Statement from the Remuneration Committee Chair

FY21 was a transformative year for Mitie. Following the acquisition of Interserve Facilities Management, the Remuneration Committee has reviewed the remuneration policy to ensure that it continues to support the Group's strategy and promotes the long-term sustainable success of Mitie.

On behalf of the Board, I am pleased to present the Directors' remuneration report for the year ended 31 March 2021.

The report is split into three main parts:

- **Executive remuneration at a glance.** This sets out a summary of our approach, including how we intend to operate under our policy and remuneration outcomes for the year,
- **The Annual Report on Remuneration.** This provides more detail on the above, as well as setting out other remuneration-related disclosures,
- **The remuneration policy.** Our existing policy has been in place since it was approved by 99.7% of shareholders at the 2018 AGM. In accordance with the normal three-year cycle we are presenting a new policy for approval at the 2021 AGM. The policy review and the main changes are summarised below.

The Remuneration Committee has addressed a number of issues during the year. I have described below the approach the Committee has taken, together with the context in which key decisions were made.

Response to COVID-19

Mitie's main aim during the COVID-19 pandemic was to ensure its colleagues felt informed, supported and recognised for their efforts. Mitie introduced new benefits to support the health, financial and mental wellbeing of colleagues, and produced a dedicated benefits guide, which was publicised throughout the year. More information is available in the People Section on pages 38 to 40.

As part of the Group's cost-saving measures in response to the COVID-19 pandemic the Non-Executive Directors and Chief Executive Officer (CEO), and members of the Mitie Group Executive (MGX) (including the Chief Financial Officer (CFO)) volunteered 30% and 20% reductions to their fees/salaries respectively for a period of five months from April 2020. Salaries and fees returned to their normal level in September 2020.

In addition, taking into account the impact of the COVID-19 pandemic and the decision to not recommend a final dividend for FY20, Phil Bentley waived his FY20 bonus, for which the formulaic outcome was 65% of the maximum. This is consistent with how all senior executives at Mitie were treated, in that no FY20 bonuses were paid.

Remuneration review and new policy

Over the last year, the Committee has reviewed the remuneration arrangements for Executive Directors and the management team, to make sure they best support the Group's business strategy, reflect best practice and are aligned with shareholders' interests. As part of our review of the policy we consulted with major shareholders. We have taken into account the feedback we received and incorporated it into the development of the new policy.

Our review concluded that our existing policy was generally aligned with Mitie's underlying purpose and values. However, taking into account the acquisition of Interserve Facilities Management ('Interserve'), the Committee identified an opportunity to improve the alignment of the policy with the long-term strategy through the introduction of the one-off Enhanced Delivery Plan. Other than the addition of the Enhanced Delivery Plan, the current policy is largely being rolled forward with a small number of changes to reflect emerging views on executive pay and the requirements of the updated UK Corporate Governance Code.

- **Pensions.** For any new Executive Director appointments, including the new CFO, Simon Kirkpatrick, pension benefits offered will be in line with the wider workforce. We will also be reducing the existing pension benefits of the CEO, Phil Bentley, to this rate by 1 January 2023. In light of the Interserve acquisition, we are in the process of reviewing pension arrangements across the Group and will disclose details of the workforce pension rate once this review has taken place.
- **Post-employment share ownership requirements.** In line with evolving market practice Executive Directors will be expected to maintain a shareholding in Mitie post departure.
- **Introduction of the Enhanced Delivery Plan.** This is a one-off plan for the three-year performance period ending 31 March 2024, which will sit alongside our usual framework and is described in more detail below.

Further detail on the changes to the policy are provided in the Executive remuneration at a glance section following this statement. The new policy is set out in full in our policy report.

Enhanced Delivery Plan (EDP)

In November 2020, shareholders approved Mitie's acquisition of Interserve. This is a transformative acquisition for Mitie, expanding its scale, footprint and penetration of key segments, creating the UK's largest facilities management company and accelerating the delivery of the Group's long-term technology-led strategy. The acquisition enhances Mitie's competitive positioning with customers, unlocks significant growth opportunities through strategic account management. We set our aim to generate cost synergies at a monthly run rate equivalent to £35m per annum by end of FY24, while strengthening its balance sheet and margin accretion. It also provides a broader platform for Mitie's ESG activities, including its Plan Zero commitment, and for developing its people, creating a great place to work.

To incentivise Mitie's senior leadership team to deliver the benefits from the acquisition and the generation of superior shareholder value, the Committee is proposing the introduction of a one-off share plan, the EDP.

The EDP will be linked to superior Return on Invested Capital performance, as well as exceptional cost and revenue synergy targets, measured over the three years ending 31 March 2024.

Phil Bentley and Simon Kirkpatrick will be granted core awards of 160% and 65% of base salary respectively, which are subject to the achievement of stretching performance measures. They will have the opportunity to earn up to 4x the core award for truly exceptional performance. The Committee has adopted a number of safeguards to ensure that out-turns are commensurate with performance. Awards will be subject to a cap so that the maximum share price growth delivered at vesting cannot exceed 200% growth in the face value of the award at grant. The vesting of awards will also be subject to both an absolute share price underpin and a net debt underpin.

The Committee believes that the EDP is the right plan for Mitie to support the business at a key stage in its transformation and in a competitive market will work to secure the management team for the next three years in generating superior shareholder value. The detailed features of the plan, including the performance measures and underpins, have been developed following an extensive shareholder consultation process and I would like to thank those shareholders who took the time to engage with us and to provide input.

Further details on the EDP are set out on pages 110 and 116.

Remuneration decisions and outcomes in respect of FY21

Salary and fees

In recognition of the impact of COVID-19 the Committee decided to freeze the salary for the CEO, Phil Bentley, for FY22. The CEO's salary will therefore remain at £900,000. The CEO's salary has been unchanged since his appointment in 2016. The salary of Andrew Peeler, who was interim CFO until 31 March 2021, was £400,000 per annum since his appointment in 2019 and has remained unchanged.

FY21 bonus

Phil Bentley's annual bonus for FY21 was based on profit, revenue and strategic/individual performance. At the end of the year the Committee assessed performance against the targets and was mindful of the latest shareholder guidance and market sentiment. As such the Committee gave careful consideration to the year's context taking into account the experience of colleagues, stakeholders and shareholders.

FY21 was an exceptional year. The Company continued its swift and decisive response to the COVID-19 pandemic protecting the business, colleagues and customers from unprecedented levels of uncertainty. Mitie management recognised the importance of caring for colleagues and the great work they do, providing critical services to Mitie's clients and keeping the country running. During the year Mitie has been able to enhance the reward offering for all colleagues as detailed below and has recruited more than 15,000 people since the start of the pandemic many of whom are frontline workers or directly supporting the fight against COVID-19 by working in test centres.

Despite the challenges of the pandemic, during the year management were also able to recognise a significant opportunity for Mitie shareholders in the form of the acquisition of Interserve. This transformative acquisition required the raising of capital which the management team were also able to successfully deliver through the rights issue which was supported by a significant majority of shareholders.

As well as successfully completing the Interserve acquisition and caring for colleagues, Mitie management maintained a focus on the core business and delivered resilient financial performance exceeding targets set at the start of the year. Revenue for the year was £2,589m, including the impact of Interserve. Strong cash management in the year has also resulted in a closing net debt of £86.7m which exceeded expectations. Taking into account the robust financial performance, management made a decision to repay the furlough support received in respect of colleagues employed directly by Mitie's operations as well as the amounts in respect of PAYE and VAT deferral.

As a result of the exceptional efforts of the management team Mitie has entered FY22 in a robust position with a major opportunity to deliver significant benefits for colleagues, shareholders and other stakeholders. As such the Committee determined that it would be appropriate for executives to receive an annual bonus in respect of FY21. In making this decision the Committee also took into account the leadership shown by Phil Bentley since his appointment and the fact that he has voluntarily waived annual bonus payments in respect of FY17, FY18 and FY20 totalling £1,656,000. Following their assessment, the Committee has determined that Phil Bentley will receive an annual bonus of 78.6% of maximum. Further details are provided in the Annual Report on Remuneration.

Andrew Peeler's bonus arrangement which was capped at 50% of base salary and tied to role-specific objectives for FY21 was paid in part in January 2021 (£125,000) and the remainder (£75,000) is not due for payment until the end of his assignment which was extended to 30 June 2021.

2018 LTIP

The Committee assessed the outcome of the August 2018 LTIP awards granted under the plan against two performance measures: Adjusted Earnings per Share (EPS) growth; and cash conversion. Following a review of performance against targets, the Committee determined that 50% of the award would vest in August 2021. This is described in more detail in the Annual Report on Remuneration.

The Committee challenged itself to ensure that bonus and LTIP outcomes were appropriate in the round and was comfortable that the outcomes were appropriately commensurate with both organisational and individual performance. The Committee therefore considers that the policy operated as intended.

Incentives approach for FY22

For FY22 the Committee is intending to operate the annual bonus and LTIP using the same broad framework that was used for FY21. Phil Bentley's maximum bonus and LTIP opportunity will be unchanged at 160% and 200% of base salary respectively. The annual bonus will be based on financial and strategic targets with the mix of measures as follows: revenue (35%); profit (35%); free cash flow (10%); individual objectives (10%); and other strategic targets (10%). Following a review of the performance measures used under the LTIP the Committee is intending to introduce a measure linked to ESG performance. The introduction of this measure recognises the importance of sustainability to the business and supports and aligns with Mitie's Social Value Framework. The LTIP will be based on performance against: adjusted EPS (50%), cash conversion (35%) and ESG targets (15%).

Andrew Peeler will receive the remainder of his FY21 bonus (£75,000) and will not participate in the annual bonus plan or LTIP for FY22. Andrew receives a cash allowance of 3% of base salary in lieu of pension, which is in line with the rate currently available to the majority of the workforce.

