

Being a force
for good



Touching the lives of millions of people every day, we aspire to use our position in society to be a force for good



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Welcome



Jon Lewis,
Chief Executive Officer

A message from Jon Lewis, Chief Executive Officer*

*This report was written before the coronavirus (COVID-19) pandemic in 2020.

Every day, Capita touches the lives of millions of people through the vital services we provide. But we believe our support for the communities in which we operate and the people with whom we interact should go further.

Now part of every commercial decision we make is the desire for Capita to be a business that operates in the right way and for the right reasons. We are sincere in our commitment to using our platform in society to drive meaningful, positive change.

For this reason, we are excited by the opportunity we now have to channel the

creativity and expertise of our 61,000 people to address some of the biggest problems society faces, from the issues that prevent social mobility and cause youth unemployment, to digital exclusion, gender inequality and climate change.

In 2019, we launched our first formal responsible business strategy, aligned to the UN Sustainable Development Goals.

We recognise we are only at the start of our responsible business journey, but over the course of the year much was achieved. Highlights included: helping more than 23,000 young people acquire crucial professional skills, reducing our carbon footprint by 5.9% compared to 2018, becoming the only FTSE-listed company to have appointed two employees to its board of directors, publishing our first Supplier Charter and

committing to pay all UK employees the Real Living Wage as a minimum. Additionally, in 2019, our colleagues volunteered over 16,000 hours to support important causes.

We are sincerely committed to ethical, responsible business. Over the coming years, we will seek continuously to drive value for society through ever-more responsible business practices.

Thank you to everyone who has worked so hard to help make Capita a force for good in society.

Please enjoy this report.

A handwritten signature in blue ink, appearing to read 'Jon', positioned below the text 'Please enjoy this report.'

“It’s essential we keep a firm focus on our purpose. By embedding responsible thinking in every task, every product, every service and every interaction we have, we will create better outcomes for all our stakeholders.”

Claire Chapman,
Chief General Counsel and Chair of
Responsible Business Committee

“Being a purpose-led responsible business runs through everything we do.”

Katja Hall,
Corporate Affairs Director

Becoming a purpose-led business

We believe businesses, rather than being a cause of many of the problems faced by societies all over the world, should be part of the solution, putting the benefit to society and people at the heart of their success. That is a process in which we are enthusiastic to play a part.

Our purpose, which we have defined as being to create better outcomes, is a distillation of the many ways in which we feel Capita can unlock and drive value for our employees, our clients, our suppliers, our investors and society.

In order to become a purpose-led business, we have worked with the charity A Blueprint for Better Business to understand the five principles of what it means to be purpose-led:

- Being a responsible and responsive employer means treating everyone with dignity and providing an environment that fosters innovation, leadership and personal accountability.
- Being honest and fair with clients and suppliers, seeking to build lasting relationships and openly sharing information about the way we work to help partners make better informed choices.

- Being a good corporate citizen, paying our taxes appropriately and being part of the solution to address global challenges.
- Being a guardian for future generations, seeking to reduce our impact on the environment and supporting our clients do the same.
- Having a purpose that serves society, respects people and delivers long-term sustainable performance.

We've made significant progress in becoming a purpose-led business. In 2018, we asked our stakeholders to tell us about the global challenges that were important to them and that they thought we should be addressing. Based on the feedback, we developed our responsible business strategy. It defines the environmental, social, ethical and governance issues of importance to our business and society, and the actions we are taking to address them.

We will continue to work with A Blueprint for Better Business to further integrate our purpose into everything we do.

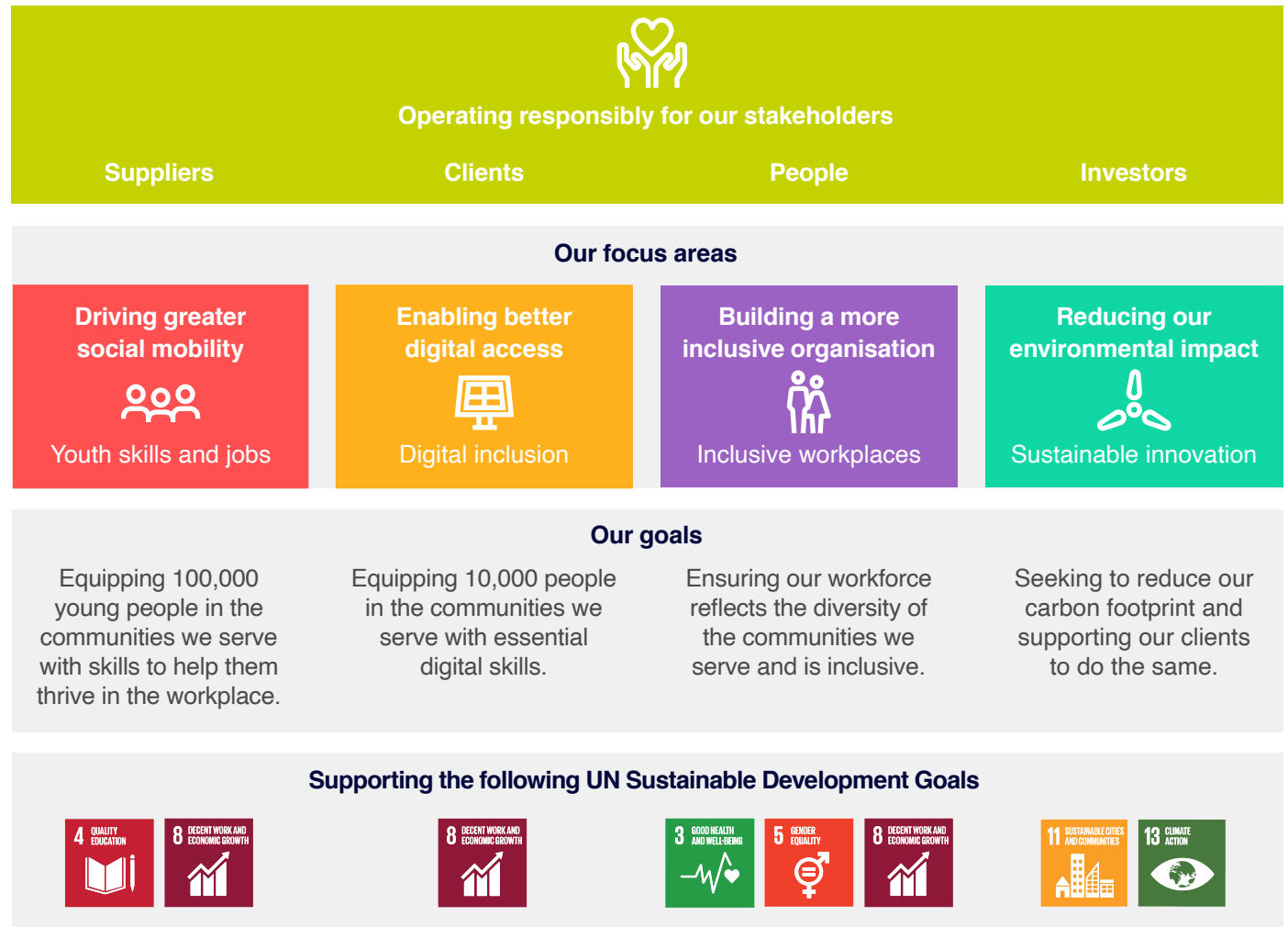


Our responsible business strategy

Our responsible business strategy is closely aligned to the 17 United Nations Sustainable Development Goals to address poverty, inequality, health and climate change by 2030.

The issues our responsible business strategy addresses relate specifically to six UN Sustainable Development Goals. They are: Goal 3 on wellbeing, Goal 4 on education, Goal 5 on gender equality, Goal 8 on decent work and economic growth, Goal 11 on sustainable communities and Goal 13 on climate action.

