

2022

MICHELMERSH BRICK
HOLDINGS PLC

ANNUAL REPORT

Britain's Brick Specialists



MICHELMERSH BRICK HOLDINGS PLC



Image left

Think Longer - Durable products with extensive longevity such as clay brick, will prolong the expected life of a building resulting in a lower carbon footprint for every year of use.

Photo right

HyBrick - World's first 100% hydrogen fired clay bricks.

THINK LONGER



WORLD'S FIRST HYDROGEN FIRED CLAY BRICK TRIAL

ESG STRATEGY

Environmental, Social and Governance

Sustainability is at the core of Michelmersh's values; and it is committed to playing its part in the move to a lower-carbon economy, helping the government to achieve its target of Net Zero by 2050.

"Our ESG strategy and road map, is intertwined with our core company values (IRIS), showcasing how Michelmersh continues to be the leaders in both Sustainability and Innovation. Our exemplary decarbonisation projects put both the environment and our people as pivotal drivers in making sustainable products for the future, that will enhance our built environment for generations to come", Sarah Le Gresley, Innovation Director and Sustainability Group Lead.

Michelmersh understands the importance of its net zero disclosures to its stakeholders, highlighting its commitment to reducing greenhouse gas (GHG) emissions and its focus on Environmental, Social and Governance (ESG) reporting.

By introducing its ESG strategy into the 2022 Annual Report, the Group has evolved its sustainability reporting process and elevated its importance to those stakeholders interested in Michelmersh's ESG performance. The aims of this strategy report are:

- Highlight the Group's corporate alignment with investment values
- Prove credibility of plans and performance against commitments
- Provide transparent and clear GHG footprint and reporting
- Highlight clear governance and management aims, incentives and accountability

Many of the elements highlighted in this report already form part of Michelmersh's Streamlined Energy and Carbon Reporting (SECR)

requirements and will aim to disclose further methodology and performance data to support the Group's future ambition to include the Task Force on Climate-Related Financial Disclosures (TCFD) as indicated by the strategy and ESG roadmap contained within this report.





In 2022 Michelmersh engaged in an ESG strategy assessment with external, independent advisors. This resulted in a comprehensive ESG strategy and roadmap being created to support the Group with progressive change aligned to its current levels of knowledge and business understanding of ESG.

Implementing this strategy will allow Michelmersh to continue to embed ESG into strategic decision-making, entrench it into core business activities and ultimately provide the ability to publicly disclose ESG performance via additional frameworks. The strategy supports continual improvement methodologies, aligned with Michelmersh's existing environmental and other management systems, so benefits are increasingly embedded into business processes over time, with corresponding improved performance.








BENEFITS OF CLAY BRICK

Think Longer - Cradle-to-Cradle

Low lifetime cost

-  Low cost & strong value
-  Low maintenance
-  Financially underwritten
-  Competitive whole-life cost








Industry preference

-  Matches UK vernacular
-  Favoured by planners
-  Product quality standards
-  Established supply chain
-  Aesthetics
-  Forgiving of tolerance
-  Variety of colours

Sustainability

-  Longevity
-  Durability
-  Recycled content
-  Low operational carbon
-  Adaptability
-  Reusable
-  Climate resilience
-  Locally sourced

High product performance

-  Thermal performance
-  Air quality
-  Flood resilience
-  Overheating
-  Non-combustible
-  Cavity wall construction
-  Class O fire rating above 18m

Michelmersh is proud to make environmentally friendly, natural, durable and thermally efficient products that will last for hundreds of years and can still be recycled or reused. This inherently tactile, natural and non-toxic product has a multitude of aesthetic qualities; colour, tone, texture, finish and size, all of which add to the flexibility of brick. Ever-increasing in popularity for its credible fire-resistant properties and flood resilience, its sense of safety, solidity and security continue to be the reason housebuilders and homeowners trust in brick to add value to their properties. Brick is additionally recognised for its inherent sustainable credentials, boasting impressive longevity, low maintenance, zero operational carbon, thermally efficient qualities and can continue to be reused through the lives of several buildings, shaping our architectural environment for generations to come.

Whole-life cycle analysis is supported by the Michelmersh Group, reflected in the main aim of its 'Think Longer' campaign in 2021. Understanding the full and lasting impact of design choices to encourage architects, housebuilders and wider government initiatives to design homes and spaces in our built environment, that will last for 200 years not 20, using longer-term sustainability goals to improve emissions for the planet and passing down our built assets for generational use. Bricks have been around for many thousands of years. Durable products with extensive longevity such as clay brick will prolong the expected life of a building resulting in a lower carbon footprint for every year of use. The Environmental Product Declarations (EPDs) used by the clay brick industry showcase its low operational carbon and how the product has been evaluated for its whole-life including; manufacture, transportation to site, construction phase, building maintenance, replacement, adaptation and end-of-life, including recycling and reuse (cradle-to-cradle).

