

CAPITA

CAPITA PLC POLICY

PREVENTION OF MODERN SLAVERY STATEMENT

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1.1 PURPOSE

- 1.1.1 The purpose of this statement is to specify details of Capita's approach to fulfilling its commitment to support the elimination of Modern Slavery and fully meet its obligations under the Modern Slavery Act 2015.

1.2 SCOPE

- 1.2.1 This statement applies to all businesses in all jurisdictions within the Capita plc group of companies.
- 1.2.2 The statement applies to third party suppliers with access to Capita or client property, systems or data, and any other parties working on behalf of Capita.

1.3 STATEMENT

Capita plc (Capita) is committed to preventing acts of modern slavery and human trafficking in our business and supply chain. This commitment is embedded in our corporate values, our people processes and our supply chain governance practices. Together, these help make it a reality that everyone who works for Capita, in any capacity, and anywhere, benefits from a working environment in which their fundamental rights and freedom are respected. This is also underpinned by a detailed framework of policies and procedures in place across the Group including our Ethical Code, Anti-Bribery and Corruption, Human Rights, Speak Up, Open Door, Procurement and Supplier policies and standards. These collectively set out how we do business, engage with clients and manage our relationships with end customers, suppliers and third parties.

We acknowledge the Modern Slavery Act 2015 (the Act) and within our remit, we encourage others to support the following international standards and as such ask third parties who represent us and suppliers who provide goods and/or services to us, to confirm their commitment alongside our commitment to the:

- UN Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights, and
- Core Conventions of the International Labour Organisation

This statement applies to all businesses in all jurisdictions within Capita plc, including third party suppliers with access to Capita or client property, systems or data, and any other parties working on behalf of Capita. For our internal policy framework, this Statement acts as our Prevention of Modern Slavery Policy.

The reporting period is aligned to our 2016 financial year, the 12 months ending on 31 December 2016.

Business structure

Capita plc is a FTSE listed company and consists of a number of limited company subsidiaries. We provide technology enabled business process and customer management services and professional services to a mixture of private and public clients. We have an employee base of 73,000 and predominantly operate from ten core countries, of which the majority of staff, 56,000, are based in the UK. The remainder are in India, South Africa, Ireland, Poland, Germany and Switzerland, the USA, Hong Kong and Austria. We are not a manufacturer or handler of raw materials.

Our supply chain is complex with more than 34,000 third party suppliers, the majority of which are small and medium sized enterprises with whom we spend £1.8bn per year. Our Group Procurement function strives to continuously improve and support our businesses to have effective oversight of our supply chain. We are committed to conducting our procurement activities in a manner that support Capita to prevent acts of modern slavery and human trafficking by:

- requiring suppliers to meet Capita's ethical standards, security requirements, environmental, CR, equality and diversity objectives, and complying with relevant legislation, best practice and Capita Policies
- assessing suppliers to ensure that they are fit for purpose and sustainable

Our Group risk framework is embedded across the organisation and drives understanding and action on strategic risk and compliance controls and issues that include Corporate Responsibility, Human Rights, Modern Slavery and Human Trafficking. The Group Risk and Compliance Director supports the Board and other senior management to challenge the effectiveness of risk management activities, with technical and stakeholder input from the Group HR Director and the Group Procurement Director.

Our supply chain

We consider third parties who represent us and suppliers who provide goods and/or services as an extension of our business. That is why we work collaboratively with them to ensure they act in a way that is consistent with our ethical code commitments and our policies.

We see our supply chain as a principal risk within our business and it is principally managed by Group Procurement and local procurement teams across the business. Our analysis, based on the UN Guiding Principles Reporting Framework, suggests the likelihood of any infringements in our supply chain is limited as the severity and frequency of infringements is higher in the procurement of goods rather than services which represents the majority of our supply chain.

Given the robust UK legislative framework the risk of infringement for our employees and supplier employees working in our UK offices 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 put in place procedures to work to ensure that our suppliers adhere to the same standards as we apply to ourselves. Our approach has been to focus on our largest direct suppliers, followed by the next tier and then indirect suppliers.

