



mercia
asset management

Diversity, Equity & Inclusion (DEI) Policy

Status: Approved

Cross referenced related documents: Internal values and Culture policy, Sustainability & Responsible Investment Policy

Owner: Banshi Dhillon, Sustainability Manager

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1. Executive summary

At Mercia, we believe that building and maintaining a diverse, equitable and inclusive workforce is conducive to strong business performance. Our Diversity, Equity and Inclusion (“DEI”) strategy focuses on awareness and accountability. It reflects our culture and values, attracts and retains the best talent, and creates a positive working environment.

We embed these values across both our business and investment activity encouraging our portfolio companies to build diverse teams and inclusive cultures that drive success.

We remain committed to applying these principles and acting in the best interests of our employees, investors, investees and wider stakeholders. We recognise that inclusion and performance are linked and that long-term value depends on representation, fairness and belonging.

2. Our Policy

Championing diversity brings real value to our business and investment outcomes, strengthening Group and investment performance. We value diversity across background, thought, identity and experience. Understanding and holding deep respect for people’s differences can bring a wealth of knowledge to an organisation and create a fairer, cohesive working environment. We strive to give all employees equal opportunities where barriers are identified and removed to allow our team to build their careers in a meritocratic organisation where diversity is valued.

This policy sets out our commitments and the actions we take to advance DEI within Mercia and across our portfolio. Our DEI agenda shapes our practices and procedures on recruitment and selection, compensation and benefits, professional development and training, investment activity, charitable initiatives, and continuous nurturing of an equitable organisation.

We will review this policy regularly, at least annually, to ensure it accurately reflects our strategy and philosophy while considering the social agenda and complying with legislation.

3. Our Shared Commitments

At Mercia, we take shared accountability at every level to deliver a set of commitments outlined as follows. While DEI is everyone's responsibility, our Executive Committee ("ExCo") recognises that it is accountable for promoting diversity and fostering an inclusive environment for everyone to flourish at Mercia.

We act without Discrimination

When assessing performance, we are committed to treating all employees equally and with respect and fairness.

We do not tolerate bullying, harassment, victimisation and unlawful discrimination. We promote dignity and respect for all, ensuring differences are recognised and valued.

We take complaints seriously, and these are dealt with as misconduct under the Mercia's Disciplinary & Grievance procedure, where particularly serious complaints could amount to gross misconduct and therefore lead to dismissal without notice.

We ensure all recruitment is free from bias in sourcing, screening and shortlisting.

In line with one of our investment guiding principles; 'reducing inequalities across our communities', we assess each opportunity for its alignment with DEI as part of our pre-investment due diligence process. This guiding principle aligns directly with SDGs 5 (Gender Equality) and 10 (Reduced Inequalities) where we look to make a positive impact whilst acting in Mercia's sustainable long term business interests.

Prior to completion, all new opportunities receive an ESG questionnaire which includes DEI-related questions focussed on gender and ethnicity monitoring as well as inclusive working.

We educate

Every employee has access to learning and development that supports their growth, supported by line managers and the People and Talent team. We provide mandatory internal training through our Learning Management System and coordinate external training to educate the whole team on the importance of DEI, as well as targeted training in subjects which promote awareness of unconscious bias and foster inclusive behaviours.

We reward fairly

We recognise the benefit for everyone of offering flexible working practices in consultation with Managers, recognising the positive impact this has on equality at Mercia.

We continue to provide a wide range of benefits to enable all our team to learn well, work well and live well.

We support our community

We foster positive behaviours which promote collaboration and respect for diverse perspectives through a number of internal and external channels.

As part of Mercia Spirit, we are committed to working with charities which support under-represented socio-economic groups through volunteering and work experience opportunities.

We Measure

We measure progress appropriately, collecting only relevant, anonymised data in line with general data protection rules (“GDPR”), to guide improvement and accountability.

We monitor the make-up of the Mercia team with the aim of collecting only necessary data to encourage best practice.

We are committed to the below targets to improve diversity across senior management and our wider team. All employees contribute to company-wide objectives with regards to DEI. Remuneration of Executives is in part linked to achieving these objectives which are set quarterly and reviewed annually. This reinforces accountability and visible commitment from leadership.

4. Measuring our Achievements

We set ourselves targets that we believe will drive improvement for the business and our team. We previously set targets of 40% of our Executive Committee (“ExCo”) and 25% of our Investment Committee (“IC”) to have female representation by March 2025. We have exceeded these targets.

Today, ExCo has 46% and IC (total, across all asset classes) has 25% female members. In addition, our board is currently comprised of 20% female members and our Executive Team is 33% female.

We align our strategy with our corporate growth plan and hence our targets to be achieved by March 2026 are as follows:

- Seek to maintain ExCo and IC gender ratios as set out above
- Target 50% female new joiners over the next 18 months
- Improve data collection in further categories of diversity where possible