MICHELMERSH

GROUP OBJECTIVES

KEY OBJECTIVES

In the past few years, we have experienced: a Covid-19 pandemic, energy fluctuations and economic inflationary pressures. As a responsible business, being able to identify and respond quickly to threats and opportunities will have a positive impact on the environmental, operational and commercial pillars of the business.

This strategy gives Michelmersh a route to build on existing sustainability practices and embeds ESG into core business and strategic decisions, providing a roadmap to enable disclosure to further ESG frameworks.

While Michelmersh is not currently mandated to report on ESG, there are growing expectations to disclose ESG performance, and the Group recognises increased stakeholder scrutiny, developing legislation and ethical procurement drivers, which is why Michelmersh wants to be transparent and clear, continuing to retain its high level of trust and integrity with all its stakeholders.

The ESG strategy is tailored to address ESG risks and opportunities that are of the greatest importance and impact to Michelmersh and its stakeholders. Through the materiality assessment, focused areas included: Health, Safety and Well-being, GHG/Carbon emissions, Governance Processes, Financial Performance, Material Consumption, Innovation, Biodiversity as well as Climate Change.

Aligned with the Group's IRIS values, the objectives below empower employees to utilise ESG data to adjust the manufacturing, materials and energy process and impacts to contribute towards better performance against ESG metrics.

MISSION

Environment

Social

Governance

- Maintain and improve high standards of Health, Safety and Well-being
- To reduce the energy and carbon intensity of our products
- To reduce our raw material usage and embed circular economy principles
- Continue to increase our support for education and local communities
- Evolve our core offering, delivering lower embodied carbon products through innovative product development, technologies or solutions
- Maintain high standards of environmental compliance whilst improving the biodiversity of our land/ estates
- Continuous improvement of employee skills and development

Photo top

Marlborough School, London. Photography © Paul Riddle

Photo bottom

Ibstock Place School, London. Photography © Jack Hobhouse



Marlborough School, London. Photo © Paul Riddle

ENVIRONMENT KPI TARGETS

	KPI	TARGET	2022 DATA	YEAR	METRIC
1	Energy	10% reduction (2025) 15% reduction (2030)	15.82%	2025 & 2030	per kWh/tonne (gas and electric)
2	Carbon	5% reduction	20.14%	2030	kg CO ₂ per tonne, excluding distribution, without reduction in production output
3	Fleet (forklift)	100% to be electric	35.59%	2030	% of vehicles
4	Fleet (car)	100% to be hybrid/electric	76.47%	2025	% of vehicles (UK only)
5	Waste	ZERO non-hazardous waste to landfill	0.48	2025	no. of tonnes. (UK only)
6	Plastic	7% reduction in all plastic use	-0.30%	2030	kg per saleable tonne
7	Paper	100% paper used for packaging to be made from 100% recycled content	100%	2030	% of absolute use
8	Wood	70% reduction of virgin wood pallets. Pallets re-sourced from second hand sources	53.18%	2030	kg per saleable tonne
9	Water	5% reduction in potable mains water	41.97%	2030	use of m ³ per tonne of production
10	Biodiversity	Continued commitment to sustainable land use with restoration and Biodiversity Action Plans		2030	



Ibstock Place School, London. Photo © Jack Hobhouse

SOCIAL & GOVERNANCE KPI TARGETS

KPI	TARGET	2022 DATA	YEAR	METRIC
11 Donations	100,000 bricks per year	120,600	Annual	no. of products donated
12 Charitable	15% year on year increase of charitable financial donations. (Previously 10%)	44.21%	Annual	% of charitable contributions against annual target
13 Environmental Complaints	ZERO environmental complaints	9	2030	no. of complaints
14 Internal Environmental Incidents	ZERO internal environmental incidents	16	2030	no. of incidents
15 Suppliers	100% of material suppliers/contractors signed up to the Michelmersh Supplier Charter. (UK only by 2025)	0%	2030	% of suppliers
16 Training	60hrs training per employee	38.7hrs	2030	average no. of training hours per employee
17 Mental Health	100% senior managers to be trained in Mental Health Awareness	68.18%	2030	% of senior managers
18 Zero Harm	50% increase in proactive reporting to promote zero harm to employees	145.27%	2030	% increase in reporting frequency
19 Health & Safety	Achieve ISO 45001 Health & Safety Management System (UK only by 2025)	71.79%	2025	% of progress of deliverables/actions

All KPIs cover scope 1 & 2 emissions, measured from a 2016 baseline and were introduced in the 2021 Sustainability Report.

The Michelmersh Group has achieved substantial accomplishments since setting the 2030 KPI targets. The majority has been achieved through steady and continuous implementation of repurposing strategic assets, energy procurement, investments in improvement, efficiency projects and enhanced engagement campaigns.

