Capita

Capita plc Annual Report and Accounts

A BETTER CAPITA

Delivering

A BETTER CAPITA

We are a modern outsourcer. Capita supports clients across the public and private sectors run complex business processes more efficiently. We provide people-based services underpinned by market-leading technology, creating better end-user experiences.

BETTER TECHNOLOGY

We have re-energised our relationship with hyperscaler technology partners to co-create and launch bespoke AI and generative AI solutions which deliver repeatable and scalable offerings to our customers.

BETTER DELIVERY

We are becoming a more focused and data-driven organisation, looking to deploy more standardised methodologies on a consistent basis which will result in an agile, consistent and higher-quality delivery.

BETTER EFFICIENCY

We have a Capita-wide transformation programme which is building a leaner organisation and improving our cost to serve, making us more competitive and allowing investment capacity.

BETTER COMPANY

People are at the heart of our customer-centric operating model. We aim to be a company with a growing and satisfied customer base, where our people are proud to work, delivering cash-backed profits and a positive and growing return to shareholders.

Included in this report are photographs from Board and management visits to Capita operations in 2024 and employee engagement events.

Improved operating margin

Workforce equipped for change

Adjusted operating profit[1]

£95.9m

(2023: £90.9m)

Clarity on our value proposition

Reduction in carbon footprint (location-based)

35%

(2023: 37%)

Customer net promoter score

+28pts

(2023: +16pts)

Delivering value to customers, employees and shareholders

1. Capita reports results on an adjusted basis to aid understanding of business performance. Refer to alternative performance measures (APMs) on pages 234 to 237.

Contents

Strategic report

Corporate governance

Financial statements

Cautionary statement

The directors present the Annual Report for the year ended 31 December 2024, which includes the strategic report, corporate governance reports and audited accounts for the year. Pages 1 to 130 of this Annual Report comprise a report of the directors which has been drawn up and presented in accordance with English company law, and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law. Where the directors' report refers to other reports or material such as a website address, this has been done to direct the reader to other sources of Capita plc information which may be of interest. Such additional materials do not form part of this report.

This Annual Report, other corporate publications, our latest news and announcements, and more information about us is available on our website, www.capita.com

CEO's review

Read our CEO review on pages 6 to 10

Responsible business

Read more about our approach to being a responsible business on pages 34 to 67

Delivering solid returns

2024 was a transitional year and we have demonstrated good momentum against our strategic priorities. Our ongoing cost-reduction programme has improved the Group's margin performance and the Capita One disposal strengthened the Group's balance sheet and help fund the transformation programme.

2024 financial highlights and leading indicators

Adjusted operating margin[1]

4.0%

(2023: 3.5%)

Reported operating loss margin

(0.4)%

(2023: (1.8)%)

Reported revenue

£2,421.6m

(2023: £2,814.6m)

Adjusted revenue[1]

£2,369.1m

(2023: £2,575.8m)

Net cash flow from operating activities

£(25.2)m

(2023: £(40.3)m)

Adjusted basic earnings/(loss) per share[2]

2.11p

(2023: (0.20)p)

Free cash flow before the impact of business exits[3]

£(122.3)m

(2023: £(123.6)m)

Reported basic earnings/(loss) per share[2]

4.54p

(2023:(10.60)p)

1. Refer to APMs on pages 234 to 237.
2. Refer to note 2.7 to the consolidated financial statements.
3. Refer to note 2.9 to the consolidated financial statements.

Creating positive outcomes

We are developing a culture of empowered decision making with accountability and authority. We aim to unlock the significant social value that we create in our services to create a sustainable business that generates cash-backed profits and delivers to all stakeholders.

Read more in the responsible business section on pages 34 to 67.

2024 non-financial highlights and leading indicators

Employee engagement index
64%
(2023: 67%)

Customer net promoter score
+28pts
(2023: +16pts)

Diversity: gender F/M/other and did not disclose
51/48/1%
(2023: 50/49/1)

Suppliers paid within 60 days[4]
92%
(2023: 99%)

Diversity: ethnicity[5]
38/19%
(2023: 37/22%)

Total shareholder return (TSR)
(36.3)%
(2023: (9.3)%)

Employee net promoter score
-33pts
(2023: -4pts)

CO_2 emissions (location-based) Scope 1, 2 and 3 (tCO_2e)
26,315
(2023: 40,456)

Voluntary employee turnover
21.7%
(2023: 25.3%)

Reduction in carbon footprint (location-based)[6]
35%
(2023: 37%)

Reduction in carbon footprint (market-based)[7]
37%
(2023: 58%)

4. Data includes invoices paid through Capita UK companies.
5. White/ethnic minorities in the total workforce. 42% of people chose not to respond or specify.
6. Reduction in carbon footprint based on emissions per headcount from 2019 baseline. See pages 54 to 58 for more information.
7. Scope 3 for business travel only. See pages 57 and 58 for more information.

"We remain committed to delivering long-term value creation for all our stakeholders"

David Lowden, Chairman

Overview

As expected, this has been a transitional year under our new CEO, who joined the Group in January 2024. Adolfo laid out his strategic plan and priorities for the future success of the Group in June at our first Capital Markets Day for a number of years.

We acknowledge that the Group's financial performance has not been where it needs to be and, at the event, he and the wider Executive Team unveiled forward-looking strategic priorities to improve both operational delivery and financial performance, alongside introducing the strategic themes of Better Technology, Better Delivery, Better Efficiencies and Better Company.

The Group also outlined its medium-term financial targets: an adjusted operating margin[1] of 6 – 8%, up from 3.5% in 2023; positive sustainable free cash flow[1] from 2025; and low to mid-single digit revenue growth in the medium term, alongside a number of non-financial KPIs which will be tracked over the course of this journey to monitor ongoing progress.

In May 2024, Tim Weller announced his intention to retire from Capita having joined in May 2021 and I would like to extend my heartfelt gratitude to him for his dedicated service and leadership as Chief Financial Officer during his three years of service.

In August, Pablo Andres was appointed as Chief Financial Officer of the Group and to the Board, subsequent to Pablo joining Capita as a director in July. Pablo has extensive experience including operating as a senior finance executive at Ventient Energy S.à r.l and G4S plc. Pablo is highly experienced in driving change in complex businesses and is supporting Adolfo in the next chapter for Capita.

During 2024, we further strengthened our Executive Team with specific appointments tailored to Capita's transformational needs with Xenia Walters appointed as Chief Strategy and Transformation Officer and Sameer Vuyyuru appointed as Chief AI and Product Officer. We now have the right team in place to deliver our forward looking strategic priorities.

The Board and I appreciate the continued patience and support of our shareholders who, we are aware, have not seen positive returns through their investments. We, together with the Executive Team, are committed to delivering the Group's medium-term targets and creating long-term value for all stakeholders.

I'd like to personally thank colleagues across the organisation for their continued dedication and professionalism and I look forward to working with the team across 2025.

2024 achievements

During 2024, our Executive Team worked to deliver our strategic plan against a background of political and economic instability globally with a continuing higher inflationary environment in many of the geographies in which the Group operates.

Working with best-in-class technology leaders, we launched a number of exciting products as a result of the Group's increased focus on AI and gen AI including AgentSuite and CapitaContact, which are operational for a number of clients across the Contact Centre and Public Service businesses. We have also launched a number of internal transformation projects, which will improve the Group's process efficiency internally. These new ways of working and delivering to customers with a higher technology underpin are a critical part of its ongoing transformation and improvement journey.

Total shareholder return

(36.3)%

(2023: (9.3)%)

We are seeing positive early signs with customer net promoter scores improving across both Public Service and Experience and the Group's KPI performance remaining robust.

In the UK, despite changes to the geopolitical backdrop, we have maintained our consistent delivery, and the Group is well aligned to the UK Government's priorities, for example delivering more efficient and effective customer service.

A key focus for the Group in 2024 was improving cost and delivery efficiency with actions taken over the course of the year which will result in £140m of annualised cost savings being delivered. These actions will be pivotal to the Group's margin improvement to its 6 – 8% medium-term adjusted operating margin[1]

1. Refer to APMs on pages 234 to 237.

target and ultimately to delivering sustainable positive free cash flow[1].

In December, based on the success seen in the cost reduction programme and efficiency opportunities identified from AI and gen AI products both internally and externally, the Group's cost saving target of £160m was increased to up to £250m, to be delivered by December 2025. These additional savings provide the Board with further confidence of achieving the Group's medium-term margin targets, and will help offset wider cost pressures, for example the increase in National Insurance in the UK which we expect to have a c.£20m gross annual cost impact to the Group when enacted from April 2025.

We recognise that 2024 was a difficult year for our colleagues, with a number of difficult decisions, such as our decision not to recommit to the UK's real living wage in early 2024. This was reflected in the decline in the Group's employee net promoter score, although our employee engagement was at 64%, representing only a small reduction of three points on the prior year. We have specific programmes in place across 2025, including our Group culture change programme, to seek to address the issues identified.

In September 2024, we completed the disposal of Capita One which generated c.£180m net proceeds and helped strengthen the Group's financial position while providing funding for the ongoing transformation journey.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches maturing between 2028 and 2030 with an average interest rate across the maturities of 7.4%. The proceeds will be used to refinance the H1 2025 private placement maturities valued at £75.9m and it will also enhance the future maturity profile of the Group's debt and will offer medium term funding to underpin the Group's transformation strategy.

The Board and Governance

2024 was my second full year in role as Capita's Chairman in what is an exciting time for the Group. Maintaining strong governance and overseeing the Group's risk management is a key priority for the Board, including preparing for disclosure changes such as the Corporate Sustainability Reporting Directive in 2026 and for the disclosures of the effectiveness of the risk management and internal control framework in 2027.

In October this year we welcomed Jack Clarke to the Board as an Independent Non-Executive Director, succeeding Brian McArthur-Muscroft as Chair of the Group's Audit and Risk Committee.

Brian McArthur-Muscroft continues in his role as Independent Non-Executive Director and member of the Group's Audit and Risk, Remuneration and Nomination Committees, and I'd like to thank Brian for chairing the Audit and Risk Committee with such skill and diligence across his tenure.

Nneka Abulokwe continues to take a lead role in employee engagement through chairing our Board Responsible Business (RB) Committee and acting as our designated non-executive director for colleague engagement. This role is key in what we appreciate has been a difficult transitional year for our people. During 2024 the RB Committee focused on the Group's cultural change programme, diversity and inclusion, matters related to the health, safety and wellbeing of our colleagues and achieving our net zero targets. The report of the RB Committee is provided on pages 95 to 98 of this report.

In 2025, as part of the Group's ongoing simplification, the Board is tabling two additional resolutions to the shareholders at the April Annual General Meeting, which if approved, will cancel the entire amount standing to the credit of the Company's share premium account and consolidate the existing ordinary shares at a ratio of 15 for 1. The first resolution is being proposed to optimise the structure of the balance sheet

and increase the Company's distributable reserves. The Board believe that consolidation of the Company's ordinary shares will improve marketability of its shares to investors.

Looking ahead

We continue to build upon the foundations in place to help Capita improve its operational delivery and financial performance in the medium term. In 2025, we will maintain our focus on identifying opportunities to improve efficiencies and delivery with AI and gen AI for our clients.

Our Company-wide culture change programme is a key focus for 2025 as we look to build a culture where colleagues enjoy their work, build fulfilling careers through all levels of the organisation and are proud to be part of Capita.

As a Board and wider executive and management team, we are committed to delivering to all stakeholders throughout this transformation, in particular generating returns to our shareholders who have been extremely patient over the past few years.

David Lowden, Chairman

"The Board are committed to delivering on the Group's priorities, and ensuring our progress generates returns"

12 month voluntary employee attrition

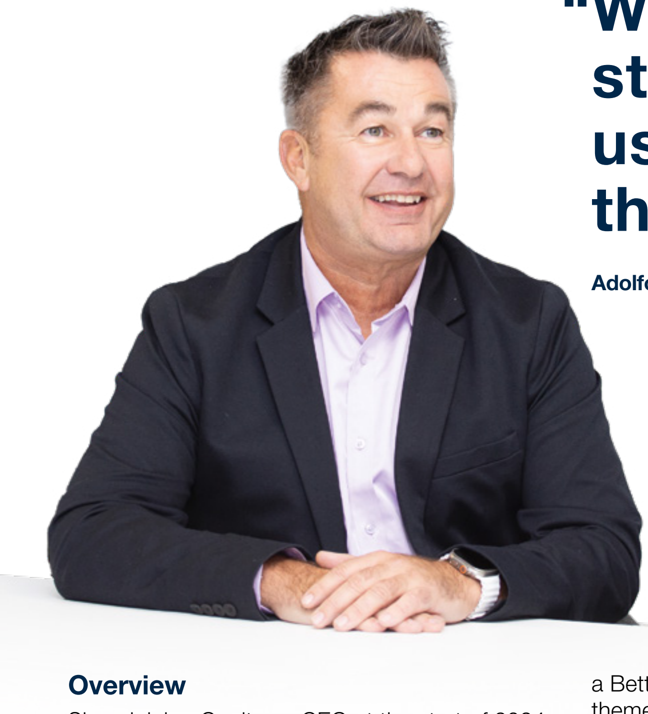
21.7%

(2023: 25.3%)

Employee engagement index

64%

(2023: 67%)



"We have developed our strategy which will enable us to win and grow in the future"

Adolfo Hernandez, Chief Executive Officer

Overview

Since joining Capita as CEO at the start of 2024, I have spent significant time engaging with key stakeholders of the Group, including customers and colleagues across all Capita geographies. I have seen the high value that we deliver consistently to customers, the criticality of our services, and the skills and passion of our teams when it comes to delivering better outcomes on behalf of our customers. This is a great foundation to work from.

2024 has been a very busy year learning about the business, actioning many initiatives which will be key for Capita's business and financial improvement journey, and building new, strong partnerships with technology hyperscalers. This culminated in June with the launch of our new strategy, which redefines our focus to deliver a Better Capita underpinned by our strategic themes of Better Technology, Better Delivery, Better Efficiency and Better Company.

In short, our value proposition needs to be more competitive and differentiated, through a lower cost base, automation and innovation. We are removing unnecessary costs to put us in a position to fund our profitable growth. Better Capita means becoming more efficient and spending less, digitising our offerings by having more standardised and repeatable propositions, strongly leveraging technology partnerships, being more precise in our delivery, and evolving governance and our culture.

Our first medium-term financial target is to improve the adjusted operating margin[1] of the Group to between 6% and 8%, with sustainable positive free cash flow, excluding the impact of business exits[1], and adjusted revenue[1] growth to follow. I am therefore very pleased to report that we improved our adjusted operating margin[1] from 3.5% in 2023 to 4.0% in 2024. We expect this to increase further in 2025 as we see the positive impact from our cost reduction programme which continues to progress well.

In June we set out other medium-term financial targets to deliver: getting smaller to get stronger to then be able to deliver low to mid-single digit adjusted revenue[1] growth per annum; positive free cash flow, excluding the impact of business exits[1], from the end of 2025, with operating cash conversion of 65% to 75%; maintaining net financial debt to adjusted EBITDA (pre IFRS 16) leverage of ≤1x; and, importantly, a continued reduction in lease liabilities from the Group's ongoing property rationalisation.

There is still a lot to be done in 2025, but I am pleased to say that many of the changes made during 2024 are now beginning to bear fruit. We are making good progress in taking actions which will deliver our medium-term targets, but we recognise there is more to do to improve the Group's financial performance.

One of the achievements I am most proud of in 2024 is the improvement that we saw in our customer net promoter score across all areas of the business, with the Group score improving to +28 points, up from +16 points in 2023, one of

Q&A

on Group strategy

What are your reflections on 2024?

It's been a really busy and transformative year for Capita with the launch of our new strategy in June. Colleagues across all geographies have worked effectively and swiftly to put in place the foundations to improve our financial performance. I'm personally very proud of the speed of change within the Group, particularly the re-establishing of our relationships with hyperscaler partners and solutions we've launched this year.

What are the Group's strategic priorities for 2025?

We'll be driving forward progress to deliver a Better Capita through improvements in our sales effectiveness; increasing the differentiation of our services, products and value propositions through innovation and further automation.

What are you most excited about in 2025?

I am most excited about our AI initiatives and the potential they hold for transforming both the services we deliver to our clients but also to our internal processes. The adoption of AI will enable us to deliver faster, smarter, and more efficient solutions, benefiting both our clients and our employees.

1. Refer to APMs on pages 234 to 237.

> **"We maintain our focus on operational delivery for clients by striving to deliver well for our clients and getting it right the first time."**

Customer net promoter score

+28pts

(2023: +16pts)

Adjusted operating margin[1]

4.0%

(2023: 3.5%)

the highest scores the Group has seen in a number of years. This is a critical achievement for us given the nature of our business.

A key priority for me is to support and accelerate Capita's transformation by embedding artificial intelligence and generative (gen) AI into both our internal operations and teams and into our offerings and customer delivery processes on behalf of our customers. We are not a technology company, but we are building and leveraging our deep partnerships and solutions with technology hyperscalers such as Microsoft, AWS, ServiceNow and Salesforce to co-create solutions built around specific client needs, that we both know well and have strong leadership in, to fully leverage and complement Capita's reach, domain and sector knowledge. I'm pleased with the progress in this area to date, for example, in 2024 we developed and launched a number of products at speed that are already delivering for initial clients, and these will be rolled out to a number of clients in 2025 and will be embedded in our contract tenders moving forward.

As we look forward to 2025 and beyond, we will continue with the same areas and themes unveiled at the Capital Markets Day in 2024, such as: finding additional efficiencies; improving our sales effectiveness; increasing differentiation of our services, products and value propositions through innovation, further automation and higher quality of delivery; and continuing to build a better Capita, with and for our colleagues, after a challenging year of changes and difficult decisions.

I am increasingly confident in the progress and potential of our business improvement journey and the feedback we are receiving from our customers.

Our key strategic pillars

Better technology – partnering with hyperscalers

With gen AI driving a significant technological revolution globally, a critical part of our strategy moving forward is to enable our customers to take advantage of its possibilities, deploy it in their business processes and do it safely, ethically and supported by a national trusted partner like Capita. This will transform how we deliver complex processes at scale and will enable us to leverage our deep understanding of our customers' business processes. To accelerate this and leverage their wealth of capabilities and deep investments in AI, we are partnering with hyperscalers to extend their basic solutions with our expertise and data to deliver solutions that will improve productivity and reduce delivery costs. For example, AI is providing greater choice in servicing methods, reducing average handling times for customer calls and increasing first time resolutions in our contact centres. Partnering with hyperscalers while leveraging our process and sector knowledge is enabling us to offer best in class technology, both cost effectively and swiftly, ensuring we remain competitive in a rapidly changing market.

The adoption of AI across the Group will be the cornerstone of our operational evolution and in November we welcomed Sameer Vuyyuru to the Executive Team as Chief AI and Product Officer. Sameer's role will focus on driving product innovation and delivering scalable and repeatable products and AI solutions that deliver better outcomes for clients and Capita.

The key principle for our AI solutions is to augment and amplify humans. We are enhancing roles by removing repetitive tasks and streamlining workflows, allowing our people more time for human-centric tasks that require human empathy and judgement. We are already delivering a range of solutions across the contract portfolio, with a number of further solutions being designed in collaboration with our hyperscaler partners. Our new technology platforms are already creating a better employment experience and greater job satisfaction as delivery teams provide a more productive and personalised experience to clients and their customers.

For example, earlier this year, following a successful design and pilot we launched the CapitaContact platform with the London Borough of Barnet in the Local Public Service part of Capita Public Service. This gen AI-powered contact centre solution leverages Amazon Connect to provide a simplified customer experience for a wide range of queries. Overall, our progress in technological and AI enablement positions Capita very well to meet our customers' evolving requirements. For example, the UK Government's priorities, as outlined in the recent budget and subsequent Blueprint for Modern Digital Government, are clearly focused on making people's lives easier, establishing firmer foundations, achieving smarter delivery and driving higher productivity and efficiency. Examples this year of our innovations in our Public Service business include the Capita Accelerate tool embedded in the Recruiting Partnering Project for the British Army, for which we have a number of potential other use cases, and our virtual wards capacity which reduces the strain on hospital beds and in-person treatment and therefore has the potential to reduce NHS waiting lists.

In the Contact Centre business, we have developed AgentSuite: a cutting-edge gen AI customer experience solution comprising two components, Agent Assist and Call Sight. These provide real-time sentiment analysis, AI generated prompts to aid call handlers and reduce post-call administration time with automatically populated call notes. In the Contact Centre business, around 50% of agents are now utilising AI and gen AI technology in their day-to-day roles.

"Delivering consistently and effectively for our customers is a key part of making a Better Capita"

Within our Pension Solutions business we are transforming user experience with the creation of our new digital pensions platform. Incorporating technology from Microsoft Dynamics and Amazon Connect it will provide an improved and fully personalised experience for the pension member. This product will become part of our core offering for all future pension administration contract tenders.

We are also standardising and centralising high-volume, low-complexity sales processing across the Group through an enabling optimised sales (EOS) project. This will result in a scalable platform, integrated with Salesforce, to drive business value and aid growth in the long term.

In addition, I am very pleased with our recent announcement in January 2025, that the Group would be one of the first companies in Europe to use Salesforce's Agentforce AI for complex business tasks. Agentforce is a sophisticated AI system that creates 'Agents' capable of performing automated tasks and engaging in user conversations. Our initial release will introduce the Capita Career Assistant, an AI bot to aid our recruitment process, helping potential applicants find suitable jobs, and automating parts of the hiring process like matching skills, screening applications, scheduling interviews, and updating records. Through 2025, this solution will expand upstream to address additional steps in high-volume recruitment. For an organisation like Capita that hires around 10,000 colleagues each year this offers significant quality, speed, cost and candidate experience benefits. It is our intention to deliver this managed platform to customers who face similar challenges with high-volume recruitment.

We know our customers entrust us to hold, manage and process some of their most valuable and sensitive data and we are taking a responsible approach to AI to deliver leading and safe AI solutions working with trusted partners with appropriate governance as we continue to invest in our cyber security across the year. All AI adopted by Capita must adhere to our AI principles (inclusive, trustworthy, transparent, accountable, secure, governed and adaptive), which govern the secure, fair and ethical use of AI. Our principles reflect our values and incorporate worldwide recognised guidelines as well as compliance with the EU AI Act. We have further launched a gen AI oversight committee, ensuring human oversight of all critical decisions and appropriate ethics review at Executive level. We are committed to providing continuous training to colleagues across the organisation on the responsible use of AI.

Better delivery – a consistent approach

Delivering consistently and effectively for our customers is a key part of making a Better Capita. Delivering the right service the first time means a better service to the customer and reduced excess cost to us.

Across 2024, the Group maintained its KPI performance with an average performance above 90%. In areas where KPI performance was not met during the year, we implemented specific remediation actions to ensure we meet the high standards our customers expect.

As mentioned earlier, we saw our customer net promoter score improve across all areas of the business with the Group score improving to +28 points, up from +16 points in 2023. There was a particularly strong performance in the Experience businesses which saw a 19-point improvement. Areas where clients suggested improvement included further understanding of the Group's approach to AI and digital offerings, as well as some improvements to systems and processes, which was somewhat expected and our existing plans will address. Operational highlights in 2024 included:

- In Public Service, as part of the division's contract to deliver Royal Navy training, we partnered with Metaverse VR to deliver eleven new Warship Bridge Simulators across three Royal Navy locations in the UK, more than doubling the Navy's simulator capacity;
- Also in Public Service, on the Standards and Testing Agency contract, we printed and delivered 11 million test papers to schools for SATs week, hitting every milestone on time, including the marking and delivery of 99.9% of scripts;
- In Pension Solutions, we saw the number of members engaging with pensions via digital channels increase by more than 200%, allowing more efficient communication, while reducing our costs to deliver;
- In our Contact Centre business, across our delivery centres we handled more than 32 million calls for clients in the UK, Ireland, Germany and Switzerland; and
- To support future delivery and growth in the Contact Centre business, we opened two new global delivery centres in Bulgaria and South Africa. This expansion will enable the division to meet the increasing demand for multilingual services to broaden our market opportunities.

While our contract delivery has been largely consistent across 2024, there were two specific historic contracts where we encountered delays from our original planned mobilisation dates. They both had significant impacts on 2024 revenue and profit performance but will benefit 2025.

In the Contact Centre business, certain delivery issues have led to the reduction of volumes on one particular contract. Action was taken to remediate this swiftly and we have the opportunity to regain volumes in the future.

We have made good progress with the business areas we identified within our manage for value category at our Capital Markets Day in June 2024. In September 2024 we completed the disposal of Capita One, realising net proceeds of c.£180m and in December 2024 we announced the disposal of the Group's mortgage servicing business assets, a transaction which we expect to complete in Q2 2025.

In 2024, we agreed a number of transition agreements for contracts in the closed book Life & Pensions business unit, within the Regulated Services subdivision, where we've seen continued volume reductions as expected. There is now one client remaining and we are actively engaged in discussions to resolve the challenges in this business. The subdivision continues to have a cash cost to the Group of around £20m per annum.

Better efficiencies – moving at pace

At the start of the transformation, the Group established a programme management office to deliver the company-wide transformation and associated cost efficiency savings with the transformation split into three waves: funding the journey; back to basics; and building for the future.

In March 2024 we announced targeted cost savings of £160m to be delivered by June 2025, to help deliver a medium-term adjusted operating margin[1] of 6 – 8%. So far, we have taken actions which will deliver annualised cost savings of £140m. The majority of these savings have been achieved through efficiencies and synergies in our processes and technology, property rationalisation, and organisational changes that align with the business we need to become.

During 2024, based on the positive results from the increasing use of AI and gen AI at the heart of this transformation, we continued to identify significant cost opportunities within the Group. As announced in December 2024, this enabled us to increase our cost reduction target from £160m to up to £250m to be delivered by December 2025, with a further £55m cash cost to achieve these savings to be incurred in 2025.

A proportion of the additional targeted savings will be delivered via natural employee attrition as we further simplify the business, particularly within the Contact Centre business where, in line with peers, employee attrition has historically been higher. For example, in December 2024 attrition was 29% on a 12-month rolling basis, compared to 16% for the rest of the Group. The additional savings will be achieved though further simplification and centralisation of internal processes and are expected to help offset the gross £16m of in-year incremental employers' National Insurance Contribution (£20m on an annualised basis) in 2025.

These savings provide further confidence in the delivery of our medium-term margin target and we expect to generate positive free cash flow[1] from the end of 2025. We continue to expect a reinvestment of c.£50m of the savings across 2025, which will drive growth through technology and ensure the Group's ongoing price competitiveness moving forwards.

Better company – launching our culture change programme

This year I have spent a significant amount of time meeting colleagues across the geographies in which we operate, and I have seen first-hand the passion our colleagues have for the work they do. I am very impressed by that passion, and the skills and experience that our team bring to bear. Our colleagues, and the skills and talent they have, are a key enabler of our transformation and business improvement journey and they are highly valued by our customers.

With a major ongoing transformation programme, and many difficult decisions around pay reductions and reorganisation, this year was understandably difficult for our people. This was reflected in the Group's eNPS score which reduced by 29 points to -33 points (in particular recommending Capita as an employer to friends and family). More pleasingly we saw employee engagement, a more reflective measure during a transformation, of 64%, just a 3-point reduction on the prior year and 81% of employees feel they can be themselves at work. I am also pleased to see that the Group's rolling 12-month voluntary attrition at the end of December has reduced to 21.7% compared with 25.3% in the prior 12 months which, as previously outlined, will help deliver a proportion of our recently announced cost savings target.

Following completion of, and feedback from, our Group-wide culture survey in 2024, we have embarked on a multi-year culture improvement journey across all levels within the organisation aiming to build a culture in which everyone is united in achieving Capita's goals, while nurturing their individual career aspirations. As part of this journey, during the year we launched our leadership playbook and development programme which will help us nurture and develop talent through all levels of the organisation. This journey will be based on both local and Group led initiatives to ensure a personalised and tailored experience for all colleagues.

In 2025, our people agenda is a key priority and we have a plan to further improve the employee value proposition.

Total contract value and growth

Across 2024, we focused on both improving the Group's cost competitiveness and on maintaining rigour around bidding processes to ensure that contracts were bid at an acceptable margin. We expected revenue reductions while we strengthened capabilities and improved margins to enable profitable growth in the future.

As a result, we saw a lower level of contract bidding activity and the Group saw its total contract value (TCV) won reduce to £1,513m from £2,952m in 2023. With the lower TCV, the Group's book to bill reduced to 0.6x from 1.1x in the prior year, with 0.7x in Public Service, 0.7x in the Contact Centre business and 0.8x in Pension Solutions.

As a first step for future growth, the Group's renewal rate across 2024 improved strongly to 92%, up from 51% in 2023, following some material losses in 2023 which were lost on price. Public Service delivered an 87% renewal rate, up from 40% in the prior year, with Experience (across its three sub-divisions) at 95%, up from 61% in 2023. The Group's high renewal rate underlines our strong client relationships and consistent delivery of high-quality solutions. Maintaining a high renewal rate, while ensuring our margin target is met, is a priority looking forward.

There is a major opportunity to increase the Group's win rate on new and expanded scopes of work, which in 2024 reduced to 18% from 69% in 2023. In addition to greater focus on rebuilding the sales pipeline and a rejuvenated suite of AI/digital solutions, as we continue to improve efficiencies as part of the Group's cost reduction programme, we will become more price competitive which together will improve the Group's win rate on new and expanded

scopes of work. Across all opportunities the win rate by value was 32% (2023: 62%), 23% in Public Service and 62% in Experience.

Significant contract wins in the year included the renewal of two European telecoms clients, one with an expanded scope, with a TCV of more than £250m TCV, a further extension on the Data Communications Company Licence with a TCV of £135m and a renewal with the Royal Mail in Pension Solutions with a TCV of more than £50m following a competitive tender. There were expansions of scope with contracts with the Royal Navy and in Local Public Service.

