

## MITIE Group PLC

13.0 Low Risk

Facilities Maintenance | United Kingdom | LON:MTO



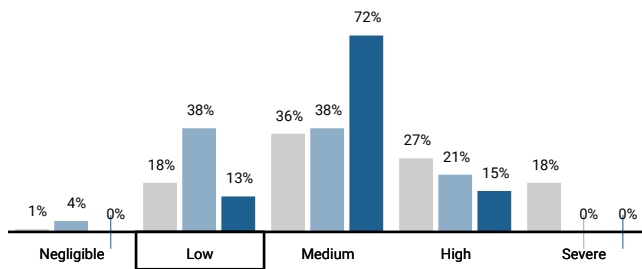
## Rating Overview

In consideration of the company's medium exposure and strong management, we view the company to be at low risk of material financial impacts driven by ESG factors.

## Momentum Score

Not available due to a lack of comparable historical information

## ESG Risk Rating Distribution

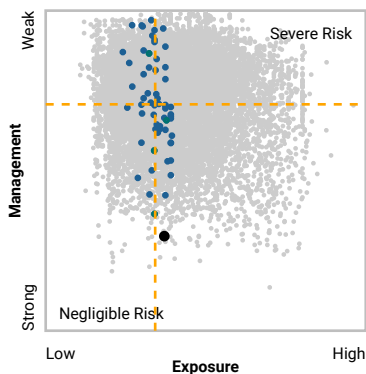


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	335 out of 12279	4th
Commercial Services (Industry Group)	55 out of 348	16th
Facilities Maintenance (Subindustry)	1 out of 61	1st



## Risk Analysis



- Global Universe
- Facilities Maintenance (Subindustry)
- MITIE Group PLC
- Peers
- SubIndustryAvg.

## Peers (Market cap \$0.6 - \$0.9bn)

	ESG Risk Rating	Exposure	Management
1. MITIE Group PLC	13.0 Low	37.1 Medium	70.5 Strong
2. Lassila & Tikanoja Oyj	14.1 Low	34.0 Low	63.5 Strong
3. Bingo Industries Limited	20.3 Medium	33.9 Low	43.7 Average
4. Biffa PLC	25.8 Medium	37.7 Medium	34.3 Average
5. Nippon Kanizai Co., Ltd.	28.3 Medium	32.3 Low	13.4 Weak



## Risk Details

## Exposure

Company Exposure 37.1

The company's sensitivity or vulnerability to ESG risks.

## Management

Manageable Risk 34.1

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk 24.0

Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.

Management Gap 10.1

Measures the difference between material ESG risk that could be managed by the company and what the company is managing.

Unmanageable Risk 3.0

Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.

## ESG Risk Rating

Overall Unmanaged Risk 13.0

Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.

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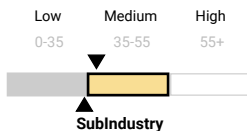
13.0 Low Risk



## Exposure Overview

Exposure Score

37.1 Medium



SubIndustry

Companies in this subindustry face the highest risk exposure in the following material ESG issues: Emissions, Effluents and Waste, Human Capital and Product Sustainability.

## Exposure Analysis

Subindustry Exposure	34.0
Overall Beta	1.09
Company Exposure	37.1

## Beta Indicators

## Beta Signal

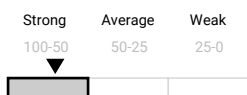
Community Relations	0.00
Land Use and Biodiversity	0.00
Corporate Governance	0.00
Emissions, Effluents and Waste	0.00
Energy Use and GHG Emissions	0.00
Environmental Impact of Products	0.00
Occupational Health and Safety	0.00
Social Impact of Products	0.00
Operating Performance	0.03
Solvency	0.03
Financial Flexibility	0.02
Asset Performance	0.03
Carbon Emissions	-0.02
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.09
Baseline	1.00
Overall Beta	1.09



## Management Overview

Management Score

70.5 Strong



The company's disclosure is poor, signaling inadequate accountability to investors and the public. It's policies and programmes to manage material ESG issues follow best practice for its subindustry. Furthermore, the company has not been implicated in any significant ESG-related controversies.

