



Mitie Group plc ESG Roadshow

Overseeing risk and
opportunity management


May 2022

**Risk leadership.
Growth opportunity.**

Our ESG objectives

Risk leadership, growth opportunity

Whilst many companies are grappling with their ESG strategies to ensure that their operations are compliant with evolving regulation and stakeholder expectation, Mitie is advanced in its approach, the capture of key metrics and its review of performance. This document will provide:



An understanding of the ESG targets and initiatives and how that supports our Group Growth Strategy as well as our responsible business practices

An appreciation of our ESG performance, key material issues for stakeholders, impact opportunities, external assessment and how we plan to maintain our industry leadership

How we have integrated ESG performance into our assessment of strategic delivery and also executive remuneration policy

Matters raised by our stakeholders

Understanding their ESG criteria



Our ESG approach and Group strategy is influenced by our key stakeholder considerations:

Environment

- Climate risk opportunities and oversight
- Climate alignment – decarbonising and minimising emissions across the value chain
- Climate adaptation (TCFD)
- Carbon capture and removal
- Biodiversity risk and management
- Circular economy, pollution and waste
- Sustainable buildings and infrastructure

Social

- Corporate culture and its role in employee retention/attraction
- Upskilling the workforce
- Workforce engagement and representation
- Health, safety and wellbeing
- Axis between employee and customer
- Overarching approach to human rights
- Communities
- Consumers
- Diversity and inclusion through the board, executive, workforce and supply chain
- Diversity, but also the best people

Governance

- Board skills and composition
- Executive remuneration and link to ESG performance
- Balancing winning business and pursuing ESG goals
- Reporting standardisation and transparency
- Engagement with shareholders

A woman with dark hair, wearing a black top with a bright yellow-green sleeve, is writing on a whiteboard with a white marker. The whiteboard has some faint blue markings. The background is slightly blurred, showing other parts of the whiteboard and some blue shapes.

Our ESG strategy

A growth proposition

Our evolving ESG proposition

A progressive journey



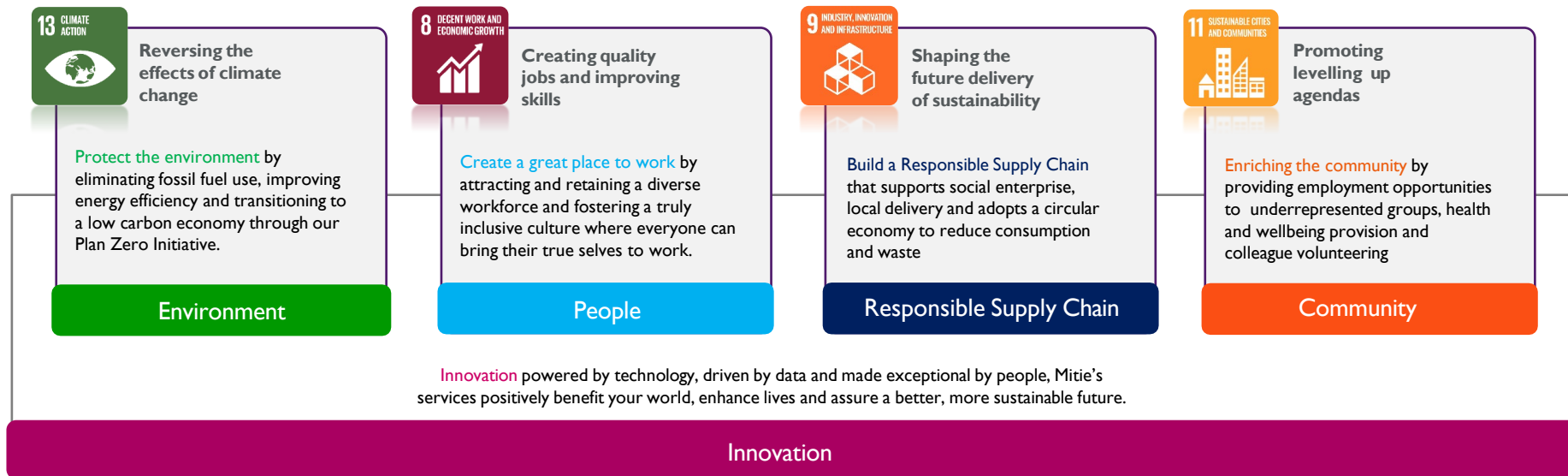
Mitie's ESG strategy has evolved from just managing risk to driving growth opportunity