CFO appointment

On 17 March 2021 the Company announced the appointment of Simon Kirkpatrick as CFO with effect from 1 April 2021. Simon's remuneration arrangements have been set in line with the shareholder-approved remuneration policy. Simon will receive a pension cash allowance equivalent to 3% of base salary, which is in line with the rate currently available to the majority of the workforce. He will be eligible for a maximum annual bonus of 130% of base salary and a maximum LTIP award of 150% of base salary. Simon's annual bonus and LTIP will be subject to the same framework set out above for Phil Bentley. Recognising that this will be Simon's first executive director appointment, his salary has been set at £350,000, which is at the lower end of the market and more than 18% lower than the salary of the previous CFO to serve on a non-interim basis (Paul Woolf at £430,000). Over the coming years, as Simon develops in the role, the Committee expects to increase his salary to be in line with the market. As a result, we anticipate awarding salary increases that are above the rate received by the wider workforce, subject to his performance and development. The Committee acknowledges that proxy advisory bodies may highlight these phased salary increases as a repeated annual area of concern. However, the Committee considers that this is the most appropriate approach in the circumstances and provides Simon with the opportunity to develop in the role. Simon will participate in the EDP and will be granted a core award of 65% of base salary.

Workforce remuneration

The Interserve acquisition is transformative for Mitie and the Committee considers that it also presents a significant opportunity for the wider Mitie workforce to contribute to the success of the combined business. The Committee has finalised proposals to reward colleagues and to encourage wider share ownership through enhancements to the Share Incentive Plan (SIP). In April 2021 the Company launched Mitie Free Shares, which focus on rewarding the Group's frontline heroes. Those colleagues earning under £30,000 per annum will be given 100 free shares, and there is a sliding scale up to colleagues earning in excess of £60,000 per annum who will be given 25 free shares. The Company has also announced that the current One-for-Ten matching share offer under the SIP will be enhanced through the One-for-Two Share Plan that will be launched in summer 2021.

Within the wider workforce there was an annual pay review in April 2021, which for salaried colleagues received increases of between 0% and 4% depending on performance rating (the overall cost being 2.5% of the salary budget) and for hourly colleagues was in line with obligations through the Real Living Wage and National Living/Minimum Wage. The Group Annual Bonus Plan for FY21 paid out for eligible colleagues. In FY21 enhancements to the benefits package were rolled out to all frontline colleagues, including those who were formerly with Interserve, and a review is planned of pension arrangements.

The Remuneration Committee

The members of the Remuneration Committee are all Non-Executive Directors and are listed in the table on page 83. During the year ended 31 March 2021, the Committee met seven times. For the Directors' attendance, see the table on page 83.

The Committee has responsibility for determining the remuneration of Mitie's Executive Directors and the Chairman, taking into account the need to ensure Executive Directors are properly incentivised to perform in the interests of the Company and its shareholders. The Committee is also responsible for setting the remuneration for other senior executives, including the Mitie Group Executive.

The Committee's Terms of Reference are available at www.mitie.com/investors/corporate-governance.

The Committee regularly consults with the CEO and key HR executives on various matters relating to the appropriateness of rewards for the Executive Directors. However, the CEO and other Executive Directors are not present when matters relating directly to their own remuneration are determined. This is also the case for other executives attending Committee meetings. The Company Secretary attended the meetings as Secretary to the Committee. The CEO and HR executives attended the meetings by invitation only.

Share plan renewals

Our all-employee share plan rules are due to expire in 2021 and we are therefore asking shareholders to approve renewed plan rules along with new rules for the LTIP which is not due to expire until 2025. The majority of existing plan rules have broadly been rolled forward with minor updates to reflect the latest market practice. At the 2021 AGM shareholders will be asked to approve the Mitie Group plc Long Term Incentive Plan, the Mitie Group plc Savings Related Share Option Scheme and the Mitie Group plc Share Incentive Plan.

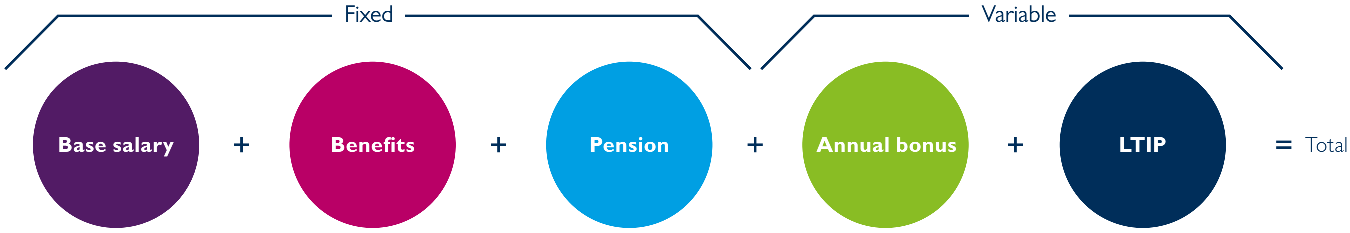
Conclusion

In addition to the approval of the renewed plan rules mentioned above, we will be seeking approval for the Directors' remuneration report (advisory vote), the policy report (binding vote) and the plan rules for the Enhanced Delivery Plan (binding vote) at the 2021 AGM. I welcome your views and feedback on any item.

Jennifer Duvalier
Chair of the Remuneration Committee
jennifer.duvalier@mitie.com

Summary of remuneration policy

Excluding the one-off awards to be made under the Enhanced Delivery Plan for FY22, the Executive Directors' standard remuneration approach is made up of the following elements:



Executive incentives and link to strategy

The following table sets out how the intended measures across the incentive plans for FY22 support the Group's strategy and KPIs:

	Sustained and renewed profit growth	Quality client base	Strong cash-generative business	Strategic targets
Annual bonus	✓ 35% profit	✓ 35% revenue	✓ 10% free cash flow	✓ 20% strategic objectives (inc. ESG)
LTIP	✓ 50% adjusted EPS		✓ 35% cash conversion	✓ 15% ESG measures
EDP	✓ 25% synergies		✓ 75% ROIC	

Note: details of the FY22 annual bonus targets will be disclosed in the FY22 remuneration report.

UK Corporate Governance Code: Provision 40

The following table sets out how the revised Remuneration Policy addresses the factors set out in the UK Corporate Governance Code:

Clarity	The Committee considers that Mitie's remuneration structures are transparent and welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration, including the proposed changes to the Remuneration Policy and introduction of the Enhanced Delivery Plan which are subject to approval by shareholders at the 2021 AGM.
Simplicity	The overall remuneration policy is designed to be comprehensive without becoming overcomplicated and to encourage Executive Directors to concentrate on the profitable growth of the business. When developing the remuneration arrangements, the Committee was conscious of ensuring the overarching structure remained simple and easy to understand for both shareholders and participants.
Risk	The Committee considers that the structures of the incentive arrangements do not encourage inappropriate risk-taking. The following best-practice measures are in place to minimise risks: • Deferral under the Annual Bonus, the LTIP holding period, the EDP holding period and the shareholding requirement, including post-cessation, provide a clear link to the ongoing performance of Mitie's business and the experience of shareholders; • The Committee has discretion to adjust the formulaic outcomes if it considers that they are not reflective of the underlying performance of Mitie or the individual; • Malus and clawback provisions apply to the Annual Bonus, LTIP and EDP.
Predictability	One of the Committee's principles is that the majority of reward opportunity for Executive Directors should be provided through performance-related incentives linked to the Group's strategic goals and taking account of the Group's attitude to risk; reward under these incentives is linked to both individual and Group performance. Page 118 sets out four illustrations of the application of the proposed remuneration policy including the potential opportunity levels resulting from threshold, target and maximum performance under the Annual Bonus, LTIP and EDP.
Proportionality	Performance measures and target ranges under the Annual Bonus, LTIP and EDP are designed to be sufficiently stretching in order to ensure out-turns are fully aligned with Mitie's performance. As above, the Committee has discretion to override formulaic outcomes in order to ensure performance is reflective of Mitie's underlying performance.
Alignment to culture	The Committee believes in an approach to executive pay which is commensurate with value creation for shareholders. The proposed remuneration policy and the Company's incentive schemes have been designed to drive appropriate behaviours consistent with Mitie's purpose, values and strategy.

All employee incentive arrangements

The Company also operates SAYE share option and Share Incentive Plan arrangements, including Mitie Free Shares, allowing employees to participate in share ownership and to share in corporate success over the medium term.

Workforce engagement on executive remuneration

In addition to her role as the Chair of the Remuneration Committee, Jennifer Duvalier acts as the Company's designated Non-Executive Director responsible for oversight of the Board's engagement with the workforce. In this role Jennifer has engaged regularly with the workforce on a broad range of topics including reward and benefits. The Company also undertakes an annual engagement survey which includes a range of specific questions on the Company's pay practices. This survey also presents the workforce with the opportunity to ask its own questions about employee or executive reward.

Through the feedback from the engagement survey, supplemented with Jennifer's findings from her regular direct engagement with the workforce, the voice of Mitie employees is heard at Remuneration Committee meetings. This enables the Remuneration Committee to take into account the views of employees when considering executive remuneration and the pay and employment conditions throughout the wider workforce.

Executive remuneration at a glance

How we intend to operate our policy for FY22

This table summarises the approach for remuneration arrangements for Phil Bentley as CEO for FY21 under the current policy approved by shareholders at the 2018 AGM, alongside how the Committee intends to apply the new policy in FY22 for Phil Bentley as CEO and Simon Kirkpatrick as CFO, subject to shareholder approval at the 2021 AGM. Andrew Peeler's remuneration arrangements as interim CFO are set out separately on page 106.

