

Mears Group Plc Delivering Environmental supply chain: In practice ensuring value for money and reducing the environmental impact of materials, climate change, pollution and resources;

Mears Group Plc recognises and is fully committed to reduce its impact on the environment. The nature of the business and services delivered by Mears Group Plc identifies the impact as minimal, in respect of climate change, pollution and resources, through water usage and effluent discharge.

We have set environmental targets to reduce our waste to landfill by 5% each year we are currently above 90% Our water/Effluent discharge is only through our offices and on site colleagues. Mears Group Plc does not release water by any other source.

Despite minimal exposure, we recognise small adjustments and commitments can help the bigger global efforts, within the agenda of climate change, pollution and resources awareness and positive change. Mears Group Plc takes a proactive approach to accreditation continuous improvement to support climate change knowledge and industry improvements. To support this 12 members of the group are full members of the Institute of Environmental Management & Assessment (IEMA). We also have a number of colleagues at each of our branches trained in CIWM.

Mears Group Plc takes a holistic approach to raising awareness and target setting for emissions and fuel usage across the full scope of Mears business. We have an aim of 5% emission reduction targets not only based on emission but also fuel usage and electrical and gas usage within our branches.

Responsibility at Board level is Finance Director. Our main board of directors are aware of our emissions, targets and progress through environmental reports communicated each month.

All of our environmental data, processes and procedures are validated by SGS who carryout $\frac{3}{4}$ a year environmental audits as a requirements to our ISO 14001 accreditation, inclusive of emissions and energy consumption data.

Throughout all the Mears Group business sectors we provide innovative energy strategies, turnkey delivery and funding solutions for environmental and energy projects including retrofit. We are approved installers of Green Deal and ECO measures in accordance with the requirements of PAS 2030 and renewable technologies under MCS; which is underpinned by our exemplary quality management procedures and trusted delivery. Our end-to-end solutions offer our clients handheld unrivalled expertise in the energy efficiency and renewable technologies industry alike. It is our technical and customer based focus, partnered with our financial and funding strength, which makes our offering stand out from the competition. This capability was officially recognised by the industry in 2014 as Mears won the coveted National Project Management Organisation of the year title at the Green Deal and ECO awards – along with winning the 2015 Regional Project of the Year, resulting in Mears nomination for the national title.



Mears Products and Services - The Mears approach to energy efficiency and retrofit projects is very much holistic; we look at 'whole house' design and solutions which help to maximise the benefits derived in a cost effective and also sustainable manner as well as minimising disruption to residents. This is an ideal fit with our client's strategy in this sector, and our delivery capability continues to complement this strategy, aligned to client specific requirements, perfectly as we explore later in this section. In doing so we fully support and advocate a 'fabric first' approach by insulating wherever possible, and then integrating other follow-on retrofit measures such as more efficient heating or enabling renewable generation technologies within the overall building solution.

This ethos allows for 'day one' savings by the intervention of improving the thermal envelope, whilst also providing residents with recognised 'warmer' homes – this psychological factor helps to improve engagement and possible on-going agreement to other measures.

This integrated and holistic approach, coupled with the delivery to the extensive and robust Mears quality standards, instils and encourages the positive and sustainable impacts whilst providing the most appropriate energy solutions. Through our partnership approach, we work closely with our clients and their residents to design, commit and implement the right delivery solutions for the right properties.

Working to meet Environmental Objectives with our clients

The capability and expertise of the Mears approach to energy efficiency and environmental programmes fully complement the objectives of our clients. We use both our environmental strategies and those of our clients as the 'headline mission statement' for all projects and to guide the strategy needs. In all aspects of project design, delivery and aftercare Mears adopt a completely collaborative model to work with clients to ensure and reinforce all the relevant guiding policy principles – underpinned by our exemplary customer care and quality standards at all times. We fully embrace the need to create long-lasting sustainable legacies for residents, communities and local economies; we welcome the opportunity to work with clients to realise forward-thinking socio-environmental policies into practice with full impact analysis through defined Key Performance Indicators.

