

ESG

AN INTRODUCTION TO THE CURRENT STATE OF THE MOVEMENT



ESG

ENVIRONMENTAL SOCIAL GOVERNANCE

SESSION OBJECTIVES

- What's driving the movement?
- Define ESG
- Focus on E to start
- What Element is doing



WHAT'S DRIVING THIS MOVEMENT?

PEOPLE

- USING THEIR MONEY
- THEIR VOTES
- THEIR SKILL OFFERINGS

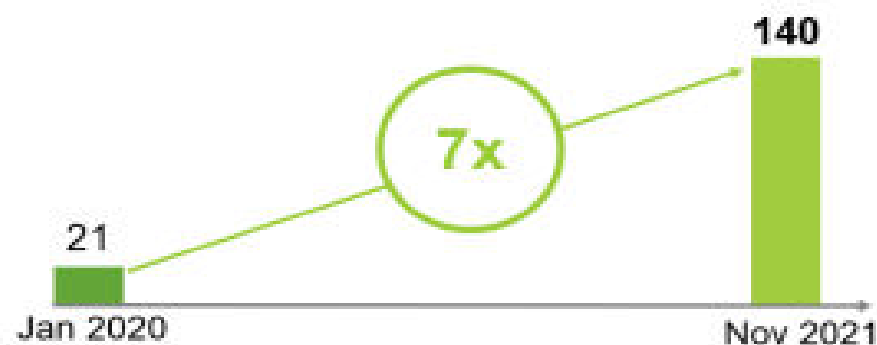
WHY?

- TO IMPROVE THE SUSTAINABILITY OF THE GLOBAL ENVIRONMENT
- TO MAKE PEOPLE MORE EQUAL AROUND THE GLOBE
- TO IMPROVE TRUST AND ACCOUNTABILITY

GLOBAL ACTIONS

Exhibit 1: Net-zero transition is accelerating

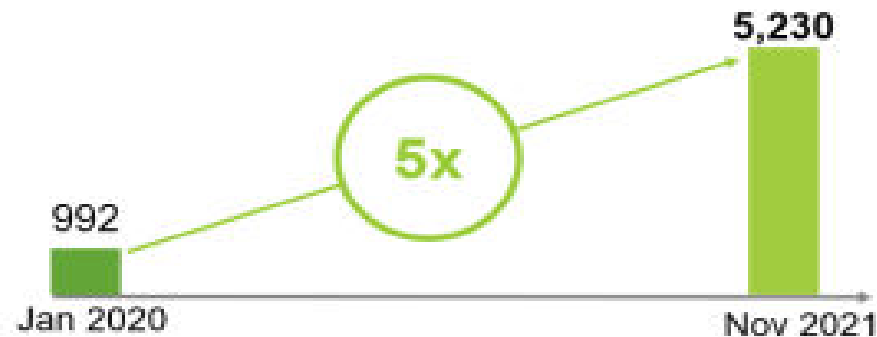
Countries with net-zero commitments



Emissions covered by country net-zero commitments



Companies with net-zero commitments



Financial commitments to net zero



Sources: Climate Action Tracker, United Nations Climate Change, Race to Zero, United Nations Climate Change Race to Zero, Glasgow Financial Alliance for Net Zero (GFANZ).

FINANCIAL INSTITUTIONS



A new generation of investors

The interest from millennial investors around the world has already helped drive the rapid growth in ESG investment. In a 2018 survey, Bank of America Merrill Lynch said that they could "conservatively estimate" USD 20 trillion of assets growth in U.S.-domiciled ESG funds alone over the next two decades.¹

From January through November 2020, investors in mutual funds and ETFs invested \$288 billion globally in sustainable assets, a 96% increase over the whole of 2019.¹ I believe that this is the beginning of a [long but rapidly accelerating transition](#) – one that will unfold over many years and reshape asset prices of every type. We know that climate risk is investment risk. But we also believe the climate transition presents a historic investment opportunity. Larry Fink, CEO Blackrock , letter to CEO's for 2021.

NICE-TO-DO OR MUST-DO



1. Humanity's longevity
2. Good for living creatures
3. Team member retention
4. Regulatory requirements
5. Key Private Equity Investor focus
6. Operational savings
7. Industries are transforming
8. Competitive advantage
9. Attracts investors
10. Improved financial results

Together, BlackRock and Temasek have committed US\$600 million to invest in companies and proven technologies that will reduce and potentially eliminate carbon emissions.

