

# CAPITA



# We are the UK's leading provider of customer and business process management

We maintain our leading position in the UK business process management market where we play a key role in our clients' operations, delivering their customer, administration and professional support services.

We create unique, cost effective services that meet the individual needs of our clients. And we don't just design these services, we also deliver them. However complex the challenge, we bring together the right people with the right skills to streamline our clients' services and improve customer experiences across hundreds of public and commercial organisations.

Our business goal is to deliver value to all our stakeholders. To achieve this goal, we have a strategy of continuously growing our operations in a controlled, profitable manner across all our target markets. Our strategy is delivered through our consistent business model which enables us to deliver effective service solutions for our clients, generate healthy returns for our shareholders and build a sustainable business.

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# welcome



Corporate responsibility means different things to different businesses. For us it means acting responsibly in all that we do.

Naturally, this means adding value in our commercial activities. But at Capita, corporate responsibility (CR) also means going beyond the purely commercial to support all our stakeholders, in the communities in which we work and the sectors in which we operate. Our responsible behaviours give us license to operate and enable us to enhance all our relationships and motivate our people.

This responsibility and responsiveness has always been part of what we do. We're good at listening to what clients want, and respond by creating and delivering solutions that really work for them. Our responsible business agenda is a natural extension of this. And as the world constantly changes, we find new ways to create benefits for our clients, our business, and for society. The result is a better and more sustainable business.

As our business has grown in scale and diversity, we've realised that we need to better document and communicate the things that we've always shared more informally. As more and more organisations and people join us every year, we've had to work harder at embedding our responsible behaviours deeply and consistently throughout our business.

In 2012, we developed a framework to help us continue to do this. A framework that gives everyone in the business a clear understanding about why responsibility matters and clearly sets out which areas we believe we should focus on. The framework helps all our people to get more involved.

Our refreshed approach frames the things we're already doing more clearly and signposts how we can achieve even more across our five priority impact areas:

- responding to clients' needs
- engaging and supporting our people
- building successful supplier relationships
- running a resource-efficient business
- investing in our communities.

By working together, we can keep building on the valuable work we've done so far, identify areas for improvement and make increasingly valuable contributions to all our stakeholders.

This report highlights some of our activities in 2012. I hope that you enjoy reading about them and we would welcome your feedback.

**Paul Pindar** Chief Executive

You can find out more about our activities on our website:

 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

## Capita's business model and strategy

### Our business strategy

Our business strategy is to continuously grow our operations in a controlled and profitable manner across all Capita's target markets. We deliver this strategy through our efficient, profitable business model which enables us to deliver effective service solutions for our clients and their customers. Our business model is underpinned by strong leadership and robust processes across finance, risk management and operations. This disciplined approach to achieving sustainable growth allows us to meet our business goal of delivering value to all our stakeholders.

➔ See page 14 of our 2012 annual report for more detail on our strategy and business model.

### About our business

We provide a wide range of services to public and private sector clients across 10 market sectors. Whether we are bidding for a government or commercial contract, we firstly seek to understand the current and future requirements of the client, and vitally, the end-users of the service. This helps us to build effective service delivery models which support long term efficiency and accessibility.

We are continually developing our capability and scale both internally and via selective acquisitions. This enables us to provide compelling, value added propositions for clients across a growing number of sectors and service lines.

## A: Operating an efficient, profitable business model

➔ Page 02

### Targeting growth markets

- providing BPM services to 10 markets across the UK public and private sectors

### Building capability and scale

- extensive resources and services
- ICT and BPM skills
- extensive infrastructure

### Creating innovative solutions

- client responsive solutions
- improving service outcomes and reducing costs

### Securing organic growth

- multi service, transformational and long term contracts
- shared service platforms
- single services

Small to medium acquisitions

## B: Ensuring strong leadership and robust processes

➔ Page 04

Financial discipline + Operational controls and risk management + Flexible divisional structure

## C: Delivering value to all our stakeholders

➔ Page 06

Shareholders

Clients

People

Suppliers

Environment

Communities

## Our approach to CR

### Our corporate responsibility (CR) strategy

Our CR strategy is directly integrated with our business strategy. We run our business responsibly, identify our social and environmental impacts and respond to them; this benefits both our business and our stakeholders, allowing us to build on opportunities and reduce risks, and to create competitive advantage. It also ensures that we attract and retain the right people to deliver our strategy.

Through our integrated strategy we can help achieve our business goal: to develop Capita as a long term sustainable business that delivers value to all our stakeholders – our clients, employees, suppliers, shareholders and the wider community.

### Our priority impact areas

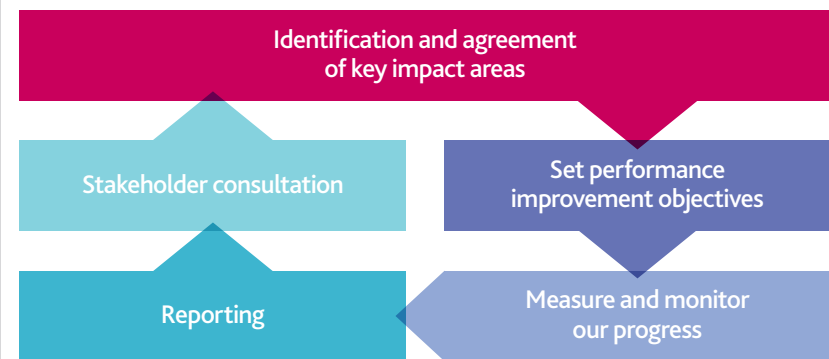
In consultation with our stakeholders we have identified five priority impact areas – those which have the greatest impact on the future of our business, taking into account emerging trends in the markets in which we operate.

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

Focusing on our five priority impact areas ensures we consistently keep the needs of all our stakeholders in clear view. We set KPIs around each of these priority areas and measure and monitor our progress.

👉 See page 06 to explore our stakeholder engagement and page 07 for our KPIs.

### Our approach to CR



*We've received external recognition for our work*

## Our awards



We are recognised as a Brand Emissions Leader.



Awarded carbon saver standard.



Capita are included in the Ethibel Excellence Register.



Capita were included in the Dow Jones Sustainability Index in 2011.



We have been included in the FTSE4Good Index since 2001.

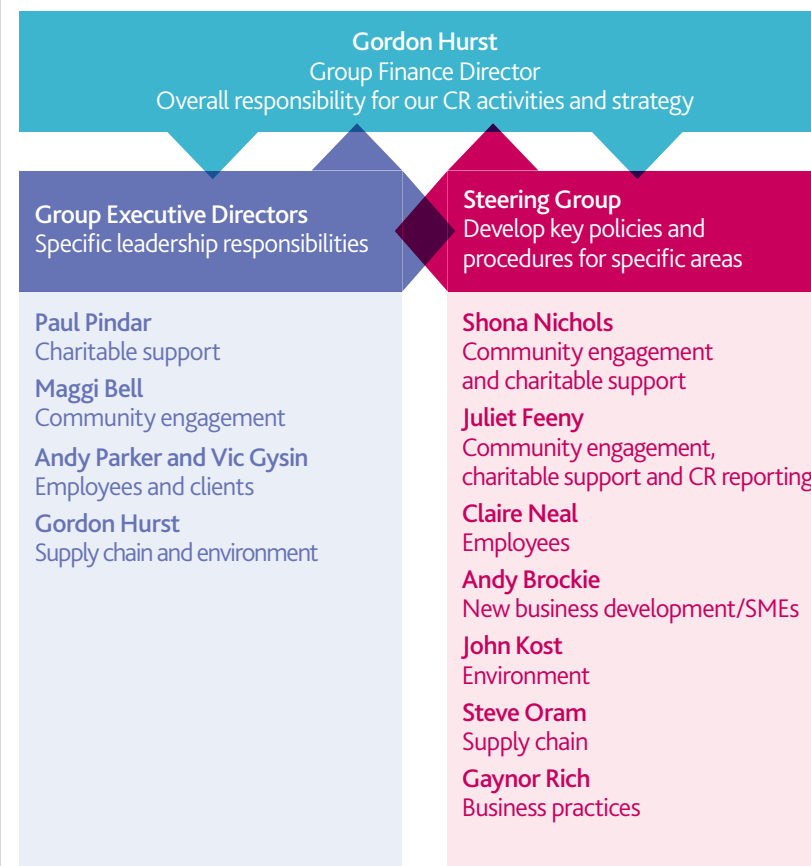
## CR leadership and governance

Overall management of our CR activities sits with the Group Board. Gordon Hurst, Capita's Group Finance Director, has overall responsibility and each Executive Director is responsible for one or more priority impact areas. Our Group functional heads are accountable for the implementation of our CR programme in each of their areas. They provide guidance and support at a business level to our employees to ensure that best practice is widely disseminated throughout the Group. In addition to this, we have a CR Steering Group who are responsible for challenging what the business as a whole is doing in this area and ensuring that all possible risks are being identified and managed. The Group meets formally throughout the year and in 2012, members of the CR Steering Group reviewed our priority impact areas taking into account the importance and interest of these areas to our stakeholder groups. The exercise confirmed that our priority impact areas remain the same. During 2013, we will undertake a further review, consulting more widely with stakeholders.

### Governance within our businesses

Our Group functional heads are accountable for the implementation of our CR programme in each of their areas. They are responsible for turning our policies into everyday action, ensuring that our employees have the support they need and that best practice is widely disseminated throughout the Group within our businesses. This also ensures that regulated businesses can respond to changes in legislation affecting their work quickly and efficiently.

