



Partners for purpose

Environment, Social and Governance (ESG) Strategic Approach 2022 - 2030



A message from the Leadership Team

“Our ambition is to become the most socially responsible business in the housing sector by 2025.

With the above in mind, this document sets out our plans to develop our ESG approach. We want to become a trusted friend to our clients and help them realise their ESG ambitions, as well as build trust with all our stakeholders.

Our approach prioritises where we can have the greatest impact and supports a culture that fully integrates sustainability and purpose beyond profit.”

“This is underlined by our strategy ,which through robust, ethical and transparent practices is built upon:

- ▶ **Healthy planet** - reducing our Emissions by 2030, raising environmental standards and being the lead partner to deliver net zero to our nation’s social housing stock
- ▶ **Improving Lives** - helping those who need it in the communities we serve, engaging our supply chain and treating everyone fairly and equally
- ▶ **Good governance** – creating value through great partnerships, sustainable procurement and innovation

Together we can raise standards across the sector, to the benefit of every resident.”

David Miles



ANDREW SMITH
Group Finance Director



DAVID MILES
Chief Executive Officer



ALAN LONG
Executive Officer

Mears Today

NET SOCIAL IMPACT IN 2021: £29.4m

>60 LOCAL & CENTRAL GOV CLIENTS

WE EMPLOY >200 APPRENTICES

RESPONSIBLE FOR KEEPING 650K SOCIAL HOUSING HOMES IN THE UK IN GOOD REPAIR

>5200 EMPLOYEES MEETING THE NEEDS OF THE PUBLIC & PRIVATE HOUSING SECTOR

16 CARE BRANCHES RATED GOOD OR ABOVE IN ENGLAND & SCOTLAND



LISTED IN THE SUNDAY TIMES TOP 25 BEST BIG COMPANIES TO WORK FOR THE LAST 3 YEARS

WE ARE THE NUMBER 1 PRIVATE REGISTERED PROVIDER OF SOCIAL HOUSING IN THE UK

17K HOMES PROVIDED AND MANAGED FOR LOCAL & CENTRAL GOVERNMENT

5,000+ REPAIRS UNDERTAKEN DAILY IN LOCAL COMMUNITIES

Scope	Units	2021
Scope 1 – UK	Tonnes CO2e	34,357
Scope 2 – UK location-based	Tonnes CO2e	6,419
Scope 2 – UK Market Based		5,788

Scope 1 and 2		2021
Intensity tonnes CO2e/£m revenue		46.42
Energy consumption	MWh	197,825

Mears is one of the UK's leading and most trusted providers of a wide range of specialist Housing services to Local and Central Government





















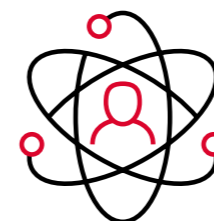
Solid foundations to support our 2025 ambition

Our culture, values and behaviours are centred around our ambition to be the most socially responsible business in the Housing sector by 2025.

We value

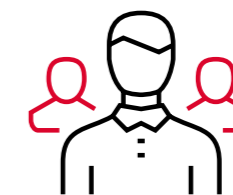
- ▶ Our customers and communities, putting their needs at the heart of everything we do
- ▶ Teamwork, supporting each other, sharing ideas and never excluding others
- ▶ Personal responsibility, setting consistently high standards for our work and holding ourselves accountable for achieving them.
- ▶ Innovation, being inventive in our approach and empowering people to take reasonable action without fear of recrimination.

Our Red Thread behaviours



BE MOTIVATING

I will strive to be the best I can be and encourage my colleagues to deliver the services our customers expect a little bit better every day.



BE A ROLE MODEL

I will take responsibility for how I act, the image I portray and for always doing the right thing.



BE EMPOWERING

I will take the initiative, take ownership and take responsibility, knowing my business will support me every step of the way.



