

ABM Supplemental Information

Pricing

Our Pricing Services

ABM develops pricing based on a bottom-up estimating approach. We perform an equipment, building, and operational assessment, which feeds our costing model. We also use wage and salary data information along with local surveys from ABM local companies. Indirect and direct costs are estimated based on in-house estimating standards, coupled with site-specific requirements obtained from client sites, as well as industry benchmarks such as IFMA, BOMA, RSmeans, and Whitestone.

There are three standard approaches we use: Fixed Routine Services, Cost Plus (elements relative to labor and maintenance) and On-Demand (time and materials). These are structured based on the customers' needs for billing and what makes the most sense given the types of services at each site. In other words, we tailor these for you.

Cost Savings

ABM works hand-in-hand with our clients on a regular basis to identify opportunities for cost savings. This is achieved in a variety of ways, including:

- **Utility monitoring:** Aggressively monitoring energy consumption and utilizing the data to effectively manage utilities at all sites, including gas, water, oil, and electricity.
- **Lighting retrofits:** The installation of UV lights that reduce energy usage.
- **Employee cross-training:** Creates skilled employees who can perform services across multiple disciplines, thus reducing the need for specialized employees or subcontracted services.
- **Workforce re-alignment:** Evaluating and realigning the workforce to provide better coverage, thereby eliminating the need for some overtime, and providing better holiday coverage.
- **Reliability centered maintenance:** Implementing this program for critical equipment components creates higher plant availability, reliability, and longer equipment life.
- **Material purchasing process:** Initiating a competitive three-bid process for all services that yields more competitive pricing.
- **Subcontract renegotiation:** Renegotiating subcontracted services for lower rates, consolidating subcontract services, and eliminating duplicated functions.
- **National purchasing program:** Utilizing preferred vendors that are part of our national purchasing agreements for goods and services utilized by the company.
- **Continuous Improvement (CI) processes:** Participating in formal CI programs initiated by our customer to create efficiencies and reduce costs.

Job Market Impacts

Rates and pricing set forth in this proposal reflect current wage and fringe benefits. Updates in pricing for client accounts that ABM currently services can be attributed to increases in wage and benefits.

Other considerations for suppliers will be the janitorial and frontline job market and supply chain constraint impacts due to the pandemic and national labor shortages of front-line labor driving up wages. In some cases, we will need to pay more to staff these roles consistently and avoid turnover.

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Further pricing considerations for suppliers will be the janitorial and frontline job market impacts caused by the recent pandemic. There are many perceived risk factors associated with frontline cleaning roles today. Some workers may decline to work because current wages are comparable to or less than unemployment benefits. Some may also view this work as a risk to their health. We will need to pay more to staff these roles consistently and avoid turnover.

Labor availability, wage rate increases, and some supply chain issues for vehicles and heavy equipment are still drivers for transition. We work closely with our internal compensation group and our procurement team during every start up. Being the largest provider, we have the buying power to push supplies and equipment.

Fixed Pricing

Using information gathered from our facility walk-throughs, virtual tours, provided scopes, and client discussions allows us to provide customers with a plan that specifically addresses your requirements while taking advantage of our proven, documented methods.

ABM's unique process for building janitorial programs uses proprietary tools to develop customized programs for our clients:

- The facility survey is the first step in developing an efficient janitorial program, and entails physically inspecting every area to collect critical information on work specifications / frequencies, shift-day coverage, square footage, types of floor surfaces, etc.
- Utilizing the data collected during the survey, we will categorize the cleaning plan by area, based on the statement of work to determine the proper workload. This step will provide a recommended level of labor hours needed to efficiently perform the janitorial program.
- Using the Standard Hours Value Analysis, the next step of the process is the creation of a plan which illustrates total hours, day coverage, shift coverage, and labor costs associated with the services to be performed. We will also identify areas for possible improvements to the janitorial program.
- The final step in formulating the janitorial program is the development of an investment strategy for all equipment, chemicals, and supplies. Our profit and overhead varies based on the client due to geographical disbursement, unique needs of the client account, or total account revenue.

