

AUDIT • TAX • ADVISORY

MHA Sustainability ESG Report 2024

Now, for tomorrow



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How we create value

Inputs

-  Infrastructure, IT investment and development
-  Social capital
-  Human capital
-  Intellectual capital
-  Natural capital
-  Financial capital

Stakeholders:

- 1 Partners and employees
- 2 Clients and sectors
- 3 Regulators
- 4 Local communities
- 5 Suppliers
- 6 Climate and the natural environment

Business model and strategy

Our why

Delivering a sustainable tomorrow, today

Our Sustainability Promise

we will perform all reasonable procedures to be a net zero organisation by 2030

Sectors:

Agribusiness; Automotive & Transport; Real Estate & Construction; Education; Energy, Natural Resources & Industrials; Financial Services; Professional Practices; Life Sciences & Healthcare; Manufacturing & Distribution; Not for Profit; Retail, Consumer & Hospitality; Technology, Software & Media

Vision



Innovation

We are a forward-thinking firm that prioritises learning and development to excel in our social and environmental impact



Trust

We lead by example so we can be a voice of influence and motivation for our stakeholders



Talent

We care about our people, their wellbeing and their communities



Climate

We are committed to our Sustainability Promise to ensure we perform all reasonable procedures to be a net zero organisation by 2030

Services:

- Activate ESG assessment tool and advisory support on internal ESG and Net Zero frameworks
- Audit of climate risk in the financial statements and sustainability disclosures
- CSRD / ESRS and ISSB assurance and compliance
- ISAE (UK) 3000 / 3410 independent assurance
- Climate reporting and disclosures
- TCFD recommendations
- Advice on regulatory compliance including UK CFD, TCFD, SECR and ESOS
- ESG internal audit services
- Governance, Risk Management and Compliance
- Specialist ESG taxation advice and guidance
- Green Finance
- Outsourcing

Outputs and actions

- In-person and virtual roadshows
- ESG Audit Champions
- Net Zero Heroes
- Sustainability training
- Active participation in UN Global Compact UK Network
- Internal and external multimedia thought leadership
- DIBS committees
- National charitable and volunteering structure
- Clear data-backed emissions reduction roadmap
- Alignment and validation of targets with Science-Based Targets Initiative (SBTi)
- Beyond Value Chain Mitigation

Outcomes and impact

Development of efficient Technology driven 'green audit' enshrined in energy saving devices. Net reduction in firm wide footprint and enhancement of services to clients.

UN Sustainable Development Goals Alignment:



All In: Introduction from Leadership



**Corporate sustainability
does not have to come
at the cost of corporate
profitability.”**



**Managing Partner
and Group Chairman**

Rakesh Shaunak

On a daily basis MHA is working with clients across the board to meet their ESG ambitions and to realise Environmental, Social and Governance related opportunities.

We are dedicated to shaping a socially responsible and sustainable future. Now, for tomorrow. We fully support the UK government's ambition to reduce greenhouse gas emissions to net zero by 2050, by ensuring we perform all reasonable procedures to be a net zero organisation by 2030.

We are committed to the Science Based Targets Initiative (SBTI) and we are an active member of the UN Global Compact Network. We are aligned with the United Nations Sustainable Development Goals (UNSDG), the GRI (Global Reporting Initiative), SECR (Streamlined Energy & Carbon Reporting), ESOS (Energy Savings Opportunity Scheme) and TCFD (Task Force on Climate-Related Financial Disclosures) and regularly report our climate and nature impacts and mitigation actions. We know that a sustainable business future means achieving a sustainable future for people, nature and our planet, which is why we are clear that our firm has an active, and pro-active, role to play in building now, for tomorrow.

I am proud of the role that MHA is already playing in supporting our clients and our own business in meeting our ESG ambitions. More than that I am proud that MHA has developed a suite of services, and a proactive attitude, that makes ESG, climate change and nature impact mitigation an integral part of building a truly sustainable business.



**Partner and Head of
Sustainability ESG**

Mark Lumsdon Taylor

MHA took the decision to provide for 2023/2024 a voluntary disclosure under 'task force climate related disclosure' (TCFD) listing rule regulations within this report. This was MHA's first year of disclosures and introduced its transitional planning to support its sustainability journey identifying risks, opportunities and future impacts within the firm. This has enabled the firm to approach sustainability ESG as a strategic opportunity instead of a compliance burden. In April 2024, the transitional planning taskforce (TPT) published finalised guidance for the implementation of its framework, including high-level sector summary guidance for insurers and detailed guidance for asset managers, asset owners, and banks. TPT does not issue specific guidance in regard to the audit and accountancy profession.

The TPT framework is designed with interoperability and additionality in mind, building upon the foundations established by the International sustainability standards board (ISSB) and Glasgow Financial Alliance for Net Zero (GFANZ). Regulatory expectations on climate transition plans for UK-listed issuers are likely to increase and become more detailed, eventually making it mandatory.

MHA's has approached material climate-related risks and opportunities from two main perspectives, which are intrinsic across the TCFD Report:

- 1 As an organisation that is driving its approach to support clients to ensure they comply with all regulatory requirements and benefit (where allowable) from the opportunities in the transition to a lower carbon and more socially sustainable economy. All of the firms engagements are responsible and consider thematic climate risk in audit within the rules of audit and assurance regulations. and
- 2 As a corporate firm whose business is affected by climate-related risks and opportunities and whose operations have both direct and indirect impacts on the climate, and societal factors.

.....

Aligned to the transition statements outlined which contextualise MHA first voluntary TCFD Report, disclosures are the regulatory baseline for our future. MHA is committed to delivery against the future, not just today.

- ▶ Read our 2024 Transparency Report.
- ▶ Watch our World Earth Day video.

Year at a glance:

Over

1,900

number of employees

6249.54t

of total carbon emissions during the year

6.2%

median gender pay gap for employees as at 5 April 2023

Over

£50,000

raised for local charities

34

number of Net Zero Heroes across our offices

Activate

Activate is an MHA proprietary tool used to

- 1 assess the contemporary status of an organisation's ESG commitment and
- 2 provide a contemporary gap analysis with resultant action recommendations.

Activate measures are based not solely on ESG but on EESG – Economic, Environmental, Social and Governance – reflecting the importance of integrating ESG into an organisation's business strategy. We use Activate with our clients and, because of its value, we use Activate for our own business too.

ESG is a journey as much as a goal. Where Activate can provide invaluable support is in reflecting and directing progress along the journey in which you are crystal clear on the destination.

Scores in excess of 80% are considered to be exceptional currently, although this will change as we draw closer to the government's 2050 net zero goal and wider social and governance rules.

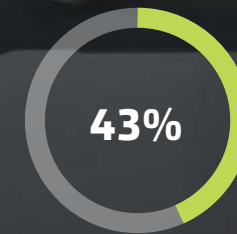
Scores of 95% and above may be currently considered as world class and scores of 50% and above demonstrate appreciable progress.

Our own scores are a reflection of the fact that MHA is on its own development of its EESG journey, setting itself incredibly high standards from the outset.

Nevertheless, our Social and Governance scores are exceptional, as you would expect from a people-centric organisation in a highly regulated industry.

Our Environmental score shows excellent progress, whilst our Economic score demonstrates that we are well on our way to full integration of ESG into our business strategy and long-term planning.

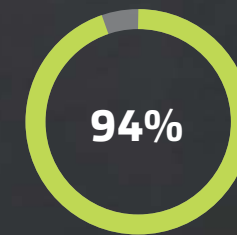
The most recent use of Activate has identified a number of recommended actions that have been embedded in our 2025 planning.



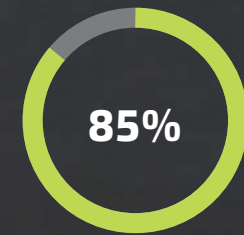
Economic



Environmental



Social



Governance

These results show the company's performance on (and disclosure of) relevant sustainability topics across the categories during the reporting period.

Perspective on sustainability in our sector

2021

In 2021, as the world emerged from the challenges of the COVID-19 pandemic, we were already working on our climate and nature impact strategy and formalizing our ESG commitments.

2022

By 2022 these had been shaped into a promise: 'MHA is committed to doing everything within its power to support the achievement of net zero by 2030 and to building a positive climate balanced contribution thereafter.'

To achieve these goals we also recognise the vital role of the 'S' (Social) and the 'G' (Governance) in ESG. We are committed to providing our staff, our leaders, our clients and our suppliers with the support necessary to enable them to contribute meaningfully to achieving the sustainability promise; and we are equally committed to achieving that promise within a governance framework that is class-leading'.

Supporting this promise, we initiated data gathering to establish base line metrics, enabling us to measure and address our continuing climate and nature impacts and their mitigation.

We supported climate-related charities, we plant trees for every new MHA joiner to reinforce our commitment to climate impact mitigation and we have embedded ESG and climate impact mitigation throughout our organisation through our local office champions and our central ESG and sustainability team. We have even developed, in partnership, our 'Activate' ESG assessment tool that enables us, and our clients, to identify necessary actions. We are dedicated to delivering a sustainable tomorrow, today.

As part of our journey, we voluntarily report our TCFD progress, we issue a Transparency Report and also our Sustainability ESG Report annually.

We report not only Scope 1 and Scope 2 GHG (greenhouse gas) emissions but also Scope 3 and are actively working towards establishing a circular economy at MHA.

Our Impact

ESG, sustainability, climate and nature are at the very heart of our business strategy. It is for this reason we determined to voluntarily report TCFD.

We view TCFD as a market-leading standard for climate-related disclosures.

We know that our considerable UK presence, and our dedicated teams of colleagues throughout the UK, can make a real difference to our business, and to those of our clients, through our transparent commitment to mitigating our climate and nature impact footprint.

We continuously monitor trends affecting our clients, our business, communities and wider society to ensure that our actions, and the tools we use to deliver them, are always optimised.

New technologies, such as AI (Artificial Intelligence) can bring major benefits and advantages so we will always explore them and adopt appropriate technologies to improve our service and support our commitment to climate change mitigation.

Attributes of ESG reporting/ sustainability reporting

Control
▼
Compliance

How do you establish controls for situations that you can't control?

Quantitative
▼
Qualitative

How do you evidence the narrative to avoid greenwashing?

Reflective
▼
Proactive

How do you evaluate a pledge?



Alignment with UN Sustainable Development Goals

MHA are committed to shaping a socially responsible and sustainable future, and as active participants of the United Nations Compact Network UK, we are proud to support The Sustainable Development Goals.

- ▶ Watch our Sustainable Development Goals video.
- ▶ Read more about our Sustainable Development Goals.