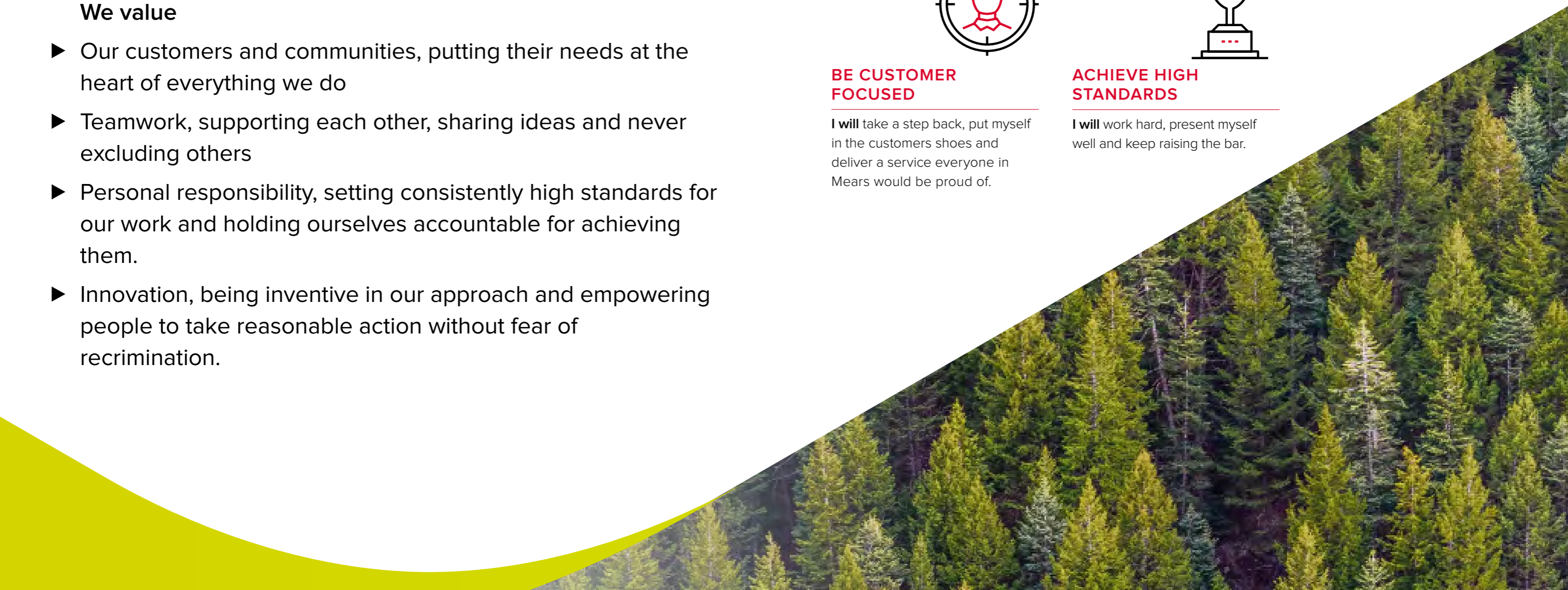
BE CUSTOMER FOCUSED

I will take a step back, put myself in the customers shoes and deliver a service everyone in Mears would be proud of.



ACHIEVE HIGH STANDARDS

I will work hard, present myself well and keep raising the bar.



ESG Responsibilities

The Group Exec Board leads and provides strategic direction to the Group and carries ultimate responsibility for management of the Group's activities, ESG and financial performance.

The Board acknowledges accountability to shareholders, clients, employees and customers, for proper conduct of the business, effective assessment of risk and the long term success of the Group, having regard to the interests of all stakeholders.

