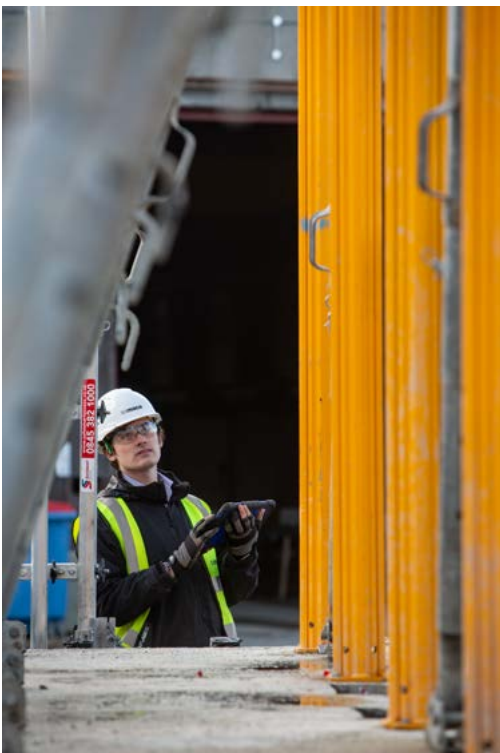


# Environmental, Social and Governance Report 2020



BUILDING A  
BETTER FUTURE

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TO REDEFINE  
THE BOUNDARIES  
OF AMBITION

# INTRODUCTION

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**The impact that we have  
on the world defines us.**

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**01**

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# INTRODUCTION

## At Mace, we are committed to protecting the environment, bringing wider social benefit and robust, ethical governance.

For the first time, Mace is publishing a full Environmental, Social and Governance report alongside our annual report and accounts.

Our aim is to highlight the significant steps we've taken over the past twelve months to transform our operations and share best practice from across our organisation.

As part of our new 2026 business strategy, Mace's purpose and three strategic priorities have been set within the context of a robust approach to Environmental, Social and Governance (ESG) across our organisation.

We have outlined our approach and our ambitions for each area of ESG. Our priorities as displayed in the graphic to the right, drive our objectives, and in turn those objectives contribute to our ESG ambitions.

By aligning our purpose and priorities with our ESG approach, we're able to be transparent about what we're aiming to achieve over the next five years and how we create value across our business.



**Mark Reynolds**  
Group Chief Executive

### About this report:

2020 was a year of significant change for Mace, including the development and adoption of a new business strategy. As such, this report captures elements of both our 2022 Business Strategy, which governed our measurement and performance during much of 2020, and our 2026 Business Strategy, which lays out our plans for the future.

### ENVIRONMENTAL

#### PURSUE A SUSTAINABLE WORLD

Accelerate the built environment's response to the climate emergency

### GOVERNANCE

#### DELIVER DISTINCTIVE VALUE

Service excellence, innovation and industry transformation

TO REDEFINE THE BOUNDARIES OF AMBITION

#### GROW TOGETHER

Engage, develop and inspire our people, clients, partners and communities

### SOCIAL



Click here to view our 2026 Business Strategy

# OUR ESG STRATEGY

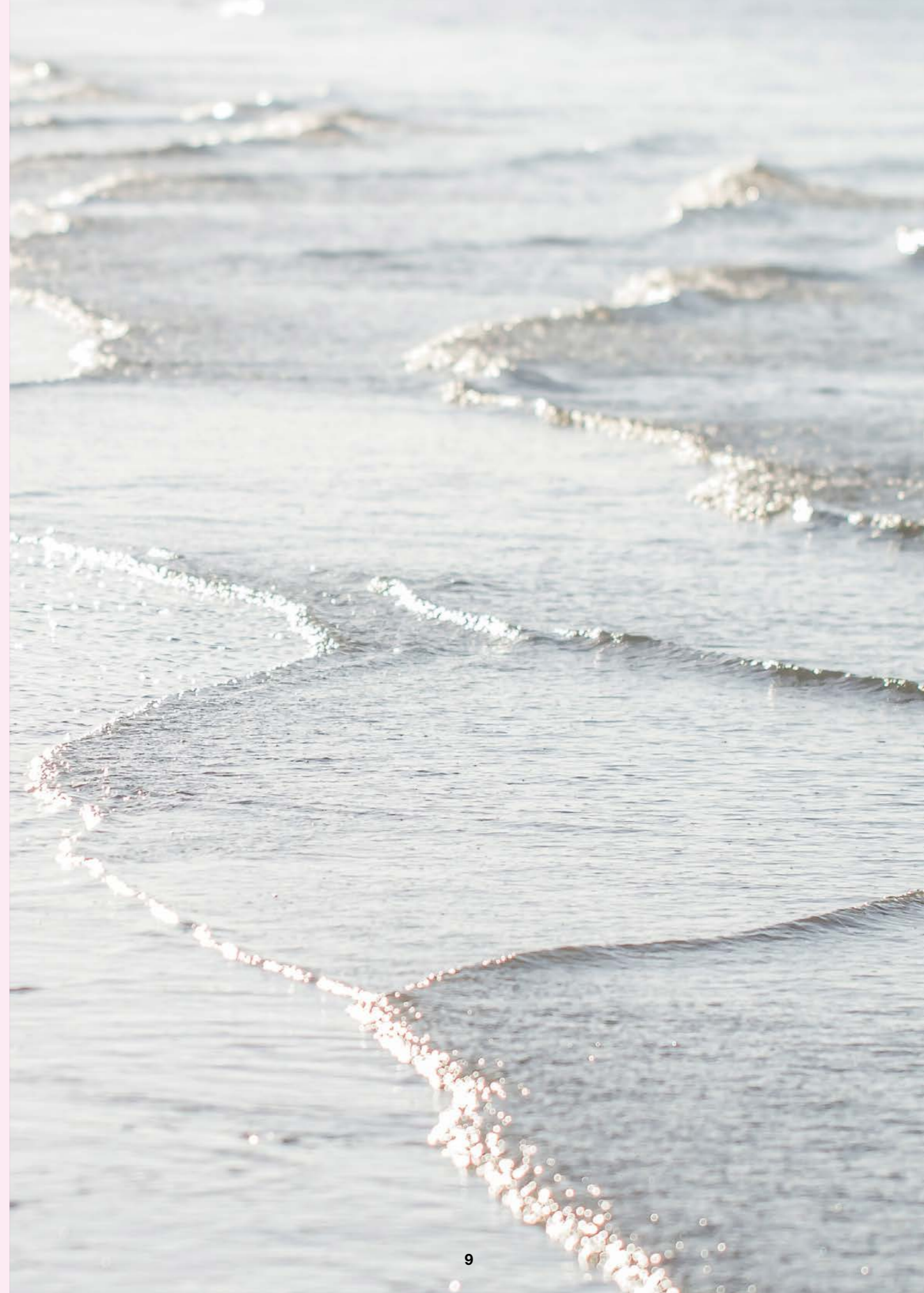
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**Transforming the impact we have  
on our society and planet.**

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# 02

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# OUR ESG STRATEGY

**As a purpose-driven organisation, we have a responsibility to the communities where we work.**

We are evolving the way we do business; ensuring that the way we operate is sustainable, ethical and robustly governed.