The Sustainability Group reviews the performance of the KPIs quarterly, including whether the intensity of the targets set should be maintained, reduced or raised depending on the stability of continuous performance. As is evident from the highlights to the right, the Michelmersh Group's performance against many of these targets is extremely encouraging and positive, however, due to the recent acquisition of FabSpeed in late November and the complexity of implementing and integrating data which may have to use different measurement metrics and intensities, the Sustainability Group has decided to take a considered approach to the re-evaluation of its KPI targets over the following year, to maintain the majority of its current targets.

Importantly, donations and charitable targets were raised during 2022, following the governance approval process of the Sustainability Group nominating a higher intensity with our focus for social and community-led benefits both locally and nationwide. The product donation target was revised from a percentage increase to a total number to reflect our current high number of donations. The Board Sustainability Group sponsor, Peter Sharp, supported the increases over the past year and recognised the value of the ongoing pledge to support education and various charities encompassing construction industry-related mental health, cancer support, homeless and many other worthy causes throughout the year.

2022 KPI ACHIEVEMENT HIGHLIGHTS



20.1% reduction in CO₂ per tonne of production
Against 2016 baseline



91.5% of the Group's electricity is from renewable sources
From October 2022



15.8% reduction in energy (gas and electric)
kWh per tonne against 2016 baseline



Our non-hazardous waste to landfill was less than 0.5 tonnes
In 2022 (UK plants only)



We have reduced our potable water usage by 41.9%
m³/tonne of production against 2016 baseline



100% of paper used is from 100% recycled content
In 2022



53.18% reduction in virgin wood pallets
kg/tonne against 2016 baseline



145.27% increase in proactive reporting. 1/4 of workforce are actively engaged in proactive Health & Safety
Against 2016 baseline



> 120,000 Brick donations to education or social projects
In 2022



> 85% of the Group's raw materials are sourced within 2.5 km of our manufacturing plants
In 2022



Our UK products travel on average no more than 60 miles from factory to site
In 2022

ENERGY & CARBON REPORTING

Methodology

ENERGY AND CARBON REPORTING

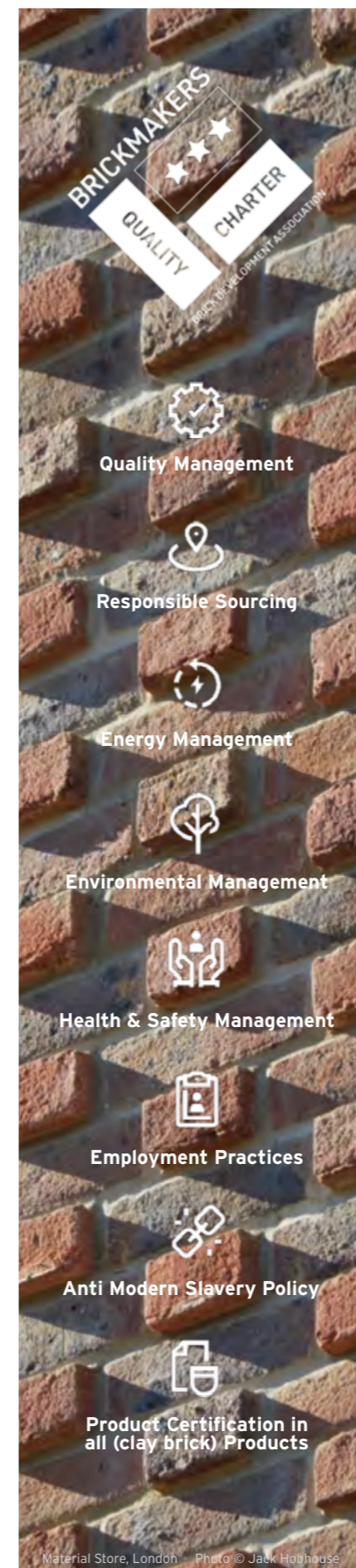
	2022	2021
Group Energy Use (kWh):	226,832,324	233,009,060
Associated Greenhouse Gas Emissions (tCO ₂):	60,330	61,106
Group Intensity Ratio (tonnes CO ₂ /tonne fired product):	0.219	0.221

METHODOLOGY

Figures are based on all Scope 1 & Scope 2 activities including transport. In line with recommended good practice, Scope 3 transmission & distribution losses have been included in electricity figures.

Activity data is determined using regulatory-approved Emission Trading Scheme methodologies. Calorific values and emissions factors used are those published in relevant national inventories for the reporting year. Fired product tonnage counts only saleable masonry products and does not include any fired production waste, which is sold as an aggregate substitute.

The intensity ratio is chosen to reflect our principal environmental impact and aligns with the Group's wider sustainability performance indicators.



Material Store, London Photo © Jack Hobhouse

COMMITMENT TO CARBON REDUCTION

Michelmersh has long been committed to the reduction of energy consumption and emissions throughout its operations and will continue to invest in more efficient equipment and lower emission processes.

There was an incremental improvement in the intensity ratio in tonnes CO₂ per tonne for 2022 compared to 2021 of just under 1% and the Group remains 20% below the 2016 baseline intensity value.