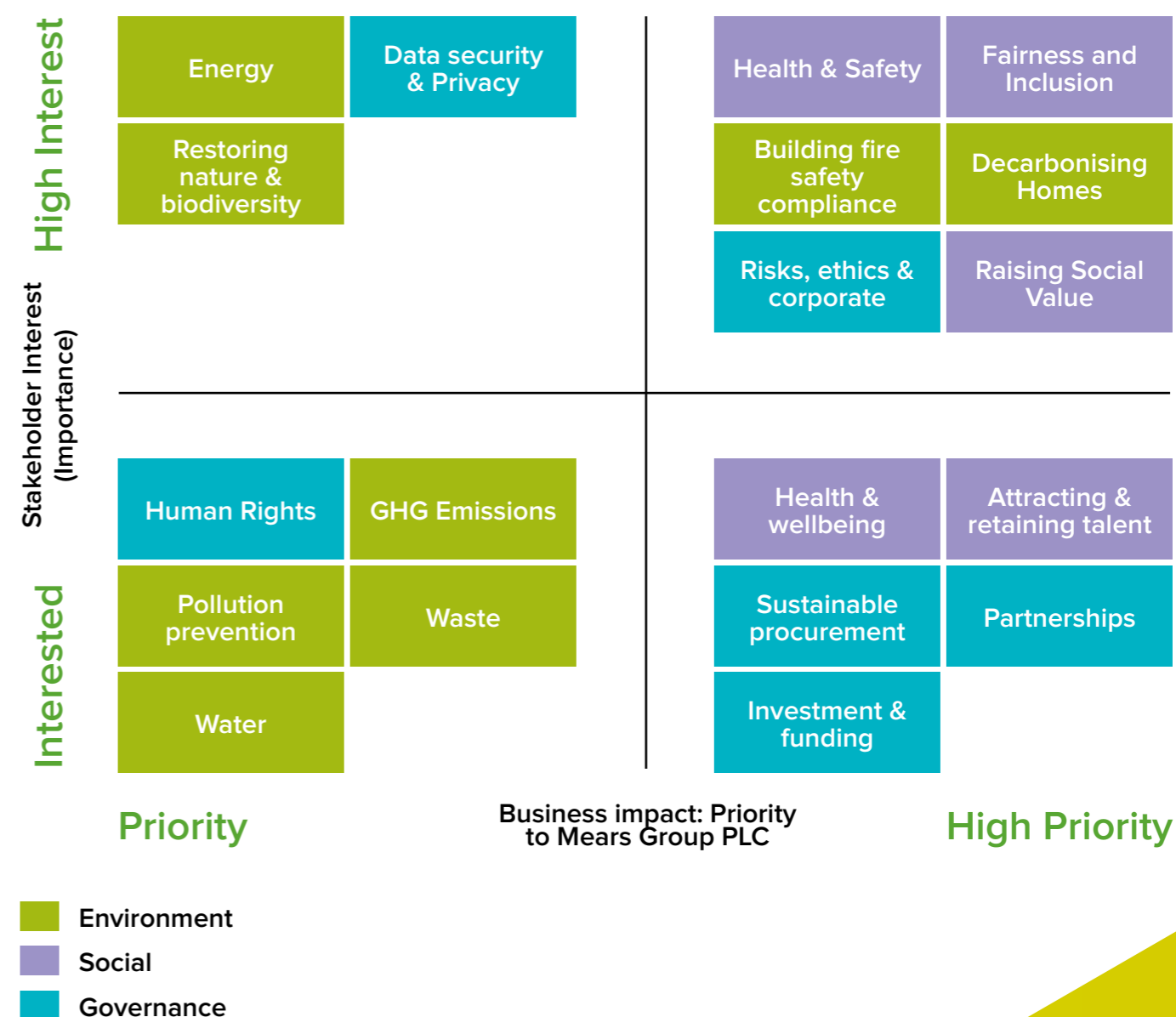
“The Mears Board place our responsibilities to society at the heart of our business. Through robust governance and identifying risks, we will ensure that our company is ready to fully commit to the measures set out in our ESG approach.”

- Andrew Smith, Finance Director



Our materiality review

- ▶ Through an online survey, we consulted with 32 of our internal stakeholders to identify the matters that are important to them and asked them to rank a number of specific ESG and sustainability topics on a relative basis. We also assessed these topics on the incremental impact that they can have on our business
- ▶ While all items shown are important, some have greater urgency, in terms of focus, to our business than others
- ▶ We will use the results (opposite) to help inform our approach and development plans
- ▶ NB – the key materiality topics used, were sourced from relevant ESG frameworks and sector insights.