We have set clear priority areas, mapped those areas onto the relevant UN Sustainable Development Goals and adopted targets that will challenge us to focus on the things that matter as we continue to grow.

As we continue on this journey, we will work with independent auditors to ensure that our reporting is robust and reliable.



## Our environmental strategy

From the resources we use to the waste we generate, we are taking bold action – to transform our business activities and spearhead positive change, introduce best practice throughout our global networks and help lead our industry to do the right thing.



### UN Sustainable Development Goals



#### Our targets for 2026

**10%**  
Annual corporate carbon reduction

**1m tn**  
Client carbon reduction

**500ha**  
Biodiversity net gain

#### 2020 performance

**47%**  
reduction in our carbon emissions

Not measured in 2020

**0.8ha**  
69ha delivered between 2017 and 2020

#### Focus areas

- Climate change**  
 To be a positive and unified force for change in the fight against global warming. Working together to build stronger, more resilient communities.
- Biodiversity**  
 Creating natural solutions to climate change that enhance environments and communities.
- Carbon reduction**  
 Reducing carbon emissions beyond direct business operations – both on our own and together with our clients.

## Our social strategy

Wherever we work in the world we empower and encourage each other to grow together – colleagues, clients, suppliers and communities. We are stronger as one.



### UN Sustainable Development Goals



#### Our targets for 2026

**0.04** AFR  
Health, safety and wellbeing performance

**85%**  
Colleague engagement score

**10%** annual improvement  
Gender & ethnicity pay gap improvement

**100%**  
of payments made to our supply chain within 60 days

**£700m**  
Value2Society

#### 2020 performance

**0.07** AFR

**86%**  
(2020 survey delayed to February 2021)

**9.6%**  
reduction in our gender pay gap in 2020

**92%**  
of payments made to our supply chain within 60 days

**£474m**

#### Focus areas

- **Our people**  
Creating a fair, supportive and inclusive platform for everyone to unleash their potential and realise their ambitions.
- **Our suppliers**  
Working in partnership to achieve much more together and transform our industry, for people and the planet.
- **Our communities**  
Delivering life-changing projects that create opportunities and bring communities together.

## Our governance strategy

Good governance relies on accuracy and transparency. From the structure of our business to our policies, compliance and audits, our governance approach focuses on maintaining industry-leading best practices and always achieving the highest standards of ethical conduct.



### UN Sustainable Development Goals



#### Our targets for 2026

**100%**  
Responsible materials procurement (primarily timber, concrete and steel)

**3.5%**  
R&D investment

**85%**  
Client satisfaction score

#### 2020 performance

**99.8%**

**3%**  
£48m invested in 2020

**87%**

#### Focus areas

- **Service excellence**  
Finding better ways to deliver for our clients. We are driven by our endeavour to exceed our clients' expectations.
- **Corporate compliance**  
Strong, transparent and accountable governance to maintain integrity with our clients and partners.
- **Risk management**  
Mitigation, controls and audit – providing assurance to our clients, people and investors.
- **Anti-corruption**  
Taking a zero-tolerance approach that ensures our business remains ethical, fair and compliant through everything we do.

# ENVIRONMENTAL

**Standing shoulder to shoulder. Bearing the weight of the environment.**

# 03





# ENVIRONMENTAL REPORTING

**2020. A momentous year in our fight against climate change. A year when we not only stepped up our game with our boldest target yet, but we started out on a journey to bring our industry together – to share knowledge and learning, and support each other in a race that can only really be won together.**



Click here to  
read our One  
Year On Report

**Building on our successes to date, and armed with a game-changing ambition to become a net zero carbon business in one year, we made great strides against our sustainability targets that would ordinarily have looked like mountains to climb.**

**That change of perspective re-awakened our ambitions, it inspired our people and it excited our clients.**

# 2020 in numbers: Environmental



### 2026 target

Eliminate diesel on all sites by 2026

### 2020 performance

**40%** reduction in diesel use



### 2026 target

Reduce corporate carbon footprint by 10% each year

### 2020 performance

**47%** reduction in carbon emissions

### 2026 target

Reduce our waste tonnage by 5% each year from 2020 baseline

### 2020 performance

**99%** of waste diverted from landfill



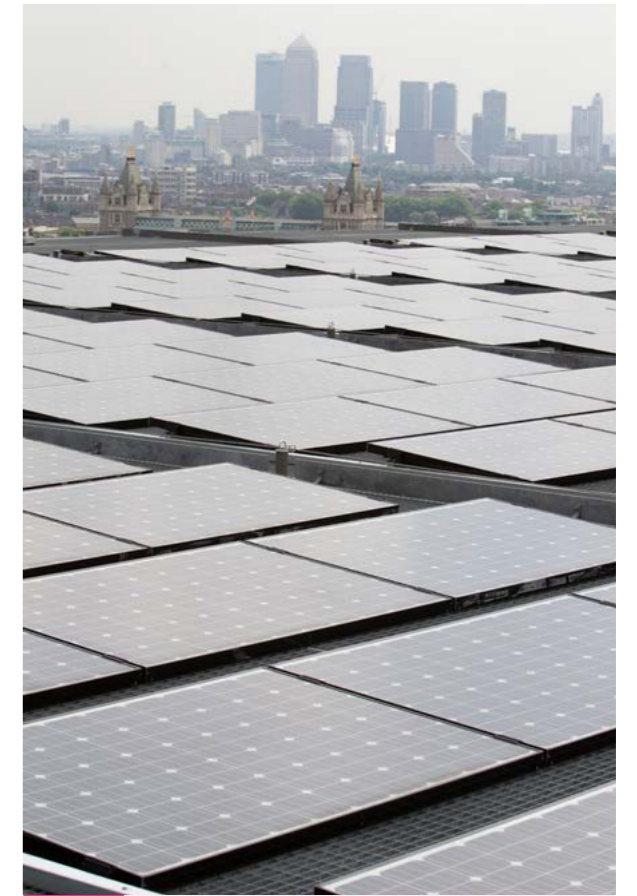
### 2026 target

Deliver 500 hectares of biodiversity net gain over six years

### 2020 performance

**0.8ha** biodiversity net gain

69ha delivered between 2017 and 2020



### 2026 target

Save 1 million tonnes of client carbon emissions

### 2020 performance

Not measured in 2020

## Our impact

### Tackling climate change

Since day one at Mace, we have consistently pursued a better way and in 2020 we went further than ever in our pursuit of a sustainable world. In our role delivering and reshaping the built environment, we have a fantastic opportunity to make a meaningful difference and that's why we've proudly pledged our support to worldwide industry campaigns, all focused on addressing the most pressing challenge of our time.

We are more determined than ever to bring about positive change in our industry. Whether it's our Climate Pledge to meet the Paris Agreement 10 years early or switch to 100% renewable energy procurement, or our commitment to the World Green Buildings Council net zero buildings commitment – or our recent signing of the Race to Zero campaign and a commitment to halve our own emissions by 2030 and achieve zero emissions by 2050.

