

Modern Slavery Statement 2018



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Owner: Group Corporate Responsibility Director

CAPITA

This statement covers the activities of all businesses in all jurisdictions within the Capita plc group of companies and is our Modern Slavery statement for the financial year ended 31 December 2017 required under the provisions of the Modern Slavery Act 2015 (the “Act”).

Modern slavery in all its forms of slavery and servitude, forced or compulsory labour and human trafficking is a heinous crime and we will not tolerate any such activities within our own operations or our supply chain. We are committed to stamping out modern slavery and are taking the appropriate steps to ensure that everyone who works for Capita benefits from a working environment in which their fundamental human rights are respected and anyone that we do business with also upholds these principles.

The information in this statement details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our own business.

Our business and supply chain

For more than 30 years Capita has been working across the public and private sectors, solving the complex challenges of our clients, increasing productivity, enhancing their use of technology and data, improving customer and public services and adding value to the UK and local economies.

We do this by combining our talent, creativity, software, technology and innovation with sector knowledge and proven skills and expertise underpinned by our scaled operational platforms.

Our company is made up of a number of limited company subsidiaries which cover five markets, supported by a central services function. Operating across largely unregulated markets in the private and public sectors, our 70,000 employees work across our operations in the UK, Europe, South Africa and India.

Consisting of over 31,000 suppliers, we recognise that Capita’s supply chain is critical to the company’s success; the agility, speed and value we need to be competitive are founded on equitable supplier relationships. Our suppliers range from large-scale facilities managers to manufacturers of radio control equipment. We actively encourage supplier diversity and currently 60% of our supply base are classed as small and medium sized enterprises (SMEs).

Capita’s procurement team strives to continuously improve and support our businesses to have effective oversight of our supply chain. All goods and services procured by Capita go through this central team, which is responsible for assessing the suitability of the suppliers and ensuring the relevant due diligence checks are conducted. For larger suppliers, who supply goods or services across Capita, a preferred supplier list is maintained to encourage the use of associated contractual terms where possible. Preferred suppliers are also highlighted on Capita’s purchasing platform and employees are made aware that no further tendering is required if a preferred supplier is selected. The Capita procurement team is responsible for maintaining awareness of preferred supplier relationships across the business.

Our policies in relation to modern slavery

The following company policies support us in ensuring that modern slavery is not taking place in our supply chains or business:

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[Human Rights Policy](#): ensures appropriate procedures are in place to prevent any breaches to international human rights standards, including the United Nations' Universal Declaration of Human Rights (UDHR), the International Labour Organisation (ILO) core conventions on Labour Rights, and the Act.

[Procurement Policy](#): sets out our strategic approach and the key principles and priorities that apply to all Capita's procurement activity ensuring we have control over our external expenditure and effectively manage our supply chain risks. The policy is complemented by our Procurement Standard and Supplier Requirements Standard.

[Supplier Requirements Standard](#): sets out our expectations of suppliers in terms of ethical procurement, financial soundness, information technology and data security and governance. It details the due diligence and risk assessment that is conducted on all suppliers ensuring compliance to relevant legislation including the Act.

[Ethical Code Statement](#): is our guide to employees on how to conduct business responsibly treating everyone fairly, equally and being inclusive.

These policies apply to the whole of Capita and are available to all employees via our intranet site and website. The policies are managed by relevant functional heads, and our company-wide risk management framework and reporting processes support the escalation of policy issues and management where identified in our business.

Tackling modern slavery – our people

To ensure that we recruit and treat employees fairly, avoiding modern slavery at all costs, our human resources (HR) policies set out our procedures on how we:

- recruit and select employees in a fair, lawful and professional manner, both for internal and external candidates
- treat all employees fairly during their employment and, if there is an occasion when an employee does not feel that they have been treated fairly, there are procedures in place to raise a grievance or involve local trade union, where they exist, or where this is a legal requirement to do so
- manage the exit of an employee from the business in a fair and consistent manner.

Our Human Rights Policy details our commitments to labour and workplace rights. We provide fair working conditions for all our employees including terms and conditions of employment, remuneration, working hours, health and safety, resting time, holiday entitlements and benefits. These are applied according to territory-specific statutory requirements.