## Management Indicators

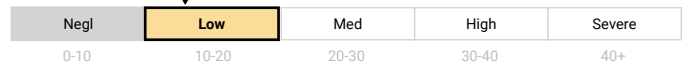
Raw Score  
Weight | Weighted Score

Environmental Policy	75 3.1%   2.3
Environmental Management System	100 0.5%   0.5
EMS Certification	100 15.2%   15.2
Green Logistics Programmes	100 0.5%   0.5
Carbon Intensity	100 5.8%   5.8
Carbon Intensity Trend	75 4.0%   3.0
Freedom of Association Policy	75 5.0%   3.8
Diversity Programmes	25 5.0%   1.3
Scope of Social Supplier Standards	50 0.5%   0.3
QMS Certifications	100 11.3%   11.3
Bribery & Corruption Policy	25 1.0%   0.3
Whistleblower Programmes	50 19.4%   9.7
Global Compact Signatory	0 0.5%   0.0
ESG Reporting Standards	25 0.5%   0.1









## MITIE Group PLC

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## Management Indicators

Verification of ESG Reporting	<b>0</b> 5.0%   0.0
ESG Governance	<b>100</b> 0.5%   0.5
Board Diversity	<b>90</b> 1.0%   0.9
Board Independence	<b>70</b> 20.1%   14.1
 Community Relations	<b>Category 0</b> 0.0%   0.0
 Corporate Governance	<b>Category 0</b> 0.0%   0.0
 Emissions, Effluents and Waste	<b>Category 0</b> 0.0%   0.0
 Energy Use and GHG Emissions	<b>Category 0</b> 0.0%   0.0
 Environmental Impact of Products	<b>Category 0</b> 0.0%   0.0
 Land Use and Biodiversity	<b>Category 0</b> 0.0%   0.0
 Occupational Health and Safety	<b>Category 0</b> 0.0%   0.0
 Social impact of products	<b>Category 0</b> 0.0%   0.0
Constant*	1.0%
<b>Weighted Sum</b>	<b>70.5</b>

△ = Event indicator

\* Sustainalytics measures management performance on a focused set of indicators for core companies and applies a constant value to the management score to account for the contribution to management score that would be expected from indicators that are not in use.



## Momentum Details

Not available due to a lack of comparable historical information

# Appendix



## Exposure Details

### INDICATORS DETAILS

#### EA.E.10.1 - Community Relations

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.12.1 - Land Use and Biodiversity

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.13.1 - Corporate Governance

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.14.1 - Emissions, Effluents and Waste

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.15.1 - Energy Use and GHG Emissions

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.17.1 - Environmental Impact of Products

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.20.1 - Occupational Health and Safety

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.32.1 - Social Impact of Products

0.00

Beta Signal

The company is not involved in any controversies of this type.

#### EA.F.1.1 - Operating Performance

0.03

Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (2016-2018): -0.77%  
Subindustry Median (2016-2018): 3.72%  
Source: Morningstar, October 2019. All Rights Reserved.

#### EA.F.2.1 - Solvency

0.03

Beta Signal

The company has a very weak debt-equity ratio.

Average Debt to Equity Ratio (2016-2018): 3.57  
Subindustry Median (2016-2018): 0.61  
Source: Morningstar, October 2019. All Rights Reserved.

# Appendix



## Exposure Details

### EA.F.3.1 - Financial Flexibility

0.02

Beta Signal

The company has a weak cash flow ratio.

Average Free Cash Flow Ratio (2016-2018): 1.75%  
Subindustry Median (2016-2018): 3.17%  
Source: Morningstar, October 2019. All Rights Reserved.

### EA.F.4.1 - Asset Performance

0.03

Beta Signal

The company has a very weak return on assets.

Average Return on Assets (2016-2018): -1.34%  
Subindustry Median (2016-2018): 4.09%  
Source: Morningstar, October 2019. All Rights Reserved.