At a glance	FY21	FY22
Base salary	CEO: £900,000 As part of the Group's COVID-19 cost saving measures the CEO volunteered a 30% reduction in his salary for five months from April 2020.	CEO: £900,000 CFO: £350,000
Pension cash allowance	CEO: 20% of base salary	CEO: 20% of base salary CFO: 3% of base salary
Maximum bonus opportunity	CEO: 160% of base salary	CEO: 160% of base salary CFO: 130% of base salary
Bonus deferral	50% of bonus deferred into shares which vest after at least two years	50% of bonus deferred into shares which vest after at least two years
Bonus performance measures – mix	70% financial, 30% strategic	70% financial, 30% strategic
Bonus performance measures – metrics	Revenue (35%), profit (35%), and strategic targets (30%)	Revenue (35%), profit (35%), and strategic targets (30%)
Maximum LTIP opportunity	CEO: 200% of base salary	CEO: 200% of base salary CFO: 150% base of salary
LTIP performance measures	Adjusted EPS (50%), and cash conversion (50%)	Adjusted EPS (50%), cash conversion (35%), and ESG measures (15%)
LTIP holding period of two years after vest	Shares released after at least five years (vesting after three years plus two-year holding period)	Shares released after at least five years (vesting after three years plus two-year holding period)
Enhanced Delivery Plan opportunity	N/A	CEO: core award of 160% of base salary CFO: core award of 65% of base salary Awards are subject to a multiplier of up to 4x based on stretching performance measures
Enhanced Delivery Plan performance measures	N/A	Return on invested capital (75%) and synergies (25%) Vesting is also subject to both an absolute share price underpin and a net debt underpin

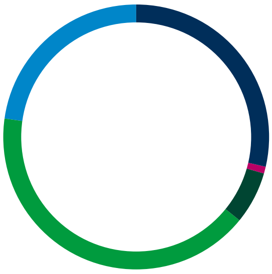
At a glance	FY21	FY22
Enhanced Delivery Plan holding period of two years after vest	N/A	Shares released after at least five years (vesting after three years plus two-year holding period)
Share ownership requirements	200% of base salary	200% of base salary Executive Directors will be expected to maintain their shareholding at 100% of their ownership requirement for one year post departure, reducing to 50% for the second year post departure, or in either case the actual shareholding on departure if lower
Malus and clawback provisions	As per policy approved by shareholders at 2018 AGM	As per policy approved by shareholders at 2021 AGM

Single figure for FY21

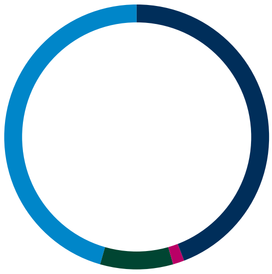
The table below reports a single figure of total remuneration for each of the Executive Directors for the financial year ended 31 March 2021 and their comparative figures for the financial year ended 31 March 2020.

Note: Andrew Peeler joined the Board as interim Chief Financial Officer on 2 January 2020 and the information in the single figure of total remuneration for FY20 only reflects his period as an Executive Director. The LTIP figure disclosed for Phil Bentley for FY20 is in respect of the 2016 and 2017 LTIPs and has been adjusted from the figure included in the FY20 remuneration table to reflect the actual valuation based on the closing share price on the first date of vesting of the awards, being 3 August 2020 (32.35p) and includes dividend equivalents accrued until the first vesting date.

Phil Bentley

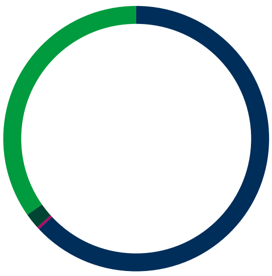


£	2021
Salary	787,500
Benefits	20,625
Pensions	180,000
Bonus	1,131,186
LTIP	622,086
Total	**2,741,397**

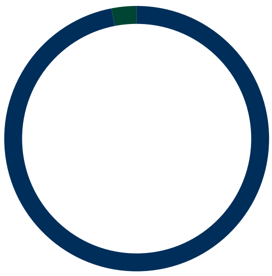


£	2020
Salary	900,000
Benefits	27,508
Pensions	180,000
Bonus	–
LTIP	922,348
Total	**2,029,856**

Andrew Peeler



£	2021
Salary	366,666
Benefits	997
Pensions	12,000
Bonus	200,000
LTIP	–
Total	**579,663**



£	2020
Salary	98,551
Benefits	–
Pensions	2,957
Bonus	–
LTIP	–
Total	**101,508**

Further information on the above is provided in the Annual Report on Remuneration.

Annual Report on Remuneration

Executive Director remuneration (subject to audit)

The table below reports a single figure of total remuneration for each of the Executive Directors for FY21 and their comparative figures for FY20.

	Year	Salary[2]	Benefits[3]	Pension[4]	Total fixed pay	Annual bonus[5]	LTIP[6]	Total variable pay	Total
Phil Bentley	**2021**	**£787,500**	**£20,625**	**£180,000**	**£988,125**	**£1,131,186**	**£622,086**	**£1,753,272**	**£2,741,397**
	2020	£900,000	£27,508	£180,000	£1,107,508	£0	£922,348	£922,348	£2,029,856
Andrew Peeler[1]	**2021**	**£366,666**	**£997**	**£12,000**	**£379,663**	**£200,000**	**£0**	**£200,000**	**£579,663**
	2020	£98,551	£0	£2,957	£101,508	£0	£0	£0	£101,508

Notes:

1 Andrew Peeler was appointed to the Board as interim Chief Financial Officer on 2 January 2020 and the information in the table in respect of FY20 sets out his earnings as an Executive Director from that date to 31 March 2021 when he resigned from the Board.

2 To mitigate the impact of the COVID-19 pandemic Phil Bentley and Andrew Peeler volunteered a 30% and 20% reduction respectively in their salaries for a five-month period from 1 April 2020.

3 Benefits are calculated in terms of UK taxable values and relate to the cost of private medical cover, car allowance and financial/tax planning advice. Phil Bentley has received the use of an electric car for a period of eight months during FY21, which attracts 0% benefit in kind tax.

4 The pension benefit disclosed above comprises cash allowances in lieu of pension contributions for Phil Bentley and Andrew Peeler of 20% and 3% of base salary respectively. Due to an administrative error, Andrew Peeler's pension cash allowance of £2,957 in respect of FY20 was omitted from the FY20 remuneration table.

5 Annual bonus payable in respect of the financial year includes any deferred element at face value at the date of award. Further information about how the level of the award for FY21 was determined is provided on pages 107 and 108.

6 The LTIP figure disclosed for Phil Bentley for FY21 is in respect of the 2018 LTIP and has been valued, in line with the regulations, using the average share price of the last three months of FY21 (51.74p) and includes dividend equivalents accrued over this period. This share price is below the share price at the grant date and therefore none of the amount in the table above is attributable to share price appreciation. Further information about how the level of vesting was determined is provided on page 110. The LTIP figure disclosed for Phil Bentley for FY20 is in respect of the 2016 and 2017 LTIPs and has been adjusted from the figure included in the FY20 remuneration table to reflect the actual valuation based on the closing share price on the first date of vesting of the awards, being 3 August 2020 (32.35p) and includes dividend equivalents accrued until the first vesting date.

Non-Executive Director remuneration (subject to audit)

The fees for the Non-Executive Directors for FY21 and their comparative figures for FY20 are set out below:

	2021[1] £'000	2020 £'000
Derek Mapp	**197**	225
Nivedita Krishnamurthy Bhagat	**46**	52
Baroness Couttie[2]	**52**	59
Jennifer Duvalier	**52**	60
Mary Reilly	**52**	60
Roger Yates	**52**	59
Alan Lovell[3]	**10**	–
Total	**461**	515

Notes:

1 To mitigate the impact of the COVID-19 pandemic the Non-Executive Directors volunteered 30% reductions in their fees for a five-month period from April 2020.

2 All amounts were paid in cash and no other UK taxable benefits were received in either year.

3 Alan Lovell, Chairman of Interserve Group Limited, was appointed to the Board on 1 January 2021 following Mitie's acquisition of Interserve Facilities Management from How Group Limited, a subsidiary of Interserve Group Limited, on 30 November 2020. Alan resigned from the board on 5 March 2021 following the sale by How Group Limited of shares representing 10.5% of the Company's issued share capital.

Base salary and benefits

Since his appointment on 1 November 2016, Phil Bentley's annual base salary has been £900,000. Taking into account the impact of COVID-19 the Committee has decided to freeze the salary for the CEO for FY22.

Commencing 9 December 2019, with no review planned, the annual base salary for Andrew Peeler was £400,000. Andrew resigned from the Board on 31 March 2021 and will leave the Company on 30 June 2021.

Simon Kirkpatrick was appointed as Chief Financial Officer and to the Board with effect from 1 April 2021 and his annual base salary for FY22 will be £350,000.

Benefits are as described in the notes to the Executive Director remuneration table on page 106. No changes in benefits are planned for FY22.

The Non-Executive Director fees were last reviewed by the Board in March 2019. Taking into account the impact of COVID-19 no increases are proposed for FY22 which will therefore be in line with FY21 as follows:

	2021[1] £'000	2020 £'000
Chairman fees[2]	**225**	225
Non-Executive Director core fees[3]	**52**	52
Additional fees:		
Senior Independent Director	**7**	7
Chair of a Committee	**8**	8

Notes:

1 The core fees of £52,000 per annum paid to each Non-Executive Director (including the Chairman) would ordinarily total £312,000 for FY22. Total fees including additional duties would ordinarily amount to £516,000 for FY22 (£461,109 actual for FY21).

2 The Chairman's fee is inclusive of the Non-Executive Director core fee and no additional fees are paid to the Chairman where he is chairman or a member of other Committees.

3 For Non-Executive Directors, individual fees comprise the core fee and additional supplemental fees for the Senior Independent Director and for chairing Committees to reflect the greater responsibility and time commitment required.

Annual Bonus Plan FY21

Awards in respect of FY21 were considered under the ABP. Phil Bentley was eligible for a maximum bonus opportunity of 160% of base salary. Andrew Peeler was eligible for a maximum bonus opportunity of 50% of base salary.

Phil Bentley's award was structured by reference to performance against a blend of financial (70% of the bonus opportunity) and strategic targets (the remaining 30%). At the threshold level of performance for financial targets, 25% of the maximum bonus opportunity is due, with 50% of the maximum bonus opportunity due at the target level and 100% at the maximum level. Between these points the out-turn is determined on a linear sliding scale basis.

As set out in the Remuneration Committee Chair's statement, FY21 was a transformative year for Mitie. Although the business was negatively impacted by the COVID-19 pandemic, the response was strong, both in terms of ensuring the health and wellbeing of frontline colleagues, but also in terms of refinancing of the RCF and completing the acquisition of Interserve to position Mitie strongly for the future.