Investing in companies with better records on social issues and good governance pays according to BlackRock, the world's largest asset manager (\$8.5 trillion).

BlackRock said sustainable indices outperformed standard indices in market downturns in 2015-16 and in 2018. The outperformance also lasted through the market recovery, with 88% of sustainable funds losing less than their non-sustainable counterparts.

BlackRock pledges to exclude companies who make more than 25% of their revenues from thermal coal from its portfolios on climate grounds.

DEFINING ESG



ACRONYM FOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE

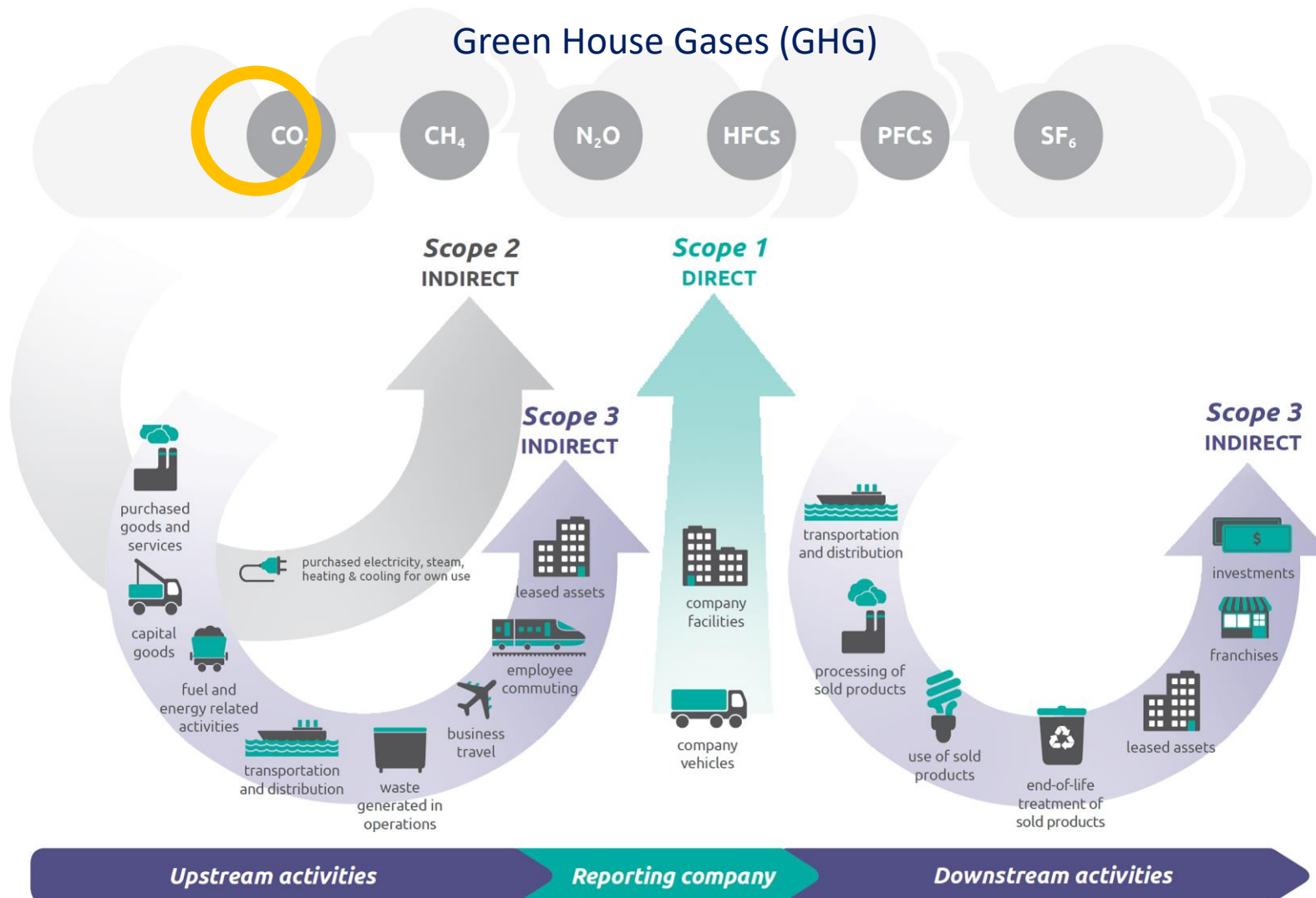
1. **ENVIRONMENTAL:** THE ACTIONS TO BE TAKEN TO REACH SUSTAINABILITY OF THE PLANET.
NET ZERO EMISSIONS, IMPROVED HANDLING OF WASTE, REDUCTION OF FRESH WATER CONSUMPTION, IMPROVED AIR QUALITY, BETTER SOIL MANAGEMENT
2. **SOCIAL:** THE ACTIONS TO BE TAKEN TO REACH EQUALITY FOR THE HUMAN SPECIES THROUGHOUT THE WORLD. POLITICAL, COMMERCE, HEALTH, SAFETY, EDUCATION, PAY EQUITY AND OPPORTUNITY.
3. **GOVERNANCE:** OPENNESS OF BUSINESS AND GOVERNMENT TO PEOPLE TO CREATE AN ACCOUNTABILITY FOR THOSE BEING GOVERNED, EMPLOYEES AND INVESTORS.

