





At Capita, we're committed to being a purpose-led, responsible business creating better outcomes for our people, clients, suppliers, investors, and society.

Focusing on what matters

Our responsible business strategy has been at the heart of our response to the Covid-19 pandemic, helping us to prioritise our activities to respond to the challenges that have mattered most as well as keeping us focused on climate change and workplace inequalities. This report provides an overview of how we have adapted our approach and responded to the pandemic, creating better outcomes for our people, in our communities and for our planet. It also provides a brief update against our strategic goals and includes detailed performance data against metrics.

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Capita is a consulting, transformation and digital services business

We deliver innovative solutions to simplify the connections between businesses and customers, and between government and citizens.

We partner with clients to transform their businesses and services.

We do complex and difficult things so clients don't have to.

Part of the fabric of UK society, we help millions of people every day.

But we know that, to be a truly responsible business, Capita must change and improve; and that is why we are transforming – on behalf of our clients, the people and societies we serve, and all our stakeholders.

We work across a range of sectors, partnering with our clients and providing the insight, innovative solutions and cutting-edge technologies that give time back, allowing them to focus on what they do best and making people's lives easier and simpler.

Private sector

- Financial services
- Pensions
- Retail
- Telecoms and media
- Transport
- Energy and utilities

Public sector

- Central government
- Local government
- Education
- Defence and security
- Health and welfare
- Justice and emergency services

Our divisions

Capital has six operating divisions: five – Software, People Solutions, Customer Management, Government Services, and Technology Solutions – are focused on key growth markets; and the sixth, Specialist Services, contains standalone businesses being managed on a portfolio basis to maximise value. The six divisions are supported by a common set of company-wide capabilities and functions.

Growth platforms*

Software

Vertical market, specialised, enterprise products and services

8%

People Solutions

Integrated human resources services and products

15%

Customer Management

Transforming customer experience for our clients

36%

Government Services

Tech-enabled, public sector business services

23%

Technology Solutions

Digital IT and connectivity solutions

12%

Value platform*

Specialist Services

Standalone businesses managed for value

6%

* Revenue contributions

Focusing on what matters



There is no doubt that 2020 was a year that dramatically changed society. While Covid-19 impacted every aspect of our lives, the world also experienced intensified political divisions and increasing inequality, and the climate crisis continued unabated. But along with this economic and social upheaval, we were also given a unique opportunity to innovate and challenge the status quo of how we live and work.

Through everything we have faced, we have continued at Capita to be guided by our purpose – to create better outcomes for all stakeholders – and by our commitment to being a responsible business. Our people have come together to help one another, working tirelessly to respond to our clients' needs and support the communities we work in.

We've prioritised the welfare and safety of our colleagues, successfully mobilising 85% of our people to work from home. At the same time, we've continued to deliver for our clients, working with them to support frontline services. But, throughout, we have maintained our focus on tackling societal and environmental challenges.

“Through everything we have faced, we have continued at Capita to be guided by our purpose – to create better outcomes for all stakeholders – and by our commitment to being a responsible business.”

Jon Lewis
Chief Executive Officer

We demonstrated in 2020 the power that our Capita colleagues across the world have to influence our organisation and drive positive change. In May, the killing in the United States of George Floyd shook the world and we listened as over 2,500 of our colleagues shared their own experiences of racism both at work and in their personal lives. In this report, we are publishing our UK ethnicity pay gap and ethnicity data for the first time. Deepening our understanding of the representation of Black, Asian and minority ethnic colleagues throughout our workforce is a significant first step toward enhancing diversity across our organisation.

I'm immensely proud of what we have achieved at Capita over the past, unprecedented year. But, as the world starts to look beyond the pandemic, I am mindful of our responsibility to use our platform in society to build back better in many different areas. We know that decisions we make now will define the world for future generations. That is why we have laid out our commitment to the environment by setting Group-wide carbon emissions reduction targets in line with global ambitions to limit warming to 1.5°C. Our focus on enhancing social mobility has also never been more

important; and, with the economic and social impacts of the pandemic hitting young people especially hard, we have supported over 22,000 young people with essential skills needed for the world of work.

As a business with around 55,000 colleagues globally, which touches the lives of millions of people every day, it is imperative that we make commercial decisions in a way that contributes to building a society that improves livelihoods, embraces diversity, nurtures talent, and strives to leave no one behind.

Thank you to everyone who has worked so hard, in the face of so many challenges, to help make sure that Capita continues to be a force for good in society. I am optimistic of what we can achieve by continuing to work together – as outlined in this report – towards a brighter future.

Jon Lewis
Chief Executive Officer

Responding to the Covid-19 pandemic

Better outcomes

With schools being disrupted throughout the year, we wanted to play our part in helping those pupils who don't have laptops or tablets at home to continue their learning. We're proud to be partnering with Business2Schools and our corporate charity partner, Teach First, to support schools and young people, to get the equipment they need.

The Covid-19 pandemic has brought unprecedented challenges to the way we live and work. Throughout this difficult period, we've prioritised the health, safety and wellbeing of our colleagues, moving the vast majority of our colleagues from office working to home working in just a matter of weeks.

For our wider stakeholders, our response has been to anticipate and respond to their needs – guided by our purpose – to create better outcomes. This has meant working tirelessly throughout the year to support our clients and the communities we work in with their efforts to fight the virus. We are proud to say that, together, we have made a positive and significant difference to the lives of millions of people.

Ensuring young people can continue their education during lockdown

When the pandemic hit and schools closed, lessons went online to ensure children could continue to learn. But the UK's digital divide was pulled into sharp focus as children with no access to computers risked missing out on much of their normal education.

Empowered over

22,000

young people with essential skills
needed for the world of work

Partnering with Microsoft and Google, our education teams supported the Department for Education's Platform Provisioning Programme to fund and deploy digital learning platforms to every school that needed it during the Covid-19 pandemic. Our education teams helped schools get the right digital education platform so that teachers could communicate directly with pupils, set individual tasks, let pupils work together, and easily give personalised feedback.

Through our teams at Entrust, we also helped to bridge the digital divide by ensuring many schools across Birmingham could continue to deliver lessons to all their pupils by providing IT equipment to those who needed it.

Partnering with Business2Schools and our corporate charity partner, Teach First, we're donating laptops and IT equipment to schools throughout the UK, to support children to continue their learning while at home. We've already donated 140 laptops to nine schools and plan to continue this scheme in 2021.

We remained close to our charity partners, Teach First and Young Enterprise, to help them adapt to these unprecedented challenges.

In 2020, we have empowered over 22,000 young people with essential skills needed for the world of work through our charitable and client partnerships.

Helping businesses get back on their feet

In a year during which supporting local businesses has never been more important, we're proud that we supported the roll-out of new government initiatives to provide financial support to the business community, setting up an efficient online claims process to provide £500m of grants at speed. These funds have been a lifeline for numerous sole traders and small family businesses.

Remaining close to our charity partners

With fundraising events cancelled, the voluntary sector has lost hundreds of millions of pounds in revenue. We remained close to our charity partners, Teach First and Young Enterprise, to help them adapt to these unprecedented challenges and to play our part in equipping young people with the skills they need to succeed in the workplace.

Both Teach First and Young Enterprise provide vital support to young people. Teach First recruits and trains talented individuals to become teachers and work where the need is greatest, so they can provide a fair education for all. Young Enterprise delivers programmes to equip young people with the enterprising mindset, employability skills, knowledge and confidence they need to thrive at work. In 2020, we supported 6,779 young people through these partnerships and 34% of our volunteering hours were devoted to helping young people with employability and entrepreneurial skills.

Supporting our small and medium-sized business suppliers

91% of our total supply chain are small and medium-sized enterprises (SMEs), including sole traders and micro-organisations. We recognised the impact that the pandemic could have on many of these suppliers, with varying demand for products and services often severely impacting their cash flow.

In response, we took steps to ensure that we paid them in line with our payment terms, which are stricter than the government's Prompt Payment Code. In 2020, we paid 72%

of micro-organisations and 85% of SME suppliers within our terms of seven days and 30 days respectively.

Making our workplaces Covid-19 secure

Throughout the pandemic, the health, safety and wellbeing of our colleagues has been paramount. To ensure we protected our people, in just a matter of weeks we moved the vast majority of them to working from home. We implemented important measures to protect colleagues and stop the spread of the virus – such as banning all but essential travel, introducing special measures for the most vulnerable and providing regularly updated advice to all colleagues about how to stay safe. To support the shift in working, we created practical guidelines to help our employees adapt to a working environment which was new to many of them, and we made provisions to support them set up a safe and comfortable home working environment.

On those occasions where colleagues were providing essential services and office working was necessary, we ensured safety was the leading priority, with social distancing

Better
outcomes

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We recognised the mental strain that Covid-19 has placed on our colleagues. In response, we provided a wide range of resources to support them.

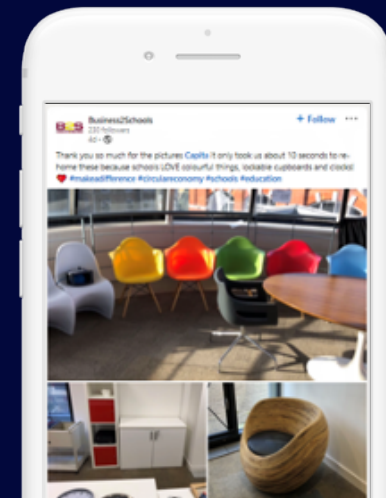
measures and wearing of face coverings in place across all our offices. We also introduced more stringent cleaning procedures so that surfaces – particularly those in communal areas – are disinfected more regularly, and we made hand sanitising products widely available throughout our offices.