The total unweighted pipeline across all years, as of 31 December 2024 was £11,121m, an increase from £10,329m at 31 December 2023, despite the unsuccessful outcome on the material opportunity to deliver the Armed Forces Recruitment Programme with the Ministry of Defence in 2024, which was lost on price and a bid we priced to deliver the highest quality, without risk to our Armed Forces. We will continue to deliver the Recruiting Partnering Programme for the British Army to the contract transition date in 2027.

Within the Group, there are material opportunities across 2025 with the Department for Work and Pensions, framework opportunities with the Crown Commercial Service and a number of UK-based utility companies.

Of the total unweighted pipeline of £11,121m, more than £5bn relates to opportunities with a significantly higher technology and AI/gen AI underpin including material opportunities with the Home Office, HMRC and Transport for London.

We have seen a number of early successes so far in 2025, with the renewal of the Gas Safe Register contract with a TCV of £89m and further expansion of scope with the Royal Navy in Public Service.

The Group's order book, as measured by IFRS 15, was £4,241m at 31 December 2024, a reduction of £1,642m from £5,883m at 31 December 2023. This reduction reflected £809m order book additions, indexation and scope changes, offset by £1,838m revenue recognised and a £225m reduction from business disposals and contract terminations. In 2024, we won a number of material contracts which are framework agreements which do not meet the accounting criteria for order book recognition, and these contracts resulted in £388m being derecognised from the order book.

Financial results – revenue and operating profit

Adjusted revenue[1] declined 8.0% to £2,369.1m (2023: £2,575.8m). The decline reflected the continued impact of prior year losses including Electronic Monitoring Services and our focus on exiting lower margin services, the non-repeat of the one-off benefits from the Virgin Media O2 contract transition, and a commercial settlement within the Regulated Services subdivision in 2023. The telecommunications vertical of the Contact Centre business also saw lower volumes in 2024. This was partially offset by volume improvements in Public Service contracts including with Transport for London and the benefit from indexation.

Reported revenue declined 14.0% to £2,421.6m (2023: £2,814.6m), reflecting the above contract movements and impact of business exits including the Capita One disposal.

Adjusted operating profit[1] increased by 5.5% to £95.9m (2023: £90.9m), as the c.£90m positive impact of the cost reduction programme more than offset the revenue reduction seen across the Group, including the non-repeat of one-offs from the prior year. The Group adjusted operating margin[1] improved to 4.0% from 3.5% in 2023.

Reported operating loss was £9.9m (2023 loss: £52.0m), largely reflecting £27.9m of costs to deliver the Group's successful cost reduction programme and a £75.1m goodwill impairment recognised within the Contact Centre business.

Financial results – free cash flow[1] and net debt

Free cash flow[1] excluding business exits, was an outflow of £122.3m (2023 outflow: £123.6m), reflecting the reduction in cash generated by operations and the cash cost to deliver the ongoing cost reduction programme which was partially offset by a reduction in cash flows related to the 2023 cyber incident and pension deficit contributions.

Free cash outflow for the Group was £122.7m, (2023 outflow: £154.9m) including the inflow from businesses exited, or being exited, of £14.1m in year offset by £14.5m pension deficit contributions triggered by disposals.

Net financial debt (pre-IFRS 16) was £66.5m (2023: £182.1m) benefiting from net proceeds realised on the disposal of Capita One and Fera of £223.9m which more than offset the Group's free cash outflow across the year.

Net debt, including the impact of property leases accounted for under IFRS 16 was £415.2m (2023: £545.5m). Our IFRS 16 lease liability was £348.7m (2023: £363.4m) reducing with property rationalisation programme and monthly lease payments. The lease asset receivable related to the lease liability was £95.7m (2023: £70.3m), reflecting the successful sub-letting of property the Group is not utilising.

Outlook

As we look forward to 2025 and beyond, we will continue to focus on the same areas and themes unveiled in June's Capital Markets Day. The continued growth of AI and what it can do for organisations and the UK Government's AI plans align well with our strategy. As we continue to transform, we expect to see adjusted revenue[1] in 2025 to be broadly in line with that of 2024, with growth in Public Service and Pension Solutions, offset by revenue reductions in Contact Centre and Regulated Services, as we continue to actively exit contracts in this business.

I am increasingly confident in the progress and potential of our business improvement journey, the capabilities and engagement with our hyperscaler partners, the feedback we are receiving from our customers, all of which creates a strong foundation for 2025. Similarly, we are also focused on building a better Capita with, and for, our colleagues.

As we continue to see the benefit from our cost reduction programme we expect to see a small increase in the Group adjusted operating margin[1] overall, with good margin improvement in Public Service and Contact Centre, maintaining double digit margins in Pension Solutions, offset by a reduction in margin in Regulated Services as we exit contracts.

With the costs to achieve material cost savings heavily weighted to H1, we expect a free cash outflow before the impact of business exits[1] of between £45m – £65m, including a £55m outflow to deliver the cost reduction programme, with an improved cash conversion[1] of 55% to 65%. We expect the Group to be free cash flow positive, before the impact of business exits[1] from the end of 2025.

Reflecting the free cash outflow[1], we expect net financial debt to increase. We expect to see a reduction in the Group's IFRS 16 lease liability as we continue our property rationalisation programme and make cash lease payments.

Reasons to invest in Capita

We are at a defining moment in the evolution of technology and with our strong foundations, an impressive client list, and a talented and passionate workforce – Capita is well placed to take advantage of the opportunities that technology offers us.

Delivering on our commitments to stakeholders

A BETTER CAPITA

Strong foundations to build on – customer base, knowledge and expertise of our people

Self-sufficient strategy funded by efficiency improvements, cash generation and exiting less attractive markets

Significant **cost reduction, efficiencies and margin improvement opportunity across all businesses and especially** in contact centres

More **consistent and strategic**, **go-to-market** approach to double down on **'star positions'**, **improve** those with potential and **manage for value** any others

Use of **next-generation technology innovation** provides an opportunity for productivity improvements, better service and to unlock growth

We are better leveraging **partnerships with hyperscalers** to accelerate digital, data and technology transformation

Medium-term targets:

Adjusted operating margin[1]

6 – 8%

Free cash flow, excluding the impact of business exits[1]

to become positive from the end of 2025 onwards.
Operating cash conversion of 65% – 75%

Adjusted revenue[1]

low to mid-single digit % revenue growth p.a.

Our focus is to deliver long-term value driven through the expertise of our leadership team

For more information about leading indicators on the journey to reaching our medium-term targets, please see pages 2 to 3.

1. Refer to APMs on pages 234 to 237.

Understanding a better Capita

Our vision is simple: to be the trusted partner for our customers, across both the public and private sector; and to run complex business processes more efficiently, creating better consumer experiences.

Our key inputs

Relationship with hyperscalers

We have reset our relationships with technology hyperscalers including Microsoft, AWS, Salesforce and ServiceNow to co-create AI and gen AI offerings for customers which are unlocking productivity while transforming the customer and citizen experience.

Deep sector process knowledge

We have a deep rooted understanding of our clients and government processes. This knowledge means we can drive efficiency and improve efficiency of delivery as we co-create bespoke solutions with technology hyperscalers.

Disciplined approach to corporate governance and risk management

The Group is taking a measured approach to corporate governance and risk management across its dedicated committees.

How our business works

Individual structural growth markets

Capita Public Service

Public Service provides digital transformation and business process services to the UK Government to enhance productivity and citizen experience. Our key sectors are Local Public Service, Central Government and Defence & National Preparedness.

Read more on page 19

Capita Experience

Experience designs, transforms, and delivers customer experiences

Contact Centre operates in the UK, Ireland, Germany and Switzerland

Pension Solutions and Regulated Services businesses operate in the UK.

Read more on page 22

Group governance, support services and risk management

Value created for our stakeholders

Our people
by providing an environment in which they can thrive and develop.

eNPS
-33pts
(2023: -4pts)

Investors
by delivering sustainable positive free cash flow and improving returns.

Reduction in carbon footprint (market-based)
37%
(2023: 58%)

Clients and customers
by delivering efficient and effective solutions, transforming businesses and services through expertise and technology.

cNPS
+28pts
(2023: +16pts)

Suppliers and partners
by treating them fairly and working in partnership to deliver.

Supplier payment compliance 2024
92%
(2023: 99%)

Society
by acting as a responsible business.

BETTER Technology

Our new Chief AI and Product Officer

In December 2024 we welcomed our first Chief AI and Product Officer – Sameer Vuyyuru. The creation of this new role underscores Capita's commitment to its technology and digital strategy which is a key driver of the Group's strategic transformation and vision. Sameer will focus on driving product innovation and delivering scalable and repeatable AI solutions that drive better outcomes for clients and the Group. This will include product strategies, creating comprehensive end-to-end solutions and cultivating hyperscaler and other key partner relationships.

Contract pipeline with higher technology/gen AI underpin

£5bn

Our relationship with hyperscalers

During 2024 we re-established our relationships with the hyperscalers, who will play a vital role in helping to leverage our AI and business improvement journey. We are now partnering with the likes of Microsoft, ServiceNow, Salesforce and AWS to co-create solutions. Around half of the £11bn opportunities we see in our sales pipeline now have a higher element of technology/gen AI underpin.

As well as understanding our own clients and their processes, a vital part of the Group's transformation will also come from embedding AI and gen AI into our own methods and processes to improve the precision of delivery and efficiency. We have also developed and launched products such as AgentSuite where we see growing client interest and adoption, held workshops with hyperscalers which delivered partnership ideas we are now implementing and launched the AI Catalyst Lab whereby colleagues can share their knowledge and ideas where AI would best benefit the business. In addition, Salesforce are completing a comprehensive Group wide review identifying where AI can help customers.

Read more online
www.capita.com

BETTER
Delivery

Creating global delivery centres of excellence

This year the Group opened two new sites, a second office in Sofia, Bulgaria and a new delivery centre in Mutual Park, Cape Town. These expansions enable Capita to meet increased demand for multilingual customer experience services from clients across Europe and broaden its reach in the region by providing a diverse range of services and expertise. These expansions signify both our commitment to global growth and our pursuit of excellence in customer experience solutions and delivery.

Read more online
www.capita.com

Primary Care Support England

All NHS pension scheme members are required to declare their own pensionable income and ensure the correct pension contributions have been paid. Capita helps them do that by administering the forms they complete. In all, Capita receives up to 2,500 of these forms every month, so even small reductions in handling time result in savings overall.

Our new automation tool was launched in November 2024 and has resulted in a reduction of manual effort equivalent to four full time employees. In the longer term, we expect this small piece of automation to save 15 minutes handling time for each case that is matched.

Trusted public sector partner **with longstanding relationships** and satisfied clients

Deep sector and business process knowledge, built up **over 40 years**

Supporting clients to deliver **efficient, high-performing, user-friendly services**

Ability to **deliver at scale** in complex environments

BETTER Efficiency

Capita Data & AI training academy

The Data & AI academy is part of Capita's drive to grow client satisfaction and develop a team of AI-literate specialists who can provide ethical counsel in the area. 100 colleagues from across Public Service and Experience will be able to take part in the 13-month 'AI for Business Value' apprenticeship programme delivered by Multiverse[2].

Read more online
www.capita.com

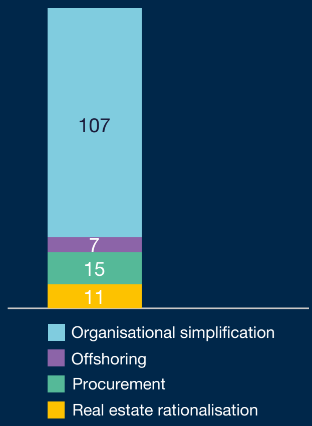
The partnership is the latest in a series of new initiatives by Capita to enhance its AI capability, improve its offering in the market, and upskill colleagues in the use of AI technology.

We also have a successful cost reduction programme underway which will improve the Group's operating margin in the medium term.

Adjusted operating margin performance[1]

4.0%
(2023: 3.5%)

£140m
Annualised savings now actioned across a number of areas



1. Refer to APMs on pages 234-237.
2. Multiverse is a tech company that has trained more than 16,000 apprentices in data and digital skills since 2016

BETTER Company

Rallying and resetting company culture & launch of our leadership playbook

We are developing a winning culture to focus on our people and connect our strategy, purpose and vision. This year we engaged with our people, at all levels across the organisation, to design our future culture blueprint.

We also launched our leadership playbook which outlines the principles, practices, expectations, and behaviours that define effective leadership within the Company. It is designed around four cornerstones: being accountable, building trusted relationships, learning and curiosity, and driving a winning mindset. The playbook encourages leaders to engage in thought leadership conversations, reflect on their actions, and align individual efforts with organisational goals. It serves as a roadmap to help leaders lead with heart, head, and hands, contributing to a culture of trust and continuous learning.

Internal mobility

21%

(2023: 8%)

Capita's leadership cornerstones:

Read more online
www.capita.com

Accelerated transformation The adoption of AI

The market

Across Capita Public Service and our core Contact Centre and Pension Solutions businesses within Capita Experience, we operate in substantial markets. There is more than £50bn of addressable market opportunity annually.

This market is likely going to grow as, increasingly, more of our clients will need help as they seek to solve their complex challenges through the application of technology. This ranges from more basic automation, better analytics and insights all the way to the deployment of gen AI.

According to a McKinsey survey, c.70% of companies have already launched at least one at-scale gen AI powered solution[1].

Market size

>£50bn

(2023: £40bn)

c.70%

of companies have already launched at least one at-scale gen AI powered solution[1]

We believe that:

- Governments and businesses will need more support to leverage these technologies in their business processes and with expertise to run those processes. They want to take advantage of these technology advancements, but they don't have the skills, capacity or time to do that.
- We can enable faster services for our customers around information analysis, retrieval and customer service. Historically, these services were delivered on top of complex organisations, were very costly and took a lot of time. This is now semi-immediate.
- As in the McKinsey study, our customers are starting to experiment in individual processes to validate and then deploy at scale.
- There is opportunity for Capita to capture value of human expertise and deploy it everywhere to assist colleagues.
- These technologies will change the economics beyond 'just labour arbitrage' to 'people and productivity' and be more efficient.

These challenges represent a huge opportunity that technology can offer to companies like Capita.

BPS market evolution 2024-2026

1 **Empowering clients through responsible applied AI** – leverage deep industry expertise and decades of trust to apply AI responsibly

2 **Driving operational excellence at scale** – transform traditional BPO model by integrating AI-driven automation, delivering measurable value to clients

3 **Partnering for innovation** – leverage leading hyperscalers and technology partners, ensuring Capita remains an agile leader

4 **Leading the shift to 'service-as-software'** – redefine service delivery by applying AI to streamline ops and creating scalable and intelligent solutions

5 **Becoming the best implementor of human-in-the-loop AI** – balance AI with human expertise to maximise impact, ensuring trust and accountability

6 **Building a scalable AI-driven future** – develop a seamless AI onboarding platform and drive long-term, scalable transformation

CAPITA MOVING AT SPEED

1. McKinsey Enterprise CXO Survey: Impact of GenAI for Technology Services Providers

Creating positive outcomes

We are prioritising the business sectors in our Public Service, Contact Centre and Pension Solutions divisions where we have strong expertise and see material opportunities in the future.

A BETTER CAPITA

Our purpose to create better outcomes

Our strategic priorities

- **Better Technology** + For more see page 13
- **Better Delivery** + For more see page 14
- **Better Efficiency** + For more see page 15
- **Better Company** + For more see page 16

Built on our foundational enablers

Scale and leadership position in key markets	Talented and passionate colleagues	Human + AI-automation: data analytics and gen AI
Strong credential dealing with complex solutions	Hyperscalers and technology partnerships	Strong culture and transformation governance

Delivered through our two divisions

Capita Public Service
+ For more see page 19

Capita Experience
Contact Centre | Pension Solutions | Regulated Services
+ For more see page 22

Delivering on our medium-term ambitions

Better efficiencies	Improving adjusted operating margin[1] to **6 – 8%**
Improve free cash flow[1]	**65 – 70%** operating cash conversion[1]
Grow the business	Low to mid-single digit % sustainable adjusted revenue[1] growth

Underpinned by Group governance, support services and risk management

1. Refer to APMs on pages 234 to 237.

Capita Public Service

Public Service is the number one[2] strategic supplier of Software and IT Services (SITS) and business process services (BPS) to the UK Government.

Financial performance

Divisional financial summary	2024	2023	Change %
Adjusted revenue[1] (£m)	**1.387.2**	1,399.9	(0.9)
Adjusted operating profit[1] (£m)	**89.1**	69.6	28.0
Adjusted operating margin[1] (%)	**6.4**	5.0	
Adjusted EBITDA[1] (£m)	**125.6**	111.4	12.7
Operating cash flow excluding business exits[1] (£m)	**92.1**	88.5	4.1
Order book (£m)	**2,923.4**	3,546.0	(17.6)
Total contract value secured (£m)	**928.7**	1,840.1	(49.5)

1. Refer to APMs on pages 234 to 237.

2024 overview

Business units
- Local Public Service
- Central Government
- Defence & National Preparedness (including Learning)

Employees
- 10,400

Client distribution
- UK

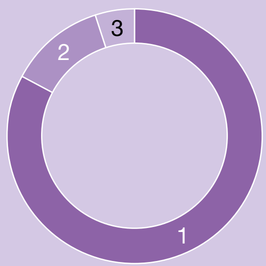
Competitors
- Atos
- G4S
- Sopra Steria
- CGI
- Tata Consultancy Services (TCS)
- Cognizant
- Accenture
- Serco
- Maximus

Major contract wins and renewals
- A two-year extension to the Data Communications Company (DCC) Licence with a TCV value up to £135m
- Further expansion worth £80m over three years on our contract delivering Royal Navy training
- A three-year extension worth £20m to deliver council tax, revenues and benefits and business rates customer management for Westminster City Council building on a 29-year partnership

Adjusted revenue[1]
£1,387.2m
(2023: £1,399.9m)

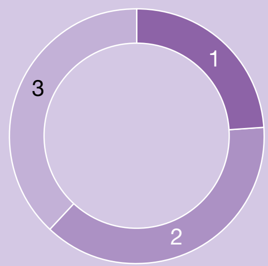
Adjusted operating profit[1]
£89.1m
(2023: £69.6m)

Adjusted revenue by type[1]



1. Long-term contractual **83%**
2. Short-term contractual **12%**
3. Transactional **5%**

Revenue by market



1. Local Public Service **24%**
2. Central Government **38%**
3. Defence & National Preparedness (including Learning) **38%**

Better delivery Delivering four of the five UK Government missions

We believe that our unique ability to bring people, processes, and technology together will be a key enabler in helping the new administration deliver its milestones that align to the missions on the screen.

Government mission	Capita capability
Kickstart economic growth	– Royal Navy training* – Local Public Service transformation – Work Capability assessment
Clean energy	– Managing the delivery of the UK's smart meter communications platform* – Local Public Service decarbonisation – Delivery of London's ultra low emission zone*
Break down barriers to opportunity	– Delivery of Entrust – Flexible learning – Disabled Students Allowance*
Building an NHS fit for purpose	– Delivery of Primary Care Support England – Virtual care capability* – Procurement Transformation with NHS England*

* Higher technology and AI underpin

"We are focused on working with trusted technology partners"

Markets and growth drivers

Public Service is the number one strategic supplier of Software and IT Services[2] (SITS) and business process services[2] (BPS) to the UK Government.

The division is structured around three market verticals: Local Public Service; Defence & National Preparedness (including Learning); and Central Government, delivering to their respective client groups.

Following a review of the industries served by Public Service, the division's core addressable market size is c.£25bn[2], growing at approximately 4%[2] per annum. Digital BPS continues to be an area of fast growth, with traditional business process outsourcing currently shrinking. This trend is expected to continue, reflecting the UK Government's recent announcement on the use of AI in government processes to ensure delivery of high-quality, cost-effective services to its citizens.

Public Service operates in highly fragmented markets with a variety of services offered. Competitors within the market include but are not limited to: Atos, G4S, Sopra Steria, CGI, Tata Consulting Services, Serco, Accenture and Maximus.

Strategy and better technology

The division has identified four key propositions that offer substantial sales potential across the public sector client groups in the UK, through enhanced repeatability and cost-efficient delivery, particularly in the areas of modern, technology-enabled business process outsourcing and National Preparedness. These are Digital Business Services; Citizen Experience; Workforce Development; and Place.

Looking ahead, there is a significant opportunity to drive productivity and efficiency in line with the UK Government's strategy of integrating AI into public services. We are working with technology hyperscalers to co-create solutions based on our public sector process knowledge, blending together offerings which are both technology and people driven.

The division is focused on building standardised repeatable propositions, leveraging the scale of our hyperscaler partners while using our sector specific domain knowledge and expertise. This will in turn reduce cost to serve and improve market impact. We have a number of AI and gen AI products embedded in clients across the division, including the use of CapitaContact and Capita Accelerate, a natural language processing tool that we are using to analyse candidates' medical records to allow a faster processing time.

Our two client advisory boards, covering all sectors in which the division operates, continue to help us enhance customer centricity, improve strategic decision making, aid innovation and strengthen client relationships. We will continue to build on their use in 2025.

2. TechMarketView.

Operational performance and better delivery

Across the year, the division's average KPI performance was consistent at 94%. The division's standalone cNPS (customer satisfaction) performance was +28 points with specific positive feedback around account management and sector experience. An area of improvement was digital innovation and transformation, which will be a key area of focus for 2025 as we look to embed technology more consistently across the division.

The division saw a £15m cash overspend associated with the delayed mobilisation of two contracts over the year, which also impacted revenue growth. One of these contracts went live at the end of 2024.

Operational highlights across the year included:

- On the Standards and Testing Agency contract, we printed and delivered 11 million test papers to schools for SATs week hitting every milestone on time, including the marking and delivery of 99.9% of scripts;
- On the division's contract to deliver Royal Navy training, we partnered with Metaverse VR, to deliver eleven new Warship Bridge Simulators across three Royal Navy locations in the UK, more than doubling the Navy's simulator capacity; and
- Our British Army Recruitment Site won best 'Recruiting Website' at the RAD Awards with the site generating a 100% increase in registration conversion.

Our consistent delivery has been a key factor in expanding existing scopes with clients such as Transport for London and the Royal Navy. Looking to our long-term growth ambitions, we are exploring expansion into international markets using our existing infrastructure. We believe we can increase the division's addressable market and accelerate growth, particularly in the Defence & National Preparedness (including learning) vertical.

Growth performance

In 2024, Public Service won TCV of £928.7m down 49.5% from that won in 2023. The decline was in part driven by lower levels of contract activity during a year of political transition, and the benefit in 2023 from contract award dates moving from 2022 into 2023.

We saw a further extension on the Data Communications Company Licence with a TCV of £135m and expansions with the Royal Navy and in Local Public Service. The division's book to bill ratio was 0.7x.

The total unweighted pipeline for Public Service at 31 December 2024 was £8,149m, an increase from £7,474m despite our unsuccessful armed forces recruitment bid, which we lost on price. The year end weighted pipeline stood at £1,206m, broadly similar to that in 2023 of £1,247m.

The divisional order book at 31 December 2024 was £2,923.4m, a decrease from £3,546.0m in the prior year, reflecting the revenue recognised in the period which more than offset wins in the period.

Financial performance

Adjusted revenue[1] decreased by 0.9% to £1,387.2m reflecting the cessation in previous years of contracts in Local Public Service and Central Government. Revenue growth was impacted by a more disciplined approach to bidding and the delayed mobilisation of two contracts in the division. These offset additional volumes in our Transport for London contract and the benefit from indexation.

Adjusted operating profit[1] increased 28.0% to £89.1m, delivering an adjusted operating margin[1] of 6.4%, as the division saw the positive benefit of the Group's cost-reduction programme which offset the impact of contract losses and the £15m profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract.

Operating cash flow excluding business exits[1] increased 4.1% to £92.1m with operating cash conversion of 73.3% (2023: 79.4%) impacted by the delayed contract mobilisation and more sustainable approach to working capital management.

Outlook

For 2025, we expect the division to deliver low to mid-single digit revenue growth driven by the annualised benefit of new contracts, with growth expected across all Public Service verticals in 2025.

We expect a modest improvement in adjusted operating margin[1] driven by revenue growth and continued benefit from the cost reduction programme.

Customer net promoter score

+28pts

(2023: +27pts)

Total contract value secured

£928.7m

(2023: £1,840.1m)

Order book

£2,923.4m

(2023: £3,546.0m)

> **"Our consistent delivery has been a key factor in expanding existing scopes with clients such as Transport for London and the Royal Navy"**

Capita Experience

Following a review of the Group's offerings, Experience will now report under three segments, reflecting the different market sectors and end product offerings of its component parts: 1. Contact Centre; 2. Pension Solutions; and 3. Regulated Services, which includes closed book Life & Pensions.

Financial performance:

1. Contact Centre

Divisional financial summary	2024	2023	Change %
Adjusted revenue[1] (£m)	**650.9**	797.6	(18.4)
Adjusted operating profit[1] (£m)	**(5.9)**	(4.0)	(47.5)
Adjusted operating margin[1] (%)	**(0.9)**	(0.5)	
Adjusted EBITDA[1] (£m)	**34.3**	44.0	(22.0)
Operating cash flow excluding business exits[1] (£m)	**0.1**	20.9	(99.5)

2. Pension Solutions

Divisional financial summary	2024	2023	Change %
Adjusted revenue[1] (£m)	**179.0**	170.3	5.1
Adjusted operating profit[1] (£m)	**28.1**	25.9	8.5
Adjusted operating margin[1] (%)	**15.7**	15.2	
Adjusted EBITDA[1] (£m)	**34.1**	31.2	9.3
Operating cash flow excluding business exits[1] (£m)	**33.3**	21.9	52.1

3. Regulated Services

Divisional financial summary	2024	2023	Change %
Adjusted revenue[1] (£m)	**152.0**	208.0	(26.9)
Adjusted operating profit[1] (£m)	**12.6**	33.1	(61.9)
Adjusted operating margin[1] (%)	**8.3**	15.9	
Adjusted EBITDA[1] (£m)	**18.4**	39.9	(53.9)
Operating cash flow excluding business exits[1] (£m)	**(13.7)**	(5.7)	(140.4)

1. Refer to APMs on pages 234 to 237.

2024 overview

Business units

- Contact Centre: Financial Services; Telecoms, Media & Technology; Energy & Utilities; and Retail (including charities)
- Pension Solutions
- Regulated Services

Employees

- 20,000

Client Distribution

- UK
- Ireland
- Germany
- Switzerland

Competitors

- Atento
- Teleperformance
- Accenture
- Concentrix & Webhelp
- Foundever
- TTEC
- Tech Mahindra
- Firstsource
- Tata Consultancy Services
- In-sourced

Major contract wins and renewals

- A deal worth up to £220m with a European telecoms provider in the Contact Centre business, with £55m of additional scope and a £165m renewal from 2027 to 2030
- Within Pension Solutions a contract worth £53m from 2026, with Royal Mail Statutory Pension Scheme, with an option to extend for a further two years
- A contract renewal with Tesco Mobile worth £30m running to 2027, building on our eight year partnership

Adjusted revenue[1]

£981.9m

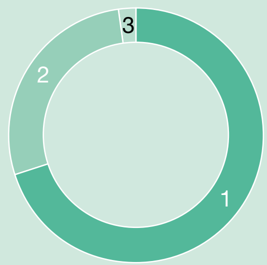
(2023: £1,175.9m)

Adjusted operating profit[1]

£34.8m

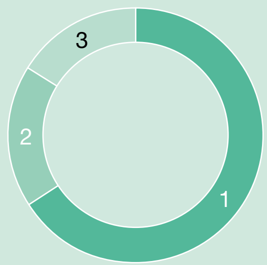
(2023: £55.0m)

Adjusted revenue by type[1]



1. Long-term contractual **70%**
2. Short-term contractual **28%**
3. Transactional **2%**

Revenue by market



1. Contact Centre **66%**
2. Pension Solutions **18%**
3. Regulated Services **16%**

Following a review of the Group's offerings, Capita Experience will now report under three segments, reflecting the different market sectors and end product offerings of its component parts: 1. Contact Centre; 2. Pension Solutions; and 3. Regulated Services, which includes closed book Life & Pensions.

1. Contact Centre

Markets and growth drivers

Contact Centre is one of Europe's leading customer experience businesses with a top three market share across EMEA, managing millions of interactions, with customers in the UK, Ireland, Germany and Switzerland and services delivered across these geographies and also in India, South Africa, Poland and Bulgaria.

The division is structured around the market sectors it serves: Financial Services; Telecoms, Media & Technology; Energy & Utilities; and Retail. The European customer experience market is worth £33bn[2] with the market expected to grow at 4%[2] per annum.

Our competitors are mostly global and include entities such as Teleperformance, Concentrix & Webhelp, Tata Consulting Services and Foundever.

The customer experience landscape is evolving at pace driven by changing technology and shifting consumer expectations. Customers demand an omnichannel experience, multilingual support, and a flexible service model spanning onshore, nearshore, and offshore operations.

2. NelsonHall.

Strategy and better technology

Contact Centre is a customer experience business driven by data and technology powered by people, operating as a leading regional player with global quality standards.

This year, it launched nine customer service bundles including areas such as retail and collections, offering repeatable, modular and scalable solutions that can be easily tailored to markets needs and requirements, while providing quicker market entry. Since the launch, we have seen an increase in demand, particularly in the retail market, which has driven an increase in pipeline origination since the launch.

A key tool launched for the Contact Centre business in 2024 was AgentSuite, combining two elements of Agent Assist and Call Sight which provide real time sentiment analysis, AI generated prompts to aid call handlers and reduce post call administration time with call notes automatically populated. This tool will be used for the majority of our clients in the future, and we have seen significant productivity benefits from the early adopters of this technology.