Supporting our clients Key Performance Indicators

Below are some areas in which our delivery methodology and practices within this sector add value and complement our clients existing success factors and strategies, focusing specifically on the environmental factors:

'Environmental – Construction Waste Recycled'

We believe the best way to deal with waste is to prevent it at source through better design processes and increased use of reused or recycled materials.

Unfortunately it is inevitable that some materials will have to go to landfill but Mears has taken significant steps to reduce this through effective waste management policies that have increased recycling rates to more than 90%. Reconomy, our recycling partner, provides us with monthly waste tracking reports, which allows us to monitor and audit our performance in this key area, and these figures are available to all our clients. Reconomy also provides Mears and our clients with full legislative compliance.

'Environmental – Reducing CO2 Emissions'

Mears is legislated under the Companies Act (2006) to report on our carbon footprint and environmental impacts – however, we also see this as a way to continuously improve our operations, impacts and benefit our clients. By effectively managing areas such as our fleet operations and energy usage/procurement, we not only achieve environmental efficiencies but also improve our cost effectiveness in a sustainable manner for our clients. The measurement of these factors is available at a local, granular level and we will work with Carbon Trust and our local clients to report in the appropriate manner. We also engage with our supply chain and look to deploy simple yet innovative practices to assist carbon footprint management. The environmental targets we have set ourselves are not just about recycling and landfill diversion. For many years, Mears has gone beyond our statutory requirements to minimise the impact all our operations have on the environment. This has helped us achieve the ISO 14001 accreditation and we are a Carbon Footprint approved company; our approach to minimising the negative environmental impacts of our operations is well established and developed with key commercial drivers elevating our concern about the environmental impact of our operations. Long-term rising energy prices, security of supply and the real cost of waste require both our business and our clients to improve natural resource efficiencies, along with supporting areas such as specific client 'environmental policies'. Examples sectors where we are achieving this by are:

Supply Chain - As part of our sub partner procurement process, we interrogate the environmental and sustainability policies and practices of all supply partners to ensure their approach mirrors that of our clients and ours. This is monitored on a continuing basis to ensure compliance and we require evidence from our supply partners to this effect.

We will make this detail available for interrogation by the client at any time. Where practical, all sub-contractor purchases will be managed by Mears in partnership with our approved merchants,, which ensures we can monitor all aspects of the procurement of materials.

Product Life-Cycles - Accurate information on product life cycles has always been important in our evaluation of materials and services and this is supported by our materials supply chain in terms of product testing and evaluation and feedback on usage from customers. The testing and evaluation process has been further enhanced to reflect the 'green evaluation' process, with a stronger focus on environmental sustainability. We now investigate the products we use more thoroughly than before. For example, if we are reviewing a set of taps, we will investigate where they are made and how many carbon miles they incur in delivery, the embedded energy cost, if the taps can be re-seated, rather than thrown away if they drip and if the materials are recyclable when the tap is at the end of its life cycle.

Fleet - Mears' fleet is our biggest contributor to our carbon footprint so it is no surprise that we have developed many initiatives aimed at reducing our carbon output in this area. There are also key economic benefits to our fleet policies as most are directed at minimising fuel usage, which, in turn, reduces our fuel, spend and our contract overhead. Our fleet management strategy is continually reviewed to ensure we adopt operational best practice and the latest innovations in vehicle technology alongside practical measures to minimise journeys and the need to travel.

Energy and Water Usage - Energy efficiency, performance and priorities at Mears' operations are constantly under review. For example, we look closely at energy consumption where we are almost totally consuming 'green energy', or perhaps ways of driving which might reduce carbon emissions from our fleet

of vehicles. We also analyse and review the operations undertaken at each branch to add benefit to our energy reduction and environmental strategy.

Practical steps we take to minimise energy use and waste include: 100% of all electricity supplied to Mears' branches is from renewable sources; we use A/A+ BRE rated materials to minimise energy waste; low voltage power tools are used throughout all works. Water Usage and Conservation Policy ensures we only use the water we need and reuse water where possible.

Low Carbon Communities – one of our key objectives is to promote carbon reduction in the areas we work in, including the development and support of Low Carbon Communities.