### EA.P.1.1 - Carbon Emissions

- 0.02

Beta Signal

The company's carbon emissions intensity indicates moderately lower exposure to ESG issues.

Company Corporate Website  
[https://www.mitie.com/Mitie/media/downloads/Investor%20relations/Mitie\\_Annual\\_report\\_2019.pdf?ext=.pdf](https://www.mitie.com/Mitie/media/downloads/Investor%20relations/Mitie_Annual_report_2019.pdf?ext=.pdf)

### EA.S.1.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2.1 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3.1 - Exceptional Event Adjustment

0.00

Beta Signal

# Appendix



## Management Details

### INDICATORS DETAILS

#### E.1.1 - Environmental Policy

75	3.1%	2.3
Raw Score	Weight	Weighted Score

The company has a strong policy

##### Criteria

- ☒ Commitment to implement an environmental management system
- ☒ Approved by senior management or the board of directors
- ☐ Commitment to monitor the company's environmental performance
- ☒ Commitment to environmental protection
- ☒ Commitment to create environmental awareness
- ☒ Commitment to use natural resources or energy more efficiently
- ☒ Commitment to reduce emissions, releases and waste
- ☐ Commitment to consult with stakeholders on environmental issues
- ☒ Commitment to report regularly on environmental issues

##### Sources

Mitie Group PLC Sustainability Policy, released 18 January 2018

#### E.1.2 - Environmental Management System

100	0.5%	0.5
Raw Score	Weight	Weighted Score

The company has a very strong EMS

##### Criteria

- ☒ Internal environmental audits
- ☒ Objectives, targets and deadlines
- ☒ Environmental performance records
- ☒ External environmental audits
- ☒ Training and awareness programmes for employees
- ☒ Corrective actions to stimulate continual improvement
- ☒ Managerial or board level responsibility for environmental issues
- ☒ Identification of products, activities and services that have significant impacts on the environment
- ☒ Environmental programmes
- ☒ Assigned roles and responsibilities
- ☒ Monitoring and measurement
- ☒ Internal and external communications on environmental management issues
- ☒ Compliance with environmental regulation

##### Sources

Company Feedback provided on 1 April 2020

MITIE Group PLC Annual Report 2019 (FY2018/2019)

MITIE Group PLC Corporate Website, Environment; www.mitie.com; accessed 27 March 2020

MITIE Group PLC Environmental Data 2020 (FY2020)

#### E.1.3 - EMS Certification

100	15.2%	15.2
Raw Score	Weight	Weighted Score

90% or more of the company's activities have received external certification

##### Sources

Company Feedback provided on 1 April 2020

MITIE Group PLC Annual Report 2019 (FY2018/2019)

#### E.1.7.1 - Green Logistics Programmes

100	0.5%	0.5
Raw Score	Weight	Weighted Score

The company has a strong and detailed programme to improve the environmental performance of its logistics and its fleet management

##### Sources

MITIE Group PLC Annual Report 2019 (FY2018/2019)

# Appendix



## Management Details

### E.1.9 - Carbon Intensity

100	5.8%	5.8
Raw Score	Weight	Weighted Score

The company's carbon emissions intensity is well below the industry median

Company Corporate Website  
[https://www.mitie.com/Mitie/media/downloads/Investor%20relations/Mitie\\_Annual\\_report\\_2019.pdf?ext=.pdf](https://www.mitie.com/Mitie/media/downloads/Investor%20relations/Mitie_Annual_report_2019.pdf?ext=.pdf)

### E.1.10 - Carbon Intensity Trend

75	4.0%	3.0
Raw Score	Weight	Weighted Score

The company's carbon intensity trend shows a decline of between 10% and 25% over the last 3 years

Company Corporate Website  
[https://www.mitie.com/Mitie/media/downloads/Investor%20relations/Mitie\\_Annual\\_report\\_2019.pdf?ext=.pdf](https://www.mitie.com/Mitie/media/downloads/Investor%20relations/Mitie_Annual_report_2019.pdf?ext=.pdf)