And while our words can inspire, it is our actions that will help lead the way in this fight.

### Improving biodiversity

Construction delivery, whether commercial refits, new housing development or public infrastructure, has the potential to impact on natural habitats, affecting wildlife and plant species. The construction sector is also an important user of resources, many of which are produced or derived through processes which impact on biodiversity.

Therefore, we have an important role to play in protecting sensitive sites supporting biodiversity net gain. There are many opportunities to enhance biodiversity by creating habitats as part of the construction or development.

We have been dedicated to delivering net gain since 2012. Whilst 2020 was necessarily a quieter year for us throughout the various lockdowns, in 2021 we increased our ambition, set new targets and created new green public realm and natural habitat

### Reducing carbon

In January 2020 we made a bold commitment to become net zero carbon and by December, we had achieved it.

A combination of new technology, new methods of construction and new working practices saw us reduce our emissions from 26,000 tonnes to 14,000 tonnes between January and December. In recognition of the rise in carbon emissions that our people emitted through working from home during the pandemic, we expanded this scope, resulting in an additional 2,500 tonnes which we included in our offsets.

We also maintained our commitment to RE100 and procured 100% renewable power within the UK, and 71% globally – delivering 100% renewable electricity across all of our UK construction sites and procuring 71% of energy from renewable sources.

Diesel use remains a challenge but with new equipment coming to market we partnered with innovative providers of diesel alternatives. Our policies now ban the use of diesel generators, and in 2020 we reduced diesel use by 40%.

Our efforts to reduce carbon emissions extended beyond our direct business operations. In 2020 we actively engaged with over 40 of our Business School supply chain members and are supporting them to set and achieve their own net zero carbon commitments. All of our supply chain partners must have a net zero carbon strategy in place by December 2022.

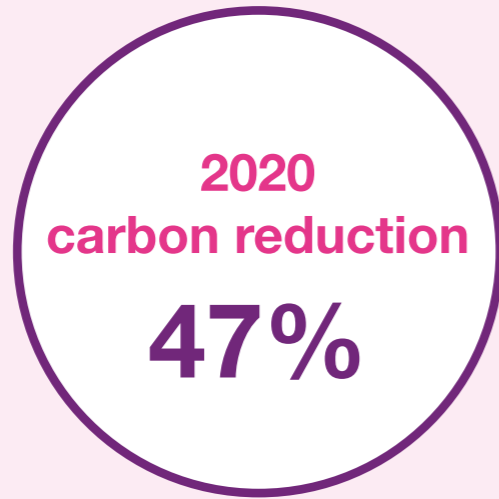
In our Develop business, we undertook more detailed analysis of the embodied carbon footprint of our projects under construction and developed new benchmarks to include within a Sustainable Development Brief that will shape all future developments. This brief includes forward-looking targets that meet the embodied carbon standards proposed by the LETI Climate Emergency Design Guide. This gives both our designers and contractors the flexibility to propose innovative low-embodied carbon solutions.



### Our carbon data

On the following page, we have shared a full breakdown of our carbon emissions data. Selected data has been independently assured by Deloitte LLP – see page 60 for their scope of work and assurance statement.

# OUR CARBON DATA



**Scope**



Direct emissions from owned or controlled sources.

**34%**

Reduction

**Scope**



Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

**70%**

Reduction

**Scope**



All other indirect emissions that occur in a company's value chain.

**50%**

Reduction

		kgCO2e	
		2019	2020
<b>Scope 1</b>		6,659,927	4,372,898
<b>Scope 2</b>	Location-based	5,474,171	6,611,573
	Market-based	1,921,446	565,893
<b>Scope 3</b>	Purchased goods and services – water consumed	54,720	39,347
	Capital goods – embodied carbon in our development projects	7,600,000	2,749,000
	Waste generated in operations	533	417
	Business travel	10,162,510	3,657,039
	Employee commuting – working from home	-	2,500,000
<b>Total Scope 1,2 &amp; 3</b>		<b>26,399,137</b>	<b>13,884,594</b>



**Energy**

**42%**

Reduction

**Waste and water**

**28%**

Reduction

**Embodied carbon**

**64%**

Reduction

**Business travel**

**64%**

Reduction

	2020 kgCO2e (market)						Reduction from 2019 kgCO2e
	Consult	Construct	Operate	Develop	Group Services	Total	
<b>Energy</b>	291,989	4,183,746	456,898	6,158	0	4,938,791	3,642,583
<b>Embodied carbon</b>				2,749,000		2,749,000	4,851,000
<b>Waste &amp; Water</b>	854	38,435	184	292	0	39,765	15,489
<b>Business travel</b>	2,013,744	1,586,411	44,304	6,025	6,555	3,657,039	6,505,471
<b>Working from home</b>						2,500,000	-2,500,000
<b>Total</b>	<b>2,306,587</b>	<b>5,808,592</b>	<b>501,386</b>	<b>2,761,475</b>	<b>6,555</b>	<b>13,884,594</b>	<b>12,514,543</b>

# ESG CASE STUDY: CLEAN TECH TRIALS

## In 2020 we trialled new clean technologies to help accelerate our industry's transition to cleaner construction sites.

Our project teams continue to make progress on the exploration of new solutions, from diesel-free alternatives such as electric excavators, to 100% renewable energy supplier sources and hybrid generators.

Our policies ban the use of diesel on our sites and by 2026 we are aiming to eliminate diesel use across our construction sites.

Last year we successfully trialled a hybrid generator, which utilises a battery bank to drastically improve the efficiency of the equipment. The savings in diesel resulted in a payback period of only 12 weeks, not only saving money but cutting harmful emissions. We now have a clause in all subcontractor contracts that ensures diesel generators on site have to use this technology.

As part of our new strategy we have set ambitious targets to cut our carbon emissions and improve the air quality in cities across our construction sites.

### Strategic priorities and objectives

Pursue a sustainable world

- Realise our net zero carbon ambitions
- Source and manage our resources responsibly

### ESG focus areas

- Climate change
- Carbon reduction

### UN sustainable goals



# S O C I A L

**Diverse, ambitious and inspired. Taking a one-team approach to transform the industry like never before and create social value for communities around the world.**

# 04



# SOCIAL REPORTING

Whether we are tackling carbon reduction, modernising how we construct or inspiring the next generation; the power of collaborative working for social value has long been part of our strategy to deliver projects that impact lives, grow communities and create opportunities.



Click here  
to read our  
Diversity and  
Inclusion  
strategy



In 2020, it became more important than ever that we create social value through our work. As a responsible and purpose-led business, we held ourselves to account by measuring and reporting on the social impact we make, and by setting ourselves robust and ambitious targets that go far beyond our own gain.

