, we concentrated the majority of our support, both through our community programmes and charitable support on working with young people to raise educational achievement and develop employability skills within our local communities. We’ve done this through a number of programmes including developing long term partnerships with a number of schools.

Our activities in 2016 included:

- Coaching programme for teachers
- CV/interview training
- Work placements
- World of work days
- Workshops to raise aspirations and encourage social mobility
- School governors

Employee volunteering

We know that our employees want to give something back to society and so we encourage them to do this through our volunteering programme, giving each employee one day per year to volunteer in their local community during working hours. We want them to share their skills and expertise to make a meaningful difference whilst at the same time building connections within their local communities.

We recognise volunteering also brings business benefits, helping our employees’ develop their skills, improving morale and retention rates. In 2017, our aim is to increase the number of employees volunteering and so we will be reviewing our scheme to ensure that we are offering employees the right opportunities so that as many of them as possible can take part. We will continue to look at ways to map our activities closely to the core skills we want our people to develop and recognising their involvement both through annual appraisals and through our People Awards scheme.





## The Prince's Trust partnership

Through our employee chosen corporate charity partnership with The Prince's Trust our employees raised funds to support The Trust in continuing their work to help young people into jobs, education and training. Since our partnership began in 2014 we have raised £853k to end of February 2017.

In addition to fundraising we look at ways in which we can provide strategic support to our charity partners, using our skills and expertise. For example, Capita SIMS provided pro-bono consultancy to assist The Prince's Trust evaluation teams to further understand data extraction processes for their programmes, Capita Talent Partnerships took four Prince's Trust learners onto their Traineeship Course and matched them to placements, and Capita's Army Outreach teams delivered programme enrichment to young people on The Trust's XL programme.

In 2017 we are supporting one of the Trust's 'get into' programmes – a vocational course that develops young people's skills and helps them gain valuable work experience in a specific sector. If the programme is successful this could lead to permanent placements for the young people.

## Additional financial support

Our matched funding scheme demonstrates our support of employees who are fundraising for personal and specific charities. These charities are often smaller organisations and the scheme allows us to extend our positive community impact out to organisations beyond our corporate charity and brings a local focus alongside group-wide activity.

We also actively encourage employees to give regularly to the causes they care about, via their payroll. In 2016, over £403k was donated to 388 charities by employees via this scheme.

## Measuring our impact

Tracking and reporting our community activity is key to demonstrating the impact of our programmes and ensuring we are achieving our programme aims. We currently use London Benchmarking methodology to measure the value of our programmes (financial, in-kind, and time given). In 2016, we estimate that our community investment was £2m, (based on data collection from approximately half of our business) creating value for our people, our communities and our business. In 2017, we will continue develop our data gathering process to increase visibility of activity across the Group.

There is also a growing interest, especially from the public sector, in measuring the social and economic value of all our activities, not just from our community programmes, and therefore in 2017 we will be exploring ways of measuring our total impact including all our business activities.

 To read more about our work in the community see <http://www.capita.com/responsibility/cr-case-studies/>







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# REPORTING FRAMEWORK

## RESPONSIBLE BUSINESS PRACTICES

Commitments	Targets	2016 performance	2015 performance	2014 performance
Supply chain management				
<ul style="list-style-type: none"> <li>- Pro-actively manage our supply chain in a responsible way, by mitigating against any risks and working with suppliers to ensure they meet our standards.</li> <li>- Encourage supplier diversity ensuring that all suppliers have fair opportunities to work with us via compliance of Group procurement policy and guidelines.</li> </ul>	<b>KPI</b> Annually audit all material suppliers <sup>1</sup> using external auditing tool. Develop corrective action plans with those suppliers identified as not meeting our standards.	51%	31% <sup>2</sup>	-
	Maintain our supplier diversity with over 65% of SMEs in our supplier base and ensure client SME's targets are met.	70%	76%	70%
Environmental management				
<ul style="list-style-type: none"> <li>-aim to reduce our absolute carbon emissions (scopes 1, 2, and 3)</li> <li>- reduce our carbon intensity by becoming more energy and carbon efficient</li> <li>- reduce our business travel through our smarter working initiative encouraging the use of alternative methods of communication, including the promotion of conference calls</li> <li>- reduce our resource use and waste across our sites, increasing recycling</li> <li>-maintain robust environmental management systems</li> <li>- engage our employees to support our environmental initiatives</li> </ul>	<b>KPI</b> Reduce total carbon emissions year on year against our 2007 baseline.	108,613 (tonnes CO2eq) <sup>3</sup>	111,173 (tonnes CO2eq) <sup>4</sup>	139,672 (tonnes CO2eq)
	Reduce our carbon intensity for Scopes 1 and 2 by 4.5% a year	16.2 (tonnes CO2/£m)	17.5 (tonnes CO2/£m)	19.2 (tonnes CO2/£m)
		Carbon intensity decreased by 7.4%	Carbon intensity decreased by 8.8%	Carbon intensity decreased by 15.4%
	Reduce our energy consumption (Kwhrs) by 10% compared with 2015. The target is for energy (electricity and gas) that Capita directly procures but does not include landlord procured energy charged back to Capita through property service charges.	8%	-new target	-
	Increase the number of conference calls by 20% year-on-year.	1% decrease	15% increase	20% increase
	Continue to recycle at least 80% of our waste across our largest 20 sites annually.	52%	82%	66%
	Score 90% or above annually in employee engagement survey for those employees who agree we are an environmentally responsible business	Survey due to take place in Q2 2017	-new target	-
Report all material breaches of our anti-bribery and corruption policy and our ethical code.	No material breaches of Anti-bribery and corruption policy. In a small number of cases, we were made aware of employees who had failed to meet the standards expected by the Ethical Code. We took action against those individuals to reinforce the importance of the Code	No material breaches	No material breaches	