We recognised the mental strain that Covid-19 has placed on our colleagues. In response, we provided a wide range of resources for employees to support their mental, physical and financial wellbeing, along with access to our Employee Assistance Programme that gives counselling over the phone 24 hours a day, 365 days a year, to those who need it.

Supporting our local communities

We've rallied together sharing our skills to support the communities in which we live and work.

- As lockdown restrictions began to ease, we helped Meadow Well Connected, a charity in North Shields build a Covid-19 secure outside area for the many groups they support. The area has been used to provide a safe, welcoming space for the charity's beneficiaries who include those who have faced multiple barriers to getting back into work.
- With this year's Poppy Appeal not being able to operate as normal, we supported the Royal British Legion by making and selling poppies to distribute in local communities as well as supporting fundraising.
- As we optimised our property portfolio, we've donated unwanted furniture to schools throughout the UK, supporting over 40 schools and around 2,000 young people.
- In Barnet, London, we raised money for Homeless Action, which provides day centre services for homeless people – our support has helped provide hot meals and a bed for the night for many of its clients.
- In India, following a request for urgent help, Capita collaborated with the Seva Sahayog foundation to donate breathing apparatus machines to hospitals, supporting patients with Covid-19.
- Our colleagues in Customer Management from our Polish, Indian, South African and UK sites have donated clothing, books, food parcels, presents, baby-care packages and more to families in need as part of our Mission Christmas and Mission Diwali campaigns. Over 15,000 items were donated.



Our responsible business strategy: refocusing our priorities to respond to Covid-19

We believe businesses should be part of the solution to the problems faced by societies all over the world. They can only do this by putting the benefit to society and people at the heart of their success.

Our purpose – we create better outcomes – is the reason we exist

Underpinned by our purpose, our responsible business strategy, which was developed following considerable stakeholder engagement and launched in 2019, defines the environmental, social, ethical and governance issues of importance to our business and society, and the actions we are taking to address them.

During 2020, our responsible business strategy helped shape our response to the Covid-19 crisis. We had to take some tough decisions and we weren't able to do everything that we wanted to, but we focused our efforts on the issues that mattered most, while also ensuring we remained committed to workplace inequalities and climate change.

We've reprioritised
our actions to focus
on what matters

People

Community

Planet

Operating responsibly

Delivering our strategy themes



Building a more
inclusive organisation



Driving
greater social mobility



Reducing our
environmental impact



Operating responsibly
for our stakeholders



Enabling
better digital access

Goals

- Ensuring our workforce reflects the diversity of the communities we serve and is inclusive.

- Empowering 100,000 young people in the communities we serve to progress into the world of work by 2023.
- Equipping 10,000 people in our communities with the digital skills required for today's world by 2023.

- Seeking to reduce our carbon footprint and supporting our clients to do the same.

- Seeking to integrate environmental, social, ethical and governance considerations across our business operations.

Areas of focus

- Prioritising our colleagues' wellbeing
- Engaging with our colleagues
- Reimagining our workplaces
- Building an inclusive organisation

- Tackling youth unemployment
- Promoting digital skills for all

- Tackling environmental challenges with clients
- Improving our environmental performance
- Adapting to climate change

- Client relations
- Supplier engagement
- Ethical business

Supporting the United Nations Sustainable Development Goals



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[Detail on page 25](#)



Looking to our future

As society recovers from the pandemic, we will review the environmental, social, ethical and governance issues that matter most to our business and stakeholders, evolving our responsible business strategy so that we remain relevant. 2020 made the impossible possible and we want to use the platform we have in society to build back responsibly.

People



As the Covid-19 virus has swept across the world, the health, safety and wellbeing of our people has been our primary concern. We have ensured our colleagues have been kept informed and have access to the tools and support they need through our regular internal communication.



The resurgence of the Black Lives Matter movement reminded us all of the persisting injustices faced by our Black, Asian and minority ethnic colleagues and ensured we remain committed to creating a workforce that reflects the diversity of the communities we serve, and a working environment in which no one feels excluded.

Prioritising our colleagues' health, safety and wellbeing

Our number one priority throughout 2020 was the health, safety and wellbeing of our colleagues – protecting them and keeping them informed of the procedures implemented to ensure we could all continue to work in a safe manner.

Driven by our safety, health and environment team, and guided by government guidelines and best practice, we implemented Covid-19 guidance, policies and procedures that informed managers and employees of what they needed to do to protect themselves and others. These have been continually reviewed

We encouraged all our colleagues who were working from home to commit to the Working Apart But Together pledge.

and updated to align with the latest government and best practice information. In work sites that have remained open, social distancing measures and an enhanced cleaning and hygiene routine were introduced. Alongside this, we rolled out health, safety and social distancing training for all our colleagues, explaining the actions being taken and their role in keeping themselves and their colleagues safe. We also improved our data reporting and management information for health and safety, to better understand trends and take appropriate action when required. This data is shared monthly with the executive committee and the Board.

Across the world, people have struggled to maintain mental wellbeing during the Covid-19 pandemic, with many of our colleagues concerned about getting sick, government restrictions, and changes in working patterns or worrying about when the crisis might potentially end. Recognising this, we refreshed our Wellbeing Hub, which provides online support and guidance about mental, physical, social and financial issues, as well as promoting our

employee assistance programme, that gives our employees access to professional counselling – 24 hours a day. Since its launch in April, the Hub has averaged 21,500 visits per month. We published our Working Apart But Together pledge, providing support for the increased number of people working from home, and encouraging ongoing connection and engagement. In May and October, we marked Mental Health Awareness Week and World Mental Health Day, raising awareness of the support we provide and encouraging our colleagues to start the conversation that ‘it’s ok not to be ok’.

Our new Wellbeing Framework guides the business on the actions we must take to support our managers and employees to live a well-balanced life. We have developed and implemented e-learning content and virtual labs, such as our R U OK? module, to help managers foster psychological safety, trust, emotional intelligence, resilience and a positive mindset within their teams. In October 2020, we also launched a financial wellbeing application, Level, which provides digital budgeting tools, financial education and guidance.

Engaging with our colleagues

Crucial in any crisis is clear, concise communications. We appointed a dedicated communications lead to work closely with our pandemic planning team to ensure our colleagues received accurate and easily accessible guidance and information relating to Covid-19 – focusing on their welfare as a priority and reassuring them of the steps that we are taking. We also launched a dedicated colleague website, which can be accessed by all employees including anyone who was furloughed.

Given the high levels of uncertainty that emerged in 2020, it has never been more important to motivate and engage our colleagues – whether through campaigns such as #justsaythanks and our Working Apart But Together pledge, through visible leadership, or by involving our people in shaping our future ways of working. Over 24,000 colleagues responded to our Shaping Tomorrow Together survey to tell us how they’d like to work after Covid-19, and over 3,700 colleagues regularly join these conversations on our internal Yammer community.



Capita's Working Apart But Together pledge

Our values – the way we conduct ourselves and the behaviours we adopt – underpin how we run our business and shape who we are as an organisation. When working from home, we ask that you make five commitments to help us stay connected and true to our values.



Set boundaries



Be connected



Trust my colleagues



Look after my own wellbeing



Make time to check in



Our people survey

Annually we ask our people how they like working at Capita and how they think we are progressing as a purpose-led and responsible business. We use the data to understand long-term cultural and behavioural trends and to prioritise what we need to focus on in the next year to meet the needs of our people. We have made progress against what we heard in 2019: we pay all UK employees the real living wage as a minimum; we launched the Capita Academy Hub providing accessible online learning modules to all colleagues to develop them in their careers; and we launched seven employee network groups to value the diversity of our workforce and enable colleagues to share their voice.

In 2020, 72% of colleagues responded to our people survey, matching our 2019 participation rate and demonstrating our ability to maintain our overall employee engagement in unprecedented times. Our employee net promoter score (eNPS) maintained its upward trend, rising by seven points this year (following a positive 14-point swing from 2018 to 2019). With results varying between our divisions, however, we will continue to work hard to create

an inclusive workplace where everyone feels their voice can be heard.

2020 was the second year in which employees were able to rate their line manager's performance against a set of eight managers' commitments. These commitments set out the additional behaviours we expect from all our leaders and managers. Across all eight commitments, over 80% of respondents agreed that their manager was living by our values and demonstrating our behaviours. The feedback is fed into annual development discussions and can help inform managers' objectives.

Reimagining our workplaces

As we announced in our half-year 2020 results, we successfully mobilised approximately 85% of our people to work from home during Covid-19. We are now preparing for what may come next – and using what we have achieved to challenge our established ways of working. By empowering our colleagues to work in the most flexible and dynamic ways their roles will allow, we are reframing our vision of work, so that it is about the outcomes we create at Capita, not the physical place we go.

People survey

72%

of colleagues responded

We have listened to our colleagues – many want to continue to work more flexibly and balance their time between home and the office. It won't be possible for all of us to change how we work but, by engaging with colleagues across Capita, we are working to determine the level of flexibility that will be possible in the future.

Building an inclusive organisation

Inclusion is central to everything we do and is threaded through our values and behaviours, making sure that everyone is valued, respected and included. During 2020, we recognised that we needed to accelerate the actions we were taking to create an inclusive organisation and deliver on our purpose to many of our Black, Asian and minority ethnic colleagues. As a result, we instigated a series of actions to tackle racism and enhance ethnic diversity. We refreshed our approach to diversity and inclusion, ensuring we remain committed to creating a workforce that reflects the diversity of the communities we serve, and a working environment in which no one feels excluded.

