

We engage, respond & deliver

Capita plc Sustainability Report 2011



2011
Report

Our approach to sustainability

Responding to our clients' needs

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Engaging and supporting
our people

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Building successful
supplier relationships

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Running a resource-efficient
business

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Investing in our communities

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You can view all stakeholder case studies online at:

capita.co.uk/sustainability

Through the eyes of our stakeholders



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What we do

Through detailed **engagement** and careful listening, we build a deep understanding of what our clients and their customers need and how we can support our communities.

By combining this insight with our expertise, we **respond** by creating unique solutions that drive down clients' costs and provide better customer and community experiences.

And we don't just design the solutions; we also **deliver** them for our clients, committing to a defined cost and high quality standards. We're able to do this by drawing on our rich and varied capabilities and our extensive service infrastructure. We draw on these same skills to add value to the communities in which we work.

So, however unique or complex the challenge, we can bring together the right people with the right skills to make it happen.

This positions us as the UK's leading provider of business process outsourcing and a sustainable business capable of delivering value to all our stakeholders.



Chief Executive's introduction



Welcome to our 2011 Sustainability Report. In this report you can explore how we've continued to deliver value, in the widest sense of the word, for all our key stakeholders. We've achieved this even though this has been a more challenging year for Capita.

The weaker economic climate has renewed our clients' focus on cost reduction and, while this has had an adverse affect on some parts of our business this year, it has also driven renewed interest in how outsourcing can help to deliver efficiencies whilst protecting service quality for the public.

Our sustainability approach continues to be informed by engaging with and responding to our key stakeholders – our clients, employees, suppliers, the environment and the communities in which we work. In response, we have concentrated our efforts on creating solutions for our clients and delivering positive and social impacts to benefit both our business and communities.

In 2011 our initiatives included:

- Tackling social issues, such as youth unemployment, through our apprenticeship schemes
- Helping remove barriers and improve social mobility to support people into long term employment
- Engaging with small to medium sized enterprises (SMEs) to help them become sustainable businesses and strengthen local economies
- Collaborating with our clients, voluntary and community groups to leverage specialist skills and experience to create a greater positive impact
- Enabling our employees to use their skills and invest in their local communities through our volunteering scheme
- Sharing what we've learned from our own environmental programmes with our clients.

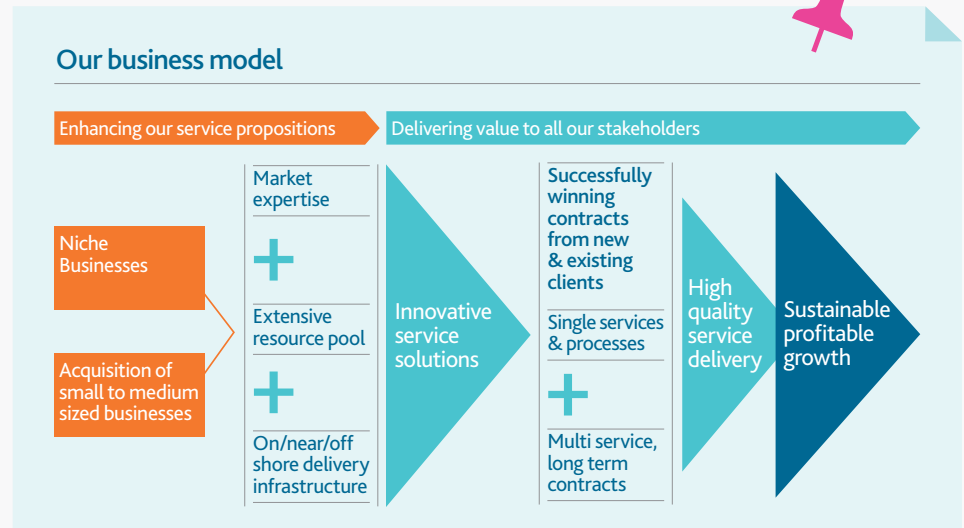
This report gives a few of the highlights from our activities in 2011. I hope that you enjoy reading about them and we would welcome your feedback.

Paul Pindar
Chief Executive

You can find out more information about our sustainability performance in 2011 and our targets for 2012, as well as regular updates on our activities in our live online report.

 capita.co.uk/sustainability

Capita's business model and strategy



Our business goal

To develop Capita as a long term sustainable business that delivers value to all our stakeholders: our clients, employees, suppliers, shareholders and the wider community.

Our sustainability strategy

We are committed to running our business in a responsible manner to create a financially stable, sustainable organisation. By identifying the social and environmental impacts of our business and responding to them, we can add value to the communities in which we work. This also benefits us and our clients by reducing risks as well as associated costs, improving relationships and maintaining our reputation with stakeholders.

Our business strategy

To grow our business in a controlled and profitable manner across our target markets. We maintain existing relationships and win new clients by actively developing our capability and scale, both internally and through complementary acquisitions, continuously enriching our service offering, generating greater value for clients and further profitable growth.

Our approach

Priority impact areas

In consultation with our stakeholders we have identified our five priority impact areas.

1. Responding to our clients to ensure that we meet their needs, deliver their services responsibly and deliver value to their customers
2. Managing our people well by actively attracting and building a quality, diverse workforce of motivated and supported employees
3. Creating successful supplier relationships to ensure high quality, responsible, cost-effective partnerships across the Group
4. Running a resource-efficient business
5. Investing in the local communities where we work.

These are underpinned by the way we grow and manage our business responsibly. By focusing on our five priority areas we aim to consistently meet the needs of all our stakeholders and deliver value to our shareholders. We set KPIs around each of our priority areas.

➔ See page 5 for our KPIs and page 6 to explore our stakeholder engagement

Responsible business practices

We have a clear set of values and behaviours set out in our statement of business principles and our code of ethical business conduct.

Business principles

Our statement of business principles sets out the standards of behaviour that we expect and our commitment to:

- act with integrity and honesty in all our dealings
- treat clients and their customers fairly
- communicate openly and transparently with all our stakeholders
- show respect for those we work with, valuing their skills
- support our local communities
- manage and minimise our impact on the environment
- ensure we do not have any business relationships with organisations or individuals who act outside legal boundaries or our code of ethical conduct and our wider business principles.

The policy can be found at:

➔ capita.co.uk/sustainability

Code of ethical conduct

Our code of ethical conduct details how our organisation does business and engages with clients, their customers, suppliers and third parties. It is supported by employee training programmes and applies to all businesses and employees in all jurisdictions, sitting above local laws.

We reviewed our code of ethical business conduct in 2010, to ensure it reflected our approach to doing business and reinforced the requirements of the UK Bribery Act 2010 which came into force in April 2011. The new revised code of conduct was issued to all employees in 2011.

Our Group compliance team ensure that the code is adhered to and they will review it again in 2012 to check its suitability and effectiveness, implementing improvements as appropriate.

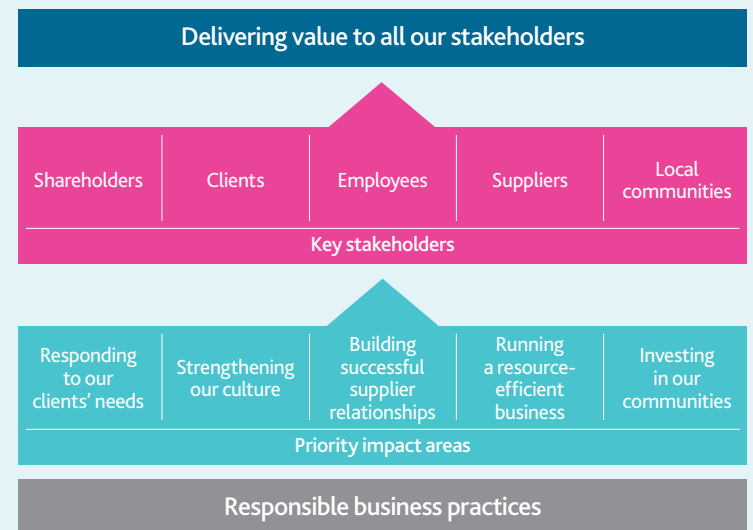
The policy can be found at:

➔ capita.co.uk/sustainability

Our straightforward approach to sustainability



Delivering value to our key stakeholders



Our sustainability leadership



Sustainability leadership

Our sustainability programme is managed by our Group Board. Gordon Hurst, Group Finance Director, has overall responsibility for sustainability initiatives across the Group. Each Executive Director has specific responsibility for one or more priority impact areas.