### CR leadership structure



## Responsible business practices

Clear values, behaviours and responsible business practices are deeply embedded in our business. They are detailed in our Group-wide statement of business principles and our code of ethical business conduct.

### Statement of business principles

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

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

The full policy can be found at:

 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

### Code of ethical conduct

We seek to maintain the highest standards of ethical conduct. Our code of ethical conduct is a formal policy that details how we do business and how we engage with clients, their customers, suppliers and with third parties. The code is supported by employee training programmes and applies to all businesses and employees in all jurisdictions, often dictating higher standards of behaviour than required by local legislation.

Our Group compliance team ensures adherence to the code. The code is reviewed annually to check its suitability and its effectiveness, and we implement improvements as appropriate.

The full policy can be found at:

 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

### Risk management

Managing risk properly is critical to our success and it is therefore managed in a robust and structured way. Effectively managing risk not only enables us to maximise the financial performance of the business it also offers the opportunity to safely undertake more complex projects and attract the higher reward that comes with the ability to manage risk effectively.

We have a risk management framework in place, with relevant systems and controls to identify, assess and mitigate potential risks that could have an impact on the delivery of our growth strategy. The Divisional Director and senior management team of each business unit is responsible for establishing processes and procedures to capture, manage and report on the risks for which they are accountable. At a Group level, our risk and compliance team maintains appropriate risk management policies and frameworks and provides oversight for their implementation and execution of those policies. In respect of financial services regulation, the team also acts as a co-ordination point for our business level compliance activities.

➡ See pages 36–39 of our 2012 annual report for more detail.

## Keeping stakeholders involved

We have a wide range of stakeholders:

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

We communicate regularly and transparently with all our stakeholders so that we understand clearly what they expect of us and what they think of what we're doing.

We always listen carefully to what they're telling us and use this information in our decision-making and to help set the future direction of our activities.

The table to the right shows how we engage with each stakeholder group, their main areas of interest and what the benefits of engagement are.

*We use different types of engagement to suit each individual stakeholder*

| Stakeholder group             | Key focus                                                                                                                                                                                                                                                                                                                                                          | Types of engagement                                                                                                                                                                                                                                                                                                                                         | Benefits of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clients                       | <ul style="list-style-type: none"> <li>• Clients look to us for expertise in how they can transform their services to improve customer experience, accessibility and operational efficiency. They need us to be responsive to changes in their specific market sectors so that we can support their long term organisational objectives.</li> </ul>                | <ul style="list-style-type: none"> <li>• Regular client meetings to review performance against KPIs</li> <li>• Where we have a strategic partnership, a director sits with our client on a joint partnership board</li> <li>• End-user satisfaction surveys measure our performance, report back to clients and underpin continuous improvement.</li> </ul> | <ul style="list-style-type: none"> <li>• Helps us to understand and respond to specific market challenges</li> <li>• Enables us to identify new opportunities to improve services</li> <li>• Supports collaborative working across Capita</li> <li>• Ensures that we meet client standards across all our CR activities</li> <li>• Highlights how we can contribute to their CR goals/community investment.</li> </ul> <p>👉 see page 08</p>                                |
| Employees                     | <ul style="list-style-type: none"> <li>• Our employees want to work somewhere supportive and safe, where they are treated equally and where they feel valued</li> <li>• They want to be given the opportunity to learn and progress</li> <li>• They are also concerned about job security, pay and benefits.</li> </ul>                                            | <ul style="list-style-type: none"> <li>• Company intranet</li> <li>• Performance reviews</li> <li>• Informal email surveys</li> <li>• Internal campaigns</li> <li>• Business conferences</li> <li>• Individual business newsletters</li> <li>• Annual employee survey</li> <li>• Open door policy.</li> </ul>                                               | <ul style="list-style-type: none"> <li>• Helps to inform our diversity strategy</li> <li>• Feeds into our benefits scheme which has been relaunched in 2012</li> <li>• Increases awareness of training opportunities</li> <li>• Increases engagement with volunteering and charitable support.</li> </ul> <p>👉 see page 14</p>                                                                                                                                             |
| Suppliers                     | <ul style="list-style-type: none"> <li>• Suppliers want to be treated fairly, so that they are able to provide services over the long term.</li> </ul>                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• Supplier registration and online assessment</li> <li>• Regular meetings with our strategic suppliers</li> <li>• Mentoring SMEs.</li> </ul>                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• Ensures compliance with our values</li> <li>• Enables us to contribute to local economies by using local suppliers</li> <li>• We can provide support to SMEs so that they are able to compete more widely.</li> </ul> <p>👉 see page 20</p>                                                                                                                                                                                        |
| Communities                   | <ul style="list-style-type: none"> <li>• Local communities want us to have a positive impact on their local area, helping to stimulate local economies by creating jobs, supporting regeneration and investing through our community programmes.</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Directly consult with local community groups, charities and voluntary organisations</li> <li>• Consultation with representatives of local communities</li> <li>• Workshops in local schools</li> <li>• Mentoring and volunteering in our local communities.</li> </ul>                                             | <ul style="list-style-type: none"> <li>• Helps us to work with organisations to recruit locally</li> <li>• Encourages collaborative working on community programmes to inform how we can help charities and voluntary organisations through provision of services and using our expertise</li> <li>• Supports our efforts to address worklessness by provision of work placements and apprenticeship places.</li> </ul> <p>👉 see page 28</p>                               |
| Shareholders and SRI analysts | <ul style="list-style-type: none"> <li>• Investors want to ensure that we continue to grow as a profitable and sustainable business that delivers value for their investment</li> <li>• They also want to know we have the right people and processes in place, and that we're managing any relevant risks that could affect our growth and reputation.</li> </ul> | <ul style="list-style-type: none"> <li>• Regular one-to-one meetings with investors</li> <li>• Results presentations</li> <li>• Investor roadshows and presentations</li> <li>• Regular news flow</li> <li>• Participation in a number of SRI surveys</li> <li>• Annual report and accounts.</li> </ul>                                                     | <ul style="list-style-type: none"> <li>• Two-way engagement with investors is vital for sustaining a long term, stable share register</li> <li>• We engage with both existing and potential investors to ensure that they understand Capita's long term strategy and business model</li> <li>• We keep the market informed of key new contracts and acquisitions, changing market dynamics and relevant management changes.</li> </ul> <p>👉 see our 2012 annual report</p> |

## Our principal non-financial key performance indicators (KPIs)

We manage our business with a clear set of financial and non-financial KPIs.

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

➔ See pages 12 and 13 of our 2012 annual report for more detail.

| Key performance indicator                   | Aim                                                                                                                     | Context                                                                                                                                                                            | Progress in 2012                                              | See more                                |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------|
| Client resources                            | Continue to respond to our clients' needs and develop our network of business centres to meet the needs of our business | Reflects the scale and breadth of our offering for clients                                                                                                                         | <b>70</b> business centres<br>2011: 68                        | ➔ Page 08                               |
| Employee resources – leadership             | Maintain high retention rate for managers (annual salaries exceeding £50k p.a.)                                         | We need to attract and retain talented leaders with the right skills to deliver the Group's long term growth strategy                                                              | <b>99%</b><br>2011: 95%                                       | ➔ Page 14                               |
| Employee resources – skills and flexibility | Maintain overall employee retention at or above industry average (2012: 87.3%, 2011: 87.5%) <sup>1</sup>                | Our people are vital to our success; by ensuring we have the right people in the right place, and by engaging and supporting them, we can deliver high quality, efficient services | <b>83%</b><br>2011: 89%                                       | ➔ Page 14                               |
| Building successful supplier relationships  | Annually audit all strategic suppliers against our standards of business                                                | By building relationships with our suppliers we can secure best value goods and services, which can improve our business performance and that of our clients                       | <b>100%</b><br>2011: 100%                                     | ➔ Page 20                               |
| Controlling our environmental impacts       | Continue to measure and manage our carbon footprint <sup>2</sup> and minimise wherever possible                         | Although we are a low impact organisation, our aim is to run a resource-efficient business that monitors and manages our environmental impacts                                     | <b>103,728</b><br>(tonnes CO <sub>2</sub> eq)<br>2011: 91,318 | ➔ Page 24                               |
| Investing in our communities                | Continue to measure and grow our community investment annually, using London Benchmarking Group methodology             | Our business places us at the heart of the communities we operate in and positive relationships are therefore vital to the long term health of the business                        | <b>£1.8m</b><br>2011: £2.0m                                   | ➔ Page 28                               |
| Shareholder value                           | Steadily grow ordinary dividends (annual growth of total dividends)                                                     | Demonstrates the financial health of the business and commitment to creating shareholder value                                                                                     | <b>10%</b><br>2011: 7%                                        | ➔ See page 13 of our 2012 annual report |

<sup>1</sup> CIPD 2012 and 2011.

<sup>2</sup> Based on latest available greenhouse gas emission factors from Defra.

1.

# Responding to our clients' needs



Outsourcing of administration and customer management services is playing an increasingly important role in both the public and private sectors. By moving from in-house service provision to a specialist third party provider, such as Capita, government and commercial entities can benefit from specialist support, economies of scale and flexible delivery options. We can help organisations manage their people, processes and IT more effectively, deliver better, more flexible services and reduce costs.

Outsourcing always works best where two parties have formed a long term partnership, ensuring stability and an in-depth understanding of the client and the pressures they may be facing.