CO₂ affects the climate regardless of its emission point and we have chosen to include our Floren works, Belgium, in all Michelmersh SECR reporting data. Reporting this separately would potentially reveal commercially sensitive figures and we believe that every brickworks has a collective responsibility in meeting our energy and carbon performance targets.

On 23rd November 2022, Michelmersh acquired FabSpeed UK, a brick-cutting and brick system pre-fabrication business. Insufficient emissions information and integration of data for the final part of this reporting period were available to produce accurate figures for this division. However, from available data and given the size and activity of this business, we are confident that its exclusion from our annual figures makes a minimal material difference. 100% of their emissions will be included in 2023 data.

With climate change high on the societal and political agenda, and the UK taking the opportunity to be the first major economy to commit to 'net zero' carbon emissions by 2050, the next three decades will see profound changes as the industry continues its decarbonisation journey. Michelmersh is committed to achieving the UK's target of net zero by 2050 and will therefore be looking to introduce further KPI targets in coming years regarding the Group's mid to long-term goals and bridging the gap for the following twenty-year period.

Ceramic manufacturing is by virtue an energy-intensive manufacturing process requiring high temperatures to generate desired product characteristics. Affected by energy, climate and environmental legislation, Michelmersh will keep abreast of the evolving economic and legislative drivers as the UK transitions to net zero. Wider roll-out of more energy and resource-efficient production, alternative new technologies or fuels (such as hydrogen, biomass or electrification), whilst also addressing process emissions (from clays) are all considered, in addition to offsetting schemes towards Michelmersh's roadmap.

Integral to the transition for the industry will be a collaboration with the UK Government and other stakeholders, as well as the availability of financial support for the development and implementation of these technologies. Energy decarbonisation is a key consideration in the long-term business investment decision-making for the Group.

THREE-STAR ACCREDITATION

The Brickmakers Quality Charter (BQC) is a quality mark accreditation scheme by the Brick Development Association. It promotes responsible sourcing of clay bricks and provides the supply chain with assurances of high-quality product, manufacturing and ethical standards. Michelmersh is dedicated to ensuring the highest standards of manufacturing and is extremely proud to be the first UK manufacturer to be awarded the highest, three-star accreditation with corresponding certifications, satisfying all eight critical assessment points (CAPs) for the last two years.

“ Thank you for the delivery of bricks that arrived yesterday. Learners at the prison normally use and reuse bricks on numerous occasions. The new facing bricks will encourage learners to achieve their best brickwork and allow them to achieve a sense of pride in their work. This will also showcase the impact of learning a trade on a learner’s self-esteem, employability and reduction in offending.

Dave Heighington, Assistant Manager Vocational Training, HMP Norwich



CULTURE AND SOCIAL SUPPORT

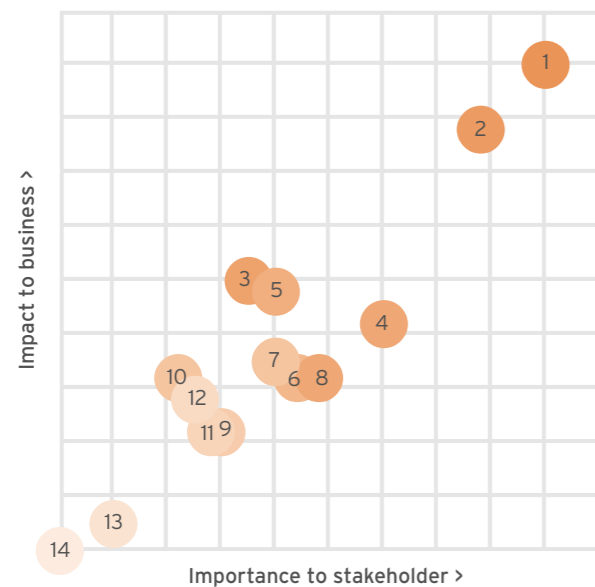
Michelmersh is continuously building its social value by investing in its people, the core company culture and extending its support to local communities to provide a positive impact. Its employees are of utmost importance to the management of the Group and running a sustainable business, taking corporate responsibility very seriously. The Group actively encourages learning and development programmes, positive mental health and the opportunity of being nurtured to develop their careers.

Michelmersh continues to exceed expectations on both charitable financial donations and product donations through the pledge 100, which has seen its social targets exceeded and therefore using the governance structure of the Sustainability Group, the board approved an increase to the two respective KPI targets.