We're responding to the relevant global challenges our business and society face through an overarching theme and four focus-themes



2019 highlights

Operating responsibility



97%

of suppliers paid within 60 days

Driving greater social mobility



23,890

young people supported to acquire employability-enhancing skills

Enabling better digital access



£2.8m

invested in our local communities

Building a more inclusive organisation



+40

improvement in our ranking in the Hampton-Alexander Review of gender diversity in senior management

Reducing our environmental impact



5.9%

reduction in our carbon footprint from 2018¹



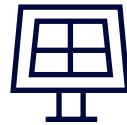
2

employee directors appointed to our Board



16,651

hours volunteered in our local communities



290

people supported to acquire digital skills



8,152

employees engaged through our World Mental Health Day activities



18%

reduction in emissions from business travel from 2018



72%

people survey engagement

1.Reduction in carbon footprint based on emissions per headcount from 2018 baseline

Operating responsibly

Capita is proud to put responsibility at the heart of everything we do – integrating environmental, social and ethical considerations into our strategies and decision-making processes. To achieve this, we are prioritising responsibility:

- Operating responsibly throughout our business – being open and transparent, complying with the law and paying our taxes appropriately;
- Operating responsibly for our people – investing and listening and therefore enabling them to thrive and develop;
- Operating responsibly for our clients and suppliers – seeking to build lasting relationships, treating them fairly and paying them on time.



Our goal

We will seek to integrate environmental, social, ethical and governance considerations across our business operations.

Our metrics

- People survey engagement
- Movement in customer net promoter score
- Proportion of suppliers paid within payment terms

Operating responsibly throughout our business

Employees on Board

In 2019, two employees – Lyndsay Browne and Joseph Murphy – were appointed to our Board of Directors. No other FTSE-listed business has two employees from its wider workforce



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We appointed two employees, Lyndsay Browne and Joseph Murphy to our Board of Directors in 2019.

on its Board. All employees who had been with Capita for two years or more were given the opportunity to apply to join the Board, and more than 400 did.

The appointments followed a rigorous selection process that included an online questionnaire, independent assessment by a third party and a series of interviews.

By including employees on the Capita board, we have taken an important step toward making sure the people who approve our corporate strategy and whose duty it is to apply the highest standards of oversight bring to the table as broad a range as possible of perspectives and experiences.

With effect from 1 March 2020, Joseph became a member of the Audit and Risk Committee, and Lyndsay became a member of the Remuneration Committee.

Applying our code of conduct

In August 2019, we launched our **code of conduct**. The code applies to everyone who works at or with Capita. It summarises the key elements of our policies, and the standards and procedures which support them.

The code is now integral to our new starter induction process and in 2020 we will continue to raise awareness of it across the business through mandatory training modules.

Alongside the code, we also launched a refreshed **Speak Up policy**. This policy is there for any person working at or with

Capita if they face a situation that appears to contravene the code of conduct. It explains how these types of concerns can be raised – a process also known as ‘whistleblowing’ – and the channels available to do so confidentially and without fear of repercussion.

Strengthening security

Our information and cyber security policy offers guidance on keeping information safe. We continually review the policy to align with industry best practice.

Our Cyber Resilience programme, which commenced in May 2018, is a three-year programme to maintain a resilient and responsible business in the cyber age. In 2019, we increased capability within our central security operations team, published a new cyber security framework and rolled out training to all senior managers. We are in the process of finalising the certifications for all our government clients, to align with the UK Government’s Cyber Essentials Scheme.

Paying our taxes responsibly

We’re committed to paying our fair share of taxes. In 2019, Capita’s total tax contribution from UK operations was £819m.

Our commitment of achieving the Fair Tax Mark accreditation in 2020 will provide independent verification of our responsible approach to tax management.



In February 2020, we achieved the Fair Tax Mark accreditation which provides independent verification of our responsible approach to tax management.

Targeting bribery and corruption

We do not tolerate bribery and corruption. **Our anti-bribery and corruption policy** applies to all Capita businesses and employees. The Risk & Compliance team monitors compliance, ensuring all parts of the business are aware of their responsibilities in terms of charity donations, sponsorships, facilitation of payments, gifts and hospitality. All employees must complete financial crime training annually.

Upholding human rights

We aspire to conduct business in a way that values and respects the human rights of all our stakeholders. **Our human rights policy** details our commitments to upholding the principles of human rights, as set out in the UN Declaration of Human Rights and the International Labour Organisation core labour principles. We comply with all relevant legislation, including the **UK Modern Slavery Act**, which is detailed further online.

Operating responsibly for our people

Following the launch of our purpose in January 2019, we relaunched our values, 'VOICE' (open, ingenious, collaborative and effective) underpinned by a comprehensive set of observable behaviours. These behaviours formed the basis of our new capability and performance frameworks. This means that all Capita employees are now assessed on both what they deliver and how they deliver in line with our values and behaviours. We want everyone to understand how their role helps create better outcomes for all our stakeholders.

We also introduced a set of eight managers' commitments which set out the additional behaviours we expect from all leaders and managers within Capita. In September, employees had the opportunity to rate their line manager against their performance in each of these behaviours. This feedback fed into annual performance reviews and coaching conversations, and will be used to better prioritise the resources and training opportunities we provide through Capita Academy's management faculty.

Our refreshed company values also provided a critical way to measure success in our Local Heroes recognition scheme – celebrating colleagues who go above and beyond to live the values and delight our customers. In 2019, more than 1,250 colleagues were nominated for a Local Heroes award, with around 400 individual and team winners across the organisation.

Listening to our people

In 2019, 72 percent of colleagues completed our annual People Survey. Our employee net promoter score (eNPS) rose 14 points, indicating much improved employee engagement.

The 'Ask Jon' portal continued to prove a popular mechanism for colleagues to engage with our CEO, providing them with a chance to ask questions and share suggestions about how we can further simplify and strengthen our business.

72%

People survey engagement (2018: 66%)

Creating a safe working environment

We have a robust health and safety management system which incorporates processes and procedures to manage identified risks effectively and to ensure compliance is achieved across the business. Compliance levels are monitored through audit, and performance is reported to our Executive Committee monthly. Data is analysed for trends to ensure continuous improvement, to positively influence behaviours and to achieve the required outcome of a legally compliant organisation.

Operating responsibly for our clients

We actively seek the views of our clients through a net promoter score (NPS) survey. In 2019, we received feedback from more than 800 individuals across 500 clients. In the survey, we ask not only for commentary on our current performance, but we also ask our clients to advise on the areas where they would like us to focus in future. We feed this information back to each business unit within Capita, who take the time to understand the root causes of the issues raised.

In September, we published our operating responsibly guidelines for third-party transactions. The guidelines set out the criteria for determining how and where we operate, and which customers, clients and suppliers we will work with, including considerations regarding political instability, human rights, environmental damage and reputational risk.

+22pts

Positive points swing in customer net promoter score² (2018: +24pts)

Supporting vulnerable customers

We are mindful of our responsibility to respect and support customers in vulnerable circumstances. We work to drive improvements in our services and ensure all our front-line employees are well equipped to spot signs of vulnerability and

therefore able to offer support and tailor our service to meet individual requirements.

In 2019, in our Customer Management division, we established a Mental Health and Vulnerable Customer working group which focused on equipping all customer-facing colleagues with vulnerable-customer training and ongoing support. More than 200 colleagues have completed the training, with sessions planned for 1,500 more colleagues in 2020. Thirty leaders have received mental health leadership training from the UK national charity for mental health, MIND.

Protecting privacy

Our clients and our colleagues expect us to keep their information safe and secure. We must – and do – take this responsibility very seriously, ensuring we process personal data in line with all applicable laws, including how we collect, store, use, retain, transfer and delete personal data.