On a day-to-day basis, Group functional heads are accountable for activities in their areas. They also provide guidance and support at a business unit level to a network of employees. They communicate our progress and performance back to the Board through our business reporting process.

In addition to this, we have a Sustainability Steering Group who meet quarterly. Their role is to review and challenge our approach, and ensure that we identify and manage sustainability risks and opportunities for our individual businesses and those that could affect the whole Group.

The key areas of discussion for the Group in 2011 were:

- our approach towards bribery and corruption
- our revised responsible sourcing policy and guidelines
- our new Speak Up policy.

We are committed to managing our key social, environmental and economic impacts to create a sustainable business.

Gordon Hurst
Group Finance Director

Our awards...



Robust structure and controls

Capita has a clear reporting structure which promotes accountability across the Group, allowing the Board to review the performance of each business unit every month against targets.

We maintain a comprehensive framework of policies and procedures in order to meet our legal and regulatory obligations. This is supported by a mix of centrally and locally co-ordinated employee training programmes in the relevant business areas.

Our Group compliance team keeps the framework under constant review to ensure that legislative and regulatory change and emerging regulatory developments are taken into account and communicated across individual business areas.

Managed risk-taking is an important ingredient in our continued growth and success. We are, therefore, focused on comprehensively assessing risks and understanding which risks can be controlled and mitigated and which are outside of our control.

Where we believe there is a sensible balance of reward against any potential risk, then we will proceed with specific business developments including new contracts and acquisitions.

Systems and procedures are in place across the Group to identify, assess and mitigate major business risks that could impact the delivery of our growth strategy. Monitoring our exposure to risk is an integral part of our management reporting process.








At Group level, risk management is independently facilitated and challenged by the Group Risk and Business Assurance function. In respect of financial services regulated businesses, there is also a Group compliance function.

 See page 33 of the 2011 Annual Report.

Our principal non-financial key performance indicators (KPIs)

We manage our business with a clear set of financial and non-financial KPIs. Our non-financial KPIs are based around our five impact areas. By managing these impact areas we can maintain a financially stable organisation which is able to create and deliver value to our shareholders.

KPIs

Key performance indicator	Aim	Context	Progress in 2011	See more
Shareholder value	Steadily grow ordinary dividends (annual growth of total dividends)	Demonstrates the financial health of the business and commitment to creating shareholder value	7% 2010: 19%	 See our 2011 Annual Report
Client resources	Continue to respond to our clients' needs and develop our infrastructure of business centres to meet the needs of our business	Reflects the scale and breadth of our offering for clients	68 2010: 64 business centres	 Page 7
Employee resources – leadership	Maintain high retention rate for managers (annual salaries exceeding £50k p.a.)	We need to attract and retain talented leaders with the right skills to deliver the Group's long term growth strategy	95% 2010: 84%	 Page 11
Employee resources – skills & flexibility	Maintain overall employee retention at or above industry average (2011: 87.5%, 2010: 86.5%) ¹	Our people are vital to our success. By engaging and supporting our people and ensuring we have the right people in the right place we can deliver high quality, efficient services for our clients	89% 2010: 83%	 Page 11
Building successful supplier relationships	Annually audit all strategic suppliers against Capita's standards of business	By building relationships with our suppliers we can secure best value goods and services, which can improve our business performance and that of our clients	100% 2010: 100%	 Page 17
Controlling our environmental impacts	Continue to measure and assess our carbon footprint ²	Although we are a low impact organisation, our aim is to run a resource-efficient business that monitors and manages our environmental impacts	91,318 2010: 81,112 (tonnes CO ₂ eq)	 Page 21
Investing in our communities	Continue to measure and grow our community investment annually, using London Benchmarking Group methodology	Our business places us at the heart of the communities that we operate in and positive relationships are therefore vital to the long term health of the business	£2.0m 2010: £1.65m	 Page 27

¹ CIPD 2011 + 2010.

² Based on latest available greenhouse gas emission factors from Defra.

Stakeholder engagement

We have identified our stakeholder groups: shareholders, clients, employees, suppliers, local communities, regulators, SRI analysts, trade unions and our business partners. In 2011, we concentrated on engaging most with our key main groups: shareholders, clients, employees, suppliers and communities.

We consult with our stakeholders in a number of different ways depending on their focus. Some stakeholder relationships are managed by specific teams within our business who have the knowledge to deal with their particular interests.

Through this ongoing dialogue, we can understand the needs of our stakeholders and give them the opportunity to raise any concerns they may have about our activities. We use their feedback to inform our approach and ensure that we respond to their needs accordingly.

The table to the right shows the focus of each of our main stakeholder groups and how we sought feedback in 2011.

We engage with our stakeholders on a regular basis and use their feedback to inform our approach



Stakeholder groups	Type of engagement	Key interests	Main points of discussion in 2011
Shareholders and socially responsible investment (SRI) analysts	<ul style="list-style-type: none"> Regular one-to-one meetings Investor roadshows Regular newsflow providing information about our material contracts Participation in a number of SRI surveys. 	<ul style="list-style-type: none"> Our investors want to ensure that we continue to grow as a profitable and sustainable business that delivers value for their investment They want to know that we have the right processes and procedures in place to assess and manage any risks that could impact our growth and reputation They are keen to explore the competitive environment and to understand the business drivers in all our markets. 	<ul style="list-style-type: none"> The role of outsourcing in delivering efficiencies and cost savings for the public and private sectors Our strategy and business model Key people and retention Near/offshore delivery network New market areas Discussion of latest Government agenda including working with SMEs. <p>➔ See our 2011 Annual Report</p>
Clients	<ul style="list-style-type: none"> Regular client meetings to review performance against KPIs Where we have a strategic partnership, a Director sits with our client on a joint partnership board End user satisfaction surveys to measure our performance, report back to clients and underpin continuous improvement. 	<ul style="list-style-type: none"> Our clients want to ensure that we listen to them and create unique solutions which will deliver improved services, at a reduced cost, that generate real value for them and their customers. 	<ul style="list-style-type: none"> Innovative service solutions to improve service efficiency and deliver cost savings Achieving channel shift Collaborative working to achieve their sustainability targets including reducing their carbon emissions and increasing community investment. <p>➔ See page 7</p>
Employees	<ul style="list-style-type: none"> Company intranet Performance reviews Informal email surveys Internal campaigns Business conferences Individual business newsletters Annual employee survey Open door policy Employee roadshows. 	<ul style="list-style-type: none"> Our employees want a workplace that is supportive and where they are valued They want to be given opportunities for career progression and training They want to work in an environment where they are treated equally and are free from discrimination. 	<ul style="list-style-type: none"> Job security Pay and benefits Training opportunities How we manage our impacts on the environment Volunteering and charitable support. <p>➔ See page 11</p>
Suppliers	<ul style="list-style-type: none"> Supplier registration and online assessment Regular meetings with our strategic suppliers Mentoring SMEs. 	<ul style="list-style-type: none"> Our suppliers want us to treat them fairly They want us to work with them to build mutually beneficial relationships. 	<ul style="list-style-type: none"> Responsible sourcing policy Supplier auditing. <p>➔ See page 17</p>
Communities	<ul style="list-style-type: none"> Directly consult with local community groups Work with organisations to recruit locally Workshops in local schools Volunteering in our local communities. 	<ul style="list-style-type: none"> The local communities where we work want us to have a positive impact, stimulating local economies, helping to regenerate and invest in the local area. 	<ul style="list-style-type: none"> Job creation Community programmes to address the young unemployed, including apprenticeships Skills based volunteering including mentoring. <p>➔ See page 27</p>


1. Responding to our clients' needs

Board responsibility

Vic Gysin and Andy Parker
Joint Chief Operating Officers

Policies

We have a number of overarching Group policies, which are supported by policies and procedures specific to individual businesses. These include risk policies and business continuity plans, ensuring that if a major issue occurs we can continue to deliver for our clients without any impact on service levels.

For more information, please visit:
 capita.co.uk/sustainability

Outsourcing is seen as playing a key role in helping organisations deliver better, more flexible services to the public.

By providing outsourced and professional support services we help our clients improve their services and drive down costs. By developing innovative service solutions and improving the management of people, processes and IT, we ensure we deliver benefits to our clients and their customers.

