Responsible business

An introduction from the Chairman designate

The resilience of HomeServe’s business model is based on doing business responsibly – and on the dedication of our people and the service they provide to our customers. This has never been more important than during the COVID pandemic. The last year only served to emphasise the significance of our homes and the emotional attachment we have to them. The fact that HomeServe works in people’s homes means that doing business responsibly is crucial to our continued success.

While HomeServe has a strong culture of doing business responsibly, there has been a step change during the last financial year in Board-level focus, particularly on our environmental impact. We created a Corporate Responsibility Committee in January 2021, which I will chair going forward. Our Environmental Policy and targets have been approved, with implementation plans now being put in place. We have also formalised our Responsible Business Policy and updated and re-published our Code of Business Conduct. Much of our work so far has been to formalise and document what we already do, but by upping our game particularly around our environmental impact, we have shown everyone at HomeServe that this work is strategically important, and that we care.

We are at the early stages of a long journey, in which I look forward to participating.

Tommy Breen
Chairman designate

Our stakeholder engagement

During the COVID pandemic, we invested more than ever in our relationships with key stakeholders in order to maintain and grow the resources and relationships on which our business is based.

Homeowners

Homeowners are the key consumers of our services, and making home repairs and improvements easy for them is at the core of our business. It is essential that we remain abreast of their changing needs and requirements through market research and customer feedback. We want homeowners’ interest in HomeServe to increase, and are working to build brand awareness to achieve this goal.

In the UK, we used spare engineer capacity while only emergency jobs were permitted to do over 3,000 emergency jobs free of charge for key workers. As a result of these actions, our high levels of customer satisfaction and retention have been preserved in our Membership businesses.

Affinity partners and the communities they serve

Affinity partnerships with utilities provide our most important marketing channels in Memberships. We continue to expand our range of partnerships, but recognise the importance of maintaining our existing relationships, understanding the pressures and opportunities in the utilities sector and delivering excellent customer service to justify our partners’ faith in us. We work with our partners to add value to the communities they serve.

During the COVID pandemic, we maintained our role in the supply chain, for example by continuing to pay to terms, to share our resilience with our partners.
TRADERS (TRADESPERSONS) including directly employed engineers and contractors

We want to make home repairs and improvements easy for trades as well as homeowners. For our business to grow, the network of trades we work with must expand – be they directly employed engineers, the sub-contractor network that powers our Membership business, or the trades who find work via Checkatrade, Habitissimo and eLocal. We are working to deliver value to our trades, wherever they sit in our network, and expect their influence on our business to increase as we grow.

Checkatrade engages with its members in a number of ways, for example via the Checkatrade Community – an online platform used exclusively by Checkatrade members. The platform was set up in 2019 and now has nearly 9,000 trades signed up, who are all given the opportunity to engage directly with Checkatrade representatives and offer their feedback and suggestions on existing products. Around 150 forum members have also applied to be involved in Checkatrade's Member Research Group, which allows the business to gain valuable feedback on new ideas and innovations before they launch to a mass audience.

FY21 UPDATE

During lockdown, our Board took the decision that none of our workforce should be furloughed or lose their jobs. In addition, we offered discounts to our Checkatrade members in the months where they were not allowed to work, to help them reduce their overheads and keep their businesses afloat. In this way, we preserved and grew our trades network.

Our people, their representatives and the communities in which they live

We have a diverse international work force – technicians, contact centre teams, marketers, salespeople, accountants, lawyers and HR specialists to name but a few. We are investing more than ever in developing our people, focusing on key policy areas like diversity and inclusion and ensuring that our people's voices are heard as we deliver our plans for growth. We encourage our people to engage in the communities where they live and work, and support them when they do so.

FY21 UPDATE

We helped all of our office-based staff to work comfortably and safely from home, and kept our offices open for those who were unable to do so. As a result, productivity remained strong throughout the pandemic and our employee engagement scores remained high.

Financial community

We maintain a regular dialogue with current and prospective shareholders and the wider investment community to make sure they have sufficient information and contact to drive investment decisions. We invest time in our banking relationships and with our financial markets advisors.

Underwriters and other key suppliers

The firms who underwrite the short-term cost of our Membership repair network are key suppliers, protecting our business from short-term claims volatility and enabling us to always do the right thing for our customers. We will continue to manage these and other key supplier relationships carefully and review them regularly.

Regulators, government, opinion formers and influencers

We maintain active relationships with our regulators and will build our relationships with government, opinion formers and influencers as our business grows.
Our approach to responsible business has four pillars. We are developing measures and targets for each.