Our privacy policy details how we expect everyone to take responsibility for the privacy of data, applying our data protection standards, procedures and guidance in their areas of the business. These requirements include maintaining information asset registers, a comprehensive incident management process and completing data protection impact assessments. We continue to raise awareness of the importance of privacy through our mandatory training and ongoing communication programmes.

2. Measured from 2017 baseline via our annual client survey, demonstrating the number of clients who would recommend Capita as a supplier.

Operating responsibly for our suppliers

We spent £2.1bn in 2019 with more than 26,000 direct suppliers in 85 countries. We value the business relationships we have with our suppliers and seek to build lasting relationships, treating our suppliers and partners fairly and paying promptly. We want to work with suppliers who share our values and support us in delivering our purpose.

Our aim is to encourage and work with suppliers to achieve the highest standards within our supply chain. We are committed to working with our supply base to ensure that together we can achieve wider social, economic and environmental benefits.

In June, we published [our Supplier Charter](#), which sets out the basic principles of how we will conduct business in an open, honest and transparent manner, and the behaviours and practices we expect of our suppliers and partners. The Charter covers our approach and supplier expectations in the areas of health and safety, environment, business ethics, human rights (including modern slavery), diversity and inclusion, cyber security, and privacy. All new and renewing suppliers are expected to comply with this Charter.

97%

of our suppliers were
paid within 60 days

We are signatories to the UK government's Prompt Payment Code, reporting our payment practices and performance to the government every six months. In 2019, we improved our payment performance and reporting by:

- Standardising our payment terms
- Introducing Board-level reporting on payment performance
- Engaging with the Cabinet Office, small business commissioner and Chartered Institute of Credit Management
- Increasing the frequency of payment runs.

In the year ending 2019, we paid 76% of micro-organisations and 86% of our SME suppliers within payment terms. In all cases, 97% of our suppliers were paid within 60 days or less.

Tackling modern slavery in our supply chain

Forced, bonded or child labour is never acceptable. Much more needs to be done to stamp out modern slavery and we are continually reviewing our systems to help us prevent any form of slavery in our own business and supply chain.

In 2019, alongside the publication of our Supplier Charter, we improved our environmental and social risk assessment of our Tier 1 suppliers, categorising them into high, medium or low risk, based on their annual spend and procurement category. For example, suppliers in the



construction and facilities management category are considered high risk in terms of modern slavery. From this assessment, qualifying suppliers will be invited to complete a third-party audit to determine their processes for preventing modern slavery.

Driving greater social mobility

Globally, 242 million young people aged 15–24 are unemployed or work while living in poverty.³ 85 percent of UK employees think communication, problem-solving, creativity, leadership and teamwork skills are important for work, but not all young people leave school with these skills. Children from disadvantaged backgrounds are least likely to acquire these skills at school.⁴

With more than 61,000 people spread across more than 300 offices globally – often in areas with low social mobility – Capita is well placed to help young people develop the skills they need to get into work.

Working in partnership with schools, colleges and charities, we proactively seek to give young people the knowledge and confidence to reach their full potential.



Our goal

To help 100,000 young people acquire the skills needed to progress into work by 2023.

Our metrics

- Number of apprenticeship opportunities provided each year by Capita and by our clients
- Number of students placed in work experience placements
- Percentage of volunteer hours spent improving employability / entrepreneurial skills
- Number of young people equipped with employability / entrepreneurial skills

3. International Labor Organization: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_547338.pdfBITC

4. BITC: https://www.bitc.org.uk/post_tag/essential-skills/

Helping young people into work

We support thousands of educational institutions with services ranging from data management to careers advice for young students.

For example, Entrust, our joint venture with Staffordshire County Council, works in partnership with schools, academy trusts and local authorities to provide specialist educational expertise. In 2019, we began to deliver the European Social Fund's Positive Directions programme, which helps young people aged 15–24 to develop their capabilities. The programme specifically supports those who face complex barriers, including young people who are not in education, employment or training (NEET), have special educational needs or are leaving the care system. Since August, we have helped 79 young people in this way.

We also support the Department for Work and Pensions with its Youth Obligation programme by offering 13-week work experience placements at some of our UK offices. The programme gives eligible young people a chance to become familiar with an office environment and to develop their CV, while having access to a work coach and mentor to support them. In 2019, we placed three young people who had been out of work for six months in our offices in Bristol, Reading and Alton, and are looking to host more in 2020.

In South Africa, which has the highest youth unemployment rate in the world (57.4% among those aged 18–24⁵), our team has developed a comprehensive programme to help young people develop skills to enhance employability. The programme is run in partnership with Sinenjongo High School and provides support ranging from the provision of IT equipment and school uniforms, to help with writing CVs and applications for jobs or college courses.

In October 2019, we welcomed 33 young people into our operations via this programme.

Apprenticeships

We fund apprenticeships for young people from ethnic minorities and low socio-economic backgrounds by gifting our apprenticeship levy. We aim to gift at least 5% of our annual levy funds.

This year, we launched our Accelerate and Advance Management Development programmes, and our Project Management scheme to help 350 people improve their skills within our business.

We continue to bring talented people into our organisation through our apprenticeship scheme. In 2019, we had 765 apprentices working across our businesses.

Working in partnership with charities

We want our colleagues to share their skills in local communities. We offer everyone one paid day a year to volunteer. This year, we encouraged staff to use this day to support one of our charity partners, Teach First and Young Enterprise. In 2019, we spent 27% of our volunteering hours on improving employability and entrepreneurial skills.

Teach First and Young Enterprise share our mission to address youth unemployment and drive social mobility. Through these partnerships, we have supported 7,353 young people to develop employability skills.

Capita's annual donation to Teach First has funded the recruitment and training of 25 teachers, who will in turn teach 3,000 students. Alongside our donation, we have co-created a work experience programme to offer students in areas of low social mobility the opportunity to gain experience in our offices. This year, we invited seven young people into our offices and we aim to extend this programme in 2020.



7,353

young people supported
through our Teach First and
Young Enterprise partnerships

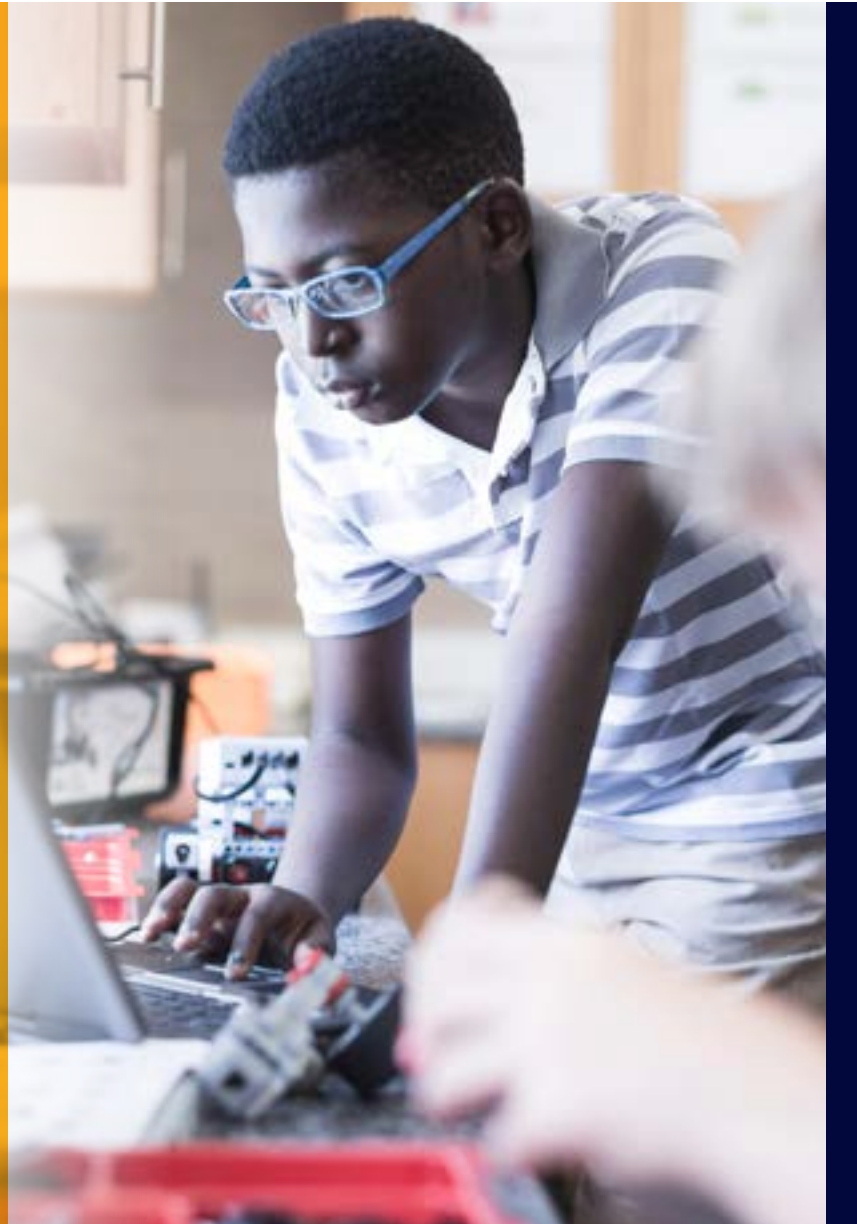
5. The Economist's Pocket World in Figures.