MATERIALITY

Working with independent sustainability consultants on the ESG strategy, a select group of Michelmersh Associate Directors conducted a materiality assessment to identify those issues of most importance to the Group’s stakeholders and that had the greatest impact on the Company. The table below is not exhaustive, however, it does illustrate the key priorities. Due to the subjective nature of materiality assessments, the Sustainability Group would like to conduct a more thorough and far-reaching assessment over the coming year with a wider sub-group of stakeholders. The information is based on desktop reviews and people surveys and seeks to best capture the perspectives of all our stakeholders. This has formed the basis of future consideration for the Group’s evolving ESG strategy by reducing risks and enabling action on opportunities over the coming years. It is underpinned by the Michelmersh Group’s practice of existing responsible business governance:

Environmental materiality



ESG TOPICS

1. Carbon Emissions
2. Climate Change
3. Opportunities (Environmental, Energy, Technical Data etc.)
4. Material Sourcing
5. Investments
6. Biodiversity and Land Use
7. Climate Risk
8. Circularity
9. Natural Resources
10. Material Consumption
11. Water
12. Waste Circularity
13. End of Use
14. WEEE

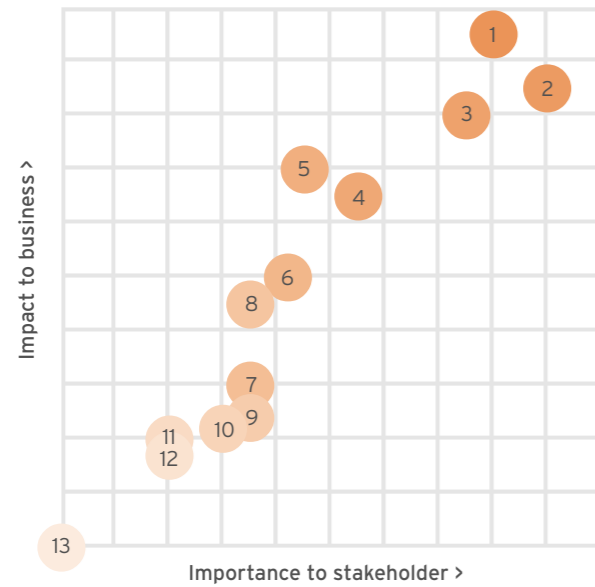
The Group’s most material environmental factors were found to be Carbon and Climate Change. Therefore, recommended objectives within the ESG strategy focus on these themes heavily and are highly considered when choosing the most suitable reporting framework to comply with. Michelmersh’s world-leading HyBrick decarbonisation project also aligned with carbon emissions represented higher up on the environmental materiality assessment.



Battersea Power Station, London. Photo © John Sturrock

MATERIALITY CONTINUED

Social materiality

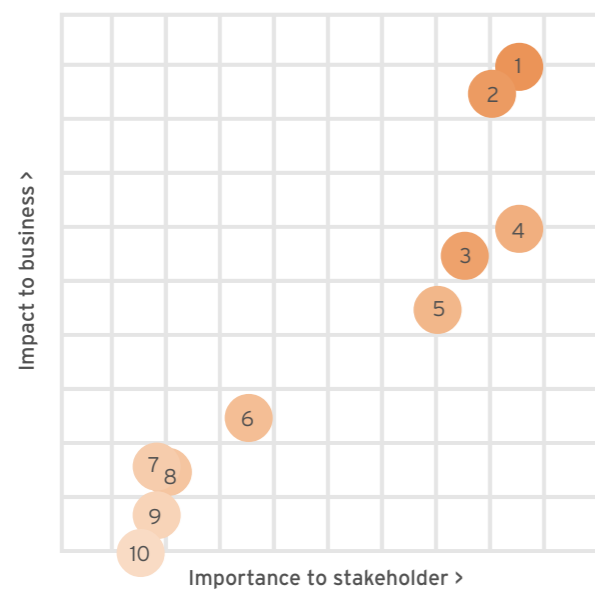


ESG TOPICS

1. Health, Wellbeing & Safety
2. Supply Chain Standards
3. Charitable Support
4. External Engagement
5. Training & Development
6. Our People
7. Our Communities
8. Opportunities (Communication, Engagement, Transparency etc.)
9. Diversity & Inclusion
10. Equity & Pay
11. Our Stakeholders
12. Recruitment
13. Healthcare & Benefits

The most material social factors at Michelmersh are health, safety and wellbeing, supply chain standards and charitable support, promoting the ethos of being a good corporate citizen at all levels. External engagement with training and development closely follows. Due to its many social campaigns such as proactive reporting of general safety concerns and the Pledge 100 initiatives, the Group is already on a positive pathway with regard to the wider industry.

Governance materiality



ESG TOPICS

1. Governance Process
2. Financial Performance
3. Opportunities (Transparency, Corporate Behaviour, Ethics, Anti-corruption etc.)
4. KPI Performance
5. Financial Risk
6. Organisational Structure
7. Executive Pay
8. Staff Empowerment
9. Ownership
10. Board Diversity

The Group's most material governance topics highlighted are governance process and financial performance, which is consistent with the business drivers for ESG, to grow the value of the business and the ambition to mature information and data use. All ESG reporting standards require strong governance and a mature approach to collecting data on ESG metrics, which will in turn reduce risk to financial performance, and therefore puts the Group in a strong position for any future non-financial ESG related disclosures.

HYBRICK™ - THE WORLD'S FIRST 100% HYDROGEN-FIRED CLAY BRICKS.