Our ESG Framework Model



Climate action and quality job creation at the core of our philosophy

ESG is the 'Outside-to-In' assessment of risk and opportunity management



SocialValue is Mitie's 'Inside-to-Out' approach to addressing our economic, social and environmental impact

How ESG supports and drives group objectives



Sustainability and its relevance to business performance

Social value framework



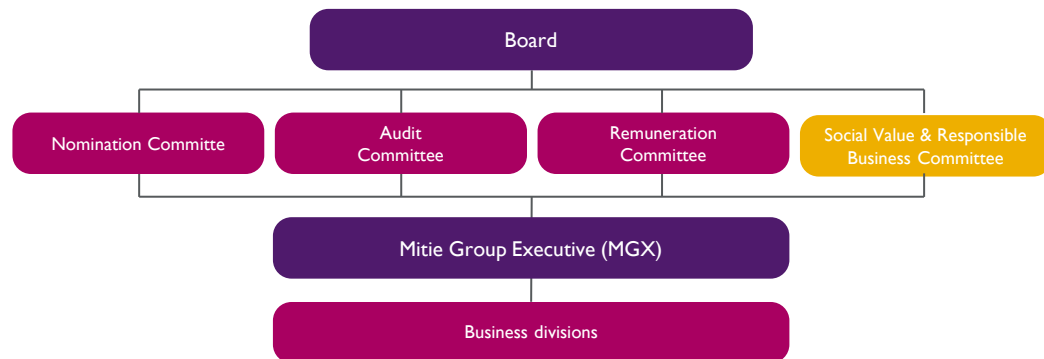
Our social value framework powers our capability enablers to deliver our objectives

ESG stewardship at Mitie

Engaged oversight function



Chaired by Baroness Couttie, Mitie's Social Value & Responsible Business Committee provides non-executive oversight for all of Mitie's ESG-related initiatives, ensuring they are aligned to Mitie's Purpose, Strategy and Values.



Committee oversight

Drive the social value and responsible business agenda on behalf of the Group

Ensure that the Group conducts its business in a commercially responsible way to achieve maximum positive impact on the communities, people and the environment in which it works

Benefit Mitie's customers, employees, communities and shareholders

Focus areas

Progress of the Plan Zero Steering & Working Groups and the successful implementation of :

- 'doing it ourselves',
- 'leading the industry' and
- 'delivering for clients'

Development of Mitie's Social Value and Plan Zero propositions into a combined ESG framework

Enterprise risk management

ESG is integrated into Mitie's multi-disciplinary approach



The Group has an overarching principal consideration which focusses specifically on climate change and social value:

Promote sustainable thinking throughout the entire company and increase awareness of the climate crisis and social value

Continue to decarbonise Mitie operations through the elimination of fossil fuels.

Encourage supply chain to align themselves to Mitie's carbon reduction journey

Train Mitie colleagues in all aspects of sustainability and fill skills gap

Risk management platform

Mitie has recently introduced an automated platform to improve risk management across the Group.

This requires all risks to be assessed against each of the strategic pillars, including ESG.

There is supporting management information which is readily available to key stakeholders providing a 'real-time' holistic view of the impact of the risks on Mitie's ESG strategy

Risk management training

New training is being rolled out in August 2022

The new risk and business continuity management modules will reinforce the importance of colleagues working closely with clients in the identification of sustainability risks and planning.

Customer feedback

Mitie has included two new questions in the NPS framework focused on risk management and business resilience.

This insight will allow the Group to target and drive further improvements.

Climate change

The principal risk is underpinned by the risks captured via the climate change risk assessment tool, which classifies the risks into four areas

- Transitional
- Physical
- Opportunity
- Liability

Climate change risk assessment goes through our entire governance structure.



