

# 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 five 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

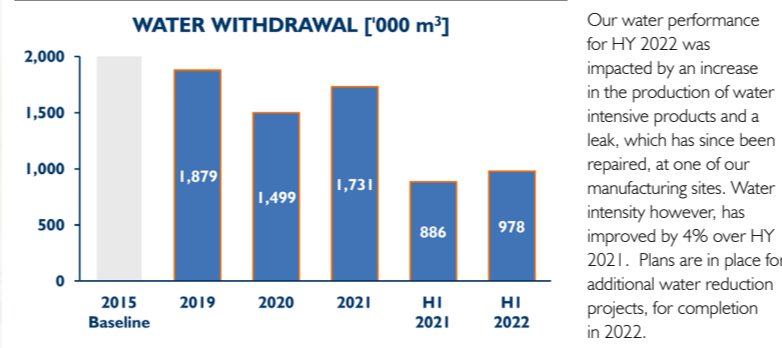
1. Excludes indirect emissions generated by our supply chain, distribution network and employee travel.  
 2. Reduction targets shown are compared to a 2015 baseline.

We are making investments in our manufacturing processes and technology to reduce the environmental impact of our business. We are also investing in new materials and process technologies that improve the performance of our products, to deliver greater environmental and safety benefits to our customers.

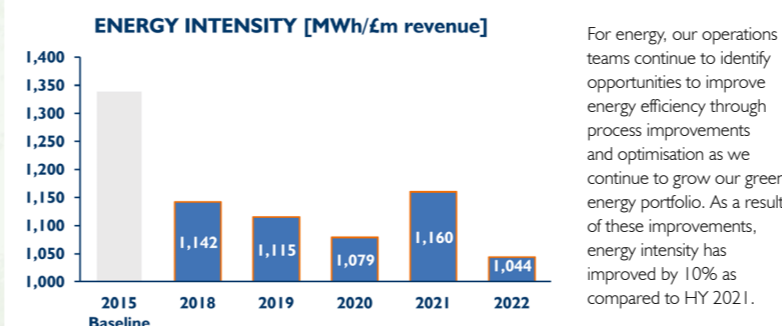
## WATER, WASTE AND ENERGY

Our half year 2022 water, waste and energy highlights:

- Our water intensity reduced by 4% compared to HY 2021
- Through HY 2022, our total waste recycled stands at 58%
- Energy intensity has improved by 10% as compared to HY 2021

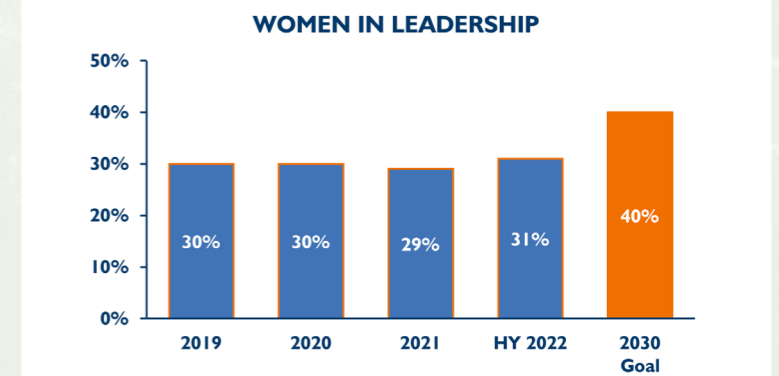


Our main focus in 2022 has been on water stressed areas and we see rainwater harvesting as a vital part of developing a sustainable water resource plan in areas of high and extremely high-water stress. We have several upcoming projects identified for the second half of 2022 which include rainwater harvesting, water recycling, water conservation and another focusing on cooling towers in our India and UAE locations.



## FEMALE LEADERSHIP

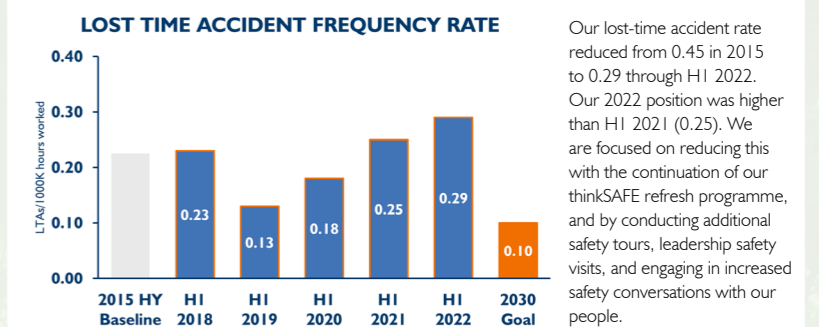
At Morgan, better gender diversity just makes sense – it's good for the company and good for employees. We were delighted to launch our first employee resource group, Women@Morgan, on International Women's Day, as part of our commitment to making Morgan a diverse and inclusive place to work.



At the end of June 2022, 31% 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 have also established our first 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.



