
PRE-DECLARATION: MEARS GROUP – WORKER VOICE AND INCLUSION

AGM date: 13th June 2024

Background	<p>Mears Group is a long-standing holding of Railpen's. The company is also one of a small number of UK PLCs which has appointed employee directors to its board, with the Chair noting in the latest annual report that this helps evidence "the commitment to our workforce [that] starts at Board level" and reporting benefits from the adoption of its model.</p> <p>Although we don't believe that the workforce director model is right for every company, Railpen thinks the appointment of workforce directors can both improve the cognitive diversity of boards and ensure that workers feel their voice is heard and acted upon. This should help create the motivated and engaged workforce that is vital to a company's long-term value creation.</p> <p>The Railpen team has engaged with Mears Group and has welcomed both the thoughtfulness of their approach and their commitment to engaging both with us and the wider industry to help investors and companies understand the potential and practical benefits of workforce directors.</p> <p>Railpen wishes to encourage other companies to consider whether workforce directors might be right for them, and to encourage other investors not to take an overly strict approach to director independence but rather to think about the board holistically, including the potential benefits of directly incorporating the perspectives of a member of the wider workforce into board discussions.</p>
Summary of resolution(s) and our voting intention	Item 6 – Elect Director Jim Clarke – FOR
Rationale for our voting decision	<p>Mears Group is to be commended for its adoption of and clear commitment to the workforce director model. Railpen believes it is important for the company to receive active support from investors and for other companies to be aware that investors will support the workforce director model, where meaningfully applied.</p> <p>We recognise that the composition of the board is ultimately the responsibility of the Chair, with the Chair of the Nominations Committee playing a key role. We therefore intend to vote FOR Director Jim Clarke, in his capacity both as Chair of the Board and of the Nominations Committee.</p> <p>We look forward to continued dialogue with Mears Group.</p> <p><i>Railpen's 2023 guidance "Workforce inclusion and voice: investor guidance on workforce directors" provides practical advice and support for investors and companies wishing to learn more.</i></p>