Better outcomes

Annually we ask our people how they like working at Capita and how they think we are progressing as a purpose-led and responsible business. We use the data to understand long-term cultural and behavioural trends and to prioritise what we need to focus on in the next year to meet the needs of our people.

7-point

positive swing in eNPS from 2019

During 2020, we recognised that we needed to accelerate the actions we were taking to create an inclusive organisation and deliver on our purpose to many of our Black, Asian and minority ethnic colleagues.



Our commitments to tackling racism and anti-Black behaviours as well as enhancing ethnic diversity

We recognised that the actions we were taking to create an inclusive workplace at Capita were not happening fast enough and we had to act. The first step in our three-stage plan was to take a stand publicly in May 2020, following the killing of George Floyd in Minneapolis, announcing on our website and via an open letter to all UK businesses our commitment to fight inequalities wherever they might be. Stage 2 was to sit down and listen to our colleagues' concerns and get feedback on what they felt about racist behaviours and what could be done about them. We listened to more than

2,500 colleagues and, using their insight, our advisory group, which we convened with our Embrace network for race and ethnicity, recommended a series of commitments and actions that we should take as a business to tackle racism and enhance ethnic diversity. Our Executive Committee unanimously approved our commitments and Stage 3 is to take action and deliver on them.

We heard that racism and discrimination are not confined to any one group or country, which is why our actions aim to enhance diversity and support inclusion so that no one feels excluded.

Our commitments are to:

- **Ensure an inclusive culture with zero tolerance to racism.** We will define what we mean by zero tolerance and reflect this in our code of conduct, our values and our behaviours. We will review our employee life cycle processes, ensuring we remove bias and provide equal opportunities. We will be transparent about our data on ethnicity representation throughout our organisation and the ethnicity pay gap; and we will publish this data and our approach to inclusion in our Annual Report.

- **Have a sustainable representation of ethnic diversity, that reflects the communities we operate in, at all levels of the workplace.** Starting in the UK, we will commit to a 15% Black, Asian and minority ethnic representation (5% Black) across all levels of our workforce, extending these targets to other countries and ensuring they are meaningful.
- **Educate and raise awareness of racism in the workplace and through the power of our networks.** We will implement anti-racist training alongside our mandatory inclusion training and encourage our colleagues to volunteer their skills in youth communities with a high proportion of Black students, as well as including an anti-racism requirement in our Supplier Charter.

We report progress against our actions monthly to our advisory group and Executive Committee.

Refreshing our approach to diversity and inclusion

This year, in light of the actions we are taking to tackle racism and anti-Black behaviour as well as enhance ethnic diversity, we've refreshed our approach to creating an inclusive organisation and have focused on three objectives.

Our approach to diversity and inclusion



Improving data intelligence and reporting

To better identify areas of success and areas where we need to invest, understanding what roles and skills are required to reflect the diversity of our communities.

Creating a more inclusive culture

By understanding where biases may prevail and implementing interventions to reduce this bias – thereby embedding inclusion into everything we do.

Valuing difference

Through awareness and education because every single one of us is different, be that how we look, speak, act or where we come from.

Improving our data intelligence and reporting

Without data, we can't measure and monitor our progress to accelerate diversity throughout our organisation. Our Be Counted campaign was launched in March 2020 encouraging all colleagues to update their diversity data in Workday. Colleagues seem more comfortable declaring visible characteristics, with gender and ethnicity having higher declaration rates.

We continually encourage colleagues to update their data via ongoing engagement campaigns, for example, during Armed Forces Week, Black History Month and on World Mental Health Day. Additionally, our Employee Network Groups are encouraging colleagues to update their diversity data through personal videos.

Reporting our UK gender pay gap

Annually, we report our gender pay gap outlining the actions we have taken in the year to address the reasons we have one. The pay gap figures relate to hourly pay rates at 5 April 2020. Our median gender pay gap has improved marginally from 21% in 2019 to 20.2% in 2020, however the pace and rate of change is unsatisfactory. Our gender pay gap is driven by more men than women in senior management positions and slightly more women than men at all other levels of the organisation.

Hourly pay	2020	2019	2018
Mean (average) pay differential	24.2%	24.5%	24.1%
Median (mid-point) pay differential	20.2%	21%	17.7%

Notes: The data excludes contingent workers and excludes c.2,000 employees who were furloughed in April 2020 due to Covid-19.

In 2020, 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, encouraging shared parental leave by offering enhanced shared parental leave pay, rolling out structured interviews and continuing to facilitate career progression through mentoring for high-potential female leaders. We will review these actions, strengthening those that we believe will accelerate the pace of change.

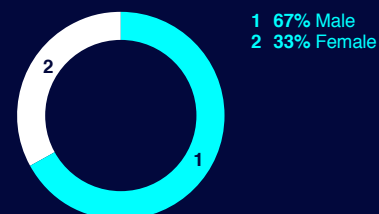
Reporting our ethnicity pay gap

This is the first year we are reporting our ethnicity pay gap data. We have followed the statutory gender pay gap reporting methodology as outlined by the UK government's Equality Act 2010. The pay gap figures relate to hourly pay rates at 5 April 2020. We have reported a pay gap comparing average hourly earnings of Black, Asian and

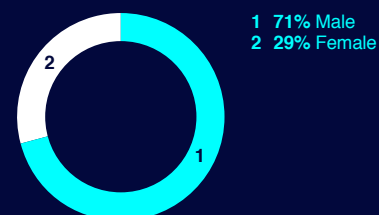
Our diversity data

Gender

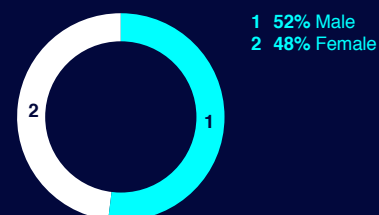
Board



Executive Committee



All employees



1 Based on 74% declaration.

2 We do not collect ethnicity data in Germany, Poland, India and Switzerland.

3 Data based on a 72% declaration rate.

4 Based on 15% declaration rate.

5 Note: We do not collect sexual orientation data in Germany, Poland, Switzerland and United Arab Emirates.

6 Based on 7% declaration rate.

7 We do not collect disability data in Poland.

Ethnicity^{1,2}

	%
Asian	9
Black	7
White	65
Mixed	9
Other	9
Prefer not to say	1

Sexual orientation^{4,5}

	%
Bisexual	2
Heterosexual	86
Homosexual	4
Pansexual	1
Asexual	1
Prefer not to say	6

Disability^{6,7}

	%
Disabled	21
Not disabled	76
Prefer not to say	3

Ethnicity in the UK³

As part of our commitments to tackle racism and enhance ethnic diversity, we set a target for our UK workforce to have 15% Black, Asian and minority ethnic and 5% Black representation across all levels of the organisation. This is the first year we are reporting against this target with the target being reviewed annually. Further analysis of representation at different levels is required.

UK ethnicity	15.35% of workforce Black, Asian and minority ethnic	2020 target 15%
UK Black colleagues	3.03% of workforce Black	2020 target 5%

With improved data, we've been applying a diversity lens to our employee life cycle, assessing the way we recruit, promote, develop and reward our colleagues.

minority ethnic colleagues as a percentage of White colleagues and pay gap figures for Asian, Black, and Mixed Ethnic groups. We have a Black, Asian and minority ethnic median pay gap of 13.8% and a mean of 12.5%. Our ethnicity pay gap is driven by having more White colleagues in the upper pay quartile.

	Hourly pay	
	Mean	Median
Asian, Black and minority ethnic	12.5%	13.8%
Asian	12.6%	16.1%
Black	12.2%	3.7%
Mixed Ethnic	12.7%	13.3%

Being the first year that we are reporting our ethnicity pay gap, further analysis on the data is required to ensure we implement appropriate interventions. However, we are confident that our actions to tackle racism and enhance ethnic diversity will support a reduction in our ethnicity pay gap. For more information, see Our commitments to tackling racism and anti-Black behaviours as well as enhancing ethnic diversity.

Creating a more inclusive culture embedding inclusion throughout our employee life cycle

With improved data, we've been applying a diversity lens to our employee life cycle assessing the way we recruit, promote, develop and reward our colleagues. As a result, we've made changes to the way we do things.

- Inclusive recruitment is a key pillar of our refreshed resourcing strategy. Rather than relying on interviews, we're embedding behavioural-based assessments in the hiring process. These assessments ensure we are looking at skills and behaviours alongside experience, thereby reducing bias.
 - Unstructured interviews are more likely to allow unfair bias to creep in and influence decisions. The onset of Covid-19 has accelerated our plans to switch all face-to-face interviews to our digital hiring platform – HireVue. All interviews conducted on HireVue follow a standard approach and all interview notes are captured within the platform. Additionally, all interviews are recorded, ensuring that any unfairness or bias can be reviewed independently.
 - Addressing the fact that we have a poor representation of women in senior management positions, we have set a target to ensure that at least 40% of candidates for senior management positions are women.
- Research shows that if there's only one woman in a candidate pool, there's statistically no chance she'll be hired. We monitor progress against this target quarterly.
- In January 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. We are hopeful that our enhanced family pay policies and continued encouragement to take up shared parental leave will reduce our gender pay gap.
 - In November 2020, we achieved Level 1 of the Disability Confident Scheme showing our commitment to ensure that disabled people and those with long-term health conditions have the opportunity to fulfil their potential and realise their aspirations.
 - All our recruitment agencies have demonstrated their commitment to diverse and inclusive hiring.
 - We've expanded our cross-company mentoring schemes to support 80 participants – focusing on high-potential women and colleagues from ethnic minority backgrounds.
 - Our leadership team also continues to focus on our internal advocacy programme to champion the career development of 21 high-potential women that were identified through the succession planning process.

