

Approach to Supply Chain

At Mears Group, we are committed to being a good corporate citizen in all our dealings with customers, colleagues, suppliers and in the communities where we work. To ensure a consistent approach throughout our supply chain, we expect our suppliers to have or adopt similar business principles to our own.

Our vision is to make a positive difference to the communities we serve. We do this by improving homes, improving communities, and improving lives. Our approach is based on the development of outstanding partnerships with colleagues, clients, suppliers, customers, and the wider community. Mears have a defined approach to implementing and driving forward consistent and pro - active supplier commitments, which supports our own values and social values principles.

All suppliers are required to acknowledge the significance of social, environmental, and ethical matters in your conduct, and to work towards improving your quality standards and performance in these areas. In short, we encourage and expect the adoption of responsible behaviour throughout all supply chain.

Above all, we expect suppliers to be able to demonstrate compliance with all the UK, EU and international legislation that applies to your business operations from Modern Slavery, Anti-Bribery and Health, Safety & Wellbeing laws to product specific regulations.

Supplier Commitments document available on Mears Group Plc. website sets out our minimum requirements in all areas. Our aim is to source products from the suppliers who can either meet these requirements or demonstrate a commitment to improve on any unacceptable lower standards within a reasonable timescale.

Mears Group Plc makes full commitment to provide access to all supplier documentation for partially sighted, braille and multi-language translation. Language line services are engaged to enable translation to all nationalities, should this be required.

It's important to us to create a better business as a result of doing the right thing and with this in mind, we want to let our suppliers know we are here to help and enable them to succeed and grow.

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 these 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.

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 our environmental data, processes and procedures are validated by SGS who carry out ¾ a year environmental audits as a requirement to our ISO 14001 accreditation, inclusive of emissions and energy consumption data.

Mears Group Plc Environmental Policy

Mears operates an Environmental Policy accredited with ISO14001 to minimise the impact of our actions on the environment and actively encourage our suppliers to be proactive towards environmental issues. Our environmental procedures require all suppliers to be compliant with our Environmental Code of Practice. We detail below a few examples:

- We ensure that we source 100% of FSC (Forest Stewardship Council) approved timber from our preferred suppliers and require our suppliers to have Chain of Custody for the Supply of Softwood and be members of the TTF Code of Practice on environmental sourcing.
- Many of the plastic products we purchase have a recycled content such as Swish PVC Roofline and Cladding products. PVC cladding installed over legally sourced timber framing carries an A+ rating under the BRE's Green Guide to Specification.
- All Mears uniforms and work wear are purchased through supplier whose manufacturing source can prove their ethical standards. The Mears range of clothing and PPE adheres to strict ethical standards and Fairtrade Policy.
- We recently reviewed office supply products on our core list and replaced with more environmentally responsible products from our preferred supplier, which includes recycled paper, pens, notebooks, Fairtrade tea and coffee and ecological cleaning products.
- We source goods which have the lowest possible environmental impact.
- We are committed to using our purchasing power to influence the marketplace and encourage suppliers to continuously improve the environmental credentials of their stock. We have recently produced an environmental product profile.

Our Preferred Supply Chain Partners undertake Environmental Audits of the products selected for each contract offering alternative products with better environmental credentials where appropriate.

BES 6001 Standards

Mears understands that the BRE standard BES 6001 is published to enable construction product manufacturers to ensure and validate their products have been made with constituent materials that have been responsibly sourced.

The standard describes a framework for the organisational governance, supply chain management and environmental and social aspects that must be addressed to ensure the responsible sourcing of construction products.

Independent, third-party assessment and certification against the requirements of BES 6001 then gives the organisation the ability to prove that an effective system for ensuring responsible sourcing exists and added credibility to any claims made.

BES 6001 is applicable to any company large or small that manufactures construction products from foundation products such as cement and steel to concrete pipes and blocks, windows, flooring, roof tiles, plastics, wood products.

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 sustainable manner as well as minimising disruption to residents. 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. 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 – always underpinned by our exemplary customer care and quality standards. We fully embrace the need to create long-lasting sustainable legacies for residents, communities, and local economies

Buyer training:

Members of the Mears Group Supply Chain Team are encouraged to complete the Chartered Institute of Procurement and Supply examinations paid for by the company. Currently all Supply Chain Managers have completed level 3.

Supplier mentoring, secondments, or supporting suppliers through sharing best practice:

Mears Group and its suppliers share best value. Suppliers are invited to the Mears Group Thought Leader Conference along with leading members of the industry to listen to expert speakers and get involved in the following discussion forum. The speakers can cover many topics including:

- Social Value
- Industry innovation
- eProcurement
- Best value
- Environmental issues
- Low Carbon products
- “Unlocking the door” addressing the housing crisis and lack of new homes

Many of our Suppliers have their own Social Value programmes, which Mears Group Plc contribute and actively participate.

‘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 diversion to landfill over 96%. Our national waste 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.

‘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 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. 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 Procurement Policy’.

Supply Chain - As part of our sub partner procurement process, we interrogate the environmental and social 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 are managed with the equal level of governance, 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.

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.

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.

Supporting compliance and risk management:

Scope: Existing supply chain / Potential new suppliers (due diligence)

Mears Group Supplier Commitments statement

Responsible procurement is elemental to our business, in particular our Environmental Policy and our Procurement Policy. It is key to every materials procurement agreement we have in place with all our suppliers, in line with our accredited management systems as detailed further in this response.

All suppliers must provide us with an Environmental Product Declaration as part of our approval process and service level agreement.

Working with our supply chain partners, our procurement department are also responsible for reviewing the BRE's Green Guide to Specification to ensure that as an organisation Mears' are fully conversant with the most sustainable materials and products that are available to us.