Enabling better digital access

Increasingly, the world is shaped by digital technology. However, in the UK, 11.5 million adults are digitally excluded.⁶

Capita aims to be at the forefront of the digital revolution, harnessing emerging technologies, data analytics and automation to serve our clients. We recognise we have a responsibility to ensure the digital world is inclusive.

To this end, we have developed a framework for responsible automation, strengthened our ability to support people within the communities we serve to harness the power of automation, advocated greater diversity within the tech sector and promoted enhanced accessibility to digital skills education for everyone.



Our goal

To equip 10,000 people with digital skills through our community programmes by 2023.

Our metrics

- Number of people in our local communities supported to improve digital skills
- Community investment (including charitable spend, value of volunteering hours, gifts-in-kind, amount of employee-raised funds for charities, amount of employee giving through payroll for charities)

6. <https://www.ipsos.com/ipsos-mori/en-uk/basic-digital-skills-uk-report-2017>

Transforming responsibly to a digital world

The jobs of 5% of the British workforce could now be undertaken by machines⁷ and this could rise to 30% in the next 15 years.⁸

As a responsible employer, we believe it is crucial to look ahead and to think about how technological advances might impact our colleagues.

In 2019 we partnered with Professor Lynda Gratton and BritainThinks on a pioneering research project looking at

how the benefits of automation can be harnessed to preserve 'meaningful work'. The result was a framework of five guiding principles to encourage the responsible implementation of workplace technologies, providing a clear direction for governments, policy makers, organisations and employees. This report will form the basis for discussions that Capita now seeks to engage in with business leaders, policy makers and our own employees.

“What is both significant and unique about this research and report is that the perspective is shifted from the leader to the people who are impacted by automation. To fail to listen to their voices and act upon their insights would be to significantly obstruct this automation agenda”

Professor Lynda Gratton

Leading the way in automating responsibly

We know that automating high-volume, repetitive tasks can free people to focus on other areas, such as building relationships or creative thinking. The dilemma for all businesses considering automation is how to do so non-disruptively and in a manner that is inclusive.

Our automation technology is being used in a number of our contracts. In 2019, we invested in initiatives to help our businesses, our people and our clients

harness the power of automation in a responsible way:

- We launched our Capita Consulting business, which will research ways in which automation can be harnessed responsibly;
- We established a centre of automation practice in Birmingham;
- We created internal forums for sharing automation know-how.

A framework for responsible automation

1. Leadership

Set out a clear vision for automation through proactive, transparent communication.

2. Skills

Champion the development of transferable skillsets.

3. Curiosity

Co-create the future of work, empowering people to identify the ways that technology could improve their job.

4. Inclusion

Design inclusive and accessible automation strategies.

5. Call to action

Tackle the challenge with multi-stakeholder action.

7. The Office for National Statistics report: The probability of automation in England: 2011 and 2017.

8. <https://www.pwc.co.uk/economic-services/assets/international-impact-of-automation-feb-2018.pdf>

Building the STEM skills pipeline

The current shortage of skills in science, technology, engineering and mathematics (STEM) is costing UK businesses £1.5bn a year.⁹ As a result, there is pressure to home-grow the talent the UK needs to maintain its standing in the STEM sector.

85

STEM Ambassadors in Capita volunteered their time to encourage the development and enjoyment of STEM subjects

Entrust, our joint venture with Staffordshire County Council, is one of 19 National STEM Ambassador Hubs selected by **STEM Learning** to offer activities and opportunities across Staffordshire and Shropshire. Through the STEM Ambassador Programme, we recruit professionals and enthusiasts with relevant backgrounds to assist in the delivery of services to companies, schools, colleges, universities and community groups, and to encourage the development and enjoyment of STEM subjects.

The ambassadors inspire young people and support teachers in the classroom by explaining current applications of STEM in industry or research. We currently work with 1,240 STEM Ambassadors to

develop STEM vocational, professional and technical skills.

Within Capita, we have 85 STEM Ambassadors who volunteer their time in our local communities. STEM ambassadors from our Real Estate and Infrastructure team visited over 35 schools, engaging with young people aged 8–21. The team also joined more than 650 young women in October in London, and more than 200 in Manchester at Women in STEM events throughout the year.

As members of the UK Tech Talent Charter and Tech She Can initiative, we seek to improve diversity in the tech sector.

Promoting digital skills for all

We believe no one should be excluded from the digital revolution. In areas where we have operations, we seek proactively to facilitate digital inclusion.

A good example is the work we have done with Norfolk County Council. In conjunction with the Council, we are committed annually to supporting a Youth Techathon that involves young people aged 8–18 taking on technology challenges over two days. Under the tutelage of expert mentors, children compete in small teams to devise solutions and win prizes. Additionally,

we worked with local schools to champion the development of internet-based innovation, such as location tracking devices for vulnerable people and motion sensor-activated street lighting.

Supporting digital skills in our local communities

We encourage colleagues to share their digital skills in our local communities, supporting people and businesses to get online. In 2019, we helped 290 people in our local communities to improve their digital skills.

In partnership with the Paddington Development Trust, a charity based in Westminster, we supported small businesses and entrepreneurs to build their web presence. Through this project, we provided one-to-one advice, business planning and digital support to 62 Westminster residents.

We also awarded five grants to small businesses and held ‘Business Planning in the Digital Age’ seminars and social media networking events where we engaged with 57 local people interested in entrepreneurship.



9. Research conducted by PCP Market Research among a nationally representative sample of HRs and senior decision makers at 400 businesses in STEM industries (excluding micro-businesses) across the UK, between 20 and 30 April 2018.

Building a more inclusive organisation

Diversity correlates with a company's profitability and creates value. However, at the current rate of progress, gender parity will not be attained for 99.5 years.

We are committed to creating a workforce that reflects the diversity of the communities we serve, and a working environment in which no one feels excluded.



Our goal

To have a workforce that reflects the diversity of the communities we serve and is inclusive.

Our metrics

- Percentage of women in senior management positions
- Percentage of our workforce who are ethnically diverse
- UK gender pay gap
- Percentage of people answering Agree / Strongly agree to 'I think Capita values the opinions of employees regardless of their background' through Our People Survey

Our approach to inclusion and wellbeing

We listened to the experiences of our colleagues in relation to inclusion and wellbeing at Capita through a company-wide survey and a series of focus groups. Using these insights, we developed our strategy to create a diverse and inclusive workplace.