The Remuneration Committee gave careful consideration to the annual bonus out-turn for FY21 and took into account the experience of Mitie shareholders, colleagues and other stakeholders. Recognising the exceptional performance of management in balancing the many challenges of the year, the Committee considered that it would be appropriate to pay an annual bonus.

The Group performed strongly in respect of FY21. As set out in the table below the formulaic outcome for the annual bonus for Phil Bentley was 78.6% of the maximum.

Performance measure	Weighting	Performance range[3]	Performance	Out-turn (% of bonus opportunity)
Operating profit[1]	35% of the award	£59.1m threshold £65.7m target £72.2m maximum	£63.4m	14.6%
Revenue[2]	35% of the award	£2,251m threshold £2,370m target £2,488m maximum	£2,589m	35%
Free cash flow	10% of the award	-£112m threshold -£92m target -£72m maximum	-£24.5m	10%
Other strategic targets	10% of the award	N/A	The Committee considered performance against the strategic objectives set out below and determined that the out-turn was 90% of the maximum for the CEO.	9%
Individual objectives	10% of the award	N/A	The Committee considered performance against the strategic objectives set out below and determined that the out-turn was 100% of the maximum for the CEO.	10%

Notes:

1 Operating profit before other items from continuing operations.
2 Revenue including share of joint ventures and associates from continuing operations.
3 Performance targets have been increased to reflect the contribution of Interserve for the period following the acquisition. The Committee Is comfortable that the adjusted figures are appropriate and are no less stretching than the original targets.

The strategic targets and individual objectives set for Phil Bentley were as follows:

Strategic targets

Strategy	• £200m rights issue fully underwritten and supported by existing shareholders • Extension of Revolving Credit Facility, to December 2022 supported by existing bank syndicate • Interserve acquisition cleared by the Competition and Markets Authority and approved by shareholders • Accelerated acquisition synergies, delivering more than £4m in-year synergies

Individual objectives

Mobilise integration PMO, comprising external change experts and combination of Mitie/Interserve resources	• Integration PMO successfully mobilised • Composition of Integration PMO transitioned from majority external resources to majority Mitie/Interserve resources • Specialist external resource in Procurement assisting in transformation of procurement function, leveraging the enlarged Mitie Group's approximately £1.5bn of spend with suppliers
Develop plan to deliver synergies from Interserve transaction	• Multiple synergies identified and plan developed to deliver synergies by end of FY23
Enhance net promoter score	• Net Promoter Score increased by 20ppt to +50
Enhance employee engagement	• Employee engagement increased by 9ppt to 55%
Launch Plan Zero and gain ESG accreditation	• Successfully launched Plan Zero Playbook • Secured Industry recognition of Mitie's ESG focus, as evidenced by: – Increase in Carbon Disclosure Project rating to A- in December 2020, making Mitie the only UK-based FM provider with a Leadership rating – Ranked number 1 Business Support Services company globally by Sustainalytics – MSCI rating increased to AA in December 2020 – SFMI Gold Award (Sustainable Facilities Management Index)
Increase MGX diversity	• MGX gender diversity increased from 0% to 20% • MGX BAME diversity increased from 0% to 10% • Led two Big Equity summits and mentored several BAME employees
Maintain talent pipeline	• Simon Kirkpatrick announced as Group CFO on 17 March 2021

The bonus structure and assessment was as follows:

	Financial performance				Non-financial performance				Total bonus payable		
	% of salary payable at threshold	% of salary payable at target	% of salary payable at maximum	% of salary payable	% of salary payable at threshold	% of salary payable at target	% of salary payable at maximum	% of salary payable	Total bonus £'000	Cash £'000	Deferred shares £'000
Phil Bentley	28%	56%	112%	79.4%	0%	24%	48%	46.4%	1,131	566	565

Andrew Peeler's award was structured by reference to performance against objectives specific to his roles as Chief Financial Officer, as detailed below.

Bonus objectives

- To mentor and develop internal Finance heads with a view to establishing their candidacy for the Group role
- To achieve Group Centre cost savings
- To successfully complete the refinancing of the Company's Revolving Credit Facility

The Committee considered the objectives set for Andrew Peeler and were satisfied that they had been successfully achieved during his role as interim CFO.

Annual Bonus Plan FY22

The ABP will be operated on similar terms for FY22. The maximum bonus opportunity for FY22 for Phil Bentley and Simon Kirkpatrick will be 160% and 130% of base salary respectively.. Their awards will be payable by reference to performance against a blend of financial (70% of the bonus opportunity) and strategic targets (the remaining 30%). However, if none of the financial targets have been achieved, no bonus will be payable by reference only to the strategic targets. 50% of any bonus entitlement will be deferred.

Details of the targets will be disclosed in the FY22 remuneration report.

LTIP awards granted in FY21 (subject to audit)

On 11 August 2020, the following conditional LTIP awards were granted to the Executive Directors:

	Award	Type	Number of shares[1]	Face value (£'000)	% of base salary	Performance conditions	Performance period	% vesting at threshold
Phil Bentley	Performance LTIP Aug 20	Nil-cost options	5,278,592	£1,800,000	200%	Performance conditions are set out in the table below	Three financial years ending 31 March 2023	25%

Notes:

1 Number of shares was calculated based on the average closing middle market price of 34.1p for the last five trading days before the date of grant.

LTIP awards granted in FY21 are subject to two performance measures, adjusted EPS and cash conversion. These awards will vest in 2023 conditional on performance against the following measures:

Performance measure	Weighting	Performance range	Vesting of portion of the award (performance period three years ending 31 March 2023)
Adjusted Earnings per Share (EPS) growth	50% of the award	6% – 12% pa	Zero vesting if EPS growth, as adjusted by the Committee as appropriate, is less than 6% pa. If EPS growth is equal to 6% pa, 25% of the award will vest. If EPS growth of 9% pa is achieved, 70% of the award will vest. Full vesting for this portion will occur if EPS growth of 12% pa or more is achieved. Between 6% and 9% and 9% and 12%, the proportion of awards vesting will be determined on a linear sliding scale basis.
Cash conversion	50% of the award	80% – 90% pa	Zero vesting if cash conversion is less than 80% pa. At 80% pa cash conversion, 25% of the award will vest. 70% of the award will vest if 85% pa cash conversion is achieved. Full vesting for this portion will occur if 90% pa cash conversion is achieved. Between 80% and 85% and 85% and 90%, the proportion of awards vesting will be determined on a linear sliding scale basis.

At vesting the Committee will take into account the impact of the Rights Issue and the Interserve acquisition on the performance measures set and the Company's performance. The Committee will make any necessary adjustments to ensure that the targets are appropriate and not materially easier or harder to satisfy than originally intended.

The Committee has the discretion to determine the performance measures and how the performance ranges applicable to the award are applied, including discretion to adjust them in the event of changes in IFRS accounting standards, while ensuring that they are not materially easier or harder to satisfy than the original performance measures and ranges.

LTIP FY22

Phil Bentley and Simon Kirkpatrick will be granted LTIP awards of 200% and 150% of base salary respectively in respect of FY22.

The Committee has reviewed the performance measures used under the LTIP and, recognising the importance of Mitie's Social Value Framework, determined that it would be appropriate to introduce a third measure linked to the achievement of ESG targets. The performance measures will be: Adjusted EPS (50%); cash conversion (35%); and ESG targets (15%). Recognising that this is the first year that ESG targets have been used for the LTIP the Committee will determine the vesting in respect of this element based on an assessment of progress against six ESG metrics for which aspirational targets have been set which the Committee will take into account when assessing overall performance. In recognition of the volatility impacting FY21 given the impact of COVID-19 and the Interserve acquisition, the Committee determined that the EPS performance targets would be set as absolute targets instead of growth targets.

The awards will vest in 2024 conditional on performance against the following measures:

Performance measure	Weighting	Performance range	Vesting of portion of the award (performance period three years ending 31 March 2024)
Adjusted Earnings per Share (EPS)	50% of the award	6.9p – 7.8p	Zero vesting if EPS, as adjusted by the Committee as appropriate, is less than 6.9p. If EPS is equal to 6.9p, 25% of the award will vest. If EPS of 7.4p Is achieved, 70% of the award will vest. Full vesting for this portion will occur if EPS of 7.8p or more is achieved. Between 6.9p and 7.4p and 7.4p and 7.8p the proportion of awards vesting will be determined on a linear sliding scale basis.
Cash conversion	35% of the award	80% – 90% pa	Zero vesting if cash conversion is less than 80% pa. At 80% pa cash conversion, 25% of the award will vest. At 85% pa cash conversion, 70% of the award will vest. Full vesting for this portion will occur if 90% pa cash conversion is achieved. Between 80% and 85% and 85% and 90%, the proportion of awards vesting will be determined on a linear sliding scale basis.
ESG targets	15% of the award	• Greenhouse gas emission reduction: 60% reduction in Scope 1 and 2 net emissions versus the FY20 baseline • Fleet zero carbon: 65% of Mitie's total fleet is zero tailpipe emissions • Employee engagement: improve employee engagement by 6ppt • Customer engagement: improve net promoter score (NPS) by 6ppt • Gender diversity: increase percentage of women holding senior leadership roles to 30% • Ethnic diversity: increase percentage of BAME colleagues holding senior leadership roles to 10%	

The Committee has full discretion to ensure that the level of any vesting outcome is appropriate based on the overall performance of the Group and the shareholder experience.

