# Statement from the Remuneration Committee Chair

As we embark on FY25, it is also the start of Mitie's new Three-Year Plan, and the Remuneration Committee has reviewed the remuneration policy to ensure it continues to support the Group's strategy and promotes the long-term sustainable success of Mitie.

**Jennifer Duvalier**
Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present the Directors' remuneration report for the year ended 31 March 2024.

The report is split into three main parts:

- **Executive remuneration at a glance.** This sets out a summary of our policy, remuneration outcomes for this year and how we intend to operate our policy for next year
- **The Annual Report on Remuneration.** This provides more detail on the above, as well as setting out other remuneration-related disclosures
- **The remuneration policy.** Our existing policy has been in place since it was approved by shareholders at the 2021 AGM. In accordance with the normal three-year cycle, we are presenting a new policy for approval at the 2024 AGM. The policy review and the main changes are summarised below

## Business performance and context

Mitie has delivered a strong financial performance in FY24. Revenue and operating profit before other items reached record levels and were up 11% and 30% on the prior year, respectively. There has been strong free cash flow generation of £158m and ROIC has significantly exceeded our target at 26.4%. EPS growth has been 29% on prior year. Performance over the last three years has also been strong with all key financial targets met or significantly exceeded. Mitie's total shareholder return performance over that period has been in the top 10 in the FTSE 250 and our market capitalisation has grown from c.£400m at the time of the Interserve acquisition in November 2020 to c.£1.6bn, a fourfold increase. Over the same period, we have made significant investments in developing a sector-leading reward package for all of our colleagues and they have benefited from: free share awards; matching share awards under the Share Incentive Plan; £10m Winter Support package during the cost of living crisis; and a SAYE share option maturity in December 2023 where the average gains were c.£14,000 as a result of significant share price appreciation and the 20% discount price.

## Supporting our colleagues

Mitie is a people business; our exceptional colleagues are integral to the Group's success. During FY24, we ran national roadshows to promote the awareness of benefits, as well as Mitie's award-winning learning and development offering. We made our fourth free share award to our colleagues; with those earning the least receiving the most shares in line with previous awards.

### Remuneration Committee members

At the date of this report and throughout FY24, the Remuneration Committee comprised:

**Chair:**
Jennifer Duvalier

**Committee members:**
Chet Patel
Salma Shah
Roger Yates

### Remuneration Committee meetings

The Remuneration Committee met four times during FY24.

### Key purpose of the Remuneration Committee

The purpose of the Remuneration Committee is to develop and oversee remuneration policies and practices that support Mitie's strategy and promote long-term sustainable success.

### Key responsibilities of the Remuneration Committee

The Committee has responsibility for determining the remuneration of Mitie's Executive Directors and the Chairman, taking into account the need to ensure Executive Directors are properly incentivised to perform in the interests of the Company and its shareholders.

The Committee is also responsible for setting the remuneration for other senior executives, including the Mitie Group Executive (MGX). The Committee also reviews workforce remuneration and related policies and takes these into account when setting the policy for Executive Directors.

The Committee regularly consults with the CEO and key HR executives on various matters relating to the appropriateness of rewards for the Executive Directors. However, the CEO and other Executive Directors are not present when matters relating directly to their own remuneration are determined.

This is also the case for other executives attending Committee meetings. The Company Secretary attended the meetings as Secretary to the Committee. The CEO and HR executives attended the meetings by invitation only.

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

For our hourly paid colleagues, we increased pay in line with the National Living Wage or Real Living Wage increases. In practice, this means that a considerable number of our people received increases of around 10%. For our salaried colleagues, the overall pay budget increase for 2024 was set at 3%, balancing Group affordability with talent market pressures.

## Remuneration review and new policy

In accordance with the regulations, Mitie is required to submit the remuneration policy for approval by shareholders at the 2024 AGM. Over the last year, the Committee undertook a review of our policy to ensure that it supports the delivery of the next phase of our strategy, promotes long-term sustainable success and is aligned with our purpose. As part of our review of the policy, we consulted with major shareholders. We have taken into account the feedback we received and incorporated it into the development of the new policy.

Following our review, we concluded that our existing policy was generally aligned with Mitie's underlying purpose and values. However, taking into account a number of factors, the Committee identified an opportunity to make two key changes to the new remuneration policy:

- **Annual bonus.** Increase in maximum annual bonus opportunity under the Policy to 200% of salary for Executive Directors. Our intention is that for FY25, this would be implemented as 200% of salary for the CEO (up from FY24: 160%) and up to 175% of salary for the CFO (up from FY24: 135%). The current bonus opportunities have been in place since the CEO's appointment in 2016, when Mitie was a FTSE SmallCap company. Mitie is now established comfortably within the FTSE 250 with a market capitalisation of c.£1.6bn. We consider this a relatively modest and appropriate increase in the package in that context, to ensure ongoing market competitiveness
- **Introduction of the CEO reward plan.** This is a plan operating exclusively for Phil Bentley, our CEO, to lead Mitie through the new Facilities Transformation Three-Year Plan (FY25 - FY27). This will involve an amendment to our usual LTIP framework for the CEO and is described in more detail below

Further detail on the changes to the policy are provided in the Executive remuneration at a glance section on pages 129 and 130. The new policy is set out in full in our policy report on pages 143 to 148.

## CEO reward plan

The Committee is proposing the introduction of the CEO reward plan, designed to incentivise Phil to defer his retirement and reward his commitment to the new Three-Year Plan.

- We are proposing to grant Phil an LTIP award of 600% of salary in 2024 (i.e. in respect of FY25) to motivate and retain him over the next three years. At the same time, we would commit to no further LTIP grants for Phil for FY26 and FY27. The Committee will set appropriate and stretching three-year targets

We believe this to be the right course of action to retain and motivate Phil to deliver superior shareholder returns, taking into account the following factors:

- There will be no increase to his salary of £900,000 for at least the next three years, to 1 April 2027. This means that Phil's salary will have remained the same since his appointment in 2016, through to 2027. Indeed, since appointment, Phil's fixed pay has decreased, following the reduction of his cash allowance in lieu of a pension contribution from 20% to 3% of salary (a reduction of £153,000 per annum)
- For FY23, the Committee exercised negative discretion on the LTIP (reduction of 10% in recognition of shareholder views on potential windfall gains) and the annual bonus (reduction of 20% in the round). During FY17 to FY20 inclusive, three out of four bonuses for the CEO were waived entirely, overriding formulaic outcomes. During the Covid pandemic, Phil Bentley volunteered a 30% reduction in his salary for a five-month period
- In addition, the Committee has always taken a responsible and measured approach to executive pay and as noted above there have been multiple instances of negative discretion being applied. The Committee has also always been mindful of corporate governance developments and shareholder sentiment in introducing new features (e.g. increased deferral, LTIP holding periods, recovery provisions, pension alignment and post-employment shareholding guidelines)
- Finally, we note also that Phil as CEO has been very strongly aligned with shareholder value creation, having voluntarily purchased shares worth 400% of salary in November 2016 – and has not sold any shares since appointment, whether purchased himself or delivered through Mitie plans, and indeed has self-funded tax on any awards. In aggregate therefore he now holds 13 million shares, vastly in excess of his shareholding guideline of 200% of salary

## Remuneration decisions and outcomes in respect of FY24

### Salary

The CEO's salary of £900,000 has been unchanged since his appointment in 2016. As in previous years the Committee has decided to not implement any salary increase for Phil Bentley.

The Committee determined that Simon Kirkpatrick's salary should be increased by 3%; which is in line with the pay review budget for salaried colleagues, and less than hourly paid colleagues who received an increase in line with the National Living Wage or Real Living Wage increases.

### FY24 bonus

The annual bonus for FY24 was based on profit, revenue and strategic/individual performance. At the end of the year, the Committee assessed performance against the targets and was mindful of the latest shareholder guidance and market sentiment. As such, the Committee gave careful consideration to the year's context, taking into account the experience of colleagues, stakeholders and shareholders.

FY24 was a good year of Group performance. Operating profit of £206.3m[1] was between target and maximum, revenue of £4,511m exceeded the maximum and free cash flow of £157.6m exceeded the maximum. Assessment of strategic and individual performance was such that 96 .9% and 98.9% of the maximum overall bonus was determined for the CEO and CFO on a formulaic basis.

The Committee determined that the formulaic out-turns were appropriate, prior to the application of negative discretion discussed below.

### 2021 LTIP

The Committee assessed the outcome of the September 2021 Long Term Incentive Plan (LTIP) award against three performance measures: Earnings Per Share (EPS) growth, cash conversion and ESG targets.

Following a review of performance against targets, the Committee determined that the formulaic out-turn, prior to the application of negative discretion discussed below, was that 97.5% of the award would vest in September 2024. Performance against targets and discussion of the negative discretion applied to this award are described in more detail on pages 136 and 137 in the Annual Report on Remuneration.

1. Operating profit before other items, which (for the purpose of the ABP performance measure) has been adjusted to exclude the profit uplift associated with the discretionary reduction of 7.5% applied to all incentive outcomes, as explained on page 128.

## Statement from the Remuneration Committee Chair
continued

#### 2021 EDP

The Committee assessed the outcome of the July 2021 Enhanced Delivery Plan (EDP) award against two performance measures: Return on Invested Capital (ROIC) and exceptional cost-saving synergies and cross-selling revenue targets.

The EDP was a one-off plan developed at the time of Mitie's acquisition of Interserve in late 2020 and implemented in 2021. This was a period of extreme turbulence in the UK due to the Covid crisis. Launching the takeover of Interserve in these circumstances was bold and represented a huge opportunity but also came with significant risk for shareholders and colleagues. The EDP was designed to both retain our talented senior management team and to focus them on delivering a successful acquisition, through the use of ROIC and synergies as performance criteria. All the targets set by the Committee were very stretching and required management to perform exceptionally well to meet them. In all cases those targets have been met. ROIC of 26.3%[1] is above the range set of 20.5% to 24.5%, cost synergies of £56m per annum are at the top of the range set of £35m to £56m and revenue synergies totalling £115m are above the range set of £50m to £100m.