Why we do this...

- By making cost savings for our clients we enable them to operate more efficiently and have the opportunity to invest in improving their services to customers. In particular, where costs are reduced in the public sector this means more money can be reinvested in frontline services for the public
- Improvements in productivity and quality mean we provide faster, more responsive services to the public
- We create innovative solutions so that the services we deliver are more accessible and flexible
- Through some of our contracts we can also deliver additional financial benefits for our clients – such as improved collection rates for council tax and higher retention rates of life and pensions policies.

How we do this...

Creating strong client relationships

Strong client relationships are vital to Capita's ongoing success. Our business has grown steadily over the past 28 years and our strong track record of delivering quality services has enabled us to win and retain long term contracts with new and existing clients. We have three main types of contract which vary in size:

- Transactional activities where we provide a single service or product, such as software services
- Medium to long term contracts where we provide single or multiple services, such as our contracts with Lambeth and Harrow councils

- Long term, complex partnerships where we provide multiple, integrated services such as our new contract with Zurich Financial Services. As part of this contract we now have a business centre in Dubai which supports our life and pensions administration.

To continue to grow and be successful we need to build relationships with our clients, listening and responding to their views and that of their customers ensuring that we consistently add value to their operations.

Engaging with our clients

We engage with our clients on a regular basis to receive their feedback, ensuring that effective communication is maintained at all levels of the relationship from the head of the organisation, through to the day-to-day operational contacts. Due to the size and breadth of the services that we offer, it is difficult to adopt a uniform approach to measuring client satisfaction. We use a number of different feedback mechanisms, depending on the size and type of the contract.

Securing long term client relationships

What we do

- Construct and deliver robust business transformation programmes
- Re-engineer and improve processes
- Introduce new ways of working
- Increase service efficiency, quality and effectiveness
- Harness the most appropriate technology
- Apply innovative solutions

What we deliver

Improved customer service
Reduced operating costs
Enhanced revenues
Improved quality
Staff progression

Commercial certainty

Partnership model

A collaborative approach

Design engagement

In February 2011, Capita was awarded its third Teachers' Pension Scheme contract, having been awarded its first in 1996. Our remit is to raise awareness amongst members and help them to proactively manage their pensions. In parallel, we will improve systems and support to help employers meet their obligations, all within a strict budget.

We engaged in a highly collaborative approach to service design with members and employers playing an integral role in the design process as our expert advisors. We developed an engagement strategy to improve perceptions of the service and encourage members to change their behaviour, as well as enhancing their experience of the service.

We also worked hard to reduce the risk of re-engineering the service by identifying and resolving design problems at an early stage, before we invested in changes in technology, processes or people.



Working in partnership

In 2009 we won the contract to administer the Gas Safe Register, the official list of gas engineers who have the right qualifications to work safely and legally on gas safe appliances.

As well as supporting the engineers and consumers through the provision of new online and helpline support, we also educated consumers so that they know what to do to be gas safe.

In September we held 'Gas Safety Week' a campaign specifically built around giving key gas safety advice. During the campaign we worked not only with registered engineers, but also Housing Associations, Local Authorities and numerous other organisations. For example, we worked with the Kingfisher Group (B&Q) on a range of gas safety awareness projects including in-store events.

We have partnered with other community groups and charities, especially those which support more vulnerable groups. In 2011, we worked in partnership with a charity, WRVS, to host events including 'tea dances' to offer advice and information to all over-65s. We will be rolling out this campaign and holding more events in another four regions throughout 2012.



We supported engineers and educated consumers on how to be gas safe

Enhancing our offering

Our clients benefit from our expertise, innovation, resources and infrastructure. We promote collaborative working across the Group, bringing people together from across the business to work on projects. This means that our clients benefit from greater access to specialist skills and allows us to continually improve our business processes.

We also have an extensive network of business centres – onshore, nearshore and offshore – which allow us to offer our clients flexible delivery models. We continued to develop our capability and infrastructure in 2011, including establishing a new European business centre in Krakow, Poland.

Satisfied clients are the key to our success. In order to meet their expectations we have to be able to respond to their changing needs, as well as changes in the marketplace.

We are continually looking at ways to improve the way we design and deliver services. Over the last year, we have increased the number of partnerships created and also looked at forming different types of partnerships with voluntary and social enterprise organisations either to help deliver services, or support the wider objectives of our clients.

Protecting our clients

We work hard to build trust with our clients. Many of our contracts involve handling sensitive and confidential data. We have an established, robust framework in place which includes detailed policies and procedures to ensure that we adhere to all legal requirements regarding data protection and information security.

All Capita employees complete information security, data protection and fraud awareness training on an annual basis. The training is regularly reviewed and updated. Those employees working in particularly sensitive areas receive additional specialised training. Inevitably, issues do occasionally occur but we have clear incident procedures in place for swiftly investigating, reporting and rectifying any security issues.



Client resources

Clients: Principal non-financial KPIs

	2011	2010
Continue to develop our infrastructure of business centres to meet the needs of our business	68 business centres	64 business centres

Clients: Other performance indicators

	2011	2010
Major contract win rate ¹	1 in 2 to 1 in 3	1 in 2 to 1 in 3
Average contract length	9 years	9 years

¹ £10m total contract value or above.



Our strong track record of quality service delivery enables us to win and retain long term contracts.

Andy Parker
Joint Chief Operating Officer



Building strong business relationships



The continued success of the partnership is down to the mutually supportive relationship. Capita Partnership Director, Tony Lubman sits on my senior management team board and we provide each other with regular feedback; Tony challenging us to improve service levels and us doing the same where we feel we need more from Capita. We've been through a lot together and the partnership is now at a mature stage where we're really getting the best results for our citizens.

Gavin Jones Chief Executive, Swindon Borough Council



In 2007, Capita entered into a 15 year strategic partnership with Swindon Borough Council. The aim of the partnership was to transform services for residents by putting them at the heart of service delivery.

To transform the customer service function, we worked together with the Council to create Swindon Direct. This 'one-stop shop' service model presents a single view of the Council to the customer, guaranteeing a consistent experience across all channels. Customer satisfaction is now running at over 95%, and in June 2011, Swindon Direct was crowned Best Outsourced Partnership at the South West Contact Centre awards for the second year running.

We've worked hard to promote social and economic responsibility within the Borough. For the past two years we've offered apprenticeships in IT, customer services and business administration, with the majority of apprentices going on to full time employment within the partnership. We've also worked with local schools and organisations, and provided funding for the Swindon Alzheimer's and Down's Syndrome Societies.



95%

customer satisfaction

Responding to clients



2. Engaging and supporting our people

Board responsibility

Vic Gysin and Andy Parker
Joint Chief Operating Officers

Policies

We have a number of Group-wide policies that focus on particular areas concerning our people. These include equality and diversity, health and safety and our code of ethical conduct. With our growing international footprint, we ensure that we apply the same principles to all our employees, wherever they are based. We ensure our policy and training materials are appropriate and comply with, or exceed, the legal and regulatory requirements of the countries where we operate – such as UK, European and Indian employment law and international human rights legislation, including the International Labour Organisation standards.

For more information, please visit:
 capita.co.uk/sustainability

We have over 46,500 employees working across 350 sites. Having the right people in the right place is essential to the successful growth of our business.

We need to attract and retain the best people to deliver our strategy, both now and in the future.

Why we do this...

- Our clients benefit because we ensure that we have the right people with the right skills to deliver the services that we have created
- We employ a diverse workforce, providing us with a range of skills and expertise to create innovative solutions to benefit the end user and help improve our market competitiveness
- We empower our people so that they can make decisions and respond to clients' needs quickly
- We offer skills development to our employees and ensure we retain the best people to do the job
- We have the right procedures in place to ensure and support the health and safety of our employees, mitigate business risks and protect our reputation and that of our clients.

How we do this...

Our culture

Approaching 70% of our employees have transferred into Capita under TUPE (Transfer of Undertakings, Protection of Employment regulations), either from previous employers who outsource activities to Capita, or through acquisitions.

We are very experienced at managing large-scale employee integration programmes successfully. We have a dedicated HR integration team and they guide employees throughout the whole process, communicating with them on a regular basis, including holding drop in sessions where they can address the concerns of potential employees and explain the benefits of the transfer.