**TO FIND OUT HOW**  
 our people work with our communities, please visit our website at:  
[www.morganadvancedmaterials.com/community](http://www.morganadvancedmaterials.com/community)

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 about our products and services, please visit:  
[www.morganadvancedmaterials.com/whatwedo](http://www.morganadvancedmaterials.com/whatwedo)

## 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 are completing our SBTi target setting application and expect to propose the following targets in our July 2022 submission:

- 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.

In H1 2022, we have invested £2m on over 50 projects that have reduced CO<sub>2</sub>e emissions by 5,000 tonnes and water consumption by 137,000 m<sup>3</sup>.

## 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.

We have been 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, Labor & Human Rights, Ethics and Sustainable Procurement).

This result places Morgan among the top 25 percent of companies assessed by EcoVadis.



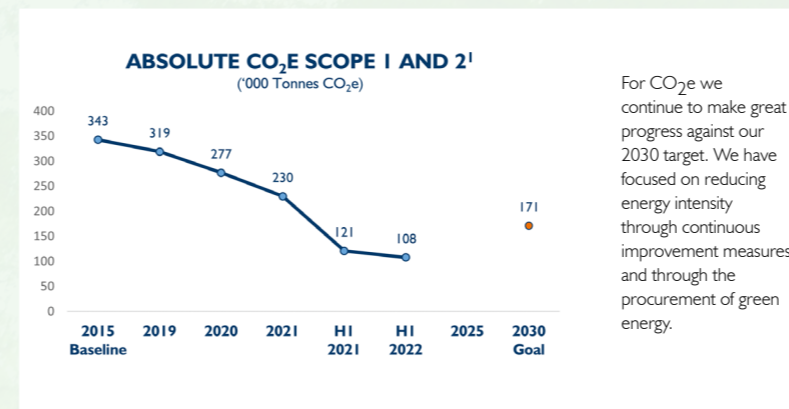
“EcoVadis is one of the world’s most trusted providers of evidence-based sustainability assessments. We are proud that our sustainability efforts have been recognised and we have been awarded a silver medal for 2022.”

**Lori Chalker**  
Group Director of Environment, Health, Safety & Sustainability

## 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 11% compared to HY 2022, and we are proud to report that as of HY 2022, 49% of our electricity is from renewable (34%) and carbon free (15%) 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.



“I was pleased to see further progress in reducing our CO<sub>2</sub>e emissions, driven by further moves to carbon free electricity. Around half of our electricity now comes from carbon free sources.”

**Pete Raby, CEO**

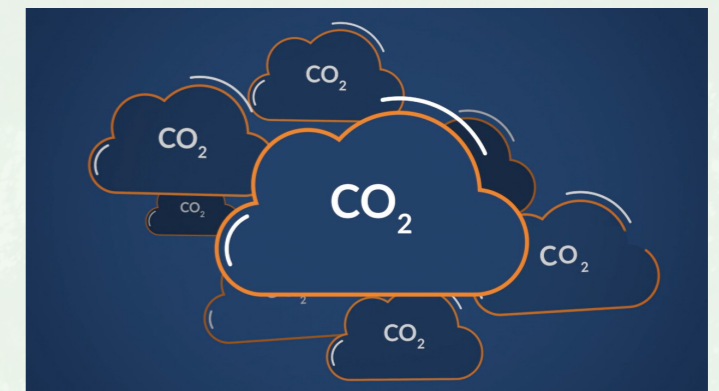
As part of our SBTi target setting, we have included a view of Scope 3, using a spend base screening method with the GHG Protocol Scope 3 evaluator tool. We have a 3-year view (2019-2021) of Scope 3 for six categories.

As we continue to build on our Scope 3 data, we are collecting improved insights through our Life Cycle Analysis (LCA) programme which commenced earlier this year.

## CLIMATE STRATEGY

We are utilising the insights from our climate scenario analysis (CSA) to build our climate strategy towards transitioning to a low carbon economy. CSA is informing our risk management process and further helps us understand the risks and opportunities that climate change poses to our business.

In the first half of 2022, we delivered climate risk and scenario analysis awareness training to the executive and Group finance teams. This training has enabled us to upskill the risk teams at Group level and across our global business units (GBU), to understand how to respond to scenario analysis, and climate change risk. We continue to work with our cross-GBU engineering and operations team to identify and evaluate environmental projects across the business.



This collaboration is allowing us to share ideas and best practice, yielding a list of projects to complete over the next three years; to reduce our emissions and meet our CO<sub>2</sub>e and water reduction targets. We are currently working to assess the technologies we will need for the longer term (beyond 2030) to address CO<sub>2</sub>e emissions from existing natural gas driven production processes.

## WATER CASE STUDY

At our Pachuca site in Mexico, we undertook an extensive review and upgrade of the water system, reducing water consumption by 30%.

This was achieved by replacing old piping and old radiators, by installing water meters, by installing water recovery tanks, through the use of better amenities and by fixing water leaks.

These actions are saving an average of 496m<sup>3</sup> of water per month.