Fundamental to our ESG strategy is our alignment to United Nations Sustainable Goals. Of those we have elected to support, UNSDG represents our commitment to building a sustainable future for our people and our planet”

David Hall
ESG Director

4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Governance and Risk

Overview of our governance structure

With offices in over 23 cities and over 1900 people, MHA is a leading professional services network in the United Kingdom and Ireland. The Firm's most senior governing body is the Oversight Committee which has ultimate oversight of the assessment of climate-related risks and opportunities and for the successful execution of the Firm's ESG strategy. More information about our governance structure can be found in our 2024 TCFD Report and associated Transparency statement

 [Read our 2024 Transparency Report.](#)

Governance around climate-related decision making

The highest level of individual with executive responsibility for climate-related issues is our Chief Executive Officer (CEO), Rakesh Shaunak. The CEO is supported by the Management Team and ESG team in ensuring climate change mitigation is embedded within the Firm's overall strategy and that the Firm's climate goals are achieved. The Head of ESG was accountable for the delivery of the Company's ESG programme in the year to 31 March 2024. To support the delivery of our strategic goals, responsibility for specific ESG matters is delegated to appropriate leaders who work alongside the ESG team to drive delivery. The Head of ESG reports into the Oversight Committee quarterly with a status update on the Firm's exposure to climate-related risks and opportunities. We plan to create an official ESG committee in FY25, which will act as a subcommittee to the Oversight Committee and will act to ensure that sustainability is at the heart of business decisions.

Governance structure



The Oversight Committee is responsible for developing and driving the sustainable strategy of the firm and meeting compliance expectations under regulatory requirements."

Andrew Moyser
Head of Audit and Assurance

Societal Licence Framework

Much of the focus in sustainability has up to now tended to be on the environmental – E – of ESG, but that’s slowly changing as business and people increasingly take into account the social – S – issues.

In reality there is often a lot more focus on E than S in the press, with investors and with stakeholders, but that’s because E is much more measurable – it’s straightforward to look at degrees Celsius and tonnes of emissions. Social factors, by contrast, can be much harder to measure: **“Planet isn’t necessarily more important than people, it’s just easier to measure.”**

The Bottom line: How can a company manage its relationships with its workforce, the societies in which it operates, and the political environment? This is the central question behind the “S”. At its core, the Social element is about building **trust and in effect establishing a Social Licence** (This is an MHA Thought). All business transactions are built around trust, and by promoting social good and forging healthy relationships, that level of trust between all stakeholders will grow, and Stakeholder confidence (internal and external) will grow with it.

We see this in practical terms as follows:



Workforce,
Engagement
& Training



Community
& Society



Human Rights



Data & IT Security



Customers, Consumers
& Practice

In establishing this concept to evaluate overall social performance from risk through to acceptance, we have been able to apply this internally to our own societal impact.

Some highlights to celebrate in our successful implementation of the practical categories include achieving Cyber Essentials Plus and retaining our Investors in People Gold position.

As we transition to full societal licence reporting for the year ended 31 March 2025, we will take the following sections to spotlight the work done in the areas of Community & Society, and Workforce, Engagement & Training more closely.



MHA's societal licence is to operate through its external and internal relationships. These relationships are built upon trust that create long term measurable positive social impact and ethical financial performance."

Jane Walker-Smith
HR Partner



Shaping a socially responsible future

Our people truly go all in for their local communities by supporting incredible charities through fundraising activity.

£30,000

In the 2023/24 year, our employees raised well over £30,000 for local charities across the UK, as we supported national campaigns such as Macmillan Coffee Morning and Save the Children's Christmas Jumper Day. Through our employee engagement survey, MHA also donate £10 per participant and £500 for offices with 100% completion rate, resulting in a significant contribution to local charities in the reporting year.

£20,000

In September 2024, the MHA 1892 Foundation was trialed as a regional initiative in the North West, and in its first six months enabled five grants totalling £20,000 to allow projects and organisations to facilitate the delivery of financial education programmes to young people in our local communities.



Case Study – Daisy Inclusive UK

Awarded

£4,000

Primary beneficiaries:

Young adults under 25 with multiple disciplinaries

63

Beneficiaries

Key learnings:

Benefits guidance, money management, value of coins, mate crime



Craig
beneficiary

I could only go to Daisy when my Mum could take me. Then Daisy started doing maths and I learned a bit about money. They showed me how to use the bus, so I didn't need my Mum for lifts. I still haven't been by myself but go with a friend. I can go to Daisy when I want to now."



We are committed to improving access to financial education for the next generation.”

Kate Arnott
Partner and Board Member

Following this success and to address the financial education gap in mainstream schooling, as a Top 10 Global Firm and UK representative of the BTI network, we are dedicated to improving access to financial education for the next generation. Our Societal Purpose Project will leverage our resources through Partnership contributions, fundraising, and skills donation, culminating in the national expansion of the MHA 1892 Foundation.

This charitable foundation will collaborate with local Community Foundations across the UK to distribute funds for financial education programmes, ensuring our funds are accessing grassroot organisations who need our help the most.

The Foundation's funds will focus on three areas to fully support our vision of delivering a sustainable tomorrow, today.:

1

Local:

Grants to regional charities to directly support the improvement of access to financial education

2

National:

Allocation per office to support a local cause, selected and driven by colleagues based in that location

3

Global:

Contribution to UNICEF, supporting our international commitment through alignment with the UN's Sustainable Development Goals to creating a sustainable future for the next generation



Giving back to our communities

Volunteering has been at the core of MHA and we are proud of our people for the time they have donated in the reporting year to putting something back in their local communities.

1

Our **Milton Keynes office** has three fantastic opportunities planned for colleagues in June, including supporting **Willen Hospice's shop**, offering it's decorating skills at **Wick End Farm**, and helping at **Al's Pals stand** at the local hospital.

2

Achieving an impressive **3rd place** in the national league table for volunteers, colleagues from across the **North West and East Midlands** have been donating their time to support **ICAEW's Rise workshops**, a national programme to help secondary aged students with work, life and finance skill development.

3

Sally Burford and Catherine Hough volunteer their time as **Scout Leaders** and **Squirrel Leaders** respectively.

4

Giving their time to support those in need, **Katy Plant** is a **Macmillan Cancer Support** telephone buddy offering support and signposting, and **Michalina Gembolysz** acts as a befriender at **Age UK**, visiting every couple of weeks to chat and share her company.

5

David Boosey and Avril Caunce have taken part in local litter picks with the **Reigate Business Guild** and **Ribble River Trust** respectively.

.....

We are delighted to share that we have increased our employee volunteering allocated time from half a day to **one full day** per financial year. We care about our people, their cultures, their wellbeing and their communities and this allows our incredible talent the opportunity to continue to work together to support their local community projects and organisations.

MHA are Key Partners of ICAEW's Rise initiative

ICAEW RISE initiative is a national programme which delivers skills workshops for schools in areas of low social mobility, supported by employer volunteers, equipping the hardest to reach young people with the skills they need to succeed in life and work

MHA are committed to improving opportunities for all young people regardless of where they grew up or what school they go to. We know that pupils in more deprived areas receive fewer opportunities to engage with employers and develop skills vital for their future career. This is especially true in areas outside of major cities, where few businesses have offices. Through our involvement in Rise, we will play our part in levelling the playing field for young people, helping them realise their aspirations, opening their eyes to professional roles and preparing them for entering the world of work. Not only is this the right and fair thing to do, it will also improve and widen the talent pool for us and our clients.

Since joining the programme in March 2023 and have since provided 57 volunteers to 20 workshops in schools, leading us to finishing the last academic year in the Top 5 of most volunteers provided by a Firm nationally.



Passing on your knowledge and experience to these young people is invaluable for them, especially as many will lack any network that includes people in professional roles. I am reminded of the quote, “If you can’t see it, you can’t be it” – well you can help them “see it”.

Paul Spencer
Regional Engagement Partner



Our commitment to Diversity, Inclusion, Belonging and Social Impact

MHA's seven DIBS employee networks serve to bring colleagues together from across the firm with a shared interest in advancing diversity and inclusion, whether as a member of an underrepresented group or as an ally.

Each network had a nominated Sponsor who sits on the Diversity, Inclusion, Belonging and Societal Impact (DIBS) Committee. The role of the sponsor is to act as an advocate for their network, provide leadership and represent the group's interest at monthly meetings.



Who we are



Disability and Neurodiversity Network



What we do

Aim to bring awareness of and provide a voice for colleagues who have disability, neurodiverse condition, or long-term health condition within MHA.



How we make change happen

We actively celebrate important awareness days and are currently working with HR to review and improve the firm's onboarding processes.



Family and Carers Network

Aim to bring awareness of and provide a voice for working parents and carers within the firm by opening discussions and providing a forum to promote best practice.

Review policies and benefits while advocating for our working parents by sharing personal stories through podcasts and communications.



Faith, Religion and Belief Network

Aim to promote an understanding of and good relations between all regions and beliefs across the firm.

Publish awareness communications and host webinars to celebrate major religious festivals.



Gender Equity Network

Aim to champion equal opportunities for all employees and works to support the recruitment, development, advancement, and engagement of a gender-balanced workforce.

Evaluate policies, celebrate significant awareness days such as International Women's Day, and lead an annual gender sponsorship programme.



Pride Network

Aim to promote the awareness of and provide a voice for the LGBTQ+ community within MHA.

Celebrate key awareness days like Pride and LGBT+ History Month, while integrating gender pronouns into IT systems to facilitate their inclusion in communications.



Race and Ethnicity Network

Aim to celebrate the rich cultural diversity within the firm and provide a voice for those from underrepresented backgrounds.

Celebrate key awareness days and host a bimonthly film club to explore and discuss themes related to race and culture.



Wellbeing Network

Aims to support, inspire and promote employee wellbeing across the firm focusing on physical, mental and financial wellbeing.

Recognise a range of awareness days and organise activities that promote strong well-being and a healthy work-life balance.



Each network provides a platform for individuals to voice their concerns, promote awareness, champion workplace equity and provide a sense of community."

Stuart McKay
DIBS Partner Lead



Within our Sustainability Promise: our journey to net zero

We fully support the UK government's ambitious plans to reduce greenhouse gas emissions to net zero carbon by 2050 by ensuring we perform all reasonable procedures to be a Net Zero organisation by 2030.

We are committed to providing our people, our clients, and our suppliers with the support necessary to enable them to contribute meaningfully to achieving our Sustainability Promise; and we are equally committed to achieving that promise within a governance framework that is class-leading.

Achieving Net Zero and Beyond

Our Sustainability Promise recognises the scientific consensus that we need significant worldwide emissions cuts to limit the global temperature rise to below 2 degrees, and as close as to 1.5 degrees as possible.

By contracting an ICAEW-endorsed carbon accounting firm to analyse our firm's emissions, producing a clear, data-backed reduction roadmap.



Year ended 31 March 2023:

4383.566 tCO₂e

Scope 1:
357.842

Scope 2:
175.049

Scope 3:
3850.674

Year ended 31 March 2024:

6249.54 tCO₂e

Scope 1:
218.084

Scope 2:
209.166

Scope 3:
5822.29

Reasons for increased emissions



Significant growth in employee numbers and office locations, with new offices established in Scotland and Wales during the 2024 reporting period.



At least 201 tCO2e is directly linked to the Scope 3 Building and Construction work undertaken in the North West region to improve the long-term energy efficiency of the office spaces, with work being undertaken due in part to the 2023 emissions data results showing inadequacies in these locations.

