

# At Morgan we are committed to a sustainable future.

Our aim is to ensure that our products and manufacturing processes are designed, built and managed in a way that enhances their value to society and our environment.

## ESG COMMITMENTS

We have stretching environmental goals that we are working hard to achieve. We are improving social factors to keep our people safe and we are looking to provide meaningful work that contributes to an improved society and enables the communities where we operate to thrive. We have robust governance processes across our business and operate to high ethical standards.

Our ESG improvement objectives and targets show what we are focused on improving as a Group.

OUR ASPIRATION	OUR 2030 GOALS
A CO <sub>2</sub> e net zero business by 2050 <sup>1</sup>	50% reduction in Scope 1 and Scope 2 CO <sub>2</sub> e emissions
Use water sustainably across our business	30% reduction in water use in high and extreme stress areas <sup>2</sup>
Improve efficiency of our processes at all manufacturing sites to reduce waste	30% reduction in total water usage <sup>2</sup>

OUR ASPIRATION	OUR 2030 GOALS
Zero harm to our employees	0.10 lost time accident rate
Our employee demographics will be inclusive and reflective of the communities in which we operate	40% of our leadership population will be female
A work environment where all employees are valued and can do their best work	Top quartile engagement score

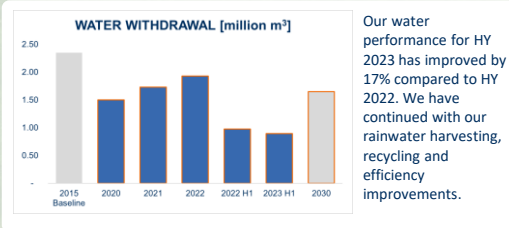
1. Excludes indirect emissions generated by our supply chain, distribution network and employee travel.  
2. Reduction targets shown are compared to a 2015 baseline.

Our products help our customers to be more efficient, to use less energy in their manufacturing process or in their product, and to generate less CO<sub>2</sub>e. We are working hard to decarbonise our own operations, to produce our products more efficiently and to reduce our own CO<sub>2</sub>e emissions.

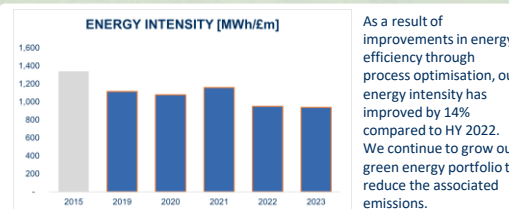
## WATER, WASTE AND ENERGY

Our half year 2023 water, waste and energy highlights:

- Our water intensity reduced by 17% compared to HY 2022
- Through HY 2023, our total waste recycled stands at 42%
- Energy intensity has improved by 14% compared to HY 2022
- As of June 2023, 67% of our energy is from green sources.



Our main focus in 2023 has been on water stressed areas and we see rainwater harvesting as a vital part of developing a sustainable water resource plan in areas of high and extremely high-water stress. We have several upcoming projects identified for the second half of 2023 and as of HY 2023 we have reduced absolute water use in water stressed areas by 15% compared to HY 2022 and 38% compared to our 2015 baseline.



## FEMALE LEADERSHIP

At Morgan, better gender diversity just makes sense – it's good for the company and good for employees. We were delighted with the progress of our employee resource group, Women@Morgan, in helping to make Morgan a diverse and inclusive place to work.

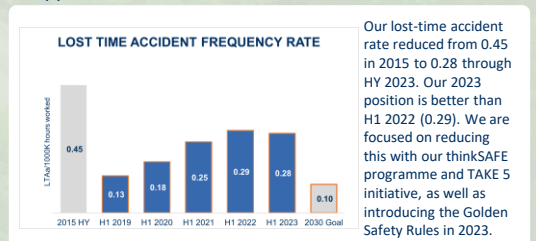


At the end of June 2023, 29% of our leadership population were female. We are making changes to improve our diversity, from amending policies, to training & changes in our approach to recruitment.

We also continue to grow our employee resource groups; Women@Morgan, PRISM (Pride, Respect, Inclusion and Support at Morgan) and Military@Morgan.

## SAFETY

We are working towards our aspiration of 'zero harm' to all our employees. We are committed to conducting all our activities in a manner that builds a caring safety culture and develops a world-class safety system that supports this effort.





