

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- Net Promoter Score programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

Note:

1. The Company's workforce is employed through another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* During the year the Board decided to consolidate Mitie's Security and Cleaning divisions under a single 'Business Services' management team. The Directors, through Mitie's governance framework, were a part of this decision-making process which balanced matters such as the opportunities to work more efficiently for clients, the challenges and benefits of moving to shared operating platforms and the impact of the consolidation on employees.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

*Example:* In response to the Upload results, the Directors were part of the decision to roll out several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal is fully integrated with SAP, which means suppliers are able to check invoice status.

##### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this, Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to customers.

#### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the impact of operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Maintaining a high standard of business conduct

##### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

##### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

#### The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

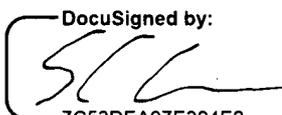
### Future developments

The COVID-19 pandemic has impacted the Aviation sector particularly hard and therefore it is likely there will be a reduction in revenue for the year ending 31st March 2021, however, profit reduction has in part been mitigated by the Government furlough scheme and the Company's own self-help measures. The level of uncertainty in forecasts have increased compared to previous years and long term structural changes to the Aviation sector will have an impact on the Company. The Company's focus is on supporting clients during this challenging time and working with them on implementing new ways of working.

### Post balance sheet events

Subsequent events have been disclosed in Note 19.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
7C53DEA07E394E2...  
**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

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Note:

1. The Company's workforce is employed through another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* During the year the Board decided to consolidate Mitie's Security and Cleaning divisions under a single 'Business Services' management team. The Directors, through Mitie's governance framework, were a part of this decision-making process which balanced matters such as the opportunities to work more efficiently for clients, the challenges and benefits of moving to shared operating platforms and the impact of the consolidation on employees.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

*Example:* In response to the Upload results, the Directors were part of the decision to roll out several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal is fully integrated with SAP, which means suppliers are able to check invoice status.

##### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this, Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to customers.

#### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the impact of operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Maintaining a high standard of business conduct

##### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

##### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

#### The need to act fairly as between members of the company

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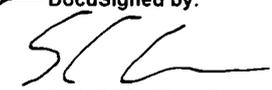
### Future developments

The COVID-19 pandemic has impacted some of the sectors the Company operates in, mainly banking and legal, with office closures particularly affecting revenue streams and also a delay in project work. As a consequence it is likely the Company will see a reduction in revenue for the year ending 31st March 2021, however, profit reduction has in part been mitigated by the Government furlough scheme and the Company's own self-help measures. The level of uncertainty in forecasts have increased compared to previous years and long term structural changes in the legal and banking sector may have an impact on the Company. The Company is well positioned for a post COVID world with the continued investment in digital transformation and digimail and hybrid services which will support clients in implementing new ways of working.

### Post balance sheet events

Subsequent events have been disclosed in Note 22.

Approved by the Board and signed on its behalf by:

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**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report *(continued)*

### Financial risks

#### *Reliance on material counterparties*

The Company depends on a number of significant counterparties including clients, suppliers, banks and insurers to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

### Operational risks

#### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment, exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is closely monitored.

#### *System, process or control failure*

Increased reliance on business systems necessitates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business-critical systems.

#### *Attracting and retaining skilled people*

Failure to attract new talent and develop existing employees could impact growth. The Company utilises the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

### Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Mitie Group plc financing arrangements.

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

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Note:

1. The Company's workforce is employed through another Group company.

## Strategic report *(continued)*

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, the Care & Custody business (which includes the Company) was appointed to the Prison Operator Services Framework. The appointment reinforces Mitie's wider strategy to broaden the range of essential services it delivers to the Government and other public sector bodies and builds on previous experience in delivering custodial services to the UK Government.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and directors in the Group.

*Examples:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal (see below).

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

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#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity. The NPS score for the Group has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

## Strategic report *(continued)*

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

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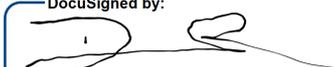
### **Future developments**

The Directors expect the general level of activity to decrease in the forthcoming year. This is as a result of the HMP Whatton contract expiring at the end of FY20.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 17.