Following a review of performance against targets, the Committee determined that the formulaic out-turn, prior to the application of negative discretion discussed below, was that 100% of the award would vest in July 2024. Performance against targets and discussion of the negative discretion applied to this award are described in more detail on page 137 in the Annual Report on Remuneration.

#### Incentive outcomes

As noted above, the Committee challenged itself to ensure that bonus, LTIP and EDP outcomes were appropriate in the round. As is usual, as part of this assessment, the Committee took into account the wider performance of the Group, the context of both the shareholder and employee experience and a number of non-recurring items through the period. In doing so, it determined that, while the formulaic out-turns under the ABP, LTIP and EDP were justified, a discretionary reduction of 7.5% to all incentive outcomes for all participants (including Executive Directors) was appropriate. This resulted in the following final out-turns as a percentage of the maximum: 89.6% and 91.5% for the CEO and CFO under the ABP; 90.2% under the LTIP; and 92.5% under the EDP.

1. For the purpose of the EDP performance measure, ROIC includes adjustments agreed by the Committee, having regard to the detailed rules approved by shareholders.

### Incentives approach for FY25

For FY25, the Committee is intending to operate the annual bonus and LTIP using the same broad framework that was used for FY24 with some changes of emphasis in the mix of measures used and incentive opportunity:

- Phil Bentley's maximum bonus opportunity will be increased to 200% of salary. As stated in the 'CEO reward plan' section above, Phil will receive a one-off LTIP award of 600% of salary in FY25
- Simon Kirkpatrick's maximum bonus opportunity will be increased from 135% to 175% of salary. Simon's LTIP opportunity will be unchanged at 175% of salary
- The annual bonus will continue to be based on financial and strategic targets, with no less than 70% based on financial measures. The mix for FY25 will be: revenue (27.5%), profit (27.5%), free cash flow (25%), individual objectives (10%) and other strategic targets (10%)
- The LTIP measures will be: EPS (33.3%), ROIC (33.3%) and revenue growth (33.3%). The Committee will also have reference to leverage (average debt/EBITDA) and ESG underpins such that if leverage and/or progress against the firm's ESG strategy is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil. For the avoidance of doubt, as part of its assessment of the appropriate vesting amount, the Committee will take into account all relevant factors relating to performance against the underpins, as well as the wider performance of the Group and the context of both the shareholder and employee experience

The change in the mix of measures relative to the approach for FY24 represents an increased focus on growth, with the previous cash conversion and ESG measures being replaced with ROIC and revenue growth. Revenue growth reflects the health of the order book, the ability to upsell and cross-sell, and contract win and retention rates, alongside Mitie's broader reputation in the sector. ROIC continues to be a key measure and provides an important counterbalance to revenue growth and EPS, as it measures how efficiently Mitie utilises its invested capital to generate profits.

Cash conversion and ESG targets remain as performance measures for the 2023 LTIP awards, for which the performance period ends on 31 March 2026. The inclusion of the leverage and ESG underpins for the 2024 LTIP awards for which the performance period ends on 31 March 2027 reflects the continuing importance of cash and ESG performance notwithstanding their replacement as performance measures.

### Engaging with the workforce

The Mitie Board values the views of our colleagues and has multiple engagement routes. In addition to my role as the Chair of the Remuneration Committee, I act as the designated Non-Executive Director responsible for oversight of the Board's engagement with the workforce. In this role, I regularly engage with the workforce on a broad range of topics, including reward and benefits. In addition, we undertake an annual engagement survey in order to better understand the views of a wider range of employees. The engagement survey includes a range of specific questions on pay practices and presents an opportunity for the workforce to ask its own questions about employee or executive reward.

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

I attended a listening session with frontline colleagues specifically focused on reward and executive remuneration. Colleagues fed back on their benefits package, noting their thanks for the ongoing free share awards. Colleagues were interested in understanding the Executive Directors' incentive arrangements and were reassured to hear about the Board's rigour and fairness for the consideration of reward for executives in relation to that of the wider workforce.

### Conclusion

During the year, we consulted extensively with shareholders in respect of the proposed changes to the remuneration policy outlined above. The Committee greatly values the views of shareholders and I would like to take this opportunity to thank shareholders for their input and feedback. At the 2024 AGM, we will be seeking approval for the Directors' remuneration report (advisory vote) and the remuneration policy (binding vote). I welcome your views and feedback on the report.

**Jennifer Duvalier**
Chair of the Remuneration Committee

jennifer.duvalier@mitie.com

# Executive remuneration at a glance

## How we intend to operate our policy for FY25

The following table provides an overview of our remuneration policy and summarises the approach for remuneration arrangements for Executive Directors for FY24 under the current policy approved by shareholders at the 2021 AGM, alongside how the Committee intends to apply for FY25 the policy which it has proposed for shareholder approval at the 2024 AGM.

| At a glance | Overview of policy | FY24 | FY25 |
|---|---|---|---|
| **Base salary** | Salaries are generally reviewed annually, effective from 1 April. The review may be influenced by:<br>• The individual's role, experience and performance<br>• Business performance and the wider market and economic conditions<br>• The range of increases across the Group<br>• An external comparator group comprising sector comparators and size adjusted comparator organisations | CEO: £900,000<br>CFO: £400,000 | CEO: £900,000 (no increase)<br>CFO: £412,000 (+3%, in line with the rate for salaried colleagues) |
| **Benefits** | The Group provides a range of benefits which may include a company car/car allowance, private fuel, private health insurance, life assurance and annual leave.<br>Benefits are reviewed periodically against market and new benefits may be added and/or amended as required to support the attraction and retention of key talent. | Benefits for FY24 include private medical cover, car allowance/car and financial/tax planning advice. | No changes to benefits are planned for FY25. |
| **Pension** | Executive Directors are eligible to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of a pension contribution. | 3% of base salary (in line with the workforce) | 3% of base salary (in line with the workforce) |
| **Maximum bonus opportunity** | Maximum bonus opportunity is 200% of base salary. | CEO: 160% of base salary<br>CFO: 135% of base salary | CEO: 200% of base salary<br>CFO: 175% of base salary |
| **Bonus deferral** | 50% of the bonus is normally deferred into shares which vest after a minimum of two years (subject to continued employment). | 50% of bonus deferred into shares which vest after at least two years | 50% of bonus deferred into shares which vest after at least two years |
| **Bonus performance measures – mix** | Measures and targets are set annually and payout levels are determined by the Committee after the year end based on performance against those targets. | 80% financial, 20% strategic | At least 70% financial |
| **Bonus performance measures – metrics** | Bonuses are based on stretching financial and strategic objectives assessed by the Committee at the end of the year, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders. | Revenue (27.5%)<br>Profit (27.5%)<br>Free cash flow (25%)<br>Individual (10%)<br>Other strategic (10%) | Revenue (27.5%)<br>Profit (27.5%)<br>Free cash flow (25%)<br>Individual (10%)<br>Other strategic (10%) |
| **Maximum LTIP opportunity (CFO only for FY25)[1]** | Awards may be made up to a maximum level of 200% of base salary. | CFO: 175% of base salary | CFO: 175% of base salary |
| **CEO reward plan (Phil Bentley only)** | The CEO reward plan will operate as follows for Phil Bentley only:<br>• The CEO's salary will remain fixed at £900,000 over the next three years<br>• A one-off LTIP award of 600% of base salary will be made in FY25. No LTIP awards will be made in FY26 and FY27<br>• All other aspects of the remuneration policy will continue to apply as normal for Phil Bentley apart from the 'Maximum LTIP opportunity', which will operate as summarised in the 'CEO reward plan'<br>• The bonus and LTIP measures, bonus deferral, LTIP time horizon, share ownership requirements and malus and clawback provisions under the remuneration policy will apply to Phil Bentley | | |

1. Maximum LTIP opportunity in FY25 of 200% of base salary is the maximum applicable for a new CEO under the remuneration policy. See 'CEO reward plan' section for the proposed application of the LTIP under the new remuneration policy for Phil Bentley.

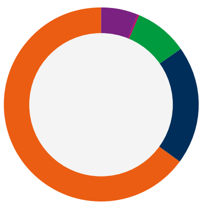
## Executive remuneration at a glance
continued

| At a glance | Overview of policy | FY24 | FY25 |
|---|---|---|---|
| **LTIP performance measures** | Performance over at least three financial years is measured against stretching objectives which have the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders. | Adjusted EPS (50%)<br>Cash conversion (35%)<br>ESG (15%) | EPS (33.3%)<br>ROIC (33.3%)<br>Revenue growth (33.3%) |
| **LTIP holding period of two years after vest** | Awards will normally be subject to an additional holding period of at least two years. | Shares released after at least five years (vesting after three years plus two-year holding period) | Shares released after at least five years (vesting after three years plus two-year holding period) |
| **Share ownership requirements** | Executive Directors are required, over time, to build and maintain a minimum shareholding in the Company worth 200% of base salary.<br>Executive Directors will be expected to maintain their shareholding at 100% of their ownership requirement for one year post departure, reducing to 50% for the second year post departure, or in either case the actual shareholding on departure if lower. | | |
| **Malus and clawback provisions** | Recovery provisions (malus and clawback) have applied to incentives for a number of years. Further details on the recovery provisions, including the circumstances and timeframe for which they can be applied, are set out in the remuneration policy. | | |

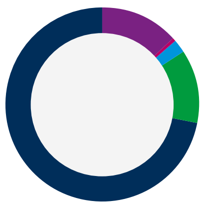
### Single figure for FY24

The table below reports a single figure of total remuneration for each of the Executive Directors for the financial year ended 31 March 2024 and their comparative figures for the financial year ended 31 March 2023.