# 2020 in numbers: Social



**2026 target**  
Grow our Value2Society to £700m

**2020 performance**  
**£474m**

**2026 target**  
To increase our spend with social enterprises to £2m a year.

**2020 performance**  
**£250k**



**2026 target**  
Grow community investment to £20m (Value2Society valuation) from our 2019 £9.9m baseline

**2020 performance**  
**£3.04m**

**2026 target**  
Improve our gender and ethnicity pay gap by 10% year on year

**2020 performance**  
**9.6%** reduction in our gender pay gap



**2026 target**  
Improve our annual engagement survey results to 85%

**2020 performance**  
**86%** (2020 survey delayed to February 2021 due to COVID-19)



**2026 target**  
Ensure that we're paying our supply chain promptly and fairly. 100% of invoices paid within 60 days

**2020 performance**  
**92%** of invoices paid within 60 days

**2026 target**  
Achieve an Accident Frequency Rate of 0.04

**2020 performance**  
**0.07** AFR





The past year has highlighted the need for greater focus on the social value created by business activities. At Mace, our social impact is measured by the experience, health, safety and wellbeing of our people, clients and supply chain partners and the lasting legacy our work leaves for communities to grow and prosper.

### Our people

Mace was founded on the principle of ‘finding a better way’ and that approach sits at the heart of our culture – empowering our people to constantly innovate, develop new solutions and lead the way with revolutionary techniques.

Creating a truly diverse and inclusive environment is the key to us achieving our ambitions and in 2020 we did more than ever before to maximise opportunities for all and create a culture where everyone is able to be themselves at work.

In September, we launched a diversity and inclusion strategy that will help us create a better working environment for all, and as a direct result, we have already seen a positive increase in our graduate and apprenticeship intake, recruiting 75 apprentices and graduates in 2020, with 35% identifying as female and 20% identifying as being from an ethnic minority background.

For the fifth year running we published our gender pay gap and in 2020 achieved an improvement of just under 10% – closely aligned to the targets we set ourselves the previous year.

The launch of several inclusion networks in recent years have challenged our business to become better; helping us to move towards our ambitions to be the most inclusive employer in our industry, and in 2020 we expanded our networks to include Enabled at Mace and Parents at Mace.

Employee experience was a concern for us in 2020, with so many of our workforce impacted by the global pandemic. We increased conversations about mental health and launched new policies to support flexible

working. And we worked with our industry peers to safely address the challenges of safe working, particularly across our construction sites.



### Our suppliers

Our suppliers are an extension of Mace. They are pivotal to the service we provide to our clients – ensuring safety, consistency and innovation on every project.

With a supply chain built around shared values we are able to deliver faster, better and safer – constantly challenging convention to deliver industry-leading projects.

As a signatory to the UK Government’s Prompt Payment Code we are committed to fair dealing with all of our suppliers with complete transparency and ensuring a timely and efficient resolution of any disputed invoices. Our latest 2020 reporting under the scheme showed that the company’s average time taken to pay invoices was 30 days and 92% of invoices, including those in dispute, were paid within 60 days.

With sustainability a strategic priority and primary focus at Mace, the importance of our supply chain cannot be underestimated. Taking a collaborative approach, we are working with all of our suppliers to ensure they have a net zero carbon strategy in place by 2026.

To ensure we keep moving forward, the Mace Business School teaches our suppliers to deliver industry best practice and maintain the highest level of health and safety. In 2020 we moved a large part of our training on-line, enabling us to continue courses and maintain standards.

### Our communities

It is our social responsibility to ensure that the lasting legacies we build add value to communities, both socially and financially.

Our diverse portfolio of work allows us to develop a great understanding of the needs of different communities. So whether we are regenerating forgotten parts of a city or building new social infrastructure, on every project and programme we aim to provide opportunities that enable local people to thrive.

Since 2017, our work with local communities has increased significantly through the creation of employment opportunities, social enterprise spend, the support we have given to local businesses, and pro bono work.

Our future plans are ambitious. We will grow our efforts with a community investment programme of £20m, we will take our volunteering activities and fundraising efforts with the Mace Foundation to new levels, and aim for our Value2Society to reach £700m by 2026.

### Value2Society data

We are proud of the value that our business activities make to society and since 2019 we have measured our contribution through external verification, allowing us to increase our efforts. Each year we commission a review of the social value generated by our activities. For our independently reviewed Value2Society data, please see page 34.



The construction of a new primary school in Chitunthika Village in Malawi, was sponsored by the Mace Foundation through the Dubai Cares Adopt a School Initiative, which works to break the cycle of poverty, illiteracy and low expectations in the region through service and education.

# VALUE2SOCIETY DATA PREPARED BY ROUTE2

**Creating shared value sits at our heart – supporting communities and generating opportunities to deliver better outcomes for society. It’s what we do because it’s the right thing to do.**

In recent years we increased our Value2Society. Our new 2026 target of £700m will challenge us and ensure we create further benefits for people local to where we work, now and in the future.



# VALUE2SOCIETY DATA PREPARED BY ROUTE2

## 2020 Value2Society £474m

The 2020 Value2Society generated by Mace is laid out below. It is measured under six categories. Due to the impact of COVID-19, in some areas we have seen a reduction in performance since 2019.

### ● Human capital | £0.91m

Human capital includes a range of indicators exploring the value Mace adds through investing our people. This includes employee volunteering and wellbeing programmes, and construction site safety.

### ○ Natural capital | -£0.53m

Natural capital explores the value that Mace adds through environmental and green space activity. It reduced in 2020 as our volunteering programme necessarily had to contract due to the pandemic.

### ○ Manufactured capital | -£0.53m

For Mace, only a single indicator is measured under manufactured capital: our consumption of diesel fuel. Although this category is negative, it has improved since 2019.

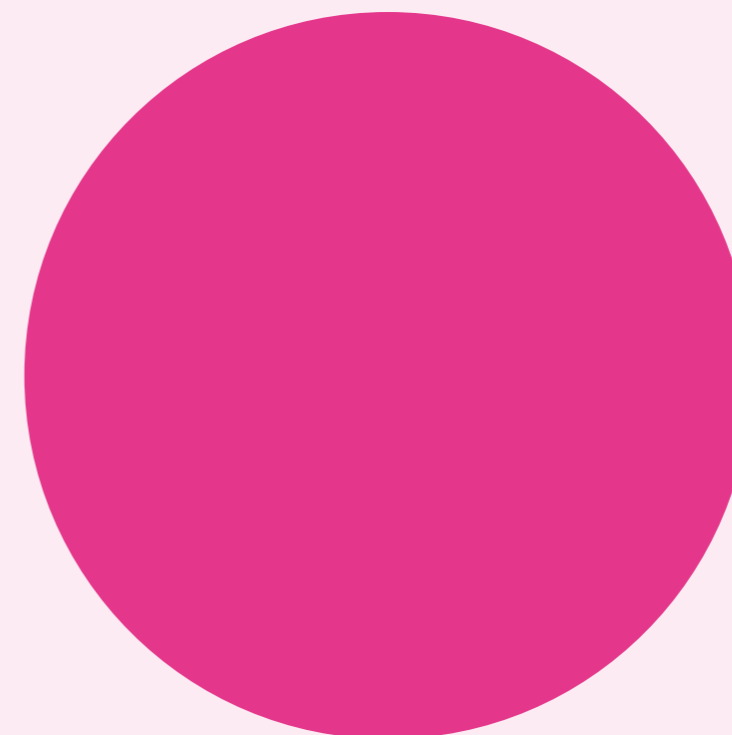


### Intellectual capital | £51.9m

There are six indicators measured under intellectual capital, including our investment in research and development and the training we deliver for our colleagues and suppliers.