For example, we have a highly successful partnership with O2. Their overriding aim is to remain number one for customer service – so our vision for the partnership is to give them exactly that, with the best customer experience in the mobile sector.

 find out more on page 12



# Why?



## Board responsibility

Vic Gysin and Andy Parker  
Joint Chief Operating Officers

## Policies

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

For more information, please visit:

 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

- we help our clients to improve the way they do business, streamlining administration, back office processes and customer management, deploying IT effectively and leveraging economies of scale
- we improve efficiency and reduce costs so that clients can invest in improving their services and customer satisfaction without compromising on quality
- we provide our clients with flexible delivery models so that we can adapt to meet their specific requirements
- we give our clients more control over their operations, improving their risk profile and enabling them to focus on what they do best
- we help our clients stay ahead of the competition – making sure that they're taking advantage of the innovations that really work.

# How?

## Creating strong relationships

We strive to meet our clients' needs and always try to exceed their expectations, establishing strong long term relationships that are vital to our continued success. For the past 29 years, our business has grown steadily, delivering high quality services through innovative service solutions, robust business transformation programmes and harnessing the best of technology.

Our track record and our reputation have enabled us to win and retain long term contracts with both new and existing clients, while our operational excellence helps us to secure additional business from existing clients.

In 2012, we reported our best ever sales year with £4.0bn (2011: £2.0bn) of new and extended contracts secured, twice the value of our previous record year. This reflects our operational performance and the buoyant demand for outsourcing. We expect that these factors will continue to support further revenue growth in 2013 and beyond.

## Meeting clients' needs

We are committed to responding to what our clients tell us and we listen to what they have to say about our services. Our management team is highly accessible and we ensure that effective communication is maintained at all levels of the relationship – from day-to-day operational contacts right through to the head of the organisation. Maintaining open and honest discussions with our clients allow us to develop a detailed understanding of their business and challenges.

Every organisation we work with is different, and every project unique. But we use a common overall approach:

### Listening to our clients

- We work closely with clients to clearly define their objectives, both in the short and longer term
- We create appropriate governance and client engagement structures to ensure that we are delivering to expectations
- We establish strategic partnership boards on our largest contracts to ensure that the relationship develops to support any changing needs.

### Creating appropriate solutions

- We audit current services. We make sure we understand and document thoroughly how the organisation works including inputs, outputs, workflow, dependencies, service infrastructure and any bottlenecks
- We provide detailed transformation plans and introduce new innovations and different flexible services infrastructures.

## Measuring results

- We agree detailed service standards and KPIs to measure progress and improvements
- We track the results, not only to establish whether services are working and improving as designed, but also to feed into future plans.

## Delivering changes

- We deliver continual transformation of business processes using our full range of technology, people management and work environment expertise.

We offer a huge variety of services and it wouldn't be appropriate to use just one single method to measure client satisfaction. We use a number of different mechanisms, depending on the size and type of the contract.

To provide us with a general view of key client satisfaction we are additionally introducing a client satisfaction survey of key clients across our divisions this year. This new survey along with our existing multiple client satisfaction measures will provide us with a greater degree of information.

*Did you know...*

**We have 70**  
**multi-service**  
**business centres**

## Securing long term client relationships

| What we do                                                                                                                                                                                                                                                                                                                                                           | What we deliver                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Construct and deliver robust business transformation programmes</li> <li>• Re-engineer and improve processes</li> <li>• Introduce new ways of working</li> <li>• Increase service efficiency, quality and effectiveness</li> <li>• Harness the most appropriate technology</li> <li>• Apply innovative solutions</li> </ul> | <ul style="list-style-type: none"> <li>Improved customer service</li> <li>Reduced operating costs</li> <li>Enhanced revenues</li> <li>Improved quality</li> <li>Staff progression</li> </ul> |
| Commercial certainty                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                              |
| Partnership model                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                              |



Capita was recognised by the Institute of Revenues Rating and Valuation with an Excellence in Innovation award for the transformation of revenues and benefits services at Sheffield City Council.

The Council asked us to modernise its operation and to reduce costs while maintaining service levels. Since launching the service in April, customer contact and payment channels are now more in tune with the way residents live their lives, allowing them to transact, apply for benefits, receive bills and manage their account online. Improved processes have also been introduced in the contact centre and the one-stop-shop, enhancing customer satisfaction and enabling better channelling of resources.

### Building capability and scale

We proactively develop the Group's resources, capability and scale ensuring we have the right resources in place to deliver for our clients.

We promote collaborative working across all our client activities, bringing people together from across the business to work on projects. This gives our clients the benefit of greater access to specialist skills and allows us to continually improve our offering.

Our clients also benefit from the partnerships that help deliver our services. In 2012, we continued to increase the number of these partnerships, including with SMEs and community and voluntary organisations.

### Responding to change

Satisfied clients are the key to our success. To meet their expectations, we have to be able to respond to their changing needs, as well as to changes in the marketplace. We achieve this with bespoke service delivery models that ensure that we always meet our clients' current needs, whilst taking into account their expectations and the needs of the public.

When we're designing services, we make sure that they are inclusive and accessible and factor in the effects of the broad changes in society that our clients' customers are facing – for example, an ageing population and constant changes in mobile technologies.

### New growth opportunities

Our clients and the challenges they face are always evolving and this provides new opportunities for our business.

#### • Lower budgets in local government

We work with many councils, assisting them to cope effectively with their reduced budgets and to address these against a background of increasing costs for child and adult social care. We're helping cut costs and maximise efficiency, so that as much money as possible goes to frontline services – where it's most needed.

#### • Doing more with less in education

We are constantly looking at how we can help our education clients do more with less money – by delivering innovative solutions to better support their administration and by establishing evidence-based decision making. There is also significant potential to increase our presence in the international and independent school markets.

#### • Coping with change in health

At a time of unprecedented transformation in the NHS – when quality of care, patient safety and efficiency are all under increased scrutiny – we have helped improve standards, lower costs and improve focus on the critical job of patient care.

#### • Keeping emergency services efficient

The UK emergency services are under constant pressure to maintain effective and efficient services in the face of reduced funding. As an experienced and trusted business process transformation partner, we have delivered against these challenges by providing products and solutions that help the emergency services do just that.

#### • Raising awareness of pensions

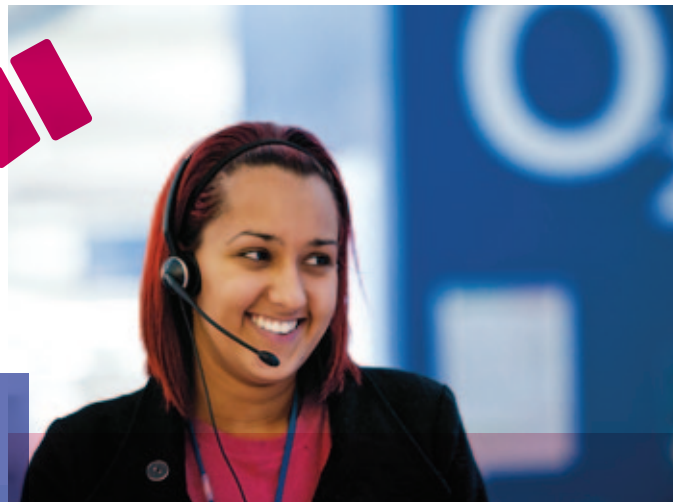
We run a number of schemes – such as the Teachers' Pension Scheme – in which we are actively helping to raise awareness of the importance of adequate pension provision in the face of a population in which the proportion of older people is continually rising.

#### • Climate resilience in insurance

We have helped insurance companies review their operating models to help offset the effects of an increase in claims arising, including those from severe weather events in the UK. We have been able to help them save money and improve customer service.



## Working in partnership with our clients



We would like to congratulate Capita and O2 who demonstrated not only impressive skills and insight but extraordinary passion and commitment to delivering a world-class customer experience.

Anne Marie Forsyth CCA's Chief Executive

*And together supporting  
our local communities*



We are one of the UK's leading providers of customer management services, handling over 100 million customer contacts and delivering services for 35 clients, including O2.

Our partnership with mobile operator O2 has been long and successful. O2's overriding aim is to remain number one for customer service – so our vision for the partnership is to deliver the best customer experience in the mobile sector. O2 rates the partnership against a number of different criteria across key areas – and Capita currently ranks number one against other suppliers.

Recognition of quality comes from independent observers too. In 2012, the Capita and O2 small business award team were highly commended at the Customer Contact Association's Global Excellence Awards.

In addition to our commercial work with O2, we are also keen to support them in meeting their corporate responsibility aims. In 2012, we worked with them on two 'Think Big' initiatives to help improve the lives of children in the local community, one at Swinton Fitzwilliam primary school, transforming the outdoor space, and another project at the Brookfield's children's centre. Both projects were a success and following the work we carried out at the primary school they were then successful in securing a Partnership Award, through the Healthy Schools Team in Rotherham. The team also secured a Capita People Award in 2012.

## Improving

## services

### to West Sussex residents



In these critical times we have already done much to make our support services more efficient. However, we need to bring new energy and even greater efficiency to our systems and processes. It makes absolute sense to benefit from the economies offered by placing a range of our in-house services with one supplier who is experienced at transforming services at a significantly lower cost.

Michael Brown West Sussex County Council  
Cabinet Member for Finance

During 2012, we won a contract to create a partnership with West Sussex County Council to improve services to residents, and to save money for the Council. During the ten-year partnership we will deliver a wide range of support services, including HR, payroll, finance, office services, online service delivery, a contact centre, temporary labour, procurement and pensions administration. Projected savings on Council spend are around 20%.

## Protecting our clients

Our clients include many companies and organisations that handle personal data and highly sensitive material and so we make the security of client data a priority.

In outline, our security framework consists of:

- detailed policies and procedures that enable us to comply with all legal requirements for data and information security
- mandatory annual refresher training for every employee, covering information security, data protection and awareness of fraud techniques
- regular review and update of the content of the training to ensure it's always current and accurate
- unambiguous reporting procedures that ensure we deal with any potential issue as quickly as possible.