Creating an inclusive culture

Inclusivity is central to everything we do. All managers at Capita are expected to adhere to eight manager commitments, all of which are underpinned by the imperative to be inclusive. In 2019,

our colleagues had the opportunity to rate the performance of their respective managers against the commitments for the first time. This feedback fed into annual performance reviews and coaching conversations.

In 2019, we refreshed our mandatory training for diversity and inclusion to include our purpose, values and behaviours, and information on employee wellbeing. Alongside this training, we launched an inclusion hub and wellbeing hub, both of which provide information, guidance, toolkits and training to support colleagues. Our Executive Committee attended a half-day inclusivity leadership session in March.

We've committed to pay all UK colleagues the Real Living Wage, as a minimum, from April 2020.

We enhanced our family leave policy in the UK to pay all primary caregivers 15 weeks' full pay for maternity, adoption and shared parental leave, and increased paternity pay to two weeks' full pay.

Building a pipeline of diversity

To promote diversity, we've transformed the way we recruit. Our values lie at the heart of our new recruiting model, and we promote inclusive behaviour at all stages of the process, including a focus on flexible working and standardised interview formats. In 2020, we will pilot the use of a digital-behaviours assessment tool. It removes unconscious bias in the hiring process and provides immediate feedback to candidates to assist them with subsequent interviews or job searches.

Reporting our gender pay gap

Hourly pay	2019	2018
Mean (average) pay differential	24.5%	24.1%
Median (mid-point) pay differential	21.0%	17.7%

Notes: Mean and median pay differentials are with all Ltd company contractors excluded from all Capita reporting entities. The 2018 figures have been restated to reflect this.

Our gender pay gap figure is still not good enough. The pay gap figures relate to hourly pay rates as of April 5, 2019. They show that at this date, our median pay gap was 21 percent, compared to 17.7 percent in 2018. We invested in a series of activities to reduce our gender pay gap, including monitoring diversity at senior management levels, setting a 40% target for women's representation on senior management recruitment shortlists and facilitating career progression through mentoring for high-potential female leaders. We believe these actions will reduce – and eventually eliminate – our gender pay gap.

Our inclusion and wellbeing strategy

Valuing difference



Because every single one of us is different, be that how we look, speak, act, or where we come from.



Improve data intelligence and reporting

So that we can identify where we need to invest, and what roles and skills are needed to reflect the diversity of our communities.

Gender parity



48% of our global workforce at all levels is female, but this proportion is not yet reflected at the leadership level.



Local geographic dimension

To reflect the differences between the regions in which we operate.

Embracing diversity

We believe Capita should be a truly world-class working environment where all forms of diversity are celebrated and harnessed to drive progress.

Armed forces

In 2019, we reaffirmed our commitment to the Armed Forces Corporate Covenant to recognise the contribution to the nation of people who serve in the military.

In 2020, we will sponsor the Education, Training and Development Award at the Soldiering On Awards. We will also sponsor two cadet pilot programmes for Enterprise Skills. Both initiatives are made possible by our partnership with X-Forces, a social enterprise dedicated to supporting the Armed Forces community.

In 2019, we created an Inclusive Leadership Programme in partnership with the British Army. To date, 200 military and civilian leaders have participated.

Disability

A number of our businesses have signed up to the UK Government's Disability Confident Scheme, with our Personal Independence Payment business achieving Level 3: Disability Confident Leader.

We have plans to support more of our businesses to reach Level 1: Disability Confident Committed by the end of 2020.

We are members of the Business Disability Forum, harnessing its skills and experience to remove barriers to employing disabled people.

Gender balance

In 2019, we invested in a series of activities to reduce our gender pay gap, including monitoring diversity at senior management levels, setting a 40% target for women's representation on senior management recruitment shortlists and facilitating career progression through mentoring for high-potential female leaders.

We're proud that our ranking in the Hampton-Alexander Review improved to 70 in 2019 from 110 in 2018.

Our women's network continues to grow, with 295 current members.

LGBTQ+

Led by our LGBTQ+ network, we celebrated Pride across our business with a series of videos from our colleagues and locally arranged events. Membership of our LGBTQ+ network has grown to 850 members in the last year.

Neurodiversity

Working in partnership with the London Borough of Lambeth and Mencap, we delivered the Lambeth Inclusive Future Employment (LIFE) project. Through the project, we've supported the provision of eight employment opportunities for neurodiverse individuals, with three now in full-time employment. We intend to use the learnings from this project to inform our recruitment practices.

Social inequality

Social inequality is an issue Capita wants to help address, and we are proud to be a key employer in many of the UK's social mobility cold-spots. With our charity partners, Teach First, we've piloted a work experience programme and in 2020 aim to host 20 students from Teach First schools in our offices.

We were proud to be the headline sponsor of the UK Social Mobility Awards in 2019 for a second consecutive year.

Supporting employee wellbeing

We want to support colleagues to manage the stress of professional life. Our wellbeing hub enables colleagues to share thoughts and stories on mental health and other wellbeing topics.

We introduced employee assistance programmes (EAPs) in the UK, South Africa, India and Ireland, providing free, independent, confidential counselling and support services to colleagues and their families.

On World Mental Health Day, we signed the Time to Change Pledge, an externally recognised accreditation, showing our senior leaders are committed to reducing the stigma around mental health.



Building on the success of our diversity networks, we will establish and promote more Employee Network Groups in 2020. Each group will be sponsored by two Executive Committee members to ensure there is direct feedback to senior management and the Board.

Reducing our environmental impact

Climate change affects everyone.¹⁰ Without action, the world's average surface temperature is likely to surpass 3°C this century. Limiting global warming to 1.5°C would have clear benefits to people and natural ecosystems, ensuring a more sustainable and equitable society.

Addressing the universal challenge of climate change requires a comprehensive, multifaceted and multi-agency response. With more than 300 sites and 61,000 employees worldwide, Capita is mindful of our responsibility to minimise our impact on the environment.

We work with our clients and partners to develop innovative solutions to global environmental challenges, alongside managing our own environmental performance. Our people play their part by using less energy, travelling less and recycling.



10. <https://www.un.org/sustainabledevelopment/climate-change/>



Our goal

To seek to reduce our carbon footprint and support our clients to do the same.

Our metrics

Our current KPIs are:

- Tonnes of CO₂e
- Tonnes of CO₂e/£1m turnover
- Tonnes of CO₂e/FTE

Addressing environmental challenges with our clients and partners

From air pollution and sustainable food production to energy efficiency, we work with clients and partners to develop innovative solutions.

The future of food

In seeking to feed the world sustainably and achieve zero hunger, we face a dilemma. How can we produce food to feed the growing global population while avoiding the disproportionate environmental impact of more intensive farming?

At the Food and Environment Research Agency (Fera), a joint-venture between Capita and the Department for Environment, Food and Rural Affairs, almost 400 scientists are helping to provide solutions to this dilemma.

Agrichemicals, including pesticides, are the key to improving crop yields. Fera plays a leading role in evaluating the environmental impact of agrichemicals to ensure they adhere to the highest environmental standards. It also develops alternative protein sources for animal feed.

For example, Fera is developing an animal-feed protein source with better nutritional value and less negative environmental impact than soya, which is associated with deforestation.

Supporting a lower-carbon economy

Smart meters underpin the UK's plan to meet net-zero carbon emissions by 2050 and are projected to save 45 million tonnes of carbon by 2034 in Britain alone.¹¹ They offer multiple benefits, allowing people to better understand their energy usage and enabling the grid to deploy renewable energy in smarter ways.

We established our Smart Data Communications Company business to build and implement a new secure data network, and to connect smart meters to the systems of energy suppliers and network operators. This wireless nationwide network – which has the potential to connect more than just smart meters – has had its security features approved by the National Cyber Security Centre (NCSC), and will reach more homes than digital TV or superfast broadband.