Approved by the Board and signed on its behalf by:

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**D A Spencer**

*Director*

25 November 2020

## Strategic report *(continued)*

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These controls include, but are not limited to having:

- i) close strategic relationships with our commissioners to manage emerging risks in partnership; and
- i) shared risk registers that are reviewed regularly with our commissioners.

In conjunction with the above it is important that we are able to offer competitive, innovative and high-quality solutions to clients, and demonstrate the value we bring to them. We also need to ensure we carefully monitor and identify the most appropriate opportunities.

### Financial risks

#### *Reliance on material counterparties*

The Company depends on significant counterparties, including clients, suppliers, banks and insurers, to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

### Operational risks

#### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment, exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is closely monitored.

#### *System, process or control failure*

Increased reliance on business systems necessitates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business-critical systems.

#### *Attracting and retaining skilled people*

Failure to attract new talent and develop existing employees could impact growth. The Company utilises the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

### Financial risk management

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Shareholders	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings with shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
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1. A portion of the Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, the Care & Custody business (which includes the Company) was appointed to the Prison Operator Services Framework. The appointment reinforces Mitie's wider strategy to broaden the range of essential services it delivers to Government and other public sector bodies and builds on previous experience in delivering custodial services to the UK Government.

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*Examples:* In response to the Upload results, the Directors were part of the decision to the roll out several new reward and recognition initiatives and now has a celebration hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

## Strategic report *(continued)*

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal (see below).

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

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#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity. The NPS score for the Group has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including, modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

## Strategic report *(continued)*

### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the annual report and accounts 2020.

### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

### **Future developments**

The Directors expect the general level of activity to remain consistent in the forthcoming year, although it is expected that there will be a slight reduction in variable revenue compared to the previous year due to the impact of COVID-19. The Company has also successfully secured three new contracts that will commence in the second half of FY21 and there is a robust pipeline of bidding activity throughout the coming year. The government is committed to an outsourcing agenda, providing certainty to the existing pipeline. We expect a new range of opportunities in our core criminal justice markets to be created through expiration of our competitors' existing contracts and further central government initiatives.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 21.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
6D9A5EE411B84E5...  
**D A Spencer**  
Director

25 November 2020

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- Net Promoter Score programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> <li>- Effective data, systems and processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

1. The company's workforce is employed through another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* During the year the Board decided to consolidate Mitie's Security and Cleaning divisions under a single 'Business Services' management team. The Directors, through Mitie's governance framework, were a part of this decision-making process which balanced matters such as the opportunities to work more efficiently for clients, the challenges and benefits of moving to shared operating platforms and the impact of the consolidation on employees.

#### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

*Example:* In response to the Upload results, the Directors were part of the decision to roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and make it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal will be fully integrated with SAP, which will mean suppliers will be able to check invoice status.

##### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity. The NPS score for the Group has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to clients.

#### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the impact of the Company operations on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025. This will involve the removal of all single-use materials from its business by embracing the circular economy through initiatives such as closed-loop paper recycling and only using natural, non-toxic and biodegradable cleaning products.

*Example:* Several contracts within the Company are committed to the Mitie Foundation's Ready2Work initiative, an eight week, on-the-job work experience programme that gives selected candidates the chance to work within a Mitie business, with one of our clients or a partner organisation, with the ultimate goal of helping them secure full time employment. The Company now has several candidates working on those contracts.

#### Maintaining a high standard of business conduct

##### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including, modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

##### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group PLC annual report and accounts 2020.

#### The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

## Strategic report *(continued)*

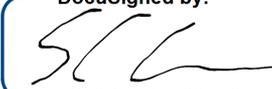
### Future developments

The Directors expect the general level of trading activity to improve in the forthcoming year. Following a management restructure in August 2019, steps have been taken to review and identify operational efficiencies, commercial improvements and back office synergies. Covid-19 is an unexpected event which has led to changes in the macro and micro economic conditions. This has provided opportunities and risks depending on the sector to which clients operate, although overall income and profitability has remained strong.

