Environment
TCFD

Task Force on Climate-related Financial Disclosures (TCFD)

Compliance statement

Under the FCA's Listing Rules, our reporting is compliant with the four TCFD recommendations and 11 recommended disclosures as set out in Figure 4 of Section C of the TCFD report 'Recommendations of the Task Force on Climate-related Financial Disclosures'. During FY24, the Group has begun to transition towards the adoption of the International Sustainability Standards Board (ISSB) standards, IFRS S1 and S2, and where possible has included information to align with any additional reporting requirements. A summary of our response to the TCFD recommendations is set out below.

TCFD summary

		Compliance position			
TCFD recommendation	Recommended disclosures	FY22	FY23	FY24	Page reference
Governance Disclose the organisation's governance around climate-related risks and opportunities.	A. Describe the Board's oversight of climate-related risks and opportunities.	🟢	🟢	🟢	Pages 64 to 66
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	🟡	🟢	🟢	Pages 64 to 66
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	🟢	🟢	🟢	Pages 67
	B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	🔴	🟡	🟢	Pages 68 to 70
	C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	🔴	🟡	🟢	Page 68 to 69
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	A. Describe the organisation's processes for identifying and assessing climate-related risks.	🟢	🟢	🟢	Page 67
	B. Describe the organisation's processes for managing climate-related risks.	🟢	🟢	🟢	Page 67
	C. Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	🟢	🟢	🟢	Page 67
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	🟡	🟡	🟢	Page 70
	B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	🔴	🟢	🟢	Pages 70 to 75
	C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	🟢	🟢	🟢	Pages 70 to 75

🟢 Disclosure consistent with the recommended disclosure.

🟡 Disclosure consistent with the recommended disclosure, further improvement opportunities planned.

🔴 Disclosure not consistent with the recommended disclosure.

Environment
TCFD

TCFD continual improvement – FY24 progress

In last year's report, we identified four areas where additional measures could be taken to enhance our TCFD reporting. The table below illustrates these areas and the actions undertaken during FY24 to drive continual improvement.

Action required:	Update:
Roll out both preventative and improvement measures in response to the findings from our FY23 scenario analysis focused on extreme weather events.	Information regarding the measures implemented in FY24 can be found on pages 68 to 69.
Extend our scenario analysis to focus on the impact of transition risks.	Information regarding the measures implemented in FY24 can be found on page 69.
Extend our financial framework to include a modelling assessment of our material climate-related opportunities.	Information regarding the measures implemented in FY24 can be found on page 69 to 70.
Review the inclusion of internal and external carbon prices into our metrics framework.	The introduction of a carbon pricing strategy remains under review.

Our TCFD journey to date

FY19
- Launched Plan Zero initiative and set stretching net zero targets (2025 – Scope 1 and 2 and 2035 – Scope 3)
- Created governance structures

FY20
- Signatories of all three Climate Group initiatives RE100, EV100 and EP100
- Achieved 20% small vehicle EV transition
- Published first TCFD

FY21
- Committed to a science-based target
- Expanded our TCFD, incorporating risks and opportunities
- Achieved 15% EV transition

FY22
- Achieved ISO 50001:2018 in Mitie Energy
- Enhanced our TCFD further, by incorporating scenario analysis
- Achieved 30% EV transition

FY23
- Received validation for science-based targets
- Completed first full year carbon reporting across the Group, both UK and overseas
- Achieved 45% EV transition

FY24
- Achieved CDP A List for climate submission
- Achieved ISO 50001:2018 across the Group
- TCFD fully established for all metrics
- Achieved 66% EV transition

Governance

This section describes the governance arrangements that are embedded across Mitie to ensure climate-related risks and opportunities are correctly assessed and managed.

Mitie has a formal governance structure in place to ensure all climate-related risks and opportunities are correctly assessed and managed. Overall responsibility for this resides with the Board, which is responsible for the strategic direction of the business, setting targets and the prioritisation of material aspects affecting the Group.

The responsibilities of the Chief Executive (CEO) include the successful implementation of the Group's strategy, including actions in relation to climate change. The CEO is assisted by members of senior management in relation to climate-related matters as follows:

- The Chief Financial Officer (CFO) is responsible for monitoring the effective application of the Group's control framework, which provides assurance for Mitie's financial information, carbon emissions and climate-related disclosures
- The Chief Legal Officer, in his capacity as Mitie's Chief Risk Officer is responsible for the provision of the Group's enterprise risk management framework, which provides the basis for how the Group manages all risks, including climate-related risks and opportunities
- The Group Sustainability and Social Value Director is responsible for ESG, overseeing the implementation of the ESG strategy from an environmental perspective
- The Chief People Officer is responsible for the implementation of ESG strategy from a social value perspective
- The Managing Directors of the Group's Energy, Waste and Landscapes businesses support Mitie through the development of decarbonisation opportunities in support of Mitie's Plan Zero initiative. Additionally, they are responsible for Plan Zero Decarbonisation Delivered

In addition to the above, several committees exist across the Group and play an important part in the management of Mitie's climate-related risks and opportunities.

The diagram on page 66 and table on pages 65 and 66 detail the different committee roles and responsibilities for the management of climate-related risks and opportunities, along with information on specific climate-related decisions taken during the year.

Climate targets are built into executive remuneration bonuses – in FY22, Mitie introduced ESG targets as performance measures for 15% of the Long Term Incentive Plan (LTIP) awards. The targets for the LTIP awards are disclosed in the Directors' remuneration report on pages 135 and 136.