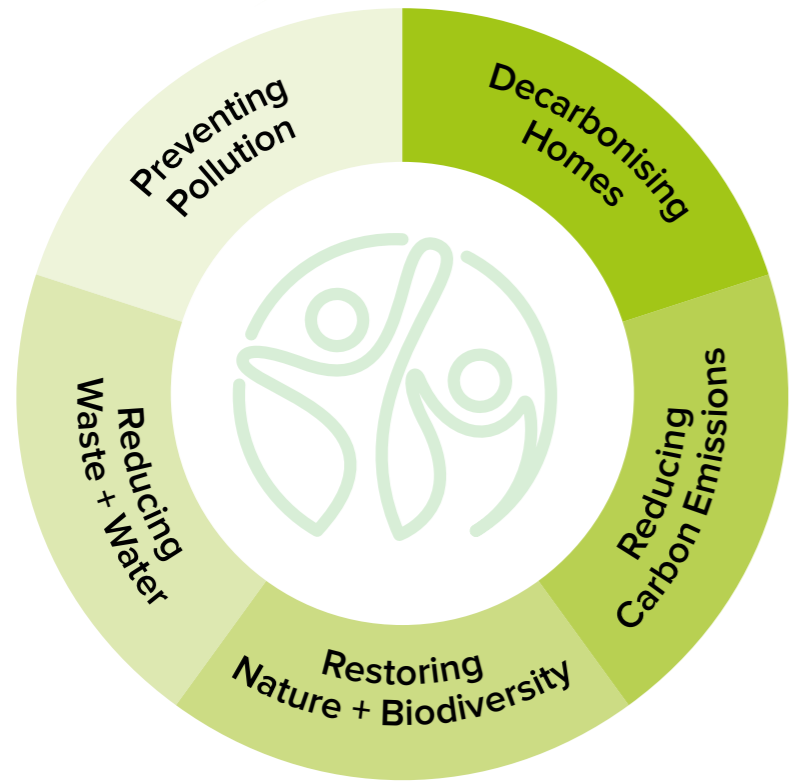
United Nations' sustainable development goals

The UN has identified 17 Sustainable Development Goals (SDGs), below, which aim to achieve a better and more sustainable future for all.

Mears have identified **10 of these goals** which we believe are highly relevant to our business and the housing sector, in which we operate. We have fully aligned the 10 goals to our own 2025 Strategy and ESG Approach.



Healthy Planet



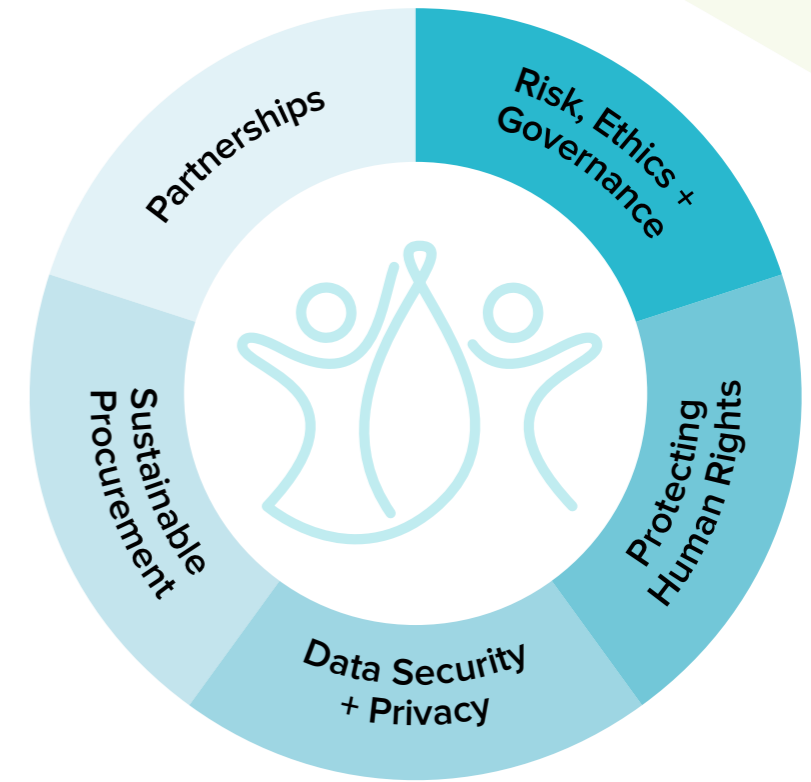
We will achieve net zero carbon emissions on Scope 1 and 2 by 2030 across our operations

Improving lives



We will improve lives by contributing at least £5k, per employee, of Social Value each year

Good governance



We will enhance our strategy to sustainable procurement by 2023 and evolve our approach to maintain our high standards

Healthy Planet



Our aim is to become a carbon neutral organisation, whilst helping clients create safe and sustainable places that will have long-lasting benefits for their communities.