#### Phil Bentley



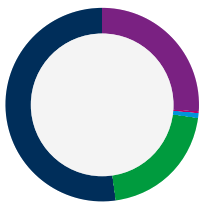
| | 2024 |
|---|---|
| Salary | £900,000 |
| Benefits | £45,095 |
| Pensions | £27,000 |
| Bonus | £1,291,624 |
| LTIP | £2,909,731 |
| One-off EDP | £9,549,889 |
| **Total** | **£14,723,339** |



| | 2023 |
|---|---|
| Salary | £900,000 |
| Benefits | £41,662 |
| Pensions | £141,750 |
| Bonus | £838,181 |
| LTIP | £4,893,255 |
| **Total** | **£6,814,848** |

#### Simon Kirkpatrick

| | 2024 |
|---|---|
| Salary | £400,000 |
| Benefits | £4,032 |
| Pensions | £12,000 |
| Bonus | £494,349 |
| LTIP | £848,671 |
| One-off EDP | £1,508,749 |
| **Total** | **£3,267,801** |



| | 2023 |
|---|---|
| Salary | £378,000 |
| Benefits | £3,499 |
| Pensions | £11,340 |
| Bonus | £295,857 |
| LTIP | £744,806 |
| **Total** | **£1,433,502** |

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

# Summary of remuneration policy

Excluding the one-off awards made under the Enhanced Delivery Plan (EDP) in FY22, the standard remuneration approach for the Executive Directors comprises the following elements:

| Fixed | | | Variable | | |
|---|---|---|---|---|---|
| Base salary + | Benefits + | Pension + | Annual bonus + | LTIP | = Total |

## Executive incentives and link to strategy

The following table sets out how the intended measures across the incentive plans for FY25 support the Group's strategy and KPIs:

| | Sustained and renewed profit growth | Quality client base | Strong cash-generative business | Strategic targets |
|---|---|---|---|---|
| Annual bonus | ✔ 27.5% profit | ✔ 27.5% revenue | ✔ 25% free cash flow | ✔ 20% strategic objectives (inc. ESG) |
| LTIP[1] | ✔ 33.3% EPS | ✔ 33.3% revenue | ✔ 33.3% ROIC | |
| EDP (2021 award) | ✔ 25% synergies | | ✔ 75% ROIC | |

1. Under the LTIP 2024, the Committee will also have reference to leverage (average debt/EBITDA) and ESG underpins such that if leverage and/or progress against the firm's ESG strategy is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil.

Note: details of the FY25 annual bonus targets will be disclosed in the FY25 remuneration report.

## UK Corporate Governance Code: Provision 40

The following table sets out how the remuneration policy addresses the factors set out in the UK Corporate Governance Code:

| | |
|---|---|
| Clarity | The Committee considers that Mitie's remuneration structures are transparent and welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration, including the changes to the remuneration policy which is subject to approval by shareholders at the 2024 AGM. |
| Simplicity | The remuneration policy is designed to be comprehensive without becoming overcomplicated and to encourage Executive Directors to concentrate on the profitable growth of the business. When developing the remuneration arrangements, the Committee was conscious of ensuring the overarching structure remained simple and easy to understand for both shareholders and participants. |
| Risk | The Committee considers that the structures of the incentive arrangements do not encourage inappropriate risk-taking. The following best-practice measures are in place to minimise risks:<br>• Deferral under the Annual Bonus Plan, the LTIP holding period, the EDP holding period and the shareholding requirement, including post cessation, provide a clear link to the ongoing performance of Mitie's business and the experience of shareholders<br>• The Committee has discretion to adjust the formulaic outcomes if it considers that they are not reflective of the underlying performance of Mitie or the individual<br>• Malus and clawback provisions apply to the Annual Bonus Plan, LTIP and EDP |
| Predictability | One of the Committee's principles is that the majority of reward opportunity for Executive Directors should be provided through performance-related incentives linked to the Group's strategic goals and taking account of the Group's attitude to risk; reward under these incentives is linked to both individual and Group performance. Page 146 sets out four illustrations of the application of the remuneration policy, including the potential opportunity levels resulting from threshold, target and maximum performance under the Annual Bonus Plan and LTIP. |
| Proportionality | Performance measures and target ranges under the Annual Bonus Plan and LTIP are designed to be sufficiently stretching in order to ensure out-turns are fully aligned with Mitie's performance.<br>As above, the Committee has discretion to override formulaic outcomes in order to ensure performance is reflective of Mitie's underlying performance. |
| Alignment to culture | The Committee believes in an approach to executive pay which is commensurate with value creation for shareholders. The remuneration policy and the Company's incentive schemes have been designed to drive appropriate behaviours consistent with Mitie's purpose, values and strategy. |

# Annual Report on Remuneration

## Executive Director remuneration (subject to audit)

The table below reports a single figure of total remuneration for each of the Executive Directors for FY24 and their comparative figures for FY23:

| | Year | Salary | Benefits[1] | Pension[2] | Total fixed pay | Annual bonus[3] | LTIP[4] | EDP[5] | Total variable pay | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Phil Bentley | **2024** | **£900,000** | **£45,095** | **£27,000** | **£972,095** | **£1,291,624** | **£2,909,731** | **£9,549,889** | **£13,751,244** | **£14,723,339** |
| | 2023 | £900,000 | £41,662 | £141,750 | £1,083,412 | £838,181 | £4,893,255 | – | £5,731,436 | £6,814,848 |
| Simon Kirkpatrick | **2024** | **£400,000** | **£4,032** | **£12,000** | **£416,032** | **£494,349** | **£848,671** | **£1,508,749** | **£2,851,769** | **£3,267,801** |
| | 2023 | £378,000 | £3,499 | £11,340 | £392,839 | £295,857 | £744,806 | – | £1,040,663 | £1,433,502 |

1. Benefits are calculated in terms of UK taxable values and relate to the cost of private medical cover, car allowance and financial/tax planning advice. Simon Kirkpatrick's benefits include the use of an electric car. Phil Bentley's benefits include the matching shares element from his SIP purchases based on the share price upon purchase.
2. The pension benefit disclosed above comprises cash allowances in lieu of pension contributions. For Phil Bentley, this is 20% of base salary to 31 December 2022 and 3% of base salary thereafter. For Simon Kirkpatrick, this is 3% of base salary.
3. Annual bonus payable in respect of the financial year includes any deferred element at face value at the date of award. Further information about how the level of the award for FY24 was determined is provided on pages 133 and 134.
4. The LTIP figures disclosed for FY24 are in respect of the 2021 LTIP awards and have been valued, in line with the regulations, using the average share price of the last three months of FY24 (102.74p) and include dividend equivalents accrued over the vesting period. The share price at grant (using the average closing middle market price for the last five trading days prior to the start of the financial year on 1 April 2021) was 60.5p and 39.0% of the LTIP amounts included in the table above are attributable to share price appreciation. Further information about how the level of vesting (90.2%) was determined is provided on pages 136 and 137. The LTIP figure disclosed for Simon Kirkpatrick for FY23 includes a 2020 CSP award granted before he became a Director. It vested on 1 December 2022 and the valuation was based on the closing share price on the date of vesting of 75.4p and includes dividend equivalents accrued over the vesting period. The share price at grant was 38.1p and 48.3% of the CSP amount included in the table is attributable to share price appreciation. The personal performance conditions of the CSP 2020 were fulfilled. The LTIP figures disclosed for FY23 include the 2020 LTIP for which the figures included in the FY23 remuneration table have been adjusted to reflect the actual valuation based on the closing share price on the date of vesting, which was 98.3p, and include dividend equivalents accrued until the vesting dates.
5. The EDP figures disclosed for FY24 are in respect of the 2021 EDP awards and have been valued, in line with the regulations, using the average share price of the last three months of FY24 (102.74p) and include dividend equivalents accrued over the vesting period. The share price at grant (using the average closing middle market price for the last five trading days prior to the start of the financial year on 1 April 2021) was 60.5p and 39.0% of the EDP amounts included in the table above are attributable to share price appreciation. Further information about how the level of vesting (92.5%) was determined is provided on page 137.

## Non-Executive Director remuneration (subject to audit)

The fees for the Non-Executive Directors for FY24 and their comparative figures for FY23 are set out below:

| | **2024[1] £'000** | 2023[1] £'000 |
|---|---|---|
| Derek Mapp[2] | **247** | 225 |
| Jennifer Duvalier | **67** | 67 |
| Penny James[3] | **9** | – |
| Chet Patel | **52** | 52 |
| Mary Reilly | **62** | 62 |
| Salma Shah | **62** | 54 |
| Roger Yates | **61** | 61 |
| Former Director | **–** | 43 |
| **Total** | **560** | 564 |

1. All amounts were paid in cash and no other UK taxable benefits were received in either year.
2. Derek Mapp's fee increased to £270,000 with effect from 1 October 2023.
3. Penny James joined the Board on 1 February 2024.

## Base salary and benefits

For salaried colleagues, the overall pay budget increase for 2024 was set at 3%, balancing Group affordability with talent market pressures.

The CEO's salary of £900,000 has been unchanged since his appointment in 2016. As in previous years, the Committee decided to not implement any salary increase for Phil Bentley. As discussed in the Chair's letter, his salary will remain frozen for at least the next three years, to 1 April 2027.

The Committee determined that it was appropriate to increase the CFO's salary from £400,000 to £412,000 (+3%) from 1 April 2024. This increase of 3% is in line with the pay review budget for salaried colleagues, and less than hourly paid colleagues, who received an increase in line with the National Living Wage or Real Living Wage.