### Post balance sheet events

Subsequent events have been disclosed in Note 24.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
7C53DEA07E394E2...  
**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report

Mitie Holdings Limited (the “Company”) is part of the Mitie group of companies (the “Group”), the ultimate parent company being Mitie Group plc.

The Directors, in preparing this Strategic report, have complied with Section 414c of the Companies Act 2006.

### Review of the business

The principal activity of the Company is to act as a holding company to its subsidiaries. Its significant activities were in respect of interest charges on its loans. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the profit and loss account on page 10, the Company's turnover was £nil (2019: £nil) and the loss after tax was £7,966,000 (2019: £6,334,000).

### Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Company's Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts for the year ended 31 March 2020 which does not form part of this report.

### Principal risks and uncertainties

The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts for the year ended 31 March 2020 for the year ended 31 March 2020. The Directors have reviewed the financial risk management objectives and policies of the Company in light of the Group Risk Framework. The Directors do not believe there to be any significant risks other than those detailed below.

Key risks include:

#### *COVID-19*

The COVID-19 pandemic has already had an unprecedented impact on businesses and economic activity across the world. Almost every business has seen uncertainty in revenues, supplies and employee availability. Failure to monitor, respond to and plan for the ongoing and any future impacts of the COVID-19 pandemic, in particular the effect on employees, customers and the supply chain, could result in severe consequences for the financial health and reputation of the Company's business.

The Company has implemented a process of assessing the impact of the crisis, including the government imposed lockdown measures, seeking to establish new ways of working through the first phase and then starting to look at longer term plans once the UK lockdown starts to ease and business activity returns to more normal levels. To manage the risk, crisis management and business continuity plans have been initiated, government support schemes are being utilised and working groups have been established at the Mitie Group level to monitor ongoing impacts and to direct actions.

#### *Changes in market*

The Company acts as a holding company for its subsidiaries. These subsidiary companies have performance and resourcing requirements that may be impacted by any changes in the market. These key risks are addressed in the individual subsidiary accounts and also in the Group's annual report.

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

## Strategic report *(continued)*

Stakeholder	Engagement activity	Areas of interest identified
Shareholder/Companies within the Mitie Group	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Governance and transparency</li> <li>- Financial and operational performance</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> <li>- Effective data, systems and processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

Note:

1. The Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and directors in the Group.

*Examples:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal (see below).

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers.

#### *Companies within the Mitie Group*

The Company's main customers are other entities in the Group. The Directors hold regular senior leadership team meetings where feedback on activities is discussed and actions implemented if required.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the company on the community and the environment.

## Strategic report *(continued)*

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available, including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the annual report and accounts 2020.

### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

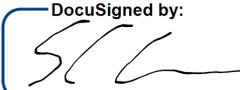
### **Future developments**

The Directors expect the general level of activity to remain consistent in the forthcoming year.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 13.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
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**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report *(continued)*

### Key risks *(continued)*

It is important that we are able to offer competitive, innovative and high-quality solutions to clients, and demonstrate the value we bring to them. We also need to ensure we carefully monitor and identify the most appropriate opportunities in both the public and private sectors.

#### **Financial risks**

##### *Reliance on material counterparties*

The Company depends on significant counterparties, including clients, suppliers, banks and insurers, to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

#### **Operational risks**

##### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is closely monitored by Mitie Group.

##### *System, process or control failure*

Increased reliance on business systems dictates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business-critical systems.

##### *Attracting and retaining skilled people*

Failure to attract new talent and develop existing employees could impact growth. The Company utilises the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

#### **Financial risk management**

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Mitie Group plc financing arrangements.