Details of August 2018 LTIP award vesting in FY22

The Committee assessed the outcome of the August 2018 LTIP awards (based on FY21 results) granted under the plan against a basket of performance measures:

Performance measure	Weighting	Performance range	Vesting of portion of the award (performance period three years ending 31 March 2021)	Mitie performance	Vesting (% of max)
Adjusted Earnings per Share (EPS) growth	50% of the award	5% – 12% pa	Zero vesting if EPS growth, as adjusted by the Committee as appropriate, is less than 5% pa. If EPS growth is equal to 5% pa, 25% of the award will vest. If EPS growth of 8.5% pa is achieved, 70% of the award will vest. Full vesting for this portion will occur if EPS growth of 12% pa or more is achieved. Between 5% and 8.5% and 12%, the proportion of awards vesting will be determined on a linear sliding scale basis.	less than 5% pa	0%
Cash conversion	50% of the award	75% – 85% pa	Zero vesting if cash conversion is less than 75% pa. At 75% pa cash conversion, 25% of the award will vest. At 80% pa cash conversion, 70% of the award will vest. Full vesting for this portion will occur if 85% pa cash conversion is achieved. Between 75% and 80% and 80% and 85%, the proportion of awards vesting will be determined on a linear sliding scale basis.	117.4% pa	50%

As part of their assessment the Committee took into account the wider context. Following their assessment of performance, the Committee determined that the formulaic outturn of 50% of maximum was appropriate for the July 2018 LTIP awards. Awards to Executive Directors will vest in August 2021 and are subject to a two-year post-vesting holding period.

Enhanced Delivery Plan

As set out in the Statement from the Remuneration Committee Chair, following the acquisition of Interserve the Committee has proposed the introduction of a one-off share plan in FY22. Developed in conjunction with a significant shareholder consultation process the EDP has been introduced in order to incentivise and reward management for successfully unlocking the growth opportunities presented by the Interserve acquisition. The EDP operates alongside the existing framework and directly measures the success of the acquisition over the next three years. Stretching performance targets have been set with maximum payouts under the plan requiring truly exceptional performance and resulting in superior returns for shareholders.

In addition, the plan incorporates several best practice features to ensure that executives are aligned with shareholders, including the following:

- **Award cap:** the maximum share price growth delivered at vesting cannot exceed 200% growth in the face value of the award at grant.
- **Holding period:** To provide additional alignment with shareholders, awards to Executive Directors will be subject to a two-year post-vesting holding period so that the total time horizon is five years.
- **Share price underpin:** The vesting of awards will be subject to an absolute share price underpin. The Committee's intention is that awards will be granted shortly after the approval of the EDP by shareholders at the 2021 AGM, with the number of shares under award determined using the average closing share price for the five dealing days prior to the start of the financial year on 1 April 2021 (being 60.5p), to provide direct alignment with the performance period. If the average closing share price for the five days prior to 31 March 2024 does not exceed 60.5p, awards would lapse in full.
- **Net debt underpin:** Following direct feedback from the shareholder consultation, at vesting the Committee shall also have reference to a net debt underpin that the average daily net debt for FY24 does not exceed 1x EBITDA when determining whether remuneration outcomes under the EDP remain appropriate. This is intended as an additional safeguard rather than a performance hurdle.

Phil Bentley and Simon Kirkpatrick will be granted a core award of 160% and 65% of salary respectively with the opportunity to earn up to 4x this level for delivering truly exceptional performance.

The awards will vest in 2024 conditional on performance against the following measures:

Performance measure	Weighting	Threshold (1x multiplier)	Maximum (4x multiplier)
Return on invested capital (ROIC)	75% of the award	20.5% This is 1,140 bps above Mitie's WACC at 31 March 2021 of 9.1%.	24.5% This is 400 bps above the threshold level
Synergies split as cost-saving synergies (85%) and cross-selling revenues (15%)	25% of the award	Cost-saving synergies of £35m, in line with the enhanced synergies set out in the November 2020 acquisition announcement. Cross-selling revenues into the Interserve customer base of £50m (Measured as revenue from services not currently provided by Interserve to its clients).	Cost-saving synergies of £56m, representing over-performance of 60% against the £35m threshold (Interserve total overheads are c.£80m). Cross-selling revenues into the Interserve customer base of £100m.
		For performance between threshold and maximum the proportion of awards vesting will be determined on a linear sliding scale basis.	

Loss of office payments (subject to audit)

There have been no loss of office payments to past Directors during FY21.

Payments to past Directors (subject to audit)

There have been no payments to past Directors during FY21 that relate to their period as a Director.

Percentage change in remuneration of Directors and employees

The table below sets out the change in remuneration of the directors who served on the Board and Mitie's UK employees, which is considered the most appropriate group for comparison purposes.

	Salary[2]	Benefits[3]	Bonus
Average pay based on Mitie's UK employees[1]	2.5%	(20.8)%	(23.9)%
Executive Directors			
Phil Bentley[4]	(12.5)%	(25.0)%	N/A
Andrew Peeler[5]	(8.3)%	N/A	N/A
Non-Executive Directors			
Derek Mapp	(12.5)%	–	–
Nivedita Krishnamurthy Bhagat	(12.5)%	–	–
Baroness Couttie	(10.5)%	–	–
Jennifer Duvalier	(12.5)%	–	–
Mary Reilly	(12.5)%	–	–
Roger Yates	(12.5)%	–	–
Alan Lovell[6]	N/A	–	–

Notes:

1 Reflects the change in average annual pay for UK employees employed throughout FY20 and FY21. Employees who have been on furlough during FY21 have been excluded for the purposes of this analysis.

2 As part of Mitie's actions to mitigate the impact of COVID-19, the Non-Executive Directors and Phil Bentley, and Andrew Peeler volunteered 30% and 20% reductions in their fees/salaries respectively for five months from 1 April 2020.

3 Includes taxable benefits such as car/car allowance, private medical benefit and private fuel. The increase in the number of electric vehicles, due to Mitie's commitment to Plan Zero, has impacted the benefit figure.

4 Phil Bentley's FY20 bonus was £nil as he waived it.

5 Andrew Peeler was appointed to the Board on 2 January 2020 and resigned from the Board on 31 March 2021. Andrew's percentages have been calculated by comparing his FY21 salary to an annualised figure for FY20 based on the figures for his period as a Director during that year; his FY20 benefits and bonus were £nil.

6 Alan Lovell was appointed to the Board on 1 January 2021 and resigned from the Board on 5 March 2021.

CEO pay ratio

The table below sets out the CEO pay ratio in respect of FY21. The previous year's CEO pay ratio data, as published in the FY20 remuneration report, is provided for reference.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY21	Option B	143:1	122:1	110:1
FY20	Option B	154:1	139:1	108:1

The pay ratios set out above were calculated using the Group's FY21 gender pay data based on employees as at 5 April 2020 under method B. Method B was selected because it made use of robust, readily available data and did not require additional analysis into the more than 45,500 UK employees employed by the Group. Total pay was calculated for a sample of employees at each quartile in order to ensure that the three identified employees were suitably representative of their quartile. A full-time equivalent total pay figure was calculated for each identified employee using the single figure methodology. The hourly pay rates were converted into full-time equivalents based on an assumed 40 working hours per week and excluding overtime payments.

The CEO pay ratio figures for FY21 are broadly comparable to the figures reported for FY20. The ratios at the 25th and 50th percentile have decreased slightly. The CEO's single figure has increased year on year, primarily as a result of an annual bonus being payable in respect of FY21 whereas the bonus for FY20 was waived. As a Real Living Wage service provider, Mitie continues to increase pay levels amongst Its various contracts and invest in competitive pay for all employees. Given that Mitie's workforce profile is made up of predominantly frontline customer-facing roles, the employees at each quartile used to compare Mitie's CEO's remuneration all operate within a frontline role. The Committee is comfortable that the pay ratios are consistent with the pay, reward and progression policies at Mitie.

The following table sets out the base salary and total pay figures for the employees identified at each quartile.

Year	Element of pay	25th percentile employee	Median employee	75th percentile employee
FY21	Base salary (FTE)	£18,781	£20,304	£24,347
	Total pay (FTE)	£19,206	£22,484	£24,973

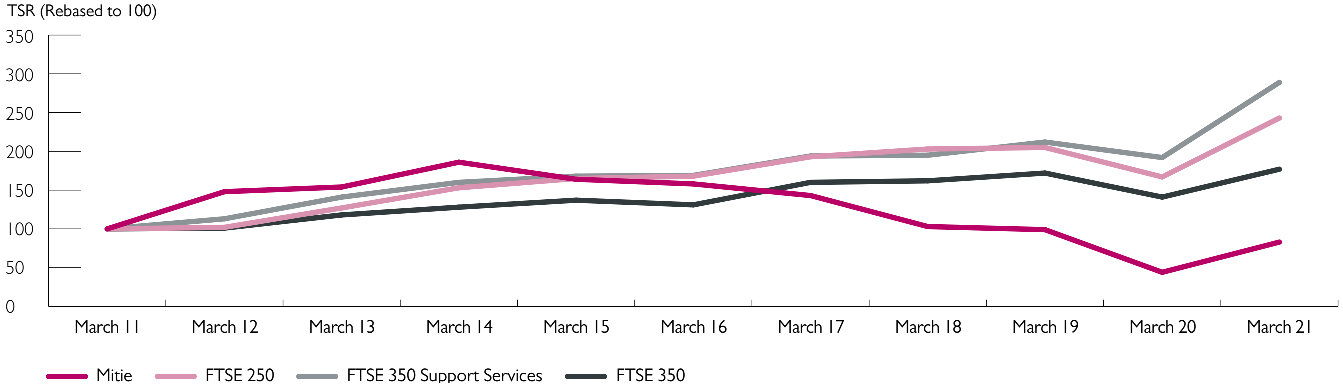
Relative spend on pay

The table below shows the total cost of remuneration in the Group, compared with dividends distributed.