Our employees' pay will not be lower than that required by local law or, in the absence of a law, the level paid generally within that industry. Hours of work will be in line with local law or, in the absence of a law, the norm within that industry, and shall not be excessive. Employees shall not be contractually required to work more than 48 hours per week and overtime will only be worked on an optional basis. Forced or compulsory labour is prohibited. Employees will not be forced into involuntary labour and coercion at work is not acceptable. Financial penalty as a disciplinary sanction is prohibited. The employment models deployed will be in line with territory-specific law and practices. Under these practices there will not be excessive use of

alternative models, such as sub-contracting or labour-only contracting.

All staff are required to read and abide by our Ethical Code Statement, which details how employees can raise ethical concerns through our Open Door Policy and Speak Up Policy. Concerns about slavery and human trafficking would be considered to be an ethical concern and employees can raise these concerns openly and at any time in confidence.

In addition to this, we seek feedback from employees through regular surveys where we gauge how our people feel about working at Capita. This helps leaders and human resources teams to identify potential issues around culture that could lead to a failure of ethics, controls or governance before they occur. Slavery and human trafficking would be picked up as a potential issue through this assessment.

Tackling modern slavery – our supply chain

We seek to partner with suppliers who uphold our high standards of social, environmental and ethical conduct providing safe working conditions, treating workers with dignity and respect, acting fairly and ethically, and using environmentally responsible practices where practicable.

Analysis of our supply chain suggests that the likelihood of any infringements to the Act is limited as the severity and frequency of infringements is lower in the procurement of services, which represents most of our supply chain, than in the procurement of goods. Given the robust UK legislative framework, the risk of infringement for our suppliers based in the UK (83% of our suppliers in 2017 were UK based) is low.

Nevertheless, we recognise our responsibility to identify and address potential infringements linked to the goods and/or services we procure.

Therefore, we have taken steps to strengthen our ability to prevent and manage the risks of modern slavery in our supply chain, updating our Procurement Policy, Supplier Requirements Standard and Supplier Contract Terms and Conditions to reference the obligations of the Act.

Capita's procurement team works with colleagues and suppliers to ensure that all necessary due diligence checks are undertaken, utilising a new procurement solution introduced during 2017. In the year since, we have audited 63% of our material suppliers (those with whom we spend over £1m representing 57% of spend). These checks assess suppliers' approach to human rights, data protection, modern slavery and environmental issues and are not only necessary to comply with the Act, but are also good practice for any responsible organisation. If risks are identified, we work with suppliers to address them. Once a supplier is approved, employees are free to make contact to discuss their needs. Alongside the due diligence of our material suppliers, all suppliers are required to complete a series of corporate responsibility questions, which assess their response to human rights, social and environmental issues.

All suppliers are expected to comply with our Supplier Requirements Standard and Capita reserves the right to terminate a relationship with a supplier or third party that is unable to demonstrate compliance or progress towards the eradication of modern slavery within its organisation and supply chain.

Training and communication

To make employees aware of the Act and the drivers of modern slavery, as well as the possible indicators,

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we share this statement with all employees through our internal communication channels and a copy of this statement is available on the Capita website (www.capita.com). We are rolling out relevant training to procurement teams to make them aware of the Act and our associated due diligence processes. In addition, we are ensuring all employees are aware of, and have read, our Ethical Code Statement.

Plans for the next year

Over the next 12 months we will continue to strengthen our approach to managing the risk of modern day slavery within our business and supply chains. We also intend to carry out work in the following specific areas:

- Roll out training to relevant procurement teams to make them aware of the Act and associated due diligence processes we have in place.
- Increase the proportion of the material suppliers that we audit against our ethical standards. In 2017, we audited 63% of our material suppliers.
- Conduct a risk assessment of all our suppliers in terms of their country of origin and industry. This will enable us to identify suppliers who are located in high risk countries and industries of modern slavery.
- Extend our definition of material suppliers to include the high-risk suppliers as identified above. We will look to apply our enhanced due diligence assessment to these suppliers.
- Maintain effective and continued focus on employee awareness of how we expect employees to conduct business responsibly, focusing on treating people fairly and equally, acting lawfully and the process involved to raise ethical concerns.

Board approvals

This statement is made pursuant to section 54(1) of the Act, has been approved by the Board of Directors of Capita and will be updated annually in line with the Act's reporting requirements. For more information, please visit www.capita.com/responsibility.



Jon Lewis
Chief Executive Officer
May 2018