#### **Future developments**

The directors expect the general level of activity to reduce slightly in the forthcoming year. This is as a result of planned measures being taken to overcome the effect of COVID-19 on the Group. The company intends to take measures to reduce its operating cost base. Additionally, the effect of lockdown, the utilisation of the government incentives and the general change in working patterns will result in a reduced cost base for the company.

#### **Section 172 statement**

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

## Strategic report *(continued)*

### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- NPS programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> <li>- Effective data, systems and processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

1. The Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Examples:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal (see below).

## **Strategic report** *(continued)*

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and make it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal is fully integrated with SAP, which means suppliers are be able to check invoice status.

#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this, Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity. The NPS score for the Group has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including, modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the annual report and accounts 2020.

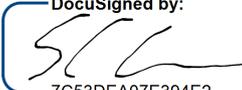
### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 19.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
 7C53DEA07E394E2...  
**S C Kirkpatrick**  
 Director

25 November 2020

## Strategic report *(continued)*

### Operational risks

#### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is closely monitored.

#### *System, process or control failure*

Increased reliance on business systems dictates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. Mitie's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business critical systems.

### Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Mitie Group plc financing arrangements.

The Directors have reviewed the financial risk management objectives and policies of the Company. The Group's Treasury function monitors and manages the financial risks relating to the operations of the Group. These risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by Group policies and reviewed regularly. Group policy is not to trade in financial instruments.

The Company holds a number of cross currency interest rate swaps designated as cash flow hedges. Bi-annual fixed interest cash flows arising over the period to December 2022 and denominated in US\$ for the US Private Placement market are exchanged for fixed interest cash flows denominated in sterling. All cash flow hedges were assessed as being highly effective as at 31 March 2020.

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

## Strategic report (continued)

Stakeholder	Engagement activity	Areas of interest identified
Banks and noteholders	<ul style="list-style-type: none"> <li>- Regular and ad hoc meetings and calls</li> <li>- Results presentations, post-results roadshows and stock exchange announcements</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Governance and transparency</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social value</li> <li>- Reduction in carbon emissions</li> </ul>
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Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

1. The Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Examples:* In response to the Upload results, the Directors were part of the decision to roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day and best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal (see below).

### Fostering business relationships with suppliers, customers and others

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and make it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal is fully integrated with SAP, which means suppliers are be able to check invoice status.

## Strategic report *(continued)*

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available, including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

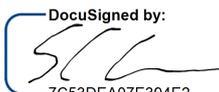
### **Future developments**

The Directors expect the general level of activity to remain consistent in the forthcoming year.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 16.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
7C53DEA07E394E2...  
**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- Net Promoter Score programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Reduction in carbon emissions</li> </ul>
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Note:

1. The Company's workforce is employed through another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* During the year the Board decided to consolidate Mitie's Security and Cleaning divisions under a single 'Business Services' management team. The Directors, through Mitie's governance framework, were a part of this decision-making process which balanced matters such as the opportunities to work more efficiently for clients, the challenges and benefits of moving to shared operating platforms and the impact of the consolidation on employees.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

*Example:* In response to the Upload results, the Directors were part of the decision to roll out several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

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##### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this, Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to customers.

#### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the impact of operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Several contracts within the Company are committed to the Mitie Foundation's Ready2Work initiative, an eight week, on-the-job work experience programme that gives selected candidates the chance to work within a Mitie business, with one of our clients or a partner organisation, with the ultimate goal of helping them secure full time employment. The Company now has several candidates working on those contracts.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Maintaining a high standard of business conduct

##### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

##### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

#### The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

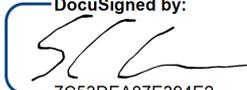
### Future developments

Following the first period of the financial year where the Company continued to operate, the Directors expect the general level of trading activity to be nil in the forthcoming year following the transfer of trade and net assets to Mitie Security Limited on 30 April 2020.

### Post balance sheet events

Since the balance sheet date, the trade and net assets of the Company have undergone a transfer of going concern to Mitie Security Limited on the 30 April 2020 and the Company is not expected to trade after this date. Further subsequent events have been disclosed in Note 16.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
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**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report *(continued)*

### Financial Risks

#### *Reliance on material counterparties*

The Company depends on significant counterparties, including clients, suppliers, banks and insurers, to maintain its business.