**Delivering for our customers**

Customer dissatisfaction

5.5%

**Building the workforce of the future and treating our people responsibly**

Employee engagement

78%

At HomeServe, the customer is at the heart of everything we do. Customer satisfaction drives retention and retention drives revenue, so strategy and responsible business are aligned.

**Membership businesses**

Customer centricity is about having great products and service, technology that supports and enhances the customer experience, effective customer feedback processes and decision making processes that take the impact on the customer into account. We take great care to work only with third parties and partners who share our passion for the customer and we monitor their performance to ensure they deliver to the same high standards we expect of ourselves.

The Group has adopted a customer governance framework with which each Membership business must comply. Each business is required to complete a detailed annual questionnaire on compliance with the framework, the results of which are reported to the Audit & Risk Committee. Each questionnaire is signed off by the business unit’s CEO, with whom ultimate responsibility for customers rests.

**FY21 CASE STUDY**

**Product Management - HomeServe Spain**

We have a full and robust process for managing products from design to in-life performance and revision, and through to retirement. This follows a “review and adapt” approach to assess whether products are meeting stakeholders’ needs and focuses on three core elements: improved customer experience (great products and great customer service); value to our partners; and strong commercial performance.

We conducted a review of product value from a customer perspective with our partners in FY21. As a result, additional appliances are now included in one of our products and for another, restrictions on the age of products that are covered have been removed. In both instances these enhancements were made without additional cost to our customers. Furthermore, the review helped inform the training we provide to sales channels, improving consistency and customer experience.

**Governance**

Each business has a Board appointed committee, chaired by a Non-Executive Director, which is responsible for providing oversight and challenge on matters relating to culture, the customer and laws and regulations.

Each committee has developed a customer KPI dashboard to help assess the quality of service provided to customers and whether the business is meeting its Customer Promise. The metrics tracked vary from business to business but typically cover customer satisfaction; quality of service; product values; early cancellation rates; claims repudiation rates; and complaints.

**Call recording and screening**

Sales, claims and complaints calls, are wherever possible recorded and subject to formal call screening processes. Where a call is assessed as having failed to meet the expected standard of service, the customer is re-contacted and the agent is provided with formal feedback and coaching.

**Compliance function**

Each business has a compliance function which provides advice to operational management on customer and regulatory matters and undertakes monitoring activities.
Using our skills to support communities we touch
Volunteer days allowance where appropriate
2 per year

Participating in the transition to a lower carbon future
Target:
A carbon reduction pathway of 1.5 degrees by 2030 (Scope 1 and 2 emissions)

FY21 CASE STUDY
Customer First – HomeServe UK

Customer Feedback
Obtaining relevant and timely feedback from our customers is key to ensuring we deliver great service to our customers and continue to do so.

FY21 CASE STUDY
Customer Week – HomeServe France

For the last three years, HomeServe France has run an event dedicated to our customers – Customer Week. It is designed to let our customers see what goes on within our business, and for our team to meet our customers face to face. It is a wonderful way to create commitment.

In 2020, because of the COVID pandemic, we had to reinvent our event – 100% digitally and with 100% care!

Even though we could not have our customers participate in person, we involved them in the preparation for the event so that the voice of our customers could be heard clearly.

Measurement
Customer satisfaction surveys are used by each Membership business to assess the level of dissatisfaction with our quality of service at at least three touchpoints: sales, claims handling, engineer/contractor work at customers’ homes. Dissatisfaction is considered to have occurred should a customer score the quality of our service at three or below out of ten. These scores are turned into a percentage. The customer dissatisfaction target is incorporated into senior executive and management bonus schemes.

FY21 CASE STUDY
Voice of the customer – HomeServe North America

During the year we broadened and enhanced the activities of the Voice of the Customer (VOTC) Committee. We now consider a broader set of customer centric metrics from a greater range of sources, which provides greater insight from the customers’ viewpoint and allows us to better understand opportunities to improve the customer experience.

One of the early benefits of using the broader set of data has been identifying and addressing an issue with rejection of claims by contractors, which typically results in delays. Whilst the average level of such rejections has remained fairly constant, the increased size of our business means that the number has increased from the low hundreds to thousands. Details of contractors with concerning rejection rates were passed to our contractor management team, who worked with them to understand the reasons and improve performance, or alternatively, find other contractors in the area to take on more work or join our network.