### ○ Social capital | -£2.9m

Social capital includes four measures, including our COVID-19 responses and community investment programme. Our activity necessarily reduced in 2020 relative to 2019, to reflect the exceptional operations during the pandemic.



### Economic value (GVA) | £426m

Economic value (GVA) is comprised of three elements: Mace's profit, the tax we pay and our employment costs.

# ESG CASE STUDY: STEEL ZERO

**In December 2020 we became one of the first companies to sign up to SteelZero.**

**The traditional manufacture of steel (one of the most widely used materials in construction) generates a huge amount of global carbon each year.**

SteelZero is a global initiative aimed at driving market demand for net zero steel. It requires organisations to make a public commitment to transition to procuring, specifying or stocking 100% net zero steel by 2050.

Targeting net zero steel from the demand-side of the supply chain makes this the first initiative of its kind, with the potential to significantly impact investment, policy, manufacturing and production in the sector.

Mace has pledged to reach 100% net zero steel by 2040 and placed interim targets of 50% low embodied carbon steel by 2026. We are working closely with our supply chain to help deliver these targets.

## Strategic priorities and objectives

- Pursue a sustainable world
- Realise our net zero carbon ambitions
  - Support and encourage our clients to drive their carbon ambitions
  - Source and manage our resources responsibly

## ESG focus areas

- Carbon reduction
- Climate change

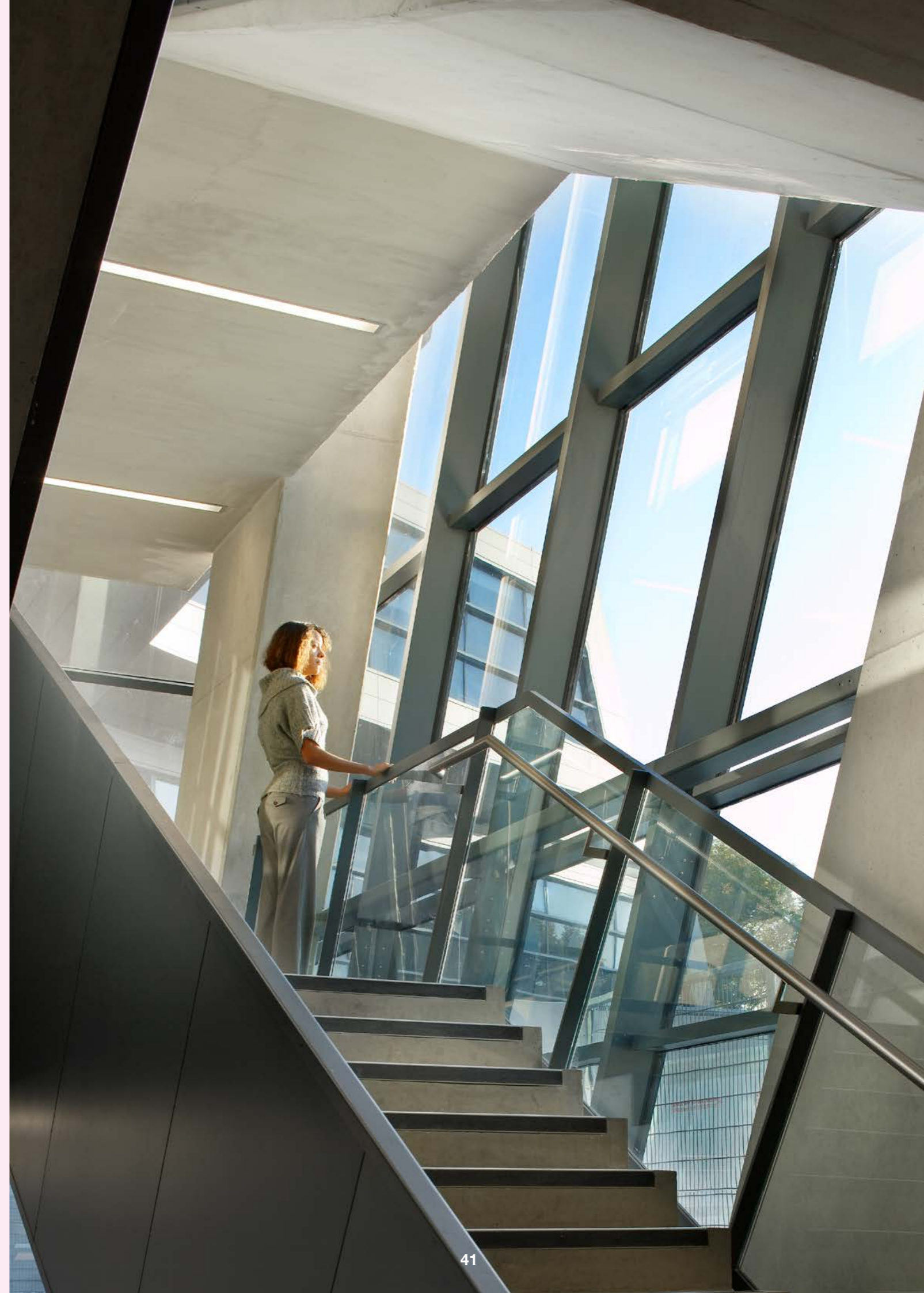
## UN sustainable goals



# G O V E R N A N C E

**Holding ourselves accountable at the highest level – from reporting to ethics, risk management and operating model.**

# 05



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## GOVERNANCE REPORTING

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**Good governance underpins everything we do at Mace. From risk management to corporate compliance, to how we ensure we deliver the highest quality and assurance of success for our clients.**

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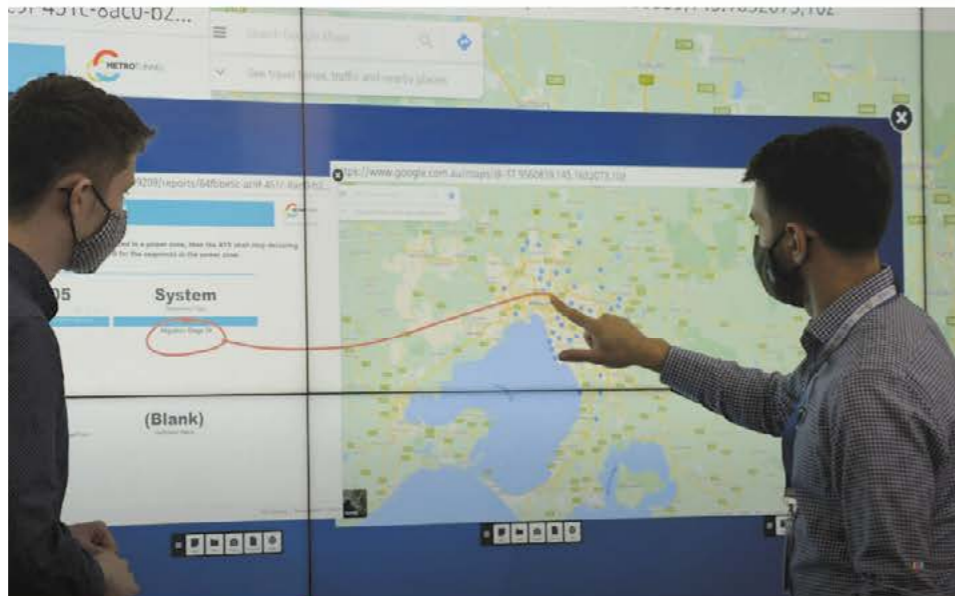
**As Mace continues to grow in size and global reach, so too does our ambition to maintain the highest levels of compliance through Board governance and robust reporting; ensuring that business critical decisions are made effectively and economic changes and risk factors are monitored alongside our business strategy.**