1 Material supplier refers to our top 250 (approximately) suppliers, prioritised each year by spend and relevance

2 2015 figure restated based on new definition of material supplier

3 Calculated using UK government GHG conversion factors 2016

4 Figure restated based on updated data





## DELIVERING VALUE FOR OUR CLIENTS

Commitments	Targets	2016 performance	2015 performance	2014 performance
We will: -establish and maintain good levels of client engagement and satisfaction -ensure that we have a trained workforce and business infrastructure to meet the needs of our clients -ensure we protect our clients' reputations	<b>KPI</b> Client resources - continue to develop our infrastructure of business centres to meet the needs of our clients	98 multi-service delivery centres	94 multi-service delivery centres	80 multi-service delivery centres
	Track and improve client satisfaction year on year for our key clients across the business.	66% of our key clients were either very satisfied or satisfied with Capita	64% of our key clients were either very satisfied or satisfied with Capita	73% of our key clients were either very satisfied or satisfied with Capita





## OUR PEOPLE AND CULTURE

Commitments	Targets	2016 performance	2015 performance	2014 performance
Retention and engagement				
<p>We will:</p> <ul style="list-style-type: none"> <li>- ensure we have the right leadership and skills to deliver the Group's long term growth strategy</li> <li>- ensure we have a motivated and engaged workforce and increase retention rates</li> <li>- grow and develop our talent to ensure we have a diverse and inclusive workplace</li> <li>- ensure that we have a trained workforce and business infrastructure to meet the needs of our clients.</li> <li>- improve the health and wellbeing of our employees</li> </ul>	KPI Maintain retention rate for senior managers (Executive Directors and senior management teams)	96%	98%	97%
	KPI Maintain high overall employee retention rate	78%	81%	78%
	Achieve an annual score of 2.5 or more in our employee engagement survey	Survey currently under review. Due to take place in Q1 2017	2.91	2.94
	Increase participation in our employee survey to 60% by 2018	Survey currently under review. Due to take place in Q1 2017	52%	48%
Employee diversity				
Continue to report on gender diversity of our workforce		52% male/48% female	55% male/45% female	51% male/49% female
Continue to report on gender diversity of our workforce at senior management level (divisional directors and senior management teams)		78% male/22% female	80% male/20% female	80% male/20% female
Continue to report on gender diversity at Board Level		80% male/20% female	70% male/30% female	56% male/44% female
Continue to report on diversity with respect to ethnic minority groups		22%	22%	23%
Continue to support our diverse workforce, providing our employees with the right tools to enable them to work more flexibly. Report % of employees working part time out of total workforce. <sup>1</sup>		14%	18%	16%
Maintain sickness absence rate to below 3%		3%	3%	2.60%
Ensure that we have 43% ready now successors for Executive Director direct report roles by end 2016		52%	-new target	Appointed new group director of talent and resourcing to help formalise our approached to identifying talent, establish development plans and support succession planning.

<sup>1</sup> Figure excludes data from Capita employees based in Europe



Commitments	Targets	2016 performance	2015 performance	2014 performance
Training and development				
Retain 98% of graduates after their 2 year training period until 5 year tenure		90% graduates retained from across all cohorts	90% graduates from first cohort retained	0
Increase annual learning and development spend per employee		£235 per employee	£253 per employee	£250 per employee
Encourage internal mobility across the Group. New measure to be baselined in 2016 and target set from there		Reviewed internal recruitment processes to develop new ways of working to enhance the way employees apply for jobs across the Group. In 2017 'Careersfest' will be launched to ensure employees are aware of the opportunities available across Capita and are equipped for their next role.	-new target	-
Continue to support around 1,000 apprentices per year across the Group		700 learners started on the programme	889 learners started on the programme	1,035 learners started on the programme
Report and reduce our accident frequency rate for employees year on year.		1.41 per 1,000	1.48 per 1,000	1.49 per 1,000

## COMMUNITY INVESTMENT

Commitments	Targets	2016 performance	2015 performance	2014 performance
<p>We will:</p> <ul style="list-style-type: none"> <li>- achieve and maintain a positive impact in the communities in which we work and invest in them through our community programmes.</li> <li>-continue to create social and economic impact through our community programmes.</li> <li>- increase employee engagement with our community initiatives by encouraging employees to use their skills to volunteer through our scheme</li> </ul>	<div>KPI</div> <p>Continue to grow our community investment annually (measured using London Benchmarking methodology)</p>	£2.0m	£2.3m	£2.2m
	Continue to implement programmes which support our focus areas. In 2016, we'll introduce robust measures to assess the effectiveness of our programmes	Continued to focus on implementing employability programmes working with The Prince's Trust and other community partners.	Implemented a number of employability programmes and continued to support The Prince's Trust, through employee volunteering and fundraising.	Rolled out new programmes across our focus areas in addition to building on existing initiatives. Launched new charity partnership with The Prince's Trust.
	Increase % of employees volunteering year on year with aim for 10% of employees volunteering by 2018	1% of employees based on limited data capture. New data capture processes to be put in place in 2017.	-new target	-
	Increase number of employees donating to charity via payroll giving	2598	2715	2558



# CAPITA

Formed in 1984,  
Capita employs 73,000 people,  
interacting with 45 million people annually.

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What we do...

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