## SCIENCE BASED TARGET INITIATIVE (SBTi)

The Science Based Targets initiative (SBTi) is a global body helping businesses to set ambitious emissions reductions targets, in line with the latest climate science. It is focused on halving global emissions before 2030, and in achieving net-zero emissions before 2050.

We have completed our SBTi target setting application and are currently awaiting validation of the targets. We have proposed the following:

- Reduce absolute scope 1 and 2 GHG emissions in line with our 2030 targets;
- Increase annual sourcing of renewable and carbon free electricity from 1% in 2019 to over 60% by 2025, and 100% by 2030;
- Reduce absolute scope 3 GHG emissions by 15% by 2030 (from a 2019 baseline) in the areas of purchased goods and services, capital goods, fuel & energy related activities, upstream transport, business travel and waste generated in operations.

During 2023 we plan to invest £5m on projects that will further reduce our CO<sub>2</sub>e emissions and water consumption.

## ECOVADIS

EcoVadis assesses material sustainability impacts, based on documented evidence. This award recognises companies who are leading the charge in engaging and integrating sustainability into their relationships with trading partners around the globe.

In 2022 we were awarded the Silver EcoVadis Medal. This is in recognition of an overall score that represents the improvements made across the four pillars of ESG (Environment, Labour & Human Rights, Ethics and Sustainable Procurement).

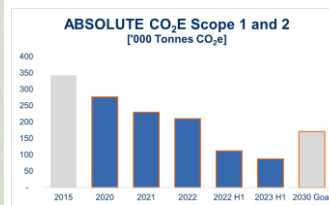
This result places Morgan among the top 25 percent of companies assessed by EcoVadis. We currently await our 2023 scoring.

EcoVadis is one of the world's most trusted providers of evidence-based sustainability assessments. We are proud that our sustainability efforts have been recognised and that we were awarded a silver medal for 2022. We look forward to receiving our 2023 score.

## CO<sub>2</sub>e

For CO<sub>2</sub>e we continue to make great progress against our 2030 target. Our operations teams continue to identify opportunities to improve energy efficiency through process improvements and we are growing our green energy portfolio.

As a result of these improvements, our CO<sub>2</sub>e has reduced by 17% compared to HY 2022, and we are proud to report that as of HY 2023, 67% of our electricity is from renewable and carbon free sources. Work continues with our kiln/furnace strategy team to determine opportunities to convert natural gas units to electric and explore other opportunities for greener gas alternatives and enable kiln/furnace optimisation, with costed plans from now and 2030.



For CO<sub>2</sub>e we continue to make great progress against our 2030 target. We have focused on reducing energy intensity through continuous improvement measures and through the procurement of green energy.

"We are making great progress against our 2030 sustainability goals. More than 67% of our electricity now comes from carbon free sources as of HY 2023."

**Pete Raby, CEO**

As part of our SBTi target setting, we have included a view of Scope 3 across all 15 GHG categories. We now have a full 4-year view (2019-2022) of Scope 3 for each category.

As we continue to build on our Scope 3 data, we are collecting improved insights through our Life Cycle Analysis (LCA) programme which commenced in 2022. We hope to make product level data available to customers for our key products by then end of 2023.

## CLIMATE STRATEGY

Morgan's climate plans focus on climate change-related actions towards process efficiency, scaling up, product innovation and investments in key technologies. Our focus includes changing power providers and/or power sources to renewable/carbon free energy to achieve our 2025 target of 65% carbon free electricity of which we are ahead of schedule.

In the first half of 2023, we continued to build on our development work to convert gas furnaces to electricity. In addition to better support our customers in their decarbonisation journey we are conducting life cycle assessments on our key products and identifying opportunities to reduce their impact.



We have made investments in early stage R&D projects for carbon-free furnaces and we do acknowledge that the solutions are not yet deployable in many cases. Therefore, we continue to work with academia, industry groups and suppliers to develop solutions. To improve our financial planning and increase resilience across the business to carbon taxation, we are evaluating the implementation of a shadow carbon price for all CAPEX business cases, linked to the European ETS price.

### WATER CASE STUDY

Our Stourport site in the UK, implemented their second water reduction project to eliminate water used for cooling the ball-mills.

The system recirculates the water around the mills and uses a combination of a heat exchanger and chiller unit to remove the heat from the return water. As of HY 2023, the site has seen a reduction of 35% in consumption as compared to HY 2022.