We also launched Sanas, a noise cancellation and harmonisation technology which allows for clearer communication during traditional voice calls, improving agent confidence and customer satisfaction.

At the end of the year, around 50% of agents within the Contact Centre business were using our AI and gen AI solutions with significant further rollout to clients underway for 2025.

At the start of 2025, the Contact Centre business announced a partnership with GetVocal AI to drive further improvements in customer experience for clients. GetVocal AI provides virtual agents that will handle a range of customer interactions, with the oversight of experienced Capita agents who are ready to step in for complex queries, vulnerable customers or escalation.

With a 2024 operating loss of £5.9m, there is a significant opportunity for Contact Centre to improve its margins to be in line with those of its peers. The division is implementing a significant reorganisation, including delayering internal management structures and a digitisation plan to reduce costs.

A key element of the division's reorganisation is increasing the use of offshore and nearshore service delivery to meet client needs. In 2024 we opened two new global delivery centres in Bulgaria and South Africa. This expansion enabled the division to meet the increasing demand for multilingual services and will broaden our market opportunities going forward. The Contact Centre business also increased its offshoring use from 45% to 60% in the operational support function, which is closely aligned to peer benchmarks.

"Contact Centre, is one of Europe's leading customer experience businesses, managing millions of interactions"

Customer net promoter score – Contact Centre

+38pts

(2023: +19pts)

Total contract value secured – Contact Centre

£432.1m

(2023: £746.5m)

Order book – Contact Centre

£644.6m

(2023: £1,399.6m)

"we are well positioned to drive even greater value for our clients and their customers"

Operational performance and better delivery

Across the year, the division's average in-month KPI performance was consistent with 2023 at 93%. The division's standalone cNPS performance was +38 points an improvement of 19 points from the prior year, with positive client feedback received on the division's account management and transparency of teams communication. Whilst delivery and client sentiment has remained strong across the majority of the portfolio, certain delivery issues have led to the reduction of volumes on one particular contract. Action was taken to remediate this swiftly and we have the opportunity to regain volumes in the future.

Operational highlights for the year include:

- To support future delivery, we opened two new global delivery centres in Bulgaria and South Africa;
- We were awarded Best Network Customer Service for our work with Tesco Mobile;
- We handled more than 32 million calls for clients in the UK, Ireland, Germany and Switzerland;
- During peak season in South Africa our teams managed 3.2 million customer contacts; and
- Our teams won a number of awards across 2024 including Accomplished Leader and Emerging Leader at the CGA Global Women in Leadership Awards. We have also been nominated for awards such as Employee Engagement at the UK Customer Satisfaction Awards.

These achievements underscore our focus on operational excellence, scalability, and the delivery of quality customer experiences. As we continue to expand our global footprint and enhance our capabilities, we are well positioned to drive even greater value for our clients and their customers.

Growth performance

In 2024, Contact Centre won contracts with a value of £432.1m down from £746.5m in the prior year, as we saw a reduction in bid activity across the year. Material wins included two renewals with major European telecoms clients, one with an expanded scope, with a combined TCV of more than £250m and with Tesco Mobile in the UK. The division's book to bill was 0.7x. There has been a strong start to 2025 with renewals across all geographies we operate in.

At 31 December 2024, the division's unweighted pipeline was £2,243m, a decrease from £2,538m at the same point in 2023. The weighted pipeline was £295m, down from £429m in 2023. Increasing the divisional pipeline is a key area of focus in the medium term.

The order book at 31 December 2024 was £644.6m, a decrease from £1,399.6m from 31 December 2023 reflecting the revenue recognised in 2024 and the fact that the material contracts secured in 2024 are framework agreements that do not meet the IFRS 15 accounting criteria for order book recognition.

Financial performance

Adjusted revenue[1] decreased 18.4% to £650.9m reflecting a number of prior year losses and the non-repeat of the one-off benefit from the Virgin Media O2 contract transition in 2023. The division also saw lower volumes in the Telecommunications vertical which are expected to remain subdued in 2025.

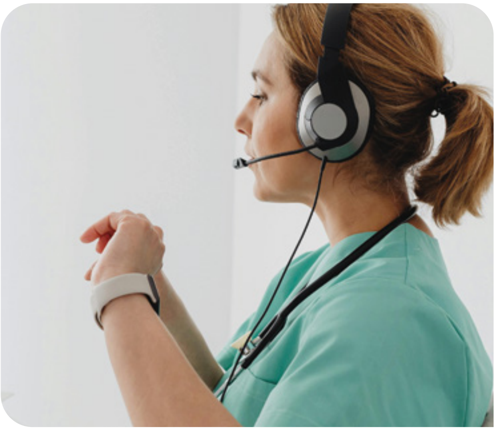
Adjusted operating loss[1] increased 47.5% to £5.9m as the successful cost savings and reduced overheads did not offset the prior year impact of the one-off benefit from the Virgin Media O2 contract transition and lower volumes in the Telecommunications vertical.

Operating cash flow excluding business exits[1] decreased 99.5% to £0.1m reflecting the decline in EBITDA and the benefit from payment phasing on the Virgin Media O2 contract in 2023.

Outlook

We expect a high single-digit revenue reduction in the Contact Centre business in 2025, reflecting previously announced contract losses and subdued volumes within the telecommunications vertical.

We expect a full year margin improvement as the division benefits from continued cost savings.



2. Pension Solutions

Markets and growth drivers

Pension Solutions is our pension administration and consulting business, with a focus on defined benefit schemes. It administers over 400 public and private pension schemes based in the UK in a market worth £3.6bn[2] and with a projected £1bn of total contract value expected to come to market in the next three years.

A key pensions industry trend is the increased member demand for a seamless user experience with tailored offerings from increased automation and self-service options around customer needs for a 24/7 service offering and Pension Solutions is well positioned to benefit from this.

Pension Solutions also provides consulting, actuarial and data services to its clients via its 500 expert pension consultants, which accounts for around a third of its revenue.

Strategy and better technology

Pension Solutions has a roadmap to further improve and digitise operations with the launch of Capita Digital Pension Solutions which we expect to go live later in 2025. This tool, which utilises Capita Pension's existing infrastructure and Microsoft Dynamics, uses data to provide a hyper-personalised member experience. We are also piloting a number of AI based solutions to provide efficiencies and speed up member experience.

This is a step change in our service offering and will help the division to expand into adjacent segments. Changes in legislation will provide future opportunities to expand our share in the UK market.

Operational performance and better delivery

The KPI performance for Pension Solutions was 94% (2023: 86%). We saw further improvements in the division's cNPS with a 25 point improvement to -3 points.

2. External market research including ONS, House of Commons Library and Pensions Policy Institute.

This year Pension Solutions continued to increase its reach, completing 4.5 million transactions for members and 39 successful scheme implementations onto the Pension Solutions Hartlink digital platform and infrastructure.

Our digital pensions tool is already modernising how pensions are managed. In 2024 we saw the number of members engaging with pensions via digital channels increase by more than 200%, and in 2025 we will be transitioning all clients to paperless communications which we expect to allow for more efficient communication, while reducing our costs to deliver.

Growth performance

In 2024, Pension Solutions secured contracts with a TCV of £144.9m, down 55.8% from 2023, reflecting the material Civil Service Pension Scheme win in 2023. The book to bill for the division was 0.8x. In 2024, we saw contract success with the renewal of the Royal Mail Pension Scheme with a TCV of £53m.

The total unweighted pipeline for the Pension Solutions business at 31 December 2024 was £689m an increase from £231m in 2023, reflecting our focus on pipeline replenishment and increased tender opportunities.

The order book at 31 December 2024 was £441.3m, a small decrease from £461.8m at 31 December 2023, reflecting the revenue recognised in 2024 which was not offset by wins in 2024.

Financial performance

Adjusted revenue[1] increased 5.1% to £179.0m reflecting volume increases across a number of clients including the Pension Insurance Corporation (PIC) contract and the benefit from indexation.

Adjusted operating profit[1] increased by 8.5% to £28.1m reflecting revenue growth and benefit from the cost reduction programme. The division delivered an adjusted operating margin[1] of 15.7% (2023: 15.2%).

Operating cash flow excluding business exits[1] increased 52.1% to £33.3m, driven by improved billing cycles.

Outlook

In 2025, we expect to see mid-single digit revenue growth across Pension Solutions driven by growth with existing clients, and the margin for the division stable.

3. Regulated Services

Regulated Services includes a number of 'manage for value' businesses where we are exploring exits. The largest of these, is the closed book Life & Pensions business, for which we are making good progress exiting this business, with one client remaining and transition agreements for all other clients.

As expected, we have seen continued volume attrition within the closed book Life & Pensions business, although our delivery remains strong with KPI performance across 2024 of 98%. This year we agreed the hand back conditions for a number of clients, which will be transitioned over the coming years, and we expect to see a reduction in revenue as these are transitioned. We now have one remaining client and are actively engaged in discussion to resolve the challenges in this area. The division is forecast to have a cash cost to the Group of around £20m per annum in future years.

Financial performance

Adjusted revenue[1] decreased 26.9% to £152.0m reflecting the non-repeat of the commercial settlement in the prior year, the impact of contract exits, and volume reductions as expected.

"Our digital pensions tool is already modernising how pensions are managed"

Adjusted operating profit[1] decreased 61.9% to £12.6m reflecting the non-repeat of the £24m commercial settlement in the prior year.

Operating cash outflow excluding business exits[1] increased 140.4% to an outflow of £13.7m driven by the non-repeat of one-offs in the prior year, including a receipt on a contract termination.

Outlook

As noted, this is an area where we are actively exploring exits, therefore we expect to see a continued revenue and profit decline as we hand back and transition contracts in this area.

Delivery achievements in 2024

Capita supports customers across the public and private sector to run a wide variety of complex business processes more efficiently.

Helped facilitate
£1.2bn
London underground journeys

11 new warship bridge simulations delivered, providing
highly realistic training
to the Royal Navy

Created a transformation plan, team and appointed advisor

Recorded, indexed and stored
450k
medical records

Answered more than
325k
calls for the RSPCA helping to protect animals in need

Handled more than
32 million
calls for customers in Capita Experience

Collected
£5bn
revenue for local councils and processed £1bn housing benefit and council tax relief

Collected more than
£3.8bn
in licence fees

Printed and delivered
11 million
test papers and associated material to schools for SATs week

Expanded operations
in Bulgaria and Poland improving our multilingual capabilities

Capita Experience recognised as a
thought leader
with Everest

Accelerated development
of automation and gen AI solutions

Met investors and advisors to
understand market sentiment and expectations

Gathered and operationalised
customer feedback

Driving efficiency and innovation

"In December, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and the opportunity to use AI and gen AI, we increased the cost reduction target further to £250m."

Pablo Andres, Chief Financial Officer

Financial highlights

	Reported results			Adjusted[1] results		
	31 December 2024	31 December 2023	Reported YoY change	**31 December 2024**	31 December 2023	Adjusted[1] YoY change
Revenue	**£2,421.6m**	£2,814.6m	(14.0)%	**£2,369.1m**	£2,575.8m	(8.0)%
Operating (loss)/profit	**£(9.9)m**	£(52.0)m	81.0%	**£95.9m**	£90.9m	5.5%
Operating margin	**(0.4)%**	(1.8)%	140bps	**4.0%**	3.5%	50bps
EBITDA	**£166.2m**	£144.5m	15.0%	**£186.1m**	£196.5m	(5.3)%
Profit/(loss) before tax	**£116.6m**	£(106.6)m	n/a	**£50.0m**	£40.9m	22.2%
Basic earnings/(loss) per share	**4.54p**	(10.60)p	n/a	**2.11p**	(0.20)p	n/a
Operating cash flow*	**£86.3m**	£81.2m	6.3%	**£72.0m**	£82.7m	(12.9)%
Free cash flow*	**£(122.7)m**	£(154.9)m	20.8%	**£(122.3)m**	£(123.6)m	1.1%
Net debt	**£(415.2)m**	£(545.5)m	£130.3m	**£(415.2)m**	£(545.5)m	£130.3m
Net financial debt (pre-IFRS 16)	**£(66.5)m**	£(182.1)m	£115.6m	**£(66.5)m**	£(182.1)m	£115.6m

* Adjusted operating cash flow and free cash flow exclude the impact of business exits (refer to note 2.9).

Adjusted operating margin

4.0%

(2023: 3.5%)

Overview

Adjusted revenue[1] decline of 8.0% reflects the impact of contract losses in prior years, the cessation of lower margin service lines, and the reduction in volumes in the Contact Centre telecommunications vertical.

Public Service revenue reduction reflects the continued impact of previously announced contract losses, delayed mobilisations of two contracts won in 2023, the double digit profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract, and a more focused approach to bidding which impacted current year revenue and profit. These factors offset additional volumes in our contract with Transport for London, and the benefit from indexation.

In Experience, the revenue reduction in the Contact Centre business reflects the one-off benefit from the Virgin Media O2 contract transition in 2023, the impact of prior year contract losses, and lower volumes in the telecommunications vertical. The revenue growth in the Pension Solutions business reflects volume increases across a number of clients, including the Pension Insurance Corporation contract, and the benefit from indexation. The revenue reduction in the Regulated Services business reflects the one-off benefit from the prior year commercial settlement, and progress being made on contract exits as we resolve legacy issues and look to exit the closed book Life & Pensions business.

The 5.5% step-up in adjusted operating profit[1] reflected the benefit from the ongoing cost reduction programme, more than offsetting the impact of the revenue trends noted above and the non repeat of one-offs from the prior year.

Adjusted basic earnings per share[1] increased to 2.11p (2023: loss per share 0.20p) reflecting the increase in adjusted operating profit[1], reduction in the net finance costs excluded from adjusted profit, and the adjusted current tax charge of £10.3m compared to the adjusted tax charge of £47.4m in the prior year. The adjusted tax charge in 2024 reflects the changes in the accounting estimate of recognised deferred tax assets, and

1. Refer to APMs on pages 234 to 237.

a lower current income tax charge reflecting fewer current year losses carried forward.

The decline in reported revenue of 14.0% reflects the reduction in adjusted revenue[1] noted above, and the impact of businesses exited during 2024 and 2023.

The reported operating loss of £9.9m (2023: loss £52.0m), reflects the improvement in adjusted operating profit[1] detailed above, and lower costs incurred in resolving the March 2023 cyber incident (2024: £1.0m; 2023: £25.3m) and to deliver the significant cost reduction programme that commenced in the second half of 2023 (2024: £27.9m; 2023: £54.4m), offset by the increased goodwill impairment charge (2024: £75.1m; 2023: £42.2m).

The reported profit before tax of £116.6m (2023: loss £106.6m), reflects the improvement in reported operating profit detailed above, the gain from business exits in the year of £170.9m (2023: loss £23.2m) and reduced net finance costs of £46.3m (2023: £52.2m).

The increase from a reported basic loss per share to a reported basic earnings per share reflects the swing to a reported profit before tax noted above, compounded by the reduction in the reported income tax charge. The reduction in the reported income tax charge reflects the reduction in the adjusted tax charge noted above, and a smaller change in the accounting estimate of recognised deferred tax assets.

Cash generated from operations excluding business exits[1] decreased, as expected, from £26.5m to £16.2m, driven by the impact of mobilisation delays, a more sustainable approach to working capital, and an increase in cash costs to deliver the cost reduction programme, partly offset by a reduction in the direct cash cost of the 2023 cyber incident and pension deficit contributions.

Free cash flow excluding business exits[1] in the year ended 31 December 2024 was an outflow of £122.3m (2023: outflow £123.6m). This reflects the reduction in cash generated from operations, partly offset by lower net capital lease payments, following the rationalisation of our property estate, and lower tax outflows.

The improvement in free cash flow[1] reflects the above reduction in free cash outflow excluding business exits, and a reduction in pension deficit contributions triggered by disposals, partly offset by the inflow from those businesses being exited.

In January 2024, we completed the disposal of the of the Group’s 75% shareholding in Fera Science Limited (Fera), realising gross proceeds of £62m. The Group received net cash proceeds of c.£50m reflecting the total proceeds less cash held in the entity when the disposal completed on 17 January 2024, and disposal costs. This was the final disposal of the c.£500m Board-approved Portfolio programme which was launched in 2021.

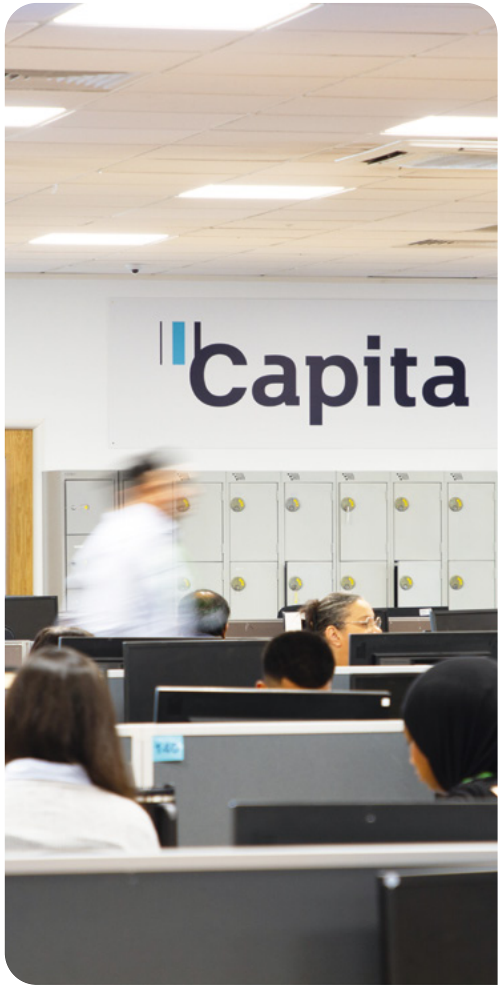
In June 2024, we held a Capital Markets Day outlining the Group’s strategic themes and prioritised business sectors going forward. During the event, some areas of the Group were identified as being “managed for value”, and we outlined the options being pursued, including exploring potential exits. Standalone software activities were identified as part of the Group’s activities that are being “managed for value”, and on 9 July 2024, we announced we had agreed the sale of Capita One, a standalone software business. The Group received net cash proceeds of c.£180m reflecting total proceeds less cash held in the entity when the disposal completed on 4 September 2024. The net cash proceeds provide the Group with additional resources to strengthen its financial position and further reduce indebtedness, as well as funding for its transformation journey.

In November 2023, we announced the implementation of a cost reduction programme expected to deliver annualised efficiencies of £60m from Q1 2024. In March 2024, we announced that we had identified additional cost saving opportunities expected to deliver an additional £100m of annualised cost savings by mid-2025. In December 2024, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and increased confidence in the level of efficiencies that can be delivered, the cost reduction target increased from £160m to up to £250m by the end of 2025. We anticipate reinvesting around £50m of the total savings back into the business to enhance the Group’s technology, service delivery and pricing proposition.

Liquidity as at 31 December 2024 was £397.2m, made up of £250.0m of undrawn revolving credit facility (RCF) and £147.2m of unrestricted cash and cash equivalents net of overdrafts. In June 2023, we extended the maturity of the RCF to 31 December 2026 and the RCF of £250.0m was not drawn upon at 31 December 2024 (2023: undrawn).

Net financial debt (pre-IFRS 16) decreased by £115.6m to £66.5m at 31 December 2024, resulting in a net financial debt to adjusted EBITDA[1] (both pre-IFRS 16) ratio of 0.5x, as a result of the benefit from the disposal proceeds from Capita One and Fera. This is in line with the Group’s medium term target ratio of ≤1.0x.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches maturing between 2028 and 2030 with an average interest rate across the maturities of 7.4%. The proceeds will be used to refinance the H1 2025 private placement maturities valued at £75.9m and it will also enhance the future maturity profile of the Group’s debt and will offer medium term funding to underpin the Group’s transformation strategy.



1. Refer to APMs on pages 234 to 237.

Summary of financial performance

Adjusted results

Capita reports results on an adjusted basis to aid understanding of business performance. The Board has adopted a policy of disclosing separately those items that it considers are outside the underlying operating results for the particular period under review and against which the Group's performance is assessed internally. In the directors' judgement, these items need to be disclosed separately by virtue of their nature, size and/or incidence for users of the financial statements to obtain an understanding of the financial information and the underlying in-period performance of the business. In general, the Board believes that alternative performance measures (APMs) are useful for investors because they provide further clarity and transparency of the Group's financial performance and are closely monitored by management to evaluate the Group's operating performance to facilitate financial, strategic and operating decisions.

In accordance with the above policy, the trading results of business exits, along with the non-trading expenses (including the income statement charges in respect of major cost reduction programmes) and gain or loss on disposals, have been excluded from adjusted results. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to exclude 2024 business exits. As at 31 December 2024, the following businesses met this threshold and were classified as business exits and therefore excluded from adjusted results in both 2024 and 2023: Fera, Capita One, Mortgage Services, Capita Scaling Partner, and a further business from Capita Public Service.

Reconciliations between adjusted and reported operating profit, profit before tax and free cash flow excluding business exits are provided on the following pages and in the notes to the financial statements.

1. Refer to APMs on pages 234 to 237.

Adjusted revenue

Adjusted revenue[1] reduced 8.0% year-on-year. The adjusted revenue[1] was impacted by the following:

- **Public Service (0.9% reduction):** the continued impact of previously announced contract losses, such as Scottish Wide Area Network and Electronic Monitoring, the delayed mobilisations of two contracts won in 2023, the double digit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract, and a more focused approach to bidding impacted the current year. These factors are partly offset by additional volumes in the division's contract with Transport for London, and the benefit from indexation;
- **Experience:**
  - **Contact Centre (18.4% reduction):** reflecting the one-off benefit from the Virgin Media O2 contract transition in the prior year, the impact of prior year contract losses, and lower volumes in the telecommunications vertical which we expect to remain subdued in 2025;
  - **Pension Solutions (5.1% growth):** reflecting volume increases across a number of clients, including the Pension Insurance Corporation contract, and the benefit from indexation; and
  - **Regulated Services (26.9% reduction):** reflecting the one-off benefit from the prior year commercial settlement, and the progress being made on contract exits as we resolve legacy issues and look to exit the closed book Life & Pension business.

Order book

The Group's consolidated order book was £4,240.7m at 31 December 2024 (2023: £5,882.6m). During 2024 two European telecommunications contracts were extended in the year with the contracts being recognised as framework contracts, which resulted in £388.1m being derecognised from the order book. Additions from contract wins, scope changes and indexation in 2024 totalled £808.8m, including expanded scope on the Royal Navy Training contract within Public Service and extension of the Royal Mail Statutory Pension Scheme contract in Pension Solutions, were offset by the reduction from revenue recognised in the year (£1,837.8m), contract terminations (£74.6m) and business disposals (£150.2m). Terminations primarily represent a contract exit within our closed book Life & Pensions business in Regulated Services.

Adjusted revenue[1] bridge by division

	Public Service £m	Experience: Contact Centre £m	Experience: Pension Solutions £m	Experience: Regulated Services £m	Total £m
Year ended 31 December 2023	1,399.9	797.6	170.3	208.0	2,575.8
Net (reduction)/growth	(12.7)	(146.7)	8.7	(56.0)	(206.7)
Year ended 31 December 2024	**1,387.2**	**650.9**	**179.0**	**152.0**	**2,369.1**

Adjusted operating profit[1] bridge by division

	Public Service £m	Experience: Contact Centre £m	Experience: Pension Solutions £m	Experience: Regulated Services £m	Capita plc £m	Total £m
Year ended 31 December 2023	**69.6**	**(4.0)**	**25.9**	**33.1**	**(33.7)**	**90.9**
Net growth/(reduction)	19.5	(1.9)	2.2	(20.5)	5.7	5.0
Year ended 31 December 2024	**89.1**	**(5.9)**	**28.1**	**12.6**	**(28.0)**	**95.9**

Adjusted operating profit[1]

Adjusted operating profit[1] increased in 2024 driven by the following:

- **Public Service:** strong improvement reflects the successful implementation of the cost reduction programme, offset by the flow through of previously announced contract losses, and the double digit profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract;
- **Experience:**
  - **Contact Centre:** non-repeat of the 2023 one-off noted above (£10m), the flow through of revenue decline, lower volumes in the telecommunications vertical and continued investment in technology; partially offset by an underlying margin improvement from lower overheads, including reduced property footprint, from delivery of the cost reduction programme;
  - **Pension Solutions:** improved profit driven by savings from the cost reduction programme and volume growth;
  - **Regulated Services:** the one-off benefit from the prior year (£24m), the agreed exit of three clients resulting in reduced profit in 2024, and the 2023 and 2024 benefit from accelerated deferred income recognition; and
- **Capita plc:** reflects benefits from the cost reduction programme.

Adjusted profit before tax[1]

Adjusted profit before tax[1] increased year-on-year to £50.0m (2023: £40.9m) reflecting the above improvements in adjusted operating profit[1] and reduced net finance costs excluded from adjusted profit of £45.9m (2023: £50.0m). Lower net finance costs reflect reduced debt levels following proceeds received for business exits in the year and as a result of cost reduction initiatives.

Adjusted tax charge

The adjusted income tax charge for the year was £10.3m (2023: charge £47.4m). The reduction is mainly as a result of the changes in the accounting estimate of recognised deferred tax assets which had less of an impact in 2024 compared to 2023, and a lower current income tax charge as a result of fewer current year losses to be carried forward.

Operating cash flow excluding business exits[1]

Operating cash flow excluding business exits[1] and operating cash conversion[1] reduced in 2024 driven by the following:

- **Public Service:** operating cash conversion[1] was impacted by delayed contract mobilisation and a more sustainable approach to working capital management;
- **Experience:**
  - **Contact Centre:** operating cash flow excluding business exits[1] reduced reflecting the decline in EBITDA. 2023 also included a benefit of payment phasing on the new Virgin Media O2 contract which did not recur in 2024;
  - **Pension Solutions:** improvement in operating cash conversion[1] driven by improved billing cycles;
  - **Regulated Services:** decline in operating cash conversion[1] reflects the decline in operating cash flow excluding business exits[1] due to the one-offs in the prior year, including receipt on a contract termination; and
- **Capita plc:** the movement in the usage of the Group's non-recourse trade receivables financing facility.

Cash generated from operations and free cash flow

Operating cash flow excluding business exits[1] reflect the impact of mobilisation delays and a more sustainable approach to working capital.

Cash generated from operations excluding business exits[1] reflects the above operating cash flow excluding business exits[1], the direct cash flow impact of the cyber incident (£5.0m), the cash cost of delivering the cost reduction programme (£44.5m) and final pension deficit contributions in respect of the Group's main defined benefit pension scheme (HPS) (£6.3m).

The pension deficit contributions are in line with the deficit funding contribution schedule previously agreed with the HPS Trustees as part of the 2020 triennial valuation. In aggregate, including accelerated pension deficit contributions resulting from business disposals, the Group has made pension deficit contributions of £20.8m in the year. Given the healthy funding position of HPS in its latest funding valuation (as at 31 March 2023), and the Group having paid all outstanding deficit contributions in 2024, there are no further agreed deficit contributions to be paid at this time.

Free cash flow excluding business exits[1] for the year ended 31 December 2024 was an outflow of £122.3m (2023: outflow £123.6m) reflecting the reduction in cash generated from operations, partly offset by lower net capital lease payments, following the rationalisation of our property estate, and lower tax outflows.

Operating cash flow excluding business exits[1] by division

	Public Service £m	Capita Experience: Contact Centre £m	Capita Experience: Pension Solutions £m	Capita Experience: Regulated Services £m	Capita plc £m	Total £m
Year ended 31 December 2023	88.5	20.9	21.9	(5.7)	(42.9)	82.7
Net growth/(reduction)	3.6	(20.8)	11.4	(8.0)	3.1	(10.7)
Year ended 31 December 2024	**92.1**	**0.1**	**33.3**	**(13.7)**	**(39.8)**	**72.0**
Operating cash conversion[1] year ended 31 December 2023	*79.4%*	*47.5%*	*70.2%*	*(14.3)%*	*(143.0)%*	*42.1%*
Operating cash conversion[1] year ended 31 December 2024	***73.3%***	***0.3%***	***97.7%***	***(74.5)%***	***(151.3)%***	***38.7%***

Adjusted operating profit[1] to free cash flow excluding business exits[1]

	2024 £m	2023 £m
Adjusted operating profit[1]	**95.9**	90.9
Add: depreciation/amortisation and impairment of property, plant and equipment, right-of-use assets and intangible assets	90.2	105.6
Adjusted EBITDA[1]	**186.1**	196.5
Working capital	(105.6)	(107.7)
Non-cash and other adjustments	(8.5)	(6.1)
Operating cash flow excluding business exits[1]	**72.0**	82.7
Operating cash conversion[1]	***39%***	*42%*
Pension deficit contributions	(6.3)	(30.0)
Cyber incident	(5.0)	(20.1)
Cost reduction programme	(44.5)	(6.1)
Cash generated from operations excluding business exits[1]	**16.2**	26.5
Net capital expenditure	(49.5)	(52.6)
Interest/tax paid	(41.3)	(45.1)
Net capital lease payments	(47.7)	(52.4)
Free cash flow excluding business exits[1]	**(122.3)**	(123.6)

1. Refer to APMs on pages 234 to 237.

Reported results

Adjusted to reported profit

As noted above, to aid understanding of our underlying performance, adjusted operating profit[1] and adjusted profit before tax[1] exclude a number of specific items, including the amortisation and impairment of acquired intangibles and goodwill, the impact of business exits, and the impact of the cyber incident and cost reduction programme.