This market-leading technology creates a unified smart meter network for Britain. Once connected with a smart meter, customers can easily switch energy suppliers, fostering a vibrant, competitive energy market for consumers.

Improving air quality in London

Many cities suffer from air pollution caused by the burning of fossil fuels, which release particulate matter into the air, including carbon monoxide and nitrogen oxides (NOx).

Capita designed, implemented and now operates Transport for London's (TfL) Ultra Low Emission Zone programme (ULEZ), which tackles illegally high levels of air pollution caused by slow-moving, high-emission vehicles in the capital.

Under ULEZ, vehicles that fail to meet new exhaust emission standards must pay a charge to enter an area that covers the existing congestion charging zone. The systems we created manage TfL schemes, record vehicles entering the zone, collect associated payments and fines, and deal with customer enquiries and registrations.

ULEZ has led to a reduction of approximately 45% in NOx concentrations since its launch in April 2019. In 2021, the ULEZ zone will be expanded to an area inhabited by 1.4 million people.



45%

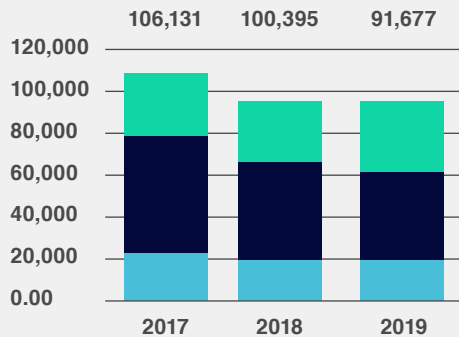
reduction in nitrogen oxide concentration since the introduction of Ultra Low Emission Zone in April 2019

11. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831716/smart-meter-roll-out-cost-benefit-analysis-2019.pdf

Managing our environmental performance

We take our responsibility to minimise our negative environmental impact seriously. Our health, safety and environment policy details our commitment to the environment. More than 20 of our business units operate an ISO 14001 accredited environmental management system.

Carbon footprint



- Scope 1 emissions (from operations owned or controlled by the organisation)
- Scope 2 emissions (from the generation of purchased electricity, heating and cooling consumed by the organisation)
- Scope 3 emissions (that occur outside of the organisation in support of its activities)

Managing our energy use

We use energy to heat, light and cool our buildings, as well as to power our IT systems. We monitor our energy use, working with our facility managers and maintenance partners to identify and respond to usage anomalies as they arise.

5.9%

reduction in our carbon footprint from 2018¹²

We're investing in energy efficiency measures and achieved significant savings in 2019:

- Invested in 100% renewable electricity from solar, wind and hydro-electric in all our managed buildings in the UK, saving 19,000 tonnes CO₂ per year;
- Installed direct fans in our air handling units and switched to LED lighting in Mumbai office, saving 600 tonnes CO₂ emissions annually;
- Upgraded to LED lighting at our Leek office, saving 20 tonnes CO₂ emissions annually.

Reducing our business travel

Over a third of our carbon emissions emanate from the travel we conduct to carry out our business activities. Focusing on behaviour change, we encouraged colleagues to think carefully about their need to travel and, as a result, were able

to substantially reduce our emissions from business travel, saving 9% in costs and 18% in emissions in a single quarter, compared with the annual average.

We introduced hybrid and electric-only vehicles as part of our company car scheme, incentivising our company car drivers to choose these options due to much lower vehicle tax charges.

Understanding our waste footprint

We encourage colleagues to reduce, reuse and recycle waste, and we provide facilities to make this possible. During 2020, we will be working with our catering suppliers to eliminate single-use plastic from our catering outlets in the UK.

Water use

Where possible, we utilise water saving technologies such as waterless urinals, dual flush toilets and aerated taps. We work with water suppliers and monitor usage to improve our understanding of the water we are using, so we can continue to manage our consumption.

Encouraging environmental working practices

To encourage employees to adopt more environmentally sustainable working practices, each year we mark UN World Environment Day by running our Green Week. In line with the 2019 theme 'air pollution', we ran a campaign to raise awareness of what we already do to reduce emissions. We encouraged colleagues to travel less, switch

electronic devices off and go paperless. We worked hard to reduce our paper consumption and, in 2019, decreased paper use across our UK businesses by 17%.

Aligning to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)

In 2019, we committed to align our approach to climate change to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), externally verifying our carbon footprint and setting a carbon reduction target in line with climate science.

In 2020, our responsible business committee will take overall responsibility for our work to address climate change. The committee will update the Board biannually.

12.Reduction in carbon footprint based on emissions per headcount from 2018 baseline

Our performance in detail

We measure our progress through clear goals and metrics aligned to our responsible business strategy

Metric	Unit	2019	2018	2017
Operating responsibly				
Employee voluntary attrition rate (proportion of people leaving Capita voluntarily in reporting year)	%	23	23	21
Lost Time Injury Rate (LTIR)	Indicator for safety performance	0.02	0.06	
Total Recordable Incident Rate (TRIR)	Indicator for health and safety performance	0.04	0.08	
High Potential Incident (HiPO)	Incident not causing loss or damage but, under different circumstances would result in an accident	0.13	0.35	
Proportion of part-time employees	%	16	14	16
Investment in learning and development (includes apprenticeship levy spend)	£	15,132,203	13,912,484	14,214,000
Number of employees covered by collective bargaining agreements	No. of employees	9,235	13,625	
Total procurement spend	£bn	2.10	New metric	New metric
Total number of suppliers	No. of suppliers	26,700	New metric	New metric
Countries from which our suppliers originate	No. of countries	85	New metric	New metric
Proportion of sole traders within supply chain	% of sole traders	16	New metric	New metric
Proportion of small and micro-businesses (>1 employees <50, <£10m turnover) within supply chain	% of small and micro-businesses	33	New metric	New metric
Proportion of small and medium enterprises (SMEs) (>50 employees <250, <£50m turnover) within supply chain	% of SMEs	46	New metric	New metric
Proportion of sole traders paid within payment terms	%	80	61	
Proportion of small and micro-businesses (>1 employees <50, <£10m turnover) paid within payment terms	%	76	76	
Proportion of small and medium enterprises (SMEs) (>50 employees <250, <£50m turnover) paid within payment terms	%	86	76	

Metric	Unit	2019	2018	2017
Operating responsibly				
Proportion of large businesses (>250 employees) paid within payment terms	%	81	73	
Proportion of all suppliers paid within 60 days (invoices paid through Capita UK companies)	%	97	92	
Proportion of suppliers paid within payment terms (invoices paid through Capita UK companies)	%	91	88	
Youth skills and jobs				
Goal: To empower 100,000 young people in the communities we serve to progress into the world of work by 2023	No. of young people	23,890	New metric	New metric
No. of apprenticeship opportunities provided in Capita	No. of apprentices	765	456	526
No. of apprenticeship opportunities provided for our clients	No. of apprentices	7,741	New metric	New metric
No. of students placed in work experience placements	No. of people taking up work experience	48	New metric	New metric
No. of young people supported in developing employability / entrepreneurial skills through our community programmes	No. of young people	14,584	New metric	New metric
No. of young people supported in developing employability / entrepreneurial skills through our services	No. of young people	9,306	New metric	New metric
No. of young people supported in developing employability / entrepreneurial skills through our charity partnerships (Teach First and Young Enterprise)	No. of young people	7,353	New metric	New metric
% of volunteer hours spent on improving employability / entrepreneurial skills	%	27	New metric	New metric
Total number of volunteering hours carried out by Capita employees	No. of hours	16,651	5,085	4,798