## Our performance: Client resources

### Principal non-financial KPIs

|                                                                                              | 2012                | 2011                | 2010                |
|----------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| Continue to develop our infrastructure of business centres to meet the needs of our business | 70 business centres | 68 business centres | 64 business centres |

2.

# Engaging and supporting our people



Capita is a people business – we have 52,500 employees working at over 350 sites from a diverse range of backgrounds. Our success rests on having the right people, with the right skills to deliver our strategy. Our objective is to have motivated people working for us and to make their workplace supportive, safe, inspiring and enjoyable.

We believe in recognising and rewarding our employees and one way we do this is through the Capita People Awards scheme. The scheme recognises individuals and teams who have gone the extra mile or who have made an outstanding contribution to the business or to their community.

 find out more on page 15



# Why?



## Board responsibility

Vic Gysin and Andy Parker  
Joint Chief Operating Officers

## Policies

A number of our Group-wide policies focus on our employees – including those covering equality and diversity, health and safety and our code of ethical conduct. With a growing international presence, we ensure that we apply the same principles to all our employees, wherever they are based. We ensure our policy and training materials are appropriate and comply with, or exceed, the legal and regulatory requirements of the countries where we operate. For example, we take into account European, Indian and South African employment law, international human rights legislation, and International Labour Organisation standards.

For more information, please visit:  
 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

- first and foremost – our clients benefit
- a diverse workforce provides us with a range of skills and expertise and helps us create truly innovative solutions that benefit our clients and help improve our own market competitiveness
- a trained workforce is an empowered workforce; this means that they make better decisions and can respond to clients' needs quickly and effectively
- by making sure we take care of the health and safety of our employees, we reduce risks across our business, protecting our reputation and that of our clients.

# How?

## Our culture

Our business principles, code of conduct and core company values have together helped us to create a distinctive 'Capita culture'. Our values include respect and support, consistency in managing our employees, delivering high quality services for our clients, and giving our employees autonomy and responsibility over many aspects of their work.

Close to 70% of our employees have transferred into Capita under a 'TUPE' arrangement (Transfer of Undertakings, Protection of Employment). Most TUPE transfers come about as a consequence of clients outsourcing activities to us, or as a consequence of acquisitions. In both cases, it's important for us to ensure that we explain thoroughly what the Capita culture means and it's an integral part of our transfer procedures.

Over the past two years we have established service delivery centres in Poland and South Africa and we take great care that our new employees in these locations also understand the Capita culture.

Did you know...

71% of employees  
think Capita is  
a good place to work

## Employee integration

Our approach to managing the transfer and integration of staff into our business is tried and tested. We provide a dedicated team that works closely with the client's teams from the beginning of the transfer process through to the date of service commencement. The team engages with potential employees and guides them throughout the whole process. They also consult and work with trade unions during this process.

Once employees have transferred successfully, the integration teams begin the process of ensuring that employees complete our e-induction training, equality and diversity training and any business-specific training they may need.

## Recognising and rewarding performance

We want to attract and retain employees who add value to what we do and we know that recognising and rewarding performance properly plays a big part in this. We reward employees both financially, through competitive remuneration packages and local performance schemes, and through the Capita People Awards scheme, which celebrates those employees who put our values into practice. The scheme rewards people in these categories: leadership, service excellence, cost saving and efficiency, teamwork and charity support or community engagement.

With the introduction of the Government's new pension reforms at the start of 2013, we began enrolling our employees in our pension scheme, to help support them in saving for their retirement.

We are introducing a more flexible benefits package, allowing employees to select from a range of voluntary benefits which they can purchase directly from their salaries.

## Engaging and listening to our employees

We know that when employees feel engaged and valued the result is increased productivity and higher retention rates. Critical to this is good communication. This was highlighted once again in our 2012 employee survey and is even more important as we expand, both in numbers and geographically.

In response, we have worked hard to improve our internal communications, both at Group and local levels. We have tried to make sure our communications are effective and two-way by encouraging employees to talk freely to their managers.

If employees have particular concerns they want to raise formally, we encourage them to use our 'speak up' policy, a formal mechanism that serves the interests of employees, clients and industry regulators. The policy details how an employee can make a disclosure to their line manager, independent manager or external body.



Working  
effectively  
with trade unions

Good communication is key

We have positive relationships with trade unions, for example, this year we worked closely with the trade union, Prospect, representing the staff due to transfer on one of our major contracts.

"The whole TUPE process between Capita and Prospect was conducted in a very professional and business-like manner," says Ian Beddow, the Prospect branch official involved in the negotiation.

We quickly established a very professional working relationship with Prospect. We held formal fortnightly meetings and interim meetings as necessary. Everything that needed to be discussed and agreed was dealt with in an effective and timely way.



Negotiating a recognition agreement was obviously very important to us, and I'm pleased to say that we and Capita saw eye-to-eye on this. It certainly helped to make the transfer smooth and uneventful.

We were also concerned about pension arrangements and the Capita pensions team was open and clear with us and was able to allay any fears that my members had.

Ian Beddow Prospect branch official

We listen to what our employees tell us because it's important to do so – they have a very clear view of the real detail of our operations. We conduct an annual employee survey that is structured around our company values and gives our employees the opportunity to tell us what we're doing well, in addition to identifying opportunities for improvement. Their feedback is used to inform what we need to concentrate on in the following year.

In 2012, the response rate for our employee survey was 46% (2011: 46%). The feedback was generally positive with 71% (2011: 74%) of employees saying that Capita is a good place to work and that they are trusted to do their job and to make decisions, 89% (2011: 88%) feel valued and respected by their colleagues and 84% (2011: 86%) feel that our business delivers a good quality service. Areas for improvement include improving communication between different businesses within Capita.

### Developing talented leaders

We work hard to build and retain strong, stable leadership and management teams and proactively identify talented, ambitious employees as future leaders.

We help them achieve their potential and, through our Capita Manager Academy training programme, we equip them with the right skills. Managers who complete a range of business and personal development courses have the opportunity to gain an externally accredited ILM level 3 qualification in first-line management. In 2012, we worked with Glamorgan University to develop a new post-graduate qualification in Leadership and Management which is available to aspiring managers across the Company.

### Helping employees realise their potential

We believe in investing in our employees' development, enhancing their skills and cultivating their talent, and we offer several different types of training:

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

Our Capita Academy training programme delivers skills and personal development courses. In 2012, we invested £13m, providing over 11,393 days of classroom training. We also provide online training, workplace training, coaching and group instruction.

In addition, our apprenticeship programme is a vital way of growing and sustaining talent across our business. The programme enables young people across our business to develop the skills and knowledge they need to succeed and progress in their careers. Since we launched our apprenticeship programme in 2006, we have supported over 3,800 apprentices across our business including financial advice, IT, management, business administration and customer services, with a further 954 employees starting the programme in 2012. We will be supporting over 1,000 new apprentices next year and expect the programme to keep growing into the future. Capita also delivers apprenticeship and other nationally recognised training programmes for a number of our clients, including HSBC, Prudential and most recently the UK Civil Service.



Nicola joined us in 1999 as a recruitment consultant, working in what was then our IT recruitment business.

This business quickly expanded as we extended our offering to clients to provide managed recruiting services and Nicola looked after our key accounts. She then moved on to become a service delivery manager. We have supported Nicola throughout her career, developing her skills and capabilities and encouraging her to fulfil her potential.

Today she is managing director of our recruitment process outsourcing business, which has more than 350 employees providing services to clients all over the UK.

I love working for Capita. I have been given the flexibility and the opportunity to develop and learn new skills and become a leader of a very successful business.

Nicola, managing director,  
of Capita's recruitment process outsourcing business



# We're disability-smart

Dan is one of our facilities management commercial controllers. He has muscular dystrophy, is a wheelchair user and needs 24-hour support.



During his second year as an undergraduate – studying financial economics – he was with us for six weeks on work experience. Dan: “When I graduated I was naturally very apprehensive about my prospects. I’d never had a job and I thought that it would all just be too difficult – my carer has to assist me with everything, including getting around. Imagine my delight when Capita got in touch to tell me about a job they thought I could apply for. It was perfect for me because it would give me the flexibility to work at home part of the time, but also to be in an office where I would be able to interact with colleagues. I applied and was interviewed. I got the job!”

We worked with Access to Work to make some adaptations to the office Dan was due to work in. Much of what he needed was already in place, but we installed automatic doors and a hoist to make the bathroom accessible for him. We also offered Dan a home adaptation assessment – but he already had everything he needed to enable him to work successfully from home.

In the three years I’ve been with Capita, I’ve moved office three times, and each time the Company has made the adaptations I need. They have supported me and given me the confidence I need to be part of the team. What a start to working life!

Dan, facilities management commercial controller

## Promoting diversity and inclusion

We want to attract people from all backgrounds to work for us. We access the broadest talent pool so that we can recruit the best people for the job. By recognising and valuing the differences between our employees, we can bring together diverse teams and this allows us to be more creative and innovative in the way we work and what we deliver. We also want to mirror the diversity of the communities that we serve and work in and we aim to employ local people wherever possible.

Our joint chief operating officers are responsible for championing diversity and inclusion and we use a network of trained diversity champions to help communicate our diversity strategy across the business. The champions work with our HR advisors to help develop local diversity action plans, and to continuously improve our approach.

We are members of the Business Disability Forum and the Employer Forum for Age. We collaborate with other members of these forums to share expertise and advice. All our employees must also complete our online diversity awareness training every three years.