## Non-Executive Director fees

Fees are reviewed on a periodic basis and at least every three years. Fees for the Non-Executive Directors were reviewed in 2022, and resulted in increases for the Senior Independent Director, and those chairing a Committee. Fees for the Chairman were reviewed in 2022 but remained unchanged, having not increased since his appointment in 2017. Following a market review in 2023, it was determined that from 1 October 2023 fees for the Chairman would be increased from £225k per annum to £270k per annum, with all other fees remaining unchanged. Non-Executive Director fees are summarised in the table below:

| | From 1 April 2024[1] £'000 | From 1 April 2023 £'000 |
|---|---|---|
| Chairman fees[2] | **270** | 225 |
| Non-Executive Director core fees[3] | **52** | 52 |
| **Additional fees:** | | |
| Senior Independent Director | **9** | 9 |
| Chair of a Committee | **10** | 10 |
| Designated Non-Executive Director for workforce engagement | **5** | 5 |

1. The core fees of £52,000 per annum paid to each Non-Executive Director (including the Chairman) would ordinarily total £364,000 for FY25. Total fees including additional duties would ordinarily amount to £626,000 for FY25 (£560,000 actual for FY24).
2. The Chairman's fee is inclusive of the Non-Executive Director core fee and no additional fees are paid to the Chairman where he is chairman or a member of other Committees.
3. For Non-Executive Directors, individual fees comprise the core fee and additional supplemental fees for the Senior Independent Director, for chairing Committees; and for the designated Non-Executive Director for workforce engagement, to reflect the greater responsibility and time commitment required.

## Annual Bonus Plan (ABP) FY24

Awards in respect of FY24 were considered under the ABP. Phil Bentley was eligible for a maximum bonus opportunity of 160% of base salary. Simon Kirkpatrick was eligible for a maximum bonus opportunity of 135% of base salary.

The awards were structured by reference to performance against a blend of financial (80% of the bonus opportunity) and strategic targets (the remaining 20%). At the threshold level of performance for financial targets, 25% of the maximum bonus opportunity is due, with 50% of the maximum bonus opportunity due at the target level and 100% at the maximum level. Between these points, the out-turn is determined on a linear sliding scale basis.

The table below shows actual performance and the corresponding out-turns for each measure on a formulaic basis. The Committee then used its discretion to apply a reduction of 7.5% to formulaic out-turn. This resulted in bonuses for the CEO and CFO of 89.6% and 91.5% of the maximum.

The following tables set out performance against the financial, strategic and individual measures and targets.

| Performance measure | Weighting | Performance range | Performance | Formulaic out-turn (% of bonus opportunity) |
|---|---|---|---|---|
| Operating profit[1] | 27.5% of the award | £170.0m threshold<br>£188.9m target<br>£207.8m maximum | £206.3m | 26.4% out of 27.5% |
| Revenue[2] | 27.5% of the award | £3,991m threshold<br>£4,201m target<br>£4,411m maximum | £4,511m | 27.5% out of 27.5% |
| Free cash flow | 25% of the award | £70.8m threshold<br>£95.8m target<br>£120.8m maximum | £157.6m | 25% out of 25% |
| Other strategic targets – CEO and CFO | 10% of the award | The Committee considered performance against the strategic objectives set out below and determined that the out-turn was 90% of the maximum for the CEO and 100% of the maximum for the CFO. | | 9% out of 10% for CEO<br>10% out of 10% for CFO |
| Individual objectives – CEO and CFO | 10% of the award | The Committee considered performance against the individual objectives set out below and determined that the out-turn was 90% of the maximum for the CEO and 100% of the maximum for the CFO. | | 9% out of 10% for CEO<br>10% out of 10% for CFO |
| Total formulaic out-turn | | | | 96.9% of max. for CEO<br>98.9% of max. for CFO |
| Application of Committee discretion | As noted in the Committee Chair's statement the Committee determined that, although the formulaic bonus out-turn was justified, a discretionary reduction of 7.5% to the incentive out-turn for all participants was appropriate. | | | |
| Annual bonus out-turn | | | | 89.6% of max. for CEO<br>91.5% of max. for CFO |

1. Operating profit before other items which (for the purpose of the ABP performance measure) has been adjusted to exclude the profit uplift associated with the discretionary reduction of 7.5% applied to all incentive outcomes, as explained on page 128.
2. Revenue including share of joint ventures and associates.

# Annual Report on Remuneration
continued

Performance against the strategic targets and individual objectives set for Phil Bentley and Simon Kirkpatrick were as follows:

## Phil Bentley (CEO)

| Strategic targets | |
|---|---|
| Strategy | • Developed and communicated a new Facilities Transformation Three-Year Plan, based on delivering high single digit revenue growth.<br>• Delivered seven strategic acquisitions to support new capabilities.<br>• Developed industry-leading relationship with Wipro, achieving savings of over £11m p.a.<br>• Won major accounts (e.g. EY and Germany DIO) retained others (e.g. Sainsbury's, LBG and Amazon) but lost DEFRA and partially lost Rolls Royce. |

| Individual objectives | |
|---|---|
| Colleagues | • Championed Equality, Diversity & Inclusion (ED&I). Mitie was recognised as Leading EDI Employer for the second year. 32% of Mitie senior leadership team is now female.<br>• Developed and implemented retention plan for new three-year plan to include high potential talent as well as senior management. |
| Stakeholders | • New investors interest secured in the US and Europe following a successful Capital Markets Day.<br>• Successful outreach programme to Labour party and Trade Unions (Unite, Unison, TUC) and improved access to civil servants in DWP, Home Office, Cabinet Office, MoJ and MoD. |
| Environment | • Ensured 'Glide Path' to Net Zero 2025 is in place and achievable.<br>• Science-based targets in place. 5,000th EV on road but requires some carbon credits to offset fossil-fuel heavy goods vehicles. |

## Simon Kirkpatrick (CFO)

| Strategic targets | |
|---|---|
| Strategy | • Delivered in-year savings from margin enhancement initiatives of c.£40m, and drove structural simplification of the Group, reducing legal entities by half.<br>• Identified and delivered cash improvements of more than £25m, through working capital process improvements, as well as alignment of the Mitie and ISV tax groups.<br>• Increased stakeholder engagement through site visits, European and US roadshows, Capital Markets Day, and conferences.<br>• Consolidated transactional banking under one provider, reducing fees by 20%, and facilitating cash pooling to increase interest income by c.£1.5m.<br>• Developed new capital allocation policy, including a new 'anti-dilution' policy for share purchases, and Group distributable reserves project to support shareholder distributions. |

| Individual objectives | |
|---|---|
| Finance function | • Implemented process efficiencies and cost reductions to reduce the cost of the Finance function by 20%.<br>• Improved efficiency and straight through processing of Mitie Finance shared services, alongside ongoing centralisation and the transfer of almost c.200 roles to Wipro.<br>• Successful finance engagement programme through period of change; engagement increased by 14ppts. |
| Financial control | • Good progress with new Mitie controls reporting framework, ahead of FRC requirement for controls self assessment for UK plcs.<br>• Successful roll out of Mitie systems and processes into new acquisitions in order to drive improvements and efficiencies. |

The bonus out-turn is therefore as follows:

| | | Total bonus payable | | |
|---|---|---|---|---|
| | % of maximum | Total bonus £'000 | Cash £'000 | Deferred shares £'000 |
| Phil Bentley | 89.6% of maximum | **1,292** | **646** | **646** |
| Simon Kirkpatrick | 91.5% of maximum | **494** | **247** | **247** |

## Annual Bonus Plan FY25

Subject to shareholder approval of the remuneration policy at the 2024 AGM, the maximum bonus opportunity for FY25 for Phil Bentley and Simon Kirkpatrick will be 200% and 175% of base salary respectively. Their awards will be payable by reference to performance against a blend of financial (at least 70% of the bonus opportunity) and strategic targets (the remainder).

However, if none of the financial targets have been achieved, no bonus will be payable by reference only to the strategic targets. 50% of any bonus entitlement will be deferred into shares for two years.

The mix of measures for FY25 will be: revenue (27.5%), profit (27.5%), free cash flow (25%), individual objectives (10%) and other strategic targets (10%). The mix of measures is unchanged from FY24.

Details of the targets set will be disclosed in the FY25 remuneration report.

## LTIP awards granted in 2023 (subject to audit)

On 29 June 2023, the following conditional LTIP awards were granted to the Executive Directors:

| | Award | Type | Number of shares[1] | Face value (£'000) | % of base salary | Performance conditions | Performance period | % vesting at threshold |
|---|---|---|---|---|---|---|---|---|
| **Phil Bentley** | Performance LTIP June 23 | Nil-cost options | 2,224,969 | £1,800,000 | 200% | Performance conditions are set out in the table below | Three financial years ending 31 March 2026 | 25% |
| **Simon Kirkpatrick** | Performance LTIP June 23 | Nil-cost options | 865,265 | £700,000 | 175% | Performance conditions are set out in the table below | Three financial years ending 31 March 2026 | 25% |

1. Number of shares was calculated based on the average closing middle market price of 80.9p for the five trading days prior to the start of the financial year on 1 April 2023.

The LTIP awards granted on 29 June 2023 are subject to three performance measures: adjusted EPS, cash conversion and ESG targets. These awards will vest in June 2026 conditional on performance in respect of the period of three years ending 31 March 2026 against the following measures:

| Performance measure | Weighting | Performance range | Vesting of portion of the award |
|---|---|---|---|
| Earnings Per Share (EPS) | 50% of the award | Threshold = 9.9p<br>Target = 10.9p<br>Maximum = 12.0p | 25%<br>70%<br>100% |
| Cash conversion | 35% of the award | Threshold = 70%<br>Target = 80%<br>Maximum = 90% | 25%<br>70%<br>100% |
| Environment, Social and Governance (ESG) targets | 15% of the award | • Greenhouse gas emissions: (a) revenue intensity of Scope 1 and 2 emissions reduced by 4%; and (b) 5% p.a. reduction in Scope 3 emissions<br>• Fleet zero carbon: 100% of Mitie's total fleet zero tailpipe emissions (where such vehicles exist)<br>• Employee engagement: improve employee engagement by 4ppt<br>• Customer engagement: improve NPS by 4<br>• Diversity: increase gender and ethnic diversity among senior leaders | |

The Committee will also have reference to a Return on invested capital (ROIC) underpin such that if ROIC performance is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil.