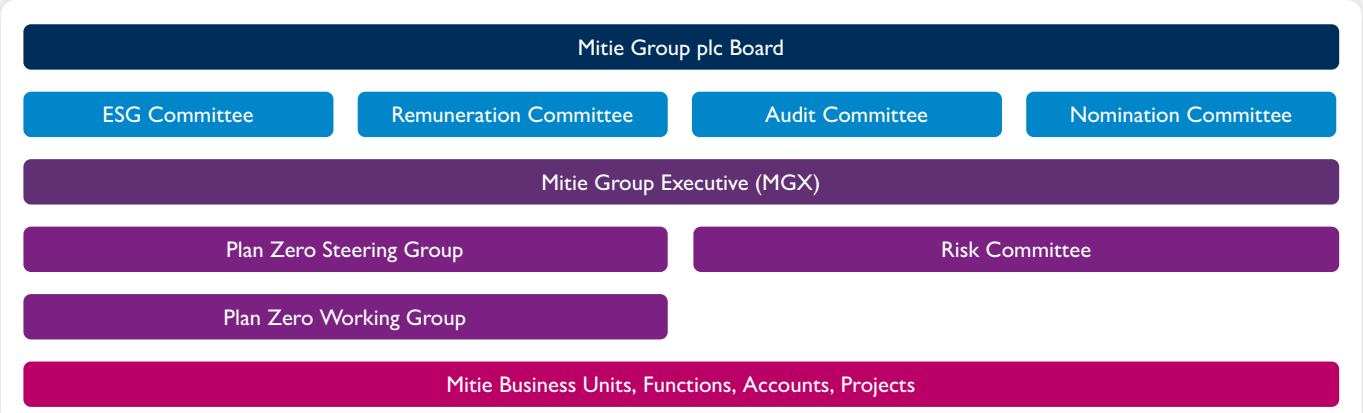
During FY24, we have been developing climate-related training aimed specifically at the Board and our executive teams, which will be rolled out in FY25.

Mitie governance body and Chair	Frequency	Climate-related roles and responsibilities	Decisions taken in FY24	Focus areas FY25
Mitie Group plc Board Chairman	• Bi-monthly (at least six meetings a year) • ESG is a standing agenda item. Information is disseminated to the Board via the ESG Committee, including climate-related updates	• Maintains oversight of climate-related risks and opportunities • Sets ESG targets, including climate-related targets • Monitors progress against climate-related goals and targets	• Commissioned development of low-carbon transition plan • Reviewed and approved TCFD and principal risks and uncertainties	• Review and integration of double materiality assessment results into existing business strategy
Environment, Social and Governance (ESG) Committee Non-Executive Director	• Bi-monthly (six meetings a year) to align with input into Board meetings • Climate-related matters are fed into the ESG Committee via several channels, including the Plan Zero Steering Group, which reports directly to the committee	• Drives the ESG agenda on behalf of the Group • Ensures that the Group conducts its business in a commercially sensitive way to achieve maximum positive impact on the communities, people and the environment which it works within • Formal reporting of climate-related risks and opportunities • Oversight of capital expenditure relating to ESG • Engages stakeholders to understand expectations and concerns regarding climate change and communicates the Group's efforts to address them	• Adoption of decarbonisation agenda for Mitie's estate and energy consumption • Engagement improvements with supply chain to ensure alignment with the Group's science-based target approach	• Ongoing review of Net Zero transition plan and incorporation of carbon reduction initiatives • Review of carbon credits governance framework • Ongoing review against short term FY25 target
Mitie Group Executive Chief Executive	• Weekly • Climate-related matters are discussed as required – subject matter dependent, updates will be for information only or involve robust discussion	• Implementation and delivery of ESG targets • Ongoing review of Plan Zero • Ongoing review of growth strategy to ensure continual alignment with decarbonisation agenda	• Ongoing review of operational delivery to ensure alignment with decarbonisation agenda	• Ongoing review of growth strategy and the market with focus on decarbonisation opportunities
Audit Committee Non-Executive Director	• Climate-related matters are discussed twice yearly as part of the principal risk and uncertainties process (annual and half-yearly review). Information is disseminated to the Audit Committee via the Risk Committee	• Reviews Annual Report and Accounts (ARA), including TCFD, and advises Board on whether it is fair, balanced and understandable and provides the necessary information to shareholders to assess the Group's position and performance, business model and strategy • Monitors impact of climate change on the Group's strategy, operations and financial performance, and engages with management to address any material risks and opportunities	• Evaluation of TCFD as part of controls framework • Provision of risk assurance against the climate change and social value principal risk and climate-related risks and opportunities as reported in the Group's annual TCFD	• Ongoing evaluation of TCFD as part of internal controls framework
Risk Committee Chief Legal Officer	• Quarterly • Climate-related matters are fed into the Risk Committee via several channels, including the Group Head of ERM and Group Sustainability and Social Value Director	• Responsible for overseeing the Group's approach to risk management, including ongoing review of principal and emerging risks • Ensures Group is adequately prepared to manage risks associated with climate change	• Management of outputs from climate scenario analysis to wider business, focusing on maintaining business resilience • Management of outputs from annual risk maturity assessment, which includes climate-related responses	• Development of key risk indicators for principal risks. including climate change and social impact • Management of outputs from FY25 risk maturity assessment, including climate-related responses