Ways we work with our clients to achieve this include, assisting in the evaluation of the carbon saving potential of proposed installed measures as a whole house approach; whilst making available our expertise to inform clients and communities on effective carbon reduction solutions available to them. Solutions include district heating systems, involving our local supply chain to ensure communities can access materials at our nationally negotiated rates for everything from Solar PV to LED bulbs, and through utilising our expert services to maintain installations.

Influencing Environmental Outcomes

In doing so, we will work to the following key areas;

Programme Delivery Methods

Mears provides full turnkey services within the delivery of any programme – we see this as a critical enabler of projects, with our capability allowing our clients to have full confidence of the meeting of project objectives.

Our delivery processes and practices are designed as such to match those of clients' and the relevant strategies and critical success factors. These aspects are clearly defined and then implemented with confidence as Mears works collaboratively with specific contracts, to ensure the successful delivery to all standards required.

Our bespoke flexibility makes these solutions viable and practical through the following capabilities:

1. Effective Stock Analysis

We recognise the need to understand a 'baseline' starting point for any project, in collaboration with all parties. By agreeing the project targets, we can then engage with our expert supply chain partners to implement the right solutions for the various different possible areas. This is a flexible approach, which is critical to ensure that the roadmap to completion and success is the right one.

From data analytic tools such as our own Power BI system, we use as a guide and inform the baseline and potential during the initial project and area 'targeting' phase. This will allow for the quick wins and the most pressing areas to be focused upon, with factors such as existing SAP rating, 'hard to treat' homes, cost effectiveness/measure integration and fuel poverty/deprivation areas prevailing. Mears would suggest and employ a 'fabric-first' methodology as far as possible.

The validation of the data can provide real and meaningful applied lifecycle analysis. The data (once validated and calculated over the full lifetime of the measure using approved Ofgem methodology) is available to segment the measures into cost and impact-analysis – for instance:

In relation to measures such as Solar PV, Mears can also facilitate and arrange the 'free' installation of these, by providing access to funding with our partners.

This could realise and implement a method to install Solar PV on every property where feasible, with the residents engaged and realising the benefit of free electricity.

Implementing Additional Assessment Methods - Mears can then provide various methods required in order to work towards the agreed end goals and to facilitate compliant support funding realisation, including the following:

- Energy Performance Certificates (EPCs)
- Chartered Surveyor Reports
- Full Building Surveys
- Structural Assessments
- Measure-specific Technical Surveys
- Quantitative Data Gathering (Baseline Pre-Retrofit to Post Works analysis)

Methods such as these will help to put in place the most effective possible retrofit measures required to maximise any possible savings (both financial and energy/carbon related) as well as the whole life cost to implement. In addition, we look at the projects both through a structural solution perspective, but also how we can engage with the community and leave sustainable legacies with the work completed.

2. 'Right' Measure Deployment

The robust nature of our pre-works assessment practices, along with our collaborative interaction with clients, facilitates the selection and implementation of the 'right' measures on each project. This trait negates any possible future issues of non-compatible measures being installed, such as thermal bridging, damp, condensation along with aesthetic issues. Our aim is to provide the right measure, appropriate to the property itself, to allow the realisation of the maximum support funding, and to enable the resident to benefit from the efficiency properties over the full lifetime.

We are aware of issues from past selection of non-appropriate measures within the industry, with the residents ultimately suffering as a result. To navigate this, Mears engages continuously with our supply chain and delivery partners to ensure that delivery excellence to exemplary standards are met at all times, and we access the best warranties to protect clients and residents alike.

3. Project Management and Delivery

Mears works to combine the parameters set by legislation in delivery standards and methods along with an effective and engaging customer journey delivery. This approach again places both the client and their residents at the centre of our delivery model, thus ensuring sustainable delivery on each measure we install at scale, with our quality management procedures facilitating these standards throughout every element of our supply chain. Mears works to a strict quality management system, which fully meets the requirements of the likes of PAS 2030, MCS, Current Building Regulations in delivering the relevant sector measures. The installation process is carried out to conform to the requirements of these remits, plus any particular requirements of the measures' specific annex (es).