Seven employee network groups

10,000+

colleagues have joined these networks

- We've launched a mutual mentoring scheme to support ethnic minority colleagues.
- We have refreshed our diversity and inclusion training to include an anti-racism module.

Valuing difference through education and awareness

We believe Capita should be a truly world-class working environment where all forms of diversity are celebrated and harnessed to drive progress. We established seven employee network groups in March 2020. The networks, which are sponsored and championed by Executive Committee members, give more voice to our people through a two-way feedback loop between the groups and our sponsors, encouraging colleagues to share their experiences and ideas on how we can create a more inclusive organisation. Over 10,000 colleagues have joined the networks.



Valuing difference through our seven employee network groups

Led by colleagues, our employee network groups are a forum for collaboration, raising awareness and sharing of ideas, from wellbeing support to career advice. They help drive cultural change, providing a valuable feedback loop between our people and leadership.

Rainbow Alliance	Embrace	Gender	Wellbeing	Multi-faith	Capita Ability Network (CAN)	Family
For our LGBTQ+ community and allies.	For race and ethnicity – committed to understanding the challenges that our minority ethnic colleagues face across the world while always being respectful of local customs and any cultural sensitivities.	For colleagues from different genders to feel inspired, share ideas and discuss their views.	For colleagues to connect with each other providing advice, guidance, tips and support to have a positive work-life balance.	For colleagues from different faiths/religions and beliefs to join the conversation between those different beliefs and to learn more.	For all colleagues affected by disability, including those with disabilities, those who work with disabled colleagues or are affected by disability in their personal or professional lives.	For colleagues to discuss issues across age, caring, pregnancy, maternity, paternity, shared parental roles, fostering, adoption and to support discussions challenging traditional gender roles and perceptions of family types.

This year, we celebrated and promoted inclusion and diversity through several successful company-wide campaigns, including Mental Health Awareness Week, Armed Forces Week, Pride, International Women's Day, Black History Month, and International Day of Persons with Disabilities. Additionally, we shared guidance with our communications team on marking religious festivals, supporting colleagues to mark these events across the business.

Community

There is no doubt about the importance of supporting our local communities. The Covid-19 pandemic has certainly brought it home, changing the lives of millions of people across the world.

Research has shown that it is young people who have borne the brunt of the initial consequences of the crisis, from significant educational disruption through to the highest levels of job insecurity, furlough and unemployment; it is estimated that up to 40% of young people who leave education during the crisis will experience long-term employment and pay 'scarring'¹.

Throughout this crisis, we've maintained our focus on equipping young people with the skills they need for the workplace and enhancing social mobility.

Maintaining a focus on young people and social mobility

In the UK, the Institute for Public Policy Research predicts that youth unemployment is soon set to double, bringing the total of unemployed young people to over a million. With around 55,000 people spread across offices throughout the world – often in areas with low social mobility – Capita is well placed to help young people develop the skills they need to get into work.



¹ <https://www.resolutionfoundation.org/publications/young-workers-in-the-coronavirus-crisis/>

This year, we strengthened our commitment to seek to give young people the knowledge and confidence to reach their full potential, developing a holistic youth employability programme.

In education



Education leavers



In the workplace



External



Job application workshops

We've developed online workshops providing information and activities to students on 'Getting yourself noticed', 'Making an application' and 'Getting feedback'. The workshops will be delivered to schools, initially in low socio-economic areas, to help young people get prepared for the world of work.

LinkedIn live events

In partnership with LinkedIn and charity, The Youth Group, we are developing and running a series of live careers events that give young people the opportunity to gain a real understanding of the employment marketplace and improve their LinkedIn profile. The events are designed to help break down the barriers to work for young people and increase Capita's presence in the UK youth employment market.

Partnering with charities

Our corporate charity partners, Teach First and Young Enterprise, have enabled us to help young people develop their employability and entrepreneurial skills. Our donation to Teach First funded the recruitment and training of 25 teachers in 2020, who will in turn teach 3,000 students, while our donation to Young Enterprise has supported 2,500 young people.

UK government's Kickstart Scheme

Giving young people the chance to build their confidence and skills in the workplace and improve their chances of gaining long-term work, we're offering six-month placements for people aged 16–24 years old. Our programme will not only provide young people with meaningful employment but also access to a comprehensive learning structure and an external mentor through the charity, The Youth Group.

Apprenticeships

We will develop direct entry apprenticeship programmes that Kickstarters and other young people can apply to join, providing central support for application, onboarding and non-course-specific learning.

Youth Verified

Working with The Youth Group, we will become a Youth Verified employer reassuring young people that our company understands the issues young people currently face, and that we are working with youth-focused organisations, charities and local communities to build a brighter, more sustainable future for young people.

Safe space for young people

Having access to a safe space to work is important for young people to build their adult social identity and feel part of the new work community. We're creating two safe youth spaces in our London and Manchester hubs, which will enable young people to meet, network and work together in a safe space. We will seek to extend these spaces out to other organisations to form a network of safe youth spaces across the UK.

The Capita Youth Council

To demonstrate our commitment to listen to young people and to provide the opportunities for their voice to be heard within our organisation, we're delighted to have launched our Capita Youth Council. Consisting of 10 members from both within and outside Capita, the Council will give a youth perspective to a range of business challenges and opportunities.

We continue to invest in apprenticeships at all levels, building the skills required for the future success of the organisation, and had approximately 1,030 apprentices on our programmes in 2020.

Apprenticeships

We continue to invest in apprenticeships at all levels, building the skills required for the future success of the organisation to better serve our customer needs. In 2020, we were awarded a position in the National Apprenticeship Service's Top 100 Apprenticeship Employers and had approximately 1,030 apprentices on our programmes, with an aim to reach 1,400 in 2021.

We fund apprenticeships for people from disadvantaged backgrounds and under-represented groups and aim to gift at least 5% of our annual levy funds to support these groups. Additionally, in October 2020, we gifted 19 apprenticeships to the children's charity, NSPCC, to support its fundraising team in developing new skills through the Level 3 standard in fundraising.

In 2021, as part of our focus on supporting young people into work, we will continue to develop technical-level qualifications for school leavers, providing a mixture of classroom and job experience.

Promoting digital skills for all

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

Ensuring young people can continue their education during lockdown

When the pandemic hit and schools closed, lessons went online to ensure children could continue to learn. But the UK's digital divide was pulled into sharp focus as children with no access to computers risked missing out on much of their normal education.

Partnering with Microsoft and Google, our education teams supported the Department for Education's Platform Provisioning Programme to fund and deploy digital learning platforms to every school that needed it during the Covid-19 pandemic. Our education teams helped schools get the right digital education platform so that teachers could communicate directly with pupils, set individual tasks, let pupils work together, and easily give personalised feedback.

Through our teams at Entrust, we also helped to bridge the digital divide by ensuring many schools across Birmingham could continue to deliver lessons to all their pupils by providing IT equipment to those who needed it.

Partnering with Business2Schools and our corporate charity partner, Teach First, we're donating laptops and IT equipment to schools throughout the UK, to support children to continue their learning while at home. We've already donated 140 laptops to nine schools and plan to continue this scheme in 2021.

We're delighted to be partnering with the Good Things Foundation to help people in communities across the UK improve their lives through digital, developing a blueprint for public, private and third sector collaboration. Covid-19 has accelerated digital transformation and exacerbated the digital divide. Digital confidence and skills are now fundamental for everyone and we want to be part of ensuring an inclusive economic recovery.

Championing careers in technology

Wanting to make jobs in business and national cyber security attractive to a younger audience, we partnered with Henley Business School to



Young Money Challenge
In 2020, we were proud to support Young Enterprise's Young Money Challenge, which challenged young people, aged 4–19, to think about responsible consumerism and how their spending choices can impact the planet. 1,000 young people took part and our volunteer judges were hard-pressed to award a winner. We're delighted to continue this support in 2021.



As part of the Tech She Can Charter, Capita is championing careers in technology.

support a recruitment drive to attract and recruit Henley students. The joint campaign saw us capture the students' imaginations by illustrating the potential impact of their future work and giving them a 'sense of mission', as well as holding innovative assessment centres that used a mix of team and individual challenges in typical working scenarios. The assessment was designed to identify students who were not just good on paper, but also demonstrated the values and behaviours of our business. As a result, 15 Henley students were offered jobs as trainee business consultants in our Government Consulting unit to start in September 2020. Despite the impact of the pandemic, five had started by January 2021, with the remainder expected to join us in the first quarter of 2021. Our partnership with Henley Business School was shortlisted for the Institute of Student Employers Awards final, held in December 2020.

As part of the Tech She Can Charter, Capita is part of 174 organisations championing careers in technology to young women at school. In the past two years, the programme has provided teacher toolkits and lesson plans to support schools in educating and inspiring pupils aged between 9 and 14 on how technology is used in different sectors, and the breadth and depth of

technology careers. Access to the lessons is free to schools and parents. Since its inception in 2018, over 450 schools have been provided with and are using the lessons, reaching thousands of pupils. 2020 also saw the launch of live Tech We Can Tuesday bitesize lessons, which more than 2,200 households across 25 countries tuned in to watch.

Additionally, Capita is a signatory of the Tech Talent Charter, a commitment by organisations to work together to increase the inclusion and diversity of the tech workforce in the UK. At Capita, we have been developing our technology career paths through apprenticeships and graduate programmes.