Our ESG strategy in action

Our **social** value framework powers our capability enablers

ESG is about winning new business

There is no negative trade-off in managing resources better



Leveraging Mitie's in-house expertise

Sustainability Strategy
Carbon Performance Contracts
Smart Energy Procurement
Biodiversity
Carbon Compliance & Certification
Carbon Reduction Projects
EV Fleet Transformation
Waste Reduction

To deliver significant decarbonisation savings for our customers

Zero Carbon

Installed solar PV at 15 schools for Essex CC 1500+ EV charge points installed for customers



New services

Launched BoltON and announced partnership with Sustainable Development Capital LLP (SDCL) to fund decarbonisation

Zero Waste

185,000 tCO₂e prevented from being generated in waste to energy plants through recycling and reuse



Consultancy

5 Plan Zero Pathways delivered. Risk Management Strategy saved 4 customers £109m+ in comparison to the current forward power market

Biodiversity Gain

Biodiversity and ecology services launched Patron of Plantlife



Acquisition

Acquisitions to extend carbon management capabilities and infrastructure

Acquisition example: Rock Power Connections

Acquisition to secure technology and service offerings not easily available through organic investment

- Focused on design and installation of new high voltage electricity supplies
- End to end solution to meet customers Net Zero goals
- Investment to create EV charging infrastructure in the UK will be £20bn
- Annualised revenue expected to double

ROIC hurdle rate in excess of 20% achieved through access to Mitie customer base

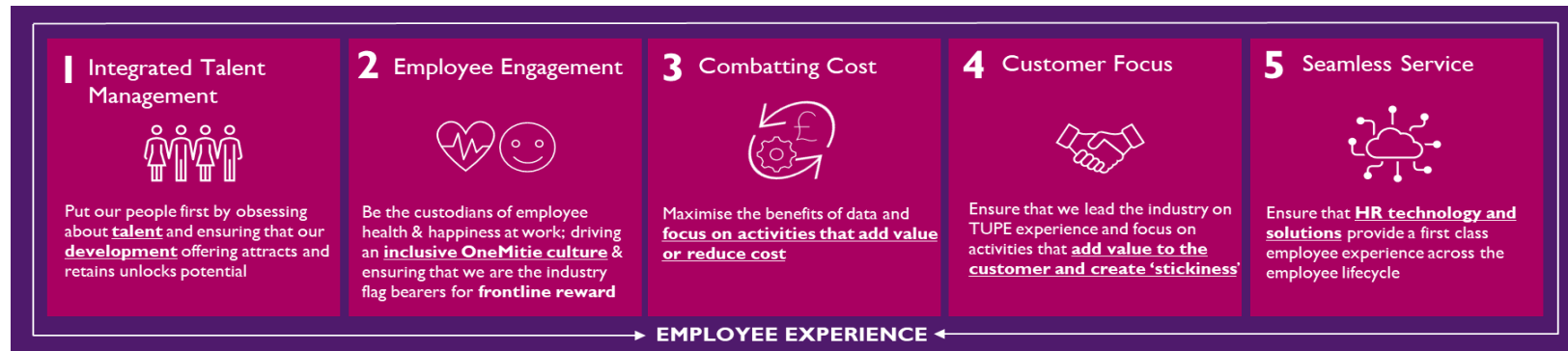
Financial capacity to fund through free cash flow and bank facilities

M&A investment in higher growth/margin sector of decarbonisation

ESG is about improving skills and performance



Embedding ESG objectives into our thinking to drive service quality



New initiatives H1 FY22

24/7 virtual GP

Access to Free Flu vaccinations

Free Shares to all UK employees

Share Incentive Plan – increased the matching offer to “buy 2 get 1 free” (from buy 10 get 1 free)

Salary Finance – allowing colleagues access to earned pay when its needed, rather than just on payday

£2m invested in new uniforms

Diversity

50% Mitie Board female

22% Board ethnically diverse

38% work force female

21% work force ethnically diverse

16% over 60 years old

7 diversity networks including CHORD, Mitie Women Can, Mitie Military, Proud to be, Generations, Enable and Parents & Carer