A NEW ERA OF SUSTAINABLE CONSTRUCTION MATERIALS.



Michelmersh announced in 2022 its successful bid to the Department for Business, Energy & Industrial Strategy (BEIS) UK Government, Industrial Fuel Switching competition to conduct a feasibility study to replace natural gas with hydrogen in the brick-making process. The programme is part of the £1 billion Net Zero Innovation Portfolio (NZIP) which aims to provide funding for low-carbon technologies to decrease the costs of decarbonisation. The project represents a global flagship physical study to replace natural gas with hydrogen in brick manufacturing. Phase 1 of the project demonstrated the viability of fuel switching and saw hydrogen used in the clay brick production process at Michelmersh's Freshfield Lane site in an independent brick kiln. The project aimed to inspire radical change across the sector and present opportunities and evidence-based research to support manufacturers on their journey to heavily decarbonise the production processes.

Green electrolytic hydrogen was used for this innovative study, helping to enable a movement toward low-carbon hydrogen and provide a pathway to the net-zero future that our country is aspiring towards. This HyBrick™ study explored the testing of specific infrastructure components to prove hydrogen firing capability and determine any impact on overall quality, brick integrity or aesthetics. Data was collected and analysed to ascertain any effect to process temperatures or stability. The bricks were then compared against control bricks (produced using 100% natural gas) to ensure they meet all technical, aesthetic and characteristic requirements, with independent laboratory testing to determine their durability and structural performance. Of paramount importance and conducted throughout the project were dedicated health and safety risk analysis, assessments and training, alongside air quality performance testing.

As the organisation leading the BEIS 'Deep Decarbonisation of Brick Manufacturing' project, Michelmersh had gone a step further to promote and disseminate the progression and learning of the project through a dedicated brand; HyBrick™ and working alongside a panel of expert partners throughout the project is pleased to announce in this report that the feasibility was a success and the three hydrogen burns showed that it is technically possible to fire bricks. All three hydrogen trials were successful and achieved reductions in the gas carbon emissions of 80 - 84%. This data was verified by the Air Quality Monitoring results, where CO₂ emissions were directly monitored during all hydrogen trials and one natural gas burn.

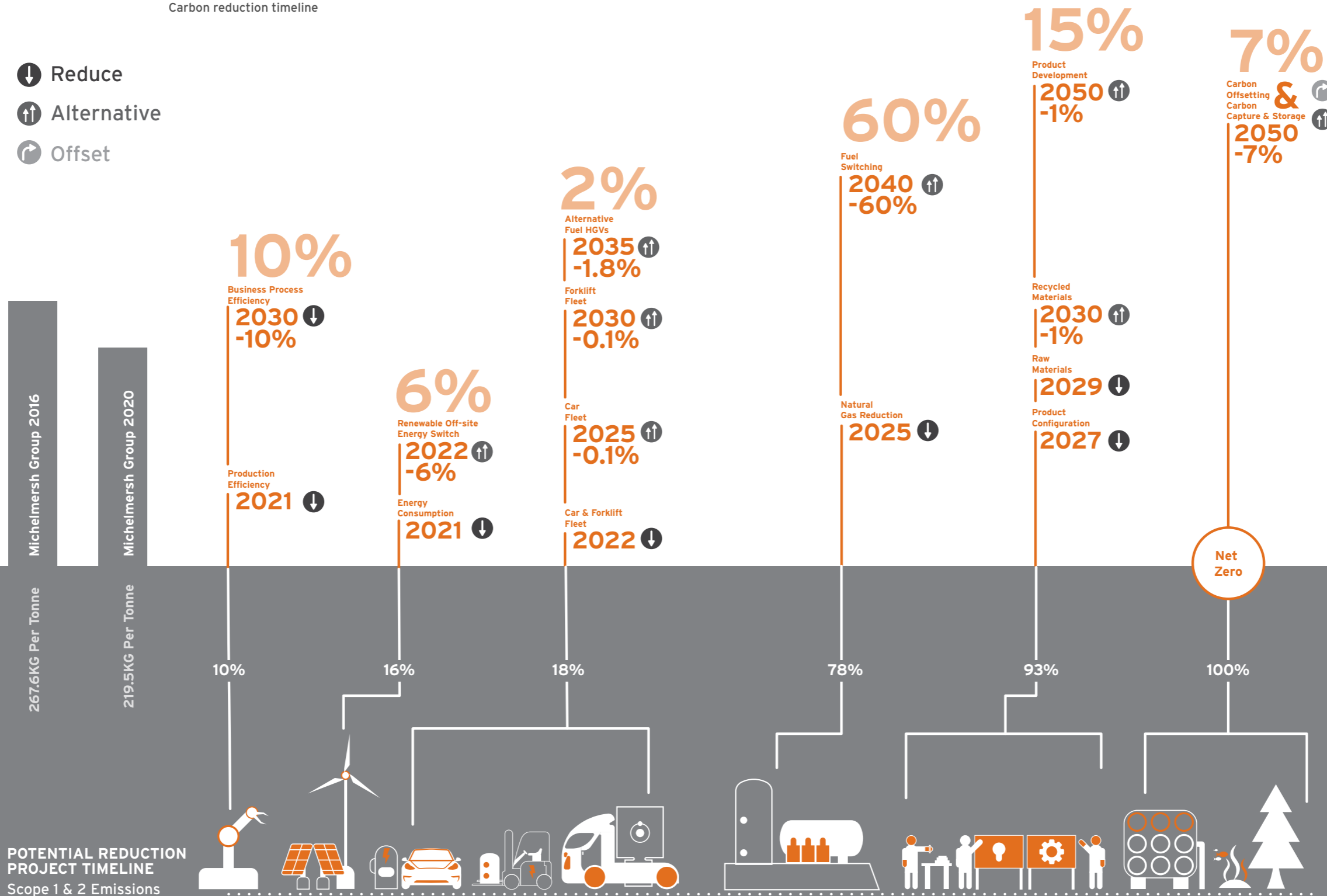
Frank Hanna, Joint CEO of Michelmersh, explains: "The Group is proud to stand at the forefront of such evolution for our industry. While we look forward to the challenges ahead of us, we are optimistic about the change we can inspire within the manufacturing sector. With decades of experience producing high-quality products and with the aid of our industry-leading partners, the Group is well suited to lead the UK with this flagship global first."

