



MORGAN MOTOR COMPANY

# 2021 Sustainability Report





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## INTRODUCTION

Creating unforgettable driving experiences through craftsmanship that lasts, whilst innovating for the benefit of future Morgan customers.



## WELCOME

Welcome to Morgan Motor Company's 2021 Sustainability Report. This report demonstrates the work we have undertaken so far to make our business more sustainable and resilient.

This report highlights our key initiatives and achievements, both within the company, and with external stakeholders. This report also looks ahead, highlighting our ambitions and commitments for a more sustainable future.

We are proud of our contribution to creating a more sustainable future. Morgan Motor Company remains committed to continuous improvement with regards to sustainability.



## OUR PILLARS

At Morgan Motor Company, our sustainability efforts are focused around four key areas, which make up the pillars of our sustainability strategy and form the structure of this report:

Blending Craftsmanship  
and Technology



Protecting the  
Environment



Behaving  
Responsibly



Supporting Our People  
and Our Communities



## ABOUT THIS REPORT

Morgan's latest sustainability report seeks to build upon previous publications by further building upon the sustainability topics that are most important to our business and stakeholders.

Morgan's ongoing sustainability strategy is built in response to those topics. This strategy reflects our mission to provide a unique blend of vehicle craftsmanship, heritage and pure driving experience, while leveraging technology in order to create appropriately innovative products for the benefit of future Morgan customers.

The outcome of this exercise is detailed within this sustainability report.

We have shaped this report to share information about the highest priority topics for our business, including the targets that we aim to achieve in the next two to five years.

The report has been prepared in accordance with the 'core option' of the Global Reporting Initiative (GRI) 'Global Reporting Standards', which are globally recognised standards for sustainability reporting and disclosure.

The updates to this report apply to 1<sup>st</sup> July 2020 to 1<sup>st</sup> July 2021. Where figures have been supplied for **Business Highlights** (pg. 12) and **Sustainability Highlights** (pg.13), these represent data collected from 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020.



## ABOUT OUR BUSINESS

Established in 1909 by H.F.S Morgan with the design of the iconic, three-wheeled Morgan Runabout, the Morgan Motor Company is one of the longest established automotive manufacturers in the world, currently with dealerships in over 30 countries globally.

The three-wheeled cars were followed in 1936 by 4-4, named so as it utilised four cylinders and four wheels.

Today's Morgan vehicles share many spiritual links with and are built using almost identical methods to the 4-4, making Morgan's current model range the perfect illustration of the brand's proud history. The company has operated from its current factory in Malvern Link, UK, since 1914.

Today, in addition to producing vehicles, the factory is a leisure destination, offering guided factory tours, driving experiences and an on-site dealership, retail shop, museum and restaurant.

Now in their fourth generation, the Morgan family continue to act as stewards for the brand, upholding the values of the company and ensuring their family legacy lives on with each new Morgan produced.

The Morgan family retains a shareholding of the company, alongside a fund managed by Investindustrial, a leading European group of independently management investment, holding and advisory companies, who announced in 2019 that they would be indirectly investing in the Morgan Motor Company and its long-term future of building cars in Britain.

## CEO STATEMENT



Following on from the investment by Investindustrial in March 2019, we embarked on a journey to make the Morgan Motor Company a more sustainable organisation. 2020 has been a year where we continued to build on the exceptional work that was started by our internal sustainability team, and this continues in 2021.

Throughout 2020, and into 2021, the continuation of challenges arising from the COVID-19 pandemic – not just to Morgan but to the wider world – cannot be underestimated. Whilst we hope that the worst of the pandemic is behind us, we are also realistic in how the effects will continue to challenge the Morgan business and the wider automotive industry. Despite these challenges, Morgan has remained committed to investing in its employees and wider stakeholders.

Protecting our people and the environment remains at the forefront of our strategy and influences key decisions at every level of our business.

We are continuing to build on the success of our recently introduced CX-Generation aluminium platform. Developing and introducing this new platform has been one of the most significant projects undertaken by Morgan's Engineering and Design teams in the company's 112-year history.

The introduction of the platform also coincided with a new range of powertrains used in our vehicles. These new powertrains contributed to an overall reduction in CO<sub>2</sub> across our range, a task that continues to remain a core focus for our business.

In addition to our revolutionised product range, we have also been working to improve our manufacturing operations and reduce our overall greenhouse gas emissions. I am delighted to report that in 2020 we achieved a zero-waste-to-landfill accreditation, something we expect to do again in 2021 as the company identifies more opportunities to recycle.

Away from the product and manufacturing entities of the business, we have also undertaken several initiatives to support the wider community, both through empowering our own workforce and in supporting our local and national charity partners, St Richard's Hospice and Mission Motorsport. It has been uplifting to see Morgan employees take time out of their busy work schedule – with support from the company – to give back to our local community through activities such as litter picking via the 'Adopt a Street' campaign.

Malvern – and Worcestershire – has been home to Morgan for the last 112 years, and we are firmly committed to looking after the town for future generations. I am particularly proud to work alongside fellow businesses within our county, such as the Worcestershire County Cricket Club, to support our charity partners. One such initiative was the donation of our WCCC sponsorship to St Richard's Hospice for one match day, helping to raise funds and awareness for the charity. You can read more about this and our other initiatives in the report.

From the outset of the pandemic, we have had to remain agile and innovative in our thinking. I am continually impressed with the nature in which our workforce continues to transform challenges into opportunities, all within a safe working environment. Whilst many national restrictions have been lifted, we have opted for a more cautious approach and continue to

operate a robust COVID-19 policy to ensure the safety of our workforce and visitors.

Craftsmanship, and the employment of rare skills in the production of Morgan sports cars, continues to differentiate us from other manufacturers within the automotive industry. One of our ongoing objectives is to help train the next generation of craftsmen and women, both through apprenticeships working with educational partners, and through training in the workplace where those rare skills are passed down through generations.

Our experiential offering continues to go from strength to strength, both here in Malvern and at our two new sites in Bicester and London. We recognise the importance of offering a range of experiences and have witnessed just how popular these have proven to be. In 2021 we welcomed visitors back to the newly refurbished Morgan Experience Centre, now complete with an all-new interactive museum, The Archive Room, which officially opened in April. We have recently operated the first Morgan Driving Academy experience at Bicester Heritage, and have also hosted a number of customers embarking on a Morgan Driving Tour around the United Kingdom. With individuals looking to explore and indulge in leisure activities as COVID-19 travel restrictions lift, Morgan is well placed to help people enjoy themselves once again, be it current or future Morgan owners. We very much look forward to welcoming overseas visitors back to the Morgan factory in 2021 and beyond.

Our journey to incorporate sustainability at every level of the company and into everything we do continues at pace and is firmly rooted in our core business practices.

The following report delves into all of this activity in much more detail and demonstrates the key decisions and activity that we are undertaking as a business. We invite our readers to learn more about our future aspirations and sustainability targets for the coming year. Thank you and I hope you enjoy the Morgan Motor Company 2021 Sustainability Report.



Protecting our people and the environment remains at the forefront of our strategy and influences key decisions at every level of our business.

## 2020 BUSINESS HIGHLIGHTS

2020 REVENUE

**£32** million

ASSOCIATES

**231** people

on average in 2020.

NEW HIRES

**23** people

in Q1, 2020.

APPRENTICESHIPS

**3-6** offered per year

on average. 2 new hires in 2020 - total of 10 apprentices.

NUMBER OF APPRENTICES JOINING IN 2020

**2** apprentices

2020 PRODUCT LAUNCHES

**Plus Four  
P101**

NUMBER OF DISTRIBUTION/DEALER CENTRES

**55** Globally

VEHICLES PRODUCED

**700 to 1,000**  
vehicles each year

- Major refurbishment of our Visitor Centre to include new retails showroom facilities & new museum offering.
- Creation of an all-new 25000 Sq Ft Research & Development facility, Morgan Design and Engineering Centre (MDEC).

## 2020 SUSTAINABILITY HIGHLIGHTS

CX GENERATION PLATFORM CO<sub>2</sub> REDUCTION

**50%** reduction in GHG emissions from the vehicle fleet

ENERGY CONSUMPTION WITHIN THE ORGANISATION

**2,918** MWh

OPERATIONAL GHG EMISSIONS

Scope 1 and 2:

**598** tonnes of CO<sub>2</sub> equivalent

Scope 3 emissions from water use, waste disposal, business travel and employee commuting:

**231** tonnes of CO<sub>2</sub> equivalent

VOC EMISSIONS

**70%** reduction  
by switching to water base-paints

WASTE GENERATED (COMMERCIAL AND INDUSTRIAL)

**256** tonnes

WATER CONSUMPTION

**1806** m<sup>3</sup>

CLIMATE

Exploring how to set a Science-Based Target for our emissions

TOTAL COMMUNITY INVESTMENT (DONATIONS, VOLUNTEERING, GRANTS, FUNDING)

**£1.85** million

MEMBERSHIPS

UN Global Compact

## OUR CORE BUSINESS ELEMENTS

Our sustainability strategy is rooted in our core business elements of traditional craftsmanship skills, product design and innovation, leisure and entertainment, and community stewardship.