Metric	Unit	2019	2018	2017
Digital inclusion				
Goal: To equip 10,000 people in our communities with the digital skills required for today's world by 2023	No. of people	290	New metric	New metric
Community investment:	£	2,826,571	1,522,769	1,864,224
• Charitable spend	£	1,604,956	730,986	786,613
• Value of volunteering hours	£	416,269	175,835	112,329
• Gifts in kind	£	33,790	19,301	11,034
• Amount of employee-raised funds for charities (includes match funding from Capita)	£	504,975	298,866	480,822
• Amount of employee giving through payroll for charity	£	266,581	297,781	473,426

Metric	Unit	2019	2018	2017
Inclusive workplaces				
% of people answering Agree / Strongly agree to 'I think Capita values the opinions of employees, regardless of their background or difference' through our People's survey	%	65	68	New KPI
Proportion of our workforce who are from black, Asian and minority ethnic backgrounds (excl. Poland, Switzerland, USA, Germany) based on voluntary disclosure	%	23.00	23.02	18.39
Total Capita employees	No. of employees	61,149	63,000	69,894
Countries from which our employees operate	No. of countries	10	14	
Headcount by gender	% female	48	48	48
	% male	52	52	52
Board headcount by gender	% female	36	29	22
	% male	64	71	78
Executive Committee headcount by gender	% female	29	19	
	% male	71	81	
Senior management headcount by gender (Directors of subsidiary legal entities as per requirements of the Companies Act section 414C(8)(c)(ii) and 414c(10)(b))	% female	14	19	15
	% male	86	81	85
Median (mid-point) hourly pay difference between male and female employees	%	21.00	17.70	25.30
Mean (average) hourly pay difference between male and female employees	%	24.50	24.10	26.80

Metric	Unit	2019	2018	2017
Sustainable innovation				
Goal: To seek to reduce our carbon footprint and adapt to climate change, supporting our clients to do the same	% reduction in annual carbon emissions	8.68	5.41	
	% reduction in annual carbon emissions per headcount	5.90		
Total carbon emissions (location-based)	Tonnes of CO ₂ e	91,677.27	100,394.81	106,131.29
Total carbon emissions (market-based)	Tonnes of CO ₂ e	77,434.13		
Scope 1 emissions	Tonnes of CO ₂ e	18,960.67*	18,819.24	22,605.38
Scope 2 emissions (location-based)	Tonnes of CO ₂ e	41,894.14*	45,174.51	54,261.61
Scope 2 emissions (market-based)	Tonnes of CO ₂ e	27,651.00*		
Scope 3 emissions	Tonnes of CO ₂ e	30,822.46*	36,401.06	29,264.29
Carbon intensity by turnover (location-based)	Tonnes of CO ₂ e/£1m turnover	24.92	25.62	25.56
Carbon intensity by headcount (location-based)	Tonnes of CO ₂ e/Full Time Equivalent (FTE)	1.50	1.59	1.52

Notes:

Corporate Citizenship was engaged to provide independent limited assurance over the selected greenhouse gas emissions data highlighted in this report with a * using the assurance standards ISAE 3000 and 3410. Corporate Citizenship has issued an unqualified opinion over the selected data; their full assurance statement is available at www.capita.com/responsible-business.

Restated 2018 emissions data to include emissions from waste and improve the accuracy of reporting, using actual data to replace estimates. 2017 emissions do not include emissions from waste.

Scope 1: Emissions from Capita sources that are controlled by us, including the combustion of fuel, company-owned vehicles and the operation of our facilities.

Scope 2: Emissions from the consumption of purchased electricity, heat or steam.







Scope 3: Emissions from non-owned sources related to Capita's activities, including business travel and waste.

Methodology

Our disclosures cover sources of our greenhouse gas emissions from our operations in UK, Ireland, Europe (Poland, Germany, Switzerland, Austria), India and South Africa. Capita converts the consumption data into a carbon footprint with consideration to the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol, together with the latest emissions factors from the UK Department for Environment, Food and Rural Affairs (Defra) or, where available, the latest industry factors, such as hotel stays from the Green Tourism Board Scheme.

How we play a role in supporting the United Nation's Sustainable Development Goals

We aspire to use our position in society to be a force for good, helping to create better outcomes for millions of people every day by contributing to the delivery of the UN's Sustainable Development Goals.

 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>4 QUALITY EDUCATION</p>	 <p>5 GENDER EQUALITY</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>13 CLIMATE ACTION</p>
<ul style="list-style-type: none"> • We help to despatch 30,000 emergency responses every day. • We connect every NHS establishment in Scotland, supporting 16,000 NHS staff. • Signed Time to Change Pledge on World Mental Health Day. • Employee Assistance Programme introduced in UK, Ireland, South Africa and India. 	<ul style="list-style-type: none"> • Our SIMS information system helps 21,000 schools, in 49 countries, to run smoothly. • We support 18,000 bursary fund claims, helping vulnerable 16–19-year-old students with their studies. • 7,353 young people supported through our Teach First and Young Enterprise charitable partnerships. • 27% of volunteering hours spent on improving employability skills in young people. • Headline sponsor of our UK Social Mobility Awards. 	<ul style="list-style-type: none"> • 40% target for women's representation on senior management recruitment shortlists. • 70th ranking in Hampton-Alexander Review of FTSE 250 (+40 from 2018). • Doubled our mentoring for high-potential women in external networking groups. • 295 members of our women's network, Ellevation, encouraging visible role models to inspire others to achieve their career potential. 	<ul style="list-style-type: none"> • Paying all UK employees the Real Living Wage, as a minimum from April 2020. • Appointed two employee non-executive directors to our Board. • Enhanced our UK family pay policies so new parents have 15 weeks' full pay. • Conducted pioneering research into the future of work and the role of automation with Professor Lynda Gratton. • Published our Supplier Charter, committing to treat suppliers fairly and pay promptly. • Published code of conduct to guide all of us to act responsibly. 	<ul style="list-style-type: none"> • Fera – a joint venture between Capita and Defra – assures the safety of food chains in the UK and abroad. More than 23,000 farm audits are undertaken each year, along with safety tracking of every food commodity product in 127 countries. • Held a cross-functional workshop to understand the risks and opportunities of a changing climate on our business, our first step in aligning to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). 	<ul style="list-style-type: none"> • We designed, implemented and operate London's Ultra Low Emission Zone (ULEZ) system, cutting 45% of nitrogen oxide emissions in one year. • 8.7% reduction in our global carbon footprint from 2018. • 100% renewable electricity in all our UK-managed buildings.