NET ZERO ROAD MAP

By the end of 2022 the Michelmersh Group has already achieved a significant reduction of 20.1% CO₂ per tonne of production from the 2016 baseline year.

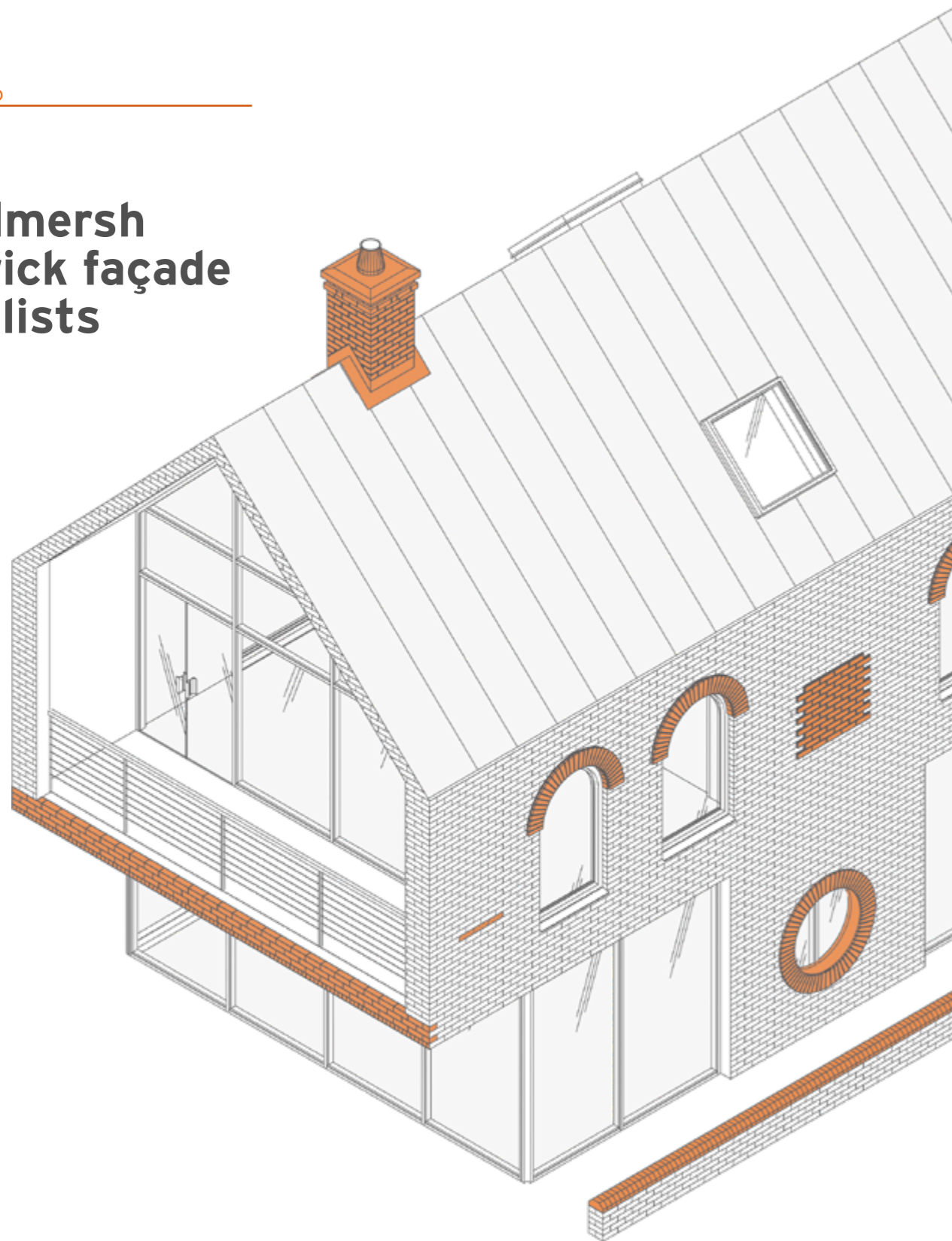
Carbon reduction timeline

- ↓ Reduce
- ↑ Alternative
- ↻ Offset



POTENTIAL REDUCTION PROJECT TIMELINE
Scope 1 & 2 Emissions

Michelmersh The brick façade specialists



Blockleys™ Carlton™ FabSpeed™ Floren.be™ Freshfield Lane™ Hathern Terra Cotta™ Michelmersh™

FabSpeed, the UK's largest independent brick fabricator was acquired by Michelmersh in 2022 to complement the Group's growing portfolio of premium products and services, increasing its ability to optimise and grow its off-site and modern methods of construction product offering in support of its sustainability centred ethos. FabSpeed are pioneers in prefabricated building components, utilising efficient solutions to complex masonry design specifications. With over 25 years of experience producing brick specials, arches, chimneys, facade systems, environmental products and more. Combining FabSpeed with Michelmersh's existing clay product manufacturing business will create a leading combined Group in clay and associated prefabricated products.

FUTURE FOCUS

Understanding prioritised and material topics sets the foundation on which the Group's ESG strategy can be developed. With the currently changing political, social and energy landscape, Michelmersh is aware that risks and opportunities can change and is therefore prepared to undertake a further materiality assessment, engaging with a wider range of the Group's stakeholders in the coming year.

Michelmersh will continue to develop its ESG strategy through complimentary data and business processes, continuing to achieve high standards against its existing rigorous management systems. These established methods and systems already embedded into the Michelmersh processes. These will contribute positively towards the ESG strategy through data collection. The Group will continuously engage in improving the integrity of its ESG performance, focusing on the consolidation of information and data collection methods or processes over the coming years. This will enable further abilities for forecasting decarbonisation projects or integrating future acquisitions.

According to the sustainability maturity and ESG strategy assessments undertaken by an independent sustainability consultant during 2021 and 2022, Michelmersh already follows a robust process for collecting, measuring and analysing data. The Group, however, is continuing to focus on improvements to the automation and forecasting of data with a key objective to collect Scope 3 in the coming years.

The next stage on the Group's ESG strategy journey will be to assess the relevant frameworks, certifications and commitments, which are best aligned to the business's needs and stakeholder demand.