Our environment and social value framework
continued

Environment
TCFD

Mitie governance body and Chair	Frequency	Climate-related roles and responsibilities	Decisions taken in FY24	Focus areas FY25
Nomination Committee Chairman	• Two planned meetings as standard	• To evaluate and make recommendations regarding the composition, diversity, experience, knowledge, skills and independence of the Board and its Committees	• Ongoing review of Board level skills and experience	• Broadening Board awareness of climate related maters through provision of IEMA accredited training
Remuneration Committee Non-Executive Director	• Three planned meetings as standard	• Agrees climate-related KPIs that apply to executive remuneration incentive plans	• Analysis of out-turns for the maturity of LTIP awards and Annual Bonus Plan	• Ongoing review of targets for FY25 awards
Plan Zero Steering Group Group Director for Sustainability & Social Value *Repurposed during FY24 to assume responsibilities of TCFD Working Group.*	• Quarterly • TCFD and climate-related risks and opportunities are standing agenda items	• Responsibility for preparing and responding to TCFD disclosures • Reviews and mitigates identified climate-related risks and realises climate-related opportunities • Initial review and approval of climate change risk assessment document ahead of submission to ESG Committee • Oversees and directs the Plan Zero Working Group	• Ongoing TCFD enhancements • Improved engagement with supply chain to influence uptake of environmental initiatives that work towards a 1.5°C trajectory • Continued advancement of a learning and development programme accessible to all Mitie colleagues, particularly those in frontline operations	• Ongoing review of regulatory requirements • Development of scenario analysis • Development of enhanced carbon credit governance framework
Plan Zero Working Group Environmental and Social Value Manager *For FY25, this working group will be repurposed to cover the wider ESG agenda, including environment, labour and human rights, business ethics and sustainable procurement.*	• Monthly • Reports into Plan Zero Steering Group	• Delivers Plan Zero solutions and opportunities to Mitie's customers	• Development of strategy to address plastics reduction – focus to be on what can be eliminated across all business areas	• Sustainable procurement and reporting • Development of biodiversity strategy • Completion of ISO surveillance audits



Risk management

This section outlines the process Mitie utilises to identify, evaluate and manage climate-related risks and opportunities.

Climate-related risks and opportunities are addressed through our enterprise risk management framework. Climate change and social value are considered as a principal risk, as referenced on page 82. This key risk is examined quarterly and undergoes a comprehensive assessment each year.

The climate change and social value risk is supported by numerous climate-related risks and opportunities that are documented on our climate change risk assessment, employing the Group's Risk Safe platform. As at 31 March 2024, 14 climate-related risks and opportunities were identified. Pages 69 and 70 present details on those deemed to have a potential 'material' impact. Besides the climate change risk assessment, account-level climate-related risk information is also gathered and managed in partnership with clients through account-level risk registers, all accessible on Risk Safe.

All risk data is assessed for impact and likelihood, with the residual score determining one of four risk ratings, ranging from manageable to severe.

Mitie's risk management structure aims to ensure a consistent method for effectively managing risks across the Group.

Every climate-related risk and opportunity has a designated owner responsible for establishing and executing appropriate management strategies, with guidance and advice from the Risk and Sustainability teams. The table below provides a holistic view of all climate-related risks and opportunities. Pages 65 and 66 provide more information on the different committee roles, responsibilities and oversight in relation to climate-related risk management.

Risk/opportunity description:	Risk type	Time horizon
1. Extreme weather events	Physical	Short-medium term
2. Increasing summer temperatures	Physical	Medium-long term
3. Decarbonising supply chain	Transition	Short-medium term
4. Switching from fossil fuels to low carbon alternatives for fleet operations	Opportunity	Medium-long term
5. Changes in customer behaviours resulting in lost opportunities	Transition	Medium-long term
6. Increases in operating costs relating to policy decisions to reduce GHG emissions	Transition	Medium-long term
7. Access to new markets	Opportunity	Medium-long term
8. Investor confidence on climate change management	Transition	Medium-long term
9. Minimise resource use through a circular economy embedded into our business supply chain and operations	Opportunity	Medium-long term
10. Encourage agile and flexible working through business processes	Opportunity	Short-medium term
11. Development/expansion of low emission services	Opportunity	Medium-long term
12. Procurement of verified and high-quality carbon credits	Transition	Short-medium term
13. Low emission and energy efficiency strategy from Mitie estate	Opportunity	Short-medium term
14. Potential for litigation if Mitie does not adequately consider or respond to the impacts of climate change	Liability	Medium-long term

Throughout FY24, we continued to enhance awareness and understanding of climate-related risks and opportunities through various means, including the roll-out of our Action Now campaign providing education and awareness to all Mitie colleagues on environmental issues, the launch of our Science of Service podcast and a carbon disclosure summit hosted at the Shard.

Further information on our enterprise risk management framework can be found on pages 78 to 88.

In FY24, ESG was integrated into our internal controls independent testing programme. This is crucial because the adoption of ESG principles assists Mitie in mitigating potential operational, financial and reputational risks while fostering long-term sustainability and value creation, ultimately leading to enhanced environmental, social and governance outcomes. To date, our focus has centred on governance oversight processes.

No testing exceptions were observed during the year; however, this exercise has uncovered several opportunities for improvement to further strengthen our processes. The testing programme we have introduced in FY24 will remain ongoing throughout FY25.

Environment
TCFD

Strategy

This section describes the actual and potential impacts of climate-related risks and opportunities on the Group's strategy and financial planning.

Mitie has committed to the delivery of Plan Zero. However, the Group acknowledges that there are external variables which could impact the achievement of the Paris aspiration (alignment as close to 1.5°C as possible). As a result, Mitie continues to proactively monitor its risks and opportunities to ensure it is well placed to adapt to the changing external environment as more information becomes available, to minimise any potential damage to the business.

During FY24, the Group continued to monitor the latest risks and opportunities identified as having a potential 'material' impact. This means that the risk or opportunity has reached a defined threshold at which the Group considers it to be of significant interest to investors and other stakeholders.

To assess the potential impact that climate-related risks and opportunities pose to the Group's strategy, and to aid financial planning, during FY24 Mitie enhanced its climate-related financial modelling framework – see case study titled risk quantification project.

Our financial assessment builds on our base five-year cash flow forecast model which adopts our strategic, budgeting and business planning cycles, with a timeline relevant to the duration of the Group's existing contracts.

The climate modelling framework incorporates three-time horizons, namely short (one to three years), medium (three to ten years) and long (10–15 years). This approach has been adopted to ensure alignment with the Group's enterprise risk management strategy.

Details of the completed financial assessments have been incorporated into the TCFD and underpinned by assumptions.