The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

### Operational Risks

#### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment, exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is closely monitored.

#### *System, process or control failure*

Increased reliance on business systems necessitates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business-critical systems.

#### *Attracting and retaining skilled people*

Failure to attract new talent and develop existing employees could impact growth. The Company utilises the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

### Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Mitie Group plc financing arrangements.

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- NPS programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>

## Strategic report *(continued)*

Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> </ul>
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1. The Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are; Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

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### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support small and medium-sized enterprises (SME's) and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and make it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal will be fully integrated with SAP, which will mean suppliers will be able to check invoice status.

#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

## **Strategic report** *(continued)*

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

The interests of customers were considered when discussing the divisional restructure, ensuring the Company retained a focus on delivery of their Specialist Services.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the Company on the community and the environment.

The Directors have been involved in Mitie's Plan Zero commitment, pledging that the Company will reach net zero carbon emissions by 2025.

Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

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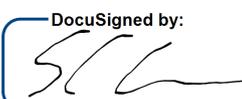
### **Future developments**

From March 2020, the trading operations of the Company have been impacted by the response to the Covid-19 pandemic, with a small number of customers temporarily suspending services. In response to any decrease in service, the Company have managed costs accordingly to mitigate any material profitability impact. As part of cost control, the Company has taken advantage of the Government's furlough scheme, strictly adhering to the Government's guidance on qualifying individuals.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 21.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
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**S C Kirkpatrick**  
 Director

25 November 2020

## Strategic report *(continued)*

### Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

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### Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

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#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

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##### *Customers*

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*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

Impact of operations of the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

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Maintaining a high standard of business conduct

*Ethical business practice*

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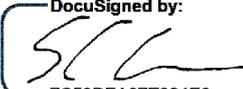
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**Post balance sheet events**

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Approved by the Board and signed on its behalf by:

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**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report *(continued)*

The impact of the Brexit negotiations may also influence the decisions taken by both public and private sector clients on which activities should be outsourced and the amount of discretionary spend available for outsourcing activities. This may result in fewer opportunities for the Company and have a consequential negative impact on our financial performance.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These controls include, but are not limited to, having:

- i) a dedicated Chief Government and Strategy Officer and team;
- ii) dedicated account managers to focus on growing integrated strategic accounts;
- iii) a drive for greater customer retention and higher Net Promoter Scores through improvements in customer service;
- iv) regular reviews of sales opportunities by all business sales leaders.

In conjunction with the above, it is important that we are able to offer competitive, innovative and high-quality solutions to clients, and demonstrate the value we bring to them. We also need to ensure we carefully monitor and identify the most appropriate opportunities in both the public and private sectors.

### Financial risks

#### *Reliance on material counterparties*

The Company depends on significant counterparties including clients, suppliers, banks and insurers to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

### Operational risks

#### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment, exists and is mitigated by an extensive Quality, Health, Safety and Environmental ("QHSE") programme that is closely monitored.

#### *System, process or control failure*

Increased reliance on business systems necessitates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business-critical systems.

#### *Attracting and retaining skilled people*

Failure to attract new talent and develop existing employees could impact growth. The Company utilises the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

### Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the Group's financing arrangements.

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

## Strategic report *(continued)*

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- Net Promoter Score programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> <li>- Effective data, systems and processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

Note:

1. The Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and directors in the Group.

*Examples:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented.

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity. The NPS score for the Group has increased year on year demonstrating the focus on customer service is having the right impact.

## **Strategic report** *(continued)*

*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the Company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

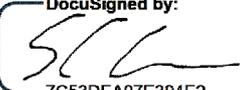
## **Future developments**

The Directors expect the general level of activity to decrease in the forthcoming year, as a result of the impact of COVID-19. COVID-19 and the impact of associated delays to projects will have an inevitable impact on the ability of the business to maintain the same level of performance experienced during the year ended 31 March 2020.