Suppliers are selected on their proven ability to deliver in challenging and restricted environments, quality and health and safety, value for money, and a collaborative approach, reflected in supporting clients in meeting their sustainability targets. Mears Group has a stringent Pre-Qualification Questionnaire process to identify a supplier's trade and potential risk.

All new suppliers must sign up to Mears Waste Management System so that we have full compliance and records of our supplier's waste transfer notes. All suppliers will be visited by our national waste management partner.

Supporting Equality, Diversity and Inclusion with Mears Supply Chain:

Fair for All

Mears Group is committed to reducing prejudice and improving understanding of differences of minority groups. We actively promote positive working conditions and practices throughout our supply chain.

All suppliers commit to:

- Actively promote and work to a Diversity & Inclusion policy
- Protect your workers from dangerous or harmful operations
- Make sure all workers involved in product manufacturing and supply are treated fairly and with respect for their human rights

- Meet or work towards meeting the principles of the Ethical Trade Initiative (ETI) Base Code
- Find positive steps to ensure that Modern Slavery has no place in your businesses or supply chain
- Conduct your operations in line with all applicable competition laws
- Prevent the use of, and not condone any corrupt activity, bribery or inducement with the aim of securing an improper or unfair business advantage
- Increase the number of female managers/senior managers in the business
- Improve the customer experience by increasing front line knowledge of minority groups

Approach to Risk Assessment:

Existing suppliers to identify those that are high risk:

Mears take an active approach to managing actual and potential risk within supply chain partners. This is embedded through the PQQ and ongoing audit process.

No supplier can be available for use until the correct accreditation, insurance, and risk assessments have been provided through our robust Pre-Qualification Questionnaire.

Updates have been introduced through consultation with professional bodies and trade associations such as the National Federation of Builders (NFB), Electrical Contractors' Association (ECA), Specialist Engineering Contractors' Group (SEC) and Safety Schemes in Procurement (SSIP).

With all public sector buyers needing to pre-qualify construction suppliers; inefficient buying practices can amount to huge amounts of wasted time and money for buyers and suppliers alike.

Following completion of the PQQ all high-risk suppliers are assessed by the Health and Safety, Gas and Electrical compliance teams before being approved. This list is not exhaustive but would include the following trades:

- Asbestos removal
- Working at height or excavations
- Electrical works
- Scaffolding
- Gas works

Currently there is a programme in place by Mears Group's Commercial Team in partnership with Reconomy to enroll existing suppliers into the Mears Waste Management System. Trading will cease with any suppliers that do not comply and this process is now a standard part of the PQQ.

Physical inspection audits, or reporting on number or proportion of suppliers monitored or audited:

Suppliers of labour are subject to monthly review by the relevant Mears Group Operations branch. During the review Suppliers are assessed and scored on the following criteria:

- Health, Safety and Environment
- Technical standards and support
- Goods and Services supplied
- Quality
- Programme delivery
- Response to queries
- Resident's satisfaction
- Complaints
- Costs Certainty

Non-compliance may result in the supplier being suspended.

Health and Safety compliance:

As an ISO9001 accredited company, this underpins the dedication to quality management in every aspect, working to robust procedures to ensure absolute compliance to relevant legislation. Driving these aspects is our absolute dedication to service and delivery excellence, utilising our practices with the correct empathy and respect to residents and building occupiers.

In place is a set policy of ensuring that we only employ operatives who are suitably qualified, or we train our own apprentices. Compliance Team ensures all branch operations meet the required legislation standards, with independent audits carried out to always enable this on-going compliance.

Where we utilise sub-contractor / supply partner delivery we demand the same level of commitment and that their practices are at least comprehensive as ours. This is exemplified by our extensive 'on-boarding' process implemented for all partners, followed by regular audit to ensure that the required compliance levels and quality match ours – again a key building block of our partnership ethos and delivery excellence philosophy.

Identifying and Managing Health and Safety Risks

Mears have developed a comprehensive range of proven procedures / safe systems, which can be applied directly, including those developed to protect the public. This area is documented and managed by Risk Register. However, some risks may be specific to a property and require a bespoke approach, to manage this element we utilise bespoke Risk Assessment/Method Statements for every installation.

Examples of potential property-specific conditions include, but not limited to

- Services – the position of services and required safe isolation/reconnection of gas, electricity and water supplies likely to be affected
 - Asbestos – we will liaise closely with NCC to identify properties where Asbestos Containing Materials (ACMs) may be present. Work will not commence without an Asbestos Survey being in place.
- Hoarding / Unsanitary Conditions – Mears will liaise closely with NCC to agree remedial actions required.
- Vulnerable Persons – we will engage with NCC to identify properties where residents may be classed as vulnerable and agree actions. If we encounter any residents who may not have been classed as vulnerable previously, our Safeguarding Reporting System will provide NCC with the relevant details to enable quick assistance.

These provide a holistic approach to ensure that health and safety risks are managed and controlled at all times, ensuring the safe and legislation-compliant delivery philosophy employed by all operatives and supply chain partners

Governance controls are in place through the PQQ and Supplier management process to ensure that all suppliers to Mears Group have Health and Safety statements and policies in place, with clear assessment and responsibility areas defined. Regular audit of this is maintained, and the following are examples from suppliers that contribute to over £50 million of Mears Group material spend

Results and specific actions taken on any non-compliance by suppliers

Mears Group have zero tolerance with contractors that have been involved in fly tipping, contracts are terminated immediately. For minor infringements suppliers are put on notice and for a second offence in a twelve-month period the contract with the supplier will be

During the monthly meetings with suppliers (referred to in ESC11_1) suppliers are continuously updated on Mears policies and procedures. Supplier staff are invited in to "Toolbox" talks along with Mears own employees.

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 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.