Key areas for focus in our carbon reduction plan



Identifying ways to reduce reliance on petrol cars for employee commuting and business travel



Revising travel policy to minimise plane travel and hotel stays



Reviewing location-based versus market-based renewable energy approaches



Adapting our marketing and administration processes to transition towards a near complete paper-free approach to reduce emissions relating to printing, parcels and postage



Validating our carbon reduction plan in line with the Science Based Targets Initiative is fundamental to our net zero journey.”

Mark Lumsdon-Taylor
Partner

Taking Climate Action Now

We focus our investment on actively reducing emissions in line with the Greenhouse Gas Protocol's definition of 'net zero'. Once we achieve 90% emissions reduction, we will look to pursue reputable carbon offsetting at this stage to mitigate the remaining 10% business-essential balance.

MHA work to support the Beyond Value Chain Mitigation model, which is promoted by SBTi. One way we will achieve climate action whilst reducing our emissions is through our MHA Virtual Forest with Ecologi, planting a tree for every new employee, marking growth in our Firm and growth for global reforestation efforts.

Recognising Scope 3 emissions

Our emissions analysis reports on Scope 1 and 2 emissions, and includes the relevant categories for Scope 3 emissions for a professional services firm. In addition, we monitor our supply chain via a Responsible Procurement policy, to ensure the suppliers we work with are aligned to our ESG values and to have visibility of their own progress towards net zero status. Currently, this is at the Tier 1 level of the supply chain, but to achieve our ambitious targets, we aim to expand our supply chain sustainability reporting to Tier 2 within the next two years.

Active contribution to the UN Sustainable Development Goals

MHA recognises that achieving these goals is a shared responsibility. As such it has aligned its internal Sustainability ESG strategy with that of the 2030 agenda, contributing to over 9 goals including the three on the following page which directly relate to MHA's Sustainability Promise.



1

Goal 11 Sustainable Cities and Communities

Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities,

MHA's hybrid working approach aims to reduce travel emissions by promoting technology use, public transport, bike loans, car-sharing, and efficient resource management.



Focusing on emissions reduction is incredibly important, and making positive sustainability choices is a crucial part of it."

Annie Walton
ESG Director

2

Goal 12: Responsible Consumption and Production

Target 12.2: By 2030, achieve sustainable management and efficient use of natural resources

MHA is taking all reasonable steps to become a net zero organisation by 2030, actively working towards meaningful carbon reduction. Accurate emissions data in line with the Greenhouse Gas Protocol will aim to align with the Science Based Target Initiative (SBTi) accreditation scheme.

Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Implemented waste management processes aimed at minimising landfill waste from any offices, with a primary focus on reuse, repurposing, and recycling, and creating a relevant circular economy model for our organisation

Target 12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle

MHA provides ESG audit and advisory services to companies, helping them accurately report sustainability policies and comply with regulations. As a trusted advisor, MHA fosters creativity in structuring, running, and financing client businesses. A Responsible Procurement policy and process is in place to evaluate supply chain's engagement with ESG.

3

Goal 13: Climate Action

Target 13.2 Integrate climate change measures into national policies, strategies and planning

Environmental criteria, initiatives and objectives are reported to Board to embed ESG into the wider strategy for the Firm.

Target 13.3 Improve education on climate change mitigation, adaptation, impact reduction and early warning

Awareness is raised through climate change workshops, internal training certifications, and climate transition plans with emissions targets for Scope 1, 2, and 3. Employees can access information on sustainability via articles, ESG roadshows, online hubs, webinars, and awareness campaigns on equality, diversity, and inclusion.

 Visit our Ecologi page.

Sustainability Reporting

Streamlined energy and carbon reporting (SECR)

Organisational Structure

MHA is classified as a large unquoted company due to its size and shareholding structure.

Reporting period

MHA is reporting for the year ended 31 March 2024.



Scope 1

Completeness of data reported

Emissions relate to consumption and emissions from direct combustion of natural gas and fuels used for transport, such as company vehicle fleets.

.....

Scope 2

Emissions relate to indirect emissions produced in the consumption of purchased electricity in day-to-day business operations.

.....

Scope 3

Emissions relate to sources not directly owned by the reporting company. For MHA, this is related to grey fleet.

The below figures show the consumption and associated carbon emissions for LLP and its subsidiary undertakings for the year ended 31 March 2024. Accordingly, this report does not cover activities undertaken in the Cayman Islands or the activities of other member firms of the MHA network or Baker Tilly International.

We have included comparative figures from the prior year also.

Annual emissions

The annual emissions collated by the LLP for the year ended 31 March 2024, excluding energy consumed outside of the United Kingdom, in tonnes equivalent of CO₂, were as follows:

| | 2024 Annual Tonnes of CO ₂ equivalent | 2023 Annual Tonnes of CO ₂ equivalent |
|---|--|--|
| Emissions from the combustion of gas (Scope 1) | 11.13 | 60.22 |
| Emissions from fuel consumed for the purpose of transport (Scope 1) | 274.23 | 289.07 |
| Emissions from transport – mileage on employees' vehicles (Scope 3) | 56.74 | 17.81 |
| The purchase of electricity for own use (Scope 2) | 176.03 | 138.56 |
| Emissions from T&D UK Electricity (Scope 3) | 13.01 | 13.35 |
| Total | 531.14 | 519.01 |

Annual quantity of energy consumed

The annual energy consumed from activities that the LLP was responsible for, excluding energy consumed outside of the United Kingdom, by category of consumption was as follows:

| | 2024 Annual energy consumed kWh | 2023 Annual energy consumed kWh |
|---|---------------------------------|---------------------------------|
| From the combustion of gas | 61,851 | 334,539 |
| From fuel consumed for the purposes of transport | 1,406,508 | 1,225,765 |
| From the consumption of electricity for own use, including for the purpose of transport | 871,096 | 754,691 |
| Total | 2,339,455 | 2,314,995 |

Annual emissions and the activities of the LLP

The LLP has used the ration of total tonnes of CO₂ equivalent to reported consolidated net fee income and number of employees to quantify annual emissions of the LLP to its activities during the year.

| | 2024 Tonnes of CO ₂ equivalent | 2023 Tonnes of CO ₂ equivalent |
|--|---|---|
| Ration of total tonnes of CO ₂ equivalent to consolidated net fee income per £m | 3.54 | 4.45 |
| Ratio of total tonnes of CO ₂ equivalent to number of employees | 0.46 | 0.59 |

During the year, the LLP operated from 13 offices across the United Kingdom. Consumption and emission figures are lower than the prior year due to a number of offices being amalgamated during 2023-24.

Methodology

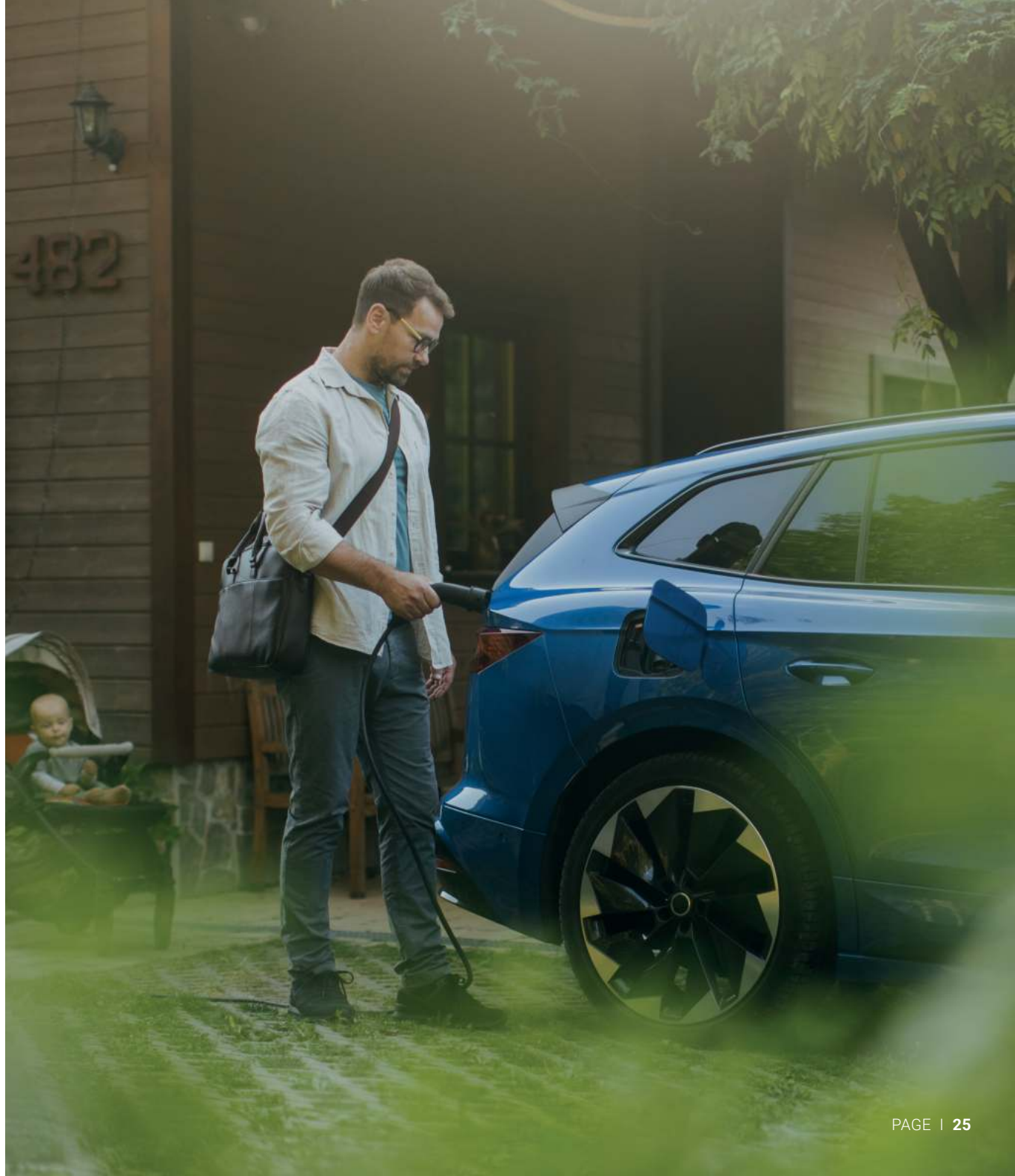
Amounts in respect of transport only include fuel consumed where the LLP is responsible for the purchase of the fuel consumed and for journeys commencing in the United Kingdom, ending in the United Kingdom or commencing and ending in the United Kingdom.

The transport metrics include fuel consumed by vehicles operated by the LLP for business use including fleet vehicles, personal vehicles or hire cars provided to partners and employees. Fuel purchased includes fuel for which the LLP has reimbursed partners and employees following claims for business mileage.

Fuel consumed excludes fuel consumed in travel services provided by external operators such as travel by air, sea or rail, and other forms of public transport, taxi, and coach travel where the LLP does not operate the service.