Incentive schemes for front line staff
Incentive schemes for front line staff are designed to encourage the right behaviours, in particular the delivery of great customer service. Whilst such schemes do include commercial targets, quality of service is the primary driver and agents only receive payment if the quality threshold is exceeded.

HVAC and Home Experts
All businesses have a strong focus on the customer, but, with the exception of HVAC in the UK, have yet to fully implement formal governance processes which meet the principles of the customer and customer regulatory framework.

During the year, a customer and legal framework specifically for Home Experts businesses has been developed. This recognises the different regulatory environment in which these businesses operate but does follow the same core principles: commitment to great customer service; a customer promise articulating commitment to both members (trades) and consumers; compliance with laws and regulations; and formal oversight and challenge. The Home Experts businesses will be implementing the requirements of the framework over the next 12 months.
We aim to build a workforce that is skilled, adaptable and future focused, to enable our business to grow. We know that if we take care of our people, our people will take care of our customers and our business.

We want to be an employer of choice in every market, town and city where we operate, from Walsall to Chattanooga, to enable us to attract, recruit and retain the best people. We build our businesses on strong foundations, championing human rights, equal opportunities, diversity and inclusion. We invest in learning and development for all, and support wellbeing, Health & Safety. We pay fairly.

Our culture is built on our core values: courage, persistence and integrity.

Our people strategy is overseen at Board level by the People Committee, informed by the International People Forum, which is made up of employee representatives from across our businesses.

In FY21, we refreshed our people-related policy suite and our Code of Business Conduct which apply across the Group. The new Code sets out the standards of behaviour expected across all employees and workers and echoes the importance of acting in ways that support our values and purpose. The Code is underpinned by a number of policies and sets out clear guidance on matters such as conflicts of interest, the use of personal data, use of company property and equal opportunities.

The Code of Business Conduct and some of its supporting policies can be found at www.homeserveplc.com/who-we-are/governance/policies. They principally cover the following:

- Policies to uphold our reputation – financial crime and sanctions, bribery and corruption, fraud, money laundering
- Protecting our interests and assets – confidentiality and information security
- Protecting our people and environments – equal opportunities, inclusion and diversity, human rights, modern slavery
- Protecting our customers
- Health & Safety
- Whistleblowing.

FY21 highlights

Across the year HomeServe employs c.7,400 people globally, with about 41% of these being based in the UK, 28% in the US and 31% in Continental Europe. Over 6,600 people are employed in our Membership and HVAC businesses and around 800 in our Home Experts businesses – Checkatrade, Habtissimo and eLocal. We directly employ c.1,000 engineers.

Since March 2020 the majority of our employees have been working from home. We know that many of them are not used to working remotely and we took steps to help them cope with this dislocation and retain their sense of being part of a team, and connected with the HomeServe family and its purpose and values. We concentrated on business continuity, making it safe for essential staff, such as water and gas engineers, to keep working. We did so with strict protocols to protect everyone's physical and psychological safety, such as personal protective equipment, distancing regulations, and health checks.

Across our business we intensified employee support, including conducting employee pulse surveys, providing emergency paid leave, virtual doctor services and flexible working hours to support parents, and implementing well-being programmes. Employees can also access free counselling for professional help to manage anxiety and worry. We want to ensure that we retain a sense of community across our organisation and our employees have the right support in place, from HomeServe and from each other, to take care of themselves and their loved ones. We also enhanced our flexible working arrangements to support our people as they adjusted to working from home and delivering home schooling.

We continue to make important strides in delivering our people strategy. The business and the Board are focused on making HomeServe a great place to work, a place that reflects the composition of the communities in which we work and offers all our employees the opportunity to realise their full potential. Specifically, we are focused upon the four pillars of our People Strategy.

I lead with **Courage**

I believe in our strategy, keep things simple and strive for great results and continuous improvement.

I am decisive, speak my mind and confront challenges.

I value innovation, “failing fast” and learning from experiences.

I lead with **Persistence**

I work hard, do my best, take responsibility and am accountable for delivering results.

I am optimistic, have a “can do attitude”, choose action and make things happen.

I am resilient when faced with setbacks, collaborate and find solutions.

I lead with **Integrity**

I am honest, act with integrity and seek the truth.

I value open communication and debate and listen respectfully to challenges and opinions.

I act with humility and openness and embrace diversity to build great teams.