## **Post balance sheet events**

Subsequent events have been disclosed in Note 22.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
 7C53DEA07E394E2...  
**S C Kirkpatrick**  
 Director

25 November 2020

## Strategic report *(continued)*

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
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Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

Note:

1. The Company's workforce is employed through another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* During the year the Board decided to consolidate Mitie's Security and Cleaning divisions under a single 'Business Services' management team. The Directors, through Mitie's governance framework, were a part of this decision-making process which balanced matters such as the opportunities to work more efficiently for clients, the challenges and benefits of moving to shared operating platforms and the impact of the consolidation on employees.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

*Example:* In response to the Upload results, the Directors were part of the decision to roll out several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers.

##### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this, Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to customers.

#### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the impact of operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025. This will involve the removal of all single-use materials from its business by embracing the circular economy through initiatives such as closed-loop paper recycling and only using natural, non-toxic and biodegradable cleaning products.

*Example:* Several contracts within the Company are committed to the Mitie Foundation's Ready2Work initiative, an eight week, on-the-job work experience programme that gives selected candidates the chance to work within a Mitie business, with one of our clients or a partner organisation, with the ultimate goal of helping them secure full time employment. The Company now has several candidates working on those contracts.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Maintaining a high standard of business conduct

##### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

##### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

#### The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

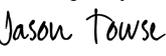
### Future developments

The Directors expect the general level of trading activity to be nil in the forthcoming year following the transfer of trade and net assets to Mitie Security Limited on 31st March 2020.

### Post balance sheet events

Subsequent events have been disclosed in Note 23.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
D7097651796243B...  
**J Towse**  
Director

25 November 2020

## Strategic report *(continued)*

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006

### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- NPS programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings with shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social value</li> <li>- Reduction in carbon emissions</li> </ul>
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Notes:

1. The Company’s workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

## Strategic report *(continued)*

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

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#### *Suppliers*

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#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to clients.

### Impact of operations of the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

## Strategic report *(continued)*

### **Maintaining a high standard of business conduct**

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the annual report and accounts 2020.

### **The need to act fairly as between members of the company.**

The Company is a wholly owned subsidiary of Mitie with one shareholder. The Directors of the Company operate within the governance framework for the group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

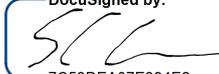
### **Future developments**

The Directors expect the general level of activity to decrease in the forthcoming year. This is as a result of the impact of CV-19 on activity due to the lockdown restrictions. Covid-19 is an unexpected event which has led to changes in the macro and micro economic conditions. This has provided opportunities and risks depending on the sector to which clients operate, although overall income and profitability has remained strong, it is expected to reduce below FY20 levels.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 20.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
7C53DEA07E394E2...  
**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

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## Strategic report *(continued)*

*Example:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a celebration hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

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### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers.

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### Maintaining a high standard of business conduct

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## Strategic report *(continued)*

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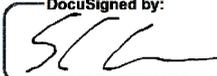
### **Future developments**

The Directors initially expect the underlying trade to decrease in comparison to the current year. This is mainly owing to the COVID-19 pandemic and its effect on the UK economy. It is forecast that economic conditions will steadily improve throughout the year.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 24.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
7C53DEA07E394E2...

**S C Kirkpatrick**  
*Director*

23 November 2020

## Strategic report *(continued)*

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- Net Promoter Score programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

Note:

1. The Company's workforce is employed through another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* During the year the Board decided to consolidate Mitie's Security and Cleaning divisions under a single 'Business Services' management team. The Directors, through Mitie's governance framework, were a part of this decision-making process which balanced matters such as the opportunities to work more efficiently for clients, the challenges and benefits of moving to shared operating platforms and the impact of the consolidation on employees.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

*Example:* In response to the Upload results, the Directors were part of the decision to roll out several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

#### Fostering business relationships with suppliers, customers and others

##### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers. Further, the portal is fully integrated with SAP, which means suppliers are be able to check invoice status.

##### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this, Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

*Example:* The interests of customers were considered when discussing the divisional restructure, including the ability to sell bundled services more efficiently to customers.

#### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the impact of operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025. This will involve the removal of all single-use materials from its business by embracing the circular economy through initiatives such as closed-loop paper recycling and only using natural, non-toxic and biodegradable cleaning products.

*Example:* Several contracts within the Company are committed to the Mitie Foundation's Ready2Work initiative, an eight week, on-the-job work experience programme that gives selected candidates the chance to work within a Mitie business, with one of our clients or a partner organisation, with the ultimate goal of helping them secure full time employment. The Company now has several candidates working on those contracts.

## Strategic report *(continued)*

### Section 172 statement *(continued)*

#### Maintaining a high standard of business conduct

##### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

##### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by the Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

#### The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

### Future developments

Despite the COVID-19 pandemic the Directors still expect the forthcoming years performance to be strong, although the level of uncertainty in forecasts have increased compared to previous years. The company's underlying strategy remains unchanged with a focus on growing the core guarding business through our key sectors, being Retail, Government related contracts and the Defence sector, although we have a sharp focus supporting the government and our clients' needs during the COVID-19 crisis and beyond, including supporting the mobilisation and running of many of the COVID-19 Testing centres across the UK. The Directors also continue to focus on growing our Technology business whose contactless services are key in a post COVID-19 world.

### Post balance sheet events

Subsequent events have been disclosed in Note 24.

Approved by the Board and signed on its behalf by:

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**J Towse**  
Director

25 November 2020

## Strategic report *(continued)*

The impact of the Brexit negotiations may also influence the decisions taken by both public and private sector clients on which activities should be outsourced and the amount of discretionary spend available for outsourcing activities. This may result in fewer opportunities for the Company and have a consequential negative impact on our financial performance.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These controls include, but are not limited to, having:

- i) a dedicated Chief Government and Strategy Officer and team;
- ii) dedicated account managers to focus on growing integrated strategic accounts;
- iii) a drive for greater customer retention and higher Net Promoter Scores through improvements in customer service;
- iv) regular reviews of sales opportunities by all business sales leaders.

In conjunction with the above, it is important that we are able to offer competitive, innovative and high-quality solutions to clients, and demonstrate the value we bring to them. We also need to ensure we carefully monitor and identify the most appropriate opportunities in both the public and private sectors.

### Financial risks

#### *Reliance on material counterparties*

The Company depends on significant counterparties including clients, suppliers, banks and insurers to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

### Operational risks

#### *Significant health, safety or environmental incidents*

The potential to cause harm to employees, clients, or to damage the environment, exists and is mitigated by an extensive Quality, Health, Safety and Environmental ("QHSE") programme that is closely monitored.

#### *System, process or control failure*

Increased reliance on business systems necessitates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business-critical systems.

#### *Attracting and retaining skilled people*

Failure to attract new talent and develop existing employees could impact growth. The Company utilises the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

### Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the Group's financing arrangements.

### Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the directors of the Company (the "Directors") have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

## Strategic report *(continued)*

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- Net Promoter Score programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- People and culture</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social value</li> <li>- Reduction in carbon emissions</li> </ul>
Employees <sup>1</sup>	<ul style="list-style-type: none"> <li>- Upload engagement survey</li> <li>- Townhall meetings and Team Talk Live</li> <li>- Back to Floor sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> <li>- Effective data, systems and processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> <li>- Prompt payment code</li> </ul>

Note:

1. The Company's workforce is employed through another Group company.

### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and directors in the Group.

*Examples:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented.

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity. The NPS score for the Group has increased year on year demonstrating the focus on customer service is having the right impact.

## Strategic report *(continued)*

*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the Company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the Company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2020.

### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

### **Future developments**

The Directors expect the general level of activity to decrease in the forthcoming year, as a result of the impact of COVID-19. COVID-19 and the impact of associated delays to projects will have an inevitable impact on the ability of the business to maintain the same level of performance experienced during the year ended 31 March 2020.