We use our online HR administration to track the diversity of our workforce and encourage our employees to disclose their ethnic origin. During 2012, 56% (2011: 52%) of our employees told us their ethnic origin and of these, 26% of our employees (2011: 23%) said they were from ethnic minority groups.

## Giving our people the flexibility they need

We give everyone the opportunity to work for us and recognise that to do this we need to offer flexible working arrangements. We support part-time working (in 2012, 19% of our people worked part-time), reduced hours and job sharing, wherever it’s operationally possible. Where our employees work remotely we provide them with the most up-to-date technology so that they can work in the most effective way.

By offering this flexibility our employees can balance their work and family commitments.

## Supporting people through change

So we can help our clients to be more efficient, it’s sometimes necessary to reduce headcount in a particular contract. Because we’re constantly expanding, we are often able to offer employees redeployment into other areas of our business.

Where suitable opportunities are not available, we are open and honest about the situation. We also have good relationships with trade unions, including UNISON, PCS, Prospect and Unite, and we ensure that we meet them regularly during any consultation process. Consultation with our unions is key to securing the most appropriate outcomes for affected employees.

Where an employee opts to take voluntary redundancy, we offer them the services of Capita People Development, a specialist part of our business that provides outplacement services, offering help in career assessment and providing people with the skills, tools and confidence to look for fresh employment.

## Health and safety

Our Group health and safety team works with site and facilities managers to identify risks in each particular site and implement tailored procedures where appropriate. They conduct site audits twice a year to ensure that we comply with both legal requirements as well as with our own policies.

All our employees undertake health and safety training as part of their induction and where there are job specific risks, for example, for lone workers or construction site jobs, we provide additional training.

In 2012, we introduced a major new course on behavioural safety and safety leadership, aimed at managers in our higher risk businesses. The course content addresses:

- a cultural approach to behavioural safety rather than 'human factors'
- the importance of personal behaviour
- the essential principles of leadership
- what makes a good health and safety leader
- how to demonstrate leadership through positive behaviour.

We monitor our health and safety performance across the business and in 2012, our accident rate was 1.41 per 1,000 employees (2011: 1.16) showing a 38% reduction in reportable accidents from the 2004 baseline. The increase in 2012 reflects the growth in number of lone and blue collar workers in certain new contracts and recently acquired businesses.



In 2012, our Luxembourg office won a major Health and Safety award the 'Prix Santé en Entreprise' recognising that our well-being at work initiatives go beyond our legal obligations.

## Healthy employees, healthy business

Our people are key to our business performance and their overall well-being is very high on our agenda. We do what we can to support them in leading a healthy and balanced lifestyle. In our 2012 employee survey, 89% of our employees said that their managers were supportive and helped them to minimise work-related stress.

Rehabilitation after illness is a priority and where it's appropriate we will offer practical help to aid recovery and return to work. This may include funding rehabilitation programmes and engaging the services of independent medical or vocational specialists. And we can call on our own network of qualified independent practitioners with extensive experience of vocational, medical and therapeutic rehabilitation. Investing in the health and well-being of our employees reduces ill-health and absenteeism.

## Our performance: Employee resources

Our principal non-financial KPIs

|                                                                                                                            | 2012 | 2011 | 2010 |
|----------------------------------------------------------------------------------------------------------------------------|------|------|------|
| Maintain high retention rates for senior managers (annual salaries exceeding £50k p.a.)                                    | 99%  | 95%  | 84%  |
| Maintain overall employee retention rate at or above industry average (2012: 87.3%, 2011: 87.5%, 2010: 86.5%) <sup>1</sup> | 83%  | 89%  | 83%  |

<sup>1</sup> CIPD 2012, 2011 and 2010

3.

# Building successful supplier relationships

We recognise that good procurement practices have a direct influence on our business performance. We need to manage our supply chain effectively, ensuring that the goods and services that we buy are provided by approved suppliers who are fully committed to our policies, meet the highest ethical standards and comply with our responsible sourcing policy.

Our procurement team actively encourages supplier diversity and provides all suppliers with the opportunity to work with us. SMEs often struggle to win work, not because of a lack of quality in their offering, but because they lack the resources to bid. We actively look for ways to integrate them in our supply chain. For example, we're using our contract to provide a learning and development service to the civil service, Civil Service Learning to make it easier for small and medium sized businesses to bid for public sector work.

👉 find out more on page 23



# Why?



## Board responsibility

Gordon Hurst  
Group Finance Director

## Policies

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

For more information, please visit:

 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

- to secure best value goods and services for us and our clients by using our leading edge procurement tools and the Prompt2 project management process
- to create even greater efficiencies across our operations and generate savings through effective supply chain management
- to reduce risks across our operations, ensuring that we comply with relevant EU legislation and maintain our reputation in the markets in which we operate
- to support investment in local economies by using local suppliers – over 62% of spend is currently managed by local procurement teams
- to help us actively engage with and support smaller suppliers, social entrepreneurs and SMEs develop their businesses, so that they can compete more widely.

# How?

We have a very diverse supplier base and we spend £950m with over 22,000 companies. Our key supplier relationships are managed by a central procurement team that works collaboratively with our business units on policy, process and best practice, as well as supporting local procurement specialists.

Our Group procurement team takes a category management approach that allows us to build strategic partnerships. We categorise our suppliers based both on the value of the contract and on the services they provide. We conduct continuous detailed analysis of our spend with suppliers.

Through this continual review, we are able to further investigate all risks to the supply chain and to take action to mitigate these risks and to support suppliers. This also provides us with an insight into the proportion of SMEs that are currently delivering goods or services to the Group.

Suppliers providing services across the Group are classified as strategic suppliers and our Group procurement team centrally manages relationships with them, actively controlling over £400m of spend.

# Leading the way

## and sharing our expertise



In 2012, we won the prestigious Chartered Institute of Purchasing & Supply award for 'most improved purchasing operation'. The Institute recognised us as a leader in procurement practice for our transformation programme carried out in 2011–2012.

One of the aims of the programme was to improve engagement across our own supply chain. By improving our supplier relationships we can ensure better compliance with our CR policies and additionally can look for further ways to work together, including exploring how to deliver greater benefits through innovation. In 2012, we achieved this through holding a series of workshops with our top 50 suppliers.

Our clients benefit from our expertise as, in addition to managing our own supply chain, our specialist team also manage some of our clients' supplier relationships. We work with our clients, supporting them to develop best practice solutions in this area and helping them to engage with their own suppliers regarding their specific CR policies.



### Assessing our supply chain

All our suppliers must register on our web-based supplier assessment portal, where they will be assessed and qualified as new entrants in our marketplace. Using the portal allows us to monitor them and ensures we are consistent in the way we capture information. We also use the portal for online tendering, giving all registered organisations, regardless of size, the opportunity to work with us.

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

If requirements for improvement are identified through this process, we obtain further detailed information from external sources so that we fully understand the risks. We then contact the supplier to understand its view on the information we have gathered. We can provide support to suppliers where appropriate – for example, by using our procurement expertise to help the supplier manage its supply chain risk and offering support based on our insights on procurement cost-reduction.

### Smart procurement

Where we have acquired a new business, our procurement team undertakes a risk assessment of the business's suppliers as part of the due diligence process to ensure that they meet Capita's standards before they migrate to our supply chain. This identification process enables us to gain better visibility of risks so we can mitigate them through the use of existing suppliers in the Group. In addition, the process identifies suppliers that we could use more widely across the Group, allowing them to grow their businesses internally, to the benefit both of Capita and the supply chain generally.

We work with a number of other partners on some of our major contracts to help deliver all the services in these contracts. When we're working with these partners, we ensure that they understand our principles and meet our standards by means of an active supplier relationship management process. We have embedded this process in our category management methodology, giving us a set of robust tools and techniques to formalise our supplier relationships, and ensuring that deliverables are met by both parties. This process also ensures open two-way communication, in contrast to the conventional supplier-buyer relationship, where buyers tended to dictate to suppliers.

Civil Service

Learning

Supporting SMEs



The Government is actively supporting small and medium-sized businesses, SMEs, with a very clear agenda that clears away some of the hurdles they face when they're bidding for work. We're fully behind this agenda and we're incorporating SMEs in our services.

An example of this is our contract to provide a brand new learning and development service to the Civil Service, Civil Service Learning. We are organising the overall training programme, the service wrap, and delivering 49% of the courses, with the other 51% being handled by a network of specialist training providers – most of them SMEs. We're helping to streamline much of this process to make it easier and cost-effective for SMEs to participate and give them a much clearer shot at contracts they could win on the basis of their quality.

**The steps we're taking include:**

- shorter and more precise requests for proposals – reducing the resources SMEs need in order to respond
- our e-sourcing portal makes the registration process a great deal easier
- we're reducing the number of terms and conditions they have to meet, accepting some of the liability that would conventionally sit with the supplier
- we've simplified our purchasing and invoicing process.

### Engaging and actively managing our suppliers

Our Group procurement team meets our strategic suppliers regularly to ensure that the products and services they provide are compliant with our policies and guidelines; this is a routine part of our supplier relationship management. Regular meetings of this kind also give us the opportunity to share knowledge and expertise and look for further ways to improve the way we work together.

An example is the proactive management of our facilities management supplier who together with us has developed a waste reduction programme adapting those that it uses with its other clients. This has led to further development of and support for our environmental practices and we are now recycling around 30 tonnes of waste material every month.

### Our performance: Building successful supplier relationships

#### Our principal non-financial KPIs

|                                                                               | 2012 | 2011 | 2010 |
|-------------------------------------------------------------------------------|------|------|------|
| Annually audit all strategic suppliers against Capita's standards of business | 100% | 100% | 100% |

4.