The key for the financial assessment is as follows:

- Low impact = minimal material impact on EBIT (<5%)
- Medium impact = significant material impact on EBIT (5% – 10%)
- High impact = critical material impact on EBIT (>10%)

Scenario analysis: improving our understanding of our climate-related risk profile

Mitie recognises the substantial threat posed by failing to plan for and address climate-related risks to the execution of its strategy. During FY24, we continued to build on the outputs from the FY23 scenario analysis, which highlighted a growing threat from extreme weather events resulting from climate change.

Much of Mitie's strategy depends on the availability and accessibility of its employees, especially frontline staff, as well as its supply chain and strategic partners. Additionally, maintaining the availability of assets across customer and Mitie estates is essential. Unusual weather events can jeopardise operational and financial performance. Prolonged abnormal weather conditions may result in financial strain and business collapse. As climate change escalates the frequency and severity of atypical weather patterns, their importance should not be underestimated and must be closely scrutinised.

As reported in the FY23 Annual Report and Accounts, we collaborated with Marsh to conduct a scenario analysis concentrating on the physical risks associated with climate change. This analysis aimed to improve our understanding of extreme weather events as well as the probability of long-term critical asset damage and failure. The scenario analysis encompassed all major climate-induced physical damage threats under two representative concentration pathways (RCPs): RCP 2.6, a best-case scenario, limiting the temperature increase to below 2°C, and RCP 8.5, a worst-case scenario where emissions continue to rise throughout the 21st century, reaching around 3°C.

The assessment covered 500 sites, comprising the Mitie estate and locations occupied by key supply chain members, strategic partners and selected key accounts, intending to identify assets at the highest risk from climate-related hazards. The results indicated that Mitie's portfolio is generally low risk, with 87% of assets classified as having a medium or lower risk score. Medium- or high-risk sites were predominantly at risk of flood exposure. Following the initial analysis, an in-depth examination of 95 sites of the 500 was carried out. These 95 sites were chosen based on their value and whether they had been identified with high and/or very high-risk scores.

During this second phase, data was overlaid with seven distinct climate-related hazards for the two RCPs, across three separate timeframes (2020, 2050, and 2100). The findings at this stage revealed that sea-level rise is anticipated to become the primary area of increased risk with ten sites at high or extreme risk for RCP 2.6 by 2050 and 28 sites at extreme risk for RCP 2.6 by 2100. Additionally, it underscored that flooding remains a persistently high risk for over 20 sites on the RCP 8.5 pathway.

Case study: Risk quantification project

During this reporting period, Mitie collaborated with Marsh (insurance broker and risk advisor), to create a sustainable risk quantification framework that would accommodate both principal risks and those related to climate, as well as potential opportunities. The risk model created during this joint project utilised Mitie's five-year cash flow model as the base, with the impact of each of the risks quantified and measured against the base to determine the profit and loss and cash flow impact.

The endeavour spanned from August 2023 to February 2024 and involved a series of interviews to identify and validate crucial assumptions for the key risk scenarios.

Employing a deterministic method, all risks were modelled around three scenarios, namely worst case, most likely and best case. For the TCFD, we have provided impact assessments related to the most likely scenario as shown on pages 69 and 70, while additional insights into worst- and best-case scenarios can be found in our ESG report which will be released in the summer.

Mitie plans to continue its partnership with Marsh during FY25 to future-proof the model, ensuring that results and assumptions stay relevant and that engagement with suitable subject matter experts and risk owners is maintained. Furthermore, the project will also consider the two new principal risks mentioned on page 88, as well as any new or emerging climate-related risks and opportunities, which may present themselves moving forward.

In FY24, we focused on the outcomes of these findings and implemented a range of initiatives to tackle the identified associated risks. This involved working closely alongside our strategic partners in India to enhance our business resilience testing and develop specialised training for our operational teams, increasing their understanding of the threats posed by extreme weather conditions. For example, we created a podcast during FY24, titled 'Braving the Storm: Preparations for Weathering Climate Extremes', which was showcased at our inaugural Risk and Resilience Week, held in May of this year.

Additionally, our Business Resilience e-learning training course includes a climate-related extreme weather exercise that must be completed as a requirement of the course.

In FY24, we refined our approach to climate-related scenario analysis, broadening the scope of our work to encompass a wider variety of risks, beyond just physical factors. In collaboration with our Procurement and Supply Chain team, the Group Risk and Sustainability teams began to investigate the potential impacts of climate change on Mitie's ability to obtain essential materials, such as paper. Due to Mitie's reliance on paper washroom products such as hand towels and toilet paper, paper has become an initial focus area. The following outlines our current progress in this assessment and the risks being modelled in FY25. Our ESG report 2024 highlights the projects we have launched with our supply chain partners to help manage any risk exposure. Mitie's risk management structure aims to ensure a consistent method for effectively managing risks.

Scope:	Risks being modelled in FY25:	Current measures in place to manage
Paper: Globally sourced raw material used for washroom products such as hand towels and toilet paper.	**Transitional risks** – including decarbonisation of supply chain and regulatory compliance.	• Working with suppliers on net zero journey and future development of sustainable products • Ongoing review of regulatory landscape
	Physical risks – extreme weather events, acute and chronic, which may impact on production.	• Ongoing review of extreme weather events • Ongoing review of preferred suppliers and product requirements to minimise disruption in the event of a worst case scenario
	Opportunity risks – low emission and energy efficiency strategy for Mitie's estate.	• Review of paper towels vs hand driers across the estate to establish the most efficient method

Table 1: Macro-level climate-related risks and opportunities, including current mitigation measures, potential financial impact and latest working assumptions