In terms of collating such data the following methodologies have been applied:

- 1 Calculation of electricity and gas usage in kWh from utility bills;
- 2 Supplier invoices and employees' expenses for calculating transport fuel; and
- 3 In accordance with Government Greenhouse Gas Reporting: Conversion Factors 2019.



Energy Savings Opportunity Scheme (ESOS)

The company fell into scope for the Energy Savings Opportunity Scheme (ESOS) in the financial year, exceeding the turnover, balance sheet total and employee number thresholds. Under the ESOS rules, all operations, facilities, assets and supply arrangements within the organisation were assessed for inclusion in the scheme. The company engaged Envantage, who allocated a Lead Assessor to perform the ESOS phase 3 assessment.

In the period covered by the report, MHA have outlined the following energy saving initiatives following the Phase 3 ESOS report prepared by Envantage. Such activities consist of:



Improved energy monitoring and general levels of energy awareness, leading to improved start-up and shut down



Energy performance monitoring



Improved use of standby functions on monitors and printers



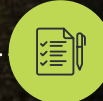
Replaced light fittings with LED lights



Replaced office heating boiler in one office with a condensing boiler



Created a temperature dead bank for office air conditioning



Improved fleet management processes and procedures

Voluntary TCFD Reporting

**MHA, UK Lead Member firm
for Baker Tilly International**

**Task Force for Climate Related
Financial Disclosures (TCFD)
incorporating its Transition
statement**

The TCFD recommendations, first launched in 2017, were created to build a comparable reporting landscape on climate-related risks and opportunities by companies to their stakeholders. The TCFD recommendations are structured around four content pillars:

- 1 Governance;
- 2 Strategy;
- 3 Risk Management; and
- 4 Metrics and Targets; and

Under the four pillars sit 11 recommendations to support effective disclosure.

These 11 recommendations are aligned under each pillar which is supported by supplemental guidance for sectors, including financial institutions. Throughout this Report, MHA has sought to provide information on all four pillars and 11 recommendations, however it is acknowledged where MHA is on a transition in terms of its Sustainability ESG reporting. A voluntary transitional reporting disclosure has been made, in line with the Transition Planning Taskforce (TPT) Disclosure framework published in October 2023.

In regulatory terms, following the publication of the International Sustainability Standard Board's ("ISSB") inaugural disclosure standards in June 2023, the Financial Standards Board (FSB) confirmed the disbanding of the TCFD in October 2023. The disbanding of the TCFD reflects the ISSB's climate disclosure standard, IFRS S2 Climate-related disclosure ("S2"), having fully incorporated the four content pillars and 11 recommendations of the TCFD.

Due to these regulatory changes and the creation of the S2 disclosure standard, effective from January 1 2024, MHA will align with the TCFD recommendations for its 2022/2023 climate-related disclosure. MHA, the UK lead member firm for Baker Tilly International, will continue to review this approach, including the incremental S2 disclosure requirements not contained in the TCFD, for the purpose of its future climate-related disclosures.

We outline our transitional statement and our position against the 11 TCFD Disclosure requirements against the 4 Content pillars.

Transitional Statement

MHA took the decision to introduce its transition planning to identify gaps and growth opportunities within the firm. This has enabled the firm to approach sustainability ESG as a strategic opportunity instead of a compliance burden.

In April 2024, TPT published finalised guidance for the implementation of its framework, including high-level sector summary guidance for insurers and detailed guidance for asset managers, asset owners, and banks. TPT does not issue specific guidance in regard to the audit and accountancy profession.

The TPT framework is designed with interoperability and additionality in mind, building upon the foundations established by the ISSB and Glasgow Financial Alliance for Net Zero (GFANZ). Regulatory expectations on climate transition plans for UK-listed issuers are likely to increase and become more detailed, eventually making it mandatory.



Directly from the TPT – Disclosure framework
October 2023. Official.

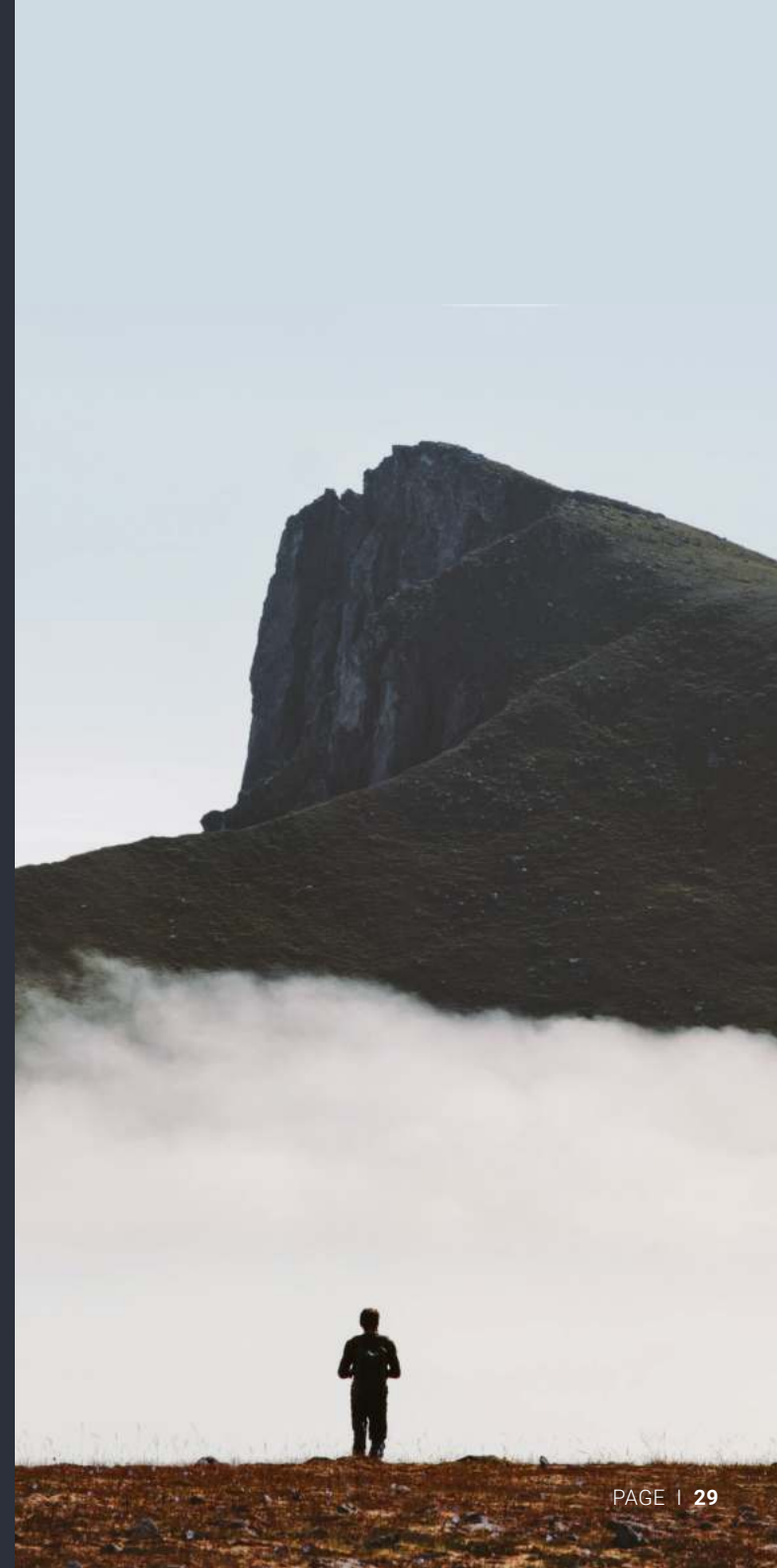
MHA has made a clear strategic commitment to deliver a sustainable tomorrow, today. This is underpinned by our strategic target of being a net zero (non-offset) organisation across all GHG tiered Scope 1, 2 and 3 emissions by 2030 and to achieve a net positive contribution to the environmental climate. These strategic targets are enshrined in the firm's approach to ESG Sustainability under its pillars of innovation, trust, talent & climate.

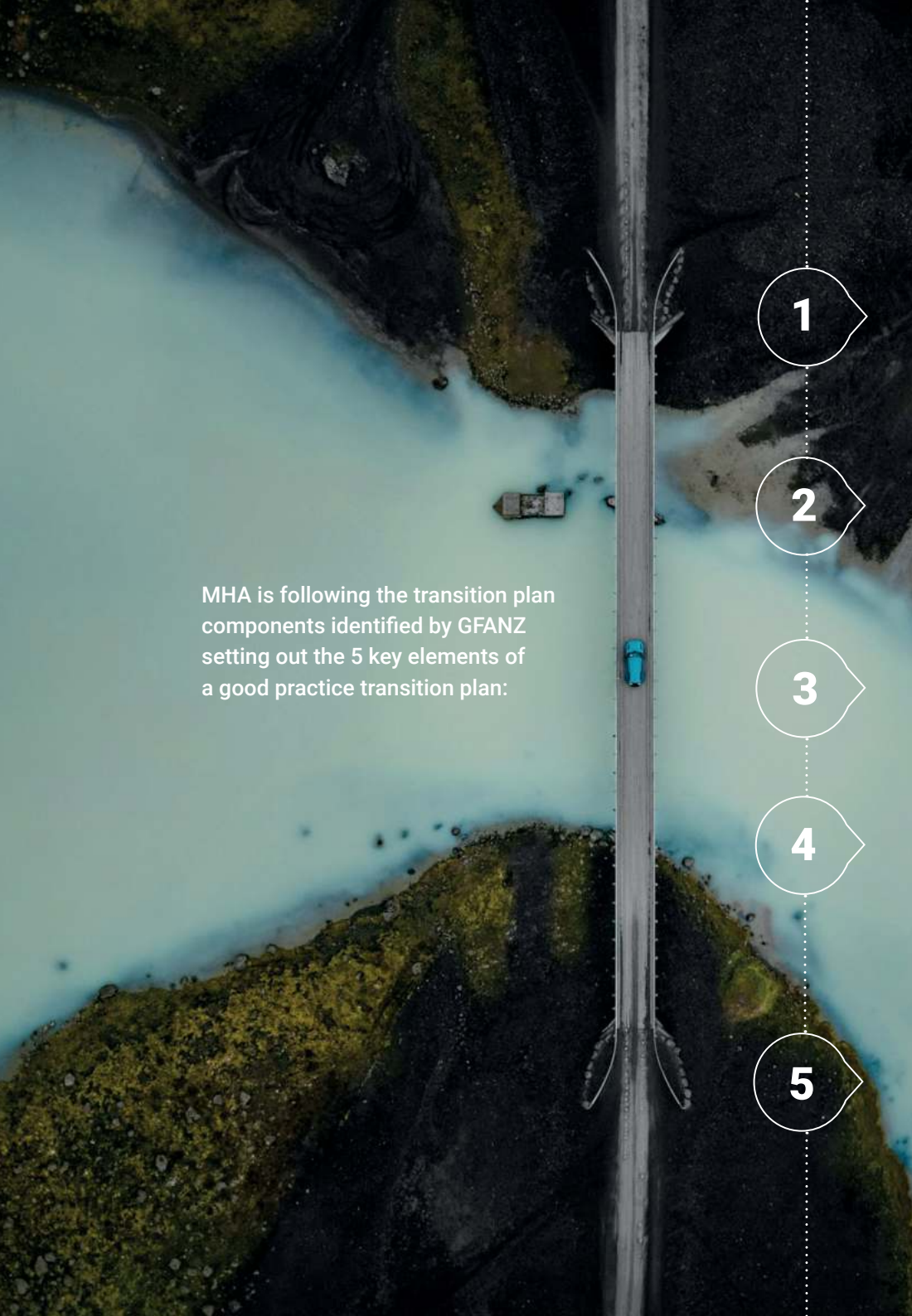
As part of the Firm's transitional planning, the following activities have been developed within the firm including but not limited to:

- The establishment of an Internal Lens leaders group which is developing the plan including the understanding of the impact on financial planning.
- A Risk profile for underlying climate-related assumptions which in turn will be connected to general purpose financial reporting.
- A control environment systemic review that will link to transition plan disclosures inputs and engage with the firm's programme of internal control.
- The documenting and recording of metric methodologies, performing quality control on data inputs (including those from external sources), and assessing adequacy of procedures for internal controls.
- A commitment by the firm to align with the Technical Annex within the TPT to understand the shifting sustainability reporting landscape and the granularity and specificity of the TPT recommendations. This compares to those of the TCFD and the IFRS Sustainability Disclosure Standards which are being developed by the International Sustainability Standards Board (ISSB).