Capita benefits from the constant flow of new skills when employees transfer into the Company, but it also gives us the challenge of ensuring that these employees are effectively integrated into our business and our culture. We have a clear set of values promoting a culture which emphasises collaboration, fulfilment and support in order to stimulate personal performance and development and support our business goal.

A smooth transition

The transition to Capita was seamless. There was no disruption to service and we were able to continue to meet all our targets for the client.

Kelly Thornton
Capita's customer management business, Google account

In July 2011, Capita acquired customer contact centre specialist Ventura, increasing our capacity for customer management services and adding further depth to our private sector offering.

The acquisition involved the transition of over 8,000 employees at sites across the UK and India, making it the largest employee transfer in our history.

We were unable to communicate with Ventura employees until the acquisition was completed. It was therefore essential that we provided them with as much information as possible after we acquired the operation to ensure that they felt welcomed, informed and reassured about joining the organisation. It was also important that any communications activity was co-ordinated to avoid any unnecessary disruption to service levels.

On day one an announcement was made to all employees via email and they received welcome letters from our Joint Chief Operating Officer Vic Gysin. Off-site briefings were held for Ventura's senior leadership team and managers were provided with communications packs to help them cascade information to their teams. We also had over 40 Capita employees from our HR operations and transition teams walking the floor at all sites.



I was a bit worried initially because I wasn't sure what to expect and I didn't know anything about Capita. However, any fears I had were quickly dispelled by Capita's communications. The email and the letter explained exactly what was happening and that there would actually be very little change to the way we work. It was also great to be able to talk directly to existing Capita employees.

Charlotte Richards
Capita's customer management business



Recognising and rewarding performance

We want our employees to be motivated and to perform to the best of their ability and believe that recognising and rewarding their individual performance plays a big part in this. We reward employees both financially, through competitive remuneration packages and local performance schemes and through the Capita People Awards scheme, which celebrates those employees who demonstrate commitment to our values.

During 2011, the economic background affected growth within some areas of the Group, and so the challenging target that was set at the beginning of 2011 for the year's performance of the Group was not met. As a result, no bonuses have been awarded to the Executive or Divisional Directors this year. In 2011, we were particularly mindful of effectively managing costs and the actions we took will ensure that the business is running efficiently and is best placed to continue supporting our clients and our employees in the future.

Listening to our employees

We believe that when employees feel engaged and valued this can lead to increased productivity and higher retention rates. We regularly interact with our employees using formal and informal channels to ensure that they understand the ambitions of the business and their role in its success. We want the communication to be two way and encourage our employees to talk freely with managers through our open door policy.

It is important to us to know what our employees think about how we are doing. We conduct an annual employee survey, which gives employees the opportunity to tell us where we are doing well and identify opportunities for improvement.

Their feedback is used to inform what we need to concentrate on improving in the following year.

In 2010, our employees said that they wanted to have a clearer view and understanding of activities across the whole Group beyond their own business areas.

We listened to their feedback and in 2011 we ensured that we improved internal communications across the whole Group by using video messages from senior management more regularly and encouraging greater communications at an individual business level.

At the start of 2012, we held a conference attended by senior and business development managers from across the Group. The aim of the conference was to promote the capabilities of each business and how they could support each other in delivering greater value to our clients.

In 2011, the response rate for our employee survey increased from 35% to 45%. The feedback was generally positive with 74% of employees saying Capita was a good place to work. They felt that managers were supportive, open and honest and encouraged innovation within their teams.

Developing talented leaders

A skilled workforce is key to our ability to deliver quality services and drive our business forward. We concentrate on building and retaining strong, stable leadership and management teams and proactively identify talented, ambitious employees. We work hard to help them achieve their potential and enhance their skills through our Capita Manager Academy training programme.

The Academy gives managers access to courses to equip them with the right skills to be able to respond to our clients' needs and support and manage our people effectively. Managers who complete a range of business and personal development courses have the opportunity to gain an externally accredited ILM Level 3 qualification in first-line management. In addition to this we are working with UK business schools to develop bespoke Masters qualifications which we intend to roll out in 2012.



Our people are critical to our success and growth. We have created a strong culture where our employees feel motivated to perform to the best of their ability.

Vic Gysin
Joint Chief Operating Officer



Did you know...

In 2011, 85% of our employees said they enjoyed their work

Developing our employees

Vocational learning

Karen Hinks from HR Solutions is someone who has benefited from taking part in our vocational learning programme.



3,054 employees have achieved nationally recognised qualifications since our programme began in 2006



The course has really boosted my confidence as I was able to develop my skills and learn new ones which are proving invaluable in my current role. The experience was challenging but I'm really pleased to have completed the course and am looking forward to developing my career further.

Karen Hinks Payroll Administrator



Career progression

Phil Roberts started his career ten years ago as a shareholder services administrator at Northern Registrars, working his way up to assistant relationship manager before Capita acquired the company in 2003.



I've progressed quickly since transferring into Capita's registrar business, moving from relationship manager to business development manager, which prompted my move to London. I was then made head of UK business development and now deputy head of corporate advisory services.

Capita has supported me wholeheartedly in getting the qualifications I need to move ahead in my career. I was sponsored to



Did you know...

In 2011, we invested over £13m in employee training through our Academy training programmes

complete my certificate in company secretarial practice as well as my investment administration qualification. I now plan to embark upon my securities institute diploma.

The term 'can-do attitude' tends to be overused in the business world, but where Capita is concerned, I think it's spot on.

Phil Roberts Deputy Head of Corporate Advisory Services, Capita Registrars



Realising potential

Enhancing skills and cultivating talent

We support all our employees in their career development and offer a number of different types of training:

- skills and personal development courses
- vocational learning programmes
- professional qualifications.

Our Capita Academy training programme delivers skills and personal development courses for our employees, and in 2011, we invested £13m, providing over 9,500 days of classroom training. In addition to this training we also provide online training, workplace training, coaching and group instruction.

Through our vocational learning programme we give employees who wish to gain, or expand their vocational qualifications the opportunity to get a number of apprenticeship qualifications including business administration and IT management. Over 3,000 Capita employees have achieved a qualification since the programme began in 2006, with 1,072 achieving a nationally recognised qualification in 2011.

Promoting diversity and inclusion

We work hard to create an inclusive culture and are committed to promoting diversity across our business and ensuring that individuals or groups are not discriminated against. Our principles apply across all areas including training, promotion, transfer and pay and benefits, performance appraisal and our recruitment process.

By recognising and embracing the differences between our employees we benefit from their unique talents, which allows us to be more creative and innovative in the way we work and deliver for our clients.

We recruit people based on their skills but we want to have a direct positive impact on our local communities. Where possible, we aim to employ local people, so that our workforce at each location reflects, as far as is reasonably possible, the diversity of the communities in which we work and serve.

Our Joint Chief Operating Officers are responsible for championing diversity and inclusion and we use a network of diversity champions to help communicate our diversity strategy across the business. We support our diversity champions through the delivery of external and internal training so that they can educate our employees as to what diversity means in their day-to-day roles. The champions work with our HR advisors to help develop local diversity action plans, and to continuously improve our approach. All our employees must also complete our online diversity awareness training every three years.

We track the diversity of our workforce using our online HR administration system, and encourage our employees to disclose their ethnic origin. During 2011, 52% (2010: 64%) of our employees stated their ethnic origin and of these, 5,561 employees (2010: 4,736 employees) were from ethnic minority groups.

The policy can be found at:

 capita.co.uk/sustainability

Giving our people the flexibility they need

We want to give everyone the opportunity to work for us and recognise that to do this we need to offer flexible working arrangements. We support part-time working, reduced hours and job sharing, where possible, as long as it does not adversely affect our ability to deliver an appropriate service.

By offering flexible working this allows our employees to balance their work and family commitments. In 2011, 15% of our employees worked part-time.

Supporting people through change

Due to the nature of our business, there are times where, in order to make efficiencies for our clients, we need to make changes to the organisational structure of a particular contract. This may lead to a reduction in headcount in this particular business area. However, as business across other parts of the Group grows, we are often able to find suitable opportunities in these areas for those employees who are affected, or offer retraining.

Where suitable opportunities are not available, we communicate with our employees in an open and honest way. We also have good relationships with trade unions, including UNISON, PCS and Unite and we ensure that we meet with them on a regular basis during any consultation process. Through consultation with our unions we believe that the best outcomes can be achieved for affected employees.