### S.1.1 - Freedom of Association Policy

75	5.0%	3.8
Raw Score	Weight	Weighted Score

The company has an adequate policy on freedom of association

#### Sources

MITIE Group PLC Ethical Business Practice Policy, released 25 March 2019

### S.1.3 - Diversity Programmes

25	5.0%	1.3
Raw Score	Weight	Weighted Score

The company has a weak programme

#### Criteria

- ☐ Diversity initiatives that go beyond legal compliance
- ☐ Initiatives supporting a diverse workforce
- ☒ Managerial or board level responsibility for diversity initiatives
- ☐ Targeted recruitment
- ☒ Employee affinity groups, diversity councils, or networking groups
- ☐ Mentorship programmes
- ☒ Diversity monitoring or audits
- ☐ Training and guidance regarding diversity

#### Sources

MITIE Group PLC Annual Report 2019 (FY2018/2019)  
 MITIE Group PLC Inclusion Policy, released 15 February 2019

### S.2.1 - Scope of Social Supplier Standards

50	0.5%	0.3
Raw Score	Weight	Weighted Score

The company has adequate social supply chain standards

#### Criteria

- ☐ Addresses freedom of association and the right to collective bargaining
- ☒ Addresses non-discrimination
- ☒ Addresses health and safety
- ☐ Addresses minimum living wages
- ☒ Addresses child labour
- ☐ Addresses acceptable living conditions
- ☒ Addresses forced labour

### S.3.2.1 - QMS Certifications

100	11.3%	11.3
Raw Score	Weight	Weighted Score

90% or more of the company's sites has received external certification

#### Sources

Company Feedback provided on 1 April 2020  
 The company provided feedback in 12 April 2018

# Appendix



## Management Details

- ☒ Addresses corporal punishment/disciplinary practices
- ☐ Addresses maximum working hours

### Sources

MITIE Group PLC Supplier Code of Conduct, released 18 September 2017

### G.1.1 - Bribery & Corruption Policy

25	1.0%	0.3
Raw Score	Weight	Weighted Score

The company has a weak policy or a general statement addressing the issue

#### Criteria

- ☐ Definition and prohibition of facilitation payments
- ☒ Prohibition of bribery
- ☐ Definition of bribery or corruption
- ☒ Guidelines of what is considered acceptable behaviour
- ☐ There is no evidence of a formal policy but the company has a general statement addressing the issue
- ☐ Definition of conflicts of interest and commitment to minimize these

### Sources

MITIE Group PLC Code of Conduct, released 4 September 2017

MITIE Group PLC Ethical Business Practice Policy, released 25 March 2019

### G.1.2 - Whistleblower Programmes

50	19.4%	9.7
Raw Score	Weight	Weighted Score

The company has an adequate programme

#### Criteria

- ☒ Possibility for anonymous reporting and reports are treated confidentially
- ☐ Disclosure on the number of reports received, the types of misconduct and measures taken
- ☐ Proactively communicated to employees
- ☒ Available to suppliers, customers and other third parties
- ☒ Non-retaliation policy
- ☐ Structures in place to process whistleblower reports
- ☒ Available in local languages
- ☒ An independent, reporting hotline available 24/7

### Sources

MITIE Group PLC Code of Conduct, released 4 September 2017

### G.1.3 - Global Compact Signatory

0	0.5%	0.0
Raw Score	Weight	Weighted Score

The company is not a signatory to the UN Global Compact

UN Global Compact, [www.unglobalcompact.org](http://www.unglobalcompact.org); accessed December 2019

### Sources

UN Global Compact, [www.unglobalcompact.org](http://www.unglobalcompact.org); accessed 28 January 2020

### G.2.1 - ESG Reporting Standards

25	0.5%	0.1
Raw Score	Weight	Weighted Score

The company's ESG reporting is weak

### Sources

MITIE Group PLC Annual Report 2019 (FY2018/2019)



# Appendix



## Management Details

### G.2.2 - Verification of ESG Reporting

0	5.0%	0.0
Raw Score	Weight	Weighted Score

The CSR report was not externally verified.

