

Supplier Social Value Policy: Expectations for Mitie Suppliers – January 2020

Mitie recognises its role in protecting communities and the environment now and for the future. As part of that, we are committed to understanding and managing the environmental, social and economic impacts of decisions made in selecting suppliers to meet client needs.

Mitie has made several pledges in the area of Social Value to clients that need to be reflected throughout our supply chain, with an overall Vision for Mitie to 'lead the FM sector in creating social value through everyday operations, leaving a legacy for the communities in which we work to support a brighter future for all'.

Mitie has 5 Social Value Pillars and this document explains our expectations of Mitie suppliers against two of those, 'Responsibility' and 'Environment'.

In Part 1 minimum expectations of behaviour are defined in our Code of Conduct, which relates to the Responsibility Pillar. Part 2 explains our Sustainability and wider Social Value expectations and relates to our Environment Pillar.

Finally, there is a summary and overview of Mitie plans for working with our suppliers as we move forward.

Part I: Code of Conduct

Maintaining our reputation for ethical business integrity is vital for Mitie and we need to make sure suppliers also support and exemplify our values. We need suppliers that help us protect our brand reputation and ensure the continuity of business relationships with clients.

This supplier code of conduct explains the standards of behaviour expected when working for Mitie and reflects key points from our internal code of conduct, known as 'One Code' and available at www.mitie.com.

Our expectations of suppliers are clear: to comply with legislation; follow Mitie policy and procedures; do the right thing and if ever asked to do anything outside of these parameters, to tell us about it.

General Expectations of Suppliers. Helping us to always do the right thing

We want our people to work safely, look after one another and be part of a supply chain that continues to grow responsibly. At Mitie there is a zero tolerance for unsafe working practices, discrimination, fraud, bribery, tax evasion and the facilitation of tax evasion or corruption.

If suppliers are ever asked to be involved in anything unethical or illegal then they must do the right thing and speak up. The same applies if staff are treated unfairly while working for Mitie and suppliers can Speak Up confidentially by calling 0800 374 199.

You must ensure all activities are undertaken safely, with no detriment to the well-being of employees and others that may be affected. You must help us to deliver high standards of health and safety performance and if you see anything that isn't safe, then you must stop and report it. Similarly, all incidents and near misses must be reported.

Bribery and Corruption

We have zero tolerance for bribery or corruption and strict rules for the offering or acceptance of gifts and hospitality. You must not offer bribes, kick-backs, gifts or hospitality to a Mitie employee in an attempt to gain a commercial advantage. Any conflicts of interest (for example a family connection between a supplier and Mitie) must be disclosed immediately.

Tax Evasion and the Facilitation of Tax Evasion

We have zero tolerance for tax evasion and the facilitation of tax evasion, both of which are a criminal offence and can be punishable with imprisonment and/or unlimited financial penalties depending on the seriousness of the offence. You must not ask or encourage a Mitie employee to engage in a relationship with you which could result in the reduction or diversion of any taxes from any collecting authority.

Human Rights

We work in accordance with all Human Rights legislation and expect suppliers to do likewise. Specifically, this will include no child, forced labour, threat of violence, harassment, intimidation, debt bondage, bonded labour, or compulsory overtime when providing services. Employees should be allowed to freely terminate employment and enjoy freedom of movement; incur no hiring fees and be paid and work hours in accordance with national regulations.

Suppliers are expected to practice a diversity and equality agenda in line with Mitie's, with no discrimination based on race, religion, disability, gender, sexual orientation or age grounds.

Modern Slavery and Human Trafficking

Suppliers must comply with the requirements of the Modern Slavery Act 2015. Help and advice is available in our 'Guidance for Mitie Suppliers on Modern Slavery and Human Trafficking' document at www.mitie.com/suppliers/.

Contractual Elements

Mitie standard contract terms and conditions will be contained within Procurement tender documentation, including how the contract will be managed and performance monitored. Where Procurement are not involved in supplier selection, Mitie staff will use standard documentation to agree contractual arrangements.

Suppliers are expected to keep sensitive information confidential and comply with all contractual terms, non-disclosure, and confidentiality agreements, including as applicable to personal data regulated by the General Data Protection Regulations and the Data Protection Act 2018. Suppliers should not share any confidential information unless specifically authorised to do so by Mitie management.

Supplier Onboarding

Suppliers cannot carry out work for Mitie until they have committed to the requirements defined in the Mitie Onboarding system, including providing evidence of appropriate documentation. This includes appropriate public liability, professional indemnity and/or employee liability Insurance as required by our

end clients. Suppliers are responsible for maintaining up to date certification in order to continue supplying Mitie and will be blocked for further work if they fail to do so.

Part 2: Sustainable Procurement Requirements

Purpose and Background

Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis, whilst also benefitting society and the economy and minimising damage to the environment. It occupies the same area as other Social Value initiatives that impact the 3 pillars of sustainable development.



We will only use suppliers that comply with national and international standards on human rights, including Modern Slavery legislation, following the approach described in our 'Supplier Guidance on Modern Slavery' document. Other Social Value targets for suppliers include:

- Complying with legal and contractual obligations under Social Value legislation. That includes supporting efforts to encourage participation of the following types of organisation in the supply chain: Small and medium enterprises (SME); Voluntary, community and social enterprises (VCSE); companies majority-owned or led by Black, Asian and Minority Ethnic staff (BAME).
- Supporting other Social Value initiatives where appropriate, such as: increasing job opportunities for local residents and disadvantaged groups; improving staff wellbeing; contributing to community initiatives/ local charities; encouraging employment opportunities for ex-military staff; providing apprenticeships and other learning and development opportunities.