### TRADITION CRAFTSMANSHIP SKILLS

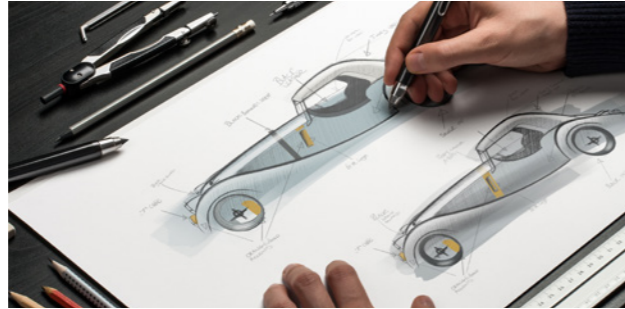
*'Our cars tend to be cherished and loved'*

Our traditional craftsmanship skills are one element that makes our products high quality and long-lasting. We provide a fitting antidote to mass-produced automotive manufacturing, bringing with it an exceptional mix of traditional craftsmanship and appropriate modern technology, while using core materials that are sourced as close to the factory and as ethically as practicable.

All Morgan cars are expertly crafted using three core elements: ash, aluminium and leather, and are designed to work in harmony with the materials used to construct them, and these materials work in harmony with the way in which they are applied within the vehicle.

We recognise that our vehicles may not be our customers' sole mode of transportation. They are designed and built to provide exciting driving and leisure experiences. Both the traditional manufacture and the longevity of ownership of our vehicles is celebrated at Morgan Motor Company. Our cars are built to last and designed to have a timeless style.

*For more details, see our Blending Craftsmanship & Technology section.*



### PRODUCT DESIGN AND INNOVATION

*'We praise the materials we use.'*

Morgan's in-house Design and Engineering team develops new vehicles from conception to production, keeping key considerations in mind: efficiency, performance, and the classic charms of hand manufacturing.

They keep abreast of the latest trends in product design, including the use of alternative, more sustainable materials; explore circular economy solutions, and contribute to resource efficiency through a focus on product life-cycle management.

The company leverages modern technology for greater efficiency and performance, putting each new vehicle through rigorous digital simulation and extensive physical testing.

*For more details, see our Blending Craftsmanship & Technology and Protecting the Environment sections*





## OUR CORE BUSINESS ELEMENTS



### LEISURE AND ENTERTAINMENT

*'We create products that provide great leisure experiences.'*

Based at the foot of the Malvern Hills, surrounded by beautiful countryside, the Morgan factory is a fantastic destination.

Our newly refurbished Morgan Experience Centre opened in late 2020 and provides a hub for Morgan's visitor experiences.

These include, factory tours, sports car hire, driving experiences and tours of The Archive Room, Morgan's interactive museum. In a typical year around 30,000 people from all over the world visit Morgan

*For more details, see our Blending Craftsmanship & Technology and Protecting the Environment sections*



### COMMUNITY STEWARDSHIP

*'Malvern Link has been home to Morgan Motor Company for over 110 years and community is an integral part of what we do.'*

Our community in Malvern is part of the wider Morgan family. We foster close relationships with our community, including prospective vehicle owners, neighbours, and suppliers, to further establish Morgan as a trusted company, employer, and partner.

We aim to advance our social impact and sustainability goals through the work we do around community investment and engagement.

We support initiatives through local giving and fundraising, service and volunteerism, food donations, merchandise donations and ongoing special events. Each of these initiatives ensures we are making impactful and meaningful investments in our communities.

*For more details, see our Supporting our People & Our Community section.*



# OUR APPROACH TO SUSTAINABILITY



## OUR APPROACH

For over 100 years, the Morgan Motor Company has been known for its traditional craftsmanship, authenticity and sporting credentials.

As the company progresses through its second century in business, and within a continually evolving industry, it is important to maintain the values and characteristics that have helped to establish the brand.

Our future strategy must take a responsible environmental and societal approach, as well as consider the needs and desires of the next generation of Morgan owners around the world.

We envision a future in which our core traditions are maintained, but where innovation and technology is at the heart of our philosophy.

We aim to reduce our environmental impacts through efficiency gains, both in our operations and our products, sustainable and ethical sourcing of all of our products, and the integration of sustainability considerations into product design.

Electrification is a subject that dominates the narrative of the wider automotive industry, as manufacturers shift from internal combustion to electric powertrains. This is a global shift, and along with advancements in technology, we are continuing to work towards it.

Our approach to sustainability goes beyond just caring for the environment. It includes our commitment towards our employees, our suppliers and our customers.

Our employees are the driving force behind our business. We will continue to invest in attracting the best talent and providing our employees with exciting career paths and opportunities.

We want our employees to feel proud to work at Morgan Motor Company, and to find meaningful purpose in their jobs.

Morgan's social impact is also defined by the ways in which our partners and customers are positively affected by the company. Ethical behaviour in our business operations and supply chain provides the foundation for how we positively impact the people we work with and the stakeholders we serve.

These commitments don't just lead the way towards a more sustainable future, they are also instrumental in how we operate as a company in 2021.

Our strategy is aligned with the UN Sustainable Development Goals (SDG's). We have selected a set of goals which we are targeting:



## OUR PRIORITIES

This year we worked to identify and prioritise the key sustainability issues that matter most to our business.

In order to identify key topics, we consider external macro trends for businesses generally. In addition, we considered trends specifically within the automotive and luxury craft industries, globally recognised sustainability standards and frameworks, as well as external perspectives from civil society, investors, and the general public.

We have identified 13 action areas (see 'Sustainability Strategy') that guide our efforts and commitments for a more sustainable future.

## SUSTAINABILITY STRATEGY

Morgan Motor Company lives by its vision of creating unforgettable driving experiences through craftsmanship that lasts, whilst innovating for the benefit of the future of Morgan's customers.

Our sustainability strategy consists of four key pillars:

1. **Blending craftsmanship and technology**
2. **Protecting the environment**
3. **Behaving responsibly**
4. **Supporting our people and our**

These four key pillars demonstrate our commitment to improving our products, reducing our environmental impact, upholding the highest ethical standards in our relations with suppliers and customers, and supporting our employees and local community.

Integrating these commitments into our core business strategy will not only ensure that we play our part in contributing to a better environment and society, but will also help us build business resilience, improve value for our business and our stakeholders, and enhance our position as a leading luxury craft manufacturer.



## OUR PRODUCTS: BLENDING CRAFTSMANSHIP & TECHNOLOGY

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## OUR VISION

*Creating unforgettable driving experiences through craftsmanship that lasts and innovates for future generations.*

### BLENDING CRAFTSMANSHIP & TECHNOLOGY

We will leverage our unique craft expertise and explore technological solutions to build our cars for greater performance and improved efficiency

- PRODUCT QUALITY & SAFETY
- INNOVATION & TECHNOLOGY
- PRODUCT DESIGN & LIFE-CYCLE MANAGEMENT

### PROTECTING THE ENVIRONMENT

We will seek to minimise the environmental footprint of our operations and embrace circular and low carbon approaches

- CLIMATE CHANGE
- WATER MANAGEMENT
- WASTE & HAZARDOUS MATERIAL MANAGEMENT

### BEHAVING RESPONSIBLY

We will ensure high ethical standards are consistently applied across our organisation and supply chain in order to protect our people, our suppliers, our customers and our community

- BUSINESS ETHICS
- RESPONSIBLE SUPPLY CHAIN
- CUSTOMER WELFARE

### SUPPORTING OUR EMPLOYEES & OUR COMMUNITY

We will be stewards of our local community by contributing to local development and employment and providing opportunities for our people to prosper

- LABOUR & HUMAN RIGHTS
- EMPLOYEE HEALTH & SAFETY
- EMPLOYEE ENGAGEMENT & DEVELOPMENT
- COMMUNITY RELATIONS

## GOVERNANCE

Morgan Motor Company's leadership combines a range of skills and expertise from key areas across the business to promote sustainability within the company.

Last year, we developed a sustainability taskforce with key business function representatives, who will serve as stewards of the sustainability strategy and be accountable for measuring and disclosing sustainability performance.

In particular, key members of Morgan's Sustainability Taskforce have undertaken relevant training in aspects such as the Return on Sustainability Investment (ROSI) methodology, developed by NYU Stern Center for Sustainable Business. This approach highlights the ongoing desire to develop specific sustainability skills across the business.

## SUSTAINABLE, LOCAL MANUFACTURING

Our traditional craftsmanship differentiates us from the wider automotive industry – and is key to ensuring the sustainability of our production.

Our vehicles have been designed and built locally at our Malvern Link factory for generations, where we combine traditional craft techniques with the latest technology to improve efficiency, minimise waste, and optimise material usage.

Through innovative materials and technology, we are identifying new opportunities to tackle global challenges, and meet our customers' needs.