Did you know...

In 2011, 15% of our employees worked part-time



Health and safety

Our Group Safety, Health and Environment (SH&E) Director works with the health and safety team, site managers and facilities managers to identify potential risks to our people. They also conduct site audits twice a year to ensure that we are compliant with both legal and Capita policy requirements.

All our employees receive health and safety training as part of their induction. As a predominantly office based business, our main risks are slips, trips and falls. In 2012, we will be running a campaign to help increase awareness of these risks and how they can be avoided. Where there are job specific risks, such as for employees who are lone workers or working on a construction site, we provide additional training.

We monitor our health and safety performance across the business and ensure that we report any accidents or near misses. We take preventative action to ensure these incidents do not happen again in the future. In 2011, our RIDDOR accident rate was 1.16 per 1,000 employees (2010: 1.43) showing a 49% reduction in reportable accidents from the 2004 baseline.

Employee wellbeing

As well as ensuring our people's safety at work, caring for their wellbeing is also important to us. In our 2011 employee survey, 89% of our employees said that their managers were supportive and helped to minimise work-related stress.

We also provide employees with information on our intranet to help improve their own health, as well as offering them a range of healthcare and dental schemes. By investing in the health and wellbeing of our employees, this can lead to a reduction in employee ill-health and absenteeism and increase employee engagement and productivity.

In 2011, our absenteeism rate was 2.7% down from 3.3% in 2010.



Did you know...

We have reduced reportable accidents by 49% from the 2004 baseline



Employee resources

Employees: Our principal non-financial KPIs

	2011	2010
Maintain high retention rates for senior managers (annual salaries exceeding £50k p.a.)	95%	84%
Maintain overall employee retention rate at or above industry average (2011: 87.5%, 2010: 86.5%) ¹	89%	83%

Employees: Other performance indicators

	2011	2010
Health and safety (accident frequency rate per 1,000 employees RIDDOR)	1.16	1.43
Employee diversity		
Male/female split	53/47%	53/47%
Male/female split for management (salaries £50k – £89k p.a.)	78/22%	74/26%
Male/female split for senior management (salaries exceeding £90k p.a.)	85/15%	88/12%
Percentage/actual numbers of employees from ethnic minority groups	22.6% ² / 5,561	25%/ 4,736
Flexible working Percentage of employees working part-time out of total workforce	15%	14%
Employees by location		
Onshore	87.6%	87.4%
Offshore	10.1%	10.4%
Nearshore	2.3%	2.2%

¹ CIPD 2011 + 2010.

² Based on 52% of our employees disclosing their ethnic origin (2010: 64%).

3. Building successful supplier relationships



Board responsibility
Gordon Hurst
Group Finance Director

Policies
We have a Responsible Sourcing Policy which details our principles and the standards that we expect from our suppliers. In 2011, we reviewed our policy and will re-issue a revised policy in 2012.

For more information, please visit:
 capita.co.uk/sustainability

We recognise that good procurement practices have a direct influence on our business performance. We need to manage our supply chain effectively ensuring that the goods and services that we buy are provided by suppliers who meet the highest ethical standards and comply with our Responsible Sourcing Policy.

We encourage supplier diversity and provide all suppliers with the opportunity to work with us. In turn, we ensure that we treat our suppliers fairly, dealing with them openly and adhering to contract terms.

Why we do this...

- We use our purchasing power to secure best value goods and services for us and our clients
- Through effective supply chain management we can create even greater efficiencies across our operations and generate savings for the business
- By managing our supply chain responsibly we reduce risks across our operations, ensuring that we comply with the relevant legislation and maintain our reputation
- We invest in the local economy by using local suppliers
- We work with smaller suppliers, social entrepreneurs and the third sector and help them to develop their businesses so that they can compete more widely.

How we do this...

Managing our supply chain strategy

Our Responsible Sourcing Policy details our principles and the standards we expect from our suppliers. In 2011, we revised the policy and developed new responsible sourcing guidelines.

Our strategy is to:

- engage with our suppliers, communicating our principles, standards and sustainability goals
- work with our suppliers to help them meet our standards, monitor their compliance and identify new opportunities for working together for mutual benefit
- support and encourage our suppliers to improve their own performance to ensure together we can offer the most efficient service solutions to benefit our clients.

Our supplier relationships are managed by a central Group procurement team and by procurement specialists within our specific businesses. We also manage some of our clients' supplier relationships on their behalf. In 2011, we reorganised our central procurement team taking a category management approach which allows us to build strategic partnerships. We now categorise our suppliers based on the value of the contract and the services they provide. Where the supplier provides services across the Group they are classified as a strategic supplier and our central procurement team manage these relationships.

Understanding our supply chain

All our suppliers must register on our supplier assessment portal, allowing us to monitor our suppliers and ensure that we have a consistent approach to capturing information. We also use the portal for online tendering and give all registered organisations, regardless of size, the opportunity to work with us.

We ask suppliers to complete a detailed questionnaire, including questions covering anti-bribery and corruption, working conditions and the health and safety of their employees. This allows us to identify and manage any potential risks in our supply chain, including risks to our reputation and continuity of supply of goods and services. It is a robust process which ensures that we select suppliers who meet our standards.

We are currently working with a software provider to develop a system which will allow us to capture additional information about our suppliers carbon footprint, water and electricity consumption. This will allow us to monitor our suppliers' responsible sourcing performance much more effectively.

Where a supplier doesn't meet our standards we work with them to help them improve so that they are eligible to supply to us. The detailed policy can be found at:

 capita.co.uk/sustainability



Our suppliers are an important source of new ideas and support, therefore, building mutually beneficial relationships with them is invaluable.

Gordon Hurst
Group Finance Director



Smart procurement

This year we acquired a new business, Red Procurement and Business Systems, who provide procurement consultancy services to the public and private sectors. This acquisition enhances our expertise in this area, benefiting our own business as well as allowing us to further support existing and future clients to procure in a smarter way.



In 2011, our existing strategic suppliers, who provide services across the Group, were subject to a rigorous review. This involved completing a risk assessment which focused on the type of product or service they provide to us and the geographic areas in which they operate. Based on their score, a number of suppliers undertook a more detailed assessment to ensure that they could demonstrate they comply with our Responsible Sourcing Policy.

Where we have acquired a new business, our procurement team undertakes a risk assessment as part of the due diligence process to ensure that they meet Capita's standards before they migrate to become one of our own suppliers.

On some of our major contracts we work with a number of other partners to help deliver all the services within these contracts. When working with these partners we have processes in place to ensure that they understand our principles and meet our standards.

Engaging with our suppliers

Our central procurement team meets regularly with our strategic suppliers to ensure that the products and services they provide are compliant with our policies and guidelines. This also gives us the opportunity to share knowledge and expertise and look for further ways to improve how we work together. Where we are working with a supplier that only provides a service to a specific business, these relationships are managed by local procurement specialists within our businesses.

We aim to use a diverse range of suppliers and recognise that working with smaller local suppliers, social enterprises and third sector organisations makes good business sense. In 2012, our central procurement team will be organising a supplier engagement conference, to which all our strategic suppliers will be invited.

Improving our suppliers' performance

We want our suppliers to continually improve their performance. We engage with them throughout the relationship, looking at the social and environmental impacts of the services and products they supply to identify areas for improvement. By improving their credentials they can become more competitive when trying to secure new work with us and our clients.

Did you know...

In 2011, 32% of our supplier base were SMEs



Building successful supplier relationships

KPIs

Suppliers: Our principal non-financial KPIs

	2011	2010
Annually audit all strategic suppliers against Capita's standards of business	100%	100%

Suppliers: Other performance indicator

	2011	2010
Monitor the percentage of SMEs in our supplier base	32%	— ¹

¹ New indicator commenced 2011

Ensuring a level playing field

One of the main objectives of our procurement programme is to help our suppliers excel, particularly small to medium sized enterprises (SMEs).

We acknowledge that smaller suppliers may face additional challenges due to lack of time and resource, and where this is the case we aim to help them as much as possible by ensuring a level playing field.

In 2011, 32% of our supplier base was comprised of SMEs, one of which is AOMi, a small firm based in Reading with 40 UK employees and a further 15 associate consultants. AOMi have been employed by our life & pensions business to implement a single approach to Operational Performance Management (OPM), using their standard methodology and the supporting software package, Workware™.