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

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### LTIP 2024

Phil Bentley and Simon Kirkpatrick will be granted LTIP awards in 2024, following the AGM, at 600% and 175% of base salary respectively. The awards will vest in 2027 conditional on performance in respect of the period of three years ending 31 March 2027 against the following measures:

| Performance measure | Weighting | Performance range | Vesting of portion of the award |
|---|---|---|---|
| EPS | 33.3% of the award | Threshold = 12.3p<br>Target = 13.7p<br>Maximum = 15.0p | 25%<br>70%<br>100% |
| ROIC | 33.3% of the award | Threshold = 22.0%<br>Target = 24.0%<br>Maximum = 26.0% | 25%<br>70%<br>100% |
| Revenue growth | 33.3% of the award | Threshold = £5,200m<br>Target = £5,600m<br>Maximum = £6,000m | 25%<br>70%<br>100% |

The Committee will also have reference to leverage (average debt/EBITDA) and ESG underpins such that if leverage and/or progress against the firm's ESG strategy is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil.

The change in the mix of measures relative to the approach for FY24 represents an increased focus on growth, with the previous cash conversion and ESG strategy measures being replaced with ROIC and revenue growth. Revenue growth reflects the health of the order book, the ability to upsell and cross-sell, and our contract win and retention rates, alongside Mitie's broader reputation in the sector. ROIC continues to be a key measure and provides an important counterbalance to revenue growth and EPS, as it measures how efficiently Mitie utilises its invested capital to generate profits.

Nevertheless, cash conversion still remains key and is a performance measure for the 2023 LTIP award, for which the performance period ends on 31 March 2026. ESG also remains key and is a performance measure for the 2022 and 2023 LTIP awards, for which the performance periods end on 31 March 2025 and 31 March 2026 respectively. As noted, ESG will be an underpin for the 2024 LTIP award, for which the performance period ends on 31 March 2027.

Notwithstanding the above, the Committee still has full discretion to ensure that the level of any vesting out-turn is appropriate based on the overall performance of the Group and the shareholder and employee experience. Awards are also subject to an additional post-vesting holding period of at least two years.

### Details of September 2021 LTIP award vesting in FY25

The performance period for the September 2021 LTIP awards (in FY22) ended on 31 March 2024 (FY24). The Committee assessed performance against three performance measures:

| Performance measure | Weighting | Performance range | Vesting of portion of the award | Mitie performance | Vesting (% of max) |
|---|---|---|---|---|---|
| EPS growth[1] | 50% of the award | Threshold = 6.9p<br>Target = 7.4p<br>Maximum = 7.8p | 25%<br>70%<br>100% | 11.2p | 100% |
| Cash conversion | 35% of the award | Threshold = 80% p.a.<br>Target = 85% p.a.<br>Maximum = 90% p.a. | 25%<br>70%<br>100% | 106% p.a. | 100% |
| ESG targets | 15% of the award | • Greenhouse gas emission reduction: 60% reduction in Scope 1 and 2 net emissions versus a FY20 baseline<br>• Fleet zero carbon: 65% of Mitie's total fleet is zero tailpipe emissions<br>• Employee engagement: improve employee engagement by 6ppt<br>• Customer engagement: improve net promoter score (NPS) by 6ppt<br>• Gender diversity: increase percentage of women in the senior leadership team and their direct reports to 30%<br>• Ethnic diversity: increase percentage of BAME colleagues holding senior leadership roles to 10% | | 5 out of 6 achieved | 83.3% |

1. Earnings per share before other items, which (for the purpose of the LTIP performance measure) has been adjusted to exclude the profit uplift associated with the discretionary reduction of 7.5% applied to all incentive outcomes, as explained on page 128, and also to exclude the benefit of the share buyback on the weighted average number of shares used in the calculation.

This results in 97.5% vesting of the 2021 LTIP awards on a formulaic basis. However, as noted in the Committee Chair's statement the Committee determined that, although the formulaic LTIP out-turn was justified, a discretionary reduction of 7.5% to the incentive out-turn for all participants was appropriate, resulting in an overall vesting level of 90.2% of maximum.

As is usual, as part of its assessment, the Committee also took into account the wider performance of the Group and the context of both the shareholder and employee experience. In doing so, it determined that this adjusted out-turn of 90.2% of the maximum was appropriate and no further discretion was applied.

The September 2021 LTIP awards will vest in September 2024 and LTIP awards granted to Executive Directors are subject to a two-year post-vesting holding period. Furthermore, in-employment and post-employment shareholding guidelines also ensure that the true value delivered to Executive Directors will be established only in the years ahead and not at 2024 share prices.

## Details of July 2021 EDP award vesting in FY25

The performance period for the July 2021 EDP awards (in FY22) ended on 31 March 2024 (FY24). The Committee assessed performance against two performance measures:

| Performance measure | Weighting | Threshold (1x multiplier) | Maximum (4x multiplier) | Mitie performance | Vesting (% of max) |
|---|---|---|---|---|---|
| Return on invested capital (ROIC)[1] | 75% of the award | 20.5%<br>This is 1,140 bps above Mitie's WACC at 31 March 2021 of 9.1%. | 24.5%<br>This is 400 bps above the threshold level. | 26.3% | 100% |
| Synergies split as cost-saving synergies (85%) and cross-selling revenues (15%) | 25% of the award | Cost-saving synergies of £35m, in line with the enhanced synergies set out in the November 2020 acquisition announcement.<br>Cross-selling revenues into the Interserve customer base of £50m (measured as revenue from services not currently provided by Interserve to its customers). | Cost-saving synergies of £56m, representing over-performance of 60% against the £35m threshold (Interserve total overheads are c.£80m).<br>Cross-selling revenues into the Interserve customer base of £100m. | Cost-saving synergies of £56m<br>Cross-selling revenues into the Interserve customer base of £115m. | 100% |
| | | For performance between threshold and maximum the proportion of awards vesting is determined on a linear sliding scale basis. | | | |

1. For the purpose of the EDP performance measure, ROIC includes adjustments agreed by the Committee, having regard to the detailed rules approved by shareholders.

The EDP was a one-off plan developed at the time of Mitie's acquisition of Interserve in late 2020 and implemented in 2021. This was a period of extreme turbulence in the UK due to the Covid crisis. Launching the takeover of Interserve in these circumstances was bold and represented a huge opportunity but also came with significant risk for shareholders and colleagues. The EDP was designed to both retain our talented senior management team and to focus them on delivering a successful acquisition, through the use of ROIC and synergies as performance criteria. In all cases the targets set by the Committee were very stretching and required management to perform exceptionally well to meet them. In all cases those targets have been met. ROIC of 26.3% is above the range set of 20.5% to 24.5%, cost synergies of £56m per annum are at the top of the range set of £35m to £56m and revenue synergies totalling £115m are above the range set of £50m to £100m.

The plan incorporated several best practice features to ensure that executives were aligned with shareholders, including the following:

- Award cap: The maximum share price growth delivered at vesting cannot exceed 200% growth in the face value of the award at grant
- Holding period: To provide additional alignment with shareholders, awards to Executive Directors were subject to a two-year post-vesting holding period so that the total time horizon is five years
- Share price underpin: The vesting of awards was subject to an absolute share price underpin. The awards were granted shortly after the approval of the EDP by shareholders at the 2021 AGM, with the number of shares under award determined using the average closing share price for the five dealing days prior to the start of the financial year on 1 April 2021 (being 60.5p), to provide direct alignment with the performance period. If the average closing share price for the five days prior to 31 March 2024 did not exceed 60.5p, awards would lapse in full
- Net debt underpin: The vesting of awards was subject to a net debt underpin such that the average daily net debt for FY24 must not exceed 1x EBITDA when determining whether remuneration outcomes under the EDP remain appropriate

Following their assessment of performance, taking the above underpins into account, the Committee determined that the formulaic out-turn for the July 2021 EDP awards was 100% of maximum. However, as noted in the Committee Chair's statement the Committee determined that, although the formulaic out-turn was justified, a discretionary reduction of 7.5% to the incentive out-turn for all participants was appropriate resulting in an overall vesting level of 92.5% of maximum.

The July 2021 EDP awards will vest in July 2024 and EDP awards granted to Executive Directors are subject to a two-year post-vesting holding period. Furthermore, in-employment and post-employment shareholding guidelines also ensure that the true value delivered to Executive Directors will be established only in the years ahead and not at 2024 share prices. Note that the EDP awards were granted using the average closing share price for the five dealing days prior to 1 April 2021 (being 60.5p), whereas the share price when shareholders approved the Interserve acquisition was 39.95p and therefore there had already been a c.50% increase for shareholders prior to the EDP awards being made.

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## Loss of office payments (subject to audit)
There have been no loss of office payments to past Directors during FY24.

## Payments to past Directors (subject to audit)
There have been no payments to past Directors during FY24 that relate to their period as a Director.