#### Sources

MITIE Group PLC Annual Report 2019 (FY2018/2019)

### G.2.5 - ESG Governance

100	0.5%	0.5
Raw Score	Weight	Weighted Score

A management committee is responsible for overseeing ESG issues

#### Sources

MITIE Group PLC Annual Report 2019 (FY2018/2019)

### G.2.7.1 - Board Diversity

90	1.0%	0.9
Raw Score	Weight	Weighted Score

The company's board diversity is very strong

#### Criteria

- ☐ 1.2 There is only one woman on the board.
- ☐ 1.1 There are no women on the board.
- ☐ 3.2 The company has disclosed a formulaic or non-material diversity policy for its board membership.
- ☒ 1.4 Women constitute one-third or more of the board's membership.
- ☒ 3.1 The company has disclosed a robust diversity policy including specific commitments and targets to increase the diversity of board membership.
- ☐ 4.1 There are no female senior executives disclosed.
- ☐ 1.3 Two or more women serve on the board, but less than one-third of the board is female.
- ☐ 3.3 The company has no disclosed diversity policy or has affirmatively disclosed the absence of a policy for its board membership.

#### Sources

MITIE Group PLC Annual Report & Accounts 2019

MITIE Group PLC Corporate website, [www.mitie.com](http://www.mitie.com), as of 26 Mar 2020

### G.2.9.1 - Board Independence

70	20.1%	14.1
Raw Score	Weight	Weighted Score

The company's level of board independence is significantly above average

#### Criteria

- ☐ 9.2 Nominally independent directors are affiliated with the company/controlling shareholder/ the CEO or other insiders.
- ☐ 1.1 The board lacks any independent representation.
- ☐ 1.2 The board lacks an independent majority.
- ☐ 1.5 There is insufficient information to determine the board's level of independence.
- ☐ 8.1 The level of board independence exceeds market practice.
- ☒ 1.4 Two thirds or more of the board members are independent.
- ☐ 8.3 The level of board independence lags market practice.
- ☐ 4.1 There are more than two executives on the board of directors.
- ☒ 3.1 The board is one-tiered with executive representation.
- ☒ 8.2 The level of board independence meets market practice.
- ☐ 3.2 The board is two-tiered with a supervisory board composed of non-executives.
- ☐ 2.1 The company has a controlling shareholder.
- ☒ 9.1 No nominally independent directors are affiliated with the company/controlling shareholder/ the CEO or other insiders.
- ☐ 3.3 There is an audit or other monitoring board in addition to the board of directors.
- ☐ 1.3 The board has an independent majority, but less than two thirds of the board members are independent.

#### Sources

MITIE Group PLC Annual Report & Accounts 2019

MITIE Group PLC Corporate website, [www.mitie.com](http://www.mitie.com), as of 26 Mar 2020

## GLOSSARY OF TERMS

**Beta (Beta,  $\beta$ )**






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

**Constant**

A value applied to the management score within the Core methodology to account for the contribution to management score that would be expected from indicators that are not in the Core framework's focused indicator set but are used in the Comprehensive framework.

**ESG Risk Category**

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

	<b>Negligible risk:</b> enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	<b>Low risk:</b> enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	<b>Medium risk:</b> enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	<b>High risk:</b> enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	<b>Severe risk:</b> enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

**ESG Risk Rating Score (Unmanaged Risk Score)**

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

**Event Category**

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

**Event Indicator**

An indicator that provides a signal about a potential failure of management through involvement in controversies.

**Excess Exposure**

The difference between the company's **exposure** and its **subindustry** exposure.

**Exposure**

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

**Manageable Risk**

Material ESG risk that can be influenced and managed through policies, programmes and initiatives.

**Managed Risk**

Material ESG Risk that has been managed by a company through policies, programmes and initiatives.

**Management**

A company's handling of ESG risks.

**Management Gap**

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

**Management Indicator**

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

**Subindustry**

Subindustries are defined as part of Sustainalytics' own classification system.

**Unmanageable Risk**

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

**Unmanaged Risk**

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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