

External Facing – Group Procurement Policy: Summary for Suppliers & Sub-Contractors October 2023

Policy Scope, Objectives, Requirements & Responsibilities

Scope

Mitie's Procurement Policy applies to all arrangements to procure across all Mitie Group Companies, governing the way Mitie works with the Group Procurement & Supply Chain function (P&SC), and how we collaborate with our suppliers.

Note: Any reference to suppliers includes sub-contractors.

Objectives

Mitie is respected for providing excellent services at excellent value. We recognise the important role our supply partners provide in the sustainable delivery of our commitments to clients. Working with our supply partners within the context of our Policy will make a significant difference to our service delivery, profitability, reputation, and ability in meeting our sustainability objectives.

Our measure of best value goes beyond lowest unit price, giving full consideration to quality, safety, service delivery, assurance of supply, sustainability, energy efficiency, the circular economy, social value, and long-term value.

The objectives of Mitie's Group Procurement Policy are to define: -

- When Mitie's Procurement & Supply Chain (P&SC) function are to be engaged.
- The key responsibilities in the selection of and contracting with suppliers.
- The minimum standards our suppliers must uphold.

Mitie's approach to procurement is based on **four principles**: -

- Upholding ethical business practices and complying with legislation.
- Understanding the risks and complexities of the services we procure and working proactively with our supply chain to achieve the performance required.
- To positively influence the priorities of our key suppliers so that they align with ours and those of our clients, to ensure a sustainable service to our clients.
- To ensure diversity is embedded within our supply chain, and that all suppliers used uphold our labour standards.

Supplier selection

Appointment of suppliers is based on their ability to perform as defined as well as taking into consideration social values, ethical practices, and environmental impacts. This will be managed through our onboarding assurance procedure.

Supplier contracts

Contracts must address the key issues and be agreed on an arms' length basis. These include defining supplier expectations, performance, scope of work, and deliverables. All our contracts must protect our physical and intellectual property and data and, in the interests of transparency, include the right to audit.

Our supplier contracts set out the requirements of the supplier in supporting our customer and working with Mitie. This will include, but is not limited to, service levels and key performance indicators, specifications, scope of works, cost schedules and rules for charging. Our contracts will also set out the Mitie policies and ways of working suppliers should adhere to, including, ethical business practice, sustainability, people, information, compliance, physical asset management, health, and safety.

Extend opportunities.

The Policy makes provision and provides guidance to ensure small and medium sized businesses, minority owned businesses, social enterprises and the voluntary and community sector have equal opportunity.

Manage subcontracting:

Details covering right to subcontract is included in the supplier contract and is expressly agreed and approved by the contract manager prior to commencement. Before being appointed, subcontractors must confirm in writing to adhere to Mitie's Ways of Working and Mitie's subcontractor rules (available on www.mitiesuppliers.com). A risk assessment must be conducted, and mitigation measures put in place.

Governance & Risk

The Policy provides for the categorisation of suppliers based on several factors including assessed risk and spend. Where considered appropriate suppliers will be managed within our enterprise risk management framework. To aid with the management of risk all suppliers and any approved sub-contractors will be required to confirm in writing their adherence to Mitie's Ways of Working, including Mitie's Supplier Social Value Policy, and Mitie's subcontractor rules ([available at www.mitiesuppliers.com](http://www.mitiesuppliers.com)).

Business Ethics and Conflicts of Interest

Business Ethics

It is Mitie policy to conduct itself ethically and fairly in relation to its suppliers and all others with whom Mitie does business. If, at any time, this Policy is perceived as being compromised in any way, please report your concern to the CPO. Concerns will be addressed promptly with care, respect, and confidentiality.

Mitie employees shall always comply with:

- the Ethical Business Practice Policy; and
- the Entertainment & Expense Claim Processing Procedure; and
- any other relevant policies

All suppliers must accept the Social Value Policy. Mitie will not contract with suppliers who refuse acceptance or fail to adhere to the Policy.

Appropriate conduct on Mitie and Client premises:

All individuals and suppliers on Mitie and client premises are expected to engage in appropriate conduct and behave in a business-like manner. Examples of inappropriate conduct are being under the influence of or affected by alcohol;

use of illegal drugs; possession of a weapon of any sort; and/or harassment threats or violent behaviour and breaching any security protocols.

Conflicts of Interest

A conflict of interest may occur in a situation in which an individual participates in multiple interests, financial or otherwise, where serving one interest could involve working against another which may adversely affect a duty to make decisions. All conflicts of interest should be declared and voluntarily defused, to mitigate the risk. Conflicts of interest can include but are not limited to family relations (direct & indirect); hospitality; inducements; gifts in kind; bribery and collusion.

Supplier Due Diligence

Contract/Tendering

As part of the contracting and/or tendering process, the following minimum supplier due diligence checks will be conducted, as required:

- Supplier Financial health
- Supplier turnover vs. contract value
- Industry accreditations
- Corporate Social Responsibility credentials
- Competencies and capabilities
- Health, Safety and Environmental performance

Onboarding

Supplier due diligence checks are completed for all new suppliers as part of the onboarding process and includes assessment to determine the suitability of a supplier to provide goods and services to Mitie against defined compliance standards.

Alcumus SafeContractor

Mitie engages the services of Alcumus Safe Contractor to assess the suitability and experience of subcontractors in the safe and legally compliant provision of their nominated services.

All subcontractors providing services on UK client sites must be accredited through Alcumus SafeContractor.

Alcumus SafeContractor delivers a tailored accreditation, allowing suppliers to demonstrate that their health and safety documentation is up to date and meets recognised industry standards.

The SafeContractor audit builds a risk-based business profile, far beyond a standard SSIP Accreditation and demonstrates commitment to meeting the highest standards of health and safety and provides us increased visibility and access to Health and Safety documentation, qualifications, and insurances.

Any exceptions to this must be signed off by the CPO, be approved for the works by QHSE, and will not become a fully approved Mitie supplier but instead have limited use based on Client and/or duration.

Ongoing Supplier Health & Compliance

Suppliers ongoing compliance is measured and monitored. Suppliers are required to maintain up to date information and compliance records within Mitie systems and should notify Mitie of any changes.

Purchase Orders

Mitie operates a “No PO, No Pay” policy.

All supplier invoices must be linked to a Mitie Purchase Order Number.

All Purchase Orders must be a clear and effective instruction to the supplier. Using terms such as “As Per Quotation” will not suffice.

Unless prior approval has been secured with the CPO, any invoice submitted without a valid PO will be rejected and returned to the supplier. The supplier will need to re-submit the invoice with a valid PO Number.

Payment Terms

Mitie’s standard payment terms are as follows:

- Central Government & Defence subcontractors: 30 days
- Small / Medium Enterprises (SMEs): 45 days
- Voluntary, Charity, and Social Enterprise (VCSEs): 45 days
- All other suppliers and subcontractors: 60 days

Supplier terms are applied to an invoice from the date Mitie enters the invoice in the Company’s accounting systems. This requires an invoice with an approved and valid Purchase Order.

Commercial Confidentiality and Non-Disclosure

The Policy makes provisions to ensure details provided by or agreed with suppliers (including that relating to tenders, formats, templates, product information, costs, contracts, and pricing) are commercially confidential to Mitie and the supplier and are not disclosed to any other 3rd party without securing the required preapproval from the relevant parties.

Suppliers must sign Mitie’s Mutual Non-Disclosure Agreement, binding them to maintain confidence over the materials made available to them during any contracting or tender process.