Skill based learning

Job creation for young talent; apprenticeships, work placements, aging population

Grow our own talent

Re-training, new skills and qualifications

Budget for Apprentice skills

5000 hours of Health and Well-Being training

Our colleagues are key to the quality of our delivery and success

ESG is about smart efficiencies



Making workspace environments safer and more secure in the 'return to work'

Security 'Driving intelligence'

Global Security Operations Centre

- **Intelligence & technology-led** approach
- **Data-led approach** supported by analysis
- **Real time** updates to resource efficiently
- Integrating intelligence, technology & people to deliver **holistic security**



Cleaning & Hygiene Services 'Driving innovation'

Creation of a Centre of Excellence

- **Demand-led cleaning:** linked into 'Merlin'
- **Lab results** for assured cleaning & hygiene services e.g.: lab swabs
- **Showcase** new technology / products e.g. robotics, Citrox Protect and Luxibel UVC
- **Sustainable cleaning** through green products
- **Virtual reality** – seeing how Mitie delivers specialist cleaning



Technical Services 'Putting data into action'

Creating the 'Amazon of FM'

- **Cutting-edge workplace** technology to optimise building infrastructure, increase efficiency and enhance wellbeing
- **Project Forté** powers industry-leading automation to enable a seamless end-to-end experience for our clients
- **Eradicate downtime** by predicting failures and monitoring clients assets 24/7
- **Data-led decisions** using insight, data-modelling
- **Innovate** with thermo-imaging, BIM, UVC and AI technology



Enhancing lives and assuring a better, more sustainable future

ESG performance

Progress and assessment



Our ESG dashboard

Key non-financial KPIs

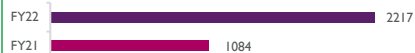


Environment

Carbon Emissions*

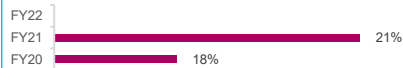


EV's*

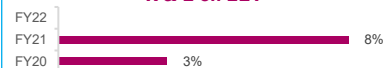


People

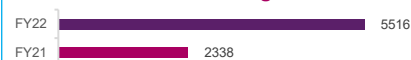
Women on ELT*



R & E on ELT*



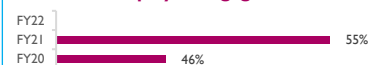
Health & Wellbeing Hours



Net Promoter Score*



Employee engagement*



Responsible Supply Chain

SMF

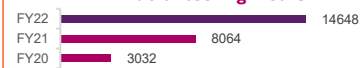


SME's



Community

Volunteering Hours



*denotes contribution to executive remuneration and waiting for FY22 numbers

ESG performance: Environment

Our carbon reduction impacts



Risk Management

Decarbonisation of Mitie plc operations

- Mitie's estate has been benchmarked and audited.
- Energy optimisation methods have been implemented, identifying an **annual carbon saving of 300 tonnes**, including air-source heat pumps, electric air-conditioning systems, and timing schedules.
- Transitioning to these low-carbon alternatives will tighten our grip on Mitie's energy consumption and decarbonise our heating systems. Mitie's estate will then be prepped for the big CAPEX projects, including installing LED lighting systems.
- **Over 1600 electric vehicle charge points have been installed** across both the Mitie estate and client sites, supporting transitions to an electric vehicle fleet.
- We have committed to **doubling our energy productivity**, through The Climate Group's EPI 100 initiative, whilst also extending Mitie Energy's ISO50001 Energy Management Standard through the Group.

Impact opportunity

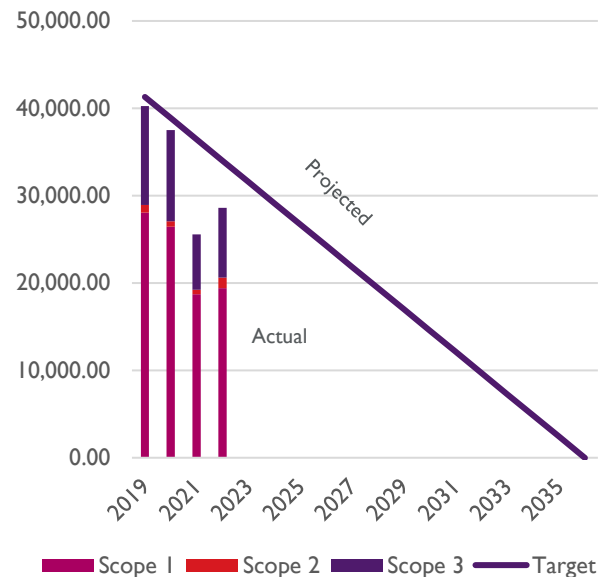
Decarbonising our Customer's operations

We accomplished significant achievements for our clients in FY20/21. We...