The "Mears Way" encourages continuous improvement in line with best practise to continually challenge and then further develop better systems. Engagement with our customers is based on our core set of values, incorporating trust - whilst being committed to both a professional and personal delivery relationship with all of our customers and their residents. It will always be our goal to reduce the level of disruption for our customers whilst works are taking place. This is why we continually review the scope of works prior to starting and endeavour to produce the most effective method which will allow the works to be completed quickly, efficiently, cleanly and with the least amount of disruption whilst maximising any external funding streams available.

We aim to make the journey and experience our customers take with us a pleasant one, centred on a warmer, more comfortable and healthier home. The successful design, implementation and installation for each measure is paramount to the sustainable adoption of any project Mears looks to complete. As main contractor on many project initiatives within the energy field, Mears has and continues to deliver large scale projects to benefit residents, housing providers and the wider communities in which we operate. Many of the customers we deliver to will have a propensity to fuel poverty, and by utilisation of our delivery model we help these residents and stimulate the surrounding local economy.

Mears preferred approach is to engage and utilise local labour in order to retain an integral and positive stimulus on local economic communities, promoting uptake and further resident engagement. In short, our bespoke sub-contractor network is secure, accredited, competent, and will provide delivery excellence throughout the programme and beyond. This pre-solution selection is critical to facilitate the on-going project management and surety of the delivery component by trusted local sub-contractors in conjunction with any directly employed resource from Mears. We also look to engage with providers' own Direct Labour Organisations (DLOs) who may be able to deliver services and provide further sustainable workflows – again working to the agreed quality standards.

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We appreciate that some measures may require additional and specific stage-gates and therefore slightly different timescales in moving through the lifecycle. This process is designed with the following key principles guiding each aspect:

- Customer satisfaction/engagement
- Data Protection Act
- PAS 2030
- Full compliance to Health & Safety legislation
- Current Building Regulations and Control
- The Party Wall Act
- Full compliance to delivery and funding requirements
- Mears Customer Values

Mears has vast experience in interacting fully with delivery partners to enable a seamless customer experience and journey for the residents. This aspect is critically important to maintain the integrity and sustainable legacies for the project, whilst ensuring compliance to required standards and funding parameters. Again we note that not all measures will be installed in similar timeframes due to the differing criteria of the installation requirements. For instance loft insulation is a less time-consuming installation than internal wall insulation and also renewable technologies.

4. Utilising Effective Funding Routes

Mears has developed robust and successful process solutions to ensure the maximum relevant funding is both sourced and realised to support projects within the energy efficiency sector. An example is a bespoke checklist, which we can adapt to the particular project funding mechanisms and the required stage gates. This method has ensured that 100% funding is achieved through ECO by delivering fully compliant measures, meeting both the required timescales as stipulated by Ofgem and the level of quality.

This ECO Checklist reflects and reinforces all the required outputs from any given project. During the pre-inception stages of any scheme under this remit, Mears works closely with our clients and stakeholders to develop and design the right solution set. This includes:

- Sourcing the most appropriate funding mechanism – such as ECO, Fund, Feed-in-Tariff/Renewable Heat Incentive etc along with innovative and extensive private finance options to suit. Mears will manage the funding sourcing and application as part of our delivery proposition. Also we are flexible enough to ‘mix and match’ to clients’ needs e.g. if a client had already secured funding, we can adapt to deliver the funding application aspect effectively within the initial project protocol agreement stage.
- Selecting the ‘right’ material specification – this is an important aspect as not all industry solutions are appropriate to all projects. Mears works closely with our project partners to ascertain the right solutions for the projects.
- Enabling appropriate warranties – Mears has sourced effective solutions with Ofgem-approved providers such as ECO Kinnell and the Green Deal Guarantee Company, which ensures compliance under ECO. Importantly we feel that this is the most cost effective solution in the market, whilst offering robust warranty provision to fully protect our clients. Within the renewables sector, we have access to innovative yield performance warranties, which ensure that returns are maintained throughout product lifecycles.
- Delivery to Legislative Standards – Mears is a PAS 2030 and MCS Approved Installer. In doing so we enable installations to meet the relevant criteria and guidelines, and work with our supply chain and delivery partners to make sure that these standards are met within every installation completed. The Mears Quality Management System is predicated on such standards, but is developed to exceed these

to enable the highest quality of installations. During delivery, Mears will adhere to the PAS 2030 and MCS requirements, with regular internal audits and toolbox talks to reinforce and instil such best practise throughout.