Risk / opportunity description	Impact	Strategic response	Financial assessment and assumptions
1. Extreme weather events **Physical risk** **Short-medium term**	Increased costs owing to damage to assets. Impacts felt universally – Mitie (UK and overseas), customers and subcontracting and strategic partners affected.	• Enhanced H&S standards and processes • ISO 22301 certified • Planned preventative maintenance schedules aligned to seasonal changes • Estates strategy in place and continually reviewed • Insurance coverage • Ongoing scenario testing	**Short-term impact assessment:** Low impact **Medium-term impact assessment:** Low impact **Long-term impact assessment:** Low impact **Current assumptions based on a most likely scenario:** The modelling assumes that around four extreme weather events occur annually. It also incorporates the NATHAN approach which is a global assessment of natural hazard risks and impacts in order to help calculate the financial repercussions of severe weather incidents on Mitie's asset portfolio.
2. Increasing summer temperatures **Physical risk** **Medium-long term**	Increased costs resulting from absenteeism and reduced productivity. Impacts felt universally – Mitie (UK and overseas), customers and subcontracting and strategic partners affected.	• Occupational health strategy embedded • Ongoing sickness monitoring • Health surveillance and monitoring framework • Seasonal alerts reminding colleagues of risks and associated controls to be followed • Planned preventative maintenance schedules aligned to seasonal changes	**Short-term impact assessment:** Low impact **Medium-term impact assessment:** Low impact **Long-term impact assessment:** Low impact **Current assumptions based on a most likely scenario:** The modelling is based on costs related to heat-related sickness experienced by frontline staff and the productivity costs incurred by both back-office and frontline staff at Mitie due to absences.
3. Decarbonising supply chain **Transition risk** **Short-medium term**	Increased costs arising from the purchase of carbon offsets in order to meet emissions targets.	• Procurement leads identified • Ongoing engagement with supply chain	**Short-term impact assessment:** Low impact **Medium-term impact assessment:** Low impact **Long-term impact assessment:** Low impact **Current assumptions based on a most likely scenario:** The modelling assumes that the purchase of carbon credits will be required to achieve Mitie's Scope 3 net emissions objective, resulting in an increase in Group expenditure.

Environment
TCFD

Risk / opportunity description	Impact	Strategic response	Financial assessment and assumptions
4. Switching from fossil fuels to low-carbon alternatives for fleet operations **Opportunity** **Medium-long term**	Opportunities felt predominately in Mitie operations (Technical Services, Business Services, CG&D and Communities) (UK and overseas).	• Plan Zero commitment – 85% EV fleet by the end of 2025 • Ongoing review of EV transition • Deployment of charging points at Mitie and customer sites, as well as colleagues' homes	**Short-term impact assessment:** Low impact **Medium-term impact assessment:** Low impact **Long-term impact assessment:** Low impact **Current assumptions based on a most likely scenario:** The modelling assumes that by FY35 the Group's fleet will consist entirely of EVs. The associated leasing expenses are expected to rise by 6% per year, with fuel costs determined by average annual mileage and cost per mile. As the Group shifts entirely to EVs, charging expenses are estimated based on average annual mileage.
5. Changes in customer behaviours resulting in lost opportunities **Transition risk** **Medium-long term**	Revenue reduction if Mitie cannot keep up with demand for the services. Impacts felt universally across the Group (UK and overseas).	• Ongoing review of customer behaviours via ESG governance framework • Ongoing review and development of customer propositions • Feedback gathered internally via various channels	**Short-term impact assessment:** Low impact **Medium-term impact assessment:** Low impact **Long-term impact assessment:** Low impact **Current assumptions based on a most likely scenario:** The modelling assumes that Mitie is able to grow its decarbonisation business at the same annual growth rate as its markets.

Metrics and targets

This section describes the metrics and targets used by Mitie to assess and manage relevant climate-related risks and opportunities.

The Group has established metrics and targets that guide how we do business, including how we operate and how we serve our customers. These include ESG targets designed to help Mitie become more environmentally and socially sustainable.

Our climate-related metric categories are detailed in the table below. This is followed by our greenhouse gas (GHG) reporting methodology statement for FY24, which provides further context for our emissions metrics and targets which can be found on page 71.

Category	Sub-category	Unit measurement	Description of metric	FY24 risks and opportunities references
GHG emissions	Emission level	tCO_2e	Total emissions	1,2,3,4,5
	Intensity	tCO_2e per £m revenue	Emissions intensity	1,2,3,4,5
Carbon credits	Plan Zero	£	Amount invested to support obtainment of Plan Zero targets	3,4
Energy/fuel	Energy usage	kWh	Total energy consumption	1,2,3,4,5
	Transition to greener fleet	%	Total percentage of EV fleet	1,3,4,5
Waste	Recycled	Tonnes	Total waste recycled	3,5
Risk adaptation and mitigation	R&D	£	Amount invested in developing low-carbon products and services	3,4,5
	CapEx	£	Amount invested in deployment of low-carbon technology, energy and resiliency capabilities	3,4,5
Science Based Target initiative (SBTi)	Acquisitions	%	Total percentage of acquisitions with agreed targets in place	1,2,3,4,5
	Supply chain	%	Total percentage of supply chain with agreed targets in place	3,5
ISO management system	14001	%	Total percentage of business certified	1,3,4,5
	50001	%	Total percentage of business certified	2,3,4,5

GHG reporting methodology statement for FY24

Reporting period
Emissions are reported against the accounting year covering the period from 1 April 2023 to 31 March 2024.

Reporting boundary
Financial control authority – Mitie reports any emissions from its operations for which it can directly influence financial and operational policies to gain economic benefit.

Greenhouse gases
All GHG emissions are reported in tonnes of carbon dioxide equivalent (tCO_2e) to account for all six of the Kyoto Protocol GHGs.

Emissions factors
Mitie has applied the UK Government's GHG reporting conversion factors for 2023.

Science-based target validation
Mitie has validated science-based near- and long-term targets against the SBTi Net Zero criteria and criteria (version 5).