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m	Change
Aggregate employee remuneration	**1,473**	1,269	16.1%
Equity dividends	**0**	14	(100)%

Assessing pay and performance

The table below provides a summary of the Chief Executive Officer's single figure remuneration over the past ten years, as well as the pay-out and vesting levels of variable pay plans in relation to the maximum opportunity. The chart below shows the historical TSR performance over the same period, with Mitie's TSR restated for the bonus element of the 2020 rights issue. Three indices (FTSE 250, FTSE 350 Support Services and FTSE 350) have been chosen as they are widely recognised and Mitie has been a member of these indices during the period:



	FY12	FY13	FY14	FY15	FY16	FY17 Ruby McGregor Smith[1]	FY17 Phil Bentley[1]	FY18	FY19	FY20	**FY21**
Single figure remuneration	£2,431,773	£2,105,131	£1,447,266	£1,525,824	£2,448,161	£530,628	£479,073	£1,102,549	£2,248,948	£2,029,856[2]	**£2,741,397**
Annual bonus element (actual as a % of max)	100%	85%	90%	50%	73%	0%	waived	waived	79%	waived	**78.6%**
LTIP element (actual vesting as a % of max)	87.2%	57.2%	0%	25%	69.5%	0%	n/a	n/a	n/a	79.7%[2]	**50%**

Note:

1 Ruby McGregor-Smith stepped down as Chief Executive Officer on 12 December 2016. Phil Bentley joined the Board on 1 November 2016 and assumed the position of Chief Executive Officer on 12 December 2016. The figures above include Phil Bentley's remuneration from 1 November 2016.

2 This figure includes two LTIP awards that vested based on performance to 31 March 2020 which vested at 100% and 53% respectively, and share price has been adjusted to the share price on the first vesting date, 3 August 2020.

Share ownership (subject to audit)

	Number of shares owned as at 31 March 2021[1]	Value of target holding	Target shareholding	Percentage of salary held as at 31 March 2021	Percentage of target achieved as at 31 March 2021	Compliance with Share ownership guidelines
Phil Bentley[2]	**9,154,496**	**£1,800,000**	**2,849,905**	**642%**	**321%**	**Achieved**

Notes:

1 Includes shares owned by connected persons.

2 Value of target holding is 200% of base salary for Phil Bentley. Historically the target shareholding was calculated by reference to the share price on Phil's appointment as CEO. In order to align with typical market practice and the approach that applies to other members of the MGX, the target shareholding will now be calculated using the average share price for the five business days prior to the end of FY20 (63.16p).

Andrew Peeler is not subject to the shareholding guidelines.

Directors' outstanding share interests (subject to audit)

The following tables provide the outstanding share interests for the Executive Directors:

Directors' interests granted under the LTIP

	Year of grant	Options outstanding as at 31 March 2020[6]	Granted in year	Lapsed in year	Exercised in year	**Options outstanding as at 31 March 2021[7]**	Exercise price	Earliest normal exercise date[8]
Phil Bentley	Nov 2016[1]	1,700,370	–	–	(1,275,276)	**425,094**	Nil-cost	May 2020
	Jul 2017[2]	1,294,783	–	(608,549)	(343,117)	**343,117**	Nil-cost	Jul 2020
	Aug 2018[3]	2,283,069	–	–	–	**2,283,069**	Nil-cost	Aug 2021
	June 2019[4]	2,275,608	–	–	–	**2,275,608**	Nil-cost	June 2022
	Aug 2020[5]	–	5,278,592	–	–	**5,278,592**	Nil-cost	Aug 2023

Notes:

1 The performance criteria applicable to the November 2016 award were provided on pages 154 and 155 of the FY20 remuneration report.

2 The performance criteria applicable to the 2017 awards were provided on pages 155 and 156 of the FY20 remuneration report, and 47% of the award is shown as lapsed in FY21.

3 The performance criteria applicable to the 2018 awards were disclosed on page 110 of this FY21 remuneration report.

4 The performance criteria applicable to the 2019 awards were provided on page 154 of the FY20 remuneration report.

5 The performance criteria applicable to the 2020 awards are disclosed on pages 108 and 109 of this FY21 remuneration report.

6 For all awards prior to August 2020, the number of options has been adjusted for the bonus element of the Rights Issue (x1.93426825).

7 The closing market price of the Company's shares as at 31 March 2021 was 62.9p. Adjusting for the bonus element of the Rights Issue the highest and lowest closing market prices during FY21 were 62.9p and 27.25p respectively.

8 Awards are subject to an additional two-year holding period.

Directors' interests granted under the Deferred Bonus Plan

	Year of grant	Options outstanding as at 31 March 2020[1]	Granted in year	Lapsed in year	Exercised in year	**Options outstanding as at 31 March 2021**	Exercise price	Earliest normal exercise date
Phil Bentley	June 2019	722,847	–	–	–	**722,847**	Nil-cost	June 2021

Notes:

1 Granted as part of the ABP 2019 and the number of options has been adjusted for the bonus element of the Rights Issue.

Directors' share ownership

	Number of ordinary shares beneficially owned as at 31 March 2021 (or date of cessation if earlier)[3]	Number of ordinary shares beneficially owned as at 31 March 2020 (or date of cessation if earlier)[2]
Executive Directors		
Phil Bentley	**9,154,496**	3,905,551
Andrew Peeler	**0**	0
Non-Executive Directors		
Derek Mapp	**494,806**	270,798
Nivedita Krishnamurthy Bhagat	**75,108**	0
Baroness Couttie	**70,582**	0
Jennifer Duvalier	**67,581**	35,724
Mary Reilly	**79,698**	22,646
Roger Yates	**160,000**	96,713
Alan Lovell[1]	**0**	0

Notes:

1 Alan Lovell was appointed to the Board on 1 January 2021 and resigned from the Board on 5 March 2021.

2 Number of shares owned as at 31 March 2021 has been adjusted for the bonus element of the Rights Issue.

3 The number of shares beneficially owned since 31 March 2021 has changed due to a planned purchase that took place on 1 April 2021. The revised figures are as follows; Derek Mapp – 510,605 shares, Nivedita Krishnamurthy Bhagat – 78,925, Baroness Couttie – 74,691, Jennifer Duvalier – 70,464 and Mary Reilly – 83,204.

There have been no changes in Director share ownership between 2 April 2021 and 8 June 2021, the last practicable date prior to the date of this report.

Share dilution

The Company manages dilution rates within the standard guidelines of 10% of issued ordinary share capital in respect of all employee schemes and 5% in respect of discretionary schemes. In calculating compliance with these guidelines the Company allocates available headroom on a ten-year flat-line basis, making adjustments for projected lapse rates and projected increases in issued share capital.

LTIP and deferred bonus awards are satisfied through the market purchase of shares held by the Mitie Group plc Employee Benefit Trust. The potential dilution of the Company's issued share capital is set out below in respect of all awards granted in the last ten years under the Company's equity-based incentive schemes which are being satisfied through the allotment of new shares or treasury shares.

Share dilution at 31 March 2021	Dilution
All share plans (maximum 10%)	8.1%
Discretionary share plans (maximum 5%)	3.9%

Shareholder voting

Mitie remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Group seeks to understand the reasons for any such vote, and will detail here any actions in response to it.

A resolution to approve the Directors' remuneration policy as set out in the Annual Report and Accounts 2018 was passed at the Company's 2018 AGM. At the Company's 2020 AGM, a resolution was passed to approve the 2020 Directors' remuneration report (excluding the summary of the Directors' remuneration policy). The results of the votes on these resolutions were as follows:

Number of votes	Votes in favour	Votes against	Withheld[1]
2018 Directors' remuneration policy – 2018 AGM	276.8m	0.8m	0.1m
	99.7%	0.3%	–
2020 Directors' remuneration report – 2020 AGM	242.9m	9.8m	0.0m
	96.1%	3.9%	–

Note:

1 Votes withheld are not counted in the calculation of the proportion of votes for or against a resolution.

Remuneration Committee and its advisors

The Remuneration Committee seeks and considers advice from independent remuneration advisors where appropriate.

Deloitte LLP has acted as independent remuneration advisors to Mitie since September 2017. The advisors attended Committee meetings and provided advice and analysis of executive remuneration. During their tenure, the advisors provide no other services to the Company (save in relation to services connected to executive remuneration and share plans) and also comply with the Code of Conduct for Remuneration Consultants. The advisors' total cost of advice to the Committee for the year was £58,093 (such fees being charged in accordance with their standard terms of business).

The Committee specifically considered the position of the advisors and was satisfied that the advice the Committee received from them was objective and independent, given that they provided no other services to the Company.

Decision-making process and changes to the policy

The following tables and accompanying notes in this section of the report set out the remuneration policy for Executive Directors and Non-Executive Directors. The policy is intended to apply, subject to approval by shareholders, for three years from the 2021 AGM.

Following a considered decision-making process, changes have been made to the policy approved by shareholders at the 2018 AGM, as detailed in the Statement from the Remuneration Committee Chair on pages 99 to 101. These include the introduction of post-employment shareholding requirements, the reduction of pension contribution rates for new Executive Directors in line with the wider workforce rate and (for 2021 only) the introduction of the one-off Enhanced Delivery Plan. Minor drafting changes have also been made to clarify the Committee's intentions for the operation of the policy.

As part of its review the Committee consulted with Mitie's major shareholders and took into account their views when considering changes to the policy. In addition, the Committee considered the input of the Mitie Group Executive (MGX) (whilst ensuring conflicts of interest were appropriately mitigated) and its independent advisors (Deloitte LLP).