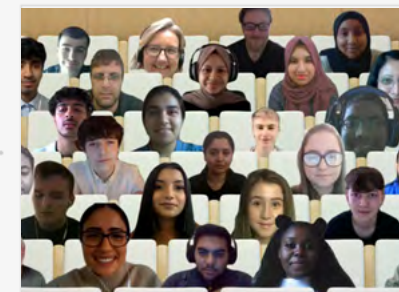
In 2019, we welcomed our first graduate cohort of 11 young people into our Software division. They were split into three focus areas: cyber security, product management and sales. While on programme, two of the graduates were offered permanent roles as Information Security Specialists. Due to the pandemic in 2020, we had to adapt our graduate assessment centre to online delivery. Despite these challenges, we were delighted to welcome nine graduates onto our Programme Management and Sales Level 4 apprenticeship programmes.

UK Social Mobility Awards
We're delighted that the UK Social Mobility Awards, delivered by Making the Leap were able to go ahead this year. This is the third consecutive year that we have supported the awards, which recognise and celebrate organisations and individuals who are enhancing social mobility.

**UK
Social
Mobility
Awards™**



Teach First virtual work experience
Despite the ever-changing backdrop of Covid-19, we worked with Teach First to run a successful virtual work experience programme. Twenty young people aged 16–18 from under-represented and diverse backgrounds completed the programme. We provided internet access and laptops to students who didn't have one so that no one was left behind.



Planet

Climate change is one of the defining issues of our time and addressing it will require a comprehensive, multi-agency programme of mitigation and adaptation on a global scale.

When the world starts to recover from the Covid-19 pandemic, businesses, governments and individuals will have an opportunity to build back a stronger and more resilient economy – one where the needs of society and the planet are balanced with financial strength.

At Capita, we are mindful of our own responsibility and the opportunity, both as a business with around 55,000 employees globally and with a wide range of clients, to build back better.

As a company, we work hard to reduce the environmental impact of our operations; our people play their part by using less energy, travelling less and recycling. Working with our clients and partners, we support them to reduce their own emissions and transition to a low-carbon economy.



Our Smart Data Communications Company (DCC) is supporting the Government in the roll-out of smart meters to homes across the UK by building and implementing a new secure data network.

Tackling environmental challenges with our clients and partners

Smart meters – supporting a lower carbon economy

Smart meters underpin the UK's plan to meet net-zero carbon emissions by 2050 and are projected to help save 45m tonnes of carbon by 2034 in Britain alone. They offer multiple benefits to homeowners, including understanding their energy use better and taking action to be more energy-efficient. But, most importantly, they enable the grid to deploy renewable energy in smarter ways.

Our Smart Data Communications Company (DCC) is supporting the Government in the roll-out of smart meters to homes across the UK by building and implementing a new secure data network that connects smart meters to the systems of energy suppliers and network operators. This market-leading technology and unified smart meter network has the potential to reach more homes than either digital TV or superfast broadband, and can be used for

other applications, including supporting electric vehicle charging points. Its security features have been approved by the National Cyber Security Centre.

At the end of 2020, there were more than 8.2m smart meters on DCC's network reaching around 5.1m homes.

Improving air quality in London

The World Health Organization estimates that nine out of ten people worldwide breathe polluted air, resulting in seven million deaths a year – more than 9,000 of them in London. London has struggled with illegal levels of air pollution for nearly a decade due to the presence of high-emission vehicles, high levels of congestion and the impact of an increasing population.

Capita has been working in partnership with Transport for London (TfL) since April 2014 to run a series of initiatives, from the T-Charge Zone to the Ultra Low Emission Zone (ULEZ), to address this problem. ULEZ currently

operates within the boundaries of the central London congestion charge zone, but, in October 2021, coverage will be extended to a wider area within the North and South Circular roads. We're delighted that our partnership with TfL has been extended until October 2026, meaning we can continue to be instrumental in driving down pollution in the capital.

The impact of ULEZ after 10 months of operation was:

- A 44% reduction of NO₂ in January 2020 versus February 2017.
- Increases in vehicle compliance rates to 79% versus 39% in February 2017.
- A 44,100 reduction in non-compliant vehicles on average a day (down 71% versus February 2017).

Smart meters

8.2m
on DCC's network

Impact of ULEZ

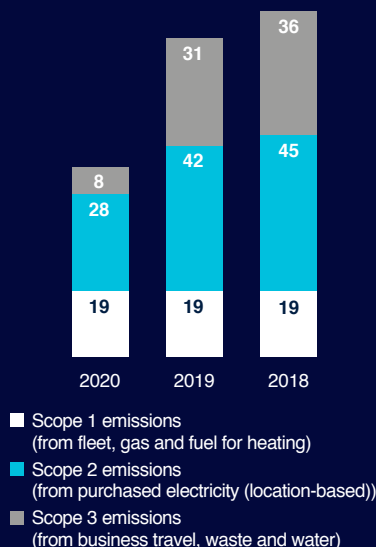
44%
reduction of NO₂ in January 2020
vs. February 2017





Our science-based targets have been accredited by the Science-Based Target initiative (SBTi) and in 2021, we will be developing our ambition and financial plan to achieve net zero.

Total carbon emissions
(Tonnes of CO₂e (thousands))



Managing our environmental performance

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

[Click here for our health, safety and environment policy](#)

We've set science-based targets, accredited by the Science-Based Target Initiative (SBTi) to align with a 1.5°C pathway and have set targets to:

- Reduce absolute Scope 1, 2 and 3 (business travel) greenhouse gas (GHG) emissions 46% by 2030 from a 2019 base year.
- Ensure that 50% of our suppliers by spend covering purchased goods and services and capital goods will have science-based targets by 2025.

We will achieve these targets by:

- Consolidating our property portfolio, exiting inefficient properties in favour of a hub-and-spoke model to accommodate employee and client needs.

- Investing in energy-efficient projects, including: LED lighting; upgrading building management controls; and replacing inefficient chillers and pumps.
- Investing in renewable energy projects directly or via our landlords.
- Reducing business travel by promoting virtual meeting technology, transitioning to electric fleet vehicles.
- Encouraging our suppliers to set ambitious plans to tackle climate change and reduce emissions.

In 2021, we will be developing our ambition and financial plan to achieve net zero, aligning our pathway to the forthcoming SBTi global standard for corporate net-zero targets. Alongside this, we are strengthening our assessment of climate risk across our organisation – building plans and understanding the costs to manage and mitigate the risks.

Reducing 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 resolve energy waste as it arises, identifying any plant that is inefficient and in need of replacement.

40%

reduction in our carbon footprint from 2019

Since 2019, we have been purchasing 100% renewable electricity from solar, wind and hydro-electric to power our managed buildings in the UK.

We're also investing in energy-efficiency measures across our estate and achieved significant savings in 2020. We have:

- Replaced LED lighting, saving 156 tCO₂e per annum.
- Replaced air-conditioning, chillers, pumps, ventilation fans and controls to high efficiency, saving 677 tCO₂e per annum.
- Upgraded building management controls, saving 19 tCO₂e per annum.
- Replaced heating plant, saving 17 tCO₂e per annum.
- Installed sub-metering on mechanical plant, saving 853 tCO₂e per annum.
- Installed a replacement reverse osmosis water treatment plant, saving 140 tCO₂e per annum.

As a result of Covid-19, we have seen an exceptional 60% reduction in the emissions from business travel.

Reducing our business travel

As a result of Covid-19, we have seen an exceptional 60% reduction in the emissions from business travel. As we emerge from the pandemic, we will continue to encourage our colleagues to think carefully about their need to travel.

In 2020, we began to transition our fleet vehicles to lower emission vehicles. Our fleet has changed significantly; in 2019 99% of our vehicles were diesel, whereas now we have 77%. Consequently, there has been an increase in electric or hybrid vehicles from 1% to 23% in the same period with this trend continuing with 53% of vehicles on order being electric or hybrid.

	2020	2019	2018
Diesel	77%	99%	100%
Hybrid electric	19%	1%	0%
Pure electric	4%	0%	0%
Average CO ₂ e emissions	98g/km	110g/km	109g/km

Fleet vehicle energy source.

Understanding our waste footprint

We encourage colleagues to reduce, reuse and recycle waste, and we provide facilities to make this possible. During 2021, we will continue to work with our catering suppliers and their partners to eliminate single-use plastic and reduce food waste in our catering outlets in the UK. Collaborating closely with our waste management partners, we will continue to target a 75% recycling rate and zero waste to landfill.

Water use

Water is an increasingly precious resource across the world. We use water-saving technologies, such as waterless urinals, dual flush toilets and aerated taps. To improve our understanding of water consumption in the UK, our internal energy bureau now collects and analyses all our data. The bureau works with water suppliers to monitor consumption to: improve our understanding of the water we are using; identify high consumption; identify and repair leaks quickly; and investigate further opportunities to manage our water use responsibly.

In 2020, our water consumption in our UK properties where we are billed directly was 220,000m³, a reduction of 25% from 2019 despite legionella flushing in all properties during reduced occupation.

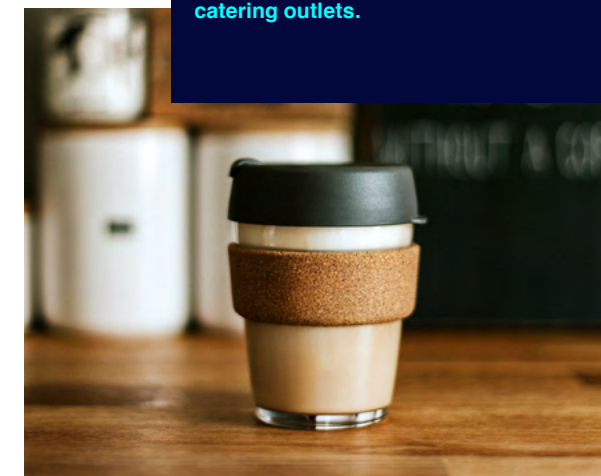
Encouraging environmental working practices

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 2020 theme of biodiversity, we ran a campaign throughout the week via intranet and social media to raise awareness about the issues of climate change and land conversion leading to biodiversity losses, with articles from leading scientists. We also ran a promotion on the cycle to work scheme.