Baseline year and carbon targets
A new baseline was introduced for FY22 in line with our Energy Review Methodology procedure. Our carbon targets are shown in the table below.

Intensity ratio
Mitie uses tCO_2e/£m revenue as its intensity ratio to compare its emissions over time as this normalises for changes in the scale of Mitie's business activities.

Exclusions
Mitie does not report fugitive emissions (refrigerant leakage) from refrigeration and air-conditioning systems in leased properties or fleet. This is due to the difficulty in obtaining centralised data on refrigerant top-ups and owing to the landlords of many of our leasehold buildings managing the HVAC systems. Given the size and types of emission sources listed by Mitie, fugitive emissions are expected to be a very small proportion of total emissions and are therefore considered immaterial.

Mitie carbon targets (tCO_2e)	FY22 baseline	FY23	FY24	FY25	FY26
Scope 1 and 2	20,596	20,300	16,900	12,775	8,400
Scope 3	332,035	315,433	296,507	275,752	253,692
Total	**352,631**	**335,733**	**313,407**	**288,527**	**262,092**

Note: Carbon credits have been included from FY24 onwards.

Science based carbon targets (tCO_2e)	FY22 baseline	FY23	FY24	FY25	FY26
SBTi Scope 1 and 2	20,596	19,558	18,520	17,482	16,444
SBTi Scope 3	332,035	317,085	302,135	287,185	272,235
SBTi Total	**352,631**	**336,643**	**320,655**	**304,667**	**288,679**

Note: Carbon credits have been included from FY24 onwards.

FY24 – Carbon emissions breakdown

	FY24 emissions (tCO_2e)	%
Electricity	**1,042**	**0%**
Gas	**156**	**0%**
Water	**5**	**0%**
Transport/travel	**32,595**	**11%**
Waste	**7**	**0%**
Commuting/working from home	**45,549**	**16%**
Supply chain	**215,353**	**73%**
Total[1]	**294,707**	**100%**
Mitie Scope 1 and 2 (UK and overseas)	**21,371**	
Mitie Scope 3 (UK and overseas)	**273,336**	
Total[1]	**294,707**	

1. This total is excluding the purchase of 4,500 verified carbon credits.

Environment
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Scope of emissions

Scope 1 – Direct emissions

On-site fuel combustion
- Gas directly purchased for heating or generation across leased property managed by Mitie

Company vehicles
- Fuel purchased for fleet vehicles

Fugitive emissions
- Refrigerant leaks from air-conditioning (RAC) equipment in leased assets and fleet vehicles[1]

Scope 2 – Indirect emissions

Purchased electricity
- Electricity directly purchased across leased property and EVs managed by Mitie

Scope 3 – Other indirect emissions

Category 1 – Purchased goods and services
- Purchased goods and services from supply chain

Category 3 – Fuel and energy related activities
- Electricity transmission and distribution (T&D) losses
- Upstream emissions associated with the extraction of purchased fuels and gas
- Gas and electricity recharges across leased property managed by the landlord

Category 4 – Upstream transportation and distribution
- Transportation of goods

Category 5 – Waste
- Waste generation across leased property

Category 5 – Water
- Water usage across leased property

Category 6 – Business travel
- Expensed air, road and rail travel (including hotel stays)

Category 7 – Employee commuting
- Commuting (all forms of transport)
- Working from home

1. Fugitive emissions are not reported as outlined in the exclusions statement.

Process

Mitie follows the reporting approach set out in the UK Government's Environmental Reporting Guidance (2019 version) to ensure that reporting standards are robust and transparent.

For most of its major emissions sources, Mitie uses primary data from AMR meter readings, utility bills, service charge data and expensed claims.

Emissions data is collated centrally by Mitie Energy on a quarterly basis and then restated at the end of the year to reflect any changes or to replace any estimated data with actual data (where available). Emissions figures are verified by the ESG team, who have overall responsibility for ensuring the calculations and methodology are correct.

Mitie obtained independent verification on the accuracy of selected information included in Mitie's FY24 GHG emissions and water consumption datasets, in accordance with (1) ISO 14064-1: 2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and (2) Global Reporting Initiative's, G4 Sustainability Reporting Guidelines.

Data sources

Scope 1 and 2

Gas and electricity consumption	Information is populated from automatic meter readings (AMRs), invoiced data, service charge data and estimates. AMR data has priority, followed by supplier or service charge data. If none of this is available, then an estimate will be generated based on all data for other sites. This is used to calculate an average kWh/m^2 for the Mitie estate, and the estimate is this average multiplied by the floor area for the site in question. For sites where, in addition to a direct supply, there is also a service charge for energy use within the communal areas, the figures are added together. For sites where invoiced data is only available for a partial period, the data has been apportioned based on the average kWh/day for each site, based on the billing data that is held. Unless advised otherwise by property, sites are assumed to have all supplies in place. This information is taken from the Mitie Property Master Site List, which is updated in real time. Data is obtained from the data collector for HH/AMR data, the SR180 export from Optima for invoiced data and directly from the landlords for service charge data. Where leased building utility data is unavailable, estimations are made using an anticipated energy use per square metre. This is calculated using a combination of half hourly meters and actual billing data received across the estate. For sites where invoice data is only available for a partial period, the available data is apportioned using an average kWh/day figure based on known utility data from other sites.
Company vehicles	Data is provided by Mitie's fuel card provider, and users then submit their monthly business and personal mileage via our Fleet Data Platform. As personal mileage must not be included within the report, we have undertaken a check of the data, comparing total business miles and total personal miles, and agreeing that the percentage split is 77% of consumption for business purposes. Within the raw datasets is the 100% figure, and this split is then calculated within the Consumption and Environmental tabs. This ensures that the raw data within the report matches the files received from the Fleet team.