Impairment of goodwill

In preparing the consolidated financial statements at 31 December 2024, the Group undertook a detailed impairment review, following which a goodwill impairment of £75.1m was recognised in respect of the Contact Centre cash generating unit (CGU). As noted above the Contact Centre business has seen a reduction in adjusted revenue[1], increase in adjusted operating loss[1], and reduction in operating cash flow excluding business exits[1]. These trends reflect the one-off benefit from the Virgin Media O2 contract transition in the prior year and the impact of prior year contract losses, both of which were reflected in the financial projections used for impairment testing purposes previously, and lower than expected volumes in the telecommunications vertical in the second half of the year, which are expected to remain subdued during 2025. The profit and cash flow impact of these items was partially offset by an underlying margin improvement from lower overheads from delivery of the cost reduction programme.

The Contact Centre business also saw a reduction in bid activity across 2024, and although there has been a strong start to 2025, the business is expecting high single-digit revenue reduction in 2025. In addition, the material contracts secured in 2024 are framework agreements, which enable the customer to both ramp up and ramp down volume, providing both an opportunity but also a risk to the business's forecast.

Whilst delivery and client sentiment has remained strong across the majority of the portfolio, certain delivery issues have led to the reduction of volumes on one particular contract.

As detailed earlier in the strategic review, there is a significant opportunity for the Contact Centre business to improve its margins, to be in line with those of its peers. It is implementing a significant reorganisation, including delayering internal management structures and a digitisation plan to reduce costs. A key element of its reorganisation is increasing the use of offshore and nearshore service delivery to meet client needs. In terms of its digitisation plan, the forecast for the business assumes an increase in the use of its new AI and gen AI solutions, such as AgentSuite, with significant rollout to clients underway in 2025. There is a risk with the assumed rollout of these new technology solutions, such as the pace of technological change which brings increased uncertainty in delivery, and therefore a risk to the business's forecast.

To reflect these risks, for the purposes of the impairment test, the business plan cash flow projections have been risk adjusted in the Contact Centre CGU from 2025 onwards. This has resulted in the impairment noted above.

Business exits

Business exits include the effects of businesses that have been disposed of or exited during the period and the results of businesses held-for-sale at the balance sheet date.

In accordance with our policy, the trading results of these businesses, along with the non-trading expenses and gains/(losses) recognised on business disposals, were classified as business exits and therefore excluded from adjusted results. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to exclude the 2024 business exits.

1. Refer to APMs on pages 234 to 237.

Adjusted[1] to reported results bridge

	Operating profit/(loss)		Profit/Loss before tax	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Adjusted[1]	**95.9**	90.0	**50.0**	40.9
Amortisation of acquired intangibles	**(0.2)**	(0.2)	**(0.2)**	(0.2)
Impairment of goodwill	**(75.1)**	(42.2)	**(75.1)**	(42.2)
Net finance costs	**–**	–	**(0.1)**	(2.2)
Business exits	**(1.6)**	(20.8)	**170.9**	(23.2)
Cyber incident	**(1.0)**	(25.3)	**(1.0)**	(25.3)
Cost reduction programme	**(27.9)**	(54.4)	**(27.9)**	(54.4)
Reported	**(9.9)**	(52.0)	**116.6**	(106.6)

At 31 December 2024 business exits primarily comprised of the disposal of:

- the Group's 75% shareholding in Fera Science Limited which completed on 17 January 2024, and which completed the Board-approved Portfolio business disposal programme; and
- the Capita One standalone business which was identified as a "managed for value" activity and which completed on 5 September 2024.

In addition to the above disposals, the Group intends to exit its corporate venture business, Capita Scaling Partner, in Capita Experience, and the trading results and non-trading expenses of this business has been excluded from adjusted results. The Capita Scaling Partner business manages the Group's investments in start-up and scale-up companies. Four of these investments were sold during the year, realising a net loss of £7.1m. Following the decision to exit this business and the losses realised on disposals during 2024, the Group has evolved its approach to valuing the remaining investments to take into account recent experiences, and to better reflect expected disposal proceeds. This has crystallised a net impairment loss of £4.6m. The Group will seek to maximise value from the remaining Capita Scaling Partner investments, which at 31 December 2024 had an aggregate carrying value of £4.8m, including loans receivable by Capita of £0.7m.

Cyber incident

The Group incurred residual exceptional costs associated with the March 2023 cyber incident. These costs comprise specialist professional fees, recovery and remediation costs, and investment to reinforce Capita's cyber security environment. A charge of £1.0m has been recognised in the year ended 31 December 2024, which is net of insurance receipts. The cumulative total net costs incurred in respect of the cyber incident are £26.3m. Further insurance receipts are anticipated but did not meet the criteria for recognition at 31 December 2024. No provision has been made for any costs in respect of potential claims or regulatory penalties in respect of the incident as it is not possible, at this stage, to reliably estimate their value.

Cost reduction programme

The Group implemented a multi-year cost reduction programme in November 2023 to deliver savings of £60m by Q1 2024. The programme was extended in March 2024, to deliver further savings of £100m by mid-2025. In December 2024, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and increased confidence in the level of efficiencies that can be delivered, the cost reduction target increased from £160m to up to £250m by the end of 2025.

A charge of £27.9m has been recognised in the year ended 31 December 2024 for the costs to deliver the cost reduction programme. This includes redundancy and other costs of £30.5m (2023: £23.3m) to deliver a significant reduction in headcount, partly offset by a credit of £2.6m reflecting the successful exit of a number of properties which had been provided for in the prior year (2023: charge of £31.1m arising from the rationalisation of the Group's property estate with impairment of right-of-use assets and property, plant & equipment, and provisions in respect of onerous property costs). The cumulative cost recognised since the commencement of the cost reduction programme is £82.3m (2023: £54.4m), which is included within administrative expenses.

The cash outflow in 2024 in respect of the cost reduction programme was £44.5m (2023: £6.1m), which is included within free cash flow and cash generated from operations excluding business exits[1]. The cumulative cash outflow since the commencement of the cost reduction programme in the second half of 2023 is £50.6m. The additional cost reduction initiatives announced in December 2024, along with those already announced, are expected to result in cash costs during 2025 totalling an estimated £55m.

Further detail of the specific items charged in arriving at reported operating profit and profit before tax for 2024 is provided in note 2.4 to the consolidated financial statements.

Net finance costs

Net finance costs decreased by £5.9m to £46.3m (2023: £52.2m), primarily attributable to reduced debt levels following proceeds received for business exits in the year and as a result of cost reduction initiatives.

Reported tax charge

The reported income tax charge for the year of £36.2m comprises a current tax charge of £17.8m, reflecting non-deductible goodwill impairments and non-taxable gains on business exits, plus a deferred tax charge of £18.4m arising from changes in the accounting estimate of recognised deferred tax assets and business exits. The prior period charge of £74.0m comprised a current tax charge of £30.2m, reflecting non-deductible goodwill impairments and unrecognised current year tax losses, plus a deferred tax charge of £43.8m, reflecting the changes in the accounting estimate of recognised deferred tax assets. The reduction in the reported income tax charge reflects the reduction in the adjusted tax charge noted above, and a smaller change in the accounting estimate of recognised deferred tax assets.

Free cash flow[1] to free cash flow excluding business exits[1]

Free cash flow[1] was slightly higher than free cash flow excluding business exits[1] reflecting free cash flows generated by business exits, offset by pension deficit contributions triggered by the disposal of certain businesses.

Movements in net debt

Net debt at 31 December 2024 was £415.2m (2023: £545.5m). The decrease in net debt over the year ended 31 December 2024 reflects the free cash outflow noted above offset by the net cash proceeds from the disposal of Fera and Capita One in the year, and the continued reduction in the Group's leased property estate.

Net debt does not include finance lease receivables, which at 31 December 2024 were £95.7m (2023: £70.3m) reflecting the successful sub-letting of property the Group is not utilising.

Net financial debt (pre-IFRS 16) decreased by £115.6m to £66.5m at 31 December 2024, resulting in a net financial debt to adjusted EBITDA[1] (both pre-IFRS 16) ratio of 0.5x as a result of the benefit from the disposal proceeds from Capita One and Fera. Over the medium term, the Group is targeting a net financial debt to adjusted EBITDA[1] (both pre-IFRS 16) ratio of ≤1.0x.

The Group was compliant with all debt covenants at 31 December 2024.

Capital and financial risk management

Liquidity remains an area of focus for the Group. Financial instruments used to fund operations and to manage liquidity comprise US private placement loan notes, revolving credit facility (RCF) and overdrafts.

In June 2023, the Group extended its RCF to 31 December 2026. The RCF is for £250.0m and was undrawn at 31 December 2024 (2023: undrawn).

In addition, the Group has in place non-recourse trade receivable financing, utilisation of which has become economically more favourable than drawing under the RCF as prevailing interest rates have increased. The value of invoices sold under this arrangement at 31 December 2024 was £23.4m (2023: £35.2m). Also in 2024, the Group implemented a new credit card facility, the outstanding balance of which was £5.2m at 31 December 2024 (2023 £nil).

At 31 December 2024, the Group had £191.4m (2023: £67.6m) of cash and cash equivalents net of overdrafts, and £269.3m (2023: £262.5m) of private placement loan notes.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches: £50m maturing 24 April 2028, USD13m maturing 24 April 2028 and

Free cash flow[1] to free cash flow excluding business exits[1]

	2024 £m	2023 £m
Free cash flow[1]	**(122.7)**	(154.9)
Business exits	**(14.1)**	15.0
Pension deficit contributions triggered by disposals	**14.5**	16.3
Free cash flow excluding business exits[1]	**(122.3)**	(123.6)

Net debt

	2024 £m	2023 £m
Opening net debt	**(545.5)**	(482.4)
Cash movement in net debt	197.4	(9.0)
Non-cash movements	(67.1)	(54.1)
Closing net debt	**(415.2)**	(545.5)
Remove closing IFRS 16 impact	348.7	363.4
Net financial debt (pre-IFRS 16)	**(66.5)**	(182.1)
Cash and cash equivalents net of overdrafts	191.4	67.6
Financial debt net of swaps	(257.9)	(249.7)
Net financial debt/adjusted EBITDA[1] (both pre-IFRS 16)	**0.5x**	1.2x
Net debt (post-IFRS 16)/adjusted EBITDA[1]	**2.3x**	2.4x

1. Refer to APMs on pages 234 to 237.

USD43m maturing 24 April 2030, with an average interest rate of 7.4%. The notes rank pari passu with the existing indebtedness of the Group and include financial covenants at the same level as those under the revolving credit facility and existing US private placement loan notes. Additionally, the placement requires the Group to refinance or extend the Group's revolving credit facility, which matures on 31 December 2026, by 31 December 2025.

Going concern

The Board closely monitors the Group's funding position throughout the year, including compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations. In addition, to support the going concern assumption, the Board conducts a robust assessment of the projections, considering also the committed facilities available to the Group.

The Group and Parent Company continue to adopt the going concern basis in preparing these consolidated financial statements as set out in Section 1 to the consolidated financial statements.

Viability assessment

The Board's assessment of viability over the Group's three-year business planning time horizon is summarised in the viability statement on pages 75 and 76.

Pensions

The latest formal valuation for the Group's main defined benefit pension scheme (HPS), was carried out as at 31 March 2023. This identified a statutory funding surplus of £51.4m. Given the funding position, the Group and the HPS Trustees agreed that no further deficit contributions from the Group would be required other than those already committed as part of the 31 March 2020 actuarial valuation. In accordance with the schedule of contributions put in place following the 31 March 2020 actuarial valuation, the Group has paid £6.3m of regular deficit funding contributions in 2024 and £14.5m of accelerated deficit reduction contributions triggered by the disposal of Trustmarque in 2022.

The valuation of the HPS liabilities (and assumptions used) for funding purposes (the actuarial valuation) is specific to the circumstances of the HPS. It differs from the valuation and assumptions used for accounting purposes, which are set out in IAS 19 and shown in these consolidated financial statements. The main difference is in assumption principles being used which are a result of the different regulatory requirements of the valuations. Management estimates that at 31 December 2024 the net asset of the HPS on a funding basis (ie the funding assumption principles adopted for the full actuarial valuation at 31 March 2023 updated for market conditions at 31 December 2024) was approximately £80.0m (2023: net asset £81.0m) on a technical provisions basis. The HPS Trustees have also agreed a secondary more prudent funding target to enable it to reduce the reliance the HPS has on the covenant of the Group. On this basis, at 31 December 2024, the funding level was around 100%.

The net defined benefit pension position of all reported defined benefit schemes for accounting purposes increased from a surplus of £26.8m at 31 December 2023 to a surplus of £37.9m at 31 December 2024. The main reason for this movement is the payment of the above deficit funding contributions.

Consolidated balance sheet

At 31 December 2024 the Group's consolidated net assets were £195.7m (2023: net assets £114.9m).

The movement is predominantly driven by the reported profit before tax for the year as explained above, partially offset by the actuarial loss on the Group's defined benefit pension schemes.

Available liquidity[1]

	2024 £m	2023 £m
Revolving credit facility (RCF)	**250.0**	260.7
Less: drawing on committed facilities	**–**	–
Undrawn committed facilities	**250.0**	260.7
Cash and cash equivalents net of overdrafts	191.4	67.6
Less: restricted cash	(44.2)	(46.0)
Available liquidity[1]	**397.2**	282.3

Parent company balance sheet

The company's market capitalisation continues to be significantly less than the net assets of the parent company at 31 December 2024 and the directors gave consideration as to why this might be the case and whether assets on the parent company balance sheet might be impaired. The factors considered included: the differing basis of valuations (including that third parties value the services sector on income statement multiples versus long-term view using a discounted cash flow for the basis of impairment testing under accounting standards), sum-of-the parts view and the multiples achieved on recent disposals, general market assumptions of the sector which can ignore the liquidity profile and specific risks of an entity, and other specific items impacting the market's view of the Group at the moment.

Management's estimate of the fair value less costs to sell of the Group used in the testing of goodwill for impairment at 31 December 2024 gave a value for the Group that exceeded the market capitalisation at that date, and supported the parent company net assets.

An impairment test was performed at 31 December 2024 in respect of the parent company's investments in subsidiaries and amounts owed by subsidiary undertakings. A total impairment charge of £27.8m was recognised in respect of the parent company's investments in subsidiaries, of which £19.8m was due to the return of capital from a subsidiary in advance of its liquidation, with impairment recognised being offset by dividend income received from the subsidiary, and £8.0m was as a result of the impairment test performed at 31 December 2024. A net impairment charge of £26.0m was identified in respect of amounts owed by subsidiaries.

The Board is tabling two additional resolutions to the shareholders at the April 2025 Annual General Meeting, which if approved, will cancel the entire amount standing to the credit of the Company's share premium account and consolidate the existing ordinary shares at a ratio of 15 for 1, which would involve every 15 ordinary shares of 2 1/15 pence held by a shareholder being consolidated into one ordinary share of 31 pence. The first resolution is being proposed to optimise the structure of the balance sheet and increase the Company's distributable reserves. The Board believe that consolidation of the Company's ordinary shares will improve marketability of its shares to investors.

1. Refer to APMs on pages 234 to 237.

Being a better Company

Being a responsible organisation remains a priority for Capita

The commitment to being a responsible organisation is an ongoing priority for Capita; it means a constant Group-wide focus on how we operate for all of our stakeholders.

In October 2024, the ESG Committee changed its name to the Responsible Business (RB) Committee to align with Capita's refreshed responsible business strategy. During the year they continued their work to provide strategic oversight, accountability and guidance around our responsible business challenges.

We remain focused on supporting the United Nations Sustainable Development Goals (UNSDGs) as described in our 2023 Annual Report.

As part of our transformation, we are on a journey to rally and reset our culture. Our goal is that Capita's workplace culture will create an environment where trust, collaboration, growth, and respect are at the forefront. Our colleagues will feel valued, heard and know that their contributions make a difference to our customers and society. Leadership is transparent, accountable, and approachable and we will create a cycle of continuous improvement and job satisfaction. We encourage open and honest conversations to understand where our culture needs to evolve to support Capita's goals.

Ultimately, Capita's culture will be one where everyone is united in achieving the organisation's goals of being a better company, while also nurturing their individual aspirations. We have begun a multi-year programme with a set of detailed guiding principles and an action plan to ensure we can create and embed a culture that will enable the achievement of this goal and have set out details of this later in the section.

The new values we will launch in 2025 will represent how we behave, the common bond that links us and makes a shared culture. Together, we can create a better and more inclusive culture at Capita.

I am particularly proud of the development of our first leadership playbook. The playbook guides our managers and leaders by outlining the principles, practices, expectations, and behaviours we expect them to demonstrate and to hold others to account for.

In September 2024 we made the difficult decision not to implement any increases from our global annual salary review (ASR) in 2024. This decision did not impact any of our colleagues on the UK Capita minimum wage who received an increase in April 2024 or any other colleagues working in other countries who are subject to local legislative increases. The 2025 ASR was brought forward with increases effective from 1 January 2025.

This year we saw employee engagement of 64%, a three-point reduction on the prior year, however more promisingly 81% of our employees feel they can be themselves at work. Our eNPS score reduced by 29 points to -33, with a marked decline in the number who would recommend Capita as an employer to friends and family. This was expected, given our major ongoing transformation programme, difficult decisions around pay, and our reorganisation.

Our rolling 12-month voluntary attrition at the end of December 2024 had reduced to 21.7%, in line with our target, compared with 25.3% in the prior 12 months.

We successfully completed and rolled out our career path framework, which is designed to empower everyone at Capita to grow their careers and take advantage of the scale and breadth of opportunities that exist within the Group. The framework gives visibility around career levels, pay principles and pay ranges as well as competency frameworks and has provided transparency and consistency across the Group.

As outlined in our 2023 Annual Report, this year we have refreshed our responsible business principles to ensure they prioritise the areas of greatest concern for our organisation. Our responsible business strategy was developed in collaboration with our leaders, colleagues, clients, investors and community groups and we have set ambitious targets for 2026 for each of the four pillars: people; communities; planet; and business.

The Corporate Sustainability Reporting Directive (CSRD) is applicable to our Capita EU Entities in Ireland, Germany, and Poland from 1 January 2025, with first local reporting in 2026. We are taking action to prepare for this new legislation.

CSRD aims to provide investors and other stakeholders with access to more decision-useful information about companies' sustainability risks, opportunities, and impacts. This has also been considered by our RB and Audit and Risk Committees, who have approved our approach.

Scott Hill, Chief People Officer

2024 performance in key areas

Colleagues who feel they can be themselves at work
81%
(2023: 84%)

% of all managers who are women
48
(2023: 51)

Payroll giving almost
£161,000
(2023: £141,000)

Cabinet office compliance in the modern slavery assessment tool
96%
(2023: 96%)

EcoVadis bronze award

Colleagues feel work gives them a sense of personal accomplishment*
64%
* new measure for 2024

Women on the Board
3
(2023: 5)

Community investment with apprenticeship levy donation
c.£1.9m
(2023: c.£1.4m)

Disability Confident Leader (Level 3) achieved

Payroll Giving Gold Quality Mark award

Colleagues supported through SafetyNet processes
166
(2023: 246)

Ethnic minority % of all managers
12
(2023: 14)

Customer net promoter score
+28pts
(2023: (+16pts)

Silver Talent Inclusion and Diversity Evaluation (TIDE) Award

CDP ranking of A-

Ranked 36 out of 400 on the Forbes Best Place for Women to Work list

Ethnic minority % representation on the Board
25
(2023: 22)

Voluntary attrition
21.7%
(2023: 25.3%)

Reduction in carbon intensity ratio
59%
(2023: 37%)

Listed on FTSE4Good Index

ESG ranking and external recognition

disability confident LEADER

CDP Discloser 2024

PurpleSpace

ARMED FORCES COVENANT

EMPLOYER RECOGNITION SCHEME

GOLD AWARD

FTSE4Good

PAYROLL GIVING GOLD AWARD

APGO QUALITY MARK

AWARDED IN 2024 BY Charities Trust

Fair Tax accredited®

BRONZE | Top 35%

ecovadis

Sustainability Rating

JUL 2024

BUSINESS IN THE COMMUNITY

Hands On Payroll Giving

enei TIDE

Silver Standard 2024

enei MEMBER

Materiality matrix

Capita's materiality assessment followed a double materiality process aligned with the Global Reporting Initiative (GRI), an independent international organisation that provides the most widely used framework for sustainability reporting. The purpose of this assessment was to identify Capita's material sustainability risks and opportunities, over the next three years.

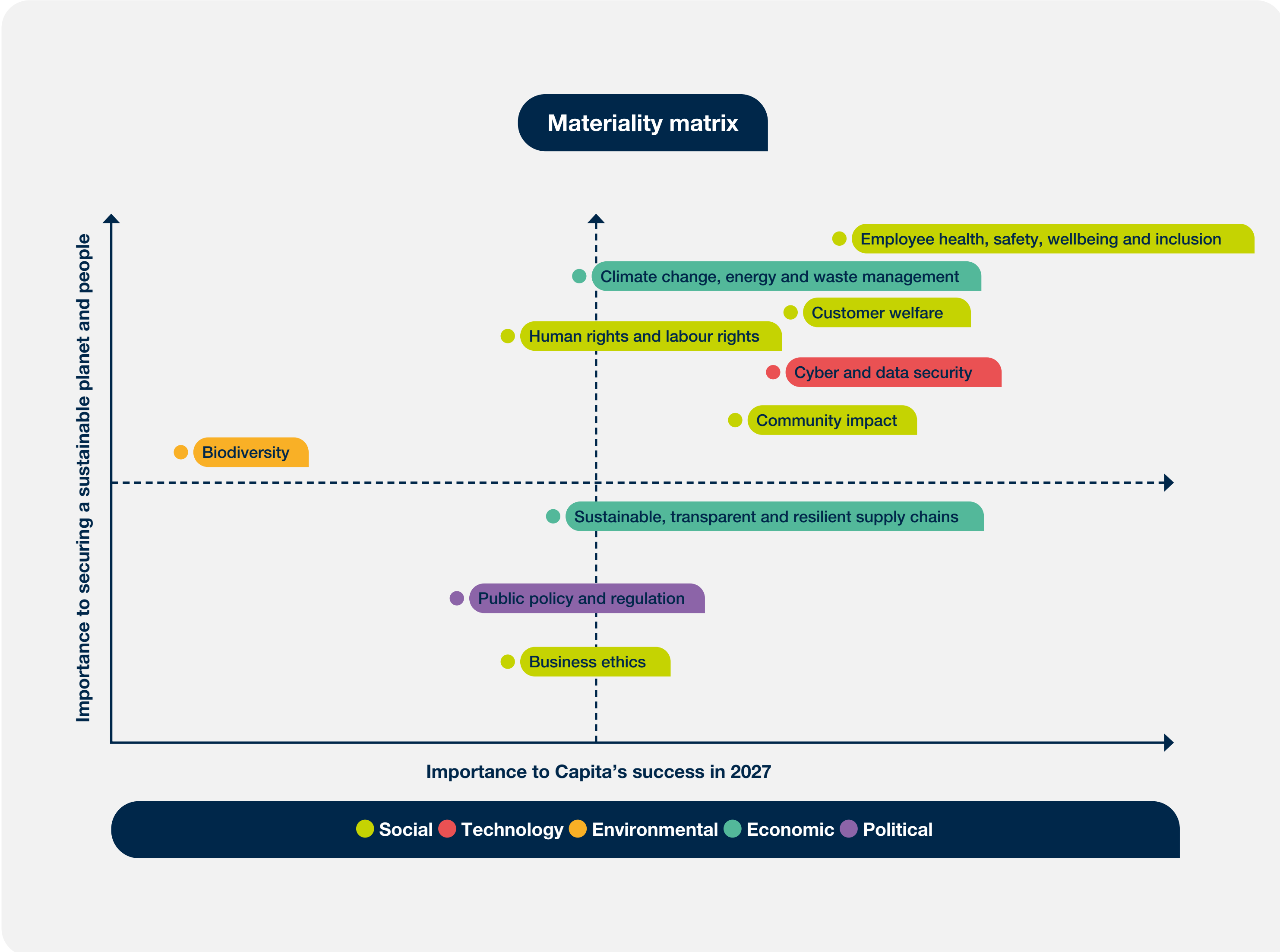
Our strategy focuses on these challenges, prioritising them in the order in which we can have the greatest impact:

Our people: prioritising the wellbeing, safety, and health of our workforce; striving to create a positive in-work experience for all our people; and committing to represent at all levels of the business the diversity of the communities in which we live and work.

Our communities: creating positive social impact through our supply chains; helping our employees to be active members of their communities; delivering programmes that grow skills and reduce economic inequality in the communities in which we work; and supporting and protecting vulnerable customers through our contract delivery.

Our planet: reducing our environmental impact; being a net zero organisation by 2045; and using natural resources responsibly.

Our business: operating as a consistently purpose-led, responsible and ethical business, being honest and fair with customers and suppliers; taking continuous action to protect individual data privacy and guard against data and cyber breaches; and innovating with integrity, particularly as we explore the opportunities of artificial intelligence.



Our responsible business strategy

Our responsible business strategy was developed in collaboration with our leaders, colleagues, clients, investors and community groups to identify the most important issues that Capita should address as a modern outsourcer.

Purpose	**To create better outcomes for all our stakeholders**
Culture & values	**O**pen | **I**ngenious | **C**ollaborative | **E**ffective
Strategy themes	**Our people** – Support a healthy, safe, diverse and inclusive workforce **Our communities** – Have a positive impact on our customers and communities **Our planet** – Reduce our environmental impact **Our business** – Operate ethically, responsibly and securely
Delivered through	Strong Leadership | Effective Governance | Responsible Contract Delivery | Measurable Action Plans Innovation and Digitisation | Ongoing Development | Effective Supply Chain Management | Partnerships
UNSDGs*	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 13 CLIMATE ACTION

* Our alignment to United Nations sustainability goals.

Our people

Workforce

c34,500

people employed in

11 countries

Capita's ambition is to support a healthy, safe, diverse and inclusive workforce. To uphold these principles, we have set the following ambitious 2026 targets:

- Increase gender and ethnic representation at management level
- Achieve Gold TIDE Award
- Maintain Disability Confident Scheme Level 3 accreditation

HR operations

During 2024 our Shared Services team continued to simplify how we provide services to the business and make information easily accessible to colleagues while maintaining our response rates to queries from across the business.

We have renewed our partnership with the HR management system Workday and are excited to be working more closely with them on opportunities to enhance our use of Workday and increase automation to improve user experience.

We have simplified how colleagues access information using technology to make it easier and more intuitive to understand people data based on their roles.

We continued to focus on the quality of the data we hold in our systems to enable higher quality reporting and better insight. Workday remains our one true source of people data and in 2024 we aligned other systems with this approach.

Our Data Insights team has been instrumental in identifying trends and opportunities leading to more informed decision making. With this information we are also able to effectively monitor key performance indicators for the function.

Our PeopleHub team, which provides direct support to all employees, continued to deliver excellent results, with 99% of calls being answered within 8 seconds. Our internal chatbot, Herbot, can now manage high-volume, multifunctional transactional queries from employees, on demand and across time zones.

We have strengthened the partnership between our Employee Relations (ER) team, Human Resources Business Partners (HRBPs) and Divisional People Directors (DPDs) to help drive quality of service through the ERhub. The team have provided a consistent level of service across the business with c.7,800 cases received and c.8,000 cases closed.

At the beginning of 2024, we moved our support roles to our shared service facility in India. As the team became more established, we transferred further transactional activities. In total this has generated cost savings of almost £550,000.

Our continuous focus on efficiency and enhancing customer experience has included the launch of an employee absence guide, a self-help automated resource that provides advice to people managers on absence issues. In addition, we started to develop automated responses to common questions and queries through the use of technology.

Representing the diversity of the communities in which we live and work

At Capita, we believe that fostering an inclusive environment where everyone feels valued and respected is not just the right thing to do, but it also drives innovation and success.

Diversity, Equity and Inclusion (DEI) are integral to our culture and operations. We strive to create a workplace where every individual, regardless of their background, can thrive and contribute their unique perspectives. This commitment extends beyond our internal practices to our interactions with clients, partners, and the communities we serve. Our journey towards greater DEI is ongoing, and we are continually looking for ways to improve.

Among the significant range of activities delivered in 2024, we are most proud of:

- Capita being ranked for the second consecutive year on the Forbes Global list of top employers for women, an assessment that cannot be nominated for but is determined following anonymous interviews with thousands of employees across the globe.
- being recognised as a Disability Confident Employer (level 3) across the Group. While we had already achieved this status locally in some parts of the business, this Group level accreditation demonstrates our unwavering commitment to DEI and ensuring that any colleague with a disability has the opportunity to succeed.
- undertaking the Employers Network for Equality and Inclusion's industry-recognised TIDE benchmarking and being granted a Silver Tidemark for the second consecutive year. This is a testament to our ongoing diversity and inclusion commitments and practices.
- showing a 10.39% reduction in our gender pay gap and 30% gap decrease between men's and women's bonus payments since we began reporting.
- our virtual-first, hybrid working model that remains an important pillar in providing flexible working solutions for our colleagues and continues to receive a positive response.
- winning the Vercida People's Choice Race Equality Advocate Award. Vercida Group is an independent job board that focuses on championing employers who care about ensuring inclusion and diversity in their business. They promote these employers' opportunities to their wide audience, which cover every strand of diversity. The award was won due to the hard work of our employee network group EmbRACE, which champions all races and ethnicities and helps them to thrive at Capita.

Our global employee network groups, which had nearly 9,000 members at the end of 2024, are very important to us. The networks cover faith, ability, gender, sexual orientation, family, and ethnicity. Each group is sponsored by a member of our Executive Team and has the opportunity to influence key organisational policies and practices. Throughout the year, we ran regular virtual 'get involved' sessions to build awareness and understanding of our similarities and differences. We celebrate events such as Pride, International Women's Day, International Men's Day and Black History Month on an annual basis.