The policy

The key elements of the policy, to be approved at the 2021 AGM, are set out below.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary Set at levels to attract and retain individuals of the calibre required to drive the vision and direction of Mitie.	Salaries are generally reviewed annually, effective from 1 April. The review may be influenced by: • the individual's role, experience and performance; • business performance and the wider market and economic conditions; • the range of increases across the Group; and • an external comparator group comprised of sector comparators and size adjusted comparator organisations.	Base salary increases will normally be in line with the average increase for the salaried non-contract UK employees whose salaries Mitie determines, although on occasion other specific circumstances such as changes of responsibilities, progression in role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group may also be taken into consideration.	N/A
Benefits To aid retention and be competitive within the marketplace.	The Group provides a range of benefits which may include a company car/car allowance, private fuel, private health insurance, life assurance and annual leave. Benefits are reviewed periodically against market and new benefits may be added and/or amended as required to support the attraction and retention of key talent. Additional benefits may be awarded in certain recruitment circumstances which may include relocation expenses and housing allowance. Other benefits may be offered if considered appropriate and reasonable by the Committee.	Benefits are set at a level which the Committee considers: • is appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market; and • provides a sufficient level of benefit based on the role and individual circumstances (e.g. relocation). The Committee retains discretion to approve a higher cost than currently incurred where factors outside the Company's control have changed materially (e.g. medical inflation) or in exceptional circumstances (e.g. relocation).	N/A
All Employee Share Schemes To provide opportunities for the Directors to voluntarily invest in the Company on the same terms as other employees.	Executive Directors are eligible to participate in any all-employee share plan operated by the Company, in line with prevailing HMRC guidelines (where relevant), on a basis consistent with other eligible employees.	N/A	N/A
Pension To aid retention and be competitive within the marketplace	Executive Directors are eligible to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of a pension contribution.	The maximum pension contribution or cash allowance for any newly appointed Executive Director will be aligned with the rate available to the wider workforce. The maximum pension cash allowance for the incumbent Chief Executive Officer is currently 20% of base salary and will be aligned with the rate of the wider workforce by 1 January 2023. The maximum pension contribution or cash allowance for the incumbent Chief Financial Officer is 3% of base salary, and is aligned with the wider workforce.	N/A

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual Bonus Plan (ABP) To incentivise and recognise execution of the Company's strategy on an annual basis. Rewards the achievement of annual financial and strategic goals. Deferral provides alignment with shareholder interests.	Measures and targets are set annually and pay-out levels are determined by the Committee after the year-end based on performance against those targets. The Committee may, in exceptional circumstances, amend the bonus pay-out should this not, in the view of the Committee, reflect overall business performance or individual contribution. 50% of the bonus is normally deferred into shares which vest after a minimum of two years (subject to continued employment). Dividend equivalents are paid in cash on deferred shares which vest. Malus and clawback provisions apply as detailed below this table.	Maximum bonus opportunity is 160% of base salary for the Chief Executive Officer and up to 135% of base salary for any other Executive Director.	Bonuses are based on stretching financial and strategic objectives assessed by the Committee at the end of the year, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders. The Committee has discretion to determine the appropriate weightings each year depending on business priorities. The financial measures will represent the majority of the bonus, with any strategic objectives representing the balance. These elements are measured and calculated independently of each other. For the financial element no more than 25% of maximum is normally payable for threshold performance.
Long Term Incentive Plan (LTIP) To motivate and incentivise delivery of sustained performance and provide alignment with shareholder interests.	Annual awards (in the form of nil-cost options, conditional share awards or cash settlements) are made with vesting dependent upon the achievement of performance conditions over three years. Award levels and the framework for determining vesting are reviewed annually to ensure they continue to support the Group's strategy. The Committee has the discretion to decide whether, and to what extent, targets have been met, and, if an exceptional event occurs that causes the Committee to consider that the targets are no longer appropriate, the Committee may adjust them. Awards will normally be subject to an additional holding period of at least two years. Dividend equivalents may be paid on shares that vest. Malus and clawback provisions apply as detailed below this table.	Awards may be made up to a maximum level of 200% of base salary for any Executive Director.	Performance over at least three financial years is measured against stretching objectives which have the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders. Vesting under the LTIP depends on the achievement of performance conditions. Awards attributable to each performance condition vest at 25% on achievement of the minimum performance threshold, rising to 100% for achievement of a defined upper performance level.
Enhanced Delivery Plan (EDP) To incentivise and reward the delivery of benefits from the acquisition of Interserve Facilities Management and the accelerated delivery of shareholder value.	One-off award (in the form of conditional share awards) to be granted in 2021 subject to approval of the EDP at the AGM, with vesting dependent upon the achievement of performance conditions measured over three years. Awards will be subject to an additional holding period of two years. Dividend equivalents may be paid on shares that vest. Malus and clawback provisions apply as detailed below this table.	Maximum award of up to 640% of base salary for the Chief Executive Officer and up to 260% of base salary for the Chief Financial Officer. Awards are to be structured as a core award (up to 160% of base salary for the Chief Executive Officer and up to 65% of base salary for the Chief Financial Officer) with a performance multiplier of up to four times. The value of vested shares from this award will be limited to three times the face value of these shares at grant.	Awards will vest based on performance over three years against the following measures: • Synergies • Return on Invested Capital The vesting of awards is also subject to a net debt underpin and an absolute share price underpin. These measures have the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders. For achievements at threshold levels of performance, up to 25% of maximum under each element may vest, rising to 100% for achievement of exceptional performance.
Share ownership To ensure alignment of interests between Executive Directors and shareholders.	Executive Directors are required, over time, to build and maintain a minimum shareholding in the Company worth 200% of base salary. They are required to retain half of the post-tax shares vesting under the LTIP and other share schemes until the guideline is met. Executive Directors are normally expected to maintain a shareholding for two years following stepping down from the Board, as described on page 105.	N/A	N/A

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Chairman and Non-Executive Director fees To attract and retain high-calibre individuals. Non-Executive Directors do not participate in any incentive schemes.	Fees are normally reviewed every three years. The fee structure is as follows: • the Chairman is paid an all-inclusive single fee for all Board responsibilities; • the Non-Executive Directors are paid a basic fee, plus additional fees for further responsibilities, such as the chairing of Board Committees; • fees are currently paid in cash but the Company may choose to provide some of the fees in shares; and • benefits, including expenses, can be provided if considered necessary on a case-by-case basis.	Fees are set at a level which: • reflects the commitment and contribution that is expected from the Chairman and the Non-Executive Directors; and • is appropriately positioned against comparator roles in companies of a similar size and complexity in the relevant market. Actual fees are disclosed in the Directors' remuneration report for the relevant financial year. Aggregate fees/value of benefits are capped at the amount set out in the Company's Articles of Association.	N/A

Malus and clawback provisions

The malus and clawback provisions under the ABP, the LTIP and the EDP may be operated if it comes to light within two years from vesting that information used to determine performance was materially inaccurate and resulted in a material overstatement of an award or in the event of any act/omission by an individual that would give grounds for summary dismissal (with no time limit). For the avoidance of doubt, the clawback provisions apply to any cash payments made and/or any shares into which bonus is deferred in relation to the ABP, LTIP awards made after the 2021 AGM and/or the Enhanced Delivery Plan awards.

Clawback provisions are such that:

- cash payment in relation to the ABP can be reclaimed for a period of up to two years after payment; and
- vested share awards under the deferred element of the ABP, LTIP and the EDP can be reclaimed for a period of up to two years after vesting (effected through the operation of malus provisions during the holding period).

Malus and clawback will apply in four main circumstances:

- misstatement of results or an error in the calculation of performance;
- misconduct;
- reputational damage; or
- failure of risk management or control.

Discretions retained in operating the incentive plans

The Committee will operate the ABP, LTIP and EDP according to their respective rules and the above policy table. The Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans.

These discretions include, but are not limited to, the following:

- the selection of participants;
- the timing of grant of an award/bonus opportunity;
- the size of an award/bonus opportunity subject to the maximum limits set out in the policy table;
- the determination of performance against targets and resultant vesting/bonus pay-outs;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- the annual review of performance measures, weightings and targets.

In relation to the ABP, the LTIP and the EDP, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Any use of these discretions would, where relevant, be explained in the Directors' remuneration report and may, where appropriate and practicable, be the subject of consultation with the Company's major shareholders.

Legacy commitments

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed (i) before the date Mitie's first shareholder-approved Directors' remuneration policy came into effect; (ii) before the policy set out in this report comes into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders; or (iii) at a time when the relevant individual was not a Director (or other person to whom this policy applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director or such other person. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted. This policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

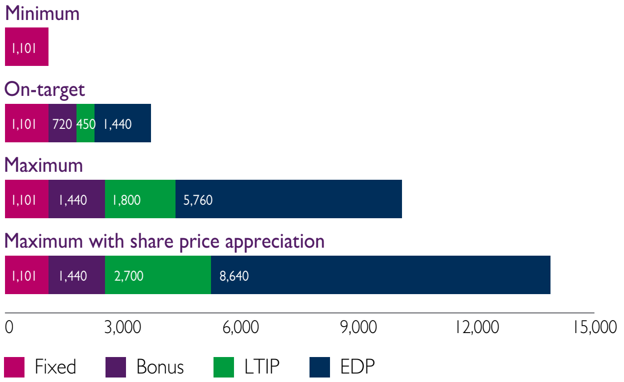
Remuneration scenarios for Executive Directors

Under the Company's policy, a significant proportion of remuneration is linked to performance. The charts below show how much the Executive Directors could earn under Mitie's remuneration policy (as detailed above) under different performance scenarios. The following assumptions have been made:

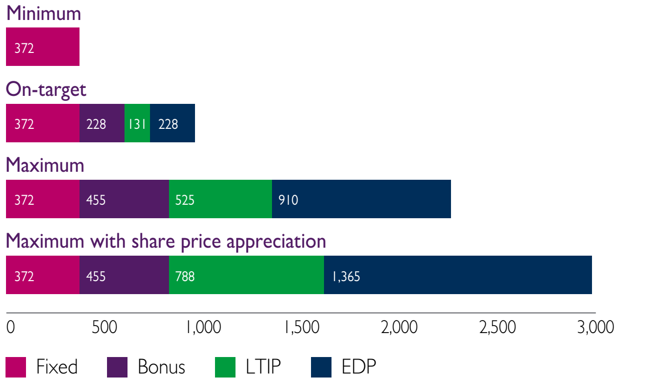
- minimum performance (below threshold) – fixed pay only, comprising base salary effective as at 1 April 2021 and the full year effect of ongoing benefits and cash allowances in lieu of pension contributions;
- on-target performance – fixed pay plus an on-target bonus and 25% of the maximum possible LTIP award vesting and a multiplier of 1x for the EDP award vesting. On-target bonus for FY22 represents 50% of the maximum bonus; and
- maximum performance – fixed pay plus maximum bonus for FY22 of 160% of base salary for the Chief Executive Officer and 130% for the Chief Financial Officer (structured 70% financial targets and 30% strategic/other), maximum LTIP awards (of 200% of base salary for the Chief Executive Officer and 150% for the Chief Financial Officer) and the maximum multiplier of 4x for the EDP award vesting (i.e. 640% of base salary for the Chief Executive Officer and 260% of base salary for the Chief Financial Officer).
- maximum performance with share price appreciation – as per maximum performance with illustrative share price appreciation of 50% on the LTIP and EDP elements.