We have identified the following challenges in developing our own transition planning statements

- 1 Baselining current position which has been delivered to assess MHA exposure to climate-related risks and opportunities.
.....
- 2 Setting a robust and clear ambition planning objectives and priorities to navigate the firm's transition ambition.
.....
- 3 Creating a clear action plan, translating long-term targets into concrete short and medium-term actions, including its scope 3 and wider transitional emission risks.
.....
- 4 Ensuring accountability for delivery – devising accountability mechanisms to enable delivery, ensuring the transition plan is well governed and progress against it can be monitored.





MHA is following the transition plan components identified by GFANZ setting out the 5 key elements of a good practice transition plan:

1

Foundations: An entity shall disclose the Strategic Ambition of its plan.

MHA has identified its objectives and priorities for responding and contributing to the transition towards a low GHG emissions, climate-resilient economy. MHA is developing its processes to pursue its priorities to capture opportunities, mitigate adverse impacts for stakeholders and society, and safeguards the natural environment.

2

Implementation Strategy:

MHA has created its internal action planning for its business operations, client services, and global policies to achieve its Strategic Ambition. It is recognised that the firm is working towards its reporting on its implications for its financial position, financial performance, and future cash flows.

3

Engagement Strategy:

MHA will be introducing new methodology in how it discloses its engagement with its value supply chain, industry stakeholders, regulators, related communities, and the wider business and community society in order to achieve its strategy.

4

Metrics & Targets:

MHA is disclosing its headline GHG metrics for 2023/2024. The firm has a transitional set of targets and metrics aligned to the TCFD 11 Recommendations to drive and monitor progress towards the overall strategic ambition. The firm's scenario analysis will continue to be developed and aligned with the overall MHA risk profiling. These targets, and scenarios will be disclosed within its 2024/2025 TCFD Reporting and associated transition report.

5

Governance:

MHA has disclosed how it is embedding its transition plan within its strategic and operational governance structures and organisational arrangements in order to achieve the Strategic Ambition of its transition plan.

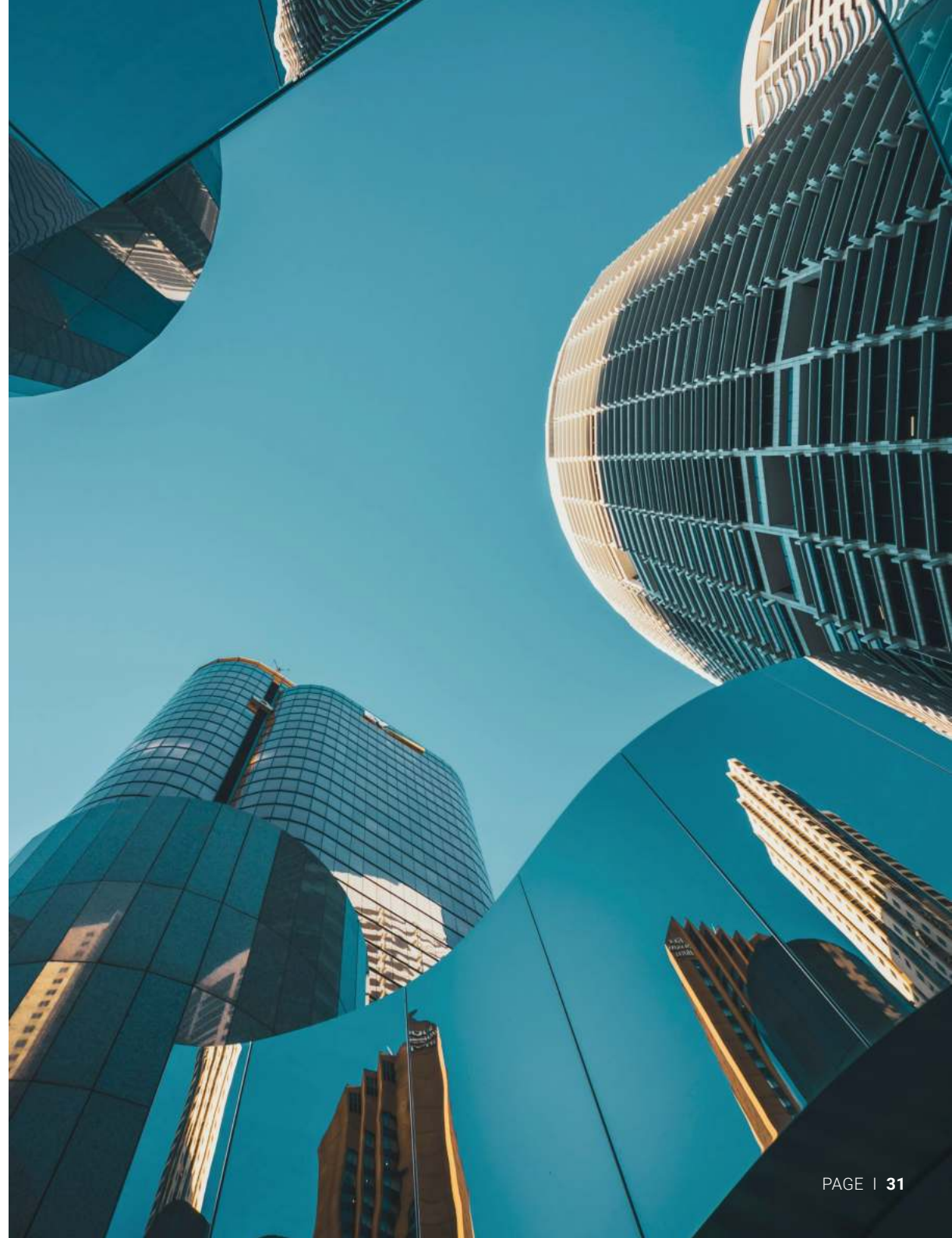
The firm is supporting the sustainability agenda nationally through:

- Building on regulatory frameworks, providing clear blueprints for clients to comply with their requirements.
- Improve the information available through effective partnerships with regulators and stakeholders.
- Support policymakers and authorities to understand the trajectory of the economy and how this both influences climate policy in order to inform future policymaking.
- Hold business to account for their regulatory disclosures and thematic climate risk.
- Provide forward-looking strategic information and guidance to related industries including thought leadership, representation and leading by example to support the mainstreaming of sustainability in finance.

MHA's has approached material climate-related risks and opportunities from two main perspectives, which are intrinsic across this Report:

- As an organisation that is driving its approach to support clients to ensure they comply with all regulatory requirements and benefit (where allowable) from the opportunities in the transition to a lower carbon and more socially sustainable economy. All of the firms engagements are responsible and consider thematic climate risk in audit within the rules of audit and assurance regulations. and
- As a corporate firm whose business is affected by climate-related risks and opportunities and whose operations have both direct and indirect impacts on the climate, and societal factors.


Aligned to the transition statements outlined which contextualise MHA first voluntary TCFD Report, disclosures are summarised in line with the guidance and spirit of the listing rules.



Governance

Overview of our governance structure

With offices in over 20 locations and more than 1,900 people, MHA is a leading professional services network in the United Kingdom and Ireland. The Firm's most senior governing body is the Oversight Committee which has ultimate responsibility for setting the firm's strategy. This includes having oversight of the assessment of climate-related risks and opportunities and planning for the successful execution of the Firm's ESG strategy. The Oversight Committee is responsible for developing and driving the sustainable strategy of the firm and meeting compliance expectations under regulatory requirements. More information about our governance structure can be found in our 2024 Transparency Report.

 [Read our 2024 Transparency Report.](#)

Governance around climate-related decision making

The highest level of individual with executive responsibility for corporate responsibility strategy, including climate-related matters such as climate change and biodiversity, is our Chief Executive Officer (CEO), Rakesh Shaunak. The CEO is supported by the Management Team and ESG team in ensuring climate change mitigation is embedded within the Firm's overall strategy and that the Firm's climate goals are achieved. All sustainability strategies in place for MHA are aligned to those of the BTI International Board.

The Head of ESG, Mark Lumsdon-Taylor, was accountable for the delivery of the firm's ESG programme in the year 31 March 2023. To support the delivery of our strategic goals, responsibility for specific ESG matters is delegated to appropriate leaders who work alongside the ESG team to drive delivery.

The Head of ESG reports into the Oversight Committee quarterly with a status update on the Firm's exposure to climate-related risks and opportunities. He is also responsible for managing climate regulatory updates through the lens of our firm's risks and opportunities as well as those of our clients.

We plan to create an official ESG committee in FY25, which will act as a subcommittee to the Oversight Committee and will act to ensure that sustainability is at the heart of business decisions. This committee will review the firm's sustainability objectives, progress and impact, notably the progression towards our net zero commitments. This will include our science-based targets as well as the wider business transition to adapt to the climate-related risks and opportunities facing the business. Identification and management of climate-related risks will sit with the ESG committee, however ultimate responsibility will sit with the Oversight Committee who will ensure the risks are integrated within the firm's risk management strategy.