Capita was recognised as a Proven Provider in the latest Everest Group Service Provider Compass™ report for our credible delivery presence in Poland. The report highlights not only our excellence in customer experience management, IT and finance services, but also exceptional employer brand, high employee satisfaction and impressive diversity ratings. This recognition reflects our commitment to fostering inclusion, celebrating diversity, and making a positive community impact through initiatives led by our team in Dobro.

As part of our ongoing commitment to building and supporting a gender-balanced workforce across the Capita defence sector, we have signed the Women in Defence Charter. The Charter brings together organisations from across the UK's defence sector that are committed to being the very best at driving inclusion and diversity while providing fair opportunities for women to succeed at all levels.

We continued our partnership with The Employers Network for Equality & Inclusion (ENEI) and Purple Future.

At the 2024 Customer Contact Association Global Leadership Awards, we were delighted that Suzanne Edmondson won the Accomplished Leader Award for her exceptional leadership and unwavering commitment to delivering outstanding customer service and Priya Mendonsa received the Emerging Leader Award, recognising her innovative thinking, strategic vision, and dedication to shaping the future of our industry.

In 2024 we continued with our three diversity focus areas: women in senior management; ethnic diversity in middle and senior management; and supporting colleagues with a disability. At 31 December 2024 our overall workforce was 51% female, 35% of our senior management roles were female and in our leadership roles 31% were female. In addition, our Board was 38% female and our Executive Team was 40% female. At 31 December 2024, our workforce was 19% ethnically diverse, including 6% Black, and our senior management was 10% ethnically diverse (in the UK) and 2% Black. Our middle management was 12% ethnically diverse, including 3% Black. In addition, our Board and our Executive Team were 25% and 20% ethnically diverse respectively. Details of our reporting criteria are listed on our website www.capita.com.

In 2024, we were delighted to be recognised as a Disability Confident Leader (level 3), two years ahead of target. This Group level accreditation demonstrates our commitment to DEI and ensuring that any colleague with a disability has the opportunity to succeed. Our responsible business strategy set out our commitment to becoming a Disability Confident Leader and we worked hard to achieve this. We continue to work with the Capita ability network to strengthen understanding as well as support our colleagues with a disability. We also increased our disability declaration level by 2%.

The Disability Confident scheme has provided us with a valuable framework to identify what we were already doing well, take a more joined up approach and find ways to improve how we recruit, retain and develop colleagues with disabilities.

Reporting tables on gender and ethnicity representation at Board, Executive Team and management levels at 31 December 2024

Gender balance tables

Gender	Number of Board members	% of Board	Number of senior board positions*	Number in executive management	% of executive management
Male	5	62	3	6	60
Female	3	38	1	4	40 ¥
Other categories	0	0	0	0	0
Not specified/prefer not to disclose	0	0	0	0	0

Reporting table on ethnicity representation

Ethnicity Group	Number of Board members	% of Board	Number of senior positions on the Board	Number in executive management	% of executive management
White British or other White (including minority white groups)	6	75	4	8	80
Mixed/multiple ethnic groups	0	0	0	0	0
Asian/Asian British	1	12.5	0	1	10
Black/African/Caribbean/Black British	1	12.5	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/prefer not to disclose	0	0	0	0	0
Not asked in country				1	10

Gender balance of senior management (leadership)

Gender		%
Male	71	70
Female	31	30 ¥

Gender balance of junior management

Gender		%
Male	2,990	47
Female	3,397	53
Not specified/prefer not to disclose	2	0

Gender balance of all management

Gender		%
Male	4,523	52
Female	4,226	48
Not specified/prefer not to disclose	3	0

Gender balance of total workforce

Gender		%
Male	16,734	48
Female	17,809	51
Other categories	5	0.01
Not specified/prefer not to disclose	36	0.1

As at 31 December 2024 (being the reference date selected by the Board for the purposes of this disclosure) the Company's compliance statement with the Financial Conduct Authority's regulatory targets relating to diversity, set out in UK Listing Rule 6.6.6(R) is detailed below:

- The Board was 38% female;
- The Senior Independent Director (Georgina Harvey) is female; and
- The Board had two Directors from a ethnic minority background.

The Board's target remains to have at least 40% female representation on the Board and the Board will seek to return to greater than 40% representation on the Board when the opportunity arises.

Capita collects the data used for the purpose of making the gender and ethnicity representations from Board members, senior management (leadership) and the Executive Team on a voluntary basis. The data for senior management (leadership) and the Executive Team is extracted from the HR management system, Workday.

The data for Board members is obtained via email from each member in which they are asked to declare which of the gender and ethnicity categories they are. Capita defines senior Board positions as: Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Senior Independent Director (SID); and senior management (leadership), as those in career level F within the Group in line with our career path framework, plus subsidiary legal entity directors within the Group, as per the requirements of the Companies Act section 414C(8)(c)(ii) and 414c(10)(b).

The Executive Team is considered to be the Company's executive management as defined by the Listing Rules.

¥ KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (¥) using the assurance standard ISAE (UK) 3000. The assurance report as well as the reporting criteria and full methodology can be found in full on our website: https://www.capita.com/about-capita/resources-and-reports.

Culture

As part of our transformation, we are on a journey to rally and reset our culture. Our goal is that Capita's workplace culture will create an environment where trust, collaboration, growth, and respect are at the forefront. Our colleagues will feel valued, heard and know that their contributions make a difference to our customers and society.

In June 2024, more than 10,000 global colleagues participated in a culture capture survey. Additionally, 136 colleagues from across the Group joined eight culture focus groups which have informed our next phase of the programme. Our focus will be on mandating of management & leadership development, refreshing our values, and the creation of an employee playbook, in addition to rolling out a global approach to recognition. Colleague engagement is key to the success of this programme, and we are proud of our 250 Culture Accelerators globally driving the change.

Performance and development

It has been a very successful year for performance and development activities. We continue with our annual appraisal process which includes a discussion based on the colleague's achievement against their objectives, values, strengths, areas for development, feedback, future targets as well as learning needs, and plan for career progression. Reviews are multidimensional with a focus on both the 'what' in terms of performance against objectives and the 'how' performance against our Capita values. Employees are encouraged to seek 360-degree feedback and focus on their development areas. We achieved a 97% completion score for our end of year review for 2024 (2023: 97%), followed by 82% completion of mid-year reviews. In 2024, we focused on leveraging management information dashboards to drive targeted efforts and ensure a strong emphasis on diversity, equity and inclusion. These dashboards have been instrumental in achieving high completion scores and promoting fairness and consistency across the organisation.

Supporting future leaders

In 2024, we reinforced our commitment to internal mobility through our strategic approach to talent and succession planning. This integral process helps us identify and nurture potential, ensuring we develop future talent to drive organisational effectiveness and success. We conducted comprehensive activities to assess potential and held succession discussions with senior leadership team (SLT) members and the Executive Team. These efforts have been instrumental in recognising and fostering the growth of our future leaders, demonstrating our dedication to building a robust and dynamic workforce. We continue to focus on diversity in our succession plans and female representation in our succession plans for SLT roles has risen to 52%.

Talent acquisition and turnover

Capita continues to attract large volumes of applicants, with nearly 9,600 new starters in the year. Our voluntary turnover in the year was 21.7% down from 24.9% in 2023.

We also believe that our virtual-first working approach, where flexible and remote work are offered wherever client and business needs allow, is helping us to retain high-quality and increasingly diverse talent.

Despite, some improvement in the external economic backdrop, our focus in 2024 has remained on employee retention initiatives with 21% of roles filled internally as part of our Capita-first policy.

Moving Ahead mentoring programme

Our Moving Ahead 2023-24 mentoring programme concluded successfully in July 2024, with 80 participants (40 mentors and 40 mentees) from around the globe. We received two prestigious awards: the Most Dynamic Mentoring Organisation of the Year 2023-2024, recognising our DEI efforts, and Rajiv Patel was honoured as the Most Inspiring Mentor of the Year 2023-2024. The programme has supported colleagues with their career progression, internal mobility through promotion and ongoing professional development.

The 2024-2025 programme started in November 2024 with 20 mentors and 20 mentees. This continues to be a key part of our strategy and ongoing focus on increasing diverse representation at senior levels across the organisation globally.

Leadership and management development programme

591 learners

have completed leadership and management programmes at levels 3, 5 and 7 since October 2019

100%

of line managers observed improvements in their team members' work performance as a result of them completing this programme

83%

distinction rate (43% national average)

8.9 out of 10

learners' satisfaction rating of their experience and quality of teaching

“As a mentee, the launch of the self-service Group mentoring functionality in Workday has been a game-changer for me, empowering me to take control of my professional development by enabling me to select and connect with a mentor who understood my career aspiration and challenges”

Zia Aftab, Head of Performance and Development, People Function

Average learning hours completed per employee excluding local technical training

c.16

(2023: c.11)

Group mentoring

In June 2024, we launched our new self-service Group mentoring functionality in Workday, the HR and Finance platform. This innovative tool is available to all colleagues globally, offering access to a broad and diverse mentoring database. It helps to build mentoring relationships across locations, business areas, and career levels, providing complete autonomy to mentors and mentees in their search and decisions. Localised mentoring programmes can now register via the Group mentoring tool too, enhancing tracking and providing meaningful data. Currently, we have 153 mentors registered and 115 active mentoring relationships.

Career path framework (CPF)

We successfully completed and rolled out our CPF, which comprises 23 frameworks launched to 36,000 colleagues across eight geographies. CPF has been designed to empower everyone at Capita to grow their careers and take advantage of the scale and breadth of opportunities that exist within the Group. The framework has introduced career levels, pay principles and pay ranges as well as competency frameworks so that colleagues have visibility of where they sit within the organisation as well as a view of vertical and lateral job role opportunities. The framework has provided transparency and consistency across the Group.

In 2025, we will concentrate on the next phase of the CPF, which involves reviewing our people practices, policies, and systems to fully integrate CPF into our daily operations.

Career tool

In 2024, we also launched career tool, an exciting addition to CPF. It empowers colleagues to complete their behavioural, leadership, or career development needs analysis, enabling them to plan and advance their careers effectively. This skills assessment helps identify competency gaps against Capita’s benchmarks. Since launch, a total of 499 profiles have been created where colleagues have completed assessments against behavioural and leadership competencies.

In November 2024, we launched phase 2, introducing the career development needs analysis. This enables colleagues to explore various career paths at Capita, including development in their current roles, upward moves, and transitions into new areas using bespoke technical competencies. This has been received very well by the business, helping colleagues build focused plans to achieve their individual goals and career aspirations.

Capita Academy

Management and leadership

Our management and leadership academies thrived in 2024, becoming the go-to resource for the development of our aspiring and experienced managers and leaders. New managers are fully supported from induction through to their first 12 months, supporting their ongoing development and enabling skills/opportunities to become a strong leader.

As part of our culture programme, we focused initially on the development of our senior leadership team (SLT), launching a leadership enablement programme, which includes our first leadership playbook. The playbook guides our managers and leaders by outlining the principles, practices, expectations, and behaviours we expect them to demonstrate and to hold others to account for. We have identified four cornerstones of leadership as key drivers in shaping our organisational culture: being accountable; building trusted relationships; learning and curiosity; and driving a winning mindset. To bring these to life, we facilitated webinars and group coaching sessions, helping SLT to understand and embody these cornerstones.

Additionally, we held briefing sessions for the wider leadership population to support the embedding of our playbook. We are committed to continually reviewing the playbook to ensure it meets the needs of our managers, leaders, and the wider organisation.

Data & AI academy

Launched in July 2024, our data & AI academy has made significant strides in enhancing data and digital literacy across our global organisation, with 1,580 employees undertaking elearning. With a keen focus on AI and the ethical and responsible use of data and artificial intelligence, the academy has played a positive role in reducing administrative tasks, empowering colleagues to be more strategic and creative, and helped improve use of our internal technology to support our clients and customers more effectively.

Additionally, the development of individual data and digital literacy has also encouraged further personal development, supporting colleagues with workload and work-life integration, as well as supporting marginalised groups, particularly neurodiverse colleagues, through technology and improved accessibility to data for all. This has also complemented our new neurodiversity learning resource.

The trial of an AI coaching platform with 90 colleagues has supported positive outcomes, with participants reporting marked benefits in career development, resilience and overall well-being. These advancements highlight our commitment to leveraging technology for professional growth and personal support.

> **"Although we are only a couple of months into the apprenticeship, I feel much more equipped to take on and lead projects utilising the benefits of AI"**
>
> **Adam Hayden, Digital Delivery Manager**

Apprenticeships

We continued to evolve our apprenticeship offering in 2024 with the introduction of a new business analyst apprenticeship programme focusing on building knowledge and expertise in AI to increase business value for both Capita and our clients. A total of 95 colleagues started in June 2024 and a further 35 have applied for the next intake.

Our data academy apprenticeships continued to grow with a total of 91 starts across two intakes in 2024. Our third intake started in January 2025, with a further 86 colleagues applying for a place on one of the four apprenticeships Discover (Level 3 Data Literacy) Empower (Level 4 Data Analyst) Enable (Level 6 Digital and Tech Data pathway) Innovate (Level 7 AI Data Scientist).

2024 saw a slight evolution of our existing management & leadership apprenticeship suite with the addition of AI modules in our Accelerate (Level 3 Team Leader), Advance (Level 5 Operations Manager) and Ascent (Level 7 Senior Leader) programmes and the new addition of the Chartered Manager Degree apprenticeship. These apprenticeships continue to engage the varying levels of manager across our population with a total of 164 starts in 2024.

Sales and growth

We started collaboration with our hyperscaler partners to develop foundational learning programmes to support our growth teams. This initiative aims to improve the knowledge and confidence of our colleagues, helping them to source optimal outcomes and product solutions for our customers. The CPF family has been launched and is working with the growth teams to continue building learning frameworks across soft skills to support growth plans, foster a collaborative mindset, and build a strong reputation with our customers.

RISE programmes

The RISE (reduce inequality strive for equality) for Women and Ethnicity programmes continued to be embedded in 2024. The RISE for Women programme began with 16 participants and concluded in December 2024. The RISE Ethnicity programme started in January 2024 with 21 participants, finishing successfully by April 2024. From 2025, both programmes will be part of our management and leadership academy.

Learning operations

Our focus for all learning solutions remains global and multi-channel to ensure consistency and accessibility. In 2024, our virtual global induction programme welcomed more than 2,700 new colleagues, fostering a culture of One Capita and making new starters feel valued from the beginning of their journey with us.

To equip our colleagues with the necessary skills for today's world, we introduced new technology for bite-size learning opportunities, piloting gamification in our management academy and harnessing AI and video creation tools to develop modern, self-directed learning resources. Upskilling our Performance and Development team with the latest tools and skills has been crucial in ensuring we continue to respond to business needs and provide effective learning solutions.

New mandatory framework

In 2024, we analysed current processes and industry best practices to improve our operations and learning impact. Adopting the new framework will provide several benefits:

- Reduced employee training time with engaging, video-based material. Reducing learning time per colleague by 50%
- A new calendar system to streamline and standardise training across the company
- Efficient scheduling and updates of training resources
- Annual content refreshes and campaigns to enhance engagement and compliance

This project has revamped our mandatory training approach from January 2025.

Focus for 2025

- In 2025, we will integrate multimedia resources to reduce learning time and improve access. The new calendar system for mandatory modules will standardise compliance globally, ensuring timely updates and efficient scheduling. Annual content refreshes and targeted campaigns will boost engagement and compliance, reflecting our commitment to continuous improvement and operational excellence.
- We must continue to explore the integration of artificial intelligence and advanced technology to sustain and enhance our journey toward operational excellence. By leveraging AI, we can streamline processes, personalise learning experiences, and provide real-time feedback and analytics to foster continuous improvement.
- We need to continue being curious reviewing how technology will not only optimise training efficiency but also ensure that all our colleagues are equipped with the most relevant and up-to-date skills. Embracing these innovations will enable us to remain agile, responsive, and ahead of industry trends, reinforcing our commitment to growth and excellence in every aspect of our operations. As we transform our business we enter a new era of human-machine collaboration, where AI and automation amplify human capabilities, foster creativity and tackle complex challenges, our focus will be on equipping our colleagues with the skills to excel in this new environment.

Reward

Since 2021, our reward strategy has been dedicated to establishing, developing, communicating, and embedding a global reward framework for Capita. This framework is underpinned by the CPF with market-informed job pay ranges by country, pay principles, pay guidelines, and education on their usage. This approach helps our employees understand how pay decisions are made and ensures fairness and consistency, while also considering careful cost management.

In 2024, we completed our CPF, which encompasses all our colleagues globally. We assist our managers in reviewing salaries worldwide each year, following these consistent principles and guidelines, and have enhanced all our training materials.

We implemented tools to govern pay decisions and check for unconscious bias, ensuring that we recognise the contributions of all our colleagues and support fair compensation for their work.

Additionally, our colleagues can choose from a variety of benefits, such as workplace savings products, a salary sacrifice car lease scheme for electric and ultra-low emission vehicles, private medical insurance, cycle-to-work schemes, will writing services, and access to discounts from major brands through our Extras platform.

Since 2021, the Group has increased the salaries of our lowest earners by 38.4%.

We publish our gender and ethnicity pay gap report annually on our website.

Health, wellbeing and safety

Focusing on the health, wellbeing and safety of all Capita colleagues is a priority for Capita. We continued with our mandatory safeguarding training with 97% completion for level 1 and 98% for level 2. Our safeguarding framework is embedded within our divisions and Group functions. In 2024, 307 safeguarding reports were made with 154 needing further external referral support from local authorities or the emergency services.

Our SafetyNet initiative, which provides expert guidance to HR representatives and line managers supporting colleagues with complex issues related to wellbeing, safeguarding or vulnerability, supported 166 colleagues.

We also have employee assistance programmes, or similar support services, available to all colleagues globally. They provide access to counselling and online resources.

% of employees represented by an independent trade union or covered by collective bargaining agreements

17%
(2023: 15%)

Disability reverse mentorship

In November 2024, we launched a pilot Disability Reverse Mentorship Programme sponsored by our Chief People Officer. Underpinned by best practice, the programme has been co-created by colleagues on our Health Assessment Advisory Service and Disabled Students Allowance contracts, in collaboration with the Capita ability network and our diversity partner, ENEI. It is an innovative programme, in which colleagues with disabilities, long-term health conditions and neurodivergence mentor more senior colleagues.

Inclusive recruitment initiative

Our Capita Intelligent Communications Team in Mansfield, won the ‘Inclusive Recruitment Initiative’ award at the ENEI Inclusivity Excellence Awards 2024.

Our partnership with Vision West Nottinghamshire College has helped to provide internships for local, neurodiverse young people, and we are incredibly proud of our passionate team members who are dedicated to creating an accessible workplace where everyone can thrive.

Our communities

Capita's ambition is to have a positive impact on our customers and communities. To uphold these principles, we have set the following ambitious 2026 targets:

- Increase the total volunteering hours collectively to 44,000 annually
- Maintain 96% compliance in Modern Slavery Government Assessment Tool

Progress against our targets

In 2024, our partnership with Business in the Community (BiTC) continued to focus on supporting our communities to flourish. Scott Hill, Capita's Chief People Officer, worked with other senior leaders as part of BiTC's Education, Employment, and Skills Leadership Team, shaping solutions for social mobility. BiTC's flagship inclusive recruitment campaign, Opening Doors, aims to make more than two million jobs accessible to diverse talent. In 2024, it produced a What Works report, which unpacks employer actions that are making the most impact on improving social mobility by supporting young people and job seekers into good work.

Capita also committed to working with BiTC to reduce the number of 16-24-year-old ethnically diverse NEETs across the UK as part of BiTC's partnership with the Youth Futures Foundation.

In 2024, we gifted more than £780,000 of our apprenticeship levy to charities and SMEs to support their investment in skills development.

In partnership with Hands On Payroll Giving, we were able to significantly increase our charitable impact. Our collaboration enables Capita employees to support their chosen charities and communities. In 2024, we raised almost £161,000 through payroll giving activities. As a result of our continued commitment, Capita received the Payroll Giving Gold Quality Mark Award issued by Charities Trust. The Gold Award is a symbol of excellence and is awarded to employers that have succeeded in generating sustainable income sources for UK charities through Payroll Giving.

Since we partnered with Hands On Payroll Giving UK in 2019, Capita colleagues have donated more than £3 million to their favourite charities through payroll giving.

The majority of our employees globally are granted one day per year for volunteering activities and more than 16,000 hours of volunteering were recorded in 2024.

For the second year Capita supported the Social Shifters Global Innovation project, over 500 volunteers acting as judges took part in the 2023 and 2024 programmes. Social Shifters is a social innovation challenge designed to accelerate young (18 – 30 years) social innovators, to explore, start and grow their ideas to tackle the social or environmental issues that matter to them most. To enter the Social Shifters Global Innovation Challenge, young people must present an idea that is unique and contributes towards at least one of the United Nation's 17 Sustainable Development Goals.

In 2024 we continued with our commitment to upholding the Armed Forces Covenant and creating a culture that honours and empowers those in the armed forces community.

Our business

Capita's ambition is to operate ethically, responsibly and securely. To uphold these principles, we have set the following ambitious 2026 targets:

- EcoVadis Silver Medal
- Mandatory data security & cyber protection training – 96% plus annual compliance.

Progress against our targets

In 2024, Capita was included in the FTSE4Good Index Series. The Series, by global index and data provider FTSE Russell, is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices.

We achieved a score of 64 in our EcoVadis assessment, earning a good status, which is equivalent to a Bronze Medal. Additionally, our scores in the Sustainalytics assessment improved, with our risk rating score decreasing from 18.9 last year to 15.5 this year.

We have been reaccredited with the Fair Tax Mark by the Fair Tax Foundation, reaffirming our commitment to transparency and ethical tax practices.

Client relations

We actively seek the views of our clients through an annual customer net promoter score (cNPS) survey. We ask for feedback on our current performance, key drivers and encourage comments on areas that they would like us to focus on in future. We feed this information back to our teams who then take the time to understand any root causes of issues raised and set actions, which are monitored via our customer relationship management platform, Salesforce. We are proud of the improvement achieved across all areas of the business, but particularly in Experience; the Group cNPS score improved to +28 points (favourable) (2023: +16 points), our highest score since we began to record results in 2018.

Working with the Engineering Development Trust (EDT)

Capita has worked with EDT for more than 10 years, helping to raise enthusiasm for STEM (science, technology, engineering and maths) subjects in young people. In 2024, we donated mentoring hours, real life project examples and financial sponsorship for a number of programmes that were run in partnership with schools in North Tyneside.

Challenge Day – designed to inspire and engage 9 to 15-year olds and encourage a positive attitude towards STEM subjects. Workshops bring STEM subjects to life with hands-on activities focusing on themes like the environment, sustainability, aerospace, digital innovation, and the built environment.

Gold Project – this allows students the opportunity to collaborate on a real-world STEM project helping them to develop essential work-ready and technical skills. Upon completing the programme and 50 hours of work, students graduate as Gold-level Industrial Cadets, a nationally recognised award. The team sponsored by Capita won the Business Pitch Award which is a similar format to Dragon's Den.

Supplier engagement

Our aim is to encourage and work with suppliers in order to achieve the highest standards within our supply chain. Our supplier charter, which is available on our website, remains at the core of strengthening our commitments to support more SMEs, increasing the diversity of our supply chain, promoting supply chain resilience and encouraging ambitious carbon reduction targets. 99% of new and renewing suppliers adhere to our Supplier Charter. We want to work with suppliers and supply chain partners that share our values and help us deliver our purpose, to create better outcomes. This includes the provision of safe working conditions, treating workers with dignity and respect, acting ethically and being environmentally responsible.

We value the business relationships we have with our suppliers and seek to build lasting relationships, treating our suppliers and partners fairly and paying promptly. We want to work with suppliers who share our values and support us in delivering our purpose. Across the Capita Group we spent more than £1.64 billion in 2024 with 13,651 direct suppliers in 42 countries.

Around 91% of our total supply chain are small and medium-sized enterprises (SMEs), including sole traders and micro-businesses. We continue to recognise the impact that the current economic situation is having on many of these suppliers, with varying demand for products and services often severely affecting their cash flow. Consequently, we strive as a business to prioritise and ensure payment to terms with our suppliers at all times where possible. In 2024, 92% of our suppliers were paid within 60 days or less and 76% of SMEs were paid within 30 days or less.

As part of Capita's commitment to reach net zero by 2045, we recognise that our suppliers and subsequent supply chain Scope 3 emissions are significant contributors. As such, we capture emissions metrics from our suppliers including Science Based Targets (SBTs) covering their scope 1, 2 and 3 emissions. In line with our responsible business Board commitments, our goals are that by 2030 55% of our suppliers by spend will have committed to having SBTs in place and, by 2035, 85% of our suppliers by spend will have committed to having SBTs in place. In 2024, 58% of our spend was with suppliers that have SBTs.

In addition, we ask our suppliers to share their EcoVadis sustainability assessment scorecards, where available, and we are working to continuously increase the volume of suppliers that use the EcoVadis portal. EcoVadis scorecards provide suppliers with valuable insights into their own company's strengths and areas of improvement across environmental and social factors. In 2024, we monitored 359 EcoVadis scorecards. As a result, 43% of our spend was with suppliers that have scorecards in place.

Targeting bribery and corruption

We do not tolerate bribery or corruption in any form. Our anti-bribery and corruption standards apply to all Capita businesses, employees and suppliers. The Financial Crime Prevention team monitors compliance, with a view to ensuring all parts of the business are aware of their responsibilities in terms of charitable donations, sponsorships, and gifts and hospitality. All employees must complete financial crime training annually.

Upholding human rights

We are committed to playing our role in society by ensuring that we have the systems, policies and processes in place to identify any potential instances of exploitation and, if found, eradicate modern slavery in all its forms from our business and supply chain.

Our updated human rights policy details our commitments to upholding the principles of human rights, as set out in the UN Declaration of Human Rights and the International Labour Organization core labour principles. We comply with all relevant legislation, including the UK Modern Slavery Act and our compliance statement can be found on our website: https://www.capita.com/modern-slavery-statement. We outline expectations and compliance to the standards we set out for suppliers, working with them to ensure they operate in accordance with this policy, and upholding the principles of human rights in their operations and supply chains.

We take appropriate steps to ensure everyone who works for Capita has their fundamental human rights respected and anyone we do business with upholds these principles. Our modern slavery statement details policies, processes and actions we have taken to ensure that modern slavery and human trafficking do not take place in our supply chains or our business. We actively monitor our supply chains against the Walk Free foundation Global Slavery Index (GSI) who provide national prevalence and vulnerability estimates of modern slavery for 160 countries worldwide. In 2024, we worked with four suppliers based within three countries classified at high risk.

There were no material breaches of modern slavery in 2024.

We achieved 96% compliance in the Modern Slavery assessment Tool.

Protecting privacy

Capita handles significant quantities of information about our operations, clients, colleagues, and service users. Much of this information comprises personal data. We take data privacy very seriously and are committed to ensuring that personal data is kept secure, handled with care, and processed in compliance with applicable data protection laws. Our approach is guided by our comprehensive policies, procedures, and guidance that outline our data protection standards and practices. We continuously review and enhance our data privacy practices to adapt to evolving regulatory requirements and emerging threats.

Colleague mandatory data privacy training is a key mitigant to data privacy risk and comprises mandatory modules that cover a range of areas, including identifying personal data, responsibilities when dealing with personal data, and how to identify and respond to data privacy issues. All Capita colleagues, including contractors, must complete mandatory data privacy training. We actively monitor completion rates of our training to ensure that they achieve a minimum completion threshold of 95%.

This year, our data privacy programme focused on data retention and minimisation, handling data subject requests, undertaking data privacy awareness, implementing privacy by design, strengthening transparency, and improving our understanding of how personal data will be processed in the context of new technologies (including AI) we are adopting as part of our organisational strategy. Our policies, procedures, and guidance provide a framework to support these initiatives and ensure that we maintain the highest standards of data protection.

Engaging with our stakeholders

Section 172 statement

Capita's directors are fully aware of and understand their statutory duties under Section 172 of the Companies Act 2006 (the Act), which requires the Board to consider the views of all its stakeholders when making decisions. The Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. When making decisions, each director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to section 172(1)(a) to (f) as detailed below.

a. The likely consequences of any decision in the long term.
b. The interests of the Company's employees.
c. The need to foster business relationships with suppliers, clients and others.
d. The impact of the Company's operations on the community and the environment.
e. The desirability of the Company maintaining a reputation for high standards of business conduct.
f. The need to act fairly towards all members of the Company.

This section 172 statement forms the directors' statement required under section 414CZA of the Act and describes how the directors have taken into account wider stakeholders in their decision making and also the principal decisions taken during the year.

Our people

Why they are important

They deliver our business strategy; they support the organisation to build a values-based culture; and they deliver our products and services ensuring client satisfaction.

What matters to them

Flexible working; learning and development opportunities leading to career progression; fair pay and benefits as a reward for performance; and two-way communication and feedback.

How we engaged

- People surveys
- Regular all-employee communication
- Via Nneka Abulokwe, our designated non-executive director for colleague engagement who has visited businesses in the UK and South Africa
- Employee focus groups and network groups
- Workforce engagement on pay at Capita

Topics of engagement

- Creating an inclusive workplace
- Health and wellbeing
- Speak Up policy
- Directors' remuneration and pay at Capita
- Acting on survey feedback
- The career path framework
- Our culture programme
- Annual salary review

Outcomes and actions

The 2024 employee survey showed a decrease in the eNPS compared with 2023. Although disappointing, we recognise that this reflected the difficult decisions that the Company had to make during the year to ensure the long-terms sustainability and success of the Company, including the decision not to remain as a real living wage employer. Survey feedback was positive in relation to manager support and belonging with 80% of respondents stating that their manager helps them to succeed while 60% of respondents feel a sense of belonging at Capita.

We are developing and delivering a range of action plans, including ensuring our leaders feel confidence in, and ownership of Capita's strategy, plans and successes, developing inclusive opportunities for internal career mobility.