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

| | FY20/FY21 | | | FY21/FY22 | | | FY22/FY23 | | | **FY23/FY24** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Salary[2] | Benefits[3] | Bonus | Salary[2] | Benefits[3] | Bonus | Salary[2] | Benefits[3] | Bonus | Salary[2] | Benefits[3] | Bonus |
| Average pay based on Mitie's UK employees[1] | 2.5% | (20.8)% | (23.9)% | 4.1% | 5.7% | 99.4% | 8.1% | (0.5)% | 130.6% | **5.7%** | **(0.5)%** | **(5.8)%** |
| **Executive Directors** | | | | | | | | | | | | |
| Phil Bentley | (12.5)% | (25.0)% | N/A[4] | 14.3% | 10.1% | 20.9% | 0% | 83.5% | (38.7)% | **0%** | **8.2%** | **54.1%** |
| Simon Kirkpatrick[5] | N/A | N/A | N/A | N/A | N/A | N/A | 8.0% | (49.6)% | (31.6)% | **5.8%** | **15.2%** | **67.1%** |
| **Non-Executive Directors** | | | | | | | | | | | | |
| Derek Mapp | (12.5)% | – | – | 14.3% | – | – | 0% | – | – | **10.0%** | **–** | **–** |
| Jennifer Duvalier | (12.5)% | – | – | 14.3% | – | – | 11.7% | – | – | **0%** | **–** | **–** |
| Mary Reilly | (12.5)% | – | – | 14.3% | – | – | 3.3% | – | – | **0%** | **–** | **–** |
| Roger Yates | (12.5)% | – | – | 14.3% | – | – | 3.4% | – | – | **0%** | **–** | **–** |
| Chet Patel[6] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | **0%** | **–** | **–** |
| Salma Shah[6] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | **15.1%** | **–** | **–** |
| Penny James[7] | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | **N/A** | **N/A** | **N/A** |

1. The average UK employee figures reflect the changes in average annual pay for UK employees employed throughout FY23 and FY24 for FY23/24, throughout FY22 and FY23 for FY22/23, throughout FY21 and FY22 for FY21/22 and throughout FY20 and FY21 for FY20/21. Employees who were on furlough during the relevant period have been excluded for the purposes of this analysis.
2. The increases in salary for Directors for FY22 compared with FY21 following the reductions in salary for FY21 compared with FY20 arose from the Non-Executive Directors and Phil Bentley volunteering 30% reductions in their fees/salaries respectively for five months from 1 April 2020 as part of Mitie's actions to mitigate the impact of Covid.
3. Includes taxable benefits such as car/car allowance, private medical benefit and private fuel. The increase of the benefit in kind tax on electric vehicles has impacted the benefits in FY22 and FY23. The car allowance for Phil Bentley has impacted the benefits in FY23, and the move from car allowance to electric vehicle for Simon Kirkpatrick has impacted his benefits figure. Also includes Phil Bentley's matching shares element from his Share Incentive Plan (SIP) purchases for January 2022 onwards based on the share price upon purchase.
4. Phil Bentley's FY20 bonus was £nil as he waived it.
5. Simon Kirkpatrick was appointed to the Board on 1 April 2021 and therefore there are no appropriate prior year comparatives in terms of Director remuneration for FY21 or FY22.
6. Chet Patel and Salma Shah joined the Board on 1 April 2022 and therefore there are no prior year comparatives for FY21, FY22 or FY23.
7. Penny James joined the Board on 1 February 2024 and therefore there are no prior year comparatives. In next year's report, it will be possible to show a FY24/FY25 change in her remuneration.

## CEO pay ratio
The table below sets out the CEO pay ratio in respect of FY24. CEO pay ratio data for previous financial years is provided for reference.

| Year | Method | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|---|---|---|---|---|
| **FY24** | **Option B** | **628:1** | **575:1** | **513:1** |
| FY23[1] | Option B | 316:1 | 289:1 | 240:1 |
| FY22 | Option B | 191:1 | 163:1 | 142:1 |
| FY21 | Option B | 151:1 | 129:1 | 116:1 |
| FY20 | Option B | 154:1 | 139:1 | 108:1 |

1. The FY23 single figure has been updated as a result of reflecting the actual valuation on the closing share price on the first date of vesting of the LTIP award.

The pay ratios set out above were calculated using the Group's FY24 gender pay data based on employees as at 5 April 2023 under method B. Method B was selected because it made use of robust, readily available data and did not require additional analysis into the 64,000 UK employees employed by the Group. Total pay was calculated for a sample of employees at each quartile in order to ensure that the three identified employees were suitably representative of their quartile. A full-time equivalent total pay figure was calculated for each identified employee using the single figure methodology.

In-line with the Committee's principles, the majority of the CEO's reward opportunity is provided through performance-related incentives linked to the Group's strategic goals. As a result the CEO's single figure and the pay ratios increase with improved Group performance. The CEO pay ratios for FY24 have increased compared to FY23. This is primarily due to the vesting of the one-off EDP share plan which vested at 92.5% of maximum following the Group's exceptional performance over the last three years. Further details of performance context for the year are provided on page 137. As a Real Living Wage service provider, Mitie continues to increase pay levels among its various contracts and to invest in competitive pay for all employees. Given that Mitie's workforce profile is made up of predominantly frontline customer-facing roles, the employees at each quartile used to compare Mitie's CEO's remuneration all operate within a frontline role. The Committee is comfortable that the pay ratios are consistent with the pay, reward and progression policies at Mitie.

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

| Year | Element of pay | 25th percentile employee | Median employee | 75th percentile employee |
|---|---|---|---|---|
| FY24 | **Base salary (FTE)** | **£20,379** | **£22,211** | **£27,743** |
| | **Total pay (FTE)** | **£23,452** | **£25,622** | **£28,680** |

## Relative spend on pay

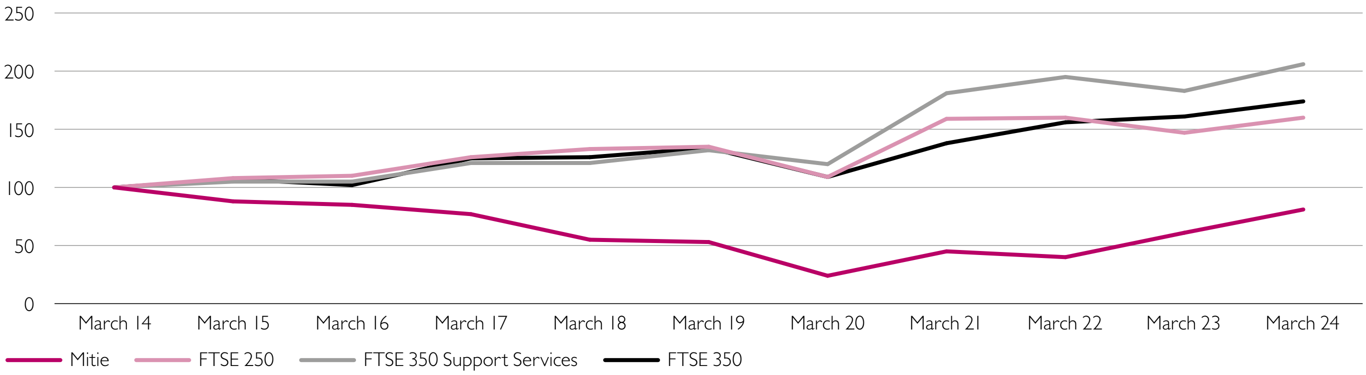
The table below shows the total cost of remuneration in the Group, compared with dividends distributed.

| | **Year ended 31 March 2024 £m** | Year ended 31 March 2023 £m | Change |
|---|---|---|---|
| Aggregate employee remuneration | **2,168** | 1,996 | 8.6% |
| Equity dividends | **41.5** | 28.9 | 43.6% |

## Assessing pay and performance

The table below provides a summary of the Chief Executive Officer's single figure remuneration over the past 10 years, as well as the payout and vesting levels of variable pay plans in relation to the maximum opportunity. The chart below shows the historical Total Shareholder Return (TSR) performance over the same period, with Mitie's TSR restated for the bonus element of the 2020 rights issue. Three indices (FTSE 250, FTSE 350 Support Services and FTSE 350) have been chosen as they are widely recognised and Mitie has been a member of these indices during the period.

### TSR (Rebased to 100)




| | FY15 | FY16 | FY17 Ruby McGregor-Smith[1] | FY17 Phil Bentley[1] | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Single figure remuneration | £1,525,824 | £2,448,161 | £530,628 | £479,073 | £1,102,549 | £2,248,948 | £2,029,856 | £2,891,623 | £3,908,161 | £6,814,848[3] | £14,723,339 |
| Annual bonus element (actual as a % of max) | 50% | 73% | 0% | waived | waived | 79% | waived | 78.6% | 95% | 58.2% | 89.6% |
| Long-term incentives element (actual vesting as a % of max) | 25% | 69.5% | 0% | N/A | N/A | N/A | 79.7%[2] | 50% | 100% | 90% | 91.9%[4] |

1. Ruby McGregor-Smith stepped down as Chief Executive Officer on 12 December 2016. Phil Bentley joined the Board on 1 November 2016 and assumed the position of Chief Executive Officer on 12 December 2016. The figures above include Phil Bentley's remuneration from 1 November 2016.
2. This figure includes two LTIP awards that vested based on performance to 31 March 2020 at 100% and 53% respectively.
3. The single remuneration figure for FY23 has been adjusted from the figure published in the FY23 remuneration table to reflect the actual valuation of Phil Bentley's 2020 LTIP award based on the closing share price on the date of vesting, being 98.3p.
4. This figure includes the one-off EDP award and the LTIP award that vested based on performance to 31 March 2024 at 92.5% and 90.2% respectively.

# Annual Report on Remuneration
continued

## Share ownership (subject to audit)

| | Number of shares owned as at 31 March 2024[1] | Value of target holding | Target shareholding[2] | Percentage of salary held as at 31 March 2024 | Percentage of target achieved as at 31 March 2024 | Compliance with share ownership guidelines |
|---|---|---|---|---|---|---|
| Phil Bentley | **13,221,419** | **£1,800,000** | **2,224,969** | **1,188%** | **594%** | **Achieved** |
| Simon Kirkpatrick | **537,392** | **£800,000** | **988,875** | **109%** | **54%** | **Not achieved but compliant[3]** |

1. Includes shares owned by connected persons.
2. Target shareholding has been calculated using the average closing share price for the five business days prior to the end of FY23 (80.9p).
3. Simon Kirkpatrick was appointed to the Board on 1 April 2021.