They have worked on a number of our life & pensions accounts including Zurich and AXA, and we are working closely with them to develop further opportunities.

Responding to SMEs

The partnership has been a real success for both sides. Working with Capita, the leading UK BPO provider, has helped us to develop our offering in the outsourced financial services market and is without doubt helping to build our reputation in the market. Capita has benefited by using the AOMi experts to coach key Capita managers to better utilise their team's time and improve performance.

John Jones Director, AOMi



4. Running a resource-efficient business



Board responsibility
Gordon Hurst
Group Finance Director

Policies

We have an environmental policy and management system in place. Our policy covers the energy management of our buildings, water management, waste minimisation and also the purchasing of consumables. We also have a business travel policy which supports our objective to reduce business travel across the Group.

Although our environmental management system is not externally accredited it is based on ISO 14001. Where it is appropriate for an individual business, they may have obtained external accreditation.

Our Safety, Health and Environment Director has responsibility at a Group level for ensuring the effective implementation of the system and we ensure that all our individual employees understand that they have a responsibility to help minimise our impact on the environment.

For more information, please visit:
 www.capita.co.uk/sustainability

Good environmental management benefits our business. It's important to our stakeholders, including our existing and potential employees and our clients, many of whom require good environmental credentials. By running a resource-efficient business, through reducing our energy use and improving our waste management, we make financial savings that benefit us and our clients.

Why we do this...

- Good environmental credentials enable us to meet our clients' expectations and ensure that we comply with relevant statutory and regulatory requirements
- We share our expertise with our clients and help them manage their environmental impacts
- By having business continuity plans in place we are prepared for managing any environmental risks, ensuring that we are in a position to keep the business going and maintain service delivery for our clients
- Good environmental management improves our reputation with our stakeholders.

How we do this...

Managing our environmental impacts

Capita is a mainly office-based organisation and so our environmental impacts are not extensive. We nonetheless recognise the value of taking a proactive approach to environmental management, not only to ensure that we comply with relevant statutory and regulatory requirements but also to ensure business continuity.

We focus on our main Group-wide environmental impacts: minimising energy use at our sites, reducing business travel, managing our resource use and waste management. We set objectives to manage our environmental impacts, monitoring and measuring our progress to assess the effectiveness of our environmental initiatives.

One challenge we face when we are trying to collect data around our energy use and waste management is that we often share our sites with other tenants. Where this is the case we work collaboratively with our landlords and our facilities management provider to help monitor and improve our performance.

We assess all our risks, including environmental risks, such as extreme weather conditions which may prevent our employees from travelling to and from work. We ensure that we have comprehensive plans in place to enable the recovery of the business without affecting service levels for our clients.

Tackling climate change

Climate change is a growing issue for business and although our carbon emissions are relatively low we aim to make further reductions. In January 2012, Capita was awarded the Carbon Saver Gold Standard for achieving an absolute reduction in carbon emissions over a three year period up to April 2011.

We have concentrated on addressing our carbon footprint both by reducing our business travel and through our energy reduction programme. Since the programme began in 2006 we have made savings which equate to more than £1m.

Where a site is subject to the UK Government's Carbon Reduction Commitment Energy Efficiency Regulations (CRC), we ensure that it has smart meters installed to help manage and meet our CRC obligations.

We have also achieved energy savings in our data centres through server consolidation, as well as looking at the efficiency of IT equipment.

Our overall aim is to reduce our total business travel across the Group. We have continued to focus our efforts here through the promotion of video and teleconferencing. In 2011, we increased the number of conference calls made by 126% and increased the number of video conference suites. These suites are now available at 17 of our sites. The use of this technology provides cost savings for the business by saving time and reducing the necessity for travel between sites, yet still allows our employees to work collaboratively.

We encourage all our employees to use alternatives to car travel, by promoting the use of public transport, providing shuttle buses at our larger sites and by encouraging participation in our Cycle to Work scheme.

We are delighted that Capita has achieved the Carbon Saver Gold Standard. We were particularly impressed with the dedication and enthusiasm shown by their employees.

Glenn Wilkinson
Managing Director, Carbon Saver Ltd

Did you know...

25,740
pieces of IT equipment
recycled in 2011



Lowering emissions, come rain or shine

“I've been heavily engaged with Capita in my role as Environmental Advisor and have found them to be a proactive and highly imaginative partner. The business travel CO₂/GHG and cost reductions that we've achieved could not have been made without the continued guidance and management support of Capita.

Neal Pearce Environmental Advisor, Met Office

Delivering
solutions

As businesses are increasingly interested in managing their business travel, to achieve both cost saving benefits and reduce their impact on the environment, this has created new business opportunities for our travel business, Capita Business Travel.

Our online booking tool is used to manage business travel for our clients in a tailored manner. The tool can collect specific information and allows clients to assess the environmental impacts of different modes of travel for specific journeys. They can therefore make informed choices about how to undertake their business travel with the least environmental impact.

In 2011, the Met Office appointed Capita to manage the travel requirements of their more than 1,800 employees. Our remit was to introduce a responsible travel management programme, reduce booking and travel costs and provide the ability to report on CO₂/GHG emissions.

We introduced Ooto, our unique online booking system, which combines solutions for air, rail and hotel bookings into one simple, intuitive tool. All Met Office employees are required to book their travel via Ooto, ensuring that the Met Office receive the full cost saving benefits of the system and allowing us to report accurately on their CO₂/GHG emissions.

We designed a bespoke CO₂/GHG report to support the Met Office's goal of a percentage reduction in travel CO₂ year-on-year. The report shows both current and predicted CO₂ use for the financial year, allowing each department within the organisation to monitor their CO₂ use and plan travel to meet their business goals.

We held a number of forums and provided collateral, which is hosted on both our travel portal and the Met Office intranet, to encourage staff to move from air and car travel to rail travel. We've also provided examples of the CO₂/GHG and cost savings that can be made by travelling to Europe by rail. These examples are based on true end-to-end journey times and include airport transfers and checking in times. In 2012, we are looking to include as many hotels with a Green Tourism Award as possible on the Met Office's preferred hotel programme.

Our carbon footprint

We report our performance transparently, and have completed the Carbon Disclosure Project (CDP) for the last five years. In 2011, our total carbon footprint was 91,318 tonnes CO₂e, an increase of 13% in line with the growth of the Group.

Our carbon footprint for our India operations remained relatively stable, however, the large number of acquisitions made in 2011 meant that our UK office footprint increased by nearly 20%. Many of these new offices were not as carbon efficient as our existing offices. We will be working closely with facilities managers at these sites to reduce emissions over the next year.



Carbon footprint

	2011	2010	2009	2008	2007
Absolute carbon emissions	91,318	81,112	79,212	73,057	58,523
Group revenue £m	2,930	2,744	2,687	2,441	2,073
Carbon intensity for whole Group*	24.0	20.4	20.7	21.1	22.3
Year-on-year change (%)	17.6	-1.4	-1.90	-5.4	
Cumulative vs. 2007 (%)	7.6	-8.5	-7.2	-5.4	
Carbon intensity for UK only*	20.7	16.9	17.7	19.3	21.3
Year-on-year change(%)	22.5	-4.5	-8.3	-9.4	
Cumulative vs 2007(%)	-2.8	-20.7	-16.9	-9.4	
Carbon intensity for India**	185.2	177.9	206.9	273.8	189.9
Year-on-year change(%)	4.1	-14.0	-24.4	44.2	
Cumulative vs 2007 (%)	-2.5	-6.3	8.9	44.2	

* Scope 1 & 2 (tonnes CO₂/£m) Offices only.

** Scope 2 (tonnes CO₂/£m) Offices only.

Resource use

Although we do not have a formal Group-wide waste management system, we work hard to reduce our waste and increase recycling across the Group. In 2012, we will work with our new Group facilities management provider, MITIE, to develop improved waste management options. We will monitor the amount of waste at our top 20 sites and aim to achieve our target of recycling 80% of all waste at these sites by 2014.

As a highly IT literate company, electronic document management is used extensively across the Group and when we are implementing new systems for our clients we focus on removing redundant processes, and replacing paper based services with online services, wherever possible. Additionally, we work with our suppliers to encourage them to provide us with more environmentally responsible products. We also look at the logistics of how they deliver goods to our offices to help reduce their carbon emissions.