We have mobilised a multi-year programme to rally, reset and embed our culture engaging over 250 Culture Accelerators globally to drive the change. Focused on bringing together our senior leadership team through the launch of our Leadership Playbook, mandating Management & Leadership development, refreshing our values to launch in Q2 2025 and creation of an employee playbook.

In October 2024, Capita was recognised by Forbes, as being one of the top companies for women for the second consecutive year, ranking at number 36 out of 400 global companies on the prestigious list.

Our 2024 gender pay gap figures showed improvement compared to 2023, resulting in a median of 14.91% (0.49% down from 15.40%) and a mean of 18.40% (0.39% down from 18.79%). Since we started reporting in 2017, we have reduced our gender pay gap by 10.39%, from 25.30% to 14.91%.

Moving Ahead, Capita's mentoring programme, offers cross-company mentoring which aims to build a pipeline for talented individuals from under-represented backgrounds within the workplace. Capita was awarded 'Most Dynamic Mentoring Organisation' in 2023 and 2024 at the Inspired by Mentoring Awards in recognition of our commitment to mentoring.

We continued to promote our Speak Up policy throughout the organisation.

Risks to stakeholder relationship

- Our ability to retain and develop people, impacting our quality of service and our financial performance
- Our ability to evolve our culture and practices in line with our responsible business agenda

Key metrics

Voluntary attrition, eNPS, employee engagement index and people survey completion level.

Further details

Responsible business section on pages 34 to 67. Directors' remuneration report on pages 108 to 126.

Clients and customers

Why they are important

They are recipients of Capita's services; and Capita's reputation depends on consistent and timely delivery of the services they need from us.

What matters to them

High-quality service delivery; delivery of transformation projects within agreed timeframes; and responsible and sustainable business credentials.

How we engaged

- Regular client meetings, monthly or quarterly business reviews and surveys
- Regular meetings with government stakeholders and annual review with the Cabinet Office
- Through our customer advisory boards
- Through our senior client partner programme which provides an experienced single point of contact for key clients and customers
- Introductory meetings and correspondence with the new CEO, and ongoing meetings with Divisional CEOs, Public Service and Experience

Topics of engagement

- Current service delivery, continuous improvement initiatives and operational excellence
- Transition and mobilisation of services
- Capita's digital and gen AI transformation capabilities, such as AgentSuite and CapitaContact
- Possible future services, market and client needs
- Co-creation of client value propositions in collaboration with our hyperscaler partners, AWS, Salesforce, Microsoft and ServiceNow
- Ongoing benefits of hybrid working, near and off-shore capabilities on client services

Outcomes and actions

Feedback provided to business units to address any issues raised; client value proposition teams supporting divisions with co-creation ideas; direct customer and sector feedback; and senior client partner programme undertaking client-focused growth sprints and account plans to build understanding of client issues and ideas to help address them.

Risks to stakeholder relationship

- Loss of business by not providing the services that our clients and customers want
- Damage to reputation by not delivering to the requirements of our clients and customers
- Loss of customers for our clients

Key metrics

Customer NPS; specific feedback on client engagements.

Further details

- Chief Executive Officer's review on pages 6-10. Responsible business section on pages 34 to 67.

Suppliers and partners

Why they are important

At Capita, our suppliers and partners including leading hyperscalers, play a pivotal role in delivering our purpose. By collaborating with organisations that share our values, we maintain high standards, ensure operational excellence, and achieve outcomes aligned with our social, economic, and environmental commitments. Our partnerships, particularly with hyperscalers including AWS, Microsoft, Salesforce and ServiceNow, enhance our ability to innovate and deliver cutting-edge digital solutions.

We will continually review our supply base to ensure it delivers better outcomes for customers while addressing the need to reduce supply chain complexity and improve service quality.

What matters to them

- Transparent and fair procurement processes
- Collaboration on joint initiatives that drive innovation and foster long-term partnerships
- Reliable and timely payment terms
- Shared commitment to sustainability, resilience, and compliance with Science-Based Targets (SBTs) backed approach to net zero
- Provision of a safe working environment for anyone affected by Capita businesses while upholding the highest standards of ethical conduct in all endeavours
- Partnering with diverse suppliers that bring innovation, disruptive technologies and positively impact local communities
- Maintaining availability, integrity and confidentiality of our business relationships and the systems that support them, remaining resilient through periods of disruption

How we engaged in 2024

- Strategic collaboration with hyperscalers: including regular engagement with AWS, Microsoft, Salesforce and ServiceNow focused on co-creating solutions for Capita's clients, integrating advanced AI and cloud capabilities into our offerings
- Innovation forums: by conducting joint workshops with hyperscalers to align on product roadmaps and explore new technologies that enhance the customer experience
- Performance reviews: by ongoing performance assessments to ensure value delivery and alignment with Capita's strategic goals
- Sustainability partnerships: collaborating with hyperscalers to assess and mitigate the environmental impact of cloud-based operations, contributing to the reduction of Capita's Scope 3 carbon footprint
- Engagement reviews: regular supplier meetings, ensuring openness throughout the source to procure process complete with in-life feedback questionnaires and risk assessments

Suppliers and partners *continued*

Topics of engagement

- New technology and gen AI offerings suitable for both Capita and Capita-customer use
- Supplier payments
- Sourcing requirements and bid opportunities
- Supplier performance monitoring
- Supplier charter commitments
- Partnering opportunities
- Joint development of AI powered customer service tools
- Deployment of cloud-native platforms to modernise public and private sector operations
- Commitment to sustainability, including carbon footprint transparency and initiatives to meet net zero goals
- Enhancing cyber security standards across partner ecosystems to safeguard stakeholders

Outcomes and actions

Our supplier charter, which is available on our website, remains at the core of strengthening our commitments and sets out how we conduct business in an open, honest and transparent manner, and what we expect of our suppliers. We want to work with suppliers and supply chain partners that share our values and help us deliver our purpose, to create better outcomes. This includes the provision of safe working conditions, treating workers with dignity and respect, acting ethically and being environmentally responsible.

As part of our commitments as a responsible business, Capita manages and monitors a variety of supply chain related metrics including sustainability, spend with SMEs, VCSE's and diverse-owned businesses and modern slavery risk.

To understand Capita's Scope 3 carbon footprint, a supplier engagement programme was also undertaken with suppliers accounting for £1bn annual spend (over 50% of the supply chain by spend) to ask them to disclose their carbon emissions to CDP.

During 2024, 92% of our suppliers were paid within 60 days.

Risks to stakeholder relationship

- Evolving regulatory and environmental requirements
- Maintaining shared commitments to transparency and sustainability
- Maintaining resilience in the supply chain and partner ecosystems

Key metrics

90% of supplier payments within agreed terms; SME spend allocation; and supplier diversity profile.

Further details

Supplier engagement section on page 47.

Investors

Why they are important

They own the business and provide essential capital; and their input and feedback is considered when making tactical and strategic decisions.

What matters to them

Reporting on strategic, operational and responsible business factors; financial performance; directors' remuneration, access to the Board and senior management; and regular communication.

How we engaged

- Financial and other reports and trading updates
- Capital Markets Day held in June 2024
- Investor meetings with CEO, CFO and Investor Relations
- Dedicated webinars for retail shareholders
- Regular investor programme with the Board, including meetings with the Chairman and Remuneration Committee and Audit and Risk Committee chairs and feedback throughout the year
- At the Company's AGM
- Discussions around AGM on resolutions and governance topics
- Dedicated Investor Relations contacts and email inbox

Topics of engagement

- Medium-term targets and strategic priorities
- Financial performance and outlook
- Digital transformation, gen AI and relationship with hyper-scalers
- Cultural transformation and attrition
- Balance sheet, liquidity and the ongoing cost-savings programme
- Disposal of Capita One
- Appointment of the new CFO
- Governance: remuneration and remuneration policy approved by shareholders at the 2024 AGM
- Environmental: net zero target

Outcomes and actions

Frequent market communication and active engagement with largest shareholders including with the Chairman and Remuneration Committee and Audit and Risk Committee chairs, including shareholder consultation on the remuneration policy proposed to shareholders at the 2024 AGM which received more than 99% of votes cast in favour.

Risks to stakeholder relationship

- Delivery of strategic and financial objectives
- Key aspects of governance eg remuneration

Key metrics

Revenue; profit; free cash flow; net debt and gearing; valuation; and AGM voting.

Further details

Principal decisions table on page 52.

Society

Why it is important

Capita is a provider of key services to government impacting a large proportion of the population.

What matters to it

Social mobility; youth skills and jobs; community engagement; diversity and inclusion; climate change; business ethics; accreditations and benchmarking; and cost of living crisis.

How we engaged

- Membership of non-governmental organisations
- Charitable and community partnerships
- External accreditations and benchmarking
- Working with clients, suppliers, and the Cabinet Office

Topics of engagement

- Youth employment
- Workplace inequalities
- Diversity & inclusion
- Climate change
- Community engagement

Outcomes and actions

Youth and employability programme such as Social Shifters; ranked 36 on the Forbes Global list of top employers for women; our pay gap has improved by 10.39% since we began reporting, awarded Employer's Network for Equality and Inclusion, achieved a silver Tidemark, Armed Forces Covenant Gold Employer Recognition Award and an A CDP (Carbon Disclosure Project) score as a bronze medal by EcoVadis for Capita plc.

Risks to stakeholder relationship

- Lack of understanding of the issues important to them
- Insufficient communication or involvement in shaping and influencing strategies and plans

Key metrics

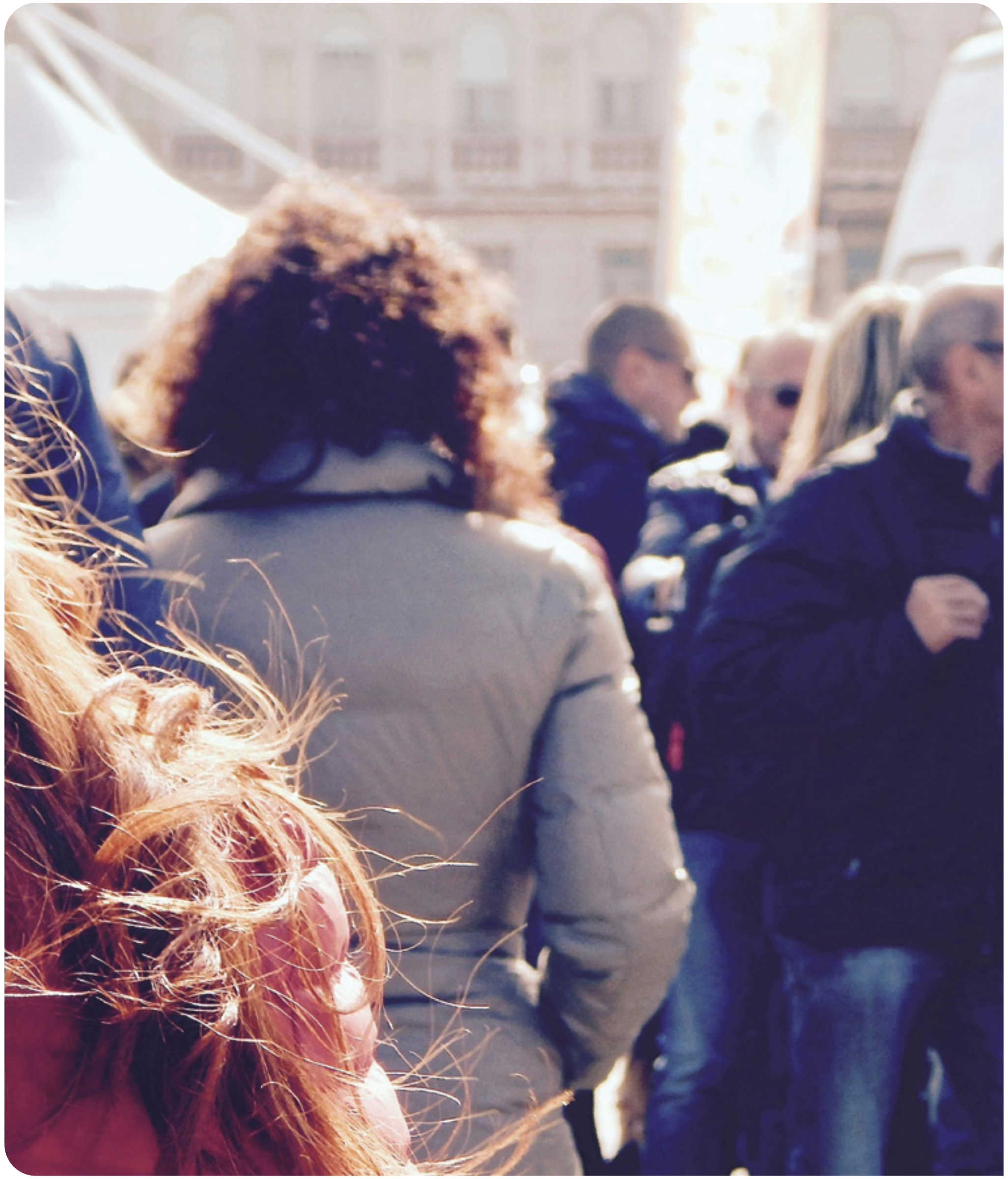
Community investment, workforce diversity and ethnicity data, including pay gaps, external indices performance such as EcoVadis.

Further details

Responsible business: Our people section on pages 39 to 45.

Responsible business: Our communities section on page 46.

Responsible business: Our planet section on pages 54 to 58.



Principal decisions: consideration of stakeholders and outcomes

Examples of some of the principal decisions that the Board has taken during 2024 and how s172 considerations have been factored into the Board's decision making are set out below:

Principal decisions considered by the Board	Impact on long-term sustainable success	Stakeholder considerations	Further details
Finance: • In December 2024, the Board approved an increase in the Group's cost reduction target from £160m to up to £250m.	Further cost reductions together with the increasing use of AI and gen AI form the basis of the Group's transformation and will improve the Group's operating model and its operating profit margins and will enable the delivery of positive sustainable cash flows, improving the financial position of the Company.	**Colleagues:** the Board recognises the impact on colleagues whose roles were at risk of redundancy. However, the Board recognises that annual voluntary employee attrition of around 22% will contribute to these savings, reducing the need for redundancies and the Group can ensure that it can rebalance new hires, provide incremental training of our colleagues and invest in key growth areas. **All our stakeholders:** The improved financial position of the Group, and the delivery of positive sustainable cash flow following these savings and efficiencies is of benefit to all stakeholders. The use of gen AI will provide better opportunities for our colleagues.	Strategic report on pages 2 to 76. Chief Financial Officer's report on pages 27 to 33.
Disposals: • In July 2024, the Board approved the disposal of the Group's standalone software business Capita One. The sale to MRI Software completed on 5 September 2024, raising net cash proceeds of approximately £180m.	The sale of Capita One has strengthened the Group's financial position while providing funding and optionality for the transformation journey.	**All our stakeholders:** the strengthening of the Group's financial position has made Capita a more sustainable business which is in the interests of all stakeholders.	Chief Executive Officer's review on pages 6 to 10. Chief Financial Officer's report on pages 27 to 33.
AI and gen AI As announced at the Capital Markets Day the Board approved a revised strategy which includes: • Partnerships with technology hyperscalers to address industry trends and client demands • Introduction of targeted, standardised, repeatable product propositions to capitalise on shifting demand	The joint go-to-market solutions with technology partners such as Microsoft, AWS, Salesforce and ServiceNow are driving market differentiation, ensuring a larger proportion of higher-margin repeatable deals with improved cost predictability, as demonstrated by Capita's collaboration with AWS on CapitaContact. These actions are creating a better Company that supports improved profitability and sustainable cash generation.	**Our clients and customers:** Our new AI solutions – CapitaContact, AgentSuite and Capita Accelerate are helping to streamline processes and create efficiencies for clients, as well as improving the experience of customers and end users of services. **Our people:** we are deploying AI to empower employees by supplementing and enhancing their human abilities and skills and enabling them to take on more creative, human-centred responsibilities, creating a better employment experience and greater job satisfaction. **Our shareholders:** a better company, improved profitability and sustainable cash generation will provide better returns to our shareholders.	A Better Capita: Better Technology on page 13.
Governance – Board changes: • In May 2024, the Board approved the appointment of Pablo Andres as Chief Financial Officer. Pablo joined the Board on 15 July 2024 and was appointed as CFO on 9 August 2024.	The chief financial officer is a critical role in driving the change required in Capita's complex businesses, delivering the required cost savings and enhancing the Group's processes and systems and supporting the CEO to deliver the Group's strategy.	**All our stakeholders:** all our stakeholders have an interest in the successful delivery of our strategy and the way it is delivered. Pablo Andres, CFO has a critical role in supporting the CEO to deliver the Group's strategy, including delivery of the required cost savings.	Nomination Committee report on pages 90 to 94.

NFSIS

This section of the report constitutes Capita's non-financial and sustainability information statement (NFSIS), produced to comply with sections 414CA and 414CB of the Companies Act 2006.

The table below, and information it refers to, is intended to help stakeholders understand our position on key non-financial and sustainability matters. This builds on reporting that we do under the following frameworks: CDP, Dow Jones Sustainability Index and the EcoVadis Assessment.

Reporting requirement	Policies and standards which govern our approach		Where is this referenced in this report?
Environmental matters	• Health, safety and environmental policy (E) • Environmental standard (I) • Supplier Charter (E) • Procurement policy (E)	• Procurement standard (I) • Travel and expenses policy (I) • Risk management policy (E)	• Responsible business: our planet pages 54 to 58 • Task Force on Climate-related Financial Disclosures (TCFD), pages 59 to 67 • Streamlined Energy and Carbon Reporting Regulation (SECR), page 57 • Responsible business: our business – supplier engagement page 47
Employees	• Code of conduct (E) • Health, safety and environmental policy (E) • Health, safety and environmental standard (I) • Diversity and inclusion policy (E)	• Wellbeing policy (E) • Employee handbook (I)	• Our people section pages 39 to 45 • Responsible business: representing the diversity of the communities in which we live and work 39 • Responsible business: diversity data page 41
Human rights	• Human rights policy (E) • Supplier charter (E) • Modern slavery statement (E) • Information and cyber security policy (E) • Privacy policy (E)	• Employment screening policy (I) • Procurement policy (E) • Speak Up policy (E) • Safeguarding policy (E)	• Responsible business: our business– supplier engagement page 47 • Responsible business: our communities page 46 • Responsible business: our business – upholding human rights page 47
Social matters	• Charity and community policy (E) • Charity and community standard (I) • Volunteering Toolkit (I)	• Payroll giving and matched funding Toolkit (I)	• Responsible business: our communities page 46
Anti-corruption and anti-bribery	• Code of Conduct (E) • Gifts and hospitality standard (I) • Financial crime policy (E) • Conflict of interest policy (E)		• Responsible business: targeting bribery and corruption page 47
Due diligence and outcome	• Risk management framework • Annual internal audit plan (I) • Risk register (I) • Audit and Risk Committee report		• Risk management framework pages 68 and 69 • Audit and Risk Committee report pages 99 to 107
Business model			• Business model page 12
Non-financial KPIs			• Non-financial KPIs page 3 • Responsible business pages 34 to 67
Risk management			• Risk management and internal control pages 68 to 74

I – Group policies, guidance and standards published internally; E – Group policies, statement and reports published externally.

Our planet

Fighting climate change

Capita's ambition is to reach net zero greenhouse gas emissions across the value chain by 2045. To help accelerate our pace we have a three-phased approach which aims to reach operational net zero by 2030; operational and business travel net zero by 2035; and full net zero by 2045.

We have established near term and long-term science-based targets and are working to validate them with the Science Based Target initiative (SBTi).

We are committed to these challenging targets at every level of our organisation, setting decarbonisation as our overarching objective. Our goal is for all residual emissions from 2045 to be neutralised in line with SBTi criteria to reach net zero emissions. The challenges we believe will be most difficult to address are the decarbonisation of our heating systems and collecting, monitoring and managing the reduction of emissions from nearly 14,000 suppliers. Work has begun on Capita's first low carbon transition plan which will set out how we plan to address these challenges.

Near-term targets

Capita has committed to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions and absolute Scope 3 GHG emissions covering business travel by 46% by 2030 from a 2019 base year.

We have already significantly exceeded this target by reducing these emissions by 81% in 2024, when compared to our 2019 baseline.

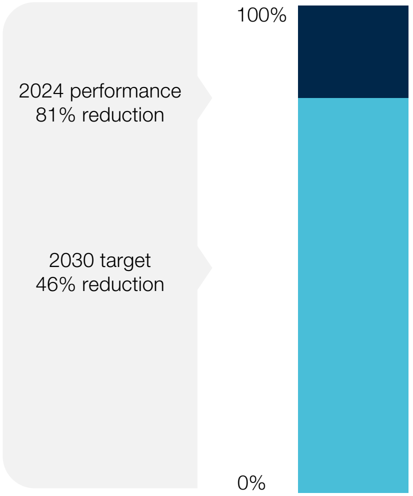
Capita has also committed to 50% of its suppliers by spend – covering purchased goods and services, and capital goods – having science-based targets by 2025.

We have exceeded this target in 2024 and 58% of our suppliers by spend (covering purchased goods and services and capita goods) have science based targets.

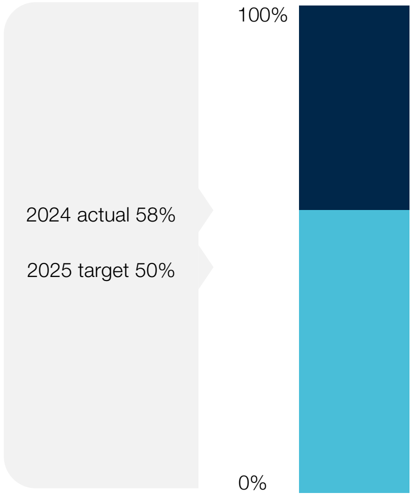
Long-term targets

Capita has committed to reducing absolute Scope 1 and 2 GHG emissions, and absolute Scope 3 GHG emissions by 90% by 2045 from a 2019 base year.

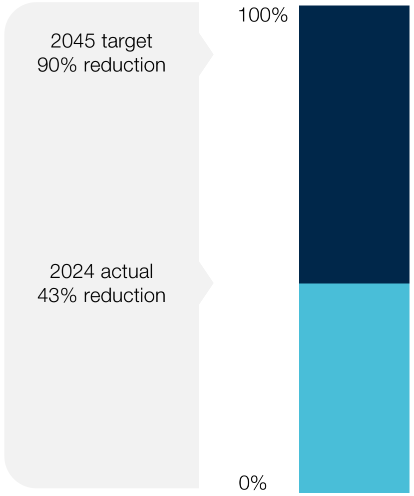
In 2024, we have reduced our total emissions by 43% from a 2019 base year across all relevant categories in Scope 1, Scope 2 and Scope 3.



GHG emissions Scopes 1, 2 and Scope 3 (business travel)



Near-term supplier SBTi targets



GHG emissions Scopes 1, 2 and 3 (absolute)

Scope 1 Direct emissions and operations

Scope 1 emissions primarily arise from the combustion of gas for our heating systems and the use of fuel for our vehicle fleet.

This year our Scope 1 emissions were 5,150 tCO_2e, down from 12,247 in 2023. This decrease was due to our focus on making sure our property estate is the right size for our business, by reducing the number of buildings we have. We have also made changes to our fleet and diesel is no longer an option for colleagues who renew their company cars. In total our Scope 1 emissions have reduced by 73% from our 2019 baseline year.

Scope 2 Indirect emissions from purchased electricity

Our Scope 2 emissions are from electricity used to power Capita's buildings, data centres and offices, and to charge electric vehicles at our premises.

This year our Scope 2 (market-based) emissions were 4,076 tCO_2e, which is a slight increase from 3,553 in 2023. This increase was due to energy use in buildings at which we are unable to source renewable electricity. In total our Scope 2 (market based) emissions have reduced by 85% from our 2019 baseline year.

Scope 3 Business travel emissions

Business travel emissions primarily arise from meetings with our clients or essential visits to our sites. Internally we have a digital first policy which helps to reduce the amount of travelling we do.

This year our Scope 3 (business travel) emissions were 5,154 tCO_2e down from 6,844 in 2023. This decrease was due to our direct focus on reducing business travel. In total our Scope 3 (business travel) emissions have reduced by 83% from our 2019 baseline year.

Steps to 2045 – Low Carbon Transition Planning

Capita have appointed representatives throughout key parts of the business as Net Zero Champions and work has begun on our first Low Carbon Transition Plan. The plan is expected to be published in Q4 2025 and will outline the actions we will take to reach net zero by 2045 across our value chain.

Supplier engagement

Our most significant decarbonisation challenge lies within our supply chain, where we have calculated that 56% of our total emissions exist.

We have asked our suppliers to set Science Based Targets as part of the onboarding process and in 2024 58% of suppliers have done so, up from 54% in 2023.

Renewable energy generation

We currently have a solar energy generation project at our Fire Service College premises. This project has generated over 17,000kWh of energy in 2024. We have used this energy on our site to provide power.

Improving energy efficiency

We invested in energy-efficiency measures across our estate in 2024 to deliver savings below.

Building plant upgrades and initiatives	(tCO_2e reduction per annum)
Replacement LED lighting	83
Updated building management controls	290
Installation of electric timers	3
Increasing awareness of energy waste	108
Updated boiler controls	8
Installation of pipework insulation	3
Installation of variable speed drive	9
Total	504

In 2024, 21 projects were delivered to upgrade lighting to LED and a further 39 initiatives from the 2023 ESOS surveys were implemented. We also delivered two major projects at the Fire Service College which included a full passive infrared lighting system and additional energy monitoring onto key infrastructure, which is providing more insights into the system operation. We plan to roll this out across more sites during 2025 and to introduce a new training cabin at the Fire Service College with solar panelling to reduce energy consumption.

Building energy monitoring programme

Our highly successful building energy monitoring programme continues to identify energy savings. Our Facilities Management team review half hourly energy data for our larger properties quarterly, leading to efficiency action and plant and controls upgrades. We also use this process to monitor the success of plant replacement programmes and refurbishments, checking that expected energy efficiency and emissions reduction are achieved. In 2024 we saved an **estimated 700,000 kWh of energy from electricity efficiencies** (across 10 larger properties) and **340,000 kWh of energy from gas efficiencies** (across 6 larger properties).

Energy Savings Opportunity Scheme (ESOS)

This year Capita made a submission under ESOS which included a new Energy Saving Action Plan. This plan outlines a series of targeted measures designed to enhance energy efficiency across our operations. By focusing on reducing energy consumption and optimizing our resource use, we are not only meeting regulatory requirements but also reinforcing our commitment to reducing carbon emissions.

Key highlights of the plan include:

- **36 energy-saving actions added**
- **2 million kWh** of additional **energy savings projected over the period from 2023 to 2027**

Progress on the Energy Saving Action Plan will be updated annually, and we will continue to invest in further energy-saving opportunities, ensuring ongoing improvements in our energy efficiency and sustainability efforts.

Electrifying our fleet

We are making good progress in switching our fleet to electric vehicles. In 2024, we **removed 375 diesel vehicles**. Now, **88% of our fleet is electrified to some extent** (up from 56% in 2023), and 23% are fully electric (up from 4% in 2023). This increase is mainly because we changed our policy to no longer allow diesel cars for fleet renewals.

We are creating the infrastructure needed to support our goal of having 100% EV fleet by 2030 and have so far installed 31 EV chargers at seven sites.

Circular economy

At Capita, the principle of the circular economy is integral to our sustainability strategy. We are committed to reducing waste and maximising the use of the planet's resources, both within our operations and beyond. In collaboration with our third-party partner, Restore Technology, we have made significant strides in resource efficiency this year.

Technology waste processing:

Process used	Number of items
Recycling	19,542
Remarketing for sale	10,729
Redeploying or donating	1,685

By reducing the demand for new resources, we have achieved substantial environmental savings, equivalent to:

- 47 million kWh of energy
- 132,000 barrels of crude oil
- 925 cubic meters of landfill space

These savings could power 8,601 homes or 1,448 cars for a year.

Furniture waste processing

- 1,215 items of furniture reused across the Capita estate from property closures
- 1,997 items of furniture donated to schools and charities

Increasing our portfolio of net zero services

Net zero is a unique emerging sector of verticals and companies ranging from low carbon energy generation all the way to green finance that presents a big opportunity for future economic growth. This evolving market represents an attractive growth opportunity with an estimated addressable market of £150 – £250m per annum, and an opportunity for Capita to support our clients in reaching their sustainability goals. To do this we have established a new Sustainability and Net Zero team to support public service clients on climate, energy, waste, and biodiversity, and are exploring a partnership to provide net zero products and virtual power networks. We plan to target 1 million social housing properties in the next five years, aiming to reduce energy bills for vulnerable communities, support ambitious net zero targets, and enhance the resilience of the national grid. This proposition spans all Capita markets and represents a sizeable opportunity for the company to strengthen its position in the evolving net zero sector.

CDP disclosure

In our ongoing commitment to transparency and sustainability, Capita has disclosed its environmental impact through the Carbon Disclosure Project (CDP). This disclosure underscores our dedication to reducing our carbon footprint and enhancing our environmental performance. By participating in the CDP, we provide stakeholders with comprehensive data on our greenhouse gas emissions, climate-related risks, and opportunities. Capita received an A- score from the CDP for 2024, reflecting our significant efforts and progress in environmental sustainability. This initiative aligns with our broader strategy to foster sustainable business practices and contribute to global efforts in combating climate change.

Taskforce on Climate-related Financial Disclosures (TCFD)

In 2024 we published our fourth disclosure statement against the TCFD recommendations, see pages 59 to 67. Details on climate governance can be found in our TCFD statement on page 61.

