

Diversity, Equity & Inclusion policy

Background

At Mercia, our culture has always been one of acceptance and inclusion and so our approach to Diversity, Equity & Inclusion (DEI) reflects that belief.

Like many businesses, Mercia is investing time in focusing on how we can nurture DEI. We are creating a workplace that reflects the communities we serve and where everyone feels they can be true to themselves at work each day. We are building an inclusive, equal culture that encourages, supports and celebrates the diverse voices of our team, we passionately believe that this fuels higher performance, creativity and delivers better results for the team, our investees and investors.

We consider DEI to be a part of our overall People and ESG strategy at Mercia. This policy documents what we do, and is not the end point, as achieving DEI is an ongoing pursuit. We see this policy as a living and evolving document, along with our ways of working. The policy will be reviewed at least annually to ensure that it accurately reflects our philosophy, aligns with societal dynamics and complies with legislative updates.

Policy details

In considering our approach to DEI we address:

- **Strategy:** We drive company-wide appreciation for the value DEI brings to our business. Our strategy identifies our goals and how we measure our success on this journey. And we ensure we put policies in place across our operations that embed the principles of DEI and other valuable aspects of ESG, achieving consistency in all our teams.
- **Leadership:** We have strong support from our Executive Team, and we train our managers to ensure their awareness of the importance and value of DEI and how to ensure it is embedded in our working practices. Our culture and Core Values support DEI.
- **HR Processes:** At the heart of everything we do, our People & Talent Team embed DEI considerations in all related policies throughout the employee lifecycle and measure and report our success in this area.
- **Other Initiatives:** Our ambition goes beyond meeting the standard, and we strive to improve our DEI achievement through wide ranging initiatives for example, training on skills such as unconscious bias.

A new Mercia Core Value for 2023 centres on being 'Respectful'. This recognises that in our day-to-day approach, everyone at Mercia takes responsibility for making a positive financial and non-financial difference. We do this by actively contributing to the development of Mercia's overall ESG activity, working with our portfolio companies to highlight ESG best practice and treating all contributions, colleagues,

and stakeholders equally. Every team member is measured on how this value is demonstrated in their day-to-day decisions, behaviours and actions.

Our Shared Commitments

We are working hard to create a workplace which accepts every person's differences and where we take a top-down and bottom-up approach to a shared set of commitments.

1. While DEI is everyone's responsibility, our Executive Team recognise that they are accountable for promoting diversity and fostering an inclusive environment for everyone to flourish at Mercia.
2. We truly value diversity at Mercia and are committed to treating all the Mercia team, whether contractors, temporary, full-time or part-time, equally and with respect and fairness. This is regardless of race, colour, ethnic or national origin, religion or religious beliefs, gender or gender reassignment, sexual orientation or marital status, disability, responsibility for dependents or age.
3. We create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of the whole team are recognised and valued. We take seriously complaints of this nature, and such acts will be dealt with as misconduct under the Mercia Disciplinary & Grievance procedure, where particularly serious complaints could amount to gross misconduct and therefore lead to dismissal without notice.
4. We prioritise diversity in our recruitment process and ensure that it's free from bias in sourcing, screening and shortlisting, enabling us to attract a wider pool of candidates who will contribute broader perspectives and a newfound layer of creativity and ideas to help us as we grow.
5. Through our established PDR process, we make opportunities for training and career development open to the whole team, who are supported and encouraged by line managers and the People & Talent Team, to develop their full potential. We work to ensure that their talents can be fully utilised to maximise personal and company growth.
6. We train our managers and the wider Mercia team in their DEI responsibilities, understanding that as well as Mercia/the company, they too can be liable for acts of bullying, harassment, victimisation and unlawful discrimination while working for us.
7. 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.
8. We continue to provide mentoring opportunities for everyone across Mercia through our Great Minds Mentoring initiative, where individuals are connected to share skills/knowledge and learn, to support personal and company development.

9. We recognise the benefits for everyone of offering flexible working practices and enhanced leave policies, and the positive impact this has on equality at Mercia.
10. We continue to provide a wide range of benefits and perks to enable all our team to learn well, work well and live well.
11. We monitor the make-up of the Mercia team, regarding information such as age, gender, ethnic background, sexual orientation, religion or belief and disability with the aim of collecting only necessary data to encourage and support equality, diversity and inclusion.
12. We foster positive behaviours which promote collaboration and respect for diverse perspectives through a number of internal and external channels:
 - the communication of our Shared Commitments
 - our existing ESG Committee and O2 Group (both made up of a mix of members across all teams in Mercia),
 - our Mercia Spirit charity work and fundraising,
 - our shared company KPIs for 2023/24 which place E, S, and G firmly on the roadmap, with communicated clear targets for achievement.
 - internal training.

Measuring our Achievements

We set ourselves targets that we believe will drive us to work differently and achieve progress in DEI. Today our board is currently comprised 40% women, our Exec team 25% women and our ExCo 39% women.

Our targets to be achieved by March 2025 are as follows:

40% of ExCo to be women, the industry average is 32%

25% of our Investment Committee to be women, the industry average is 24%.

General

This policy will be made available on Bamboo for all current team members. All new joiners will be made aware of its content as part of our general induction, and changes will be communicated by way of email, or other relevant communication media. This policy is fully supported by the Mercia Executive Committee.

Questions relating to this policy should be directed to the People & Talent Team.