Our culture is built on our core values: courage, persistence and integrity.
Developing our Culture

HomeServe’s core values of courage, persistence and integrity are embedded into The HomeServe Way, which defines how we operate. These values are continually communicated Group-wide and promoted by the Group’s management teams to guide our employees in the way we do business, particularly as we expand into new geographies. A virtual Senior Leaders conference attended by over 300 people took place in January to communicate the importance of these values, behaviours and skills. These now play a decisive role in our hiring, promotion and recognition activity.

We are proud of our values-led, principles driven culture. It underpins our ability to innovate and adapt to change in all circumstances. We care about our people, and our people care about our business, which is shown in our employee engagement survey, where 82% stated that they were proud to work at HomeServe.

Employee engagement

Maintaining an engaged and valued workforce globally remains a key priority for HomeServe as we know that an engaged workforce leads to higher productivity levels and better outcomes for our customers. Employee engagement also impacts on our ability to attract and retain key talent and is therefore crucial in our recruitment strategy. 92% of our people told us that they believed that the company had taken the right measures to protect employees’ health against the COVID pandemic in May 2020.

Employee engagement levels have been strong over the past 3 years with notable progress.

<table>
<thead>
<tr>
<th>Survey</th>
<th>Global Employee Engagement</th>
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<th>Global Employee Engagement</th>
<th>Global Employee Engagement</th>
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</thead>
<tbody>
<tr>
<td>People Survey</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Pulse</td>
<td>71%</td>
<td>68%</td>
<td>82%</td>
<td>76%</td>
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<td>68%</td>
<td>82%</td>
<td>76%</td>
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</table>

In 2020 all of our main seven business units completed the additional submission of a culture audit which is combined with their Trust Index score from May 2020 to achieve certification as a Great Place to Work. This was the first year that all seven business units achieved certified status.

In our March 2021 survey, 88% of our people globally took the opportunity to share their feedback on topics such as career development, culture, working environment and reward. In this survey, 78% of our people globally told us that they think that HomeServe is a great place to work.
Our most established talent programme, Edge, has been successful in helping to promote and retain our emerging talent, with 44% of graduates taking larger roles and over 90% of all delegates remaining at HomeServe. In addition the programme has 42% female representation, fuelling greater diversity for future internal appointments.

Diversity and inclusion
Making HomeServe an inclusive place to work will make us a stronger, better business. Our priority is to ensure that the diversity of our people reflects the societies in which we live and work.

We take a holistic approach; making sure people feel welcome and are treated fairly, regardless of their race, gender, gender identity, age, sexual orientation, religion or experience and recognising the importance of self-identification, given the broad circumstances under which discrimination can happen.

In recognition of these efforts HomeServe UK has become a signatory of the Race at Work charter, has been voted Best Place to Work for Women 2020, achieved accreditation to become a Disability Confident Committed employer and is now ranked in the Stonewall Workplace Equality Index.

In the last year, we have made good progress in our journey towards gender equality where we have been working towards 33% female representation on a combined basis across the Board, Executive Committee and their direct reports, which is in line with the targets of the Hampton Alexander Review.

Our performance in the 2020 Hampton Alexander Report was as follows. We missed the one third female target by one appointment, and will continue to work towards it in the next financial year.

As at 31 March 2021, the level of female representation amongst our Senior Leaders remained consistent at 32%, the highest level since the measure has been tracked.

Across the HomeServe Group, we are committed to building a fair, inclusive and diverse culture and we are confident that we reward jobs of equal value equitably and fairly. We were pleased to report an improvement in our mean Gender Pay Gap for April 2020 compared to 2019.

A key driver of our pay gap continues to be the balance of women in our senior leadership roles, together with a low volume of females in our engineer and technical roles which is in line with national averages and which continues to ‘feed’ the higher graded coach and managerial roles in field operations.

We are continually seeking to address these issues and we continue to improve our gender balance, and relevant gender pay gaps, at various levels and in various countries throughout the business. While there is more to do on gender balance, our efforts are being recognised.

Our new approach to senior hiring is helping to remove unconscious bias in our recruitment process and by providing tools and guidance to hiring managers we are increasing the levels of diversity amongst potential candidates.

In addition, introducing a principles based approach to working from home during 2020 has encouraged the adoption of greater flexibility in work patterns and base locations which in turn is supporting greater diversity in our candidate pool.

We remain committed to providing successful mentoring schemes and development for women in leadership roles, with 50/50 nominations for our global talent programmes.

Furthermore, despite lower than usual attrition this year (largely as a result of COVID) we have been able to ensure that in HomeServe UK alone, almost 50% of our total management hires and promotions were female.