## OUR CORE MATERIALS

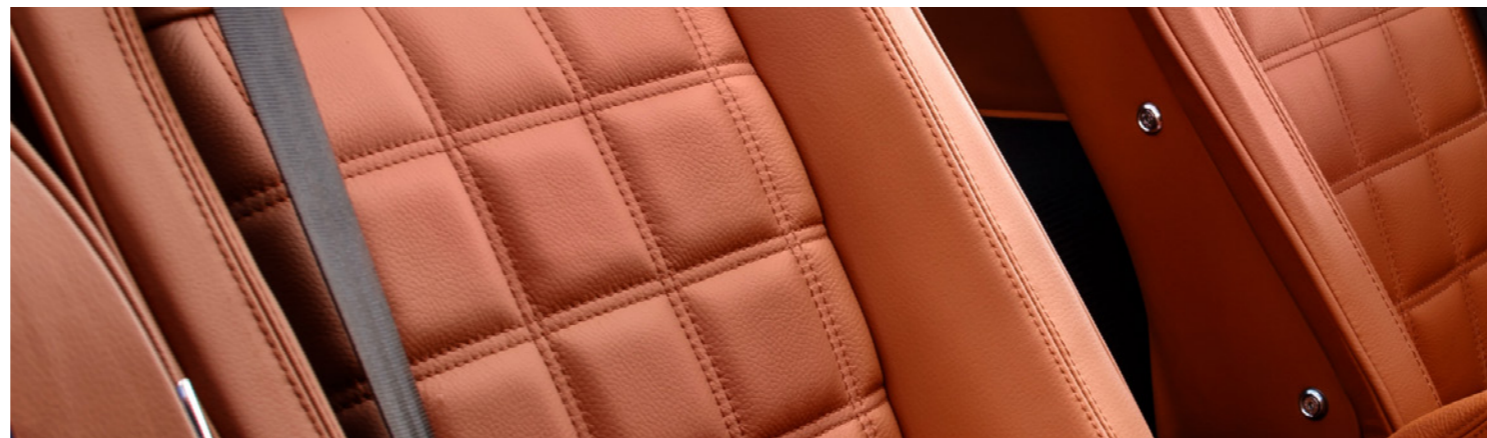
We are committed to the responsible sourcing of all raw materials used in the production of our vehicles, with sustainability being a deciding factor in our decision to work with suppliers.

For example, this year we partnered with leather supplier Muirhead, which has launched its own sustainability initiative, Sustainable by Nature, including the company's commitment to becoming carbon neutral by 2025.

We adopt an innovative and creative approach to introducing new materials within our models. We make conscious decisions around material use in our future vehicles and keep the environmental impacts of the vehicles' life-cycle in mind.

As such, we have been working hard in the supply base to find more sustainable materials, including water-based products to reduce VOC emissions, and composites to decrease vehicle weight and improve safety.

Our three core materials are leather, ash wood, and aluminium, and they are central to our most celebrated craftsmanship methods. These rare skills remain unchanged from an era when coachbuilding was commonplace within the industry.



### LEATHER

We use the finest leather in all Morgan vehicles and accessories.

Last year we made the decision to reduce the amount of leather used in our vehicles due to the environmental impact of production, perceptions surrounding animal welfare, as well as customers' varying perceptions around the use of leather and other premium materials in cars.

We have also selected a new leather supplier and continue to ensure that all the leather we use in our vehicles and the production process behind it meets our high standards for sustainability and ethics. The leather installed in Morgan vehicles is a by-product of the beef industry and is sourced locally within the UK and Ireland.

It comes from grass-fed farms who comply with the Five Freedoms Principles, developed by the UK's Animal Welfare Committee to ensure animals live as natural and as comfortable an existence as possible.

Our supplier undertakes regular audits, ensuring every link in the upstream supply chain holds firm to the highest ethical standards.

To ensure that nothing is wasted, we donate all the left-over leather offcuts from the manufacturing process to local charities.

### ASH WOOD

Ash wood has featured in Morgan cars for decades. Its use is not merely nostalgic. Ash is easy to use, lightweight, and durable, characteristics that have clear environmental benefits.

Ash forms the structure to which the aluminium body is applied. Through a process of manipulation using steam and wooden jigs, each frame is entirely formed and assembled by hand.

The ash wood used in Morgan cars is either bought directly from small UK growers who are UK/EU regulated registered fellers or from larger suppliers based in countries that self-regulate the felling of live trees.

### ALUMINIUM

We also work with lightweight aluminium, fusing traditional techniques with ultra-modern processes. Increasing demand has helped us to continually invest in a more efficient production line. While many aluminium panels and chassis sections are now laser-cut, and computer aided processes have been added, each car's ash frame, interior finishing and exterior detailing remain crafted by hand.

Despite its lightweight characteristics and the potential to improve vehicles fuel economy, the aluminium manufacturing process is energy intensive and responsible for significant amounts of CO<sub>2</sub> emissions. Consequently, part of our commitment to review wider scope-3 categories, will include the assessment of emissions from aluminium manufacturing, processing and transportation. This will enable greater visibility over the impacts of our products across the supply chain and take the necessary steps to mitigate those impacts. We will also improve the visibility over our aluminium supply chain, and explore options for closed-looped aluminium use.



## SUSTAINABILITY IN PRODUCT DESIGN

When introducing the new CX-Generation aluminium platform, our aim was as follows:

1. To maintain the vehicles' timeless appeal through traditional craftsmanship techniques and innovative design processes
2. To use environmentally sustainable and innovative materials that contribute to the longevity of the vehicles
3. To reduce the vehicles' environmental impact by cutting CO<sub>2</sub> emissions during use, while improving performance to enhance the driving experience whilst satisfying legislative requirements
4. To meet the expectations of our target audience

We keep the considerations in mind throughout the whole design process, from the concept to the delivery phase, assessing the feasibility of incorporating sustainable elements in our vehicles while looking for efficiency opportunities in the manufacturing process.

The design speaks to our vehicle's reliability, quality, and sustainability attributes as perceived by our customers throughout the entire product experience.

We ensure that all of our materials, including our core items are sourced responsibly, while paying attention to their recyclability and recoverability at the end of their lives. Most recently our efforts have focused on the use of lightweight materials and the application of aerodynamic concepts.

Although aluminium production is energy intensive, the lighter vehicle body allows for a reduction in CO<sub>2</sub> emissions and thus an improvement in the overall environmental impact of the product.

In addition, we are exploring the use of ecofriendly composite materials, such as carbon fibre, which is lighter, more durable, less energy intensive, and of prime importance in the production of electric vehicles.

We are exploring the use of closed material loops in our production processes. We constantly explore innovative materials when we design new vehicles in the interests of quality, safety and environmental compatibility.

We want to stand out as one of the best examples in the marketplace in terms of efficient design and production.

We continuously assess risks and rigorously manage substances of concern, which is why we have undertaken to radically reduce volatile organic compound (VOC) emissions. In order to do so, we switched from solvent-based to water-based paints wherever possible, reducing our VOC emissions by 70%.

We now use a premium, environmentally friendly product that continues to meet the same high standards as solvent-based paint, while also reducing potential negative impacts on our people's health and safety.

**Our product design is also very much geared towards increasing the efficiency and ecofriendliness of drivetrains.**

We liaise with our engine suppliers to ensure that the engines that go into our vehicles meet the appropriate parameters and satisfy emission tax brackets in the respective markets they are sold.

This applies to internal combustion engines, hybrid and plug-in hybrid drivetrains and fuel cell systems. Further development of electric drivetrains is very much in our agenda.



Our future product strategy focuses upon increasing the efficiency of our drivetrains.



Our goal is to become an industry leader in design and production efficiency.





The quality, reliability and safety of our products and services is key to ensuring customer satisfaction and to maintaining the deep emotional connection that is created with our customers.

## OUR APPROACH TO PRODUCT QUALITY & SAFETY

We have a relentless focus on quality and safety, which is reflected in our track record and long-lasting relationships with our customers and community of admirers.

We aspire to understand their needs and inspire them through unique and highly personalised vehicles and exhilarating driving experiences.

Product quality and safety is therefore the logical consequence of this aspiration. The quality, reliability and safety of our products and services is key to ensuring customer satisfaction and to maintaining the deep emotional connection that is created with our customers.

Customer satisfaction is a task for all employees. Everyone in the company is encouraged to contribute to product and service innovations that result in excellent customer service.

The Morgan Motor Company has maintained a corporate ISO:9001 certification since 2008, based on a number of quality management principles, including a strong customer focus, to help ensure customers receive consistently high quality products and services.

We are also audited by the Vehicle Certification Agency (VCA) to ensure consistency of production against key quality parameters.

Furthermore, the Morgan Motor Company is a member of the Society of Motor Manufacturers and Traders (SMMT), which aims to raise automotive industry standards.

### OUR 2020 TARGETS

1

To explore and incorporate the use of closed material loops in production processes.

2

To develop and formalise a business quality management system.

3

Continue to achieve zero product recalls by ensuring all quality and safety concerns are monitored, addressed and resolved.

### OUR PROGRESS

We are developing a new Supplier Handbook, which will detail our commitment to creating a circular supply chain.

We have developed anti-slavery and anti-corruption policies and have set ESG goals and plans for supplier development, etc.

Quality and safety issues are constantly monitored and addressed. There were zero product recalls in 2020. The business is dedicated to the ongoing, continuous improvement of its products and services.

OUR OPERATIONS:  
PROTECTING THE  
ENVIRONMENT

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We aim to exceed the required environmental compliance standards and take further action to address the environmental impacts of our business

## OUR APPROACH TO MANAGING OUR ENVIRONMENTAL IMPACTS

As a vehicle manufacturer, we are aware of the negative impacts our production and products can have on the environment, and of the increasingly strict regulations around exhaust gas emissions and fuel consumption.

In light of climate change, the threat to air quality in urban centres, and the excessive use of natural resources, reducing our environmental impact is key to our sustainability strategy.

We aim to exceed the required environmental compliance standards and take further action to address the environmental impacts of our business.

These are impacts associated with our operations and manufacturing processes (water and electricity consumption, and waste generation), materials in our products (emissions from energy use and land use impacts to extract and process materials into parts, as well as waste generation at their end of life), and vehicles in use (emissions from gasoline production and combustion).

We aim to formalise our approach to environmental management by exploring relevant certifications, such as the Environmental Management System (EMS) ISO:14001 standard.