## Running a resource-efficient business

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

Although the impact we make on the environment is already quite low, we're doing what we can to reduce it even more. We comply with environmental legislation, and we're going further.

We're largely an office-based company, so we focus on reducing the carbon emissions from energy use in our locations and from business travel. We also make a determined effort to reduce our waste and we've significantly raised awareness of the need to recycle as much as we possibly can.

👉 find out more on page 25



# Why?



## Board responsibility

Gordon Hurst  
Group Finance Director

## Policies

Our environmental policy focuses on minimising the impact we make on the environment, covering the reduction of energy and water use, minimising waste and maximising recycling as well as taking into account environmental considerations in the purchasing of consumables. Our environmental management system is not externally accredited but it is based on ISO 14001. Some of our businesses, including Capita Symonds, Capita Business Travel, BBC TV Licensing and Capita Total Document Solutions have gained external accreditation where it's required by their marketplaces.

For more information, please visit:

 [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

- first and foremost – we believe it's the right thing to do
- managing our environmental impact means that we are also managing risk – and so feeds into our business continuity plans
- our clients expect us to demonstrate solid environmental credentials; many are required by their own stakeholders to do business only with companies that comply with all relevant statutory and regulatory provisions
- our reputation stands higher if we are known as a company that takes its environmental responsibilities seriously.

# How?

## Managing our environmental impacts

We focus on our main Group-wide environmental impacts, minimising energy use at our sites, reducing business travel, managing resource use and waste management. We set clear objectives for managing and reducing our impacts, and we monitor and measure our progress so that we know how effective we are being.

All managers within Capita are responsible for ensuring that their people understand and implement our environmental policies in everything they do. Effective implementation of these policies is assured at Group level by the director of safety, health and environment.

## Measuring and reducing our carbon emissions

We measure and report our emissions annually and we have assigned a dedicated resource to manage our carbon accounting, in anticipation of new regulatory requirements for carbon reporting that will come into effect in 2014.

In 2012, our absolute carbon emissions were 103,728 tonnes CO<sub>2</sub>eq (2011: 91,318) an increase of 14%. The increase is explained by three specific factors:

- the simple fact that our acquisition programme results in more offices
- the full-year energy usage effect of our 2011 acquisition of the Ventura contact centre, a 7-day a week operation
- an increase in business travel as a result of some new contracts.

In 2010, we set ourselves a challenging target of reducing our carbon intensity (scopes 1 and 2) by 4.5% a year. With increased international operations and the overall growth of the Group, we only achieved a reduction in 2012 of 2.9% across the Group. However, we did manage to achieve a reduction of 8.2% across our UK operations in 2012.

We work hard to reduce energy use in our offices and have had an energy reduction programme in place since 2006, achieving savings of more than £1.2m. Where a site is subject to the UK Government's carbon reduction regulations, we install smart meters to help manage and meet our obligations.

Where we can, we try to reduce the necessity for travel, using video-conferencing and tele-conferencing where possible and in 2012 we increased the number of conference calls by 34%. This also results in cost savings for the business and increased productivity. Where travel is unavoidable, we try to encourage employees to use public transport and to consolidate their travel so that one journey can service more than one meeting. We have capped CO<sub>2</sub> emissions from our fleet at 130g/km.

### Our carbon footprint

|                                                                           | 2012    | 2011   | 2010   | 2009   | 2008   |
|---------------------------------------------------------------------------|---------|--------|--------|--------|--------|
| Absolute carbon emissions (tonnes CO <sub>2</sub> eq)                     | 103,728 | 91,318 | 81,112 | 79,212 | 73,057 |
| Group revenue (£m)                                                        | 3,352   | 2,930  | 2,744  | 2,687  | 2,441  |
| Carbon intensity for whole Group (tonnesCO <sub>2</sub> /£m) <sup>1</sup> | 23.3    | 24.0   | 20.4   | 20.7   | 21.1   |
| Year-on-year change (%)                                                   | -2.9    | 17.6   | -1.4   | -1.9   | -5.4   |
| Cumulative vs. 2007 (%)                                                   | 4.5     | 7.6    | -8.5   | -7.2   | -5.4   |
| Carbon intensity for UK only <sup>1</sup>                                 | 19.0    | 20.7   | 16.9   | 17.7   | 19.3   |
| Year-on-year change (%)                                                   | -8.2    | 22.5   | -4.5   | -8.3   | -9.4   |
| Cumulative vs 2007 (%)                                                    | -10.8   | -2.8   | -20.7  | -16.9  | -9.4   |

<sup>1</sup> Scope 1&2 (tonnes CO<sub>2</sub>/£m) offices only.

 The full breakdown of our emissions can be found at: [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

### Helping our clients

## save energy



Our clients can save a considerable amount of energy by rationalising and modernising their print facilities. One of our businesses, Capita's document and information services business specialises in providing the best equipment.

We ensure that when we work with clients we deploy the most appropriate and the most energy-efficient office equipment. A combination of software control, intelligent 'super-green' devices that use less power, and multifunction devices that rationalise printing, all add up to a considerable reduction in office energy use. Office kit typically accounts for some 15% of total office energy use – so the savings are worthwhile.

This business area is accredited with ISO 14001.

With smarter print solutions

### Waste management and resource use

We do not have a formal Group-wide waste management system due to the diverse nature of the sites where our employees are based. Many of our offices are in shared buildings and this presents us with the challenge of collecting accurate data. Where this is the case, we collaborate with landlords to collect the data we need to monitor and improve our performance. We also work with other tenants on waste reduction and to share our expertise.

Last year, we set ourselves a target to monitor waste at our top 20 sites, with the aim of recycling 80% of all waste at these sites by 2015. We are currently working with our facilities management provider to assess the existing waste management systems at these sites and develop tailored plans for improvement.

We work hard to avoid generating waste. We examine the way we use materials. We use electronic document management and we try to replace paper-based services with online services. We actively encourage recycling across the Group by encouraging changes in behaviour. We make sure all our employees are very aware of the need to think twice before using any kind of carbon-laden resource, such as printing emails unnecessarily. We run Group-wide recycling schemes for paper, consumables such as printer cartridges, mobile phones and redundant IT equipment. In 2012, we recycled 2,137 tonnes of paper and 23,137 pieces of IT equipment.

Although our water usage is not significant, we do play our part in conserving this resource. Where we own a site, we have made efforts to reduce our water usage and have installed low flush toilets, low flow taps and urinal controls.

### Our performance: Controlling our environmental impacts

#### Our principal non-financial KPIs

|                                                                            | 2012    | 2011   | 2010   |
|----------------------------------------------------------------------------|---------|--------|--------|
| Total carbon footprint for Capita (tonnes CO <sub>2</sub> eq) <sup>1</sup> | 103,728 | 91,318 | 81,112 |

<sup>1</sup> Based on the latest available greenhouse gas emissions from Defra.



Capita Symonds, our property consultancy, was named 'Assessor Company of the Year' at the BREEAM Awards 2012.



5.

# Investing in our communities to create better tomorrows

We want to have a positive impact on the communities in which we operate, helping to improve their social and economic development. We are a major employer and also contribute to local economies by using local suppliers. Where possible we try to create new jobs and apprenticeships for local people. We also create tangible benefits to the public when we improve the services of our public sector clients: the money they save can be reinvested in frontline services.

But we go even further – adding real and sustainable value to our local communities through our community programmes. We know that the needs of each community differ and so we engage directly with the people living in these communities to support them in ways that make a lasting, valuable difference.

👉 find out more on page 30



# Why?



## Board responsibility

Paul Pindar  
Chief Executive

Maggi Bell  
Business Development Director

## Policies

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

For more information, please visit:  
~ [www.capita.co.uk/responsibility](http://www.capita.co.uk/responsibility)

- going beyond our contractual obligations and investing in local communities allows us to build long term relationships and ensures that these communities benefit both socially and economically
- we contribute to the wider economy and help regenerate communities: creating jobs, paying salaries, working with local suppliers and paying dividends to shareholders
- we share our skills and expertise in support of local projects through our employee volunteering scheme. Volunteering also benefits our own business because it helps develop our employees' skills, improves morale and improves staff retention rates
- working collaboratively with clients, suppliers and local businesses helps maximise the positive impact we have on local communities. Building these relationships also helps us deliver better services for our clients and their customers
- our programmes help tackle some of the country's most pressing social problems and challenges such as youth unemployment, by providing apprenticeship places and support for social enterprises.

# How?

## Community programmes

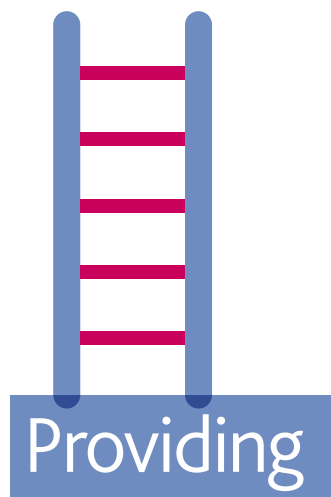
Our community investment programme focuses on encouraging a more inclusive and supportive society. We develop our programmes around the key concerns and impacts in the markets in which we operate and in the wider community. We engage and encourage our employees to get involved in our programmes and also work collaboratively with our clients, local businesses and third sector organisations, building relationships and ensuring that we maximise our impact.

## Making an impact through volunteering

We believe that volunteering motivates our employees and develops their skills, as well as helping them build connections with their local communities. We support all our employees to make a positive difference by volunteering in their local communities; every employee can take one paid day away from work every year to volunteer.