We are beginning to see a tangible positive effect which, combined with the new strategic approach we are developing to diversity and inclusion, we intend to continue to develop and anticipate further success.
Health & Safety

When it comes to Health & Safety (H&S), HomeServe’s vision is to operate with minimum risk in all of its undertakings. HomeServe is committed to ensuring that there is a H&S culture in place, underpinned by robust systems and processes to identify risks and implement appropriate controls to manage them. The focus is on providing a safe working environment, safe practices, processes, and procedures for everyone associated with the company, including employees and customers. The aim is to achieve continual improvement in H&S performance.

David Bower, Chief Financial Officer, is the Board Director responsible for H&S. Local HR and Operations Directors lead H&S matters in each business and are responsible for executing H&S policies. However, everyone is expected to play their part in H&S excellence and act responsibly with due regard for the safety of themselves, their colleagues and our customers. Any new businesses acquired are expected to apply the same focus to comply with the Group’s policies.

H&S across the Group is an area of focus within the risk management process. The H&S risk environment is reported to the Executive Committee and Audit and Risk Committee three times a year as part of the wider risk update. The Board also receives a report on Health & Safety twice a year, highlighting key trends, issues, and achievements. The Board reserves the right to request additional information at other times of the year where required.

The Group Risk function works closely with H&S representatives across the Group and best practice is shared between the different territories on a quarterly basis. Performance reports are collated monthly across the Group.

As a result of the COVID pandemic, the Group has seen a reduction in accident rates largely driven by lower numbers of vehicles on the roads and limited staff volumes in the offices. This may make like-for-like year-on-year comparisons challenging in the future.

The effects of the COVID pandemic continue to be a key area of focus for the Group and all businesses. Initially the Group’s COVID response, including our approach to H&S, was co-ordinated through a global task force to manage the risks posed to HomeServe’s customers, employees and business. While the initial focus was on helping staff to work effectively from home, focus now is on getting staff back to the office safely, as and when restrictions are lifted.

Our businesses are considering what the ‘new normal’ will look like, taking into account local requirements and guidelines as well as considering the potential for further waves and/or local restrictions. Premises have been adapted to reflect the requirements of social distancing and robust processes to protect both engineers and customers have been put in place. Focus on employee mental health as well as physical wellbeing has increased during the pandemic, and this is expected to continue.

### Health & Safety Performance

<table>
<thead>
<tr>
<th></th>
<th>Accident frequency rates per 200k hours worked</th>
<th>Lost time injury rates</th>
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<tbody>
<tr>
<td></td>
<td>FY19</td>
<td>FY20</td>
</tr>
<tr>
<td>HomeServe UK</td>
<td>7.39</td>
<td>5.59</td>
</tr>
<tr>
<td>Checkatrade</td>
<td>10.96</td>
<td>5.77</td>
</tr>
<tr>
<td>HomeServe North America</td>
<td>2.08</td>
<td>3.44</td>
</tr>
<tr>
<td>eLocal</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>FY21 is the first year where eLocal have been included within the figures and have reported no accidents.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HomeServe Spain</td>
<td>2.30</td>
<td>2.22</td>
</tr>
<tr>
<td>The business has seen a reduction in accident frequency rates and lost time injury rates. During the same period the proportion of HVAC activity increased, so focus has been on improving Health &amp; Safety standards within locally branded businesses.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Habitissimo</td>
<td>2.89</td>
<td>2.08</td>
</tr>
<tr>
<td>No accidents have been reported in FY21.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HomeServe France</td>
<td>5.93</td>
<td>5.16</td>
</tr>
<tr>
<td>The business’ Health &amp; Safety metrics have remained relatively stable across FY21 as a reduction in accidents in Membership has been offset by increased activity in HVAC.</td>
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</tbody>
</table>

Note: The Accident Frequency Rate and Lost Time Injury Rate are recommended measures provided by the UK Health & Safety Executive. The measures are also in line with US standards and are used across various boards in the US. The purpose is to allow for a consistent ratio regardless of the number of employees within a business. Accident Frequency Rate is the total number of reported incidents per 200,000 employee hours worked and is calculated using the total number of reportable incidents divided by total hours worked, multiplied by 200,000.
Using our skills to support communities we touch

At HomeServe we want to be good citizens of the communities where we operate, so that our people and partners are proud to be associated with us.