With a work wear renewal due in 2021 we have taken the opportunity to work with our supplier to source recycled, organic and ethically sourced clothing for our staff. Jackets are produced from yarn made of recycled plastic. Each jacket worn by staff will represent 19 1 litre bottles from going to landfill (that's roughly 4000 bottles). We are also investigating the best means of recycling our existing uniforms when the new range is issued.

## OUR COMMITMENT TO TACKLING CLIMATE CHANGE

In December 2015, the Paris Agreement was approved by 196 countries that recognised that climate change is an urgent and potentially irreversible threat to human societies and the environment.

It was also recognised that tackling climate change is a shared responsibility, and that the private sector, along with governments and civil society, has a key role to play in supporting the transition to a low carbon economy.

If unchecked, climate change threatens the customers, the communities and the environment on which Morgan's business has been built.

As one of the longest standing vehicle producers, the Morgan Motor Company is committed to playing its part in tackling climate change. We are taking action by reducing the impacts of our operations, improving the fuel economy of our vehicles, and exploring electrification.

In addition to this, and building on the environmental targets already included in our strategy, we are in the process of developing a new, ambitious climate target, to be approved by the Science Based Targets Initiative (SBTi), which will take into account the GHG emissions from vehicles in use.

The objective of a science-based target is to align with the emission reduction pathway required to limit global warming to well-below 2°C above pre-industrial levels, and pursuing efforts to limit warming to 1.5°C, a key ambition of the Paris Agreement.

Over the coming year, we will implement a programme of scenario-analysis to help us understand how we can reduce our carbon footprint most effectively.

We are in the process of developing a new, ambitious climate target, to be approved by the Science Based Targets Initiative (SBTi)



## ENERGY USE & EFFICIENCY

Naturally, a big part of our environmental impact occurs through the use of our vehicles. However, with the gradual move towards lower emission drivetrains and full electrification, the CO<sub>2</sub> impacts of our business will eventually shift away from the usage of our vehicles to our supply chain, operations and manufacturing.

In line with our life cycle approach, we are committed to understanding the environmental impacts of our suppliers and ensure we support them in upholding the same high environmental standards as ourselves.  
(See **Responsible Supply Chain** section).

Although our operations and manufacturing have a relatively low footprint due to our small size and the craft nature of our business, there are opportunities to make it more efficient.

We aim to improve efficiency across our operations by sourcing electricity from renewable energy suppliers, assess energy reduction opportunities across the business, and build staff awareness around energy reduction measures.



## GHG EMISSIONS

Last year we calculated, for the first time, our scope 1 and 2 emissions in order to have a better understanding of where the highest level of consumption is happening within our operations, and identify the most efficient reduction measures.

As we have been operating in the original factory since 1909, we are aware that our infrastructure needs to be updated. We will undertake to appropriately modernise our facilities and replace outdated heating and lighting systems.

Our new Morgan Experience Centre opened in late 2020. This modern, sustainable redesign of the building vastly improves our visitor experience, along with delivering a more operationally efficient building.

We will continue to monitor performance and disclose our results year on year. In line with our commitment to set a science-based target, we will also aim to measure our most material scope 3 emissions, particularly those associated with the use of our products, with the aim of reducing and optimising CO<sub>2</sub> emissions from our vehicle fleet.

As a commitment with respect to climate change, Morgan has purchased nature-based carbon credits in order to compensate for its GHG Scope 1 and Scope 2 – Market based emissions generated during the 2020 reporting year. This initiative has allowed the company to become carbon neutral with respect to the activities falling within the reporting perimeter and is designed as a transition tool to mitigate its impact on the road to effectively reducing carbon emissions.

Morgan's carbon neutral status is achieved by offsetting carbon emissions with quality, nature-based carbon credits coming from positive impact projects. Each credit is certified according to international standards and it corresponds to the reduction (or removal) of one ton of CO<sub>2</sub> equivalent. In particular, the two projects the Group purchased its credits from are the "Guatemalan Conservation Coast Project" and the "Great Bear Forest Carbon Project".

The Guatemalan Conservation Coast project, works to protect the remaining forests of the region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. Over the 30 year lifespan of the project, close to 22 million tCO<sub>2</sub>e will have been avoided. There are also important biodiversity benefits. Over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys.

The second project is the Great Bear Forest Carbon project is an Improved Forest Management project in British Columbia (BC), the westernmost province of Canada. The project activities include changes in land-use legislation and regulation that result in increased carbon stocks by converting forests that were previously designated, and coastal wolves sanctioned, or approved for commercial logging to protected forests. Emissions caused by harvesting, road building and other forestry operations are also prevented. It is a landmark project for balancing human well-being and ecological integrity through carbon finance, and it is the first carbon project in North America on traditional territory with unextinguished Aboriginal Rights and Title.

## OUR 2020 TARGETS

## OUR PROGRESS

1

To source all electricity from renewable sources backed by energy certificates by 2020.

All energy supply contracts are now moved to renewable energy providers from renewal date. Our goal is to further reduce energy usage through the installation of solar panels to a proportion of factory buildings.

2

To assess energy reduction opportunities and implement all opportunities with less than 1 year payback period by 2022.

Audit was completed with several areas for improvement identified, including: energy usage from workstations, staff awareness of the need to conserve energy. We aim to address all possible improvements within the next period.

3

To implement a staff awareness campaign in 2020 to encourage reduced energy use in the workplace and low-carbon modes of transport.

Cycle2work scheme enhanced to encourage sign up at any time (rather than just once a year), with e-bikes heavily promoted. An EV salary sacrifice scheme has also been introduced and a number of Morgan staff have already opted in.

Adopting the very latest in cutting-edge technology for componentry and propulsion systems, making our cars more efficient and environmentally friendly.



## LOW-CARBON APPROACHES & ELECTRIC POWERTRAINS

Despite maintaining our craft manufacturing traditions, the production of Morgan's cars has continually evolved and improved over the years to adapt to new trends and consumer expectations.

Nowadays, any company in the automotive industry is required to be on a path towards alternative and greener approaches to product development, particularly in light of increasing regulatory pressure around carbon emissions reflected in the rise of tax penalties for vehicles' owners across markets.

For us, it is all the more important to keep abreast of such trends and adapt to the changing nature of our industry due to the niche essence of our business.

We are doing so by adopting the very latest in cutting-edge technology for componentry and propulsion systems, making our cars more efficient and environmentally friendly.

We have been exploring electric powertrains and other low carbon approaches since 2006 and have learnt a great deal.

Ongoing strategy includes the recruitment of industry specialists in the field of low carbon and electric propulsion systems. These include senior members of staff that will directly shape the future of Morgan powertrains.



## EV3 CONCEPT

While we have been involved in alternative propulsion developments or a number of years, it has been longer than a decade since our LifeCar hydrogen fuel cell programme was introduced.

In 2016 we unveiled our EV3 concept, based on the original petrol-powered 3 Wheeler. The model looked at the world of zero emissions motoring from an entirely different perspective - what if an all-electric vehicle was bespoke, handcrafted and exhilarating to drive?

Weighing less than 500kg, the EV3 concept had a range of 150 miles. Lightweight agility was complemented by performance figures that challenged those of the petrol 3 Wheeler: 0-62mph took less than 9 seconds and its top speed was in excess of 90mph. Encased within the tubular space frame chassis was a 20KWh lithium battery and a liquid-cooled 46kW motor driving the rear wheel. The EV3 would also have been the first Morgan vehicle to utilise composite carbon panels in its body construction.

Although only a concept, the reception of the EV3 by journalists, industry leaders and Morgan owners alike exceeded our expectations. It demonstrated our sustainable intentions for the future and a market for electrification in our powertrains.

## 2016 AR MOTORSPORT MORGAN CHALLENGE SERIES

In 2016, we engaged in a significant motorsport partnership with the University of Wolverhampton aimed at enhancing both the student experience and Morgan's own future product development.

The collaboration offered engineering students unique insights into Morgan's marriage of traditional craftsmanship with modern innovation.

In return, information taken from sensors and data loggers fitted to the cars was to be fed back into our R&D department to inform the future green development of our road cars.

This partnership continues in 2021 and beyond with the launch of two new race cars based upon the current Morgan Plus Four model.

The new cars not only continue Morgan's relationship with motorsport, but help to cement our partnership with the University of Wolverhampton and charity partner Mission Motorsport. Additionally, the activation of these cars provides a feedback loop into our design and engineering teams that will ultimately influence product development.



# CX GENERATION PLATFORM

In January 2016, Morgan Motor Company led a consortium with Delta Motorsport and Potenza Technology to benefit from £1.7 million of government funding to develop alternative, more efficient powertrain technologies.

The result of the funding was the launch of the CX-Generation Plus Four and Plus Six, featuring new powertrains delivering significantly lower CO<sub>2</sub> emissions and improved fuel economy.

The project also looked at how the company can adapt its manufacturing capabilities to facilitate the future of electrification. Two new models were launched as a result of the program: the Plus Six and all-new Plus Four, both of which represent an evolution of their predecessors, with the incorporation of cutting edge drivetrain technology that improves their performance as well as their efficiency in terms of GHG emission reduction.

Overall, this program has allowed us to reduce our fleet emissions by 50%.

These achievements would have not been possible without the skills and dedication of our employees. In 2021 we are growing specialist skill sets in the fields of alternative propulsion, and continuing to invest in staff training and development. This year we increased our engineering team, and invested heavily in their training and development (see 'Investing in our Personnel and Career Development' section).

We are committed to continuing to pursue and invest in low-carbon approaches and technologies in the future.