Scope 3	
Purchased goods and services	Supplier spend data is based on paid invoices for FY23 and the primary Coupa (digital supplier portal) categories were used to determine the supplier's principal activity. Suppliers representing 60% of overall category spend falling into Scope 3 were identified and a hybrid approach using analysis of publicly available data (revenue and carbon) in conjunction with the EEIO spend based model was used to calculate emissions through applying Mitie's spend with each supplier as a percentage of its turnover. Publicly reported data was collected and sourced from Companies House (a UK Government website) and/or the supplier's own website. The Scope 3 emissions figures for this 60% of category spend are extrapolated to 100% to provide the final reported figure.
Upstream transportation and distribution	Emissions calculated for the delivery and transportation of goods to Mitie-run facilities, including our own estate and customer contract premises.
Fuel and energy related activities	Scope 1 and 2 data is used and DEFRA emissions factors for Scope 3 are then applied. Landlord recharge data is calculated from service charge bills or estimated from an anticipated energy use per square metre. This is calculated using actual billing data received.
Waste	Waste data is collated by our waste management provider. This data is obtained from a detailed set of scenarios to ensure that we capture not only the material that Mitie Waste and Environment (MWE) collects but also more detailed information on landlord sites. The data we have is therefore split into four scenarios: 1. Sites where MWE provides all the services (general waste, dry mixed recycling, confidential paper and food) and we therefore have a complete picture of the waste types/volumes and headcount. This data is used as the basis for the other scenarios as it shows all waste streams, and we can then apportion the waste stream by type by headcount. This can then be used for landlord sites. 2. Sites where MWE provides some of the services and some are provided by the landlord. For example, we provide confidential paper, but the landlord provides general waste, dry mixed recycling and food. For these sites we use the actual data from the services we provide and then we do an apportionment for the services we do not cover based upon the kg/person we have for the sites in scenario 1. 3. Sites which have all the services provided by the landlord, but we know which waste streams they collect. The data for these sites is based upon the headcount for those buildings and the data from scenario 1 so we make an apportionment based upon this (similar to scenario 2). 4. Sites which have all the services provided by the landlord, but we do not know which waste streams they collect. For this set of sites, we use a general waste figure only and report this as landfill. There has been communication with all landlords for new sites to ascertain what services are provided and if the waste is landfill or energy from waste. After this has been provided, we will then be able to move these sites into scenario 3.
Water	Utility bills are verified through our internal bureau service within Mitie Energy. Any billing data is cross referenced against meter-read data where available. Service charge bills are used for buildings where the landlord recharges utilities.
Business travel	Business travel (air, rail and hotel stays) is provided by our corporate travel provider in a report from its dashboard.
Employee commuting	A commuting survey is undertaken annually to establish commuting patterns and incorporates working from home emissions.

FY24 position

At Mitie, we see the climate emergency as a business-critical issue that needs to be addressed within our operations.

Four years ago, we launched our industry-leading Plan Zero commitment to set a clear pathway on how we will decarbonise our business and reach Net Zero carbon emissions by 2025 (Scope 1 and 2).

This focuses on three key areas:

- Eliminate carbon emission from power and transport
- Eradicate non-sustainable waste
- Enhance inefficient buildings to meet the highest environmental standards

We received confirmation that we had achieved validated near- and long-term science-based targets from the Science Based Targets initiative. These targets cover Scope 1, 2 and 3.

Environment
TCFD

Absolute emissions

	Emissions	FY23	FY24	Change from previous year	% change from previous year
UK only	**Total Scope 1 (tCO_2e)**	**19,225**	**18,265**	**–960**	**–5%**
	Emissions from fuel combustion across our fleet	19,177	18,229	–948	–5%
	Emissions from fuel combustion in our occupied buildings	48	36	–12	–25%
Overseas	**Total Scope 1 (tCO_2e)**	**1,305**	**873**	**–432**	**–33%**
	Emissions from fuel combustion across our fleet	1,305	873	–432	–33%
UK & overseas	**Total Scope 1 (tCO_2e)**	**20,530**	**19,138**	**–1,392**	**–7%**
UK only	**Total Scope 2 (tCO_2e)**	**1,890**	**2,228**	**338**	**18%**
	Emissions from the purchase of electricity across occupied buildings (location based)	433	430	–3	–1%
	Emissions from electricity combustion across our EV fleet	1,457	1,798	341	23%
Overseas	**Total Scope 2 (tCO_2e)**	**19**	**5**	**–14**	**–74%**
	Emissions from the purchase of electricity across occupied buildings (location based)	19	5	–14	–74%
UK & overseas	**Total Scope 2 (tCO_2e)**	**1,909**	**2,233**	**324**	**17%**
UK only	**Total Scope 1 and 2 (location based)**	21,115	20,493	–622	–3%
	Total Scope 1 and 2 (market based)	20,682	20,063	–619	–3%
Overseas	**Total Scope 1 and 2 (location based)**	1,324	878	–446	–34%
	Total Scope 1 and 2 (market based)	1,324	878	–446	–34%
UK and overseas	**Total Scope 1 and 2 (location based)**	**22,439**	**21,371**	**–1,068**	**–5%**
	Total Scope 1 and 2 (market based)	**22,006**	**20,941**	**–1,065**	**–5%**
	Purchased verified emissions reduction carbon credits (VER)		**–4,500**		
	Total Scope 1 and 2 (location based) incl. VER		**16,871**		
	Intensity – emissions ratio				
UK only	**tCO_2e/£m revenue (Scope 1 and 2)**	5.21	4.55	–0.66	–13%
UK and overseas	**tCO_2e/£m revenue (Scope 1 and 2)**	**5.54**	**4.75**	**–0.79**	**–14%**
	tCO_2e/£m revenue (Scope 1 and 2) incl. VER		**3.75**		
UK only	**Total Scope 3 (tCO_2e)**	**298,950**	**268,668**	**–30,282**	**–10%**
	Mitie generated Scope 3	52,932	53,315	383	1%
	Supply chain emissions	246,018	215,353	–30,665	–12%
Overseas	**Total Scope 3 (tCO_2e)**	**1,164**	**4,668**	**3,504**	**301%**
	Mitie generated Scope 3	1,164	4,668	3,504	301%
UK and overseas	**Total Scope 3 (tCO_2e)**	**300,114**	**273,336**	**–26,778**	**–9%**
UK and overseas	**Total Scope 1, 2 and 3 (tCO_2e)**	**322,553**	**294,707**	**–27,846**	**–9%**
	Total Scope 1, 2 and 3 (tCO_2e) incl. VER	**322,553**	**290,207**	**–32,346**	**–10%**