- **Saved our customers £19m** through asset optimisation via remote connectivity, BMS upgrades, and onsite energy managers
- Delivered **14 Plan Zero Pathways** addressing over **375,000 tonnes of carbon**
- Procured 1.1TWh of supply contracts, 96.78% of which we REGO backed for power
- Delivered 3,067 energy surveys
- Managed >71,000 meters across all energy services

To date, we have **saved our customers over 353,000 tonnes of carbon**. Over the course of three years, Mitie has helped our telecommunications customer **save over 100GWh and £10m in energy costs**, equivalent to 25,000 tonnes of CO₂.

Mitie Group Carbon Emissions
Scope 1, 2 and 3



ESG performance: People

An evolved strategy



Risk Management

Our goal is to become the destination employer in our industry, by:

Developing an Inclusive Organisation

Evolving our approach to ED&I to better represent our communities and customers

Amplifying our Colleague Voice

In response to colleagues, build trusting relationships to define our future

Measuring Success

Increase % of Women on the MGX/MLT to 35% by 2023, and 40% by 2025;

Creating Career Fulfilment

Offering all colleagues clear opportunities to develop and progress

Driving Business Growth

Enhancing core policies and procedures to deliver our commitment to ED&I.

Increase % of Ethnically Diverse colleagues on the MGX/MLT to 10% by 2023, and 20% by 2025

Social value

Engaging with leading specialists

We work with a number of external organisations as well as utilising the Mitie Foundation to attract diverse talent from the communities in which we operate.



Our strategic partners

Chosen to best support our overall aim of making Mitie a 'Great Place to Work'. Our common goals will help us develop our processes and culture to become market-leading in ED&I.

ESG performance: Responsible Supply Chain



Impacting communities through local procurement

Traditionally, supply chain management has been about squeezing suppliers to the lowest cost in order to pass on these savings to the customer. However, good supply chain management is about mutually beneficial relationships driving the creation of decent work and broader economic contributions.

Supplier Management Framework

35% spend (tbc)

Ensures suppliers align with Mitie's sustainability priorities, including the reduction of environmental impact, increasing supply chain resilience and capacity.

Mitie introduced the SMF to encourage greater collaboration, stimulate innovation, and to allow close engagement on shared initiatives.

Targetting 40% by 2024/5

Driving margins through economies of scale

Small and Medium Size Enterprises

30% spend (tbc)

Mitie continues to work with SMEs and to grow spend where possible. This helps tackle inequality, broadens the pool of potential suppliers and increases awareness of upcoming opportunities.

On Government and public sector contracts our SME spend is an even more impressive 45%.

Targetting 33% by 2024/5

Meeting government levelling up agenda

Voluntary, charitable and social enterprises

£750,000 (tbc)

Working with VCSEs is a great way of contributing to local communities, economies and vulnerable groups. It also increases supply chain resilience and capacity.

Onboarding social enterprise suppliers helps address homelessness by providing training, payment of the Real Living Wage and assistance with housing.

Targetting £2.25m by 2024/5

Supporting community objectives

Balancing our £2.3bn procurement impact across our 10,000 suppliers

ESG performance: Community

Mitie Foundation



Aligning with our commitment to community development, the Mitie Foundation has a symbiotic relationship with charity partners that helps match areas of need with the resources to tackle a range of challenges to benefit both society and Mitie Group.

Mission

The Mitie Foundation exists to break down perceived barriers to employment for disadvantaged groups within the communities in which Mitie operates.