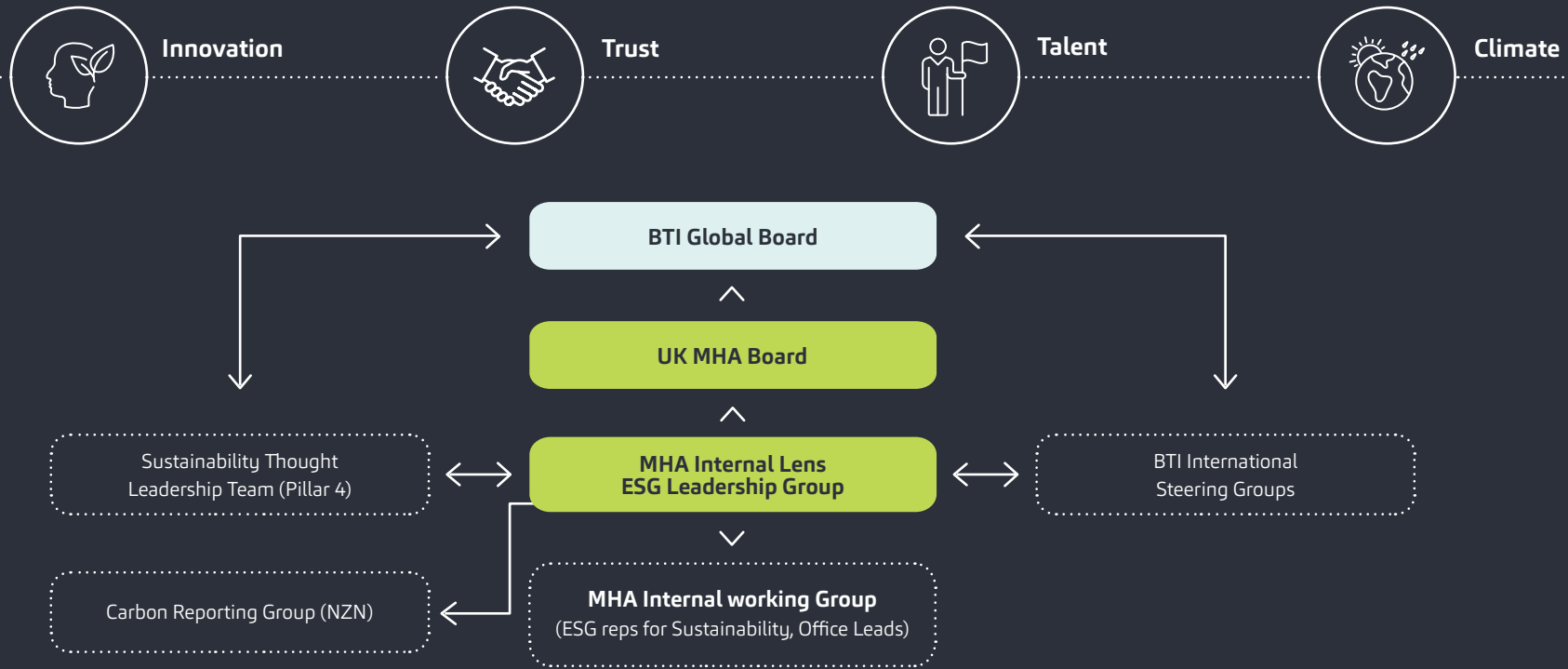
The firm is continuously working with stakeholders inside and outside of our business to refine how we collect data for climate-related reporting. The climate strategy, instated by the CEO and managed by the Head of ESG, goes beyond MHA itself, by supporting MHA clients in achieving their own sustainability goals. By collaborating across MHA service lines to communicate the MHA sustainability strategy, the Head of ESG helps clients navigate ESG compliance, innovation and new technologies to create long-term value by enabling environmentally sustainable growth.



Governance structure

Refer to page 10

Tactical approach to sustainability ESG

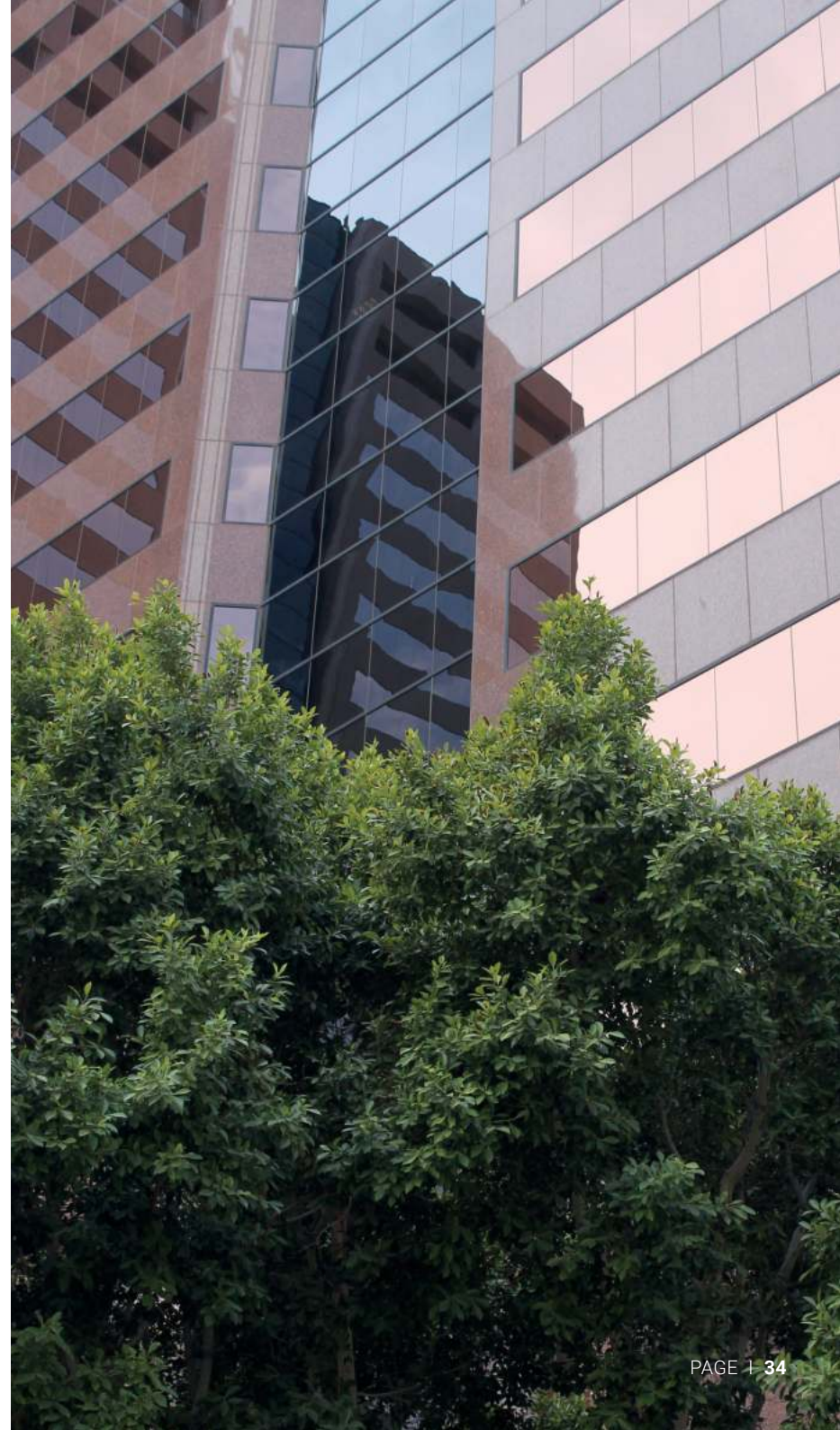


- | | | | | | | |
|------------|------------|-----------|-----------|---------------|--------------|---------------|
| Aberdeen | Cardiff | Kendal | Liverpool | Manchester | Nottingham | Reigate |
| Birmingham | Colchester | Lancaster | London | Milton Keynes | Peterborough | Swansea |
| Blackpool | Edinburgh | Leicester | Maidstone | Northampton | Preston | Thames Valley |

Key governance bodies and responsible individuals



| Body | Chair | Frequency of meetings |
|---------------------------|--|--|
| Oversight Committee | Rakesh Shaunak, CEO | Quarterly |
| Audit Quality Board | Andrew Moyser, Partner and Head of Audit and Assurance | Minimum quarterly, and additional meetings as required |
| Management Board | Rakesh Shaunak, CEO | Monthly |
| Public Interest Committee | Mark Goodey, INE | Quarterly |
| Audit Council | Andrew Moyser, Partner and Head of Audit and Assurance | Periodically, at least quarterly |
| Regional COO Group | Jane Walker-Smith, Head of People | Monthly |
| Central Operations Team | Jane Walker-Smith, Head of People | Monthly |
| Tax Council | Patrick King | Monthly |
| Risk Committee | Martin Herron, Partner | Monthly |



ESG-linked remuneration

Within MHA, reward-based remuneration and bonuses are linked to the outcome of appraisal scores which reflect the expectations of the role and, therefore for roles with specific responsibilities for ESG-related matters, any reward-based remuneration is linked to the successful performance of those responsibilities. There are currently no ESG or GHG-related remuneration or bonus structures for executives at the firm.

Strategy and Scenario analysis

MHA has been built on a sector led approach to provide audit, assurance & advisory services to the national and international business industries. The firm's premise is based upon anticipating client needs and working with clients to achieve their short, medium and long term goals wholly underpinned by regulatory audit assurance (where required).

This is core to the firm's strategy. MHA is designed to audit, to serve & to advise. Underpinned by its approach to sustainability ESG.

Climate risk and the economic opportunities arising from the low-carbon transition are among the top priorities for many of MHA's clients and their associated supply chains. Clients have become accustomed to requesting from MHA how they can mitigate risk and capture opportunities associated with climate and the transition to a more sustainable way of working. MHA has clear guidelines, policies and transparent ethics processes to ensure any engagements, or advisory services are only engaged when appropriate to do so.

When financially material. The firm will incorporate (subject to the assessment of short, medium and long term – reference below) climate information alongside other information into its firmwide processes (including its risk committee).

For clients interested in sustainability and the transition to a low-carbon economy, MHA provides a wide range of services incorporate regulatory assurance, regulatory advisory and services to SME's wishing to embark upon their sustainability journey, helping them to achieve their objectives.

At MHA, we recognise that sustainability means different things to different businesses. Therefore, MHA believes in the providing choice to clients, on a sector based approach. This section discusses how material climate-related risks and opportunities are managed by MHA with an emphasis on new developments in 2023. Its reporting of detailed scenario analysis will be disclosed in 2024/2025 reporting year in line with its transition statement.

Time horizons

While as a firm we have already made significant progress towards our net zero target, there is still a complex journey ahead given the global economy, geopolitics and changing working styles in the profession. Climate change continuously creates emerging risks and opportunities for the business. Our analysis of these risks and opportunities are forward-looking to ensure continuous development to achieve our goals. These risks and opportunities have then been further grouped by a categorisation of topics most material to the firm.