Maximising resources

Energy security and resource availability are becoming increasingly important issues for the UK. In 2011, our customer management business investigated a relatively new initiative from National Grid which could help to address this issue. We began working with a specialist provider on a proposal for one of our offices to take part in National Grid's 'Short Term Operating Reserve' (STOR) scheme.

Occasionally, typically at peak times during winter months, National Grid needs reserve power in the form of either additional generation or demand reduction at very short notice to be able to deal with situations where the demand is greater than expected.

By allowing National Grid to utilise power from our backup generators and pay for this service this results in cost savings for our business. We have a number of backup power generators across the Group and if the trial is successful we will look to expand the programme utilising other generators.



Sharing our generators results in savings for our business

We try to increase the amount of recycling across the Group by engaging with our employees and encouraging behavioural change. We have a number of Group-wide recycling schemes for paper, consumables such as printer cartridges, mobile phones and redundant IT equipment. In 2011, we recycled 2,263 tonnes of paper and 25,740 pieces of IT equipment. In addition to this, through our contract with Birmingham City Council, we have set up a scheme to donate recycled PCs and laptops to charitable organisations across Birmingham so that they can be reused. Since the scheme began two years ago, we have donated 260 computers to 91 different organisations, helping them to improve their capacity and ensuring that we dispose of our equipment responsibly.

Employee involvement in environmental initiatives

We encourage our employees to not only reduce their environmental impact at work, but also at home, to maximise our joint efforts to address environmental issues.

In 2011, we held our annual awareness campaign 'Going Green', which engages and informs our employees about the ways they can get involved and help make a positive impact. This included the promotion of an energy comparison website designed by Capita Symonds, allowing users to compare the CO₂ savings their chosen energy supplier could provide as well as getting a good deal.



Did you know...

In 2011, our total carbon footprint was 91,318 tonnes CO₂eq



Controlling our environmental impacts

Environment: Our principal non-financial KPIs

	2011	2010
Total carbon footprint for Capita (tonnesCO ₂ eq) ¹	91,318	81,112

Environment: Other performance indicators

	2011	2010
Energy savings made at our 20 largest sites since 2006	41%	39%
Conference calls made	404,813	179,000
Undertake environmental site audits twice a year at all our sites	100% audits completed	100% audits completed
Engaging employees	Our annual 'Going Green' campaign specifically promoted ways to reduce business travel	Promoted environmental initiatives across the Group through 'Going Green' campaign

¹ Based on the latest available greenhouse gas emissions from Defra.

A co-ordinated response

In March 2011, a Capita-led design team working on behalf of the Environment Agency delivered Exercise Watermark, the UK's biggest ever emergency response exercise.

Designed to test the country's responses to catastrophic flooding from overflowing rivers, collapsing reservoirs and tidal surges, the exercise brought together 10 government departments, 34 local resilience forums, emergency responders, water companies, hospitals and schools in a range of flood scenarios over four days. It also included the highest level of government involvement through the Cabinet Office Briefing Room and regional and local emergency command centres across England and Wales.

The core scenario, which was controlled and managed by around 70 staff at the exercise control centre in Fareham, Hampshire, began with a fictional emergency that was to unfold throughout the week and featured flooding from a variety of sources. In the scenario, areas across England and Wales were affected as worsening weather resulted in flooding on an unprecedented scale.

The mock emergency resulted in staged reports of more than 5,000 fatalities, casualties and missing persons, evacuation of up to 450,000 people from their homes and businesses and flooding of up to 300,000 properties.

50 different stakeholders (including the Environment Agency, local authorities, and emergency services) and 11,000 individuals participated in the exercise which was brought to life using more than 15,000 separate pieces of information (known as 'injects') including news reports, emails and text messages. Although most were pre-designed, many were 'hot injects', written instantaneously in response to the developing situation.

Businesses across England and Wales used Exercise Watermark as an opportunity to test their business continuity arrangements. Five water companies and nearly all electricity providers used the exercise to consider the resilience of their sites and review their existing flood plans to ensure that critical infrastructure is prepared for future flooding.



Watermark was an exciting and ambitious project which set a new standard for national exercising. We selected the Capita Symonds-led team on the basis that they offered a breadth of experience in designing and delivering successful exercises on local, regional, national and international scales.

Hazel Smith Programme Manager,
Environment Agency



Responsive solutions



5. Investing in our communities to create better tomorrows

Board responsibility


Paul Pindar
Chief Executive

Maggi Bell
Business Development Director

Policies

We have a charity and community investment programme which is managed both at a Group level and also by our individual businesses, including our overseas operations.

For more information, please visit:

 capita.co.uk/sustainability

Our aim is to make a positive impact through the services we provide and to help improve the social and economic development of these communities.

At a Group level we support programmes that tackle national issues and we actively support initiatives in the local communities where our employees live and work.

We recognise that the needs of each community are different and so we build relationships at a local level to ensure we address their specific needs and make as valuable a difference as possible.

Why we do this...

- By investing in our local communities and going beyond our contractual obligations, we develop long term relationships and ensure that they benefit both socially and economically
- We contribute to the wider economy and support the regeneration of our communities, by creating jobs, paying salaries, working with local suppliers and through the profits paid to shareholders
- We share our skills and expertise to support local projects through our employee volunteering scheme. This in turn benefits our business by developing our employees' skills outside of the workplace. It can also lead to improving their morale and commitment which can increase our employee retention rate
- We work collaboratively with our clients, suppliers and local businesses, to help maximise the positive impact that we have on local communities. By building these relationships it can help inform how we deliver our services for our clients and their customers
- Through our community investment programme we can help tackle national issues, such as youth unemployment and provide support to social enterprises.

How we do this...

Supporting the young unemployed

Capita are committed to supporting and developing young people through apprenticeship places and by providing work placements within our business with a view to offering them permanent roles. In November 2011 we employed Toni Hunter on a six week placement with our central HR team. She proved to be a great success, so much so that we decided to offer her a full time office administrator position.

I was thrilled to be offered a placement so soon after finishing college. The people I work with are really interesting and I feel like I'm learning new things every day. Hopefully it will lead on to bigger and better things.

Toni Hunter
Office Administrator



Creating opportunities



We work with the local colleges to help recruit apprentices, one of whom was Matt Dunn who is currently completing an apprenticeship at our contact centre in Southampton. Matt wanted to start working whilst continuing with his studies.

I've really enjoyed working in an office, it's been great learning on the job and knowing that I'm going to achieve a qualification which will help me in the future.

Matt Dunn
Contact centre apprentice

Supporting regeneration

Our clients and their customers benefit as a result of us improving the services that we deliver on their behalf. However we also want to add real value to our local communities beyond these services to make a further relevant and sustainable contribution. Where we are delivering services at reduced costs on behalf of the public sector, the savings that we make can be reinvested by our clients back into frontline services for the public.

Through our strategic BPO contracts, we can help to regenerate and support local economic growth by providing jobs, using local suppliers, supporting social enterprises and funding apprenticeship places. Where a contract has expanded and we are delivering new or additional services for our clients this can lead to job creation. For example, in 2011, we created jobs in two areas of low employment: 336 new jobs in Northern Ireland, helping to support the Jobs Fund target of creating 4,000 new jobs in Northern Ireland by 2014 and a further creation of 140 new jobs in Forres, Scotland, as part of the expansion of our contact centre operations.

Community investment programme

Our community investment programme centres on tackling social exclusion of all kinds, whether this is from a lack of educational opportunities, through social circumstance or ill-health. In 2011, we established the Capita Community Development Foundation to build on our existing initiatives and deliver innovative, scalable community programmes for both our clients and the Group.

We engage and encourage all our employees to get involved in our programme, either through volunteering or by supporting our charity activities.

Our employee volunteering scheme gives our employees the opportunity to support local projects, by donating their time, skills and expertise. They can take part in one-off projects or invest in longer term initiatives. In 2011, we introduced an official employee volunteering policy, giving each employee one paid day off a year to volunteer.

We measure the impact of our community investment using the London Benchmarking Group methodology, and in 2011, we estimate that our total investment was £2m based on data capture from 55% of the Group.



Applicants were able to apply for an initial grant of up to £2,000 with successful applicants then becoming eligible for a further grant of up to £8,000. My role as a business advisor was to visit business owners and complete a detailed questionnaire with them which would guide the Trustees when making their decision.