	ROADSTER (MANUAL)	PLUS FOUR NEW (AUTO)
CO <sub>2</sub>	250 g / km	159 g / km
MPG COMBINED	27.4 mpg (10.3 l/100km)	40 mpg (7.0 l/100km)

	PLUS 8 (AUTO)	PLUS SIX NEW (AUTO)
CO <sub>2</sub>	256 g / km	180 g / km
MPG COMBINED	26 mpg (9.0 l/100km)	34 mpg (8.2 l/100km)





# CX GENERATION PLATFORM

## OUR 2020 TARGETS

## OUR PROGRESS

1

To bring low emission options to the market by 2025.

Each new product brought to market will have improved emissions and fuel economy. The business is also recruiting specialist skills in the area of alternative propulsion. This will directly influence the future of Morgan powertrain development.

2

To bring all new vehicles to the market with a 10-15% improvement in fuel efficiency by 2025.

We are on course to deliver significant improvements in efficiency with every new product launched to market.

3

To spend up to 30% of the R&D budget on new low-emission and circular technologies by 2025.

Business plans have been developed to ensure the targets are met within the time frame.



In 2020 Morgan is certified as sending zero waste to landfill. We received “Greener Path Award” from ACM Environmental. We aim to retain this certification going forwards.



## WASTE MANAGEMENT

The Morgan Motor Company already has a sophisticated waste management system, with the majority of our waste being segregated and recycled, or reused. We still constantly seek opportunities for improvement.

In order to optimise our waste management, we have recently embarked on a programme to identify the exact areas of our manufacturing facilities that generate the most waste.

This process will allow us to restructure the production team, ensure a smoother and more efficient production flow, decrease the amount of resources used in manufacturing and service delivery, and reduce the amount of waste produced.

We are exploring options for processing waste into electricity, having purchased machinery that processes wood scrap leftovers from the manufacturing process.

We also donate wood pallets and leftover leather to local charities.

Our aim is to avoid waste creation by optimising our processes, maximise the use of resources as much as possible by prioritising reuse, and send zero waste to landfill by 2025. This was achieved in 2020, 5 years earlier than our target.

### OUR 2020 TARGETS

1

To develop a long-term waste strategy by 2022 that progressively adopts the principles of circular economy – reducing, reusing, recycling and transition to circular solutions through waste management, employee awareness and supplier engagement.

2

To achieve zero waste to landfill by 2025.

### OUR PROGRESS

Paper re-cycling bins have been introduced to limit waste. We are working towards implementation of ISO14001 Environmental Management System. Gap analysis has been completed and we are developing a plan to address the findings.

We received “Greener Path Award” from ACM Environmental for achieving zero waste to landfill in 2020.

Our leather supplier recycles up to 40% of its wastewater back into leather production, significantly reducing water intake and minimising impact on the local watershed.

## WATER MANAGEMENT

Our supply chain, particularly obtaining and processing raw materials, is responsible for most of our water use.

The leather industry, for instance, is one of the most water intensive industries in the world. Although it can be challenging to have visibility and influence over these impacts, we can partner with the best and most sustainable suppliers.

Our leather supplier recycles up to 40% of its wastewater back into leather production, significantly reducing water intake and minimising impact on the local watershed.

When it comes to our own water impact, we focus on reducing consumption in our operations at our factory. However, more can be done to reduce our impact and define management actions. This year we have audited the site to identify and rectify some areas where water may be being wasted (e.g. leaking taps).

We must attempt to improve visibility of where the water we use comes from and safeguard water supply, protect groundwater reserves from pollution by disposing of wastewater appropriately, and ensure efficient water use through closed loops over the life cycle.

### OUR 2020 TARGETS

1

To develop a site water stewardship plan, including the development of a water budget and absolute water use reduction goal in consultation with the site's water service provider.

2

To encourage efficient water use in daily operations and manufacturing by instilling the right behaviour across the company.

### OUR PROGRESS

Benchmark targets for improvement have been developed. Following this activity, an implementation plan has been set. We have recognised and addressed areas for improvement so far, these include, a service and maintenance plan for the site along with the rectification of surface water drainage issues.

We have plans to fit push on taps in the factory washrooms to save water. These are already fitted in the MDEC (Morgan Design & Engineering Centre) washrooms.



OUR SUPPLIERS  
& CUSTOMERS:  
BEHAVING  
ETHICALLY





## ETHICS & COMPLIANCE

We believe that with lasting integrity and compliant behaviour, the Morgan Motor Company will maintain and strengthen the relationships with customers and business partners, as well as staff, shareholders, and community.

Behaving ethically is an established part of our strategy. This means complying with our principles and policies and the unwavering commitment to adhering to these principles – regardless of economic and social challenges we might face.

We want to ensure that our employees follow these principles and act with integrity in the workplace, to be confident that our customers are treated fairly and with respect. We will formalise our intentions through the development of a comprehensive code of conduct and relevant ethics policies.

We comply with national and international laws and regulations relevant to the automotive industry, and broader regulations on preventing corruption, breaches of trust, fraud or money laundering.

This is the very basis for strengthening the trust of our customers and our business partners and must be a matter of course across the board. We expect our suppliers to operate to the same high standards as we do.

### OUR 2020 TARGET

1

To develop and implement a comprehensive code of conduct and relevant ethics policies both at the organisational level and concerning individual employees or groups of employees to address ethical risks specific to their roles.

### OUR PROGRESS

A comprehensive code of conduct is due to be rolled out in 2021. This will be accompanied with relevant training.



## OUR APPROACH TO CUSTOMER WELFARE

The Morgan Motor Company must live up to the duties it owes to its customers when it comes to the safety of our vehicles.

We must use appropriate channels to communicate safety considerations to our customers and ensure that we have appropriate processes in place to deal with any safety concerns or complaints. We must also find pragmatic ways to reduce potential accidents, making proper use of available data and undertaking accident simulations and technical analyses to develop measures to protect people's safety.

We are working towards the new GSR2 regulations for safety and are constantly working to develop active and passive safety systems into our vehicles.

The same is true for safety in our Visitor Centre. With 30,000 visitors each year, we have a great responsibility for everything that happens within our facilities and we must continue to take steps to ensure that incidents are avoided.

Securing data privacy is also part of our commitment to customer welfare. We follow relevant regulations and have the right controls in place to avoid data breaches.





## OUR APPROACH TO CUSTOMER WELFARE

### OUR 2020 TARGETS

1

To ensure that all our products and components are labelled for safety, proper use and disposal, and that we monitor and track consumer feedback to address potential issues, investigate them fully, identify the root cause and document them in order to prevent a recurrence.

### OUR PROGRESS

We meet or exceed all relevant legislation with regard to product labeling. We continually monitor changes to legislation in order to maintain this position.

2

To achieve zero accidents/incidents in our visitor centre by ensuring all health and safety processes are in place and clearly communicated to both our employees and our customers.

We continue to manage any incidents through directed training and staff development in order to reduce the likelihood of future accidents occurring.

3

To undertake annual safety audits performed by a third party.

Annual safety audits have been completed in line with targets set.

## RESPONSIBLE SUPPLY CHAIN

Our efforts to ensure sustainable supplier management and to protect human rights and the environment are part of our way of working.

We partner with circa 400 suppliers, who employ thousands of people. We can only ensure that our sustainability standards are met if we work closely with them.

The local nature of our supply chain allows us to have close relationships with our partners and to have some visibility and influence over their sustainable practices. However, we must serve as an example by setting the bar high ourselves first.

Maintaining such close relationships will help us to secure a reliable supply of high quality materials and to anticipate any supply risks or shocks.

We aim to work in close collaboration with our suppliers, to not only better prepare for potential future risks, but also to continually improve their sustainable practices and raise awareness of sustainability issues.

We aim to embed our expectations around suppliers' conduct concerning key environmental, social and compliance standards in our contractual agreements, and expect them to pass these requirements down along their supply chain.

These requirements should be based on the principles of the UN Global Compact, of which Morgan Motor Company has recently become a signatory. As such we will be closely monitoring key areas such as harassment, the integration of sustainability issues into processes, and other topics such as occupational health and safety.

We aim to audit our suppliers on such topics and to source all our core materials only from suppliers that meet our standards.

The local nature of our supply chain allows us to have close relationships with our partners and to have some visibility and influence over their sustainable practices.



## OUR 2020 TARGETS

1

To develop a human rights policy setting out our commitments and action towards ensuring all our employees and the people in our supply chain are subject to fair employment terms, and that their concerns are actively solicited and transparently addressed.

2

To audit all of our core material suppliers for their social and environmental performance by 2022.

3

To source all our core material from suppliers that meet high environmental and social standards by 2025.

## OUR PROGRESS

A new Supplier Handbook, which reflects our policies and commitments, will be published for all production suppliers during the third-quarter of 2021.

All production suppliers will have to complete a questionnaire to verify compliance with our policies, with on site audits for key suppliers or unsatisfactory questionnaire results. This will become an annual exercise from 2022.

Using the information gathered from questionnaires and audits we will work with our suppliers to ensure that all core material is sourced only from those with high environmental and social standards.



## OUR PEOPLE: SUPPORTING OUR EMPLOYEES & OUR COMMUNITIES

Historically a family-run business, the Morgan Motor Company maintains a high degree of closeness and level of trust with the employees and the community at the core of everything the business does.

Our 'family' atmosphere extends beyond just the actual Morgan family, through to our employees, customers and dealerships, and community.



Our 'family' atmosphere extends beyond just the actual Morgan family, through to our employees, customers and dealerships, and community.