MHA has defined the short, medium and long term time horizon, in line with standards adopted by the EU under the climate and sustainability reporting directive (CSRD) used to monitor climate-related risks and opportunities as follows:

- 1 Short-term: 0-1 year.** This time period aligns to the going concern assessment of the group.
- 2 Medium-term: 2-5 years.** After the current planning phase, the next five-year strategy will run from reported base line year. This period aligns well with our near-term science-based targets, recently validated by the Science-based Target Initiative, to which many of our decarbonisation metrics are tied.
- 3 Long-term: more than 5 years.** This period is considered as our long-term planning horizon and aligns well with our net-zero target date of 2050

Climate scenario analysis allows an organization to develop insight into how the physical and transition risks and opportunities arising from climate change might impact its business and corporate operations over time. While climate scenario analysis is not meant to predict the future, it allows organizations to explore possible outcomes, the assumptions they depend upon, and the courses of action and/or events that could bring them about. The risks of climate change can be considered in two categories: transition and physical risks. Transition risk. Climate-related transition risks arise as the economy moves from a reliance on carbon-based energy toward a low-carbon economy through policy, legal, technology and market changes. Depending on the nature, speed and focus of these changes, the global climate transition is expected to create meaningful shifts within sectors and across the entire economy. Physical risk. Physical climate risks may consist of more extreme weather and climate events, or longer-term shifts in the climate such as temperature increases and sea level rises. Such risks may impact operations, leading to impairment of infrastructure and facilities, as well as disrupting supply chains.

| Type of risk | Category | Risk description | Time horizon (as defined above) | Severity | Likelihood (HIGH OR LOW) | Impact on the business | Mitigation strategy |
|--------------|-------------------|--|---------------------------------|----------|--------------------------------|---|---|
| Physical | Acute and Chronic | Extreme weather having a temporary or long-term impact on an MHA office location or business sector | Medium-long | Medium | Acute – high Chronic - high | <p>Climate change is increasing the frequency of extreme weather events. Extreme weather could cause MHA offices to suffer direct or indirect financial loss due to the impact on offices, our people, suppliers, clients and communities we operate in. Other impacts could be:</p> <ul style="list-style-type: none"> • Increased costs for office repair and maintaining adequate working conditions • Increased rental costs for offices in low-risk areas • Lost revenue and increased costs due to critical supplier disruption • Health and wellbeing issues with our staff due to extreme weather events • Lost revenue due to client business disruption • Increased insurance premiums on buildings previously damaged. | <p>MHA ensure that any new office space is reviewed by environmental experts for flood risk.</p> <p>Client and wider socio-economic-related disruption</p> <ul style="list-style-type: none"> • The MHA network is well diversified by geography and sectors in which we operate, which limits the potential impact of disruption in one sector or location. As a member firm of Baker Tilly, we are able to lean on member firms in other countries to perform client visits where necessary. <p>Location-related disruption</p> <ul style="list-style-type: none"> • Remote working arrangements allow MHA staff to continue working in the face of climate-related disruption. • MHA are all leased and our property team consider the impact of climate on the operational resilience of an office space before signing any contract. <p>Travel and other supply-chain disruption</p> <ul style="list-style-type: none"> • MHA has a designated supplier and procurement engagement process in place, which screens the operational resilience of a supplier before we engage with them. |
| Transition | Policy & Legal | Damage to reputation and increased costs arising as a result of climate litigation (e.g. accusation of greenwashing) | Short | High | Low | <p>As stricter greenwashing and other climate-related regulations increase, both MHA and our audit clients could be exposed to litigation if the client is accused of greenwashing where MHA have provided a clean audit opinion.</p> <p>As regulators and capital markets place increasing importance on the impact of climate change, we will have to adapt our service offerings, notably in audit and assurance, to remain at the forefront of innovative technology and emerging regulatory changes.</p> | <p>MHA priorities quality management in each of its service lines to ensure it is well protected from legal claims. For example, MHA's Audit & Assurance practice complies with the International Standard on Quality Management (ISQM) 1.</p> <p>We consider that our quality management processes and robust approval policy sufficiently mitigates the risk of climate-related litigation.</p> |

| | | | | | | | |
|------------|--|--|--------|--------|----------------------|---|--|
| Transition | Credit and liquidity | Sudden unfavourable movement in the market | Medium | Medium | Low | If our clients are impacted by sudden market shocks, this may impact their cash position and ability to collect cash in a timely manner. This could affect MHA's credit and liquidity position. | Given the regulatory requirement of audit, this service line is largely resilient to a client's spending activity. Having a diverse portfolio of clients in different sectors, markets, locations and listed on different exchanges acts as a mitigation strategy in the instance one sector were impacted by a climate-related event. |
| Transition | Reputation – by association to clients | Acting for companies or sectors which are perceived as taking no climate action, having unfavourable climate credentials or unevidenced transition plans could damage MHA's reputation | Medium | High | Medium | MHA's reputation as a leader on climate action in the Tier 2 accountancy space is currently a key differentiator amongst competitors and has proven key to revenue growth across all service lines. MHA's clients are increasingly conscious of the environmental responsibility credentials of organisations with which they wish to do business. This is demonstrated by the increasing number of requests for information about the firm's impact on the environment. The firm's reputation in light of its impact on the environment plays a significant role on the access and retention of talent, with an increasing proportion of new junior staff querying the firm's ESG credentials in their interviews. | To mitigate the potential impact on MHA's reputation, the firm performs thorough checks on the companies with which it represents and the nature of work it does for them. ESG due diligence is an integral part of client acceptance processes. The firm requests evidence to support all ESG-related disclosures in client accounts and assesses them for integrity and completeness. |
| Transition | Reputation -own brand | Actual or perceived failure to demonstrate commitment to climate change | Medium | Medium | More likely than not | MHA is facing increasing expectations from both internal and external stakeholders regarding our approach to climate change, the climate transition and progress made towards our climate-related commitments. If MHA fails, or is perceived to fail, to meet stakeholder expectations, it could face detrimental reputational damage and consequently: <ul style="list-style-type: none"> • Loss of revenue as clients or potential clients are unwilling to engage with us. • Inability to work with leading suppliers in business-critical areas as our scope 1 and 2 emissions will impact their scope 3 emissions targets. • Challenges in recruiting talent, notably among junior staff who are increasingly ESG-conscious. | Our 2030 net zero commitment is integral to the firm's growth strategy. We will continue to track progress against this commitment and review or revise as deemed necessary to ensure we are being true to our stakeholders. As a result, we have a potential opportunity to market our services as a low-carbon offering, acting as a way of helping our clients lower their own scope 3 emissions while ensuring and promoting our commitment to the environment. |

| Opportunity type | Opportunity description | Time horizon | Likelihood | Impact on the business | Realisation approach |
|------------------|---------------------------|--------------|------------|--|---|
| Strategic | Products and services | Short | High | <p>Expectations are increasing among a range of key stakeholders in terms of understanding MHA's approach to climate change and the climate transition. MHA, part of the Baker Tilly network, benefits from being a global business with a wide range of resources, experience and skills.</p> <p>There is an opportunity for MHA to differentiate itself as a market leader in ESG by growing its climate-related service offerings and corresponding revenues. This will help existing clients to achieve the climate transition as well as aide future go-to-market offerings. Additionally, maintaining quality and innovation will further enhance our reputation and trust in MHA.</p> | <p>MHA's national strategy has been developed with a focus on ESG across all services offered at the firm in order to capitalise on future growth areas amid the UK's transition to net-zero. We are now integrated in audit, assurance, tax, advisory and payroll services at the firm. Our approach is centred around quality and innovation in our ESG services.</p> <p>We have developed a bespoke AI tool to simplify and improve the measurement and management of climate change for our clients. This helps clients identify gaps in their current reporting and provides more accurate, complete GHG disclosures.</p> <p>We have also enhanced the measurement and reporting of our own GHG emissions to be able to track the carbon footprint of each client relationship and demonstrate to clients our experience in climate-related reporting.</p> |
| Strategic | Attract and retain talent | Short | High | <p>As a professional services firm, talent is a key asset and thus attrition and retention of the talent is fundamental to the longevity and success of the business.</p> <p>As UK temperatures continue to evolve in light of climate change, employees will expect action and show a greater interest in the firm's Net Zero action plan.</p> | <p>We are investing in the talent and capabilities needed to pursue the sustainability-related service opportunities presented for the firm, ensuring that MHA staff have the required skillsets to address sustainability issues. Our investments include building a network of sustainability experts who can help us to deliver these sustainability services, upskilling and headcount.</p> |

Risk Management

A Fundamental element of MHA principles is that rigorous risk management is critical to the delivery of high-quality audit, assurance & advisory services. MHA has formalised risk management processes in place, overseen by a chief risk officer, who also sits on the national board. The firm adopts a strong approach to its own risk management and that of its engagements with clients. MHA engagement partners are the primary risk owners, or in other words, tier 1 risk owners.

In addition, the firm has robust Engagement Risk & Approval Committee processes for those engagements that risk such evaluations, tier 2 risk owners. In addition, Ethical review may be required in the instances of potential conflict.

As part of regulatory risk and assurance, engagement partners are responsible for utilising appropriate internal experts in evaluating the financially material environmental (as well as social and governance) audit risks, just as they consider other potentially material economic issues related to an businesses future. MHA has its own sustainability ESG department that services the national (& where appropriate international) audit functions.

For MHA, examples of climate-related risks taken into account include risks from regulatory change or litigation and exposure to physical impacts such as flooding or other extreme weather events or changes in temperature. In addition, MHA intends to develop a framework to monitor exposure to carbon intensive industries to support the understanding and management of potential climate related risks.

MHA maintains business continuity plans to facilitate the continuity of business in the event of a business disruption. MHA's management board provides oversight and governance to the firm's business continuity plans.

MHA is evolving its risk management function to integrate thematic climate risk more formally into its inherent risks during 2024.2025. Evaluation criteria includes scale and type of energy use, GHG emissions, local climate, facility type, location, occupancy status, and potential financial impact.

Within the MHA ESG Sustainability strategy is its approach to society. With the costs to the firm of personnel is its most material number, the firm is embedding its approach to how it defines the S in social, being "The organisation's societal licence to operate through its external and internal relationships. These relationships are built upon trust that create long term measurable positive social impact and ethical financial performance". This measured through standards that have thresholds for what constitutes a 'unit' of impact for outcomes. Societal impacts can positively as well as negatively affect an organisations performance. Reporting of this societal impact will form part of transitional reporting in 2024/2025.

To manage regulatory risk related to corporate operations, MHA's Health and Safety team performs forecasting to monitor emerging environmental regulations that may impact facility infrastructure and operations. The implementation of new requirements is tracked to ensure compliance.






Metrics & targets

The firm has established a robust baseline through the collation of data from a 'double directional' approach/ Through source records within the financial function, and through research and data collation throughout the MHA Infrastructure network, acting as a control check of our data integrity.

MHA has committed to becoming Net Zero by 2030 to achieve carbon neutrality under Scope 1 and 2, aligned to our science based targets initiative (SBTi) targets (once validated) and will be a climate-balanced organisation thereafter, considering scope 3 emissions in our value chain. We do not participate in any offset scheme. We want to achieve our target through action and making a difference.

Like our clients, MHA strives to improve our processes around measuring and reporting GHG emissions. MHA recognises the Importance of leading by example in its own disclosures and strives to deliver best practise to act as a benchmark for its clients.