In doing so, Mitie attracts the very best potential, enriching the diversity of its workforce as well as that of its clients.

Focus groups

- Long term unemployed
- Disabled and those with learning difficulties
- Veterans
- Ex-offenders
- Young people



The Foundation's initiatives support these groups with tailored programmes to help them overcome the unique barriers they face

Social Value

The Foundation's programme framework consists of three pillars, each of which is aligned to equivalent pillars within Mitie's social value framework.



These are underpinned by a Mitie employee volunteering programme, delivered by the Foundation.

Relationship to Mitie

The Foundation is wholly funded by Mitie Group Plc but operates independently with a separate board and management structure.

So far, **495** candidates have completed our **Ready2Work** programme, with **70%** gaining a job at the end.

In addition, **4,450** days of volunteering have been facilitated by the Foundation, during which a total of 54,000 participants have received positive exposure to the challenges and benefits of contributing to a thriving work environment.

The Foundation's activities work to enhance equality and diversity at Mitie. By enabling a diverse pool of talent to enter Mitie at all levels, the workforce's composition better represents the many diverse communities in which the company operates.

To date, Mitie has invested over £3 million in the Mitie Foundation

ESG performance: External ratings agencies

External assessment of our market leading progress



Low risk: 12.5

This score puts Mitie in the 'low risk' category and second place in the Business Support Services industry, as well as among the top 5% most sustainable businesses in the world.

Achieving this ranking recognises Mitie's commitment to fight climate change, maintain strong corporate governance and create a workplace that promotes inclusion.



Platinum award

Mitie has received the highest ranking from the Sustainable Facilities Management Index which sees the business jump from the 'Gold Award' it achieved in 2020.

Three independent audits ranked the business' performance across 23 criteria covering sustainability, social value, energy, health and safety, employee development and diversity.



Score: A-

Mitie have reported to the Carbon Disclosure Project since 2010 and will continue to do so. Mitie are also subject to report to the CDP Supply Chain by a number of clients.

In December 2021, Mitie received an 'A-' rating for a second year running with a stricter scoring methodology

Mitie is the leading UK based Facilities Management provider.



Score: AA

In MSCI's December 2020 ESG Rating Report Mitie was rated as AA. This is the second highest rating available and means that only 4% of rated MSCI ACWI Index constituents, Commercial Services & Supplies were ranked higher than Mitie.

Other certifications and accreditations



Mitie Energy accreditation which we be extending to the whole Group by 2023



Mitie procure 100% certified renewable energy for their built estate.



Mitie are committed to replacing their >7,000 diesel fleet with electric vehicles.



Improving energy productivity through our ISO50001 Energy Management Standard.

Appendix

Executive remuneration

ESG targets and assessment



Embedded in our strategy leadership team

CEO objectives:

Mobilise integration PMO, comprising external change experts and combination of Mitie/Interserve resources	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Multiple synergies identified and plan developed to deliver synergies by end of FY23
Enhance net promoter score	<ul style="list-style-type: none">• Net Promoter Score increased by 20ppt to +50
Enhance employee engagement	<ul style="list-style-type: none">• Employee engagement increased by 9ppt to 55%
Launch Plan Zero and gain ESG accreditation	<ul style="list-style-type: none">• Successfully launched Plan Zero Playbook• Secured Industry recognition of Mitie's ESG focus, as evidenced by:<ul style="list-style-type: none">• 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 Platinum Award (Sustainable Facilities Management Index)
Increase MGX diversity	<ul style="list-style-type: none">• MGX gender diversity increased from 0% to 20%• MGX diversity increased from 0% to 10%• Led two Big Equity summits and mentored several employees
Maintain talent pipeline	<ul style="list-style-type: none">• Simon Kirkpatrick announced as Group CFO on 17 March 2021

ESG targets and assessment



Executive incentives and link to performance

CEO Remuneration:

	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	

Covid response **(update needed for 2021/2)**

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.

ESG performance

Following a review of the performance measures used under the LTIP, the Remuneration Committee introduced 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%).

Contact

Mitie Group plc
Level 12, The Shard,
32 London Bridge Street,
London,
SE1 9S

IR@mitie.com