## PROTECTING THE HEALTH, SAFETY & WELL-BEING OF OUR EMPLOYEES

The success of our company depends on the skills and commitment of our 222 employees and on our attractiveness as an employer.

As such, we are committed to offering an attractive benefits package and promoting a holistic approach to health and wellbeing.

This includes a focus on occupational health and safety, wellness, equal opportunities, and personal and career development.

## OCCUPATIONAL HEALTH & SAFETY

We take all the appropriate measures to reduce safety risks and look for ways to improve the working environment by investigating any potential risks and assess solutions to deal with them within the workplace.

We provide health and safety training to all our employees to help build and promote a company-wide safety culture.

This includes training in manual handling and craft manufacturing, use of mechanical devices, use of appropriate personal protective equipment (PPE), and task rotation to ensure workers avoid performing repetitive tasks.

We are also proactive in the implementation of engineering safety standards, work-hardening programs, and on-site ergonomic resources.

We believe it's everyone's responsibility to maintain a safe working environment and that all occupational injuries are preventable.



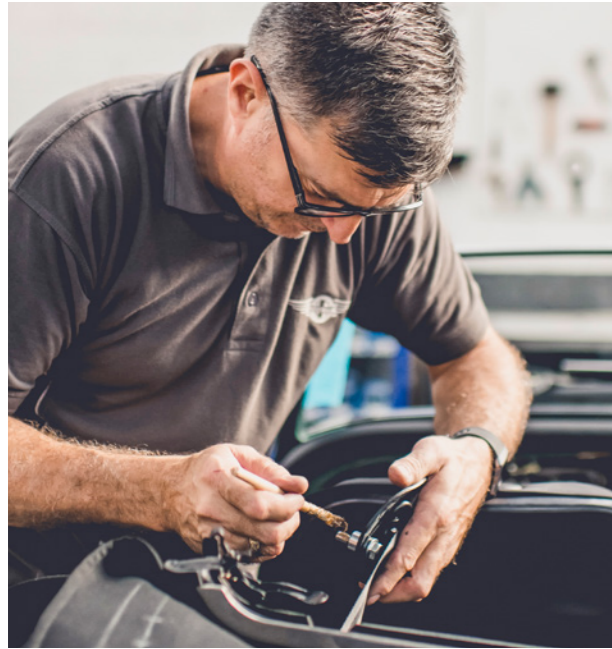
### OUR 2020 TARGETS

1

To achieve zero accidents/incidents in our manufacturing facilities by providing the tools and resources to assist employees in supporting activities that improve their safety, health and well-being.

### OUR PROGRESS

All incidents and accidents are fully investigated, and any actions raised are implemented. Year on Year figures are against YTD 2019 (2020 factory closure due to COVID-19) are showing an improvement.



## EQUAL OPPORTUNITIES

Key to our success is the range of backgrounds and expertise of our team. Due to our small size, our employees often have to wear many different hats to quickly adapt to the changing nature of our industry.

Varying experiences and different points of view are therefore needed to plan ahead and to help our company evolve through creative innovation.

In order to continue to foster such diversity, Morgan promotes equal opportunities in all aspects of its operations and ensures our employees can develop their potential regardless of status, background and personal characteristics.

More can be done to promote this further, particularly with regards to gender diversity.

Due to the automotive nature of our business, our engineering and manufacturing teams have historically been predominantly male, and we have had challenges over the years in receiving applications from female candidates. Gender diversity at all levels of the company, including leadership, is important to us, and we are committed to making our company and the work we do more attractive to women.



### OUR 2020 TARGETS

1

To continue to ensure that underrepresented backgrounds are included in all recruitment processes.

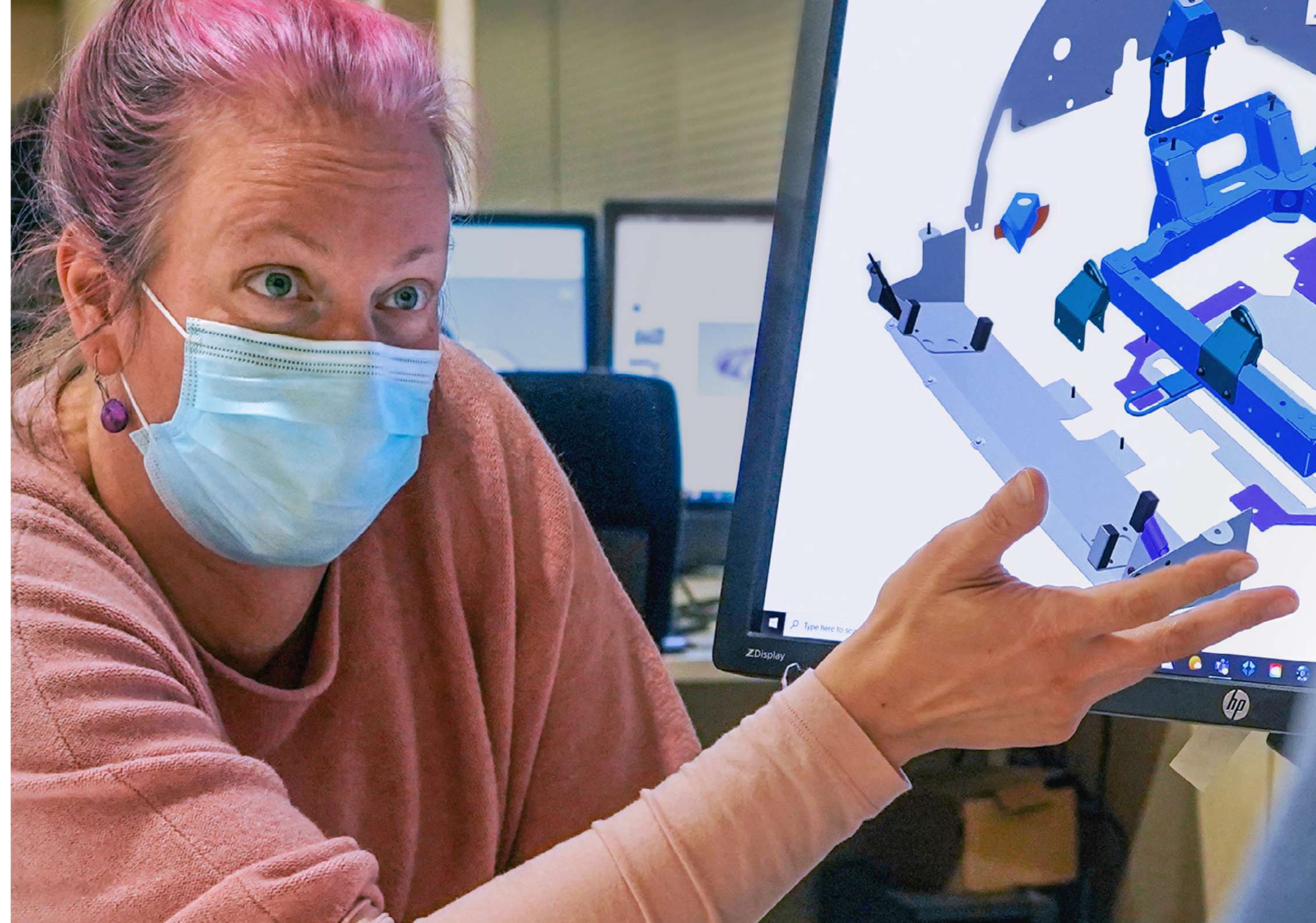
2

To develop a diversity and inclusion training programme to further equip our managers to support diversity by 2022.

### OUR PROGRESS

Equality monitoring has been introduced into the recruitment process and general awareness now raised.

An Equality, Diversity & Inclusion Policy has been introduced and a training programme to support this will be rolled out in 2021.





## EMPLOYEE WELLNESS

We value our employees and want to ensure they have the best possible working environment and work to the best of their ability.

Our employees benefit from a flexible working model and a 37.5-hour working week to allow for a good work-life balance.

We also promote a stress-free retirement by offering a Wind Down Policy, which allows the employees to reduce their working hours, without a reduction in salary, making the transition from full-time work to retirement a little easier.

All staff are invited to join the Company's private medical insurance scheme (BUPA) as well as a choice of health cash back plans.

Other benefits include Morgan's Cycle2Work scheme which enables our employees to benefit from savings on the cost of a new bicycle, while giving them the benefit of keeping fit. Cycle2work scheme has been enhanced in 2021 to encourage sign up at any time (rather than just once a year), with e-bikes heavily promoted.

Morgan also offers employees Corporate rates at local gyms.

We have launched an EV salary sacrifice scheme to staff to encourage employees to lease electric vehicles. This also contributes to our target of building staff awareness around GHG emission reduction and promoting low-carbon modes of transport.

In order to incentivise and reward our employees' loyalty we have also set an Employee Benefit Trust, which provides them with the opportunity to hold a small percentage of indirect company shares.

Long service is recognised by inviting employees with more than 25 years' service to take the day off on their birthday. The qualifying period for this has recently been reduced to 20 years and will benefit approximately 20% of the workforce.

In order to maintain good levels of communication during the pandemic we have introduced a company newsletter as we are unable to hold town hall meetings at present.

This year, we have introduced a weekly email series titled 'Wellbeing Wednesday' which publishes topical information to support employee's general health and happiness, both at work and at home.

In 2021 we are working on the introduction of an employee engagement app which will be accessible to all staff and be akin to having the company in your pocket. Staff will be able to access any information they need 24/7. This will include all our policies, company news, H&S information, events, as well as providing learning opportunities with training modules and quizzes.