In 2020, we decreased paper use across our UK businesses by 58% (173,659 tonnes in 2020 compared with 413,064 tonnes in 2019).

Better
outcomes

During 2021, we will continue to work with our catering suppliers and their partners to eliminate single-use plastic and reduce food waste in our catering outlets.



Operating responsibly



As we have flexibly and efficiently met the needs of our clients to help them respond to the Covid-19 pandemic, we have maintained our focus on operating responsibly throughout our business – integrating environmental, social and ethical considerations into our strategies and decision-making processes.



Operating responsibly for our clients

We actively seek the views of our clients through a customer net promoter score (cNPS) survey. Since 2019, the actions we have taken to address areas identified by our clients include: implementing and rolling out Salesforce as our single customer relationship management (CRM) platform; assigning a dedicated client partner to each of our key clients; and rolling out training and coaching support to our growth and account management teams.

In 2020, we received feedback from more than 1,020 individuals across 638 clients, some spanning multiple business divisions, representing a 53% response rate (up from 38% in 2019). The results gave Capita a cNPS score of +32 for 2020 – a 17-point increase on 2019.

Our aim is to encourage and work with suppliers to achieve the highest standards within our supply chain.

In the survey we ask clients for feedback on our current performance and advice on areas that they would like us to focus on in future. For 2020, we also asked for insights on how we could support clients during and after the Covid-19 pandemic. This information was fed back to our teams who worked to understand any root causes of issues raised and set actions, which will be monitored via our CRM, Salesforce.

With 70% of those we surveyed in 2019 responding again and a response from all of our major accounts, we see this as a key indicator of the success of the steps we took during our transformation programme.

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 services to meet individual requirements.

In our Customer Management division, building on the success of our vulnerable customer training, which we have delivered to more than 1,500 colleagues, we launched our Army of One initiative in 2020. The initiative aims to create a safe and open workplace, empowering our colleagues to create the best possible experiences for each other and our clients. This has been delivered to our first fully virtual contact centre operation of approximately 1,200 people, developed in response to the pandemic.

We've delivered interactive, practical sessions for our leaders and front-line staff providing new tools and skills to support a virtual, working from home environment so that we can continue to support our vulnerable customers.

Operating responsibly with our suppliers

We spent £2bn in 2020 with more than 24,540 direct suppliers in 87 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 December, we published our revised supplier charter strengthening our commitments to support more small and medium-sized businesses, increase the diversity of our supply chain, promote supply chain resilience and to encourage ambitious carbon reduction targets to tackle climate change. All new and renewing suppliers are expected to comply with this Charter.

We are signatories to the UK Government's Prompt Payment Code, reporting our payment practices and performance to the government every six months. In 2020, we paid 72% of micro-organisations and 85% of SME suppliers within our terms of seven days for sole traders, and 30 days for SMEs. 95% of our suppliers were paid within 60 days or less.

Supplier payments

95%

were paid within 60 days or less



The code is integral to our new starter induction process and ongoing awareness of its content is supported through the completion of mandatory training modules.

Tackling modern slavery

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 in our supply chain.

In 2020, we continued to invite our high-risk suppliers in terms of modern slavery to complete a third-party audit to determine their processes for preventing modern slavery. We also established a supplier relationship management process through which we will maintain and monitor a supplier risk scorecard which will assess a supplier's exposure to all risks, including modern slavery.

Our Modern Slavery Statement provides more information

Operating responsibly throughout our business

Employees on Board

Our two employee directors are nearing the end of their first term on the Board, having successfully provided an invaluable employee perspective and voice for our employees at the most senior level.

Over the past year, some of their focus areas and key achievements were the following:

- Providing an employee perspective on the annual employee survey results, in particular the significant improvement in the eNPS.
- Visiting India as a part of the monthly Board meeting, and liaising with colleagues based there on people-related issues, such as Indian wage inflation and promotion opportunities.
- Liaising with people management teams in India and South Africa at the beginning of the pandemic regarding governmental wage support programmes.
- Providing perspective regarding decisions and changes as a result of the pandemic to the working environment, such as working from home guidance, leave arrangements and the decision to proceed with the real living wage.

Applying our code of conduct

Our code of conduct 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.

[Click here for our code of conduct](#)

The code is integral to our new starter induction process and ongoing awareness of its content is supported through the completion of mandatory training modules.

Alongside the code, we also have a speak up policy. This policy is there for any person working at, or with Capita, who feels they face a situation that appears to contravene the Capita 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.

We follow published guidelines on how we operate responsibly when undertaking 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. The application of the guidelines is assessed via divisional and Group contract review committees.

Targeting bribery and corruption

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

[Click here for our anti-bribery and corruption policy](#)

The risk and compliance teams monitor compliance, ensuring all parts of the business are aware of their responsibilities.

Strengthening security

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

Our cyber security transformation programme continues to deliver industry-leading processes that provide the right level of protection and control for our data and people across the organisation. During 2020, we continued to build out our capability in cyber and information security, we restructured the security teams into a new office of the Chief Information Security Officer and continued to improve our controls and maintain compliance to various regulatory needs, including but not limited to the Payment Card Industry Data Security Standard and the UK Government's Cyber Essentials scheme.

[Click here for our information and cyber security policy](#)

Further to our work for central government national security clients, we are proud to be an associate member of CyberFirst, which is inspired and led by the National Cyber Security Centre (NCSC) and is a programme of opportunities helping young people explore their passion for technology by introducing them to the world of cyber security. Alongside our industry peers, we are helping the NCSC develop the next generation of cyber security professionals that people, businesses and institutions all over the UK are relying on.

Paying our taxes responsibly

We believe we have a responsibility as a corporation to contribute our fair share to society. In 2020, Capita's total tax contribution from UK operations was £805m. £118.7m of the VAT collected will be remitted in 2021/22 as part of the Government's VAT payment deferral measures.

[Click here for our tax strategy which provides more information on our approach to taxation](#)

We have retained our Fair Tax Mark accreditation, which provides independent verification of our fair and transparent UK corporation tax principles.

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 Universal Declaration of Human Rights and the International Labour Organization core labour principles. We comply with all relevant legislation, including the UK Modern Slavery Act which is detailed further online.

[Click here for our human rights policy](#)

Protecting privacy

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

We have a number of Group policies and procedures in place, which are embedded in our business processes and ways of working. These set out how we do business, engage with clients and manage our relationships with customers, suppliers and third parties.

***They are all available on our website:
www.capita.com/our-company/about-capita/policies-and-principles.***



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

[Click here for our privacy policy](#)

Our material issues

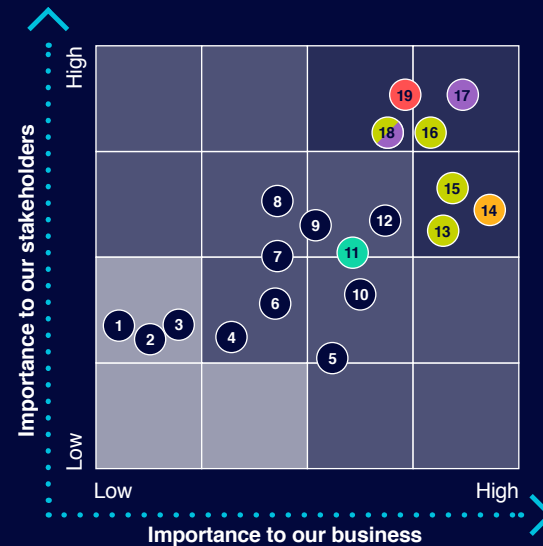
In such a complex and volatile world, we want to focus activities at Capita on addressing the global challenges where we can make the biggest impact. To define our responsible business strategy, we consulted with hundreds of our stakeholders to identify the issues that matter most to them and that they 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.

In 2021, we will review the environmental, social, ethical and governance issues that matter most to our business and stakeholders, evolving our responsible business strategy so that we remain relevant.

We consulted with hundreds of our stakeholders to identify the issues that matter most to them.



Key	Responsible business themes
●	Operating responsibly
●	Reducing our environmental impact
●	Driving greater social mobility
●	Building an inclusive organisation
●	Embedding better digital access

No.	Issues
1	Biodiversity loss and eco collapse
2	Food crisis
3	Water crisis
4	Urbanisation and demographic change (increased crime)
5	Ageing population
6	Illicit trade
7	Economic inclusion
8	Environmental pollution
9	Financial education
10	Changing customer behaviour
11	Climate change and resource scarcity
12	Health issues

No.	Issues
13	Fair compensation
14	Digital exclusion due to technological developments (automation, robotics, AI)
15	Cyber attack
16	Data fraud and theft
17	Gender inequality
18	Respecting human rights
19	Youth unemployment and quality education

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.

Our governance structure

Board



ExCo Responsible Business Committee



Responsible business function



Divisions

Function

Sets the strategy, within the parameters set by the Board, ensuring resources and budgets are in place to deliver responsible business.

Executes business-wide strategy on our approach to responding to the global challenges that our business and society face, delivering programmes of work to create better outcomes for our people, our communities and the environment.

Accountable for embedding responsible business across our global operations through every employee conversation, every client interaction, every contract discussion and everything we do at Capita.