## Helping stimulate the economy

Social enterprises play a vital role in stimulating growth and creating new jobs, especially in the current difficult economic climate. We provide practical assistance to social entrepreneurs, helping develop business leaders through mentoring and tailored business support.



# apprenticeships

## and building confidence

My confidence has grown a lot since I've been at Capita. I don't mind admitting that I was a bit scared about the idea of working in a big corporate office, but everyone has been so helpful and welcoming and I quickly fitted in. I'm on track to achieve my qualification and for the first time in my adult life I feel like I can have a proper career.

Ifrika Capita apprentice



### Supporting young people into work

During 2012, we focused on improving the skills of young people trying to enter the job market for the first time. Our aim is to help them become more employable by improving basic employability skills. We held CV skills workshops and provided interview practice for young unemployed people, as well as providing them with work experience and work placements.

We have also committed to giving local people a vital step on to the career ladder by providing apprenticeship places across our business. For example, we have created 10 apprentice places in Capita's insurance services business in Portsmouth and committed to create 40 apprenticeship places for local Lambeth residents as part of our strategic partnership with the Council.

### Supporting education is core to our business

We are committed to supporting education in its broadest sense. We're a trusted partner for thousands of education institutions across the UK, providing services to more than 21,000 schools, and 180 higher and further education institutions. But we go much further than providing high quality commercial services. We have formed many partnerships with schools, supporting education programmes with practical help, working with pupils on literacy and numeracy skills, helping improve their chances of gaining qualifications, and mentoring individuals to raise aspirations in preparation for the world of work.

We are also very active in promoting IT awareness and skills as part of the wider initiative to reduce digital exclusion – now clearly recognised as critically important to the UK's future prosperity.

### We actively look for opportunities to help tackle the problem of youth unemployment.

For example, in 2012, through our partnership with Lambeth Council we have offered three Lambeth residents apprenticeships in our business. One of them, 24-year-old Ifrika, joined our apprenticeship scheme in June 2012. She had been long term unemployed and unsurprisingly was finding her confidence severely dented. She is progressing well, learning new skills and gaining confidence.

Jackie Meldrum, deputy leader of Lambeth Council, is also very enthusiastic. "Youth unemployment is at the very top of our list of priorities, and we've launched a campaign – More Jobs – to create local jobs, get more apprentice places, and set up young people with the skills they need for the workplace. Capita is listening to us and coming up with real jobs that offer our young people real opportunities."

# Supporting our local communities through job creation



We're helping create jobs in local communities through many of our contracts. The British Army's Recruitment Partnering Project is one and we are creating around 375 new jobs to meet the needs of the contract.

This project delivers recruitment services for the Army. We have responsibility for attracting and assessing candidates, making appointments and all the necessary processing to deliver recruits to their basic training. To run the new service it's necessary for us to increase our own headcount. We're intending to create these new jobs in local communities.

- We'll be creating 180 brand new jobs at our national recruitment centre in Upavon handling recruitment, pre-application, on-boarding, outreach and health administration.
- Upavon is also the headquarters for the operation and we'll be recruiting business assurance, change management, finance, marketing and estates management specialists.
- A countrywide network of 73 Army careers centres will employ careers advisors, assessment experts, and administration staff.
- We will be running five assessment and selection centres, and we'll be hiring interviewers and assessors.

We have been working with a variety of sources to make sure we're engaging the interest of local people in these jobs, among them – the Army Families Federation, the Career Transition Partnership and Job Centre Plus.

The campaign has been highly successful in generating interest, with some 60,000 website hits and 1,500 job applications – 600 for Upavon jobs alone.



# Helping meet the challenge of dementia

## Using our skills and resources

We are helping the NHS meet the challenges that it faces in dementia care:

- people with dementia admitted to hospital tend to have poorer outcomes, including longer stays and death
- 25% of hospital patients have dementia
- health experts estimate that in England around 60% of people with dementia have not been formally diagnosed with the condition
- by 2018, dementia is expected to cost the NHS over £27bn a year, costs that will continue to rise.

Together with the Alzheimer's Society, we developed a programme aimed at supporting people with acute dementia. We provide training based on agreed national care standards, including help in detecting the condition that can lead to dramatic improvements in clinical outcomes. We're also deploying a system for measuring how well organisations are performing against the highest standards in dementia care, giving them the precise information they need in order to improve their services.

### Supporting charities with practical help

We support many charities, including partnering with a number of healthcare charities. In 2011, our employees chose the Alzheimer's Society as our corporate charity partner and have raised £713,000 since the partnership began. This will help support people suffering with dementia including funding for support workers and for research into the condition.

As well as raising money for our corporate charity, we provide support in other ways. Our employees volunteer their skills and expertise and they work with the charity to increase awareness and understanding of dementia and the needs of sufferers. We will continue to work in this manner with our next charity partners and also to achieve much wider impacts through a new community development foundation that we have established in 2013.

To ensure that as many employees as possible are involved, our central charity team organises a number of Group-wide events, including our annual charity week. The team is supported by a network of charity champions across the business who help to promote and organise events in their own offices. They get involved in all kinds of activities including cake bakes, dress down days and sports competitions.

### Community development foundation 'Creating Better Tomorrows'

At the start of 2013, we established a Capita community development foundation, known as 'Creating Better Tomorrows'. We have chosen to support five key areas that align with the key concerns and impacts in the markets in which we operate and in the wider community:

- young people and those in care
- inclusion for people with health issues and disabilities
- offender rehabilitation
- adult social care
- resettlement for ex-Service personnel.

We are already engaged and working with a number of these community groups, for example, we sit on the Defence Career Partnering Steering Group, a partnership created specifically to make job vacancies available to Service personnel who are leaving the Forces or for those seeking to gain experience while recovering from injury. We will continue to build on our existing initiatives and deliver innovative, scalable community programmes.

The other key focus of the foundation is to use Capita's skills and services to help support and build capacity in third sector organisations and SMEs to help them run their services as efficiently as possible and become sustainable. We will identify various services that we can deliver through a virtual shared service centre. Our skills, expertise and resources will help to reduce costs, share expertise and support capacity building to ensure the sustainability of these organisations, allow them to concentrate on delivering their services and achieving greater positive outcomes.

We are exploring how we can work with our business partners and clients to extend the services we are able to offer.

The Foundation also provides additional matched funding to support and recognise the efforts of our employees who take part in individual fundraising.

### Measuring our impact

We want to track and measure the value and impact of our community investment, both to Capita and to society as a whole to ensure our efforts are achieving our aims. To do this, we use the London Benchmarking Group methodology. The table below shows our progress.

### Our performance: Investing in our communities

#### Principal non-financial KPIs

|                                                                          | 2012  | 2011  | 2010   |
|--------------------------------------------------------------------------|-------|-------|--------|
| Total community investment (using London Benchmarking Group methodology) | £1.8m | £2.0m | £1.65m |

# Supporting good causes



## Big Bike Ride

A team of 21 Capita employees took part in the 'Big Bike Ride' cycling the length of the country from Glasgow to London stopping off at various Capita offices on the way, covering a total of 545 miles in just 7 days. They were joined by more employees along the way who chose to cycle individual legs. The team raised a fantastic £17,000 for the Alzheimer's Society.

## Volunteering project

In 2012, teams from our Life & Pensions business in Cheltenham and Swindon took on nine very diverse community challenges over the summer months; with local charities benefiting from fun days out, gardening and DIY projects, including a painting project at Cheltenham Housing Aid Centre.



## Sport Relief

In 2012, hundreds of our employees right across the country were involved in fundraising for Sport Relief. As well as raising money, we also dedicated the use of one of our customer management contact centres to the charity to receive donation calls for the night. Over 140 Capita employees volunteered to man the phones to take donations from the public. Over 40,000 calls were taken in total.

## Firewalking for charity

A team of 30 Capita employees volunteered to take part in a firewalk, walking bare foot over red-hot embers, measuring around 800°C. The event raised over £3,000 for a local charity, Thames Hospicecare.



## Employee involvement in the Games

Our employees got into the Olympic spirit, taking part in lots of office fundraising. One of our employees, Ricky Beatty, also had the honour of carrying the Olympic torch. Ricky was nominated by his fellow colleagues to become Capita's chosen torchbearer through recognition of his volunteering work at a local youth club and his fundraising efforts for charity.

## Donating computer equipment

We have an active community programme in Birmingham, investing over £1.6m in the community since the formation of our joint venture with Birmingham City Council, Service Birmingham in 2006. As well as investing in local projects we also support them by donating equipment. For example, we donated recycled computers to The Mobility Advice Line in Edgbaston which provides free, confidential advice to disabled people and their carers on a wide range of disability-related issues.

## Helping regeneration

We have been working collaboratively with Dounreay Site Restoration since 2010 on a decommissioning programme which will lead to the closing of the site. This will have a significant impact on unemployment in the local community. Our employees have been working with Caithness Voluntary Organisation to help develop employability skills of local young people. They have also been involved with helping to regenerate and redevelop the local area, including renovating a garden at a local social housing project.



## Supporting young people

Through our strategic partnership with Southampton City Council, employees from Capita's property consultancy have been involved in a number of educational events throughout the year with Southampton City College. As well as providing guest lectures and careers advice, they advised on the college's apprenticeship programme, including a six week mentoring scheme with ten students on the City College Horizon programme. Students were also provided with the opportunity to complete work experience.