HEALTHY PLANET IN 2021

- ▶ 96.63% waste diversion from landfill
- ▶ Zero pollution incidents
- ▶ Zero Environmental legislation breaches
- ▶ 3 Social Housing Decarbonisation projects secured with our client

REDUCING OUR CARBON EMISSIONS

Our Goals

- ▶ Achieve net zero carbon emissions on Scope 1 and 2 by 2030 across our operations
- ▶ Achieve net zero carbon emissions on Scope 3 by 2045 across our supply chain

Our Plan

- ▶ Create a net zero carbon transition plan using science-based targets
- ▶ Continue disclosing our emissions, and publicly report on progress against our targets.
- ▶ Transition to electric vehicle fleet by 2030
- ▶ Continue partnership and support supply chain to achieve net zero carbon
- ▶ Support our clients in meeting government commitments
- ▶ Create an internal plan for reducing carbon across our contracts, creating awareness and understanding with all colleagues

DECARBONISING HOMES

Our Goals

By 2025 we will aim to achieve:

- ▶ Sector leading provider of carbon reduction solutions in social housing sector

Our Plan

- ▶ Achieve and maintain all relevant accreditations to demonstrate competency and compliance
- ▶ Help our clients measure their carbon emissions and retrofit solutions to deliver carbon savings.
- ▶ Embed a resident first approach to the decarbonisation of homes (Data > Define > Design > Deliver > Declare)
- ▶ Use asset data to help access the limited financial resources currently available AND leverage funding as it becomes available
- ▶ Transition our workforce as a whole to ensure understanding and capability

MINIMISING WASTE

Our Goals

- ▶ Achieve waste diversion from landfill of minimum 98% on all waste by 2025
- ▶ Achieve a Zero Waste Index score of 1.5 degrees Celsius by 2030, from 2021 baseline of 2.53 degrees Celsius

Our Plan

- ▶ Increase colleague awareness and introduce measures to reduce waste across all sites.
- ▶ Reduce carbon through the protection of natural resources by reviewing our waste processes
- ▶ Avoid waste by improving the reuse of "waste materials"
- ▶ Partner with charities to reuse and recycle furniture and white goods, increasing % recycled yearly
- ▶ Monitor and adopt new technologies as they become available
- ▶ Work in partnership with our National Waste partner to embed improvements to achieve Zero Waste index score

PREVENTING POLLUTION

Our Goals

- ▶ Continually evolve our approach to maintain zero pollution incidents and zero environmental legislation breaches

Our Plan

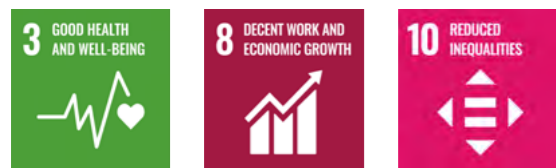
- ▶ Maintain ISO 14001 (Environmental Management System) certification
- ▶ Work with clients and communities to clear pollutants from the environments we work in i.e. litter, plastics, etc
- ▶ Continue activity to raise environmental awareness within our workforce
- ▶ Maintain robust policies & procedures to ensure environmental compliance and adherence with legislation
- ▶ Monitor and adopt new technologies as they become available

RESTORING NATURE & BIODIVERSITY

Our Plan

- ▶ Work with clients and local communities to improve green and open spaces
- ▶ Invest in carbon offsetting to balance residual emissions by 2030 where needed

Improving Lives



From a solid baseline, our aim is to create an environment that is ‘fair for all’, which enables customers, colleagues and communities to thrive by improved; social impact, health, safety & wellbeing, employee value proposition and fairness and inclusion

IMPROVING LIVES IN 2021

Social Value:

- ▶ 1444 social value projects
- ▶ £29.4m social value impact
- ▶ £5511 impact per employee

Mears Foundation:

- ▶ £60k grant donations to support local community projects

Health and Safety:

- ▶ Accident frequency rate: 0.19

RAISING SOCIAL VALUE

Our Goals

- ▶ Continually evolve our approach to ensure;

By 2025:

- ▶ All contracts must have a yearly social value plan contributing at least £5k, per employee, of Social value
- ▶ We will grow Mears Foundation grant giving to over £200k per annum

Our Plan

- ▶ Develop SROI reporting to focus more on qualitative outcomes and personal impact
- ▶ Build on engagement with Supply chain
- ▶ Yr on yr increase in use of volunteering hours
- ▶ Lobbying Government for a more transparent and consistent measure of social value

IMPROVING HEALTH & SAFETY

Our Goals

- ▶ Continually evolve our approach to maintain our high standards for creating a safe working environment for everyone.

- ▶ Accident frequency rate (AFR) of below 0.25.

- ▶ Win the ROSPA Industry Sector Award by 2030, which recognises best H&S performance in sector

Our Plan

- ▶ Maintain all ISO accreditations
- ▶ Retain RoSPA Gold Award
- ▶ Maintain a team of professionally qualified SHE Managers to support the business.
- ▶ Maintain robust policies & procedures to ensure Health & Safety compliance
- ▶ Conduct regular audits and inspections across the business to monitor compliance
- ▶ Monitor and invest in new technologies as they become available

ATTRACTING & RETAINING TALENT

Our Goals

- ▶ Continually evolve a cohesive strategy for attracting and retaining the best talent; enabling our colleagues to thrive

By 2025 we will aim to achieve:

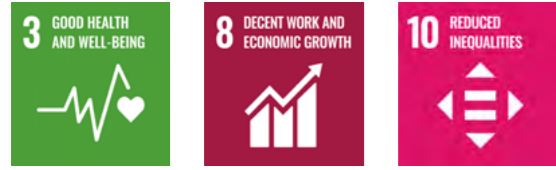
- ▶ Employer of choice recognition
- ▶ 90% of all apprentice’s secure work at Mears or another organisation, on completion of their apprenticeship
- ▶ Employee turnover of 18%

Our Plan

- ▶ Develop a competitive Employee Value Proposition, including standard and flexible benefits
- ▶ Deliver an enhanced approach to talent management
- ▶ Promote internally and externally the Mears Brand and Employee Value Proposition
- ▶ Year on year growth, in percentage, of overall recruitment from under-represented Groups
- ▶ Implement Voice of Colleague forum, chaired by Employee Director, to enable even bigger employee voice

- ▶ Maintain approach to ensuring all employees are paid the real Living Wage or above
- ▶ Maintain governance to ensure no inappropriate Zero Hours contracts
- ▶ Promote Mears’ flexible working offer linked to wellbeing to support attraction and retention

Improving Lives



From a solid baseline, our aim is to create an environment that is 'fair for all', which enables customers, colleagues and communities to thrive by improved; social impact, health, safety & wellbeing, employee value proposition and fairness and inclusion

IMPROVING LIVES IN 2021

Fairness & inclusion

- ▶ 92% of colleagues shared EDI data
- ▶ 100% of managers trained in EDI

▶ Gender Pay Gap of 22%

▶ Employee turnover of 21.5%

PROMOTING FAIRNESS & INCLUSION

BOOSTING HEALTH & WELLBEING

Our Goals

- ▶ Continually evolve a Board-driven strategy that ensures fairness and inclusion for all colleagues

By 2025 we will aim to achieve:

- ▶ 36% of women in leadership positions (grade 5 +)
- ▶ 12% Group representation of Black, Asian and other ethnicities
- ▶ Gender pay gap of 19%
- ▶ Colleagues consider us a leader

Our Plan

- ▶ Maximising current recruitment processes to ensure they are bias free and encourage job opportunities for all
- ▶ Publish first ethnicity gap report, with 98% of colleagues sharing EDI data
- ▶ Achieve leading Gold standard fairness & inclusion accreditation