We are also currently working on a food app to enable staff to order food directly from The Morgan Canteen.

After a year of living through a global pandemic we recognised that some of our employees were experiencing issues they'd never had before. To fully support our staff we have identified 6 employees from across the business to train as Mental Health First Aiders. This training has been booked to take place in May & June 2021 after which we will have a team on hand to sign post anyone struggling with their mental health to further support.

### OUR 2020 TARGETS

1

To further promote flexible working (since 2014) conditions to all employees (when the job requirements make it possible to do so) in order to help them manage work-life conflicts.

### OUR PROGRESS

Our Flexible Working Policy has been in place for many years and is proving invaluable in supporting employees with their changing life commitments.



## INVESTING IN OUR PERSONNEL & CAREER DEVELOPMENT

We are a people-based organisation, always looking to encourage bright talent into the automotive industry.

Treating people with respect, advancing their talent and supporting their personal development is critical to the success of our company.

To fully support our commitment, we have recruited a dedicated Training & Development Officer. She is tasked with supporting our target of increasing training budget and training hours.

### APPRENTICESHIPS

Our investment in people's development starts at the beginning of their careers. We plan to increase Apprentice headcount in 2021.

We have had a formal apprenticeship program which spans many decades, and runs for up to four years providing training 'on the job' as the young people learn their trade from the craftsmen and women around them.

### OUR 2020 TARGET

1

To increase our annual employee training budget by 10% and overall employee training hours by 2025.

The company is committed to ensuring the apprentices are given every opportunity to receive the training needed in order to become a fully skilled member of the workforce.

Social skills are also developed as the young people develop relationships with their colleagues, and learn more about the world of work in general.

Morgan takes great pride in its apprenticeship programme and offers school leavers a range of technical areas they can choose from: sheet metal department, machine shop, wood shop, trim shop, paint shop, engineering, and finance.

### DEGREE SCHEME

We take some of our apprentices after completing their vocational qualification to a fully funded degree qualification.

This has been especially prevalent in the engineering team, where we have a mixture of graduates and apprentices where the route to having a degree level qualification is very different.

### OUR PROGRESS

To fully support our commitment, we have recruited a dedicated Training & Development Officer. She is tasked with supporting our target of increasing training budget and training hours.



An Employee Volunteering Scheme was introduced in 2021 which encourages all staff to take part in volunteering activity. They are supported by Morgan on full pay for this activity.

## OUR WORK WITH THE COMMUNITY

We value our corporate citizenship and recognise that we are an important economic driver by contributing to local economic development and supporting local charities. We often support projects in our local Malvern community and aim to provide funding to charities that are under financial or human resources strain.

We select specific projects and develop them in collaboration with our employees, who currently volunteer on an ad-hoc basis. We aim to formalise our volunteering contributions by providing our employees with volunteering time as part of their benefits package.

An Employee Volunteering Scheme introduced in 2021 which encourages all staff to engage with the local community by taking part in volunteering activity for one day per year. They are supported by Morgan on full pay for this activity. To kick this off we have signed up to Malvern Hills District Council's Adopt-a-Street campaign with volunteers now coming forward to undertake litter picking in our local neighbourhood.

Morgan has run a successful work experience placement scheme for students from all over the UK for many years. Suspended due to COVID-19 in 2020, our scheme has returned in 2021 and is fully booked with one student each week for the remainder of the year. A week at the factory provides valuable work/life experience for young people, support for local schools and also enables us to identify future apprentices.

This year Morgan has agreed a new partnership with Worcestershire County Cricket Club that will see it become the club's official main shirt sponsor. The partnership brings together two brands at the heart of Worcestershire's history.



Employees donate to charity directly from their wages each month, clearly demonstrating the community spirit fully cascades throughout Morgan.





#### MORGAN PLUS FOUR GIVE AWAY RAISED £1.39M TO SUPPORT THE CORONAVIRUS RELIEF EFFORT

The donation of an All-new Plus Four in the BBC's The Big Night In appeal raised £1.39m to support the coronavirus relief effort. This took place in April 2020.

The sum, raised through donations by the public for the draw, was matched by the UK Government, bringing the total amount generated to almost £2.8m.

The funds were split between Comic Relief and Children in Need, with all proceeds going to help the most vulnerable people across the UK who have been affected by the crisis.

It will help to make sure people are safe from harm, mentally healthy and have access to food, warmth and shelter, as well as helping people stay connected, active and positive.

#### SPONSORSHIP OF THE MALVERN ROTARY CLUB PANCAKE RACE

Morgan Motor Company is one of the key sponsors of Malvern Rotary Club annual fundraising pancake race.

The event is now in its 12<sup>th</sup> year and has become a popular fixture in the calendar for the community in Malvern.

We supported Malvern Rotary Club in December 2020 with their project to provide 100 local families with Christmas food hampers. We offered both financial support and volunteering time to pack the hampers prior to delivery.

#### RED NOSE DAY

Morgan offered support to a campaign headed up by Malvern Rugby Club in March 2021 and joined other local businesses in sponsoring a giant red nose which was then painted onto the pitch.

#### ST. RICHARD'S HOSPICE NOMINATED AS OUR CHARITY PARTNER AGAIN IN 2021

Since 2019, our fundraising activity was directed towards St. Richard's Hospice in Worcester which cares for both adults with a serious progressive illness and their loved ones, improving their quality of life from diagnosis, during treatment and to their last days. We have signed up to support St Richard's Hospice again this year.

St. Richard's has supported several former employees and continues to help the families of our staff at times of crisis. It is an invaluable local facility that has to rely on donations to remain open.

#### WORCESTER'S BIG PARADE

This year, we have donated £6,000 to sponsor an elephant sculpture as part of Worcester's Big Parade. Artist support has been provided by our close associate, the artist Ian Cook, and the sculpture will be displayed as part of a trail in Worcester during the summer of 2021 before being auctioned off. The money raised will go to St Richard's Hospice. We have also provided St Mathias Primary School in Malvern Link with a smaller elephant sculpture and plan to work with them on a design project and a factory visit.

#### SUPPORT TO MISSION MOTORSPORT

Mission Motorsport helps those affected by military operations via engagement through sport, and aims to place wounded, injured and sick service leavers back into employment.

Over 2,000 veterans have found work through the charity's programs. We have pledged to donate at least £30,000 to the charity over three years.

#### MALVERN HILLS DISTRICT COUNCIL'S ADOPT-A-STREET CAMPAIGN

This year, we have signed up to Malvern Hills District Council's Adopt-a-Street campaign with volunteers now coming forward to undertake litter picking in our local neighbourhood.

#### DISABLED VETERANS' CAREERS MENTORING SCHEME

Building upon opportunities presented via the relationship with Mission motorsport, Morgan are pleased to be supporting The Open University Disabled Veterans' Careers Mentoring Scheme. The programme allows Morgan's automotive professionals to share insights into business sectors relevant to veterans looking to develop new career goals and ambitions. The first of these one-to-one relationships has been formed during 2021 and is proving to be beneficial for both mentor and mentee.

#### EMPLOYEE COMMITMENT

Employees also donate to charity directly from their wages each month, clearly demonstrating the community spirit fully cascades throughout Morgan. Some examples of this are:

- Regular contributions
- Sponsored events
- Payroll giving

Our community also includes our admirers. We keep great relations with our loyal and active owners' community, which has more than 5,000 members and 50 clubs globally. As we grow, we aim to broaden our customers' experience with global events that will enable Morgan to fulfil its global potential as an iconic maker of hand built British sports cars.

## OUR 2020 TARGETS

## OUR PROGRESS

1

To further invest in local community projects over the next five years, to be developed in conjunction with our employees and credible charitable partners.

We have signed up to Malvern Hills District Council's Adopt-a-Street campaign with volunteers now coming forward to undertake litter picking in our local neighbourhood.

2

To seek volunteering opportunities for our employees that are skills based and aimed at creating leadership skills.

An Employee Volunteering Scheme introduced in 2021 which encourages all staff to take part in volunteering activity for 1 day per year. They are supported by Morgan on full pay for this activity.



As we grow, we aim to broaden our customers' experience with global events that will enable Morgan to fulfil its global potential as an iconic maker of hand built British sports cars.



WHAT'S NEXT?





Our promise is to continue to craft some of the world's leading sports cars and provide exciting driving experiences through sustainable means, while enhancing our positive impacts on the environment, our people and our community...

Our aim is to become one of the leading luxury craft manufacturers with sustainability incorporated into everything we do.

Naturally, we look to the evolution of our drivetrains and innovating towards low carbon and electric vehicles. This will be key as we venture into new markets and reach a broader and internationally diverse customer base.

As we do so, we will apply learnings from our previous experiences in electrification and bolster our teams' capacity to produce the Morgan products of the future – integrating some of the most sustainable materials available.

Our innovations will extend beyond our products. We will upgrade our facilities and modernise processes and systems. This will include sourcing electricity from green sources, adopting closed-loop solutions, and eliminating all waste.

We will also continue to work in the longstanding areas where we have a social impact, by helping our employees to grow professionally and personally and by demonstrating care and attention to our local community.

Our promise is to continue to craft some of the world's leading sports cars and provide exciting driving experiences through sustainable means, while enhancing our positive impacts on the environment, our people and our community.

As we work towards our targets, we can be sure that we can run our business in a sustainable way, enhancing growth without increasing our environmental impact.

We will always maintain our unique identity, our legacy and our values.