## 2020 in numbers: Governance



**2026 target**  
Our client satisfaction score to be higher than 85%

**2020 performance**  
**87%**



**2026 target**  
Target 3.5% R&D investment of our revenue by 2026

**2020 performance**  
**3%**  
£48m invested in 2020



**2026 target**  
To procure 100% of our timber and steel from responsible sources.

**2020 performance**  
**99.8%**



**2026 target**  
Zero significant cyber security breaches

**2020 performance**  
**0**

In 2020, Mace fully adopted the Wates Code of Governance for private companies. Guided by our code of ethics, we're proud that we're doing business in the right way: managing our finances responsibly, investing sustainably, advocating for positive industry transformation and driving innovation wherever we can.

We've boosted our investment in research and development, year on year – and despite the impact of COVID our operations remain resilient in the face of some of the greatest challenges we've ever faced as an organisation.

### How we're governed

The Board comprises of eleven statutory directors, two of whom are non-executive directors. The Board has an appointed Chairman and Chief Executive Officer to ensure good governance.

The Executive Board comprises of the executive directors, the independent non-executive director and senior management. The Executive Board together represent the knowledge, experience and expertise required to run an organisation as large and diverse as the Mace Group.

Both the Board and Executive Board recognise there is still work to be done to improve the diversity of the Board and is committed to increasing diversity amongst the senior leadership team which will also reflect the Company's diversity and inclusion targets.

The Mace business is divided into four operating divisions – Develop, Consult, Construct and Operate – each has its own CEO who is responsible for delivering the business plan for their respective division. Each division has its own Board chaired by the respective divisional CEO or the Group CEO. These sub-boards meet on a quarterly basis and sit under the Executive Board.

Alongside the Engine boards, there are six subject area sub-boards, each tasked with governing a specific area of Mace's business strategy. Membership of these boards is drawn from across Mace's wider business, and each holds accountability for specific policy areas and delegated decision-making powers.

## Mace Executive Board membership

**Stephen Pycroft** Group Chairman

**Mark Reynolds** Group Chief Executive

**Mark Holmes** Group Deputy Chairman

**Richard Bienfait** Group Chief Finance Officer

**Mandy Willis** Group Strategy Director

**Lee Penlington** Group Commercial Director

**Stephen Jeffery** Group Technical Officer

**Jason Millett** CEO for Consult

**Gareth Lewis** CEO for Construct

**Andrew Jackson** COO for Construct

**Michelle Barkess** Chief Information Officer

**Carolyn Pate** Group Company Secretary

**Develop Board**

**Consult Board**

**Construct Board**

**Operate Board**

**Health, Safety and Wellbeing Board**

**People and Talent Board**

**Innovation Board**

**Responsible Business Board**

**Group and Commercial Services Board**

**Risk and Audit Board**

### Our boards

The Health, Safety and Wellbeing Board operates to monitor and review the development and delivery of the Group health, safety and wellbeing strategy, ensuring its plans are aligned to and enable the business to deliver the 2022 Business Strategy.

The People and Talent Board acts to ensure the delivery of the Group HR strategy.

The Innovation Board operates to monitor and review the development and delivery of the Group Innovation strategy, ensuring its plans are aligned to and enable the business to deliver the 2022 Business Strategy.

The Responsible Business Board was commissioned to lead the Group in the development and delivery of the Responsible Business Strategy.

The Group and Commercial Services Board operates to monitor and review the development and delivery of the Group and Commercial Services strategy, ensuring its plans are aligned to and enable the business to deliver the 2022 Business Strategy.

The Risk and Audit Board acts to monitor and review the development and delivery of the Risk and Audit strategy.



## Corporate compliance

The Group is committed to ensuring high standards of corporate governance across the business and the Wates Principles have assisted by providing a robust framework against which we can measure ourselves.

This is the second year of applying the framework and we have focussed on developing our current practices and have set out our strategy, which recognises that a maturing governance programme is a key to the Group achieving the 2026 Business Strategy.

The Board is firmly committed to the principles of tax transparency and the implementation of measures globally to prevent the facilitation of tax evasion. As part of our increased focus on governance, procedures and a programme of improvement to align with the annual Senior Accounting Officer (SAO) certification, a clean SAO certificate was issued during the year.

Our Risk and Audit Committee is a delegated authority of the Mace Executive Board and provides assurance that the business is fulfilling its corporate governance duties.

Due to the impact of Covid-19 lockdowns and travel restrictions in 2020, our internal Compliance & Audit team ran a restricted programme of internal audits. In total 40 audits were undertaken equating to 58 audit days. On external auditing, our Independent Certification Body delivered a total of 82.5 audit days across 7 ISO standards.

To support the Board's target to achieve a workforce which reflects society we have a Diversity and Inclusion Steering Committee (DISC) who are responsible for driving positive change. This is chaired by our Inclusion Manager and members of the committee are drawn from across the business to ensure we consider a variety of perspectives.

## Risk management

The Group Board regularly review risk appetite, taking into account principal business risks which may change from time to time. Our risk appetite considers our current exposure to different markets and the level of risk we have in respect of projects, geographies and

sectors. The Group Board has oversight of our incident and crisis management processes and procedures and for ensuring these are tested and remain fit for purpose.

Our Risk and Audit committee, as a delegated authority of the Mace Executive Board provides assurance that the business is fulfilling its corporate governance duties. Management and risk controls are embedded in our internal MaceWay system, and are monitored through our internal audit programme and reviewed by our certification body.

Mace is responsible for specifying and procuring large quantities of materials for construction projects and associated services and we have a number of responsible procurement commitments in place to address our risks, which includes membership of SEDEX, the Supplier Ethical Data Exchange platform, to map our supply chain risks and assess ethical standards.

Our intent is to ensure all materials used on our projects are certified as being responsibly sourced through credible, independent third party certification schemes, where available. These include BES6001, eco-reinforcement, CARES Sustainable Constructional Steel scheme and ISO 14001 and we will offer responsible sourcing recommendations in 100% of indirect influence by 2026.

A programme of scheduled audits will continue to be conducted both in the UK and overseas to ensure alignment with Group policies and to evaluate performance against defined standards and best practice.