The most material ESG impacts will continue to be embedded as a core focus for the business. The Sustainability Group and Net Zero Steering Group, sponsored by the board will continue to be the vehicle to evaluate and drive positive change for ESG amongst the senior leadership of Michelmersh. With a top-down approach to motivation and encouragement for innovative ideas to decarbonisation, biodiversity net gain, employee health, product development and many other wider far reaching and impactful initiatives, the company feels that employees will feel empowered to drive these company objectives throughout every department of the business.

ALIGNMENT

Michelmersh continues to be a partner of the Supply Chain Sustainability School and drive sustainability engagement and learning for its employees and wider supply chain stakeholders, which it hopes to increase further when the Michelmersh Supplier Charter is launched. The Group will continue to align its KPI goals to that of its core company values (IRIS) and the United Nations Sustainable Development Goals to ensure the relevancy of impactful targets.

INNOVATION

Showcased through Michelmersh's leading and innovative HyBrick world-first trials throughout 2022, the Group hopes to continue inspiring the industry to decarbonise. The Group promotes shaping genuine sustainability for the sector, focusing foremost on reducing emissions through efficiency, fuel switching or alternative technologies over offsetting, to encourage a reduction in absolute emissions.

By the end of 2022, Michelmersh has significantly reduced its CO₂ per tonne of production by 20.1% since the baseline year of 2016, further highlighting its longstanding focus on sustainability, efficiency and its continuous investment programme dedicated to improvements. Even though the Hydrogen studies proved to be 80-84% less gas emissions, the Michelmersh Group is aware that the commercial model for hydrogen production is not yet at a scale to make this proposition financially viable. It has, however, opened the door to further decarbonisation projects and trials for hydrogen, biofuels, electrification or alternative technologies to evolve. The Group is also aware that without carbon capture usage and storage, it would be impossible to achieve net zero, therefore it is prepared to focus resource to finding suitable solutions.

Due to such strong progress against current 2030 KPI targets, the Sustainability Group will continue to review the intensity of each target and amend these accordingly, to ensure they remain both relevant and impactful. The Net Zero Steering Group will also set out further mid to long-term ambitious targets to bridge the gap between 2030 and the future Group goal of achieving net zero by 2050.

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