Our Group Procurement team uses an external assessment and benchmarking tool, to audit those suppliers with whom we spend over £1M with or who are deemed a potential

material risk in the supply chain of products or services, regardless of size. This tool assesses our suppliers' labour practices including human rights, fair business practices, health & safety, environmental performance and compliance with the Modern Slavery Act.

For those suppliers, outside of this group they will be audited through the robust due diligence process run internally. This will continue to be rolled out to the next tier of existing suppliers on an ongoing basis during 2017 and beyond. All new suppliers are subject to this due diligence assessment as part of our on-boarding process to ensure their suitability as a supplier.

Steps taken in 2016

In 2016 we put in place our group wide Prevention of Modern Slavery Policy and related business management attestation requirement ahead of our formal Act statement reporting. This policy was communicated to all employees which has furthermore increased management awareness and focus on the steps we introduced in 2016 that further strengthen our ability to prevent and manage the risk of modern slavery exposure in our business and through our supply chain; these steps included:

- updating and issuing a new Procurement Policy and Supplier Standard to ensure the high standards in this area are maintained and represent industry best practice
- updating our Supplier Contract Terms and Conditions to reinforce and make clearer our expectations of our suppliers to help prevent any occurrence of Modern Slavery and Human Trafficking. This is an ongoing programme and changes are being included on all new contracts and at renewal
- implementing an external tool for screening over half our material suppliers with a target to complete the remainder as soon as possible in 2018
- increasing the scope of material suppliers to include for example suppliers delivering (directly or through third party suppliers) services, products and source materials from a low cost, labour intensive market regardless of size and therefore have an increased risk of modern slavery infringements
- developing a new and more comprehensive due diligence evaluation process using a new Due Diligence Toolkit that helps us further focus on Modern Slavery prevention arrangements during the on-boarding of our suppliers. This is an ongoing programme that applies to new suppliers and we will complete a retrospective risk based review with existing suppliers during 2017/18
- our Corporate Responsibility Steering Group attended by the Group Finance Director, Company Secretary, Group Risk Director, Group HR Director, Group Investor Relations and Marketing Director, Group Procurement and Corporate Responsibility Director, has met regularly and continues to review our Corporate Responsibility priorities and progress
- formal performance review meetings continue with all suppliers at least annually and more frequent for material or high risk arrangements
- an attestation form for our divisions to individually complete has been comprehensively rolled out and supported by our Group Risk function to form part of our commitment to training our relevant resources

Steps we are taking in 2017

- our approach and compliance with the Act will continue to be on the Corporate Responsibility Steering Group agenda, for our progress to be reviewed on a regular basis
- we continue to roll out the declaration on Modern Slavery held in our commercial contracts for our existing suppliers when renewing contracts
- reviewing our escalation processes to ensure we can work effectively with suppliers to address issues that may arise from our due diligence and performance reviews including any required remediation
- working collaboratively with suppliers to continuously improve performance
- establishing further peer review of offshore suppliers
- implementing and integrating online due diligence systems and processes for new and existing suppliers that will better enable the auditing of suppliers and reporting of outcomes. This in turn will enable us to identify risk and take appropriate action.

Training

Management and supply chain leadership awareness has been raised through the implementation of our Prevention of Modern Slavery Policy and associated divisional attestation process. We are continually evaluating employee awareness and required training as part of the implementation of our new Group Procurement Policy and Standards. In addition we are embedding our refreshed Ethical Code throughout 2017.

Conclusion

Whilst we consider the markets and sectors we operate in and nature of services and products supplied to us as having a low risk exposure to acts of modern slavery we remain committed, diligent and aware of the consequence these acts have on the lives of the individuals impacted. That is why we will continue to build on and repeat the steps we implemented in 2016 and implement the additional further steps outlined above in 2017 to further strengthen our ability to prevent and address modern slavery.

1.4 RESPONSIBILITIES

The Group Finance Director is the main board director with primary responsibility for implementing this statement within our wider framework for managing corporate responsibility and for reporting annually to the Group Board. We will update and issue this statement annually to confirm the actions taken to ensure that slavery and human trafficking is not taking place in our supply chain or own businesses.

For more information please contact:

corporate-responsibility@capita.co.uk

www.capita.com

This statement was approved by the Group Board, and is signed by:

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

Nick Greatorex
Group Finance Director
April 2017