## Directors' outstanding share interests (subject to audit)

The following tables ("Directors' interests granted under the share schemes" and "Director's share ownership") provide the outstanding share interests for the Executive Directors:

### Directors' interests granted under the share schemes

| | Year of grant | Options outstanding as at 31 March 2023[10] | Granted in year | Lapsed in year | Exercised in year | Options outstanding as at 31 March 2024[11] | Exercise price | Earliest normal exercise date |
|---|---|---|---|---|---|---|---|---|
| Phil Bentley | Aug 2018 LTIP[1] | 1,141,535 | – | – | (1,141,535) | **–** | Nil-cost | Aug 2021[8] |
| | June 2019 LTIP[2] | 2,275,608 | – | – | – | **2,275,608** | Nil-cost | June 2022[8] |
| | Aug 2020 LTIP[3] | 5,278,592 | – | (527,860) | – | **4,750,732** | Nil-cost | Aug 2023[8] |
| | Sep 2021 LTIP[4] | 2,975,206 | – | – | – | **2,975,206** | Nil-cost | Sep 2024[8] |
| | July 2021 EDP[5] | 9,520,661 | – | – | – | **9,520,661** | Nil-cost | July 2024[8] |
| | June 2021 Deferred Bonus Plan (DBP)[13] | 769,514 | – | – | (769,514) | **–** | Nil-cost | June 2023 |
| | Nov 2021 Save As You Earn (SAYE) | 35,714 | – | – | – | **35,714** | 50.40p | Feb 2025 |
| | June 2022 LTIP[6] | 3,266,787 | – | – | – | **3,266,787** | Nil-cost | June 2025[8] |
| | June 2022 DBP[12] | 1,105,008 | – | – | – | **1,105,008** | Nil-cost | June 2024 |
| | June 2023 LTIP[7] | – | 2,224,969 | – | – | **2,224,969** | Nil-cost | June 2026[8] |
| | June 2023 DBP[13] | – | 440,220 | – | – | **440,220** | Nil-cost | June 2025 |
| Simon Kirkpatrick | Aug 2020 LTIP[3] | 322,580 | – | (32,258) | (290,322) | **–** | Nil-cost | Aug 2023 |
| | Sep 2021 LTIP[4] | 867,768 | – | – | – | **867,768** | Nil-cost | Sep 2024[8] |
| | July 2021 EDP[5] | 1,504,132 | – | – | – | **1,504,132** | Nil-cost | July 2024[8] |
| | Sep 2020 SAYE | 46,187 | – | – | – | **46,187** | 27.28p | Dec 2023 |
| | June 2022 LTIP[6] | 1,029,038 | – | – | – | **1,029,038** | Nil-cost | June 2025[8] |
| | June 2022 DBP[12] | 349,151 | – | – | – | **349,151** | Nil-cost | June 2024 |
| | June 2023 LTIP[7] | – | 865,265 | – | – | **865,265** | Nil-cost | June 2026[8] |
| | June 2023 DBP[13] | – | 155,386 | – | – | **155,386** | Nil-cost | June 2025 |

1. The performance criteria applicable to the 2018 LTIP awards were disclosed on page 110 of the FY21 remuneration report.
2. The performance criteria applicable to the 2019 LTIP awards were disclosed on page 125 of the FY22 remuneration report.
3. The performance criteria applicable to the 2020 LTIP awards were disclosed on pages 108 and 109 of the FY21 remuneration report.
4. The performance criteria applicable to the 2021 LTIP awards were disclosed on page 123 of the FY22 remuneration report.
5. The performance criteria applicable to the 2021 EDP awards were disclosed on page 124 of the FY22 remuneration report.
6. The performance criteria applicable to the 2022 LTIP awards were disclosed on page 124 of the FY23 remuneration report.
7. The performance criteria applicable to the 2023 LTIP awards are disclosed on page 135 of this FY24 remuneration report.
8. Awards are subject to an additional two-year holding period.
9. For all awards prior to August 2020, the number of options has been adjusted for the bonus element of the 2020 Rights Issue (x1.93426825).
10. The closing market price of the Company's shares as at 31 March 2024 was 105p. The highest and lowest closing market prices during FY24 were 107.2p and 78.8p respectively.
11. The Deferred Bonus Plan award on 17 June 2021 represents the deferral of 50% of the bonus awarded for FY21, with the number of shares based on the closing middle market price of 73.5p for the day before the date of grant.
12. The Deferred Bonus Plan award on 16 June 2022 represents the deferral of 50% of the bonus awarded for FY22, with the number of shares based on the lowest closing middle market price for the five trading days before the date of grant (61.9p).
13. The Deferred Bonus Plan award on 16 June 2023 represents the deferral of 50% of the bonus awarded for FY23, with the number of shares based on the lowest closing middle market price for the five trading days before the date of grant (95.2p).

Directors' share ownership

| | Number of ordinary shares beneficially owned as at 31 March 2024 (or date of cessation if earlier)[1] | Number of ordinary shares beneficially owned as at 31 March 2023 (or date of cessation if earlier) |
|---|---|---|
| **Executive Directors** | | |
| Phil Bentley | **13,221,419** | 10,930,500 |
| Simon Kirkpatrick | **537,392** | 383,932 |
| **Non-Executive Directors** | | |
| Derek Mapp | **653,189** | 616,935 |
| Jennifer Duvalier | **95,665** | 93,308 |
| Penny James[2] | **0** | – |
| Chet Patel | **72,083** | 15,818 |
| Mary Reilly | **117,039** | 107,948 |
| Salma Shah | **14,738** | 5,648 |
| Roger Yates | **160,000** | 160,000 |

1. The number of shares beneficially owned since 31 March 2024 has changed due to planned purchases that took place on 2 April 2024 for Non-Executive Directors. The revised figures are as follows: Derek Mapp – 662,342 shares, Mary Reilly – 119,003 shares, and Salma Shah – 17,340 shares. In addition, Simon Kirkpatrick exercised his 2020 SAYE share options on 15 April 2024 increasing his shareholding to 583,579 shares and Phil Bentley made two SIP transactions, one on 16 April 2024 where an additional 189 shares were acquired and one on 14 May 2024 where 187 shares were acquired.
2. Penny James joined the Board on 1 February 2024.

There have been no changes, other than those in Note 1 above, between 1 April 2024 and 4 June 2024, the last practicable date prior to the date of this report.

## Share dilution

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

LTIP, EDP and deferred bonus awards are satisfied through the market purchase of shares held by the Mitie Group plc Employee Benefit Trust. The potential dilution of the Company's issued share capital is set out below in respect of all awards granted in the last 10 years under the Company's equity-based incentive schemes which are being satisfied through the allotment of new shares or treasury shares.

| Share dilution at 31 March 2024 | Dilution |
|---|---|
| All share plans (maximum 10%) | **6.0%** |
| Discretionary share plans (maximum 5%) | **0.5%** |

## Annual Report on Remuneration
continued

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

A resolution to approve the Directors' remuneration policy as set out in the Annual Report and Accounts 2021 was passed at the Company's 2021 AGM. At the Company's 2023 AGM, a resolution was passed to approve the 2023 Directors' remuneration report. The results of the votes on these resolutions were as follows:

| Number of votes | Votes in favour | Votes against | Withheld[1] |
|---|---|---|---|
| 2021 Directors' remuneration policy – 2021 AGM | 835.7m | 356.9m | 1.4m |
| | 70.1% | 29.9% | |
| 2023 Directors' remuneration report – 2023 AGM | 1,005.5m | 19.6m | 0.0m |
| | 98.09% | 1.91% | |

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

The Board notes that, although the resolution to approve the Directors' remuneration policy was passed by a majority of shareholders, a significant minority of shareholders voted against the resolution. The Company undertook extensive consultation with major shareholders prior to the 2021 AGM regarding remuneration matters and some changes were made to the final EDP to reflect shareholder feedback. The Board has a clear understanding of the reasons why a minority of shareholders were not supportive of the EDP.

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

Deloitte LLP have acted as independent remuneration advisors to Mitie since September 2017. The advisors attended Committee meetings and provided advice and analysis of executive remuneration. During their tenure, the advisors have provided no other services to the Company (save in relation to services connected to executive remuneration and share plans) and have also complied with the Code of Conduct for Remuneration Consultants. The advisors' total cost of advice to the Committee for the year was £57,600 (such fees being charged in accordance with their standard terms of business).

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

# Directors' remuneration policy report

## Decision-making process and changes to the policy

The following tables and accompanying notes in this section of the report set out the remuneration policy for Executive Directors and Non-Executive Directors. The policy is intended to apply, subject to approval by shareholders, for three years from the 2024 AGM.

Following a considered decision-making process, changes have been made to the policy approved by shareholders at the 2021 AGM, as detailed in the Statement from the Remuneration Committee Chair on pages 126 to 128. These include the increase in maximum annual bonus opportunity allowable under the new policy to 200% of salary for all Executive Directors, and (for 2024 only) an LTIP award of 600% for the Chief Executive, Phil Bentley.

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

## The policy

The key elements of the policy, to be approved at the 2024 AGM, are set out below.

