

Procurement policy

Purpose and scope

This policy governs the way we work with our suppliers – our vendors, business partners and third parties (including subcontractors). The policy applies to all employees who procure from suppliers, in all our operating countries.

Policy objectives

Mitie is respected for providing excellent services at great value. The way we manage our procurement and supply chain makes a huge difference to our profitability, our reputation and our success in meeting our sustainability objectives. Using vendors, business partners and third parties gives us flexibility and is integral to the sustainable delivery of client commitments. The objectives of this policy are to:

- Make sure that suppliers comply with our supplier code of conduct, our policies and other legal requirements (including finance, health and safety, human rights and labour standards, and employment laws);
- Identify the risks associated with using suppliers and manage these risks to an acceptable level;
- Ensure that the roles and responsibilities of suppliers are clearly defined and adhered to; and
- Ensure that the way we supply and develop our products and services reflects our sustainability objectives and those of our clients.

Our approach to procurement is based on four principles:

- We uphold ethical business practices and comply with legislation;
- We are an intelligent customer. We understand the risks and complexities of the services we procure and are able to respond to performance issues appropriately;
- We influence the priorities of our key suppliers so that they align with ours and those of our clients, to ensure a sustainable service to our clients; and
- We ensure diversity is embedded within our supply chain.

Requirements

Supplier selection: Appointment of suppliers must be based on their ability to perform as defined as well as taking into consideration social values, ethical practices and environmental impacts. This will be managed through our onboarding assurance procedure. Suppliers will be encouraged to monitor the sustainable credentials of their own suppliers, and assist those who require support. All terms must be agreed on an arms' length basis;

Manage contracts: Contracts must address the key issues. These include defining vendor expectations, performance, scope of work, and deliverables. In particular, confirmation should be sought regarding understanding of and adherence to the following Mitie policies: ethical business practice, sustainability, people, information, compliance, physical asset management and health and safety. All contracts must protect our physical and intellectual property and data and, in the interests of transparency, include a right of audit;

Extend opportunities: Equal opportunities for small and medium sized businesses, minority owned businesses, social enterprises and the voluntary and community sector will be provided;

Manage subcontracting: Ensure that any right to subcontract included in the contract is bound by the same terms and conditions, and is expressly agreed and approved by the contract manager prior to commencement. Before subcontractors are appointed, a risk assessment must be carried out and mitigation measures put in place;

Ensure governance: There must be a defined governance structure in place to manage strategic and core suppliers; and

Monitor suppliers: Suppliers must be monitored to ensure that the supply chain risk is managed within our enterprise risk management framework.

Responsibilities

The CEO is responsible for:

- Reviewing, endorsing and achieving this policy's aims.

The Group Procurement Director is responsible for:

- Administering this policy on behalf of the CEO; and
- Developing and rolling out the supporting strategies to drive continual performance improvement.

The Procurement Teams are responsible for:

- Driving, adopting and sharing best practice purchasing and supply standards and initiatives;
- Developing mutually beneficial collaborative trading relationships with suppliers which increase the accountability (including environmental performance) of our supply chain; and
- Monitoring the evaluation and assessment of suppliers' supply practices (including ethical, sustainable measures), taking appropriate commercial action as necessary.

Divisional/Business Managing Directors are responsible for:

- Ensuring that this policy, supporting procedures and corrective actions are implemented and complied with; and
- Leading by example in protecting the Mitie brand and championing knowledge sharing across the divisions.

Managers are responsible for:

- Implementing and enforcing the processes and procedures;
- Undertaking effective sustainability evaluation and applying corrective actions;
- Ensuring that their people are aware of their responsibilities and receive appropriate training; and
- Addressing any inappropriate behaviour.

Employees are responsible for:

- Carrying out their work in line with this policy and associated procedures;
- Challenging any behaviour that falls short of the expectations of this policy; and
- Identifying any breaches of this policy and reporting them to their line manager.

Suppliers are responsible for:

- Acting in accordance with this policy and associated procedures and guidance.

What will successful implementation of this policy achieve?

- Governance and adherence to our policy, procedures and controls is evident; and
- Commercial and contract audits confirm compliance with the policy.



Phil Bentley
Chief Executive Officer
Mitie Group PLC

12 December 2016