## Anti-corruption

Since 2015 we have had a comprehensive plan in place to support the requirements of the UK's Modern Slavery Act across our global operations. We require our supply chain and their own suppliers to be members of Sedex and to welcome independent audit. We will continue to work with our international supply chain to encourage membership of Sedex and adoption of transparent labour standards across the globe.

Having introduced Mace's Code of Ethics in 2019, which encompasses our zero-tolerance approach across our global network to modern day slavery, criminal activity, facilitation of tax evasion and the promotion of human rights, inclusivity, fair competition, all Mace colleagues are required to certify every six months that they have read and understood the code as published. In 2020/21 we averaged 84% compliance and are continuing to work with our partners and supply chain to ensure that they equally adopt similarly high standards that Mace applies.

## Service excellence

We have always challenged the status-quo and sought to exceed our clients' expectations by creating new and more efficient methods of delivery, and by improving the quality and overall value that we offer to our clients.

We understand that each and every project and client is different – with unique challenges, preferred approaches and specific objectives. We put our clients' needs at the heart of every project, working with them to understand what really matters and delivering solutions that exceed their expectations.

Our customer satisfaction surveys continued to prove valuable in identifying opportunities to be more efficient, and celebrating teams and individuals that stood out for going the extra mile and our investment in research and development (£48m) helped to drive the industry forward.

## How we engage with our stakeholders

Mace's engagement with our internal and external stakeholders is at the heart of our success as a business, and during 2020 we worked hard to ensure that we communicated openly and transparently during a year in which the business faced exceptional operational challenges.

Our objective is that as much of our communication both inside and outside of the organisation is an open dialogue; that we're always authentic and that we are open to new ideas and best practice from outside Mace.

By far our most important stakeholder group is our Mace colleagues, of whom we are extremely proud. During a year in which many people had to change how they worked and overcame huge challenges to ensure that Mace was able to remain resilient, it was more important than ever that we engaged with our people in an open and transparent way.

Our internal communications strategy relies on a broad range of channels to engage directly with our colleagues, including our intranet, regular events, emails and direct engagement to create an open conversation across the organisation.

We carry out annual engagement and wellbeing surveys to measure engagement and run regular internal campaigns to promote information about topics that are important to our people, including sustainability, mental health and diversity and inclusion.

Externally, our core stakeholder audiences are our clients, our strategic supply chain, insurers, bond providers, investors, industry organisations, public sector bodies; including both local and national government, and the communities we work in.

The unique demands of 2020 meant that we worked harder than ever to ensure that our core stakeholder groups were kept informed and updated about how we were responding to the challenges we face and how that would impact the work we do for or with them. We communicate with those audiences through a wider variety of channels, both as part of our day-to-day delivery and wider communications channels and campaigns. This includes promoting Mace's work through media and social media, providing regular updates to our clients about our work and carrying out regular customer surveys.

# ESG CASE STUDY: 78 ST JAMES STREET

**By 2026 we will have eliminated diesel use across all of our construction sites and in 2020 we proved to ourselves how possible it is by delivering our first large-scale project without the use of diesel.**

Our 78 St James Street construction project in London, due to complete in 2021, is our first large scale project to be built without the use of diesel.

Through early supply chain engagement we identified which activities would require diesel use, and together searched for alternative plant. Our subcontractor, J Coffey, switched to 100% electric excavators, electric mini dumpers and electric breakers for structural alteration works.

The biggest challenge was ensuring sufficient renewable mains power and charging infrastructure, as the electric dumper alone required an eight hour charge for an average day's work.

In addition to eliminating carbon emissions, these clean tech options also improved air quality and noise, compared to traditional diesel alternatives.



## **Strategic priorities and objectives**

Pursue a sustainable world

- Realise our net zero carbon ambitions
- Source and manage our resources responsibly

## **ESG focus areas**

- Carbon reduction
- Climate change

## **UN sustainable goals**



# OUR PARTNERS

**Our approach to ESG is important to us. It is so important that it is causing us to think about and evolve the way we do business; ensuring that the way we operate is sustainable, ethical and robustly governed.**

# 06



## OUR PARTNERS AND OUR COMMUNITIES

**We can't make these changes alone. As an industry leader with a global reach, we have a responsibility to spearhead positive change – influencing action across our industry and encouraging our clients to make bold changes.**



**We want to take our partners with us on our journey to becoming a more responsible business, and to ensure that the positive impact we make is reflected by and enhanced by everyone we work with.**

### **A sustainable partner**

One way we are making this positive impact is through the bold action we are taking to protect our planet. The first phase of our carbon reduction journey has seen us achieve a net zero carbon position in just one year, but we know that this success goes beyond our own practices. Our clients and supply chain partners are an extension of us, and we will support them to achieve their own sustainability ambitions.

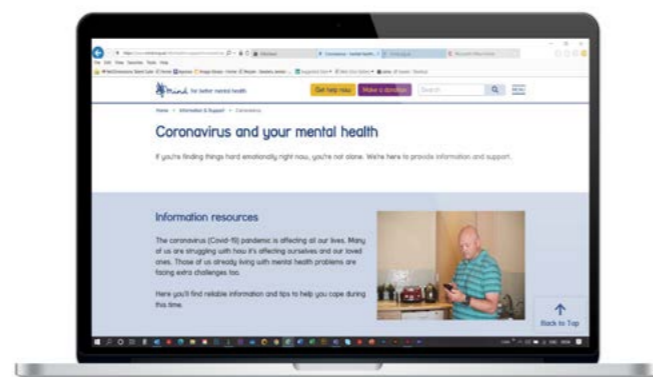
One partner we have helped to embrace low carbon solutions in this way is the Ministry of Justice. The MoJ is the second largest UK departmental contributor of carbon emissions and so in 2020, the MoJ committed to delivering radical carbon savings, and appointed Mace as programme delivery partner for two initial programmes of work to deliver carbon savings at scale and pace. Together these initial interventions will save 15,000 tonnes of carbon emissions over their life and generate 265 GWh of energy with a return on investment of less than six years.

## A charitable partner

From just one individual match funded donation back in 2013 and a spot as our inaugural charity of the year in 2016, the partnership between the Mace Foundation and Mind has gone from strength to strength over the past eight years. Raising this amount of money for any charity or cause is commendable and inspiring, but this particular milestone is an important one for Mace as helping break down the stigma and barriers around mental health has been a priority of ours for many years.

The great strides we have taken over the years in creating an environment where Mace people can talk openly about their mental wellbeing, is in many ways thanks to the support we have received from Mind, and so we are delighted that the money we have raised individually, and as a company, has allowed Mind to continue to be there for people who need it and to ensure that everyone with a mental health problem gets the support and respect they deserve.

We are proud to say the Foundation's annual donation to Mind helped them expand their vital information services during the pandemic – growing the reach of their digital resources with nearly two million views of their COVID-19 information hub since its launch in March 2020.