The scenarios do not include dividend assumptions.

Phil Bentley, Chief Executive Officer (£'000)



Simon Kirkpatrick, Chief Financial Officer (£'000)



Composition of package (%)	Fixed	ABP	LTIP	EDP	**Total**
Minimum	100%	–	–	–	**100%**
On-target	30%	19%	12%	39%	**100%**
Maximum	11%	14%	18%	57%	**100%**
Maximum with share price appreciation	8%	10%	20%	62%	**100%**

Composition of package (%)	Fixed	ABP	LTIP	EDP	**Total**
Minimum	100%	–	–	–	**100%**
On-target	39%	24%	13%	24%	**100%**
Maximum	17%	20%	23%	40%	**100%**
Maximum with share price appreciation	13%	15%	26%	46%	**100%**

Value of package (£'000)	Fixed	ABP	LTIP	EDP	**Total**
Minimum	1,100,625	–	–	–	**1,100,625**
On-target	1,100,625	720,000	450,000	1,440,000	**3,710,625**
Maximum	1,100,625	1,440,000	1,800,000	5,760,000	**10,100,625**
Maximum with share price appreciation	1,100,625	1,440,000	2,700,000	8,640,000	**13,880,625**

Value of package (£'000)	Fixed	ABP	LTIP	EDP	**Total**
Minimum	372,070	–	–	–	**372,070**
On-target	372,070	227,500	131,250	227,500	**958,320**
Maximum	372,070	455,000	525,000	910,000	**2,262,070**
Maximum with share price appreciation	372,070	455,000	787,500	1,365,000	**2,979,570**

Executive Directors' service contracts

All Executive Directors are appointed on rolling service contracts but are subject to annual re-election at the AGM in accordance with the Code.

Under the service contracts, the Company is required to give 12 months' notice of termination of employment; Phil Bentley and Simon Kirkpatrick are required to give 12 months' notice.

For Executive Directors, if notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension cash allowance for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave.

The Company has the right to make a payment in lieu of notice equivalent in value up to 12 months' base salary payable either in monthly instalments or as a lump sum. The Company may also pay for any benefits, pension contributions or cash allowances for which the individual would have been eligible until the date of cessation had full notice been given.

The Executive Directors' service contracts are available for inspection at Mitie's registered office, Mitie's head office and at the 2021 AGM. There are no other provisions for compensation on termination of employment set out within the contracts of the Executive Directors.

For any newly appointed Executive Directors, notice periods will not exceed 12 months, save in exceptional circumstances; should a notice period longer than 12 months be necessary the Committee would expect this to reduce to 12 months over time.

The effective dates of the service contracts of the current Executive Directors are set out below:

	Date of agreement
Phil Bentley	9 October 2016
Simon Kirkpatrick	1 April 2021

External appointments
The Board recognises that the appointment of Executive Directors to non-executive positions at other companies can be beneficial for both the individual director and the Group through the broadening of their experience and knowledge, and individuals are entitled to retain any fees earned in respect of these appointments.

Non-Executive Directors' remuneration and appointment terms
The Chairman and Non-Executive Directors receive an annual fee which is paid in monthly instalments. The Chairman's fee is set by the Remuneration Committee and the fees for the Non-Executive Directors are approved by the Board, on the recommendation of the Chairman and the Chief Executive Officer. The Non-Executive Directors are paid a basic fee with an additional fee for the Senior Independent Director, for chairing a Committee, and for being the Designated Non-Executive Director responsible for oversight of the Board's engagement with the workforce, together with expenses incurred in carrying out their duties on behalf of the Company. Non-Executive Directors are not eligible to participate in any of the Company's share schemes, ABP or the pension scheme. They do not receive any ancillary benefits.

The terms of appointment of the Non-Executive Directors are available for inspection at Mitie's registered office, Mitie's head office and at the 2021 AGM. The Non-Executive Directors are engaged for an initial term of three years which is terminable on three months' notice and thereafter on a rolling term. They are also subject to annual re-election at the AGM in accordance with the Code.

Non-Executive Directors' engagement terms
The engagement terms of the current Non-Executive Directors are set out below:

	Additional duties	Date of commencement	Initial contract term	Notice period
Derek Mapp	Chairman; Chairman of Nomination Committee	9 May 2017	3 years	3 months
Roger Yates	Senior Independent Director	1 March 2018	3 years	3 months
Jennifer Duvalier	Chair of Remuneration Committee	26 July 2017	3 years	3 months
Mary Reilly	Chair of Audit Committee	1 September2017	3 years	3 months
Nivedita Krishnamurthy Bhagat		1 June 2017	3 years	3 months
Baroness Philippa Couttie	Chair of Social Value and Responsible Business Committee	15 November 2017	3 years	3 months

How the executive pay policy differs from that for other Mitie employees
The remuneration policy for the Executive Directors is significantly more heavily weighted towards variable pay than for other employees, ensuring that the greater part of their pay is conditional on the successful delivery of the Group's business strategy. This helps create a clear link between the value created for shareholders and the remuneration received by the Directors. Awards under the LTIP and EDP are limited to those in the most senior leadership roles. For employees below this level, variable pay may consist of share-based awards and annual bonus (both of which will be based on role). UK-based employees (and Ireland-based employees in the case of the SAYE) have the opportunity to participate in the SAYE and SIP share schemes and become shareholders in Mitie. From summer 2021 the offering of the SIP share scheme will be enhanced to provide employees with a greater incentive to invest in Mitie shares, and free shares have been awarded to UK-based employees. Mitie is currently reviewing extending the free shares principle to employees in other countries.

How employment conditions elsewhere in the Group are taken into account
The Committee is responsible for overseeing the remuneration policy for the Group as a whole and is mindful of pay and employment conditions in the wider workforce within the Group and externally when determining executive remuneration. When considering base salary increases, benefits and pension provision, the Committee reviews overall levels and increases offered to employees across the Group. The Committee also reviews information with regard to share awards made to other senior management of the Group, noting that: (i) all UK-based employees (and Ireland-based employees in the case of the SAYE) can participate in the SAYE and SIP share schemes; and (ii) participation in the LTIP and EDP is limited to a selection of senior executives.

How shareholder views are taken into account
The Committee is committed to a continuing discussion with major shareholders and obtains their views when any significant changes to remuneration arrangements are being proposed. The Committee has undertaken an extensive two-stage consultation process to discuss the proposed changes to the Remuneration Policy, including the introduction of the EDP. Initially the Committee discussed the proposals with the Company's largest shareholders and, after refining them taking into account the feedback from this initial consultation, returned to a larger group of shareholders to obtain a wider range of views. The Committee was pleased that shareholders were broadly supportive of the proposals.

Policy on loss of office

The rules of the ABP, LTIP and EDP set out what happens to awards if a participant ceases to be an employee or Director of Mitie before the end of a vesting period, with the relevant service contracts also determining the general treatment of Executive Directors on cessation.

Regarding the ABP, in the event that the participant ceases to be an eligible employee before the date the bonus is paid or is subject to notice of termination of employment on the bonus date, all entitlement to the bonus in respect of that financial year would be forfeited, unless the Committee in its absolute discretion determines otherwise. Deferred shares would vest in full on the date of cessation for 'good leaver' reasons, but otherwise the shares lapse on cessation of employment.

Generally, any outstanding LTIP and EDP awards would lapse on cessation of employment, except in certain circumstances. Specifically, if the participant ceases to be an employee or Director of Mitie as a result of death, injury, disability, redundancy, retirement, the sale of the business or company that employs the individual or any other reason at the discretion of the Committee, then they would be treated as a 'good leaver' under the LTIP and EDP rules in which case awards subsist subject to any performance conditions and any applicable holding period and, if the Committee determines, a pro-rata reduction. A good leaver has a 12-month period following the cessation of employment or the end of the holding period if applicable, in which to exercise their vested awards.

In addition, and consistent with market practice, in the event of termination of an Executive Director's employment, the Company may settle any claims that may arise and pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of termination arrangements. Should it become necessary to make additional payments in respect of such professional fees that were not ascertained at the time of reporting, the Company may do so up to a level of a further £10,000. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Policy on the recruitment of a new Director

For a new hire, the Committee will typically align the Executive Director's remuneration package to the above remuneration policy. However, where appropriate, the Committee retains discretion to make decisions outside of policy to facilitate hiring key talent as set out below.

Base salary will be set based on the individual's role and experience, with consideration given to internal equity.

Benefits will be provided in line with those offered to other employees at a similar level, with relocation expenses/arrangements provided if necessary. Individuals will be given a choice of either participation in a defined contribution pension scheme or a cash allowance in lieu of pension, with a maximum pension contribution or cash allowance set in line with the rate available to the wider workforce.

The maximum level of variable pay that may be offered on an ongoing basis and the structure of remuneration will be in accordance with the approved policy detailed above (i.e. for the Chief Executive Officer an aggregate maximum of 360% of base salary – 160% annual bonus and up to 200% for LTIP awards; and, for any other Executive Director an aggregate maximum of 335% of base salary – 135% annual bonus and up to 200% for LTIP awards). This limit does not include the value of buyout arrangements.

The above policy applies to both internal promotions to the Board and external hires. For external hires, if it is necessary to buy out existing incentive pay or benefit arrangements (which would be forfeited on leaving their previous employer), this would be provided taking into consideration relevant factors such as the commercial value of the amount forfeited from the previous employer, the performance conditions (i.e. the likelihood of achieving those) and timing (i.e. where the award is in the vesting cycle). Buyout awards, if used, would be granted under Mitie's existing share plans, although, if necessary, additional buyout awards may be made on more bespoke terms regarding matters such as vesting and performance conditions as permitted under Listing Rule 9.4.2.

In the case of an internal promotion to the Board, any outstanding variable pay awarded in relation to the individual's previous role will be allowed to pay out according to its terms of grant.

On appointment of a new Chairman or Non-Executive Director, his or her fee will be set taking into account the existing fee structure.