These key components within our delivery process give our clients surety that the Mears administrative processes will trigger compliant and outstanding delivery results, ensuring that funding is realised. We have developed this within a tough, challenging and forever changing delivery landscape, but the adaptive nature in delivering resident-centric quality reinforces the strength of these processes.

5. Customer-Centric Innovative Delivery

Mears is completely aware that the impact of ‘intervention’ measures such as insulation, renewables, lighting and other methods are only effective with concerted and empathetic educational support. This ensures that residents are fully aware of the benefits such measures can bring - an important factor within our initial engagement and throughout the delivery lifecycle, along with easy-to-understand information around getting the most out of these measures. In support, we also look to deliver energy efficiency advice, taking the form of some simple ‘top tips’ to encourage energy efficiency, by linking this theme and ways to be more efficient to the financial benefits which can be derived.

Engaging with the Vulnerable and Mitigation of Fuel Poverty

From the outset, Mears engages fully with residents, especially with those classed as ‘vulnerable’, to facilitate participation. From our social housing sector delivery experience, Mears has developed effective engagement methods delivered with integrity and empathy, throughout the project lifecycle. These methods include advice around what to expect from the project and the standards we will deliver to, they are coordinated by

dedicated Resident Liaison Officers. Mears appreciates that in every property there is a resident who values their home; we therefore treat each resident as if they were paying for the measures themselves. Mears believes that by adopting this resident centric approach we bring them on the journey with us, improving their lives and the surrounding community. We are acutely aware that such households may be subject to the effects of fuel poverty; our twin-track approach around engagement and measure interventions – coupled with effective advice – provides real means to positively affect the mitigation of the pressures of energy costs. The inclusive model is fundamental to our delivery strategy.

Validating and Delivering Planned Maintenance Solutions

We build within any project the means to effectively plan, monitor and then deliver robust ‘pre and post’ analysis to both inform the right measure selection and provide accurate lifecycle success factor measurement – in both carbon abatement and social value metrics to pre-agreed criteria. The methods we employ include the following:

- i) Mears Contract Management (MCM) System
MCM records actual data for every aspect of each individual job, available in real time allowing management / supervisors to proactively monitor progress. Importantly, it also allows robust analysis of performance from macro to micro level, enabling review, adapting and improving accordingly so that we can share key learnings and best practise. All data is robustly protected and no data is shared with any unauthorised third parties; in addition, Mears can enable a secure two-way interactive, local website facility to allow residents to monitor progress, request status updates, self-serve and further encourage community engagement.

MCM is also fundamental to the ability to control cost and deliver a solution that provides value for money. This therefore allows for further economies of scale to utilise support funding as part of the 'job cost ratio', possibly reducing customer/client contribution to make up any funding shortfall.

ii) Quantitative data gathering

This could take the form of smart metering installations. Mears has local directly employed, fully accredited electricians who could install bespoke metering or monitoring installation as part of the project lifecycle. We would also encourage and facilitate engagement with energy utilities, as the data-gathering phase could also be incorporated within their smart metering rollout.

In addition, Mears would also suggest utilising other possible data monitoring systems. We have engaged with the Building Research Establishment (BRE) to trial their domestic and non-domestic energy monitoring system. This is the latest generation innovation, which not only monitors consumption at a granular level, but also takes into consideration usage and behaviour patterns which then results in a complete analysis of not only consumption but also how behaviour patterns can be influenced to reduce energy waste and increase effectiveness.

iii) Qualitative data analysis

In support of the monitoring tools explored above, Mears also employ our customer success teams to collate feedback from residents themselves. This is a fundamentally important element to this monitoring exercise, as we will be able to glean whether residents 'understand' the benefits of the measures and how they can reduce energy waste to save money. Interacting in this fashion will be reinforcing the underlying delivery commitment of Mears to continuous improvement, but also allow for full re-engagement with residents through the project lifecycle. Also our on-site, visible presence throughout encourages and facilitates effective feedback, working alongside the creation of local 'Energy Champions' to further enhance the constructive nature of this sector.