The intention is for the firm publish its three categories of climate related metrics to enhance its transparency on its sustainability journey:

-  Corporate GHG Emissions
.....
-  Business indicators across sustainability reporting & regulatory alignment
.....
-  Supply & Client reporting (scope 3)

Through the implementation of our new software solution Net Zero Now, we can now more precisely track our emissions across Scopes 1, 2 and 3. We have a designated Net Zero working group that tracks carbon emission production across the MHA network, collecting and analysing the information on the new tool and reporting to the Board on a quarterly basis. Collecting this data monthly has provided more insights about our emissions and enabled a faster response where required. Our greenhouse gas emissions are disclosed on page 23 in the Streamlined Energy and Carbon Reporting disclosure.

To enable the firm to meet its climate and sustainability ESG obligations, it sets out its transitional framework of core objectives, which have been developed throughout the 2024/2025 fiscal year.

1 Manage business travel impact and associated baselines of Scope 3 Emissions.

The global pandemic limited our ability to be in-person with colleagues and clients. As a result, our business travel temporarily reduced to zero. This demonstrated the benefits of working from home and the extent of our services which could be performed without face-to-face engagement. This considers the principles of the 'net zero audit'.

2 Engage suppliers and customers

Along side our efforts to reduce emissions, we are working with stakeholders throughout our supply chain to help them meet the needs of working with a large national organization like MHA and to reduce their own emissions. Our supply chain is global and its impacts are far reaching. Before engaging with a new supplier, we perform an ESG due diligence exercise to ensure the supplier's ESG credentials align with our own.

3 Plan for Tier 2 disclosure of emissions from Clients, supplier's suppliers and engagements

In line with the EU development of CSRD & CSDDD the firm is developing its own framework for how it will evaluate the impact of its business on its clients, its engagements & its stakeholders. This is part of the firms forward planning aligned to future regulatory requirements under ISSB S1 S2 and the interoperability between EU CSRD regulations.

4 The Social Framework

Defining the societal 'S' in practical categories and as the firms overarching "societal license to operate through its external and internal relationships" These relationships are built upon trust that create long term measurable positive social impact and ethical financial performance.

5 Training and Development

Training and Development: To deliver a comprehensive training programme on regulatory alignment and embedding the sustainability ESG cultural shift within MHA.

Climate reporting data on emissions is Backward-looking. MHA believes that absolute emissions and carbon footprint are an appropriate starting point, which serve to illustrate its baseline. MHA has identified its current emissions intensity and intends to plan a forward looking assessments of projected emissions to produce a more scientific based narrative, which will see how MHA is progressing toward the temperature goal of the Paris Agreement, which calls for countries to limit global warming to well below 2°C, and ideally 1.5°C.

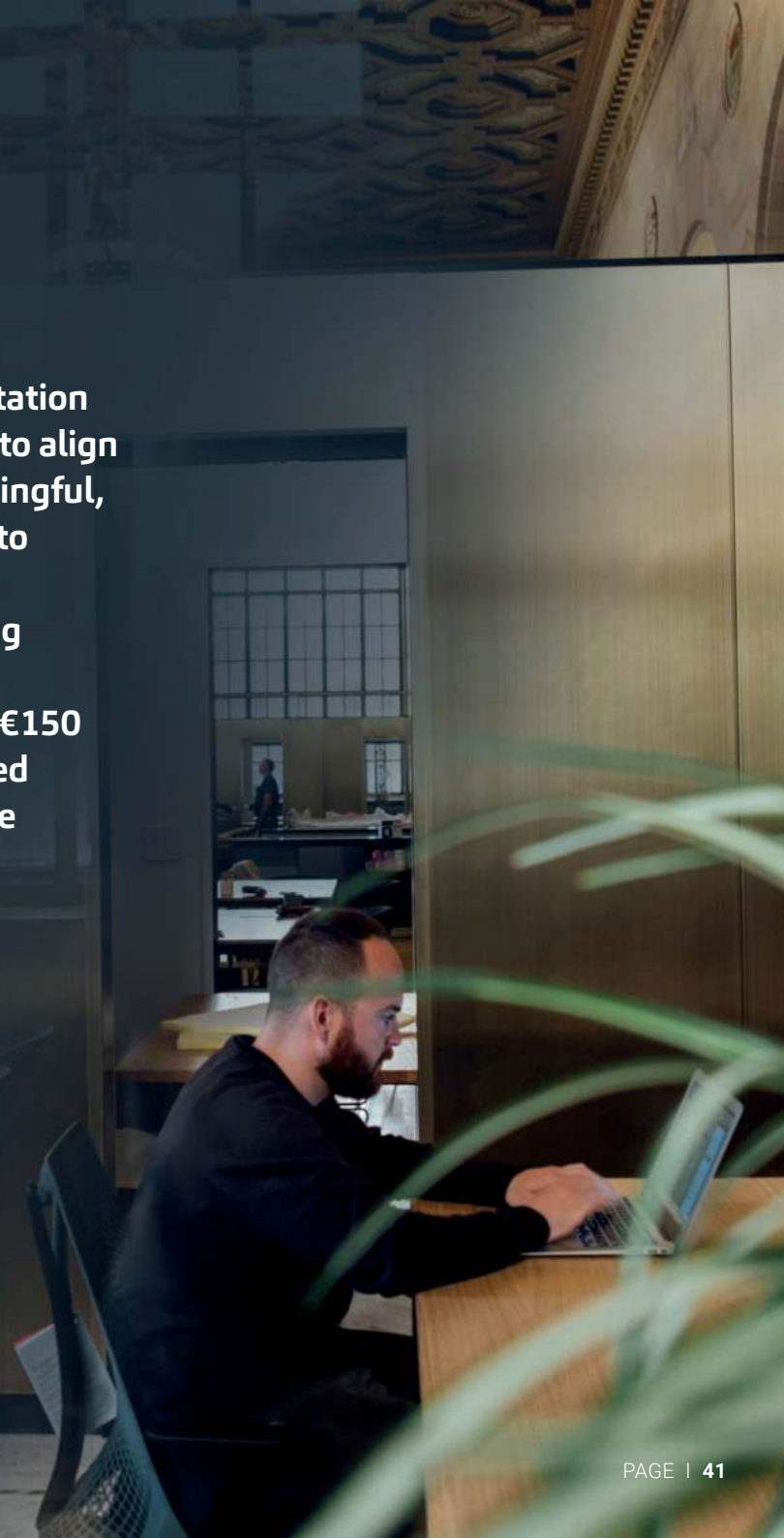
Applied regulatory sustainability and associated characteristics for client institutional level reporting of climate-related risks, opportunities and metrics are, in the main, backward-looking in that that they only consider past emission. Often, institutions do provide an independently validated plan to reduce their emissions in the future based on transition plans, emissions reduction targets and goals.

The firm is also committed to the UN's Race to Zero Campaign, as an active member of the UN Global Compact. The firm was recognised a key member of the UN Global Compact UK, as well as being a contributor to global webinars on ESG Regulation and Social approach to sustainability. In addition, MHA was acknowledged as one of the leading contributing organizations in sustainability as part of the pioneers 2024 programme.



There is an increasing expectation that UK regulation will need to align with the EU to provide meaningful, decision-useful information to stakeholders. The advent of comprehensive ESG reporting and due diligence by UK and global businesses with over €150 million net revenue generated in the EU will inevitably drive stakeholder expectations.”

Tim Dee-McCullough
Sustainability & ESG Technical Director



Leading with Ambition for our Clients

When it comes to ESG, climate change and nature conservation, MHA is in the fortunate position to be able to provide services that, through our clients and our own business, can make a real difference.

As you would expect, before developing our suite of services, we determined to find the very best way to tackle these enormously vital issues that are essential to business sustainability.



We developed an approach based on four pillars that overlay the ESG goals:

1 Sustainability and ESG

This is the 'what we do' which is to operate on the same principles that we apply to our clients, embedding ESG, climate and nature sustainability into business sustainability to develop an approach we term 'Purpose with Profit'.

2 The MHA Sustainability and ESG services suite.

Our Sustainability & ESG services comprise Assurance, Advisory and Reporting & Compliance (Technical), reflecting the fundamental strengths of the firm. We term the approach Dynamic ESG to differentiate it from others that are more static. We are driven by our clients' results. The services comprise:

- **Assurance Services.** Including ISAE 3000 & ISAE 3410, compliance with regulatory and voluntary reporting assurance standards. This includes assurance for climate disclosures under the TCFD framework.
- **Advisory Services.** The full Dynamic ESG programme includes Scope 1, Scope 2 and Scope 3 emissions (identification, planning, measurement, control and accounting); whilst Dynamic ESG Lite is most-often used by organisations at an early stage of their sustainability journey, by smaller SMEs or by organisations that are seeking proof-of-effectiveness before embarking on a full Dynamic ESG programme.
- **Audit Services (Reporting, Compliance, Technical).** Aligning your sustainability and ESG reporting with mandatory and voluntary frameworks. We are able to undertake materiality assessments and benchmarking, create your climate and environmental risk register and we can also train your own Sustainability, ESG and Net Zero team as well as helping you to incorporate ESG, climate change and sustainability into your accounting papers.

3 The wider Baker Tilly International global network.

As the UK member firm of Baker Tilly International (one of the world's leading Assurance Advisory and Specialist Consulting firms), we have built Sustainability and ESG principles across the international scope of the connected organisation.

4 MHA sustainable thought leadership.

We take a leading role in key ESG and sustainability business thought leadership including within priority sectors such as Construction, Financial Services, Manufacturing and Retail. We also lead research within sectors that include Agriculture, Food & Farming, Automotive and Banking to ensure that the services we offer are, and remain, at the leading edge of ESG thought leadership and climate change mitigation, nature conservation, and building sustainable businesses.

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We have a commitment to supporting our clients in developing sustainable supply chains, critical services delivery, meeting legislated and voluntary nature and climate change disclosures and ensuring the future sustainability of their businesses in the widest sense.

To that end we are tireless in helping clients to align their supply chains, identify and eliminate waste, frame their societal structures and to embed sustainable practices throughout their business planning. We do exactly the same for our own business not only because it is the right thing to do but also because businesses built on sustainable principles are long-term sustainable businesses.



We practice what we preach. We do internally what we promise to our clients.

We are all in.”

**Rakesh Shaunak
Partner and Group Chairman**



ESG Team



Mark Lumsdon-Taylor
Partner and Head of ESG



Anne Walton
Environmental, Social
& Governance Director



David Hall
ESG Advisory Director



Tim Dee-McCullough
Sustainability &
ESG Technical Director



Ruby Schofield
ESG Audit Manager



Jenna Harris
ESG Audit and Assurance
Senior Manager



David Stone
Tax Director



Stuart McKay
Partner and Head of DIBS



Chris Rising
ESG Internal Audit Lead



Martin Sweeney
Business Development

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership, registered in England with registered number OC312313. A list of partners' names is open for inspection at its registered office, 201 Silbury Boulevard, Milton Keynes MK9 1LZ.

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Now, for tomorrow