My first assignment was to meet with the owner of a fashion retailer at his premises in Blackheath who had every window broken and much of his stock stolen. He'd already received £2,000 from the fund so I was helping him to apply for a further £8,000. We went through the questionnaire together which was then returned immediately for processing.

Meeting the owner gave me a real insight into the issues faced by businesses affected by the riots and it felt great to use some of the skills I've developed in my professional life at Capita to help someone in genuine need.

Madeline Cordes Shareholder Services



Supporting communities

Using our skills to help the high street

The English high street bore the brunt of the riots and civil disturbances that marked August 2011.

Following these events, a number of the UK's leading companies, including Capita, joined forces to support the High Street Fund, a new charity designed to help small businesses recover from the riots by offering immediate cash funding.

As well as contributing to the total funding commitment of over £3m, we set up and staffed a freephone helpline to assist businesses applying for grants. We also gave our employees the opportunity to volunteer to assist with the administration of the fund, specifically interviewing applicants to ensure claims were accurately completed and fully documented before passing to the Trustees for award consideration.

The facts



£3m

The High Street Fund companies committed £3m to support affected businesses.

The Arbour Project

Moving
online

Enabling digital inclusion

Click is a Capita initiative aimed at encouraging our employees, our clients and our suppliers to support Go ON, a UK wide drive to help people to get online.

There are around 8.7 million people in the UK who have never used the internet, half of whom are already the most disadvantaged in society. Among them, 39% are over 65, 38% are unemployed and 19% are families with children. It has been estimated that if they were online, they would save on average £560 a year on shopping and other household bills, as well as being able to find work faster and improve educational attainment.

Our aim is to help as many people as we can to get online. We are asking our employees to support the Click campaign by becoming digital champions and pledging to give one hour of their time to help someone get online. We are also encouraging them to volunteer on community digital inclusion initiatives. So far over 1,400 employees have signed up as digital champions, each committing to help at least one person to get online.

One such initiative was to work with The Arbour Project, a scheme to help migrant women in Tower Hamlets learn how to use the internet.

We recently ran a computer skills workshop in the Borough where attendees learnt how to set up an email account, send emails and apply for jobs online. The workshop was designed to ensure that some of the women could then teach other members of the community to ensure that the benefits of the workshop reached far beyond it.

Alongside projects for our employees, we are continually looking at ways to involve our clients with Click. We are currently running a scheme at Gas Safe Register where operators taking calls inform the caller that Gas Safe services can be accessed online. If the caller doesn't know how to get online, the operator directs them to UK Online Centres where they can take a free introductory course. In 2012, we will look at introducing this information initiative into some of our local government partnerships.

More details about our campaign can be found at:

 www.itsbetteronline.co.uk



Working in partnership to maximise benefits

We often work collaboratively with our clients, local businesses and third sector organisations on our community programmes, building relationships and ensuring that we maximise our impact. A key element of our partnership with Lambeth Council, for example, is to improve opportunities for Lambeth residents. We will focus on particular issues such as worklessness within the Borough, creating apprenticeships for local people as well as providing support for local social enterprises.

Entrepreneurship

In today's economic climate social enterprises play a vital role in stimulating growth and creating new jobs. However, we recognise they often face challenges in trying to achieve financial sustainability and scale due to lack of resources and the right skills, which is where we can help. We provide support to social entrepreneurs, helping to develop business leaders through mentoring and providing tailored business support to enable them to grow and make a larger positive impact in their local communities.

We have also worked with partners, for example, Salford Business Education Partnership, working on a project to coach young entrepreneurs, encouraging them to use their creativity and innovative skills to set up their own business.

Improving access to opportunity

We believe that everyone should be given the opportunity to fulfil their potential and have signed up to the UK Government's Social Mobility Business Compact. In 2011, we have focused particularly on trying to address the issue of youth unemployment and ensuring that barriers to employment are broken down. We support young people to get their first experience of work so that they are better positioned to get jobs and work with organisations such as the Social Mobility Foundation.

We also participate in programmes for getting the long term unemployed back into work. For example, we have been working in partnership with Job Centre Plus to recruit candidates for our Total Document Solutions business. Since this partnership began we have recruited in excess of 100 positions through this route.

Education and skills programme

We have formed a number of partnerships with local schools, supporting various education programmes. Through these programmes we have worked with pupils to help them improve their literacy and numeracy skills, mentored young people to raise their aspirations and held career skills workshops.

Apprenticeship programme

We have an established apprenticeship programme and as well as giving our own employees the opportunity to gain vocational qualifications we also take on apprentices from the local communities where we work. For example, in Birmingham, we have an ICT apprenticeship scheme, recruiting five 16–18 year olds each year. The apprenticeship provides them with an introduction to working in a leading ICT company, giving them training in the full range of skills for a subsequent career working as an ICT professional.

Through our apprenticeship programme we help our apprentices to increase their knowledge and skills, whilst at the same time getting hands on experience and giving them the confidence to better prepare them for the future.

Apprenticeships provide an excellent way for young people to develop their skills and achieve their potential. They are also hugely beneficial to our business as they ensure we have a highly motivated, committed workforce with the right skills to do their jobs.

Giles Ruddle Managing Director
Learning & Development

Charity support

Alongside our community investment programme we have an active charity programme. In 2011, our employees chose the Alzheimer's Society to be our corporate charity partner. We set ourselves a challenging target to raise £1 million by the end of our partnership in 2012 and we had raised £475k by the end of 2011. The money that we raise is used to both help support people with dementia today, by funding the work of dementia support workers, and also to fund research into dementia.

We work with the charity to increase awareness and learning about dementia across our employees through internal campaigns. A number of employees are also involved in specific projects including 'Living well with dementia', a joint project between the Department of Health and the Design Council which looks at supporting new and innovative ideas to help improve the lives of people living with or caring for dementia sufferers.

In addition to raising money for our corporate charity partner we provide support to our employees who fundraise for numerous local causes through our matched funding scheme, donating a further £25,000 in 2011 to recognise our employees efforts.

We have a central payroll giving scheme which is an efficient way for our employees to donate to their chosen charities. In 2011, over 1,800 employees donated £252,000 to charities through this scheme.

Did you know...

We have raised £475k for the Alzheimer's Society in the first year of our partnership



Investing in our communities

Communities: Our principal non-financial KPIs

	2011	2010
Total community investment (using London Benchmarking Group methodology)	£2m	£1.65m

Communities: Other performance indicators

	2011	2010
Total corporate donations including support for our charity partner and matched funding scheme, other community initiatives and disaster appeals	£0.5m	£0.7m
Employee fundraising for our corporate charity partner	£475k	£600k

Energetically supporting good causes



To support the involvement of as many employees as possible we have a central charity team who organise a number of Group-wide events including our annual Charity Week. They are supported by a network of charity champions across the business who help to promote initiatives and organise events in their individual offices. They get involved in all kinds of activities including a piggy bank design competition, cake bakes, dress-down days, organising quizzes, running marathons, sports competitions and our own multi-event Capita challenge.

Skydiving for charity

A team of four employees from Capita Local Government Services took part in a 12,000 feet skydive and raised over £1,780 for the Alzheimer's Society.



Make it Big

In 2011, we held the 'Make it Big' Challenge as part of Charity Week.

We asked employees to donate £5 and then come up with ingenious and innovative fundraising ideas to 'grow' their money. The winning team raised over £2,000 through a whole variety of ways and we raised a grand total of £40,000 for the Alzheimer's Society during Charity Week.



This was a great success and a brilliant way to get our colleagues involved.

Ambreen Shah
Winning team member



Children in Need

As well as raising money for charity we also use our resources to support charity events. In November, we supported Children in Need by using our contact centres to take calls from members of the public who were pledging donations.

November

A group of employees from Capita Resourcing took part in the annual moustache growing charity event, November. They raised over £500 as well as helping raise awareness of men's health issues, such as prostate cancer.

Reaching the peaks

In July 2011, a team of 11 employees from Capita Business Travel completed the Lake District Four Peaks Challenge, in aid of the Alzheimer's Society. The trek was particularly challenging, taking in four peaks all over 3,000 ft. The climbers set themselves a target of raising £10,000 for the charity and by the time they set off they'd already raised over £20,000.

£252,000

donated to charity
by our employees
through payroll giving



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