- ABM can offer longer term fixed amounts, although we would require escalation language in the contract, especially for union sites. For the fixed amount, we look at productivity rates, employee hours required, payroll tax and insurance, and other direct costs, such as uniforms, chemicals, equipment, and communication tools.

National Procurement Program

The ABM centralized procurement department falls under the direct management of our Chief Procurement Officer. Consolidating this corporate-wide process under one department allows us to leverage our considerable size and scale.

Our national network of supply partners offers janitorial supplies such as paper products, cleaning chemicals, soaps, trashcan liners, cleaning equipment, and other industrial supplies. Additionally, we have national agreements for uniforms and fleet vehicles, as well as IT and telecom services directly associated with the services we supply to our client base.

ABM is global partners with companies like Grainger, Fastenal, and Diversey to respond to routine and emergency maintenance issues by having access to equipment, parts, and supplies wherever and whenever needed. We also partner with specialty equipment manufacturers such as chiller /air handler manufacturers, control system vendors, electrical equipment vendors, and plumbing vendors.

In many cases, we are our vendors' largest customer which enables us to receive the best price. With national partnerships and agreements with major suppliers of operations and maintenance (O&M), janitorial, electrical, mechanical, and facility equipment and parts, we leverage our strong buying power across our enterprise to deliver better pricing to our clients. ABM chooses equipment, supplies, and chemicals that are best-in-class and give our clients the best results.

We've established relationships with industry-leading manufacturers, such as:

- 3M
- Kimberly-Clark
- Diversey
- Tennant
- Georgia Pacific
- Carrier
- Grainger
- Honeywell
- Siemens
- Fastenal

Avetta Supplier Platform

Vendors and suppliers are pre-qualified using a third-party platform, Avetta, to ensure our suppliers comply with our requirements and each customer's requirements. Through this web-based tool, we easily locate pre-vetted suppliers who provide a wide variety of services for single or multiple-site engagements with built-in volume discounts. As part of our management process, we regularly review and renegotiate our subcontracted services to ensure we are receiving the lowest rates. Applicable discounts vary with local and company-wide volumes, which can change with each vendor. These focused relationships are regularly managed for compliance to the agreement terms, to review volumes, correct pricing, and to advise any changes in the marketplace or material challenges that must be mitigated.

Procure-to-Pay

BuySMART

ABM has partnered with GEP, an integrated procurement solutions and services firm, to develop a unified procure-to-pay process on the SMART P2P platform. This platform, branded as ABM **BuySMART**, allows our workforce to efficiently order goods and services directly from our preferred and approved vendors, gain visibility to the supply chain process from requisition to invoice, and ensure quality and value for our clients.

BuySMART enables effective and streamlined purchasing in the following ways:

- The portfolio of preferred manufacturers and materials are hosted in electronic catalogs within **BuySMART**. This provides our workforce quick access to our most used items at negotiated pricing, as they make daily purchases. We also provide punch-out catalogs to leverage strategic agreements with approved vendors. Catalogs are actively managed to ensure that the right goods and services are offered to our clients at the most competitive prices.
- Workflow is handled within the system to ensure that all purchases are properly reviewed.
- The entire ordering process is transparent, from the creation of a requisition, the placement of an order, the delivery of the service, to the receipt of the invoice. Our two-way purchase order and invoice matching process facilitates efficient ordering and payment. This enhanced process allows our team to deliver services on time and within budget.
- Enhanced spend cube visibility allows our strategic sourcing team to manage our vendors and make informed purchasing decisions. Vendor performance and pricing are closely monitored to make sure that we always deliver the greatest value to our customers. We review strategic agreements annually to strengthen our relationships and leverage market dynamics.

We currently receive and process orders and invoices electronically for many clients using systems like Ariba, SAP, and Avid Exchange. We also utilize a JD Edwards / Oracle platform that provides in-house electronic data interchange and electronic funds transfer (EDI/EFT) exporting capabilities in addition to utilizing client systems and portals. We also provide monthly electronic invoice statements in a variety of formats and often accompany electronic invoices with property and account detail in Microsoft Excel or other flat file formats for our clients' convenience.