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

## Directors' remuneration policy report
continued

| Purpose and link to strategy | Operation | Opportunity | Performance metrics |
|---|---|---|---|
| **Annual Bonus Plan (ABP)**<br>To incentivise and recognise execution of the Company's strategy on an annual basis.<br>Rewards the achievement of annual financial and strategic goals.<br>Deferral provides alignment with shareholder interests. | Measures and targets are set annually and payout levels are determined by the Committee after the year end based on performance against those targets.<br>The Committee may, in exceptional circumstances, amend the bonus payout should this not, in the view of the Committee, reflect overall business performance or individual contribution.<br>50% of the bonus is normally deferred into shares which vest after a minimum of two years (subject to continued employment).<br>Dividend equivalents are paid in cash on deferred shares which vest.<br>Malus and clawback provisions apply as detailed on page 145. | Maximum bonus opportunity is 200% of salary for any Executive Director. | Bonuses are based on stretching financial and strategic objectives assessed by the Committee at the end of the year, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders.<br>The Committee has discretion to determine the appropriate weightings each year depending on business priorities. The financial measures will represent the majority of the bonus, with any strategic objectives representing the balance.<br>These elements are measured and calculated independently of each other.<br>For the financial element, no more than 25% of maximum is normally payable for threshold performance. |
| **Long Term Incentive Plan (LTIP)**<br>To motivate and incentivise delivery of sustained performance and provide alignment with shareholder interests. | Annual awards (in the form of nil-cost options, conditional share awards or cash settlements) are made, with vesting dependent upon the achievement of performance conditions over three years.<br>Award levels and the framework for determining vesting are reviewed annually to ensure they continue to support the Group's strategy.<br>The Committee has discretion to decide whether, and to what extent, targets have been met, and, if an exceptional event occurs that causes the Committee to consider that the targets are no longer appropriate, the Committee may adjust them.<br>Awards will normally be subject to an additional holding period of at least two years.<br>Dividend equivalents may be paid on shares that vest.<br>Malus and clawback provisions apply as detailed on page 145. | For FY25 only:<br>• The maximum level of the FY25 LTIP award for the Chief Executive, Phil Bentley, will be 600% of salary; and<br>• Awards may be made up to a maximum level of 200% of base salary for any other Executive Director.<br>For the remaining duration of the policy (FY26 to FY27):<br>• The Chief Executive, Phil Bentley, will not be granted an LTIP award in FY26 or FY27; and<br>• Annual awards may be made up to a maximum level of 200% of base salary for any other Executive Director. | Performance over at least three financial years is measured against stretching objectives assessed by the Committee at the end of the performance period, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders.<br>The Committee has discretion to determine the appropriate weightings each year depending on business priorities.<br>Vesting under the LTIP depends on the achievement of performance conditions. Awards attributable to each performance condition vest at 25% on achievement of the minimum performance threshold, rising to 100% for achievement of a defined upper performance level. These elements are measured and calculated independently of each other. |
| **Share ownership**<br>To ensure alignment of interests between Executive Directors and shareholders. | Executive Directors are required, over time, to build and maintain a minimum shareholding in the Company worth 200% of base salary.<br>Executive Directors are required to retain half of the post-tax shares vesting under the LTIP and other share schemes until the guideline is met.<br>Executive Directors are normally expected to maintain a shareholding for two years following stepping down from the Board, as described on page 130. | N/A | N/A |

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

## Malus and clawback provisions

The malus and clawback provisions under the ABP, the LTIP and the EDP may be operated if it comes to light within two years from vesting that information used to determine performance was materially inaccurate and resulted in a material overstatement of an award or in the event of any act/omission by an individual that would give grounds for summary dismissal (with no time limit). The period of operation of these malus and clawback provisions has been chosen to align with the Company's long-term business strategy and performance goals, while also ensuring that any potential misconduct or poor performance can be appropriately addressed and remedied within a reasonable timeframe. For the avoidance of doubt, the clawback provisions apply to any cash payments made and/or any shares into which bonus is deferred in relation to the ABP and LTIP awards made after the 2024 AGM.

Clawback provisions are such that:

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

Malus and clawback will apply in four main circumstances:

- Misstatement of results or an error in the calculation of performance;
- Misconduct;
- Reputational damage; or
- Failure of risk management or control.

## Discretions retained in operating the incentive plans

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

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

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

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

# Directors' remuneration policy report
continued

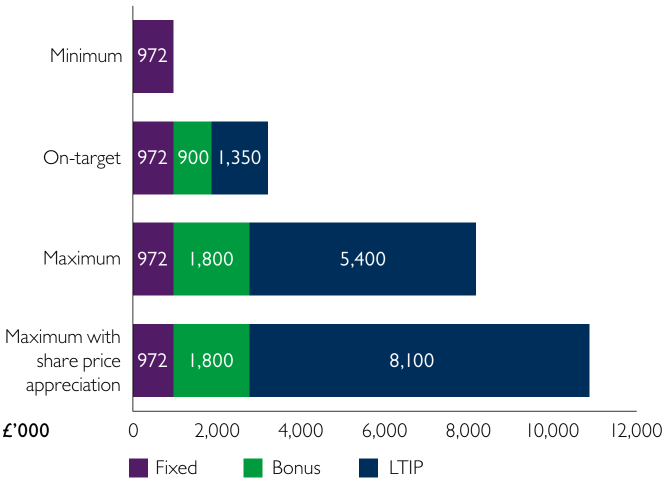
## Legacy commitments
The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms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

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

- minimum performance (below threshold) – fixed pay only, comprising base salary effective as at 1 April 2024 and the full year effect of ongoing benefits and cash allowances in lieu of pension contributions;
- on-target performance – fixed pay plus an on-target bonus of 50% of the maximum bonus and a threshold vesting of 25% of the maximum possible LTIP award vesting;
- maximum performance – fixed pay plus maximum bonus for FY25 of 200% of base salary for the Chief Executive and 175% for the Chief Financial Officer (structured 70% financial targets and 30% strategic/other) and maximum LTIP awards of 600% of base salary for the Chief Executive and 175% for the Chief Financial Officer; and
- maximum performance with share price appreciation – as per maximum performance with illustrative share price appreciation of 50% on the LTIP element.

The scenarios do not include dividend assumptions.

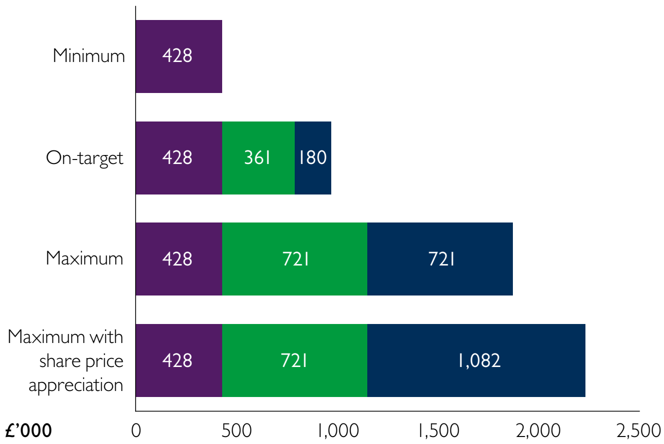
### Phil Bentley




| Composition of package (%) | Fixed | Bonus | LTIP |
|---|---|---|---|
| Minimum | 100% | – | – |
| On-target | 30% | 28% | 42% |
| Maximum | 12% | 22% | 66% |
| Maximum with share price appreciation | 9% | 17% | 74% |

| Value of package (£'000) | Fixed | Bonus | LTIP | Total |
|---|---|---|---|---|
| Minimum | 972 | – | – | **972** |
| On-target | 972 | 900 | 1,350 | **3,222** |
| Maximum | 972 | 1,800 | 5,400 | **8,172** |
| Maximum with share price appreciation | 972 | 1,800 | 8,100 | **10,872** |

### Simon Kirkpatrick




| Composition of package (%) | Fixed | Bonus | LTIP |
|---|---|---|---|
| Minimum | 100% | – | – |
| On-target | 44% | 37% | 19% |
| Maximum | 22% | 39% | 39% |
| Maximum with share price appreciation | 19% | 32% | 49% |

| Value of package (£'000) | Fixed | Bonus | LTIP | Total |
|---|---|---|---|---|
| Minimum | 428 | – | – | **428** |
| On-target | 428 | 361 | 180 | **969** |
| Maximum | 428 | 721 | 721 | **1,870** |
| Maximum with share price appreciation | 428 | 721 | 1,082 | **2,231** |

## Executive Directors' service contracts

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

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

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

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

The Executive Directors' service contracts are available for inspection at Mitie's registered office, Mitie's head office and at the 2024 AGM. There are no other provisions for compensation on termination of employment set out within the contracts of the Executive Directors.

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

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

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

## External appointments

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

## Non-Executive Directors' remuneration and appointment terms

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

The terms of appointment of the Non-Executive Directors are available for inspection at Mitie's registered office, Mitie's head office and at the 2024 AGM. The Non-Executive Directors are engaged for an initial term of three years which is terminable on three months' notice and thereafter on a rolling term. They are also subject to annual re-election at the AGM in accordance with the Code.

## Non-Executive Directors' engagement terms

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

| | Additional duties | Date of commencement | Initial contract term | Notice period |
|---|---|---|---|---|
| Derek Mapp | Chairman; Chair of the Nomination Committee | 9 May 2017 | 3 years | 3 months |
| Roger Yates | Senior Independent Director | 1 March 2018 | 3 years | 3 months |
| Jennifer Duvalier | Chair of the Remuneration Committee | 26 July 2017 | 3 years | 3 months |
| Mary Reilly | Chair of the Audit Committee | 1 September 2017 | 3 years | 3 months |
| Chet Patel | | 1 April 2022 | 3 years | 3 months |
| Salma Shah | Chair of the ESG Committee | 1 April 2022 | 3 years | 3 months |
| Penny James | | 1 February 2024 | 3 years | 3 months |

## How the executive pay policy differs from that for other Mitie employees

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

# Directors' remuneration policy report
continued

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

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

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

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

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

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

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

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

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

The maximum level of variable pay that may be offered on an ongoing basis and the structure of remuneration will be in accordance with the approved policy detailed above (i.e. for any Executive Director an aggregate maximum of 400% of base salary – 200% annual bonus and up to 200% for LTIP awards). This limit does not include the value of buyout arrangements.

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

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

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

## Mitigation of conflicts of interest
The CEO and other Executive Directors are not present at the relevant sections of the Committee when matters relating directly to their own remuneration are determined. This is also the case for other executives attending Committee meetings.