Mears also has a joint venture, Aserit, with TAROE (the Tenants and Residents Association of England). Within this we explore the possibility of employing local residents to act as 'feedback agents' as this engagement and trust could be critical in understanding the full view and therefore gaining more effective feedback. Again, this is a facility, which Mears has developed and employed on many projects throughout the UK to great effect – creating the collaborative environment, which stimulates successful long-term project delivery.

Mears, along with our project partners, has extensive experience in both delivery and measurement of project success; during the protocol-setting phase, we will collaboratively agree with clients the specific required factors in line with existing standards.

Designing Overcladding/Associated Measures

The agreement phase of projects and area-based initiatives 'set the scene' for the required delivery lifecycle, this is critical in implementing the following deliverables:

- Effective base case
- Measure selection
- Technical assessment to aid measure surety
- Selection of project partners
- Engagement routes and customer care protocols (delivering to vulnerable residents)
- Source and implementation of correct warranties
- Full delivery plan design
- Multiple-Measure integration considered (under a 'fabric-first philosophy')
- Funding analysis (ECO, Green Deal/Home Improvement Fund etc)
- Aftercare

All of these factors and more are aligned in full context to support and implement the required strategies such as Green Commitment. Within our solution portfolio, we can implement and install all types of insulation where practical and in line with the most effective method.

We select and work with pre-vetted and assessed local delivery partners to enable the most effective and appropriate insulation solutions, including treatment of both easy-to-treat and hard-to-treat to a variety of property types. Our bespoke flexibility makes these solutions viable and practical through the following capabilities:

Insulation Case Study – livin Housing Ltd

Mears were tasked by our client to design and deliver a turnkey ECO solution. The scheme involved properties where the majority fell into a socially deprived area (CSCO - Lower Super Output bottom 15%). Due to their construction all the properties were energy inefficient and with cold and fuel poverty issues prevalent. Of the 170 properties, 50 were classed as non-traditional “Orlits” and were selected for External Wall Insulation, the rest were of Sandstone construction where EWI was not possible and so Internal Wall Insulation was selected. Through consultation with our client the aims of the project from the outset were to provide better insulated homes which would be warmer more comfortable and healthier for the residents, whilst at the same time the project would serve to regenerate the area and improve the SAP and asset ratings of the clients stock. The nature of this project brought about initial issues and barriers as the properties were classified non-traditional as determined by the Building Research Establishment (BRE) parameters; however, by adopting a pragmatic, collaborative and innovative approach to the projects delivery solution, Mears enabled successful works from inception to completion.

- For the Orlit properties ‘pull-out’ tests were required to assess the suitability of any external wall insulation solution, to comply with Building Regulations and to enable the Ofgem mandated ECO insurance backed warranty to qualify for the funding.
- For the Sandstone and Solid Brick properties, an alternative internal insulation system was sourced, again with the suitability of the system required for the property – not vice versa.

- Finally, around 50 lofts were required to have replacement loft insulation due to contamination issues with asbestos –with strict compliance to asbestos and ECO compliance regulations.

As the Mears delivery model is predicated on local delivery, we were able to engage, employ and mobilise local organisations to deliver a unique locally sourced scheme to the benefit of the community.

Summary

The Mears values, culture and approach to project delivery within this sector provide the following key summary benefits to our service delivery, in consideration of delivering environmental supply chain, as we can work together to create, encourage and implement:

- Warmer and more comfortable, healthier homes
- Effective Fuel Poverty Mitigation – alleviating cost of living pressures
- Improvement of clients Housing Stock - SAP Ratings and Net Present Value
- Enabling of Long Term Revenue Streams through the likes of Renewable Generation
- External Funding Provision
- Local job creation and supporting community aspirations
- Carbon Reduction
- Estate-wide regeneration
- Social inclusion and community engagement
- Local socio-economic stimulus

Our collaborative and transparent approach, whilst being fully conscious of the positive impacts we can provide in a sustainable manner, will provide effective project delivery throughout all of the lifecycle elements and beyond. The strategy methods we employ are inclusive, flexible, robust and collaborative; we can work together to sustainably make a difference to residents’ lives, to support our clients in fuel poverty eradication, energy efficiency and carbon reduction.