**Strategic report** *(continued)*

**Post balance sheet events**

Subsequent events have been disclosed in Note 19.

Approved by the Board and signed on its behalf by:

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**S C Kirkpatrick**  
*Director*

25 November 2020

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

The following disclosure describes how the directors of the Company (the “Directors”) have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006

#### Stakeholders

The Directors consider the groups set out in the table below as its key stakeholders, these align with that of the wider Group. Through various methods including information gathered and cascaded by both the divisional and senior leadership teams, and groupwide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	<ul style="list-style-type: none"> <li>- Management of customer relationships by divisional leadership</li> <li>- NPS programme</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
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1. The Company’s workforce is employed by another Group company.

#### Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

*Example:* In the first half of 2019/20, Mitie joined the Living Wage Foundation as a Recognised Service Provider. Mitie is committed to raising the pay of its people, and now provides a Real Living Wage bid to clients. All staff directly employed in Mitie locations are paid at least the Living Wage.

## Strategic report *(continued)*

### Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer provides the Board with an update on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

*Example:* In response to the Upload results, the Directors were part of the decision to the roll out of several new reward and recognition initiatives and now has a Celebration Hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and make it easier to communicate with existing suppliers. With suppliers in mind, the new system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers.

#### *Customers*

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. To support this Mitie implemented the Net Promoter Score ("NPS") in 2018 which is carried out annually and uses direct customer feedback to inform a company's activity.

The NPS score for the Company has increased year on year demonstrating the focus on customer service is having the right impact.

### Impact of operations on the community and the environment

The Directors are supportive of Mitie's initiatives to improve the operations of the company on the community and the environment.

*Example:* The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

*Example:* Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

### Maintaining a high standard of business conduct

#### *Ethical business practice*

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

#### *Good governance*

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

## Strategic report *(continued)*

Details of how Mitie complies with the UK Corporate Governance Code can be found in the annual report and accounts 2020.

### The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie with one shareholder. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

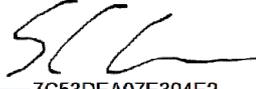
### Future developments

From March 2020, the trading operations of the Company have been impacted by the response to the Covid-19 pandemic, with a small number of customers temporarily suspending services and restricting site access. This has led to a reduction in variable revenue works and in response to any decrease in service, the Company have managed costs accordingly to mitigate any material profitability impact. As part of cost control, the Company has taken advantage of the Government's furlough scheme, strictly adhering to the Government's guidance on qualifying individuals.

### Post balance sheet events

Subsequent events have been disclosed in Note 19.

Approved by the Board and signed on its behalf by:

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**S C Kirkpatrick**  
Director

25 November 2020

## Strategic report (continued)

### Section 172 statement

The board of directors of Mitie Group plc (“Mitie”) is referred to in this statement as the “Board”.

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## Strategic report *(continued)*

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Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal (see below).

### Fostering business relationships with suppliers, customers and others

#### *Suppliers*

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*Example:* For customers, and potential customers, working with a socially responsible provider is becoming increasingly important. The Directors are mindful of this and fully supported the introduction of the Social Value and Responsible Business Committee to underpin and govern the Company's social value agenda.

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## Strategic report *(continued)*

### Maintaining a high standard of business conduct

#### *Ethical business practice*

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Details of how Mitie complies with the UK Corporate Governance Code can be found in the annual report and accounts 2020.

### The need to act fairly as between members of the company

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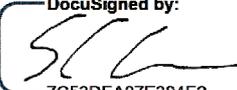
### **Future developments**

The Directors initially expect the underlying trade to decrease in comparison to the current year. This is mainly owing to the COVID-19 pandemic and its effect on the UK economy. It is forecast that economic conditions will steadily improve throughout the year.

### **Post balance sheet events**

Subsequent events have been disclosed in Note 25.

Approved by the Board and signed on its behalf by:

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**S C Kirkpatrick**  
Director

25 November 2020