Reporting

GHG emissions (tCO_2e) and energy use (kWh) for period 1 January 2024 to 31 December 2024

		Data source current reporting year 2024			Comparison reporting year 2023			Comparison reporting year 2022		
		UK and offshore	**Global excluding UK and offshore**	**Total**	UK and offshore	Global excluding UK and offshore	**Total**	UK and offshore	Global excluding UK and offshore	**Total**
Gas and fuel	Energy Bureau, UK est energy, FSC burn, int. est energy, Capita Europe	20,775,221	1,485,153	**22,260,374**	58,451,965	1,276,761	**59,728,726**	58,561,431	2,443,394	**61,004,825**
Electricity and district heat		32,339,905	14,350,367	**46,690,272**	61,520,201	15,030,765	**76,550,966**	65,813,485	15,405,065	**81,218,550**
Business travel – cars	SAP expenses	4,310,261	1,361,135	**5,671,396**	7,208,314	2,276,310	**9,484,624**	12,211,032	3,836,579	**16,047,610**
Total energy used		57,425,387	17,196,655	**74,622,042**	127,180,480	18,583,836	**145,764,316**	136,585,947	21,685,038	**158,270,986**
% of total energy used		77%	23%	**100%**	87%	13%	**100%**	86%	14%	**100%**
Emissions from combustion of gas and fuel for heating tCO_2e (Scope 1)	Energy Bureau, Capita Europe	3,766	324	**4,090**	10,373	246	**10,619**	9,281	405	**9,686**
Emissions from combustion of fuel in company vehicles tCO_2e (Scope 1)	Fleet, FSC, fleet Germany, India, South Africa	163	15	**178**	1,224	63	**1,287**	1,851	67	**1,918**
Emissions from fugitive refrigerant gas tCO_2e (Scope 1)	Fugitive refrigerant gas	107	0	**107**	339	2	**341**	445	0	**445**
Emissions from purchased district heat tCO_2e (Scope 2)	Energy Bureau, Capita Europe	34	230	**264**	30	68	**98**	34	264	**298**
Emissions from purchased electricity (location based) tCO_2e (Scope 2)	Energy Bureau, UK est energy, int. est energy, Capita Europe, South Africa, India	6,657	9,036	**15,693**	12,553	8,714	**21,267**	12,827	8,012	**20,839**
Emissions from purchased electricity (market based) tCO_2e (Scope 2)	Energy Bureau	542	3,270	**3,812**	1,044	2,411	**3,455**	2,247	1,836	**4,083**
Emissions from business mileage, air, rail, tube tram and light rail, taxi, bus, coach, ferry, hotel, waste tCO_2e (Scope 3)	SAP, Agiito	3,759	1,395	**5,154**	5,475	1,369	**6,844**	4,857	1,244	**6,101**
Total gross tCO_2e Scope 1 and Scope 2 (location based)		11,141	10,019	**21,160**	24,519	9,091	**33,611**	24,438	8,748	**33,186**
Total gross tCO_2e emissions (location based – Scope 1,2 and business travel)		14,954	11,360	**26,314**	29,995	10,461	**40,456**	29,294	9,992	**39,287**
Total gross tCO_2e emissions (market based – Scope 1,2 and business travel)		8,847	5,533	**14,380**	18,486	4,158	**22,644**	18,680	3,552	**22,233**
Intensity ratio: gross Scope 1 and 2 tCO_2e (location based) per £1m turnover		5.2	7.2	**9.8**	8.1	3.0	**11.2**	8.1	2.9	**11.0**
Intensity ratio: gross Scope 1 and 2 tCO_2e (location based) per headcount		0.50	0.73	**0.59**	0.56	0.21	**0.77**	0.77	0.48	**0.66**

Methodology: carbon emissions have been calculated following the GHG protocol using the operational control approach. Estimated energy figures have been used for buildings where direct meter data is not available, using Cibse guide F benchmarks (or previous years' consumption outside UK if available). Any fuel figures provided in litres have been converted into kWh or tCO_2e using gov.uk and Defra conversion tables. Mileage provided has been converted into tCO_2e using Defra conversions for the relevant engine size and fuel type. kWh figures for air, rail, taxi and other public transport have been omitted as not practical to convert from passenger km or passenger fares but CO_2e emissions have been calculated using Defra conversion factors. **Scope 1, Scope 2 and Scope 3** business travel are verified to ISAE 3000 by SLR Consulting in each year.

Annual GHG emissions

	2024	2023	2022	2021
Scope 1 (tCO_2e)	**5,150***	12,247*	12,049*	15,021*
Scope 2 (tCO_2e) (location-based)	**16,010***	21,365*	21,137*	24,088*
Scope 2 (tCO_2e) (market-based)	**4,076***	3,553*	4,083*	10,328*
Scope 3 (tCO_2e) (business travel and waste)	**5,163***	6,844*	6,101*	4,500*
Total gross tonnes of CO_2e (location-based)	**26,323**	40,456	39,287	43,609
Total gross tonnes of CO_2e (market-based)	**14,389**	22,644	22,233	29,848
Total gross tonnes of CO_2e/£1m revenue (location-based)	**10.9**	13.5	13.03	13.70
Total gross tonnes of CO_2e/headcount (location-based)	**0.76**	0.92	0.79	0.73

Methodology

We measure our environmental performance by reporting our global carbon footprint annually in terms of tonnes CO_2 equivalent (tCO_2e), an absolute measure, tonnes CO_2 equivalent per £1m revenue and per person (intensity measures). The data relates to Capita's owned and leased facilities and business travel under its operational control across all geographies. We report separately on our direct emissions from Capita controlled and owned sources (Scope 1), indirect emissions from consumption of electricity, heat or steam (Scope 2), and emissions from third parties (Scope 3). This ensures our compliance with Part 7 of The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 which requires certain disclosures in respect of GHG emissions (the Strategic Report GHG Emission disclosures).

We engaged an external agency, SLR Consulting Ltd, to provide independent limited assurance over the selected GHG emissions data (highlighted in the table opposite with an *) using the assurance standards ISAE 3000 and 3410. SLR Consulting Ltd has issued an unqualified opinion over the selected data; its full assurance statement is available at www.capita.com/responsible-business/resources-and-reports.

Our disclosures cover sources of our GHG emissions from our operations in the UK, Ireland, Central Europe (Germany, Switzerland, Poland and Bulgaria), India and South Africa. Capita converts the consumption data into a carbon footprint with consideration for the World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol, together with the latest emissions factors from the UK Department for Environment, Food and Rural Affairs, Association of Issuing Bodies and International Energy Agency.

Table of progress against SBTi verified short-term targets

	2024 actual	2024 target	2030 SBTi short-term target
Scope 1 (tCO_2e)	**5,150**	11,206	10,201
Scope 2 (tCO_2e) (market-based)	**4,076**	16,341	14,876
Scope 3 (tCO_2e) (business travel and waste)	**5,163**	22,153	16,540
Progress against SBTi verified short-term engagement target	**2024** actual	2024 target	2025 target
Scope 3 supply chain spend covered by science-based targets %	**58%**	42%	50%
Other metrics	**2024**	2023	2022
100% renewable power progress (as % of total power)	**89%**	90%	85%
Transition from internal combustion to low emission vehicles:			
Diesel	**12%**	43%	47%
Hybrid electric	**65%**	52%	48%
Pure electric	**23%**	4%	4%
Average CO_2e Fleet vehicle energy source	**69g/km**	96g/km	96g/km

Notes:

Total gross tonnes of CO_2e/£1m revenue (location-based) has been calculated using reported revenue.

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

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

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

Emissions data above covered by limited external assurance to ISAE 3000

TCFD

TCFD statement of compliance

Capita has been disclosing against the TCFD recommendations since 2021. Our 2024 TCFD statement provides our approach to climate related risks and opportunities, the potential impact on our business and the actions we are taking to respond.

How our approach to TCFD has evolved:

2021

We worked with climate experts SLR Consulting to identify and assess a range of climate risk and opportunities and their potential impacts. Our internal team scored the risk and opportunities across climate scenarios and time horizons.

2022

We selected five key risks for quantification and identified a range of associated risks, opportunities and impact, including potential future financial impacts. These were:

1. Water stress vulnerability (see case study 1 on page 64)
2. Carbon pricing costs exposure
3. Supply chain pass through costs exposure
4. Energy pricing exposure
5. Carbon credit pricing vulnerability

2023

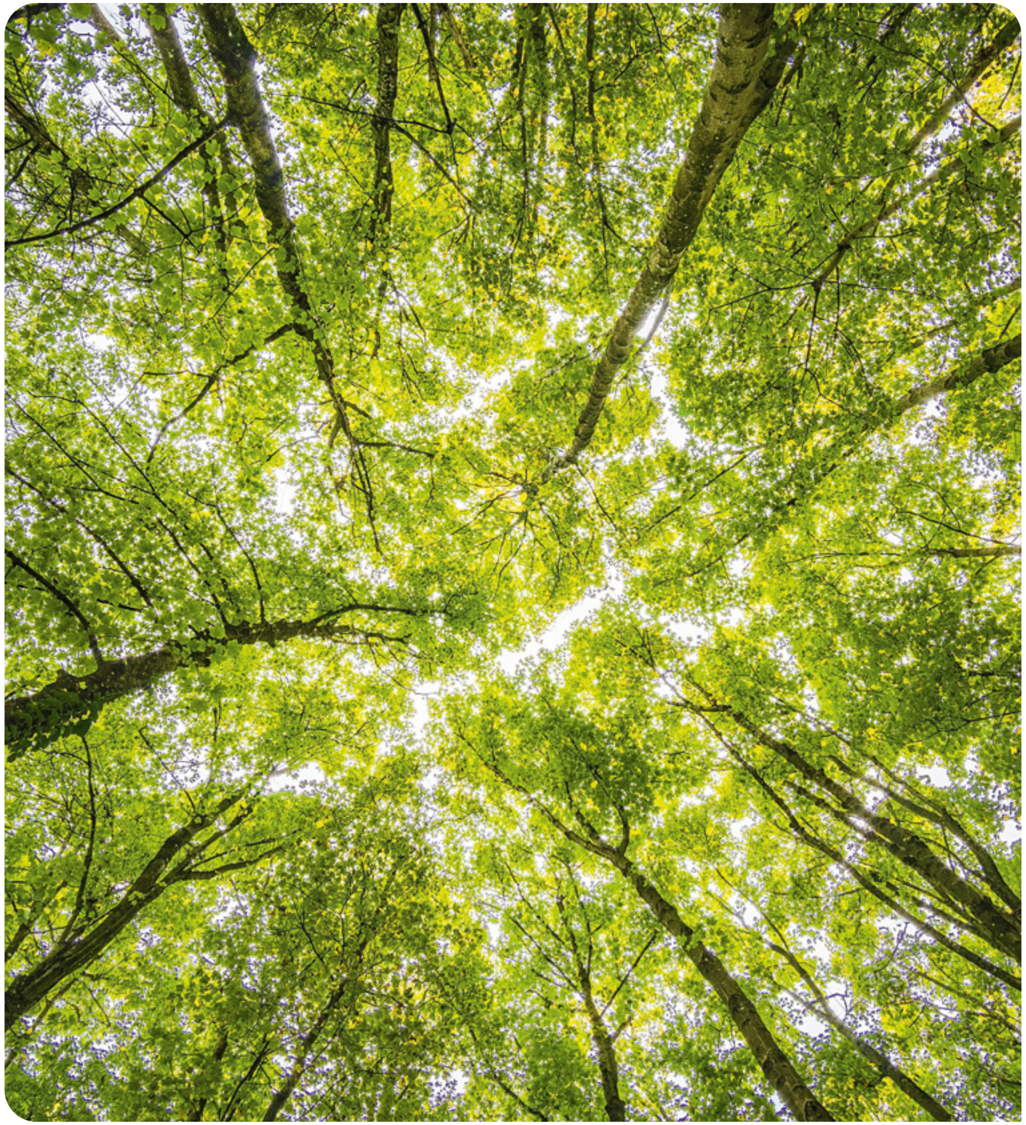
We took a deep dive into a key **transitional** risk with a specific focus on increasing climate requirements in bids (see case study 2 on page 64)

2024

We took a deep dive into a key **physical** risk, focusing on the risk of flooding due to extreme weather conditions (see case study 3 on page 65)

Plans for 2025

In 2025 we plan to become more mature in our understanding of the financial impacts of the risks and opportunities we have identified and will work with third party expertise to do this.



Assessment of Capita's disclosure against the TCFD recommendations

TCFD recommendations

Governance	Capita's progress	Page number
a. Describe the Board's oversight of climate related risks and opportunities	Consistent	61
b. Describe management's role in assessing and managing climate related risks and opportunities	Consistent	61
Strategy	**Capita's progress**	**Page number**
a. Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term	Consistent	63
b. Describe the impact of climate related risks and opportunities on the organisation's business, strategy and financial planning	Partially Consistent Over the past few years Capita has completed qualitative and quantitative climate scenario analysis, and integrated climate change across risk management processes as part of ESG principal risk. However, the analysis has not yet been embedded into financial and strategic planning. We will identify how this will be done as part of our low carbon transition plan, which is expected to be published in 2025. The plan will outline our strategic approach to achieving net zero, aligning with global efforts to combat climate change.	63
c. Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2 degrees C scenario or lower	Consistent	65
Risk management	**Capita's progress**	**Page number**
a. Describe the organisation's processes for identifying and assessing climate related risk	Consistent	66
b. Describe the organisation's processes for managing climate related risks	Consistent	66
c. Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management	Consistent	66
Metrics and targets	**Capita's progress**	**Page number**
a. Describe the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	Partially Consistent As Capita is in the early stages of disclosing climate related financial information, we are working on our internal processes to determine potential financial impacts and the amount and extent of assets or business activities that are vulnerable to transition risks.	67
b. Disclose Scope 1, Scope 2 and if appropriate Scope 3 Greenhouse Gas (GHG) emissions, and the related risks	Consistent	67
c. Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	Consistent	67

Governance

Capita recognises that climate change and wider environmental emergencies present significant risks to society and the planet. Therefore, dedicated roles and responsibilities have been defined in line with Capita's risk management process.

The Board has ultimate accountability for these risks and their management, with delegated responsibilities to both Board committees and the Executive Team, cascading to management for day-to-day oversight.

Climate-related responsibilities and decision making governance structure

Board

Capita Board

Responsibility: promoting long-term sustainable success, generating value for shareholders and contributing to wider society. The Board provides direction to the Executive Team by setting the organisation's risk appetite and overseeing the principal risks facing the organisation, including responsible business risk which incorporates climate change.

2024 actions: climate issues are raised to the Board on an ad-hoc basis as they arise resulting in multiple discussions throughout the year. Examples include the sign-off scope of work to develop a climate transition plan at Capita in response to guidance from the UK Transition Plan Taskforce.

Board Committees

Audit and Risk Committee

Responsibility: assists in overseeing risk systems.

2024 actions: review and approve the 2024 TCFD disclosure on an annual basis. Half-yearly review of risks and controls.

RB Committee

Responsibility: strategic oversight and accountability for climate-related issues, chaired by Nneka Abulokwe, Independent Non-Executive Director.

2024 actions: the RB Committee meet four times during the year. Actions included the approval of a revision to Capita's net zero targets.

Remuneration Committee

Responsibility: sets remuneration policy and principles for remuneration of the Executive Directors and members of the Executive Team. Met four times in 2024. Responsible business targets, including climate change, may be included as a metric in incentive plans if appropriate.

Executive

Executive Team

Responsibility: accountable for implementing and operating effective governance, risk management and internal controls. This includes monitoring performance in line with climate change targets and objectives.

2024 actions: The Executive Team meet monthly, and actions have included nomination of key roles throughout the business to form a Net Zero Representative working group with the objective of developing Capita's first low carbon transition plan.

Divisional & Group management

Management positions with key responsibilities

- Chief Executive Officer: overall executive accountability for climate related risks and opportunities and ensuring that climate issues are appropriately considered at Board and Executive Team level.
- Business Leaders: adopt Group-wide risk policies, identify climate-related risks for their division. Accountable for risk management, governance and control, quarterly reporting to the Executive Team.
- Chief General Counsel and Company Secretary: reporting directly to the CEO, accountable for development of Capita's net zero strategy and ultimate reporting line for Group Environmental Team.
- Chief People Officer: ownership of the responsible business principal risk, who includes Climate Change, working closely with the Group's Risk and Compliance and Environmental functions.
- Net Zero Representatives: roles nominated by the Executive Team which are responsible for the creation of Capita's first low carbon transition plan.
- Management positions are responsible for providing regular updates to the Executive Team.
- Procurement supports the review and measurement of emissions and engagement with key suppliers.
- Finance supports the quantification and reporting of risks and opportunities as part of Capita's climate risk and opportunity assessment.

2024 actions:

- Identification of key stakeholders and planning for Capita's first low carbon transition plan.
- Responsible business monthly update meetings commenced and have identified areas where business representatives can work together to tackle climate change risks and opportunities.
- Disclosure made through CDP.

Strategy

Both climate related risks and responsibilities have the potential to impact our business. By using the steps recommended by TCFD we aim to maximise the positive impacts and minimise the negative impacts.

Capita worked with third party experts SLR Consulting to use climate scenario analysis to identify, assess, and prioritise climate risks and opportunities, through a series of workshops. This forward-looking assessment strengthens the Group's understanding of the possible impacts across different climate scenario outcomes to inform the overall business strategy, build resilience and mitigate climate risk impacts. Capita is continually evolving its approach to climate risk and opportunity assessment to increase depth and coverage over time, and better align with the business' strategic priorities.

Time horizons

Our climate assessment considers potential impacts across short-term (0 – 3 years), medium-term (4 – 9 years), and long-term (10+ years) time horizons to reflect the longer-term impacts of climate change. The time frames that have been selected align with those used in our risk management processes.

Climate scenarios

Across the phases of climate scenario analysis, Capita has referenced a range of different climate scenario sources dependent on the suitability for analysing selected risks (scenario sources/are referenced in the table below). Broadly the Group has referenced scenarios under three categories shown in the following table: orderly transition, disorderly transition, and hot house world. These scenarios were selected to explore the potential worst-case impacts of transition and physical risks.

Scenario category	Orderly transition	Disorderly transition	Hot house world
Storyline	Ambitious early action increases risks associated with low carbon transition but limits the effects of global warming.	Delayed, or late and sudden action resulting in transition related shocks to society alongside higher impacts from physical risks.	Limited action results in significant warming, and more severe impacts from physical risks.
Temperature outcome	1.4 – 1.6°C	1.4 – 1.6°C	2.6 – 4°C+
Scenario source/model	NGFS's Orderly Transition including net zero 2050 & Below 2°C. IEA Net-Zero 2050	NGFS's Disorderly Transition including Delayed Transition & Divergent Net Zero	NGFS's Hot House World scenario including Current Policies & NDCs. RCP 8.5

Climate risks and opportunities

The identification and assessment methodologies for each phase of analysis are described in more detail in the risk management section on page 66. The consolidated list of risks and opportunities relevant to our business is disclosed on the following page. Over the years our continued assessments have broadened our perspectives on the risks and opportunities that could impact Capita. To simplify the list of risks and opportunities identified, we have categorised the risks and opportunities into four groups. The following table lists the categories and associated risks, providing more detail on the drivers and potential impacts to the business, including how we are or plan to respond. The four categories include:

- **Market shift for low-carbon solutions:** increase in demand for low-carbon solutions which could take a larger market share.
- **Net zero transition:** investment required to align with the transition and mitigate risk across the value chain.
- **Stakeholder expectation for climate action:** mandates and requests for climate action and disclosure to align with ambitious goals.
- **Physical risk:** increasing impact from extreme weather events across the value chain.

Climate risks and opportunities table

Transition risks and opportunities

Potential financial business implications	Possible impacts	Summary of climate scenario analysis and expected time horizons	Mitigation actions
Market shift for low-carbon solutions and lack of skills required to respond. • Increasing requests and demands for low-carbon products and services which are beyond typical services currently provided by Capita.	• Loss of revenue and market share if Capita is not able to capture low-carbon opportunities. • Investment required to develop strategic capabilities and upskilling of workforce. • Loss of profit margins if Capita must outsource elements of service delivery for low-carbon solutions where we do not have capabilities.	Capita is already seeing an increased demand for low-carbon solutions. We expect this trend to increase in an orderly scenario in the short-term as solutions are required to meet transition goals.	• Build strategic focus on growing service offerings of consulting and technical low-carbon solutions. • Raise awareness and capabilities across Capita to respond more quickly and easily to increasing demand. Opportunity: to grow our low-carbon offerings and access new markets to raise revenues.
Net zero transition increases capex requirements for decarbonisation as well as higher opex related to carbon generating activities. • Major investment may be required to decarbonise business operations, eg through upgrading boilers. • Internal resources required to manage and mitigate climate impacts. • Introduction and expansion of carbon pricing mechanisms to increase the cost of carbon and incentivise the shift to low-carbon operations.	• High upfront investment costs required to decarbonise operations across the value chain. • Resource required to support value chain engagement to drive climate action across the value chain. • Increased direct costs associated with carbon taxation. • Increased indirect costs associated with energy procurement or passed through from suppliers.	Capita is committed to achieving net zero by 2045, which minimises its exposure to transition risks. Without effective controls, this risk would be most prevalent in an orderly and disorderly scenario where climate policy is most advanced and would be expected to increase over time.	• Assess viability and prioritisation of decarbonisation measures eg energy efficiency, fuel switching, and renewable energy to reduce emissions which can offer cost savings and minimise exposure to higher transition costs. • Continue use of Capita's sustainability procurement plan to work with suppliers which are less carbon-intensive and aligned with the Group's decarbonisation goals. • Increase flexibility of property portfolio to enable more agile response to changing energy and transition demands. Opportunity: Capita is planning to minimise its exposure to transition risks through continued action against its net zero target eg energy efficiency measures, and by developing a comprehensive transition plan to consolidate these actions.
Stakeholder expectations for climate action could result in reputational damage and financial implications if seen to be insufficiently responding to climate action or reporting requirements. • Increasing customer demand to meet climate-related requirements in bids. • Legislation and compliance requirements covering a range of environmental issues. • Increasing stakeholder concern around the sufficiency of sustainability action.	Increased exposure to financial penalties, additional costs, or exclusion from business activity if not meeting customer or jurisdictional requirements. • Potential loss of opportunities if unable to respond effectively to climate-related bid requirements. • Loss of market share if competitors gain competitive advantage from more ambitious climate action. • Risk of losing top talent and investment if not seen to be taking sufficient action.	Capita is already responding to mandatory and voluntary climate reporting frameworks to promote transparency for interested stakeholders. Stakeholders are already expressing high expectations, which are expected to increase significantly in an orderly scenario over time.	• Raise awareness and continue to strengthen environmental credentials to better respond to customer requests and align with the best practice of reporting mandates. • Continual monitoring, with defined accountability for net zero achievement cascaded through the business. Opportunity: to differentiate its technical solutions by better embedding climate (and other ESG issues) into bid responses.
Physical risk			
Physical climate risk results in disruption across the value chain. • Operational disruption of owned, leased and supplier assets if impacted by climate events, which are likely to increase in frequency and severity.	• Increased frequency and cost of building repairs, and/or adaptation measures. • Increased cost of cooling data centres, due to warmer temperatures and water scarcity. • Increased response costs to respond to issues like power outages, water sanitation etc, which are affected by climate impacts on local infrastructure.	Capita has not experienced significant disruption to date. This risk is expected to manifest over long-term time horizons and will be most significant in a hot house world scenario where the temperature rise will be much higher.	• Capita's flexible property and delivery strategy means we are agile and can minimise overall disruption if a site is temporarily impacted. These response options are outlined as part of our business continuity plans. • Conduct in-depth risk assessments to understand the vulnerability to different climate variables so controls are effective. • Assess multiple physical climate hazards at key sites to strengthen understanding and response to physical risks. Opportunity: by carrying out an expanded assessment of physical hazards, Capita can limit its exposure to potential future costs linked with physical climate events.

Climate risks and opportunities table *continued*

In the process of our climate risk and opportunity assessment and scenario analysis, where we identified a need to understand the potential impact on the business, we conducted analysis to explore this in more depth. The following case studies provide examples of our analysis focused on exploring the impacts from water stress, climate-related criteria in bids and flooding.

Case study 1: key physical risk (2022)

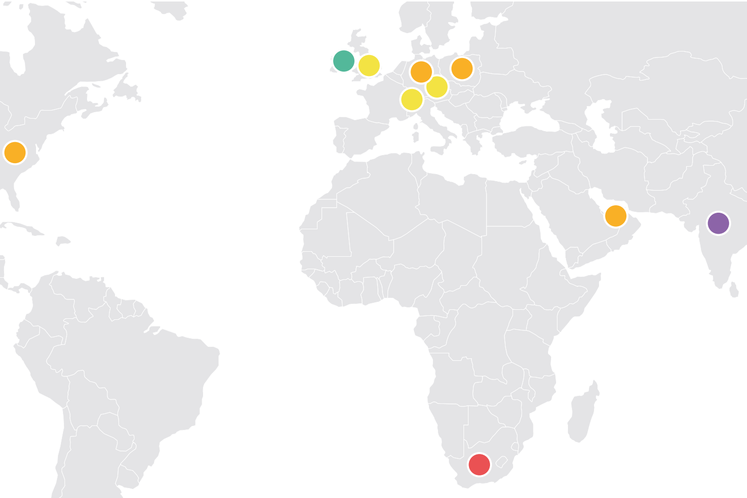
Water stress at key operational sites causes disruption to operations and higher costs for water supply and treatment.

What is the risk and the potential impacts?

- Capita recognises that with continued global warming, increasing water stress (where supply does not meet demand) is expected to drive competition for available supply among consumers and higher prices.
- We assessed the potential impact of water stress across 10 regions including 20 key sites (office, residential, data centres and call centres). The two regions that scored the highest impact rating were South Africa and India, covering several of Capita's critical operational sites. Moderate impact was identified across Germany, USA, UAE and Poland.
- The main impacts identified include power outages from water stress causing disruption to business activities, as well as increased costs for water sanitation and hygiene facility maintenance driven by increased cost and volatility of water supply.

What is the business doing to address the identified risk?

Capita is exploring possible mitigation actions in South Africa and India that include short-term lease agreements and employing work-from-home contracts to allow flexibility to maintain business activities.



Overall water stress vulnerability scores per each region

- Significant impact
- Major impact
- Moderate impact
- Minor impact
- No immediate impact

Case study 2: key transition risk (2023)

Future-facing ability to respond effectively to climate-related bid requirements.

What is the risk and the potential impacts?

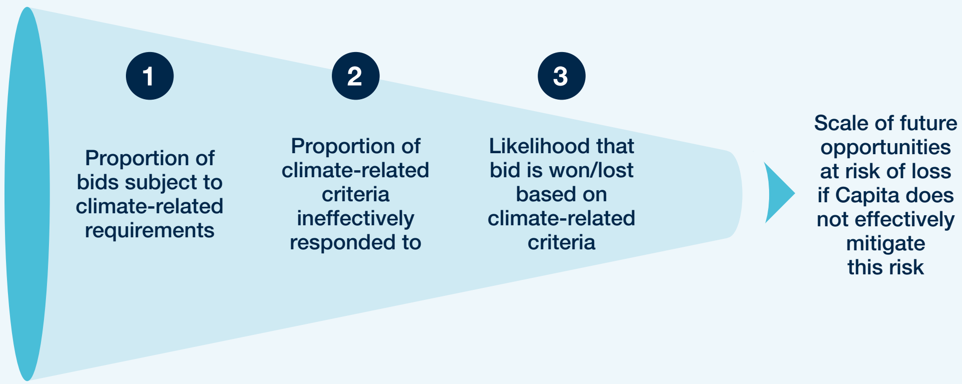
- Capita's bid process for new service contracts is increasingly subject to environmental and specifically, climate-related requirements as part of the scoring process determining bid success. This applies both to public and private sector bids.
- In future, given the fast-changing nature of these requirements and anticipated increases in score weighting for these across both the public and private sector, Capita is at risk of falling behind and losing future business opportunities if it does not adequately prepare to respond.

What is the business doing to address the identified risk?

Capita is engaging across the business to raise awareness of the potential for losing bids if climate related criteria are not sufficiently addressed. In doing so it has identified measures to mitigate the risk and instead transform this into an opportunity for Capita to differentiate itself among competitors and contribute to positive climate impacts through its services.

The focus areas for risk mitigation include continuing action on environmental performance, strengthening bid governance including the contract review process, and building climate related capabilities and skills for those involved in the contract delivery lifecycle.

Factors used to quantify scale of potential financial impact from risk



Case study 3: key physical risk (2024)

Adverse weather conditions causing flooding at operational sites.

What is the risk and the potential impacts?

- Climate change is leading to more frequent and severe flooding events. Rising sea levels and extreme weather patterns contribute to this increased risk.
- We assessed the risk of flooding across our property portfolio. We identified 11 sites at risk of flooding across different climate scenarios.
- All sites were UK based, and this is likely to be a longer-term risk.
- Impacts of flooding at our properties could include physical damage to buildings and equipment.
- Flooding can disrupt business operations by damaging infrastructure, causing power outages, and making transportation routes impassable. This can lead to downtime and loss of productivity. Costs are associated with physical damage, operational disruption, and supply chain interruptions. Additionally, Capita may face increased insurance premiums and difficulty obtaining coverage.

What is the business doing to address the identified risk?

Capita has business continuity planning that includes short-term lease agreements and employing work-from-home contracts to allow flexibility to maintain business activities.

Resilience and transition plan

In the near term, transition risks are deemed to be more material to the business than physical risks. While our decarbonisation action plan reduces our exposure to transition risks associated with energy and carbon costs, we are still sensitive to changes in customer behaviour and markets. As such, our engagement strategy with stakeholders across the value chain is important in ensuring we are proactive in minimising the risk and seizing opportunities that align with a net zero transition.