- ▶ Insight led approach to ensuring our workforce reflects our local communities
- ▶ Review end to end lifecycle process and practice
- ▶ To Irradicate under-representation and pay disparity in all job roles
- ▶ All colleagues across the business to receive fairness & inclusion training
- ▶ Achieve Disability Confident Employer status
- ▶ D&I targets to be embedded in managers' performance and reward schemes
- ▶ D&I 'consolidation' training for managers - periodic (every 3 years)
- ▶ Contractual requirement for suppliers to provide evidence of how they are addressing D&I

Our Goals

- ▶ Continually evolve a Board-driven wellbeing strategy, the importance of which is regularly communicated to workforce, that ensures the health and wellbeing of our colleagues

Our Plan

- ▶ Mental Health First Aider in 100% of contracts and departments
- ▶ Tailored and enhanced Employee Assistance Programme (EAP)
- ▶ Access for all employee to voluntary health services and programs
- ▶ Enhance support for vulnerable colleagues
- ▶ Enhance flexible benefits package and contractual terms to support access to opportunities
- ▶ Maintain focus on employee engagement and help tackle the challenges of Wellbeing and mental health

Good Governance



Through robust governance and identifying risks and opportunities, the Mears Executive board works to the highest level of transparency and good governance. Our aim is to take this approach throughout our business to ensure that ethical behaviour, transparency and openness forms the heart of our culture at every level.

GOOD GOVERNANCE IN 2021:

- ▶ Strong balance sheet, with good cash conversion and low debt
- ▶ Long term, low risk contract portfolio for essential services
- ▶ Zero Human rights breaches
- ▶ Over 1000 residents are part of our online engagement network
- ▶ Award winning customer scrutiny board
- ▶ Newly reformed ESG Advisory Board

RISKS, ETHICS & GOVERNANCE

Our Goal

- ▶ Maintain a robust strategy and governance framework to ensure we are fully compliant, manage risk and are regarded as a responsible business

Our Plan

By 2025:

- ▶ Ensure Yr on Yr compliance with anti-corruption governance
- ▶ Continue zero tolerance to Anti-competitive behaviour
- ▶ Yr on Yr compliance and good practice to financial reporting and tax obligations
- ▶ Review and align our targets to TCFD and UN SDG's
- ▶ Promote Exec Board and senior management responsibilities for governance and risk approach.

- ▶ Continue Independent audit and risk assessment annually with transparent action and reporting
- ▶ Provide a confidential Whistleblowing channel to encourage colleagues to speak out
- ▶ Opt into open carbon reporting (Carbon Disclosure Project)
- ▶ Continue with Mears Workforce Group, as governance to main board, leading on all workforce practice and engagement
- ▶ Reduce debt yearly, with a target for zero debt by 2025
- ▶ Continue disciplined approach to bidding and capital allocation to maintain strong balance sheet

PROTECTING HUMAN RIGHTS

Our Goals

- ▶ Maintain our approach to ensure we have no human rights breaches or issues

Our Plan

- ▶ Continue to conduct business and deliver service in a way that respects and considers Human Rights
- ▶ All suppliers fully compliant with Group policy by 2024
- ▶ Uphold our standards and compliance on modern slavery, human trafficking and child/forced labour.
- ▶ Regularly monitor labour and payroll
- ▶ Deliver a package of initiatives that raise awareness with employees
- ▶ Gain greater understanding of the supply chain practices and procedures of our key suppliers

INFORMATION SECURITY AND GOVERNANCE

Our Goals

- ▶ Continually evolve a robust strategy to ensure we deliver the highest standard, have no security breaches and are fully GDPR compliant

Our Plan

- ▶ Embed a consistent process to identify and assess privacy risks - 100% compliance across all business areas
- ▶ All Information security incidents are investigated and areas of improvement are identified and actioned
- ▶ Delivery a package of initiative that ensure awareness and understanding across all colleagues
- ▶ Maintain an ISMS that is certified to ISO27001
- ▶ Obtain and maintain industry certifications
- ▶ Identify and manage cyber risks
- ▶ Deliver secure information systems to the Group

Good Governance



Through robust governance and identifying risks and opportunities, the Mears Executive board works to the highest level of transparency and good governance. Our aim is to take this approach throughout our business to ensure that ethical behaviour, transparency and openness forms the heart of our culture at every level.

