

Morgan Advanced Materials plc

Modern Slavery Act - Transparency Statement

This Statement relates to Morgan Advanced Materials plc and its subsidiaries, including Morgan Technical Ceramics Limited, (together referred to as 'Morgan' or the 'Morgan Group'), for the financial year ended 31 December 2020 and covers the period up to publication.

About Morgan Advanced Materials

Morgan is a global advanced materials company. We work in the electronics, energy, healthcare, industrial, petrochemical, transport and security & defence markets.

Countries of operation and supply

We manufacture in approximately 25 countries and sell into over 100, with our global team of around 8,000 employees.

Responsibility and Accountability

The Group is committed to conducting business legally, ethically and with integrity wherever we operate. Morgan employees are considered responsible for having due regard for human rights, in particular:

- The Board of Directors has responsibility for ensuring that human rights considerations are integral to the way in which existing operations and new opportunities are developed and managed
- At the centre of the Morgan Leadership Behaviours is 'Always Working Safely, Ethically and Inclusively'. Directors, business leaders, managers and supervisors should provide visible leadership that supports human rights
- All employees, contractors and consultants are responsible for ensuring that their own actions do not impair the human rights of others.

Policies and Practice

The Morgan Code of Business Conduct, launched in 2018, is a series of principles supported by a set of policies and guidelines that set out how Morgan's people should conduct themselves on a daily basis. This includes treating our people fairly and ensuring that our suppliers operate in a responsible way and that their workers are safe and also treated fairly.

The Group's Policy Manual contains the policies which support the Morgan Code. A number of policies specifically address awareness of ethical conduct including:

- Ethical Trading Policy
- Human Rights Policy.

The Group Policy Manual and related guidelines are available in 13 languages and oblige employees to operate in accordance with applicable laws and regulations. The policies also apply, where appropriate, to Morgan's business partners including agents, joint ventures and third-party representatives.

We respect the right of freedom of association and support employee engagement, representation and dialogue through open forums.

Exposure to slavery and human trafficking

We are continuing to review the exposure of the Morgan Group to slavery and human trafficking risk, taking into account:

- We operate in a small number of countries with a reputedly high prevalence of modern slavery (as reported by third-party external sources including the Global Slavery Index).
- Our facilities in these countries, including joint ventures, are required to adhere to minimum standards in terms of employee rights and working conditions as set out in Morgan's Group policies
- Due to the highly-skilled nature of the activities undertaken by our people, our exposure to low-skilled and temporary employees is reduced
- We have procurement policies in place in relation to the sourcing of raw materials and other large volume supplies and we assess our exposure to modern slavery within the supply chain as relatively low. Due to the nature of our products which rely on high-grade and specific raw materials, we form long-term partnerships with selected, tested suppliers and conduct rigorous due diligence before engaging new suppliers. In relation to large volume supplies (PPE, packaging), we source from reputable companies and require certification and transparency of provenance.

Supply chain due diligence and verification

We have prepared standard terms and conditions of purchase. These include a requirement for the contracting party to confirm that they comply with Morgan's Code of Conduct and take steps to eliminate modern slavery from their operations. The standard terms have been introduced in the Thermal Ceramics business in Europe and, over time, these standard terms will be rolled out in other businesses and jurisdictions, commencing with suppliers in the United States.

We plan to standardise and extend the use of new supplier questionnaires, currently deployed in parts of Morgan's business, to cover the majority of new suppliers and include a question on the supplier's policies and practices in relation to identifying and preventing modern slavery.

A Supplier Code of Conduct has been developed which defines the minimum standards that we expect from our suppliers, vendors, subcontractors and contract manufacturers and will be rolled out on a phased basis.

Employee engagement and training

In 2020 we contracted with a new provider of the independent ethics hotline which led to enhancements to the service. To re-emphasise to our employees that we rely on each other to make sure we all follow the Morgan Code, we took the opportunity to relaunch the ethics hotline and conducted a programme to re-publicise the methods available for our employees to 'speak up' to report issues of concern or incidences of breaches of the Code or unethical behaviour. This included briefing all site managers and providing materials for display at sites and communication to employees.

Our programme of quarterly training on ethics and compliance for all relevant employees continued throughout 2020, covering key aspects of the Code and recently recommenced with a fresh set of training materials. We have shared examples of ethical dilemmas to facilitate discussions on ethical behaviour with employees. By actively engaging our people to talk about ethical behaviour we can demonstrate that everything we do in Morgan has our Code at the core.

In late 2019, we relaunched a revised suite of Group policies which are contained in the Group Policy Manual. Relevant employees received training on the Group Policy Manual, followed up with training on specific policies, for example, the Anti-Bribery and Corruption Policy and accompanying manual. To underpin our commitment to upholding the Morgan Code, from May 2021, all senior employees will be required to sign to confirm that they have read, understood and comply with the Morgan Code, and the policies relevant to their role.

Specific training on modern slavery for Morgan's procurement professionals was provided in June 2021.

Effectiveness and Performance Review / Indicators - Audit and Certification

Our businesses certify their compliance with Morgan Group policies on an annual basis, reporting any exceptions. Any instances of non-compliance with our existing policies are assessed on a case-by-case basis and remedial action is taken as required.

We actively encourage our employees to raise any concerns or suspected breaches directly through line management or our HR function. Should employees wish to do this confidentially, they may raise any concerns or suspected breaches of the Morgan Code of Business Conduct **or** policies through the externally facilitated whistleblowing hotline which investigates reports on an anonymous basis where local laws allow. All reports are investigated and reviewed by CEO, CFO and Group HR Director, and the Audit Committee reviews the outcome of investigations at each meeting.

This Statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015.

This Statement sets out the steps taken by Morgan Group to seek to ensure that there are no incidents of modern slavery within Morgan's business and its supply chain, in accordance with the UK's Modern Slavery Act 2015. It has been reviewed and approved by the Board of Directors.



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Signed by

Pete Raby
Chief Executive Officer
For and on behalf of Morgan Advanced Materials plc