Our community activities are organised locally by each of our businesses, to leverage local knowledge and understanding of how best to contribute to our communities. Although managed locally, a uniting thought around all of our community endeavours is the importance to people of their homes. The skills of our people and trades enables us to help members of our communities in need with home repairs and improvements.

In Spain, we continued to help local communities through our HomeServe Responde programme, the main objective of which is to take care of the homes of those in the community most in need in as many ways as possible. This last year employee volunteers: repaired and renovated foster homes in the SOS Children Villages, donated furniture and the equipment necessary for safe and socially distanced living in a local charity care home, and donated €12,280 to the Madrid foodbank. Engineers at our HVAC company Sate offered free boiler repairs to the elderly throughout lockdown. And we continued to work with the Down Madrid foundation and the Spanish Cancer Association.

In France, we renewed our partnership with Habitat & Humanisme for the sixth year. Our engineers carried out six free repairs to social housing, and our people raised €4,748 through a variety of socially distanced events including, a sponsored kilometres challenge, and a Christmas jumper competition. The “BOOST!” programme ran for its third year, and funded 10 employee projects, the total investment of which amounted to €14,000. In response to the incredible efforts and sacrifices of healthcare staff during the COVID pandemic, we offered free repairs to all healthcare staff during May.

In the UK, FY21 saw the launch of the HomeServe Foundation, a registered charity supported by us and other key partners. The Foundation’s purpose is to make homes better and build better communities through three core pillars of activity:

- Apprenticeships: supporting and encouraging employers to employ and train more apprentices in the construction, home improvement and repair sector
- Communities: supporting vulnerable people to lead a healthy, safe, and long life in their own homes
- Environment: encouraging employers to adapt to deliver green initiatives, and promoting the benefits of developing a green home.

Throughout the year our UK employees ran a variety of virtual fundraising events, which raised £38,000 for our chosen team charities. This year we also became a Cornerstone Employer, partnering with The Careers and Enterprise Company, to support young people preparing for the world of work.

At Checkatrade we elected Samaritans as our company charity of the year, and set ourselves the challenge of raising £10,000 in a year. Half-way through and we have fundraised over £5,000 through step challenges, virtual group workouts, Christmas home decorating, and beard growing competitions. Of the money raised so far, Samaritans have said that Checkatrade has helped them answer 912 calls from people struggling to cope.
Relationships with contractors

Providing highly qualified contractors who deliver a great customer experience is at the heart of the HomeServe business model.

“The customer is at the heart of everything we do, so it’s incumbent on us to get the best contractors to show up at their door,” Sylvester Criscone, Senior Vice President of Contractor Management for HomeServe North America said. “It’s why we do the vetting, it’s why we track the quality of the jobs, monitor them in real time and communicate with the contractor about their performance. It’s what distinguishes HomeServe from any other home warranty company out there today.”

Because of this, only 10% of contractors in the plumbing, electrical and HVAC trades researched and vetted through a comprehensive multi-step process are accepted into HomeServe’s network.

To start, a prospective network contractor must have a Better Business Bureau rating of A or better, along with proper licensing and insurance. They must employ uniformed technicians who pass both a background test and drug screening, operate branded, insured vehicles in good condition and be able to offer 24/7 emergency service.

A contractor who has passed this initial phase of recruitment will be interviewed by the HomeServe contractor recruiter to ensure that the contractor will be able to meet HomeServe’s standards for service.

Once a contractor successfully passes through this vetting process, they must sign an agreement with HomeServe that establishes performance standards and a code of ethics before they can begin to accept jobs and service our customers.

A Regional Operations Manager (ROM) is assigned to a contractor and tracks their performance, with an emphasis on customer satisfaction metrics. ROMs are responsible for tracking performance, compliance and customer satisfaction and conduct onsite audit visits.

“Vetting our contractors is an area of focus for us,” Criscone said. “We ensure that they are licensed and have proper insurance. We use a respected third-party administrator, who provides alerts when licenses and insurance policies are set to expire.”

HomeServe contractor recruiters work through multiple channels to find contractors across the country, with particular emphasis on recruiting minority women, and veteran-owned contractors. HomeServe benefits the many small businesses who partner with the company.

“Our job volume gives contractors consistent and sustained business that helps them stay busy when their own volume of work may be slower,” Criscone said. “It also gives them leads on additional work – when they go into a customer’s home, there may be work that a customer needs doing unrelated to the policy or they become a trusted contractor the customer relies upon because of their policy work through HomeServe. It’s truly a win-win relationship.”

HomeServe’s network contractors praise the company for supporting them in performing the necessary repairs and providing a great customer experience, in contrast with competitors.