Our material issues

Tackling the challenges that matter most

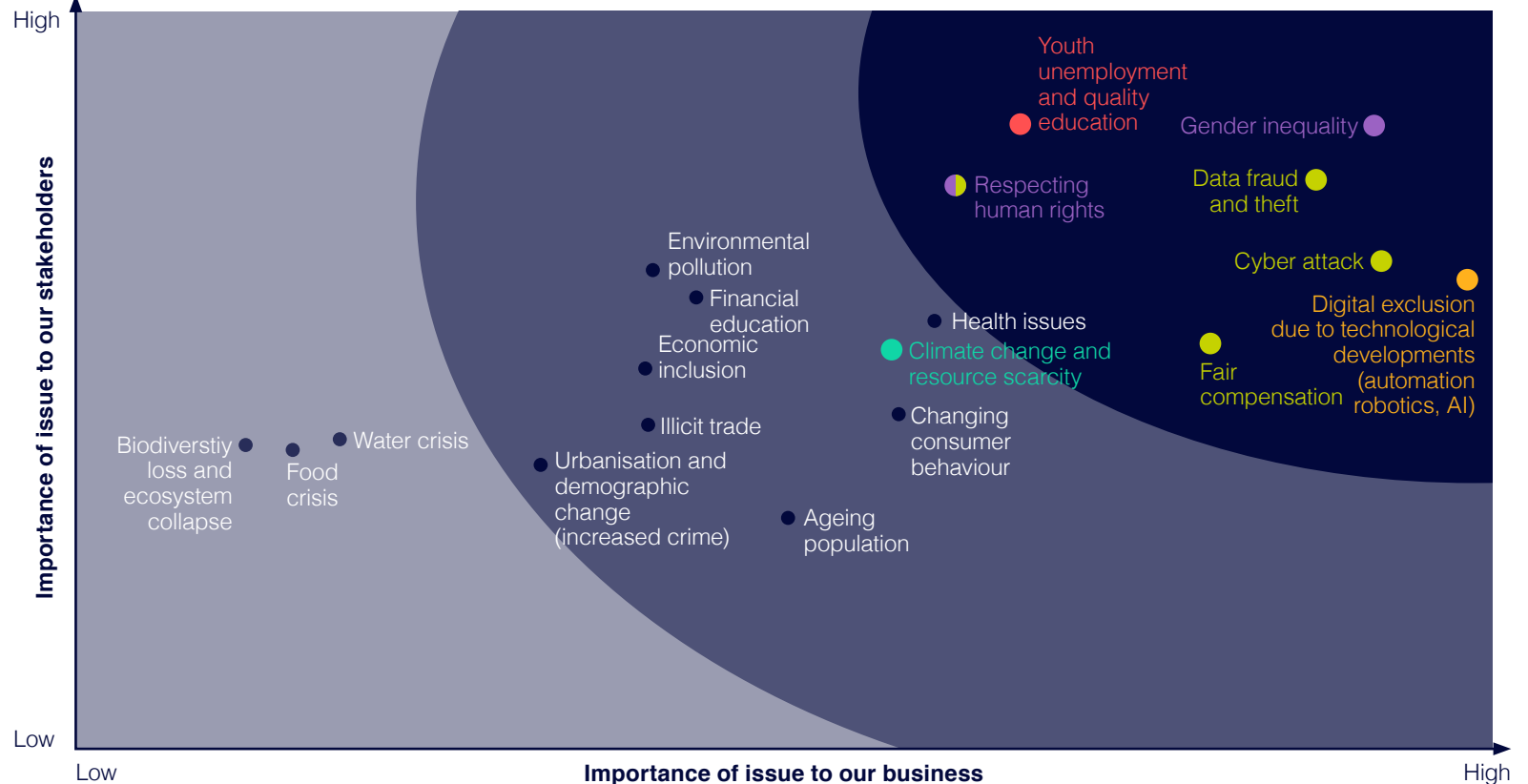
In our complex and volatile world, we want to focus our activities on addressing the global challenges where we can make the biggest impact. We consulted with hundreds of our stakeholders to identify the issues that matter most to them and that they think we should be addressing and influencing.

We identified five material issues through this process:

- Youth unemployment and quality education
- Digital exclusion due to technological developments
- Gender inequality
- Climate change and resource scarcity
- Business ethics

Our strategy focuses on these challenges, prioritising them in the order in which we can have the greatest impact: driving greater social mobility, enabling better digital access, building a more inclusive organisation, and reducing our environmental impact. These four focus themes are underpinned by the central theme of operating responsibly.

Our materiality matrix



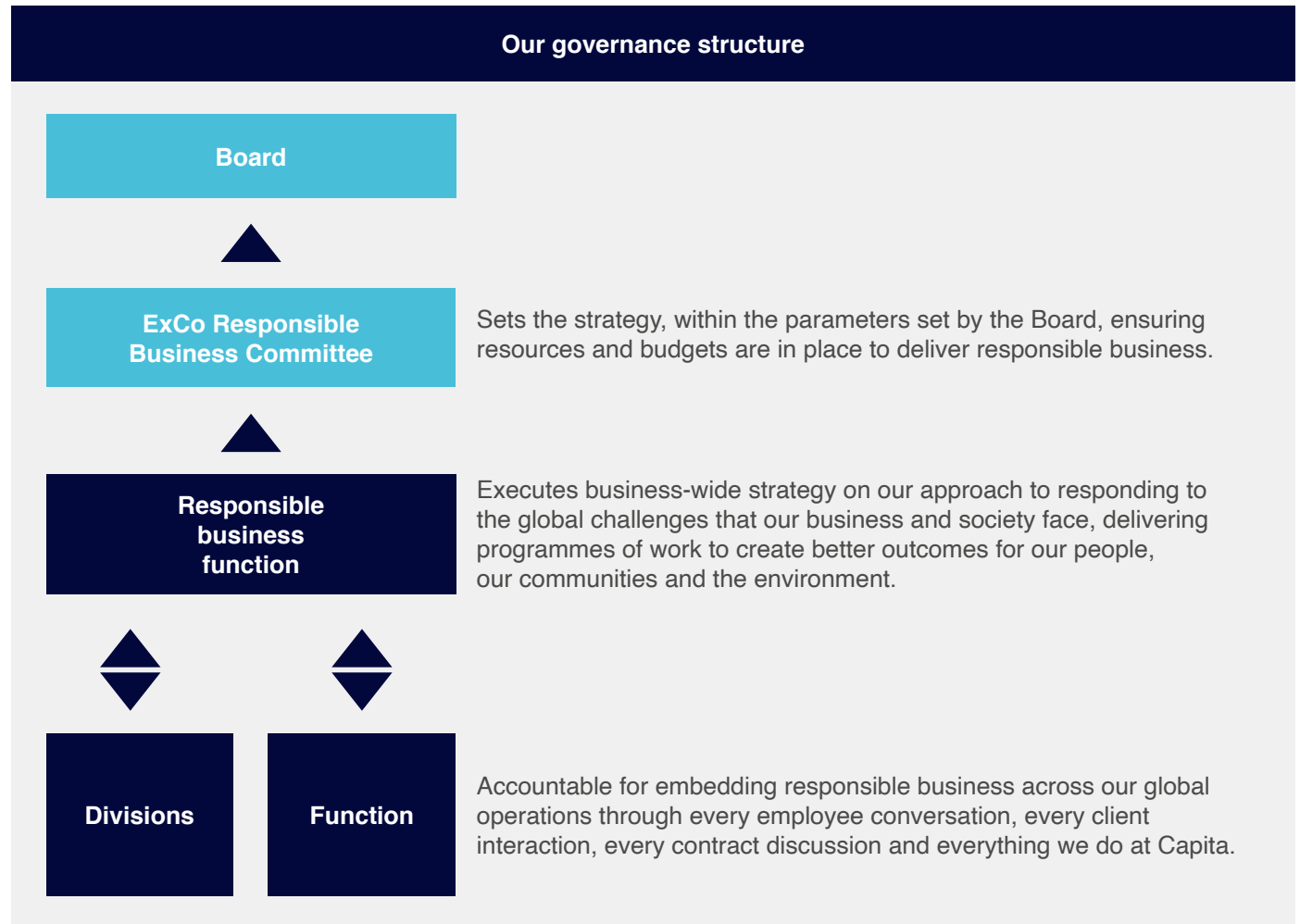
Responsible business themes

- Operating responsibly
- Driving greater social mobility
- Enabling better digital access
- Reducing our environmental impact
- Building an inclusive organisation

Our responsible business governance

In accordance with our operating model, accountability for our responsible business strategy is sponsored by our Executive Committee (ExCo) Responsible Business Committee, who report biannually to the Board on progress against our strategy and goals.

- Within the parameters set by the Board, the ExCo Responsible Business Committee sets the strategy, ensuring appropriate resources are in place to deliver the programmes.
- A central responsible business function executes the strategy, developing and delivering business-wide programmes, monitoring performance against stated goals and raising awareness of responsible business practices across all the functions and divisions.



External recognition and memberships

Commitments



Key partners and memberships



Making the Leap.

External recognition



*Capita satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.



* Capita has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe.



This is the summary of our responsible business strategy and 2019 activities.
You can read more about it on our website. If you have any suggestions,
feedback or queries about responsible business at Capita, please contact us at:
responsiblebusiness@capita.com

capita.com/responsible-business

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