**We cannot wait for what's ahead!**

## GRI INDEX 2021

This Sustainability Report is prepared in accordance with the GRI Standards: Core Option.

In this GRI Index, we disclose the economic, environmental and social sustainability issues that are material to Morgan Motor Company.



# GRI INDEX 2021

This Sustainability Report is prepared in accordance with the GRI Standards: Core Option. In this GRI Index, we disclose the economic, environmental and social sustainability issues that are material to Morgan Motor Company.

PILLAR	ISSUE	DEFINITION
<b>Blending Craftsmanship &amp; Technology</b>	Product quality & safety	Ensuring that products are manufactured at the highest quality which includes consistent policy and standards. Ensuring the safety of users of Morgan Motor products through design, manufacturing, legislation compliance and customer communication. Managing recalls in a rigorous manner and enabling strong engagement with all stakeholders on safety risks.
	Product design & lifecycle management	Developing products using designs, processes, and materials that emphasize quality and ability to be re-manufactured, rebuilt, reused, or recycled.
	Innovation & technology	Seeking to constantly improve on quality, safety, efficiency and cost. Embracing more efficient and environmentally-friendly technologies.
<b>Protecting the Environment</b>	Climate change	Mitigating the risks of climate change on business operations, and reducing carbon and other air emissions in direct operations, value chain, and use of products. Promoting energy reduction and efficiency and using renewable energy sources across the value chain.
	Water management	Managing water in business operations and across the value chain in terms of both quality and quantity, including operational consumption, water scarcity considerations and wastewater quality
	Waste and hazardous material management	Promoting responsible waste management in both product creation and product end-of-life. Supporting customers and suppliers to move towards products repaired and reused within a circular economy.
	Product design and life-cycle management	Developing products using designs, processes, and materials that emphasize quality and ability to be re-manufactured, rebuilt, reused, or recycled.

PILLAR	ISSUE	DEFINITION
<b>Behaving Responsibly</b>	Business ethics	Ensuring the highest standards of ethics, and integrity through education and policies. Promoting ethical behaviour within operations and business partnerships. Complying with local and national laws and regulations. Working against corruption (e.g. bribery, extortion, etc.).
	Customer welfare	Working to secure and improve customer care and safety both in the visitor centre and through the delivery of high-quality products and innovative technologies, ensuring that customers are informed about all relevant information related to products (including safety and proper use). Ensuring data security and customer satisfaction.
	Responsible supply chain	Working across the supply chain to ensure the sustainability of supply, promote safe, ethical and sustainable operations, increasing transparency and traceability across the supply chain. Reducing and eliminating the negative human and environmental impacts of materials used in products across their life cycles.
<b>Supporting Our People &amp; Our Community</b>	Labour & human rights	Company and its suppliers' management of issues including environmental health and safety, fair wages and compensation, working conditions, and relations with employee labor unions. Adhering to global human rights principles throughout the supply chain.
	Employee Health & Safety	Promoting safe workplaces for employees and contractors, and operating the business in an open and transparent manner. Providing employee health and wellness programs, and an overall culture of health, safety and wellbeing.
	Employee Engagement and Development	Providing employee programs, benefits and development opportunities to attract, engage and retain a productive and talented workforce. Promoting a culture for employees that encourages inclusion and diversity, fosters learning and development, empowers employees and helps attract and retain the best talent.
	Community relations	Managing relationships with the communities in which the company operates, including philanthropy, employee volunteerism, support of local economies and two-way dialogue. Strengthening local community groups and causes, minimising local environmental impacts and contributing to local development through taxes paid and jobs created.

# GRI INDEX

## GRI 101: FOUNDATION 2016

## GRI 102: GENERAL DISCLOSURE 2016

GRI STANDARD	DISCLOSURE NUMBER & NAME	PAGE REFERENCE
GRI Standard	102-1 Name of the Organization	Cover page
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	102-3 Location of headquarters	Cover page
	102-4 Location of operations	Cover page About our business, page 9
	102-5 Ownership and legal form	About our business, page 9
	102-6 Markets served	About our business, page 9
	102-7 Scale of the organization	About our business, page 9 Business Highlights, page 12
	102-8 Information on employees and other workers	Business Highlights, page 12
	102-9 Supply chain	Our core materials, page 26 Sustainability in product design, page 29 Responsible supply chain, page 62
	102-10 Significant changes to the organization and its supply chain	Business highlights and Sustainability highlights, page 12 - page 13 Our core materials (Leather), page 26
	102-11 Precautionary Principle or approach	Our approach to managing environmental impacts, page 36
	102-12 External initiatives	Sustainability highlights (memberships), page 13 Our approach to quality and safety (The Society of Motor Manufacturers and Traders), page 33 Our commitment to tackling climate change (Science-Based Target), page 36
	102-13 Membership of associations	Sustainability highlights (memberships), page 13 Our approach to quality and safety (The Society of Motor Manufacturers and Traders), page 33 Our commitment to tackling climate change (Science-Based Target), page 36

Strategy	102-14 Statement from senior decision-maker	CEO Statement, page 10
	102-15 Key impacts, risks, and opportunities	CEO Statement, page 10 Sustainability strategy, page 20 Sustainability in product design, page 29 Our approach to quality and safety, page 33 Our operations: Protecting the environment, page 34 Our suppliers and customers: Behaving ethically, page 54 Our people: Supporting our employees and our community, page 64
Ethics and Integrity	102-16 Values, principles, standards, and norms of behaviour	Our suppliers and customers: Behaving ethically, page 54 Protecting the health, safety and well-being of our employees, page 71
Governance	102-18 Governance structure	Governance, page 24
Stakeholder Dialogue	102-40 List of stakeholder groups	Not applicable
	102-41 Collective bargaining agreements	Not applicable
	102-42 Identifying and selecting stakeholders	Not applicable
	102-43 Approach to stakeholder engagement	Not applicable
	102-44 Key topics and concerns raised	Not applicable
Reporting Practise	102-45 Entities included in the consolidated financial statements	Not applicable
	102-46 Defining report content and topic Boundaries	About this report, page 8 Our priorities, page 20 Sustainability strategy, page 20
	102-47 List of material topics	Sustainability strategy, page 20
	102-48 Restatements of information	Not applicable
	102-49 Changes in reporting	Not applicable
	102-50 Reporting period	2020-2021
	102-51 Date of most recent report	2020

<b>Reporting Practise</b> (Continued)	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	CEO Statement, page 10
	102-54 Claims of reporting in accordance with the GRI Standards	About this report, page 8
	102-55 GRI content index	GRI Index, page 84
	102-56 External assurance	Not applicable: The GRI content of this index has not been externally assured.

**GRI 200: ECONOMIC STANDARDS - ECONOMIC PERFORMANCE**

<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its boundary	Relevant material issues: Climate change; Employee Engagement & Development; Community Relations Our sustainability strategy, page 20
	103-2 The management approach and its components	Our approach to managing environmental impacts, page 36 Protecting the safety, health and well-being of our employees, page 67 Our work with the community, page 74
	103-3 Evaluation of the management approach	Innovation and R&D targets, page 42 Employee training target, page 72

<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Business highlights, page 12 Our work with the community, page 74
	201-2 Financial implications and other risks and opportunities due to climate change	Our operations: Protecting the environment, page 34
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans	Employee wellness, page 71
	201-4 Financial assistance received from the government	CX-generation platform, page 46

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	103-2 The management approach and its components	Ethics and compliance, page 57
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	103-3 Evaluation of the management approach	Energy use and efficiency, page 38 Low carbon approaches and electric powertrains, page 42 Energy targets, page 40
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<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its boundary	Relevant material issues: Water Use and Efficiency Sustainability strategy, page 13
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	103-3 Evaluation of the management approach	Water targets, page 53
<b>GRI 303: Water and Effluents 2018</b>	303-5 Water Consumption	Sustainability highlights, page 13

**GRI 300: ENVIRONMENTAL STANDARDS - EMISSIONS**

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# UN GLOBAL COMPACT INDEX 2021



## UN GLOBAL COMPACT INDEX 2021

The Morgan Motor Company is a signatory of the UN Global Compact (UNGC), which is a voluntary initiative advancing universal principles on human rights, labour, the environment and anti-corruption. The progress we have made meeting the UNGC principles will be closely monitored and reported. This report serves as our annual Communication of Progress (COP).

UN GLOBAL COMPACT ADVANCED LEVEL CRITERIA	PAGE REFERENCE
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2. The COP describes value chain implementation	Responsible supply chain, page 62
<b>ROBUST HUMAN RIGHTS MANAGEMENT POLICIES &amp; PROCEDURES</b>	
3. The COP describes robust commitments, strategies or policies in the area of human rights	Responsible supply chain, page 62
4. The COP describes effective management systems to integrate the human rights principles	Our approach to sustainability, page 19 Our suppliers and our customers: Behaving ethically, page 54 Our people: Supporting our employees and our communities, page 64
5. The COP describes effective monitoring and evaluation mechanisms of human rights integration	Responsible supply chain, page 62
<b>ROBUST LABOUR MANAGEMENT POLICIES &amp; PROCEDURES</b>	
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## TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES

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16. The COP describes strategic social investments and philanthropy	Our work with the community, page 74
17. The COP describes advocacy and public policy engagement	Not applicable
18. The COP describes partnerships and collective action	Not applicable

## TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES

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20. The COP describes Board adoption and oversight	Governance, page 24
21. The COP describes stakeholder engagement	Our core business elements: Community stewardship, page 16 Ethics and compliance, page 57 Our people: Supporting our employees and our community, page 64


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