“The nice thing is, HomeServe gives us the ability to go above and beyond for the customer and fix things right, which is not the case with a lot of warranty companies, which is why we refuse to work with a lot of them. HomeServe authorizes the repair that is best for the customer and they pay their contractors enough to fix things correctly, which is rare among warranty companies,” Jason Parlier, owner of Johnco Plumbing in Phoenix, Arizona, said.

Contractors value their partnership with HomeServe, because the company puts the customer at the heart of what we do, allowing our network contractors to happily follow suit.

“One thing about HomeServe, they seem to cover a lot of the things that other companies won’t cover. I’ve had nothing but great experiences with HomeServe. I think it’s a great partnership. I love the organization and I’m glad I said yes,” James Henderson, owner of Houdini Plumbing in Stafford, Texas, said.

FY21 CASE STUDY

In February, a once-in-a-decade polar vortex slammed the state of Texas, causing unusually bitter cold temperatures.

The record-low temperatures caused lengthy electricity blackouts across the region and impacted homeowners’ plumbing. Many experienced frozen water pipes inside and outside their homes and, as temperatures moderated, those once frozen lines poured water into their homes.

Dallas-Fort Worth-area provider Crawford Services, a locally branded HVAC and plumbing company acquired by HomeServe in December 2019, saw a soaring number of calls because of frozen water lines. Despite the staff’s own personal struggles – several technicians and their families took temporary shelter at the company’s depot, which retained power – technicians prioritised emergency water and heating needs of customers.

The company was so busy and plumbing supplies so short that their sister company, Hays Plumbing, another locally branded company acquired by HomeServe in June 2020, made an emergency delivery of common plumbing supplies, making a 16-hour, more than 2,000-mile round trip from their location in the Phoenix, Arizona, area to Crawford’s location in Texas.

“When we heard about the problems in Texas, our hearts went out to the people struggling down there. We heard about the need for plumbing supplies and we knew we could help. It was a long drive, but it was worth it to do our part,” said Chris Hays, Hays Plumbing General Manager.

Together with the 24 out-of-state contractors who came to Texas to make repairs for our members, this is a great example of how we can rely on our service network to do the right thing for our customers.
Participating in the transition to a lower carbon future

Strategy
Governments and corporates globally are facing up to the challenge of climate change. The countries in which we operate have either signed up to Net Zero carbon emission targets, or are in process of doing so. This includes the UK and France, where Net Zero targets are enshrined in law. Within this context, the residential sector – and by consequence the market segments we serve – will be core to delivering this decarbonisation effort: We already see a strong policy focus, as well as growing demand and adoption by households of low carbon solutions and behaviours – from electric vehicles to renewable energy and smart home energy management.

We want to be the place our customers turn to for the solutions needed to make this change.

We aim to participate in and enable the Net Zero transition by:

- Making our own house greener - reducing the impact of our operations, supply chain and customer solutions through operational excellence, collaboration and innovation
- Helping our customers make their homes greener - reducing their environmental impact by offering attractive solutions.

Policy and Targets
During the year, the Board approved a Group Environment Policy and this is available on our website at: www.homeserveplc.com/who-we-are/governance/policies

The Board has agreed that we should set an ambitious science-based target, aligned with a 1.5°C trajectory, for our Scope 1 and 2 emissions. This target is a 42% reduction by FY30 from a FY20 baseline. We have identified a number of actions we will need to take to achieve this. These include:

- All offices procuring renewable electricity by 2030
- Implementing energy efficiency measures in our facilities (such upgrading cooling systems)
- Transitioning as much of our fleet to electric vehicles as possible.

We are in the process of working through these actions with our operating businesses and have already taken steps to reduce energy usage by installing automatic light sensors and replacing office and outside lighting with LED alternatives.

Risks and opportunities
Our climate related risks are described in our Principal risks and opportunities on page 33. Our expectation is that these will be further developed as we work through the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).

We believe that the Net Zero transition will create multiple opportunities for us to support our customers improve their homes and adopt solutions that will create value for them as well as reduce their climate impact. We are currently developing and testing a number of products and services. These include the installation and maintenance of electric vehicle charging points and the installation of more energy efficient HVAC equipment.

Governance
The Board has ultimate responsibility for our Environmental Policy and performance. David Bower, CFO, is the nominated Director for activity on an operational basis. He is supported by the newly formed Group Corporate Responsibility Committee which is chaired by the Chairman of the Board and comprises representatives from our operating businesses and from a number of Group functions. The Committee reports regularly to the Board and in respect of risks, to the Audit & Risk Committee of the Board.