Mitie has made several Social Value pledges, but these ones are of particular relevance to suppliers:

'We will protect and consider the environment and by 2030 we propose to reduce our carbon footprint by 50% (based on 2018/19 baseline); reduce resource use by 50%; and, operate 100% of (client) contracts against a Sustainability Improvement Plan'. Therefore, Mitie needs to engage with a supply chain that supports those aims.

The remainder of this Social Value document focuses on our Sustainable Procurement requirements

Embedding Sustainable Procurement when Selecting Suppliers

We believe that embedding Sustainability will allow us to lead by example in the Facilities Management sector. We aim to offer better value for current and future clients and recognise that social value and environmental impact form part of that assessment alongside cost, safety, quality and performance.

The Mitie procurement policy pays proper regard to environmental issues whilst looking to secure best value. Sustainability and Social Value requirements will always be included in invitation to tender documents and form part of the evaluation criteria when assessing bids. That means that sustainability impact assessment (e.g. energy, carbon and environmental aspects) will be contributing factors in our decision-making process to award contracts.

Mitie plans to procure commodities and services in a way that minimises negative impacts on the natural environment e.g. waste, carbon emissions, transport miles, biodiversity and consumption of natural resources. We will ensure compliance with Mitie environmental management requirements, but we recognise that suppliers will have greater specialist knowledge about their sectors and supply chains, so we will encourage new and existing suppliers to propose ways to reduce the environmental impacts of their products and services.

Other Expectations of Mitie Suppliers

Once a supplier has been selected, a contract signed and they have been through Onboarding, we are looking to work with suppliers over the longer term that proactively support sustainability initiatives and assist us in the understanding and reducing supply chain impacts on our environment.

In particular, we want suppliers that provide energy efficient products and services that align with our values to provide low carbon solutions to our clients. That will include looking at ways to minimise transport costs and reduce staff travel. It will also mean asking suppliers to support Mitie by providing the relevant data necessary to report on our carbon emissions (see next section).

Finally, we want to work with suppliers that look at ways to minimise impact in these areas as part of their daily activities:

- *Waste management:* Waste materials arising from delivery of Goods and services will be disposed of in accordance with the appropriate laws and regulations. Suppliers will minimise waste generated and maximise reuse and recycling of waste generated
- *Energy, Fuel and Water usage:* Suppliers are expected to minimise energy, fuel and water usage associated with delivery of goods and services.
- *Emissions to air:* Suppliers must minimise polluting emissions to air associated with delivery of goods and services
- *End of life:* The Supplier and its supply chain will ensure that the environmental impact associated with disposing of items that reach the end of their useful life (through accident or age) is minimised
- *Timber:* All timber products, including paper, will be obtained from certified sustainable sources such as FSC and PEFC.
- *Government Contracts:* Where a Government Buying Standard exists for the goods being purchased the Supplier must comply with either the current 'Mandatory' or 'Best Practise' specifications as set out in the relevant Government Buying Standards' specification.

Supplier Management Framework (SMF) And Carbon Reporting

Mitie's pledge to reduce carbon emissions by 50% by 2030 covers our Scope 1, 2 and 3 emissions, which are defined as:

Scope 1 – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3 – All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

So, when working with suppliers, we are looking at reducing our Scope 3 emissions over that time. That means we need to look at the Mitie 'portion' of the total emissions of our key suppliers.

SMF is a new Mitie initiative to work more closely with our key suppliers. The programme will be phased in gradually to cover all our most important suppliers by the end of 2020. As part of that we will measure performance using a balanced Scorecard in contract review, which includes Ethical and Sustainable supply metrics and working together on shared long-term goals. However, to understand our Scope 3 emissions better, we will require our SMF suppliers to

- Report back on their Carbon Emissions using an agreed standard format, such as Carbon Disclosure Project (CPD) or Streamlined Energy and Carbon (SECR) reports
- Help us understand what proportion of their emissions apply to work for Mitie and its clients
- Work with us collaboratively to identify joint areas for improvement

Summary and Future Actions

At a company level, Mitie has committed to several pledges in the area of Social Value. That means that we will expect our suppliers to support us in achieving them as outlined in this document. The checks we make on suppliers during Tendering and Onboarding will reflect that, as will the way we measure ongoing performance.

As future actions, Mitie will also develop capabilities on Social Value and Sustainable Procurement through these activities:

- 1) Launching a full supplier performance management programme called the Supplier Management Framework (SMF), working suppliers critical to business success
 - a) Gather and report Carbon emission data from our SMF suppliers
 - b) Share best practice and innovative ideas across the community of suppliers in our SMF programme or during Supplier Days
- 2) Develop and launch of an improved Onboarding system in early 2020 to make checks of supplier credentials more robust and efficient
- 3) Taking a more active role within the Supply Chain Sustainability School
- 4) Gathering and publishing Case Studies to share learnings with stakeholders and supply chain
- 5) Updating our supplier guidance around Modern Slavery legislation at the end of 2019
- 6) Introduction of a 'SME champion' role within the Procurement Process Team to ensure that Mitie remain easy to work with for these companies
- 7) In future Sourcing activities, to
 - a) Use output specifications to avoid constraining the solution with detailed requirements, to allow markets to respond with innovative solutions
 - b) Develop consistent ways to assess Tenders for Social Value elements across all Mitie businesses
- 8) Investigating the feasibility of impacting Social Value through Volunteering
 - a) Investigate worthy causes local to Mitie or Client operations
 - b) Aim to include both Procurement team members and key supplier staff where possible
 - c) Record activities and outcomes