External recognition and memberships

Focusing on the issues that matter most, we partner with organisations whose purpose aligns with ours to ensure mutual benefit. We track progress and benchmark our responsible business actions against external indices.

Commitments



Key partners and memberships



Making the Leap.



External recognition



We track progress and benchmark our responsible business actions annually against the CDP and EcoVadis CSR Assessment. In 2020, we scored a B in CDP (C in 2019) and achieved a Silver EcoVadis Medal, ranking us in the top 25% of companies rated by EcoVadis.

* 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's climate-related financial disclosures 2020

We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), providing investors and other stakeholders with decision-useful information on climate-related risks and opportunities that are relevant to our business. This is the first time that we are disclosing information against the recommendations and we are committed to improving these disclosures as we continue to enhance our approach to climate change.

Governance

Our Chief Executive has overall responsibility for climate-related risks and opportunities. The Board is updated at least annually on progress against our responsible business strategy and climate-related performance. This year, due to increasing pressure from external stakeholders and to ensure that Capita is well placed to transition to a low-carbon economy, climate change has been proposed to be added to our Principal Risk Register and will be managed as part of our Group-wide risk management approach. In 2021, our Executive Risk Committee will oversee the development of plans for each division and function to identify, evaluate and clarify climate-related risks and

opportunities assigning resource to manage these as part of the Group-wide risk management process.

Ongoing oversight of climate-related issues is carried out by our ExCo Responsible Business Committee, chaired by our Chief General Counsel, Director of Corporate Affairs, Responsible Business Director and other ExCo members representing functions and divisions. The Committee is supported by our Group Energy and Environment Manager who reports quarterly on progress against our performance.

Strategy

Our approach to climate change is a key tenet of our responsible business strategy where we have a goal to reduce our carbon footprint and support our clients to do the same. We are committed to reorientating our business towards net zero and as part of our drive to be a purpose-led, responsible business, and are well under way in defining our pathway towards becoming net zero.

Our approach to climate change focuses on decarbonising our operations and tackling climate change with our clients and partners.

Decarbonising our operations

In 2020, we set science-based carbon reduction targets in line with a 1.5°C warmer world. These have been validated by the Science-Based Target initiative (SBTi). In 2021, we will be developing our transition plans to achieve net zero as soon as possible, aligning our pathway to the forthcoming SBTi global standard for corporate net-zero targets. Alongside this, we are strengthening our assessment of climate risk against our corporate strategy and financial position – building plans and an understanding of the costs to manage and mitigate the risks.

Our property portfolio is being transformed, targeting inefficient properties and reducing operating costs and liabilities. Properties are assessed for energy efficiency and will be assessed for vulnerability to extreme weather events and risk of 100+ year flood events. The ongoing energy-efficiency programme continues to deliver significant reductions in year-on-year energy emissions and costs using energy data to identify anomalies in consumption profiles and lower energy waste through targeted management and infrastructure upgrade projects. As we transform our property portfolio, we will continue to benefit from reduced building costs and carbon emissions.

We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Capita purchases renewable energy across its UK energy contracts and has identified opportunities to instal renewable energy generation plant in regions where it is not available on the grid, eg India. We will move landlord-supplied properties to renewable electricity where possible. We continue to transition to cloud computing solutions and our data centres are predominantly powered by renewable energy, reducing carbon emissions for Capita and our clients.

We use virtual meeting technology to limit business travel and encourage use of public transport for commuting when safe to do so.

Tackling climate change with our clients and partners

Our products and services are increasingly developed to help clients achieve net-zero carbon through technology and consulting services.

We are supporting the UK government with the roll-out of smart meters to homes across the country. Once complete, the smart meter network is projected to save 45m tonnes of carbon by 2034 in the UK alone. In partnership with Transport for London, we're delivering London's Ultra Low Emission Zone (ULEZ) to help reduce air pollution and nitrous oxide levels in the capital.

Capita's risk management framework provides a governance structure which is used by all divisions and businesses.

Capita collaborates with our suppliers to manage and mitigate the identified risks to supply continuity, distribution, costs and availability of merchandise in the event of extreme weather events and scarcity due to climate-related events. There is an opportunity to work with innovative suppliers to develop mutually beneficial relationships yielding long-term co-benefits and we monitor our suppliers' performance through indices such as CDP and EcoVadis.

Increases in global temperatures and extreme weather events will impact climate risk in different geographies in unique ways and our strategy will continue to address any emerging risks and opportunities.

Scenario analysis

Working collaboratively with representatives across the business, we conducted a workshop to start to understand the risks and opportunities of a two-degree and four-degree warmer world on our business. For the two-degree scenario, we aligned with the Intergovernmental Panel on Climate Change's (IPCC) RCP 2.6 in which there is a high likelihood that global temperatures will not exceed more than two degrees over pre-

industrial levels by the end of the century. For the four-degree scenario, we aligned to the IPCC's RCP 8.5, where climate change will increase by up to four degrees by 2100. Understanding the physical risks and transitional risks (eg legislation, technology and markets), we were able to better understand the areas of our business that are most at risk, the consequences and the actions that we need to take to respond, thereby building resilience.

As we embed climate change into our business through our risk management process, we will continue to use scenario analysis to prepare and respond to changes in growth opportunities, operational disruption and stakeholder expectations.

Risk management

Capita's risk management framework provides a governance structure which is used by all divisions and businesses, Group functions and by the Board, with each having formal Risk & Assurance Committees and a quarterly cycle of review meetings. These provide for regular monitoring and escalation of existing risks, and for horizon scanning of emerging risks.

Capita has recognised both the risk of climate change on its business, and Capita's impact on climate change itself, which also includes identifying potential opportunities for improving these impacts by developing new and improved services.

Climate-change risk is owned and managed by the Director of Corporate Affairs who is responsible for ensuring that all businesses within Capita have identified, and are managing, their climate risks effectively.

Using guidance from the TCFD and other expert sources, we have identified the following risks and opportunities and as such it will be included as a principal climate change risk which will be appropriate to all of Capita's individual businesses and the company. This risk will be established within the existing operational risks for each business and monitored as part of the normal operational risk management governance process.

Risks

- Reduced revenue from negative impact of climate change on clients and markets.
- Reputational damage if we are not seen to be acting on climate change – a rising expectation from our clients, investors and employees.
- Operational disruption and cost if we don't understand the impacts of climate change on our property portfolio, IT infrastructure and people.
- Non-compliance with increasing environmental legislation and regulation.
- Lack of skills required to quickly adapt to a low-carbon economy.

Opportunities

- Reduce operational costs and carbon emissions through optimising property portfolio and carbon reduction initiatives (eg energy-efficiency measures, renewable energy, virtual meetings to reduce business travel, improved recycling).
- Growth opportunities in low-carbon technologies and services (eg smart meters, ULEZ).
- Build resilience and reduce emissions from supply chain opting for low-carbon alternatives.
- Improve reputation by developing a net-zero carbon strategy meeting stakeholder requirements.

Over the climate risk horizons of short (one to three years), medium (four to nine years) and long term (over 10 years), these risks and opportunities are likely to change taking into account new emerging technologies such as low-carbon hydrogen for heating and the costs required to neutralise or compensate for emissions that we have not yet abated to achieve net zero.

Metrics and targets

We have set science-based targets, accredited by the Science-Based Target Initiative (SBTi) to align with a 1.5°C pathway as below:

- Reduce absolute Scope 1, 2 and 3 (business travel) greenhouse gas (GHG) emissions 46% by 2030 from a 2019 base year.
- Ensure that 50% of our suppliers by spend covering purchased goods and services and capital goods will have science-based targets by 2025.

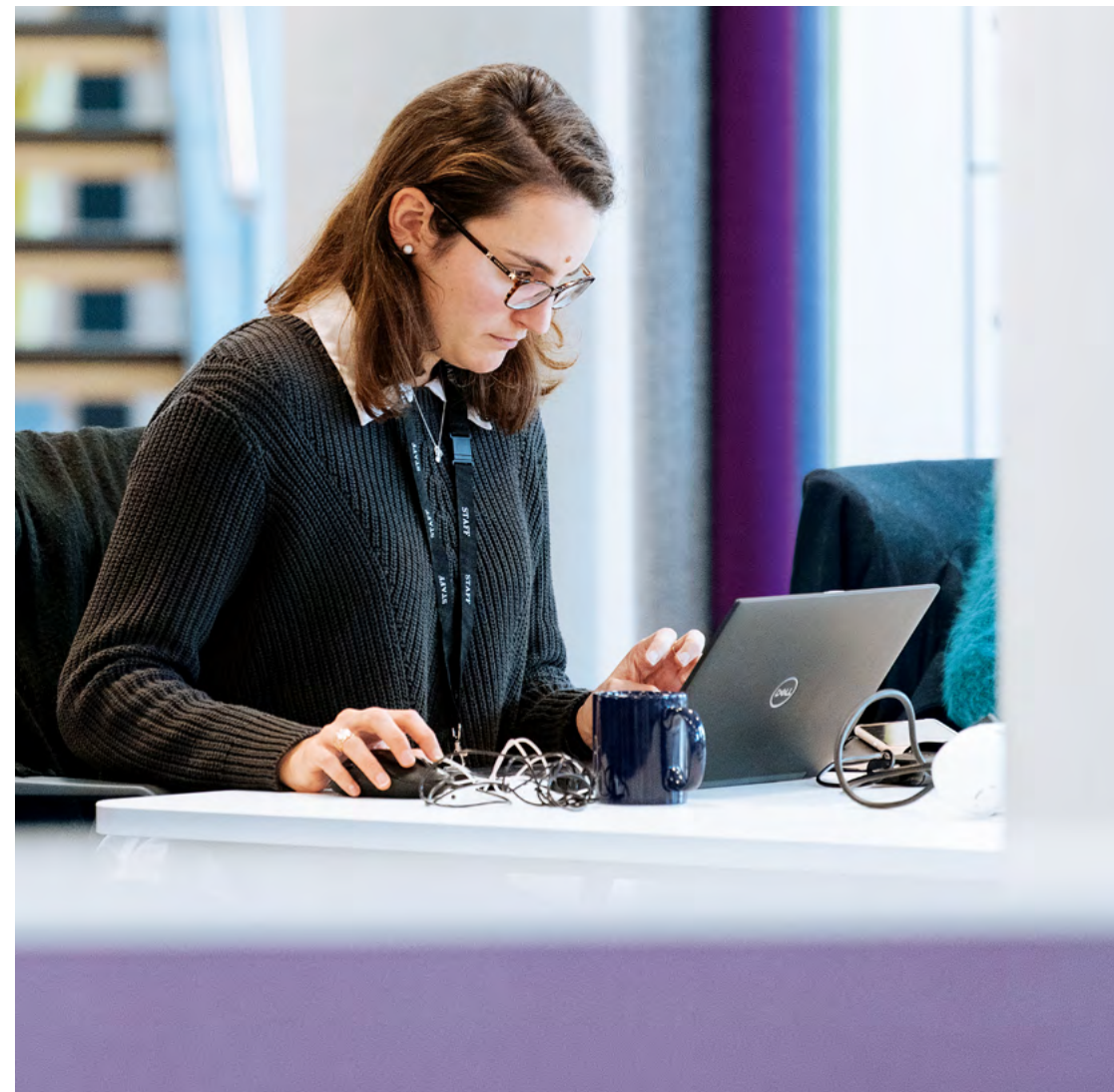
We will achieve these targets by:

- Consolidating our property portfolio, exiting inefficient properties in favour of a hub-and-spoke model to accommodate employee and client needs.
- Investing in energy-efficient projects, including LED lighting, upgrading building management controls, and replacing inefficient chillers and pumps.
- Investing in renewable energy projects directly or via our landlords.
- Reducing business travel by promoting virtual meeting technology, transitioning to electric fleet vehicles.
- Encouraging our suppliers to set ambitious plans to tackle climate change and reduce emissions.

In 2021, we will be developing our ambition and financial plan to achieve net zero as soon as possible, aligning our pathway to the forthcoming SBTi global standard for corporate net-zero targets.

We report our climate change performance annually (see page 41). Additionally, we benchmark our approach to climate change against the CDP, scoring a B in 2020.

In 2021, we will be developing our ambition and financial plan to achieve net zero as soon as possible.



Our performance in detail

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



Operating responsibly

Metric	Unit	2020	2019	2018
Swing in employee net promoter score (eNPS)	Percentage point swing	7	14	–
Customer net promoter score (cNPS)	Score between -100 and 100	32	16	–
Employee voluntary turnover rate (proportion of people leaving Capita voluntarily in reporting year)	%	20	23	23
Lost Time Injury Rate (LTIR)	Indicator for safety performance	0.01	0.02	0.06
Total Recordable Incident Rate (TRIR)	Indicator for health and safety performance	0.02	0.04	0.08
High Potential Incident (HiPO)	Incident not causing loss or damage but under different circumstances would result in an accident	0.01	0.13	0.35
Proportion of part-time employees	%	16	16	14
Number of employees covered by collective bargaining agreements	No. of employees	8,765	9,235	13,625
Total procurement spend	£bn	2	2.10	New metric
Total number of suppliers	No. of suppliers	24,540	26,700	New metric
Countries from which our suppliers originate	No. of countries	87	85	New metric
Proportion of sole traders within supply chain	% of sole traders	14	16	New metric
Proportion of small and micro-businesses (>1 employees <50 , <£10m turnover) within supply chain	% of small and micro-businesses	41	33	New metric



Operating responsibly

Metric	Unit	2020	2019	2018
Proportion of small and medium enterprises (SMEs) (>50 employees <250, <£50m turnover) within supply chain	% of SMEs	36	46	New metric
Proportion of sole traders paid within payment terms	%	69	80	61
Proportion of small and micro-businesses (>1 employees <50, <£10m turnover) paid within payment terms	%	72	76	76
Proportion of small and medium enterprises (SMEs) (>50 employees <250, <£50m turnover) paid within payment terms	%	85	86	76
Proportion of large businesses (>250 employees) paid within payment terms	%	85	81	73
Proportion of suppliers paid within 60 days (invoices paid through Capita UK companies)	%	95	97	92
Proportion of suppliers paid within payment terms (invoices paid through Capita UK companies)	%	88	91	88



Youth skills and jobs

Metric	Unit	2020	2019	2018
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	22,870	23,938	New metric
No. of apprenticeship opportunities provided in Capita	No. of apprentices	1,039	765	456
No. of students placed in work experience placements	No. of people taking up work experience	20	48	New metric
No. of young people supported in developing employability/entrepreneurial skills through our community programmes	No. of young people	10,243	14,584	New metric
No. of young people supported in developing employability/entrepreneurial skills through our services	No. of young people	12,607	9,306	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	6,779	7,353	New metric
% of volunteer hours spent on improving employability/entrepreneurial skills	%	34	27	New metric
Total number of volunteering hours carried out by Capita employees	No. of hours	4,663	16,651	5,085



Digital inclusion

Metric	Unit	2020	2019	2018
Goal: To equip 10,000 people in our communities with the digital skills required for today's world by 2023	No. of people	5,787	290	New metric
Community investment:	£	2,053,502	2,826,571	1,522,769
Charitable spend	£	1,498,218	1,604,956	730,986
Value of volunteering hours	£	116,842	416,269	175,835
Gifts-in-kind	£	104,965	33,790	19,301
Amount of employee-raised funds for charities (includes match funding from Capita)	£	83,095	504,975	298,866
Amount of employee giving through payroll for charity	£	250,381	266,581	297,781



Inclusive workplaces

Metric	Unit	2020	2019	2018
% of people answering agree/strongly agree to 'I think Capita values the opinions of employees, regardless of their background or difference' through our people survey	%	69	65	68
Total Capita employees	No. of employees	55,543	61,149	63,000
Countries from which our employees operate	No. of countries	10	10	14
Headcount by gender	% female	48	48	48
	% male	52	52	52
Board headcount by gender	% female	33	36	29
	% male	67	64	71
Executive Committee headcount by gender	% female	29	29	19
	% male	71	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	17	14	19
	% male	83	86	81
Proportion of our workforce who are disabled (excludes Poland) based on voluntary disclosure	% disabled	21	New metric	New metric
Disability declaration rate	%	7	New metric	New metric
Proportion of our workforce by ethnicity (excludes Germany, Poland, India and Switzerland) based on voluntary disclosure				
Ethnicity declaration rate	%	74	New metric	New metric
Proportion Asian	% Asian	9	New metric	New metric
Proportion Black	% Black	7	New metric	New metric



Inclusive workplaces

Metric	Unit	2020	2019	2018
Proportion White	% White	65	New metric	New metric
Proportion Mixed ethnicity	% Mixed ethnicity	9	New metric	New metric
Proportion Other	% Other	9	New metric	New metric
Proportion Prefer not to say	% Prefer not to say	1	New metric	New metric
Proportion of our workforce by sexual orientation (excludes Germany, Switzerland, Poland and UAE) based on voluntary disclosure				
Sexual orientation declaration rate	%	15	New metric	New metric
Proportion asexual	% asexual	1	New metric	New metric
Proportion bisexual	% bisexual	2	New metric	New metric
Proportion heterosexual	% heterosexual	86	New metric	New metric
Proportion homosexual	% homosexual	4	New metric	New metric
Proportion pansexual	% pansexual	1	New metric	New metric
Proportion Prefer not to say	% Prefer not to say	7	New metric	New metric
Median (mid-point) hourly pay difference between Black, Asian and minority ethnic and White colleagues	%	13.8	New metric	New metric
Mean (average) hourly pay difference between Black, Asian and minority ethnic and White colleagues	%	12.5	New metric	New metric
Median (mid-point) hourly pay difference between male and female	%	20.2	21.00	17.70
Mean (average) hourly pay difference between male and female	%	24.2	24.50	24.10



Reducing our environmental impact

Metric	Unit	2020	2019	2018
Goal: To reduce our carbon footprint by 5% annually	% reduction in annual carbon emissions	39.77	8.68	5.41
Total carbon emissions (location-based)	Tonnes of CO₂e	55,219.00	91,677.27	100,394.81
Total carbon emissions (market-based)	Tonnes of CO₂e	50,386.00	77,434.13	
Scope 1 emissions	Tonnes of CO₂e	18,979.00*	18,960.67*	18,819.24
Scope 2 emissions (location-based)	Tonnes of CO₂e	28,359.00*	41,894.14*	45,174.51
Scope 2 emissions (market-based)	Tonnes of CO₂e	23,526.00*	27,651.00*	
Scope 3 emissions	Tonnes of CO₂e	7,881.00*	30,822.46*	36,401.06
Carbon intensity by turnover (location-based)	Tonnes of CO₂e/£1m turnover	15.01	24.92	25.62
Carbon intensity by headcount (location-based)	Tonnes of CO₂e/Full Time Equivalent (FTE)	0.99	1.50	1.59

Notes

Total gross tonnes of CO₂e/£1m revenue (location-based) in 2020 has been calculated using unadjusted revenue. In 2019 and 2018, adjusted revenue has been used.

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; its full assurance statement is available at www.capita.com/responsible-business.

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 the 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.