“THROUGH GOOD GOVERNANCE WE KNOW THAT WE CAN REDUCE RISKS AND CREATE VALUE BY LEADING FROM THE FRONT TO CREATE A BUSINESS TRULY BASED ON ETHICAL, AND TRANSPARENT BUSINESS PRACTICES.”
 - ALAN LONG, EXECUTIVE DIRECTOR

SUSTAINABLE PROCUREMENT

Our Goal

- ▶ Define our strategy to sustainable procurement by 2023 and thereafter deliver and evolve our approach to maintain our high standards
- ▶ Continue to work with externally accredited organisations on attributing value to sustainable procurement
- ▶ Our Top 10 suppliers engaged in collaborative ESG plan

Our Plan

- ▶ All suppliers signed up to our Supplier Commitments. Measure and monitor annually.
- ▶ All core suppliers have successful environmental audit results by 2025
- ▶ All timber products sourced from certified forests by 2030
- ▶ 90% of all sourced products are from sustainable sources by 2025
- ▶ Maintain responsible approach to prompt payment code
- ▶ Ensure our procurement activity is outcome-focused with well-defined deliverables

PARTNERSHIPS

Our Goal

- We will continue to;
- ▶ Work closely with our clients and supply chain and increase partnership tenure
 - ▶ Work closely with investors and funders
 - ▶ Hold ourselves to account through scrutiny

Our Plan

- ▶ Provide secure investment & funding
- ▶ Continue with Your Voice Customer Scrutiny Board – independent framework for customer engagement
- ▶ Continue with ESG Advisory Board – independent advisors that constructively challenge
- ▶ Consider ESG factors across all assets in which we invest by 2025
- ▶ Partner with governments, businesses, academia, and communities to ensure best practice and mobilise action for sustainable development
- ▶ Positively influence policy and current practice (local and national government) through our Thought Leader programme – continue to lead the way

ESG Commitment – putting our clients first

Through our approach we will put our clients first, working in partnership to achieve our combined ESG ambitions.

To achieve this we will focus on;

- ▶ **Healthy Planet** - our transition to net zero, by decarbonising homes, reducing emissions across the Mears Group and making a positive contribution to our planet
- ▶ **Improving Lives** - Making a positive difference by delivering great service safely, giving something back and treating everyone fairly and equally, specific to their needs
- ▶ **Good Governance** - Running our business in the most ethical and transparent way, operating robust governance processes covering; ethics, risk, IT, procurement and partnership working.

What success looks like?

“By everyone working together and delivering our ESG ambitions, we will maintain strong business credentials and demonstrate our commitment to always doing the right thing.”

“As a responsible service-provider to the public sector, Mears has always been committed to the lives of the customers we support, the communities in which they live, the quality of our staff experience and more recently the environmental agenda.

This is a core purpose for the company and, accordingly, for those who work within it.”

David Miles, CEO

Successful delivery means, by 2025, we will have;

- ▶ **Enhanced our ESG reputation and articulated a clear story to the City, our investors, clients, customers and partners**
- ▶ **Attracted new investors to our business**
- ▶ **Retained all agreed ESG related accreditations**
- ▶ **Championed external themes that demonstrate our values**
- ▶ **Established ourselves as a Thought Leader - staying ahead of, and be involved in future policy and regulation changes**
- ▶ **Established Mears Foundation as the cornerstone of our community investment work.**
- ▶ **Grown diversity, across our business, especially in senior positions.**
- ▶ **Demonstrated commitment and internal leadership to ESG**
- ▶ **Supported work winning and retention**
- ▶ **Developed strong partnership working with Supply chain**
- ▶ **Enhanced our employer brand story and colleague loyalty**
- ▶ **Be leaders in reducing carbon and fuel poverty in social housing**
- ▶ **procurement and partnership working.**

Mears Leadership Team





Partners for purpose

Combined with our Group approach to ESG, we will continue to build trust with all our stakeholders, to be considered as the leading socially responsible business by 2025 in our sector.