Greenhouse Gas Emissions
We have reported on all of the emission sources required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 as amended in August 2013. The reporting boundary used for collation

<table>
<thead>
<tr>
<th>Greenhouse Gas Emissions</th>
<th>Group</th>
<th>UK</th>
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</thead>
<tbody>
<tr>
<td>Combustion of fuel and operation of facilities</td>
<td>13,698</td>
<td>6,181</td>
</tr>
<tr>
<td>Electricity, heat, steam and cooling purchased for own use (location-based)</td>
<td>1,574</td>
<td>347</td>
</tr>
<tr>
<td>Electricity, heat, steam and cooling purchased for own use (market-based)</td>
<td>1,995</td>
<td>561</td>
</tr>
<tr>
<td>Total (location-based)</td>
<td>15,272</td>
<td>6,528</td>
</tr>
<tr>
<td>Tonnes of CO₂ per employee</td>
<td>2.05</td>
<td>2.13</td>
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<thead>
<tr>
<th></th>
<th>Group</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combustion of fuel and operation of facilities</td>
<td>59,359,630</td>
<td>26,745,195</td>
</tr>
<tr>
<td>Electricity, heat, steam and cooling purchased for own use</td>
<td>5,256,707</td>
<td>1,489,254</td>
</tr>
<tr>
<td>Total</td>
<td>64,616,337</td>
<td>28,234,449</td>
</tr>
</tbody>
</table>
of the data is consistent with that used for consolidation purposes in the financial statements. To calculate the disclosures, we have used the following sources, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfill our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government’s GHG Conversion Factors for Company Reporting 2014.

Both our FY20 and FY21 Scope 1 and 2 carbon footprints have been verified by The Carbon Trust to the ISO 14064-3 standard.

Moving forward

We are currently in the process of assessing and verifying our Scope 3 emissions and intend to be in a position to report on them next year.

We are aware that the requirements of the Taskforce on Climate-related Financial Disclosures will apply to us from FY22 and we are actively working through the framework in order to report in accordance with it next year. We are also preparing to report to CDP for the first time in 2021.

Emissions Breakdown

![Scope 1 and 2 carbon footprint (market-based)](image)

### FY21 CASE STUDY

#### Relationships with regulators – North America

Our North American business has a strong culture of compliance to ensure that we adhere to all applicable federal and state laws and regulations. As the business has expanded across the United States, so too has our understanding of the regulatory landscape. This is especially important since we now operate in 48 continental states with each having its own unique set of requirements. In addition to all the standard state licensing and registration requirements in each of the Departments of State and Insurance, our US based team keeps a close eye on legislative and regulatory activities that might impact consumers and our partnerships with investor owned and municipal utilities.

Within each state, the office of the attorney general has, among other duties, consumer protection oversight. Like other businesses operating nationally, HomeServe has joined trade associations that represent attorneys general to stay up to date on issues of common interest and to educate them and their staff on our business, and commitment to delivering on our customer promise. Over the last eight years, the company has had the opportunity to meet with many current and former attorneys general and their staff. These meetings have been instrumental in ensuring that our product propositions and communications across all channels incorporate the very best compliance practices. We believe that continuing to engage in dialogue with this important stakeholder group will ensure continued high levels of compliance and customer satisfaction, which are inextricably linked to the success of our business.

One key to our growth in North America is partnering with energy utilities to access larger numbers of households that could benefit from our products.

Investor-owned utilities are regulated by state level public utility commissions (PUCs). Like the attorneys general, the public utility commissioners and staff also participate in their own national associations that provide industry participants like HomeServe a forum for engagement. The company has been increasing its focus on PUCs in recent years, starting by attending association events to learn, engaging former commissioners as advisors, and meeting with individual commissioners and staff to discuss our programs within their states. These initiatives combine to help PUCs understand how our programs benefit utilities, their customers, and the communities they serve. During FY21, the business expanded this focus by adding its first in-house regulatory counsel, the former chief of staff at the New Jersey Board of Public Utilities.

The energy utility landscape is continuing to evolve towards a more environmentally friendly future where decarbonisation, electrification and energy efficiency initiatives are more important than they have ever been. HomeServe has an opportunity to increase its value to these utilities as a partner in meeting their goals. This will make engaging and building relationships with state regulatory bodies more important and we are positioned to do so from a strong foundation.