*Did you know...*

Our employees  
donated £314,419

through payroll giving

# Reporting framework

| Commitments                                                                                                                                                                                                                                                                                                                              | Monitoring and measuring                                                                                                             | 2012 performance                       | 2011 performance                         | 2010 performance                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------|------------------------------------|
| <b>Responding to clients' needs</b>                                                                                                                                                                                                                                                                                                      |                                                                                                                                      |                                        |                                          |                                    |
| <ul style="list-style-type: none"> <li>– ensure that we have a trained workforce and business infrastructure to meet the needs of our clients</li> <li>– establish and maintain good levels of client engagement</li> <li>– ensure we protect our clients' reputations</li> </ul>                                                        | KPI: Client resources – continue to develop our infrastructure of business centres to meet the needs of our clients                  | 70 business centres                    | 68 business centres                      | 64 business centres                |
|                                                                                                                                                                                                                                                                                                                                          | Track client satisfaction year-on-year for our key clients across the Group through an annual survey                                 | Client survey to be conducted mid 2013 | —                                        | —                                  |
|                                                                                                                                                                                                                                                                                                                                          | Report all material breaches of our statement of business principles, anti-bribery and corruption policy and code of ethical conduct | No material breaches                   | No material breaches                     | No material breaches               |
| <b>Engaging and supporting our people</b>                                                                                                                                                                                                                                                                                                |                                                                                                                                      |                                        |                                          |                                    |
| <ul style="list-style-type: none"> <li>– increase employee engagement and retention</li> <li>– grow and develop our talent</li> <li>– ensure we have a diverse and inclusive workplace</li> <li>– protect and promote health and well-being</li> <li>– ensure our employees maintain the highest standards of ethical conduct</li> </ul> | KPI: Maintain and increase retention rate of managers (salaries exceeding £50k p.a.)                                                 | 99%                                    | 95%                                      | 84%                                |
|                                                                                                                                                                                                                                                                                                                                          | KPI: Maintain and increase retention rate of all employees at or above industry average                                              | 83%                                    | 89%                                      | 83%                                |
|                                                                                                                                                                                                                                                                                                                                          | Increase participation in annual employee survey response rate to at least 50%                                                       | 46% response rate                      | 46% response rate                        | 45% response rate                  |
|                                                                                                                                                                                                                                                                                                                                          | Measure and report annual learning and development spend per employee                                                                | £247 per employee                      | £280 per employee                        | —                                  |
|                                                                                                                                                                                                                                                                                                                                          | Support at least 1,000 apprentices per year across the Group. Report number of employees on apprenticeship programme                 | 954 employees started on the programme | 1,001 employees started on the programme | 783 employees started on programme |
|                                                                                                                                                                                                                                                                                                                                          | Report on employee diversity<br>Male/female split                                                                                    | 50% male/50% female                    | 53% male/47% female                      | 53% male/47% female                |
|                                                                                                                                                                                                                                                                                                                                          | Male/female split for management (salaries £50k – £89k p.a.)                                                                         | 72% male/28% female                    | 78% male/22% female                      | 74% male/26% female                |

| Commitments | Monitoring and measuring | 2012 performance | 2011 performance | 2010 performance |
|-------------|--------------------------|------------------|------------------|------------------|
|-------------|--------------------------|------------------|------------------|------------------|

### Engaging and supporting our people (continued)

|                                       |                                                                                                                                                  |                       |                       |                       |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                       | Male/female split for senior management (salaries exceeding £90k p.a.)                                                                           | 84% male/16% female   | 85% male/15% female   | 88% male/12% female   |
|                                       | Percentage of employees/actual numbers from ethnic minorities                                                                                    | 26% (7,660 employees) | 23% (5,561 employees) | 25% (4,736 employees) |
|                                       | Report percentage of employees working part time                                                                                                 | 19%                   | 15%                   | 14%                   |
|                                       | Introduce initiatives to support reducing our employees absence rate to below 3%                                                                 | 4.1%                  | 2.7%                  | 3.3%                  |
|                                       | Reduce accident frequency rate per 1,000 employees (RIDDOR)                                                                                      | 1.41                  | 1.16                  | 1.43                  |
|                                       | Report on training, processes and any material breaches of our code of ethical conduct                                                           | No material breaches  | No material breaches  | No material breaches  |
| New measures to be introduced in 2013 | Ensure succession plans are in place (with two potential internal candidates defined) for the senior management/executive teams of each business | —                     | —                     | —                     |
|                                       | Report on number of intra-Group movements/transfers of our employees                                                                             | —                     | —                     | —                     |

### Building successful supplier relationships

|                                                                                                                  |                                                                                                                                                                                        |             |             |             |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| – ensure that we manage our supply chain responsibly, mitigating against any risks                               | <b>KPI: Annually audit all strategic suppliers against Capita's standards of business practice</b>                                                                                     | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| – engage with our suppliers, building relationships and looking for further ways to improve how we work together | Support and increase the number of SMEs within our supply chain. Report number of SMEs as % of supplier base                                                                           | 55%         | 32%         | —           |
| New measure to be introduced in 2013                                                                             | Respond to and report on any significant changes to business processes identified as a result of supplier engagement, or breaches of relevant codes with action undertaken as a result | —           | —           | —           |

| Commitments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Monitoring and measuring                                                                                                                                                                                                                   | 2012 performance                       | 2011 performance                        | 2010 performance                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------------|
| <b>Running a resource-efficient business</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                            |                                        |                                         |                                    |
| <ul style="list-style-type: none"> <li>– aim to reduce our energy use, ensuring we have good energy practices in place at our sites</li> <li>– reduce our business travel wherever possible, by the use of alternative methods of communication, including promoting the use of conference calls</li> <li>– aim to reduce our resource use and waste across our sites</li> <li>– maintain robust environmental management systems</li> <li>– engage our employees to support our environmental initiatives</li> </ul> | <b>KPI: Monitor and report our absolute carbon emissions (tonnes CO<sub>2</sub>eq)</b>                                                                                                                                                     | <b>103,728</b>                         | <b>91,318</b>                           | <b>81,112</b>                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Report our carbon intensity for the Group (tonnes CO <sub>2</sub> eq/£m) scopes 1 & 2 offices only                                                                                                                                         | 23.3                                   | 24.0                                    | 20.4                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Reduce our carbon intensity for the Group by 4.5% a year, (tonnes CO <sub>2</sub> eq/£m) scopes 1 & 2 offices only                                                                                                                         | Carbon intensity decreased by 2.8%     | Carbon intensity increased by 17.6%     | Carbon intensity decreased by 1.4% |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Increase the number of conference calls made by 40% year-on-year                                                                                                                                                                           | 34% increase in conference calls       | 26% increase in conference calls        | 21% increase in conference calls   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Maintain high levels of recycling of IT equipment across the business                                                                                                                                                                      | 23,137 pieces of IT equipment recycled | 25,740 pieces of IT equipment recycled  | —                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Increase recycling of paper across the Group in line with usage                                                                                                                                                                            | 2,137 tonnes of paper recycled         | 2,263 tonnes of paper recycled          | 2,263 tonnes of paper recycled     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Increase online reporting via our SH&E portal and undertake environmental site audits once a year at all our sites, feeding any significant results into our risk register to ensure they are mitigated against. Report % of sites audited | 100%                                   | 100%                                    | 100%                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Report on any environmental fines or prosecutions                                                                                                                                                                                          | No fines or prosecutions               | No fines or prosecutions                | No fines or prosecutions           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Hold an annual Going Green campaign on environmental issues                                                                                                                                                                                | Promoted energy reduction at our sites | Promoted ways to reduce business travel | —                                  |
| New measures to be introduced in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Ensure that Capita's estate has AMRs fitted to capture 99% of our energy and gas consumption by April 2014. Report % of consumption captured                                                                                               | —                                      | —                                       | —                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Encourage recycling of mobile phones and printer cartridges (business and personal) across the Group. Report number of items recycled                                                                                                      | —                                      | —                                       | —                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Recycle at least 80% of waste across our largest 20 sites by 2015. Report % of waste recycled                                                                                                                                              | —                                      | —                                       | —                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Increase the proportion of the business covered by ISO 14001 and OHSAS 18001. Report % of employees working in accredited businesses                                                                                                       | —                                      | —                                       | —                                  |

| Commitments                                                                                                                                                                                                                                                                                                                                                                                                                                   | Monitoring and measuring                                                                                                                                    | 2012 performance | 2011 performance | 2010 performance |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| <b>Investing in our communities to create better tomorrows</b>                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                             |                  |                  |                  |
| <ul style="list-style-type: none"> <li>– create social and economic value above and beyond our contracts</li> <li>– focus our community programmes on supporting our 5 key communities; young people and those in care, inclusion for people with health disabilities, offender rehabilitation, adult social care and resettlement for ex-Service personnel</li> <li>– increase employee engagement with our community initiatives</li> </ul> | KPI: Continue to grow our level of community investment based on 2010 benchmark (using LBG methodology)                                                     | £1.8m            | £2.0m            | £1.65m           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                               | Encourage at least 10% of Capita employees to donate through our payroll giving scheme                                                                      | 5%               | 5%               | 5%               |
| New measures to be introduced in 2013                                                                                                                                                                                                                                                                                                                                                                                                         | Implement community programmes which support our five key communities of focus. Report on progress and determine appropriate measures                       | —                | —                | —                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                               | Increase investment in local economies by using more local suppliers. Report number of SMEs as % of our supplier base                                       | —                | —                | —                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                               | Support local young people through the provision of apprenticeship places, CV skills workshops and work placements. Report number of young people supported | —                | —                | —                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                               | Encourage 15% of employees to volunteer each year in their local communities. Report % of employees who volunteered                                         | —                | —                | —                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                               | Increase employee engagement with our community programmes. Report on the number of charity and community champions across the business                     | —                | —                | —                |

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