## An innovative partner

Our culture at Mace inspires creativity and supports innovative industry-leading transformation. This year more than any other has seen us continue that drive and, despite the many challenges faced in 2020, we have forged ahead to find ways to deliver faster, cheaper, safer and with greater certainty. Our response to the crisis has been to change the way we do things, to innovate, and to take the rest of the industry with us on this journey, and it's an approach that is already transforming the way we work for the better.

Our partnership with Australian construction firm, Hickory, set out to answer the one question that has been relevant to the industry for a decade but never more so than now: how do you build faster and taller, while reducing your impact on the environment? Together we have not only come up with the answer to that question, we have launched a next generation construction method that will transform the way we build in the UK: High Rise Solutions. Together we have combined the latest advances in digital technology with a new offsite manufacturing approach to construct buildings faster, safer and to a consistently higher quality. And together we have enabled our clients to reduce their finance cost, allowed homes to be delivered quicker and minimised disruption to local communities. We have placed innovation at the heart of our construction projects, for the benefit of all.

Used to great effect on the award winning N08 East Village project for client, Qatari Diar Delancy and operator Get Living, and currently being used and improved on the subsequent N06 project, the results speak for themselves. We delivered the structure 30% faster, with the façade completing 43% faster than traditional construction and overall, we have handed over the N06 project to fit-out 13% faster than we did with N08. But we don't want to rest on our laurels, our 'construction to production' strategy envisages a future where the contractor designs, manufactures, assembles and operates the built environment in a better way. We want to change the rules of engagement between the project stakeholders to deliver better outcomes for all parties.



# APPENDIX

## DELOITTE INDEPENDENT ASSURANCE STATEMENT

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# 01

# DELOITTE INDEPENDENT ASSURANCE STATEMENT

## Independent assurance statement by Deloitte LLP to Mace Ltd ('Mace') on selected environmental indicators for the year ended 31 December 2020 included within the 2020 ESG Report.

### Scope of our work

Mace Ltd ('Mace') engaged us to provide limited assurance on the following selected key performance data, prepared as set out in the Basis of Reporting available at <https://www.macegroup.com/about-us/a-responsible-business> for the year ending 31 December 2020 included in the 2020 ESG Report:

Area	Indicators
Carbon	<ul style="list-style-type: none"> <li>• Total Scope 1 emissions (tCO<sub>2</sub>e)</li> <li>• Total Scope 2 emissions (market based) (tCO<sub>2</sub>e)</li> <li>• Total Scope 2 emissions (location based) (tCO<sub>2</sub>e)</li> <li>• Scope 3 emissions (tCO<sub>2</sub>e), limited to:                             <ul style="list-style-type: none"> <li>– Embodied carbon (where Mace is the developer)</li> <li>– Business travel</li> <li>– Water</li> <li>– Waste</li> <li>– Working from home</li> </ul> </li> </ul>

### Our assurance opinion

Based on the assurance work performed we have concluded that for the indicators described above, nothing has come to our attention that causes us to believe that the indicators have not been prepared, in all material respects, in accordance with Mace's Reporting Criteria, as disclosed at <https://www.macegroup.com/about-us/a-responsible-business>

### Basis of our work and level of assurance

We carried out limited assurance on the selected key performance indicators in accordance with the International Standard on Assurance Engagements 3000 (Revised) (ISAE 3000). To achieve limited assurance the ISAE 3000 requires that we review the processes and systems used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

Our engagement provides limited assurance as defined in ISAE 3000. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Limited assurance procedures performed

To form our conclusions we undertook the following procedures:

- interviewing management and those with operational responsibility for performance in the areas of environmental management;
- reviewing and evaluating the criteria for measurement and reporting for each of the subject matters as set out in the Basis of Reporting;
- understanding and analysing, on a sample basis, the key systems and processes, and evaluating the design of controls relating to the collation, validation and reporting of the carbon indicators set out above; and
- reviewing the content of the Report against the findings of our work and making recommendations for improvement where necessary.

Our work was undertaken remotely and no site or properties were visited, nor did we test performance data back to the underlying source, such as meter reads at sites.

### Responsibilities of Directors and independent assurance provider

#### Mace's responsibilities

The Directors are responsible for the preparation of the 2020 ESG Report and for the information and statements contained within them. They are responsible for determining the sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

#### Deloitte's responsibilities, independence and team competencies

We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Federation of Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude

us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the 2020 ESG Report. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have confirmed to Mace that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity. Our team consisted of a combination of sustainability and assurance professionals with environmental expertise, including many years' experience in providing sustainability report assurance.

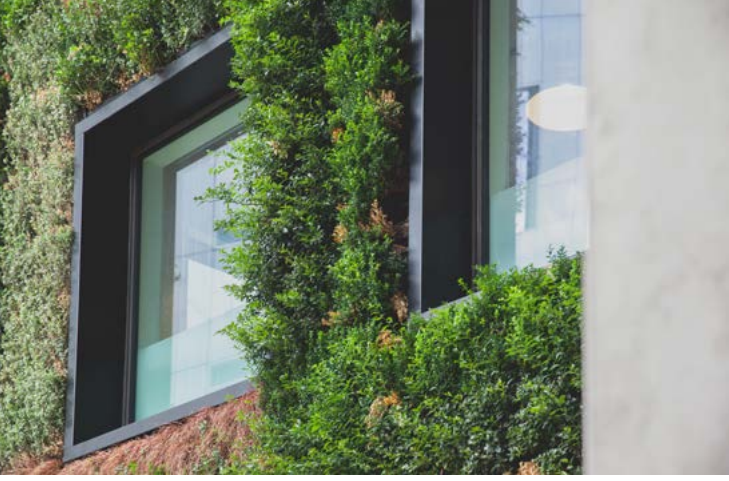
Our responsibility is to independently express conclusions on the subject matters as defined within the scope of work above to Mace in accordance with our letter of engagement. Our work has been undertaken so that we might state to Mace those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mace for our work, for this statement, or for the conclusions we have formed.



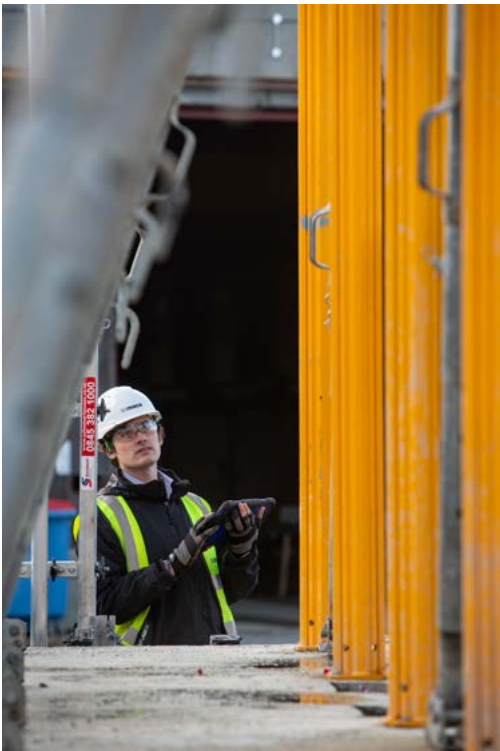
#### Deloitte LLP

London, United Kingdom

3 December 2021



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