The table above highlights that Mitie's absolute emissions, excluding carbon credits have decreased by 9% and emissions intensity has decreased by 14%. Mitie is seeing a 25% decrease in carbon emissions from gas consumption for heating and a 17% increase in emissions from electricity consumption for our built estate and EV charging. We attribute these changes to our decarbonisation programme to remove fossil fuelled heating systems and replace them with low-carbon heat pumps. It is further noted that Mitie has increased its carbon inventory with some significant acquisitions over this period.

In line with our expectations, we continue to see a steady increase in electricity consumption and carbon emissions for our EV as we transition further to an all-electric fleet. Mitie has increased the EVs in service since last year by 1,871 and had 5,065 in operation (66% of the fleet) as at 31 March 2024 and this initiative will continue to eliminate our Scope 1 emissions from diesel. Our total fleet has increased by 310 vehicles following recent acquisitions and contract wins.

During FY24, Mitie continued to record our full Scope 3 emissions from our supply chain and commuting figures for the whole organisation in line with our validated science-based targets. We have seen a reduction in supply chain emissions despite an increase in supplier spend by over £300m.

Environmental data

The below table provides further details on our UK environmental performance:

	FY23	FY24	Change from previous year	% change from previous year
Electricity consumed across occupied buildings (kWh)	4,931,269	**4,790,022**	–141,247	–3%
Gas consumed across occupied buildings (kWh)	1,668,849	**817,131**	–851,718	–51%
Fuel used by vehicles for business travel (kWh)	80,238,049	**76,605,383**	–3,632,666	–5%
Electricity used by EV vehicles for business travel (kWh)	7,331,647	**8,684,230**	1,352,583	18%
Total organisational energy consumption (kWh)	94,169,814	**90,896,766**	–3,273,048	–3%
Water consumed across occupied buildings (m^3)	16,392	**27,941**	11,549	70%
Total waste generated across occupied buildings (tonnes)	306	**398**	92	30%
Total waste to landfill (tonnes)	2	**0**	–2	–100%
Energy from waste (tonnes)	82	**188**	106	129%
Total waste recycled (tonnes)	222	**210**	–12	–5%
Recycling rate	72%	**53%**	–19ppt	

Our climate transition plan

Our climate transition plan outlines our high-level ambitions to mitigate, manage, and respond to climate change while seizing opportunities in the transition to a low greenhouse gas (GHG) and climate-resilient economy. The plan includes GHG reduction targets with short-, medium-, and long-term actions to achieve our strategic goals. We have established governance and accountability mechanisms to support the plan's implementation, along with robust periodic reporting. Additionally, the plan addresses material risks and leverages opportunities for the natural environment and stakeholders, including our frontline colleagues, supply chains, communities, and customers.

Strategy to achieve our targets

- Eliminating Scope 1 emissions (Fossil fuels) from our operations (where technology allows)
- Drive down energy consumption and adopt natural renewable sources for Scope 2 electricity emissions
- Measure, report and influence Scope 3 emissions throughout the value chain
- Source credible and verified carbon credits for both social and nature-based projects

Operational transition

Our Plan Zero initiative incorporates a decarbonisation strategy that targets our material carbon emissions through various levers.
Our extensive fleet of >7,700 vehicles is our primary source of direct operational carbon emissions (>90%) and since 2019, we have been transitioning our vehicles to a full battery electric solution and have over 5,000 (66%) in operation.
We have 16 fully decarbonised offices in our estate and are continuing to invest in further built environment carbon emission reductions.
We procure green energy and have been implementing a programme of decarbonising the heating systems through replacement of existing gas boilers with low carbon heat pumps. To assist in our EV transition, we are significantly increasing EV charging infrastructure across our built estate.

Opportunities

Our in-house Sustainability Consultancy positions Mitie as a leader in carbon reduction, accelerating our journey to net-zero and supporting our customers. Mitie Plan Zero Decarbonisation, Delivered™ offers end-to-end decarbonisation services for customers, suppliers, and the industry.

Value chain

We actively engage with our strategic and preferred suppliers to encourage them to improve data quality, measure environmental performance, publicly disclose carbon emissions, and set their own science-based targets. We encourage SMEs and smaller suppliers to engage with the decarbonisation agenda, measure carbon emissions and set net zero targets.

Reporting and disclosure

Mitie will issue its ESG Report 2024 in the summer on its website. The website also includes our progress against carbon reduction targets.

More information on our climate transition plan is available within our ESG Report 2024.

Our climate transition plan targets

Short Term
2025
- Net Zero for Scope 1 and 2 direct operational emissions
- Zero waste to landfill
- 85% EV transition[1]

Medium Term
2030
- 80% Net Zero for Scope 3 indirect emissions
- 60% Suppliers by category spend to have science-based targets
- 90% EV transition

Long Term
2035
- Net Zero for Scope 3 indirect emissions
- 100% EV transition

1. 85% is based on completion by 31 December 2025. For FY25, the Group target will achieve 80% EV transition.

TCFD continual improvement – actions we will take in FY25

During FY25, Mitie will:

- Roll out Board and MGX climate-related training
- Review carbon credits governance framework to ensure continual alignment with evolving landscape