Our climate scenario analysis using hot house world-related scenarios demonstrates how the impacts on our business from physical climate change could increase over time. As such, we plan to conduct further analysis of the impacts from a wider range of physical climate variables across our portfolio and supply chain in the future.

Capita has updated its target to become fully net zero by 2045 and is working to validate this target with the SBTi. Further details on our targets can be found on our climate change hub webpage: https://www.capita.com/about-capita/climate-change-hub.

Risk management

Understanding the physical and transitional climate-related risks and opportunities relevant to our business means we are better able to identify and respond to the most exposed areas of our business.

Climate change is fully integrated into our risk management system and has been categorised as part of Capita's responsible business principal risk. As part of the responsible business principal risk, climate change risk is subject to oversight and half yearly review by the Board's Audit and Risk Committee, and ownership is assigned to the Chief People Officer (see page 61 for full climate risk and opportunity governance structure).

Risk identification and assessment process

In 2021, to ensure the nuances of climate issues are accounted for and understood by the business, Capita held several internal interviews to understand how risks and opportunities manifest for different divisions and functions. Teams engaged included: Procurement; Business Growth & Continuity; Risk Management; Responsible Business; and Financial Planning. Each team has identified relevant climate-related risks and opportunities for their function. A longlist of risks and opportunities relevant to the Group was developed, cross-referenced against a peer review and TCFD resources, and was qualitatively analysed in 2021. The analysis provided Capita with an understanding of which climate issues were most significant to the business.

In 2022, we selected five climate risks to model quantitative potential future financial impact. These risks were selected based on their perceived significance, as well as the feasibility of quantification given data or methodology limitations. The financial implications were derived by extracting financial indicators from climate scenario sources and overlaying this with our business data eg applying a carbon price to our emissions profile. The risks quantitatively assessed included water stress under the physical climate risk category, and net zero transition carbon pricing under the category supply chain pass-through cost and carbon credit pricing. The assessment results specific to these risk drivers can be found on pages 51 and 52 of the 2022 Annual Report.

In 2023, we prioritised one key transition risk associated with growing stakeholder pressure for climate action, specifically exploring the potential financial impacts of insufficient responses to fast-changing climate requirements in bids. The purpose of this was to develop understanding of the potential future implications and to engage the business on the matter, the outcomes are disclosed on page 54 of the 2023 Annual Report.

We developed an internal quantification tool which models the potential financial impacts of lost opportunities under hypothetical scenarios, which is being used to engage relevant divisional teams around our response to this risk and associated opportunity. Capita will adopt a similar approach for the continued analysis of risks and opportunities where it is recognised that there is a lack of business awareness or a significant opportunity.

In 2024 we focused on a key physical risk and used Climate Central's sea level rise and coastal flood maps as a screening tool to identify places that may require deeper investigation of risk. We mapped the risk of flooding using the previously mentioned climate scenarios for our whole property portfolio and reflected threat from permanent future sea level rise. Results, implications and mitigation actions can be found on page 65.

Risk controls

As with all Group-wide risks, the scoring process applied to climate change within the responsible business principal risk identifies key controls to reduce the risk level from inherent to residual. Risk reduction actions are developed to achieve the risk target, which is set using the risk appetite defined by the Board.

Current climate risk controls include adopting science-based emission reduction targets; monitoring supply chain emissions; climate factors integrated into due diligence when onboarding new suppliers; business continuity planning to ensure climate resilience; a travel policy to reduce business travel; and ongoing monitoring of environment legislation. These controls and their effectiveness are reviewed regularly.

Risk integration approach

The results of the risk identification and assessment process are integrated into Capita's Group-wide risk management framework. More information can be found on page 68.

Metrics and targets

Climate-related metrics

The business is committed to developing cross-industry, climate-related metrics in accordance with the 2021 TCFD implementation guidance update. Capita's metrics link to risks and opportunities categorised as market shift to low carbon solutions and net zero in the climate risks and opportunities table above. See the annual GHG emissions table in the Planet section for the movement in metrics and progress against targets.

- Scope 1 to 3 emissions: we measure and disclose our operational (Scope 1 and 2) and business travel (Scope 3) GHG emissions annually, see page 58, and our full value chain emissions via CDP's climate questionnaire in accordance with the GHG Protocol's methodology.
- Exposure to climate-related risks: the climate scenario analysis conducted under strategy informs the significance of potential exposure to climate impacts over time and different climate scenarios.

Other climate-related indicators monitored:

- % of supply chain spend with suppliers who have science-based GHG reduction targets, helping track supply chain emissions and attainment of SBTs.
- Proportion of renewable electricity, tracking our fossil fuels phase-out and adoption of new energy sources.
- Emissions associated with business travel, contributing to the attainment of climate targets.
- Carbon intensity of business by turnover and headcount.

Climate-related targets:

Capita has set a range of ambitious targets to reduce the company's impact on global warming, and its exposure to climate-related risks. Capita has updated its target to reach net zero by 2045 and is working with the SBTi to have this verified. A description of our performance over the past three years can be found on page 54.

- Near-term targets: Capita commits to reduce absolute Scope 1 and 2 GHG emissions and absolute Scope 3 GHG emissions covering business travel 46% by 2030 from a 2019 base year. Capita also commits that 50% of its suppliers by spend covering purchased goods and services and capital goods will have science-based targets by 2025.
- Long-term net zero target: Capita commits to reduce absolute Scope 1 and 2 GHG emissions, and absolute Scope 3 GHG emissions covering purchased goods and services, capital goods, business travel and employee commuting by 90% by 2045 from the base year of 2019, and neutralise any remaining hard-to-abate emissions using robust carbon removals.
- Capita's plan to achieve these targets across our global operation is addressed under 'Steps to 2045 – Low Carbon Transition Planning', see page 55.

"Capita is committed to achieving net zero by 2045, demonstrating our dedication to sustainability and climate action. Our proactive approach to climate-related risks and opportunities ensures we remain resilient and forward-thinking, aligning with global efforts to combat climate change."

Risk management and internal control

We manage risks proactively

Capita faces various risks which, if they were to materialise, could adversely affect our financial performance, reputation, or operational resilience. Effective risk management and internal controls are essential to safeguarding shareholder value, serving our clients and customers effectively, and achieving our strategic objectives, including our preparedness to explore potential growth opportunities.

Risk governance and oversight

The Board is ultimately accountable for providing strategic governance and stewardship of the company and is committed to the continuous improvement of our governance frameworks and risk management processes.

The Audit and Risk Committee (the ARC), which holds delegated responsibility from the Board for reviewing and assessing the risk management and internal control systems, is tasked with overseeing Capita's principal risk profile and ensuring that management has developed effective risk response strategies. Throughout 2024, the ARC continued to review and brief the Board on the Group's system of risk management and internal controls, as well as the effectiveness of procedures for internal control over financial reporting, compliance, and operational matters.

The executive risk and ethics committee (the EREC) is responsible for identifying, assessing, overseeing and challenging principal risks across all Capita's unregulated businesses and providing regular updates to the ARC. Capita recognises the importance of its financial services businesses and the need for specific oversight, to manage and mitigate regulatory risks associated within those businesses. This oversight is provided by the financial regulated entities oversight committee (the FREOC). The FREOC is chaired by an independent non-executive director, supported by specialist risk and compliance professionals, providing regular updates to the ARC.

Our Group risk management policy and standard set out Capita's commitment to risk management and is mandated to all parts of Capita. The standard describes the five-stage approach for the management of risks on a day-to-day basis, providing business leaders with a consistent process for the risks that they are accountable for. On a day-to-day basis, divisional and functional leaders, senior leadership and business unit teams identify, manage and monitor risks that they are accountable for in adherence with the group risk management policy. We continuously seek opportunities to enhance our risk management and internal control environment and introduce greater rigour and standardisation in our risk processes and controls.

Capita recognises that risk cannot be fully eliminated and that there are certain risks the Board and/or business leaders will accept when pursuing strategic business opportunities. However, these risk acceptance decisions are made at an appropriate authority level and reflect the organisation's defined risk appetite.

Internal controls

In 2023 Capita initiated an internal controls improvement programme to document key business processes and controls. This improvement programme continued throughout 2024 under the oversight of the ARC. This programme will continue through 2025 and 2026 to enhance and standardise the company's internal control framework and ensure compliance with new UK Corporate Governance Code and the disclosure requirements issued by the Financial Reporting Council. The Group Internal Audit function will provide assurance over control design and operating effectiveness as part of its 2025 and 2026 annual audit plans. The Board and the ARC acknowledge the work required to fully embed robust internal control and risk assessment frameworks.

Minimum control standards

Minimum control standards are the self-assessment of financial controls undertaken by the finance function to identify areas where control improvements are required. Any material issues are dealt with through mitigating activities to ensure the effectiveness of the existing controls over financial reporting. During 2024, the finance function continued to enhance the self-assessment process across the whole organisation to obtain assurance over the operation of key financial controls. Specific improvements included ensuring the scope of the minimum control standards aligns with the latest documentation of key risks and controls over financial reporting and incorporating more robust evidencing of control activity into the self-assessment process. The results from the self-assessment exercise are reported to the ARC.

Key control questionnaire

Capita runs a key control questionnaire (KCQ) process. The KCQ is an annual management attestation process where business leaders testify to the effectiveness of key controls and adherence with group policies linked with principal risks within their functions, divisions or business units. The KCQ reinforces accountability and increases business leaders' awareness of their responsibilities in maintaining an effective control environment. The results from the KCQ process are used to develop control improvement actions for the subsequent year and reported to ARC by the CEO, in his letter of attestation detailing control effectiveness. The status of KCQ control improvement actions is monitored by EREC throughout the year.

Risk management process

Our risk management framework (RMF) consists of the risk management policy, standard, guidance material and tools, and mandates our approach for the management of risks across Capita, with implementation and execution owned by business leaders within each of our functions, divisions and business units. The RMF provides a consistent approach to the identification, response, assessment, monitoring and reporting of risks and opportunities. The RMF also ensures that ownership and responsibilities for managing risks and operating risk governance committees are clearly understood across the Group.

The risk management process is based on risk registers and reporting at the established risk governance committees. Key risks are documented in registers with assigned owners, who regularly review their risks and report on risk status on at least a half-yearly basis at divisional and functional risk governance committees, EREC and ARC. The effectiveness of existing controls is evaluated to determine whether any further risk response actions are needed to manage risks within the appetite levels set by the Board. Business leaders work in collaboration with each other to undertake a 'top down,

Risk governance structure and assurance lines

3

Third line of defence

- Internal Audit reports directly to the Board and ARC on the effectiveness of governance, internal control and risk management, through an independent risk-based assurance programme
- Helps safeguard the first two lines and recommend improvements as the risk profile adapts and changes

2

Second line of defence

- Provides the policies, framework, tools, techniques and support to empower risk and internal control to be managed by the first line
- Establishes monitoring controls, provides oversight and regularly evaluates the effectiveness of the first line
- Promotes consistency of the key objectives and management of risk across the Group

1

First line of defence

- Includes senior leadership and employees who, as part of their core roles, identify and manage key risks
- Equipped with the necessary skills, knowledge and tools to operate effectively and have the relevant authority levels to embed the policies and procedures across the internal controls and risk management frameworks

bottom up' risk management approach, supporting the flow of risk information across all levels of Capita. A centrally coordinated risk and assurance committee timetable ensures the timely flow of risk information from business units to EREC, and from EREC to the ARC.

Emerging risks

The identification of emerging risks is carried out by functions, divisions and business units using a bottom-up approach, and the executive from a top-down perspective. Having been identified, business leaders follow the five-stage approach to ensure compliance with the risk management framework and an effective risk response is prepared. Regular reviews of risks, including emerging risks, are included within Capita's risk governance committees. During the year, no emerging principal risks were identified.

Our principal risk profile

Principal risks are defined as those risks that we determine to be the most material which can affect the performance, reputation and operational resilience of our business. These risks are owned and managed by a member of the Executive Team who has accountability for ensuring that the risk is effectively managed. Assigning risk ownership at executive level also ensures that an appropriate level of attention and focus is applied in managing the principal risks. We review our principal risk profile half-yearly at our risk governance committees to ensure that it remains relevant and in line with our strategic objectives.

In 2024, an individual risk appetite was developed for each newly defined principal risk. The risk appetite outlines the amount of risk Capita is willing to take for each individual risk which must not be exceeded. The risk appetite has a scale of averse, low, moderate and high, which risk owners use to guide their risk response strategies. The EREC and ARC agreed the risk appetite which will be reviewed annually to ensure it continues to reflect the Group's attitude to risk.

The Board remains confident that our existing governance frameworks and risk management processes will ensure that risks, including any emerging risks, continue to be identified and managed effectively. The Board acknowledges the work required to fully embed a robust internal control and risk assessment framework.

At Capita, principal risks are considered over the same three-year period as the viability statement. They are listed below, and for each risk we disclose key risk drivers, mitigating actions, and intended future mitigations to manage the risk and improve internal controls. The risk appetite level for each principal risk is also disclosed.

Risk	Executive risk owner	Risk appetite	2024 risk trend	Risk trend
1. Deliver profitable growth	Divisional Chief Executive Officers	Moderate	Stable residual risk level	We continue to bid for new contracts and have renewed a number of existing contracts on appropriate commercial terms
2. Contract performance	Divisional Chief Executive Officers	Low	Stable residual risk level	We continue to deliver services that are vital to the success of our clients in line with contractual commitments
3. Innovation	Chief AI & Product Officer	Moderate	Stable residual risk level	We have made progress during the year appointing a Chief AI & Product Officer, managing existing propositions and identifying opportunities which will create new propositions for our clients
4. People attraction and retention	Chief People Officer	Low	Reducing residual risk level	We continue to be successful in attracting the talented people we need to succeed and have seen a reduction in voluntary attrition (reducing from 24.4% in December 2023 to 21.7% at the end of December 2024)
5. Financial stability	Chief Financial Officer	Low	Stable residual risk level	Actions are being taken to improve the financial performance of the group including the up to £250m cost reduction programme, to exit the closed book life and pensions business and the application of technology to deliver overall operating and efficiency improvement
6. Cyber security	Chief Technology Officer	Averse	Reducing residual risk level	We continue delivering on our Cyber Transformation programme which has led to an improvement of our cyber security posture, to protect our systems from unauthorised access and use
7. Environment, social and governance	Chief People Officer	Low	Reducing residual risk level	We are working towards the delivery of our net zero transition plans to reduce our environmental impact and supporting our clients and suppliers to do the same. Good progress has been made on activity relating to this risk
8. Safety and health	Divisional Chief Executive Officers	Averse	Stable residual risk level	We continue to protect the safety and health of all Capita's employees, and manage our duty of care to them, the people we work with and those affected by our acts and omissions
9. Data governance and data privacy	Chief General Counsel	Averse	Stable residual risk level	We continue to prioritise and invest in our strategic Data Management programme supervised by the Board. We have seen an improvement in our Data Maturity Association (DAMA) maturity score and continue to improve our data protection practices

Principal risk

1. Profitable growth

Attract new clients and retain existing clients on appropriate commercial terms

Executive owner:

Divisional Chief Executive Officers

Key risk drivers

- Ineffective client engagement and/or relationship management
- Reducing market size due to new technologies
- Non-competitive cost proposition and solutions
- Inappropriate commercial terms
- Lack of investment in technology solutions to innovate and deliver in new customer value propositions
- Misalignment to market requirements

How we manage the risk

Integral to our growth strategy, this risk considers the potential impact of failure to win new bids or renew existing contracts on appropriate commercial terms. There is enhanced focus on leveraging digital platforms and technology enabled solutions to meet and enhance our value proposition.

Mitigating actions
- Market sector strategies and account plans
- Sales governance process
- Market intelligence and horizon scanning
- Transformation programmes

Future mitigation
- Acceleration of technology strategy through our new Chief AI & Product Officer in collaboration with hyperscalers
- Continue to strengthen customer focus
- Renewed focus on a broader range of target deals
- Implementation of client group engagement governance

Principal risk	Key risk drivers	How we manage the risk
2. Contract performance **Deliver services to clients in line with contractual and legal obligations** **Executive owner:** Divisional Chief Executive Officers	• Ineffective contract framework/oversight • Ineffective supplier management and/or due diligence • Not having the capacity (e.g. not delivering at pace) or capability to deliver contractual expectations • Ineffective/slow service mobilisation • Absence of or poor MI/performance data • Aged, unstable or unreliable infrastructure	Clients and customers are at the heart of what we do. Ensuring that we not only deliver services to clients in line with contractual and legal obligations but going above and beyond is fundamental to our strategy in ensuring that we remain as trusted partners to our clients. There is constant focus on enhancing customer engagement and improved governance of contract lifecycle management. **Mitigating actions** • Contract performance reviews • Workforce management • Service mobilisation • Operational business resilience and recovery plans **Future mitigation** • Contract monitoring and assurance • Renegotiate selected onerous terms, service level agreements and transformation plans

Principal risk	Key risk drivers	How we manage the risk
3. Innovation **Innovate and develop new customer value propositions with speed and agility** **Executive owner:** Chief AI & Product Officer	• Lack of clear strategy and ownership for innovation-based change • Lack of investment in new technology and capability • Non-alignment with technology trends and developments • Lack of capacity and/or skill sets to develop, scale and sell innovative solutions	Innovation, the pursuit of new and ground breaking ideas, technologies and/or strategies inherently involves venturing into uncharted territory which may expose Capita to various risks such as the possibility of failure, financial losses and negative impacts on reputation and market position. Timeliness of embracing appropriate technology and aligning it to enhanced customer experience and value proposition is of the essence. The advent of AI brings challenges as well as opportunities for greater innovation. Capita appointed a Chief AI and Product Officer in December 2024. This new role underscores Capita's commitment to its technology and digital strategy which is a key driver of the Group's AI and product strategy. **Mitigating actions** • Divisional and client group strategy reviews • Digital steering group and investment committees • Analysis of market data and government policy **Future mitigations** • Digital transformation strategy • Adopt a partner first approach with hyper-scalers and relevant technology partners to develop innovative products and services for clients and their business. • Architectural conformance for in-life change • Aligning with technology trends and client expectations

Principal risk	Key risk drivers	How we manage the risk
4. People attraction and retention **Attract, develop, engage and retain the right talent** **Executive owner:** Chief People Officer	• Development opportunities and career progression that do not meet the expectations of colleagues • Uncompetitive pay and benefits • Lack of confidence in management and inadequate working relationships between managers and employees • External market factors effecting the availability of labour • Impact of cost-out and associated reward/pay decisions	Following the announcements on reward and the business' cost-out programs we have seen a significant planned reduction in headcount. Through our mitigating actions, we have been working to engage with our people and retain our talent and have seen a reduction in voluntary attrition across 2024. Our people remain our business' key asset, and we will continue to focus on our engagement, development and retention activity moving forward into 2025. During 2024, the residual risk level has reduced in acknowledgement of progress made. **Mitigating actions** • Career path framework and succession process • Global reward framework • Global management and leadership academy, performance and development process • Monitor external labour market and trends • Colleague performance reviews • Employee engagement survey **Future mitigations** • Continue to roll out pay and reward framework across all countries to ensure that they are competitive and more transparent • Deliver interventions from the culture programme • Mandatory leadership and management training • Embedding the career path framework globally across the business

Principal risk	Key risk drivers	How we manage the risk
5. Financial stability and resilience **Our ability to maintain financial resilience and achieve financial targets** **Executive owner:** Chief Financial Officer	• Inaccurate (long and short term) forecasting, business planning and connected cash flow volatility • Unexpected breach of debt covenants resulting in inability to drawdown facilities/ refinance as required • Insufficient cash-back profits resulting from revenue shortfalls or excess cost • Inefficient cost base • Significant unexpected cash-consumptive event(s)	The trading performance of the Group is outlined in the Chief Financial Officer's review. The Group's low levels of net debt, pension surplus, prudent balance sheet management and focus on improving free cash flow before business exits all serve to mitigate the risk of financial instability. **Mitigating actions** • Deal approval board approves key contracts, monitoring of major contract risks • Internal review and challenge of business plan and reforecasting during the year • Scenario modelling during business planning • Prospective monitoring of direct cash flow and covenant compliance • Maintenance of appropriate insurance to mitigate some events • Ongoing reviews of business performance and efficiency programme • Positive/proactive engagement (debt investors & relationship banks) **Future mitigations** • Improve cash generation increasing the efficiencies target from £160m of annualised cost savings by mid-2025 to £250m by the end of 2025 • Proactive focus of managed for value businesses including taking further action to exit closed book Life & Pensions where we have just one remaining client • Enhance the Group's cash forecasting and reporting processes

Principal risk	Key risk drivers	How we manage the risk
6. Cyber security **Protect our systems, networks and programs from unauthorised use and access** **Executive owner:** Chief Technology Officer	• Sub-optimal identify, protect, detect, respond, and recover capability (cyber security's five functions as defined by the National Institute of Science and Technology) • External threat (tech change, legal and regulatory including international, geopolitical landscape) • People (insider threat, capacity and capability, training and awareness) • Insufficient funding to improve and maintain security posture • Third party and partners' inadequate cyber and information security posture	Cyber security is a key focus for Capita and we continuously monitor and improve our cyber posture to ensure our systems, networks and programs are protected from unauthorised use and access. During 2024, the residual risk level has reduced in acknowledgement of progress made, supported by our regular cyber maturity assessment scores measured by the National Institute of Science and Technology (NIST) assessment framework and reviewed by an independent third party. **Mitigating actions** • Cyber security strategy and maturity assessment framework • Security tooling strategy is delivering an enhanced posture to plan. • Enhanced data loss prevention capability and improved end-point detection and response capabilities • Cyber training and awareness **Future mitigations** • Deliver cyber security programme • Deliver against our National Institute of Standards and Technology (NIST) improvement plan • Continued Security Operation Centre improvements • Continued focus of training and awareness

Principal risk	Key risk drivers	How we manage the risk
7. Environment, social and governance **Comply with regulatory and contractual requirements to drive a purpose driven organisation with the right focus on governance** **Executive owners:** Chief People Officer	• Non-compliance with applicable regulations and Capita policies and standards including but not limited to: supplier charter; Code of Conduct; human rights; environment; anti-bribery and corruption; procurement; conflict of interest; financial crime; diversity and inclusion; business resilience; and incident management • Inadequate monitoring, reporting and inability to fully understand all contractual obligations • Changing regulatory environment – e.g. new ESG reporting legislation	Capita is dedicated to being a responsible organisation, maintaining a continuous, Group-wide emphasis on governance to enhance outcomes for all our stakeholders, including employees, shareholders, clients, end-users and communities. We are committed to achieving net-zero emissions by 2045, minimizing our environmental footprint, and assisting our clients and suppliers in doing the same. During 2024, the residual risk level has reduced in acknowledgement of progress made. **Mitigating actions** • Annual external index ratings with EcoVadis, Dow Jones Sustainability Index and Sustainalytics • ESG and net zero governance process • Supply chain onboarding and in-life management including due diligence • Human rights policies and procedures **Future mitigations** • Develop net zero transition plans • Ensure compliance with non-UK legislative requirements • Implement responsible business principles • Embed the onboarding supplier charter adherence • Develop and implement in-life supplier compliance monitoring and management

Principal risk	Key risk drivers	How we manage the risk
8. Safety and health **Protect the safety and health of all Capita's employees and manage our duty of care to them, the people we work with and those affected by our acts and omissions** **Executive owners:** Divisional Chief Executive Officers	• Immature practical approach and lack of ownership and accountability • Inadequate HSE capability, capacity and structure • Inadequate incident and near miss reporting and analysis • Lack of standardised and reliable health data	As a responsible employer we are committed to the health, safety and wellbeing of our employees and the people we work with. **Mitigating actions** • Framework of safety and health policies, standards and processes including mandatory training • Health data collection and analysis • Safety and Health champions across business units alongside strategy in place across the UK • Incident management in line with Group policies, standards and procedures **Future mitigations** • Reconfigure reporting lines and structure of HSE • Embed a HSE strategy aligned to the geographical approach across our company
9. Data governance and data privacy **Manage our data effectively (both clients and Capita) as a strategic asset across the organisation.** **Executive owners:** Chief General Counsel and Chief Technology Officer	• Poorly defined data governance framework, practices or technology to manage data • Lack of awareness within the business of regulatory (especially data privacy) obligations • Obsolete and/or non-compliant IT systems • Inadequate people training • Ineffective data inventory mapping	Data is the lifeblood of Capita and a strategic asset that we will manage to improve client value and citizens' lives, allow risk to be managed more effectively, elevate trust with stakeholders, increase growth, enable business efficiency, and enable technological innovation and digital transformation. **Mitigating actions** • Ongoing strategic maturity enhancement programme (based on Data Maturity Association (DAMA) framework) • Internal governance including standards, policies and detailed guidance • Technology design and implementation underpinned by clearly defined data directives • Management information and compliance reporting • Data management and data privacy training and awareness **Future mitigations** • Continued focus on embedding and improving data privacy and data management processes, controls and practice

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in July 2018, and the FRC Guidance on Risk Management and Business Reporting, the Board has assessed the viability of the Group over the three-year period to 31 December 2027.

Period of assessment

Assessing the Group's viability over a three-year period is aligned with the period of the Group's business planning process. The Board believes that a three-year period provides sufficient clarity to consider the Group's prospects and facilitates the development of a robust base case set of financial projections against which the Group's viability can be assessed.

Capita's strategic plan and priorities

As noted earlier in the strategic report, the Group's financial performance has not been where it needs to be. At the Group's Capital Markets Day in June 2024, the Executive Team announced forward-looking strategic priorities to improve both operational delivery and financial performance, alongside introducing the strategic themes of Better Technology, Better Delivery, Better Efficiencies and Better Company.

The Group's value proposition needs to be more competitive and differentiated, through a lower cost base, automation and innovation. Unnecessary costs are being removed to put the Group in a position to fund its profitable growth. In short, Better Capita means becoming more efficient and spending less, digitising the Group's offerings by having more standardised and repeatable propositions, strongly leveraging technology partnerships, being more precise in delivery, and evolving governance and culture.

The Group is prioritising business sectors where Capita has strong expertise and sees material opportunities in the future. They are Public Service, Contact Centre and Pension Solutions. Some areas of the Group are being managed for value, including Regulated Services, which primarily comprises the closed book Life & Pensions business.

The Group's medium-term targets, set at the Capital Markets Day in June 2024, are as follows:

- Grow adjusted revenue at low to mid-single digit per annum.
- Improve adjusted operating margin to between 6% and 8%.
- Deliver positive free cash flow, excluding the impact of business exits, from the end of 2025, with operating cash conversion of 65% to 75%.
- Maintaining net financial debt to adjusted EBITDA (post IFRS 16) leverage ≤ 1x.
- Continued reduction in lease liabilities from the Group's ongoing property rationalisation.

The base case financial projections

In its assessment of the Group's viability, the Board has considered the following:

- Adjusted revenue reduction in 2024 of 8.0%.
- Adjusted operating margin improvement from 3.5% to 4.0% in 2024.
- Free cash outflow, before the impact of business exits, of £122.3m, and operating cash conversion of 38.7% in 2024 (2023: £123.6m and 42.1% respectively).
- The £140m of annualised cost savings delivered, ahead of schedule, by 31 December 2024 from the cost reduction programme, and the announced increase in total annualised savings of up to £250m by the end of 2025.
- The revolving credit facility committed until 31 December 2026 (and assumed to be renewed and/or extended as required under the March 2025 private placement loan notes (refer to note 6.3 of the consolidated financial statements) for the duration of the viability period) and the US private placement debt with maturities over the period to 2030.
- Agreement with the Trustees of the Group's main defined benefit pension scheme that no further deficit recovery contributions are required from the Group in 2025 and beyond.

The foregoing elements provide the backdrop to the Group's three-year business plan approved by the Board in February 2025. The main assumptions underpinning the base case financial projections in the business plan are set out below:

- Adjusted revenue growth beyond 2025 broadly in line with market trends in each of the two core divisions.
- Operating margin expansion over the business plan period reflecting the benefit of operating leverage coupled with ongoing efficiency delivery.
- Delivery of further cost savings.
- A transition to positive free cash flow from the end of 2025.
- The cessation of pension deficit contributions with effect from 2024.

The most material assumptions, from a viability assessment perspective, relate to the delivery of adjusted revenue growth, operating profit margin expansion, and delivery of cost savings.

Principal risks

The Board and the Audit and Risk Committee monitor the principal risks facing the Group, including those that would threaten the execution of its strategy, financial performance, liquidity and compliance with debt covenants. The potential financial impacts of the principal risks crystallising have been taken into account when modelling sensitivities to assess the viability of the Group. The Group's risk review is set out on pages 69 to 74 and outlines the Group's principal risks, including mitigating actions and future mitigations.

Viability scenarios

The three-year base case financial projections were used to assess debt covenant compliance and liquidity headroom under different scenarios. This analysis included assessing the financial impact of potential adverse financial impacts from the crystallisation of the principal risks and in line with those considered in the severe but plausible downside case for the going concern assessment (refer to section 1 of the consolidated financial statements).

The risks applied have not been probability weighted but rather consider the impact should each risk materialise by applying a 'more likely than not' test.

Mitigations

These wide-ranging risks are unlikely to crystallise simultaneously and there are mitigations under the direct control of the Group, including reductions or delays in capital investment, and substantially reducing (or removing in full) bonus and incentive payments, that can be actioned to address a combination of risk crystallisations that may occur under a stressed scenario. The Board has considered these mitigations in its viability assessment, however it acknowledges that a sustained use of the mitigations identified above could have an adverse impact on the Group being able to achieve its strategic priorities.

Conclusion

Reflecting the Board's expectations of improving financial performance, as set out above, and its confidence in the Group's ability to extend its revolving credit facility beyond its December 2026 maturity, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the viability assessment.

The strategic report was approved by the Board and signed on behalf of the Board:

Claire Denton, Chief General Counsel and Company Secretary
4 March 2024

Capita plc

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