DEFINING ESG

ENVIRONMENTAL

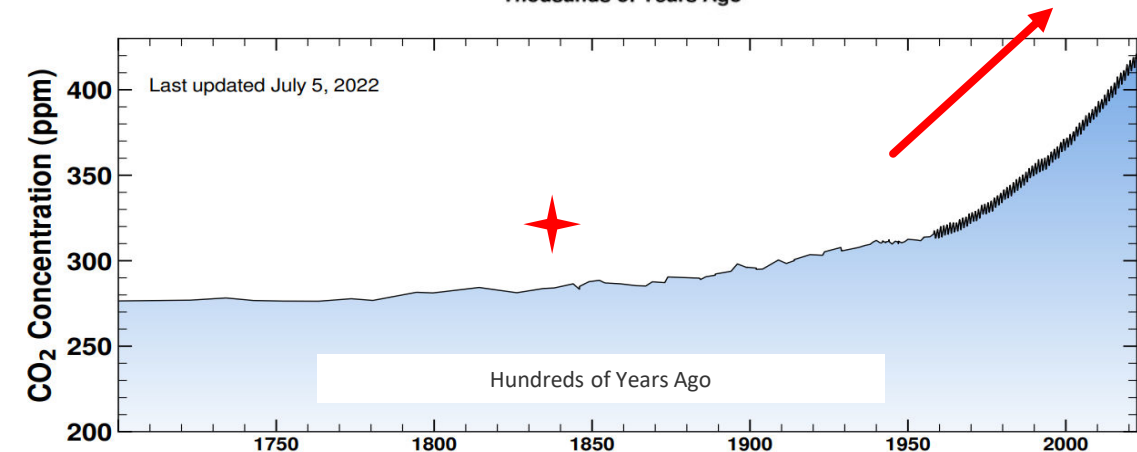
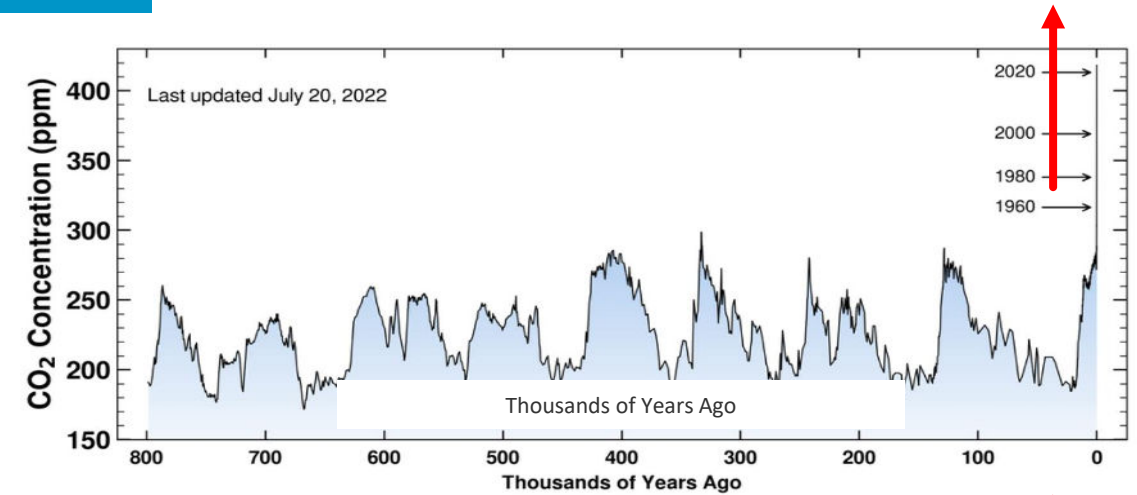
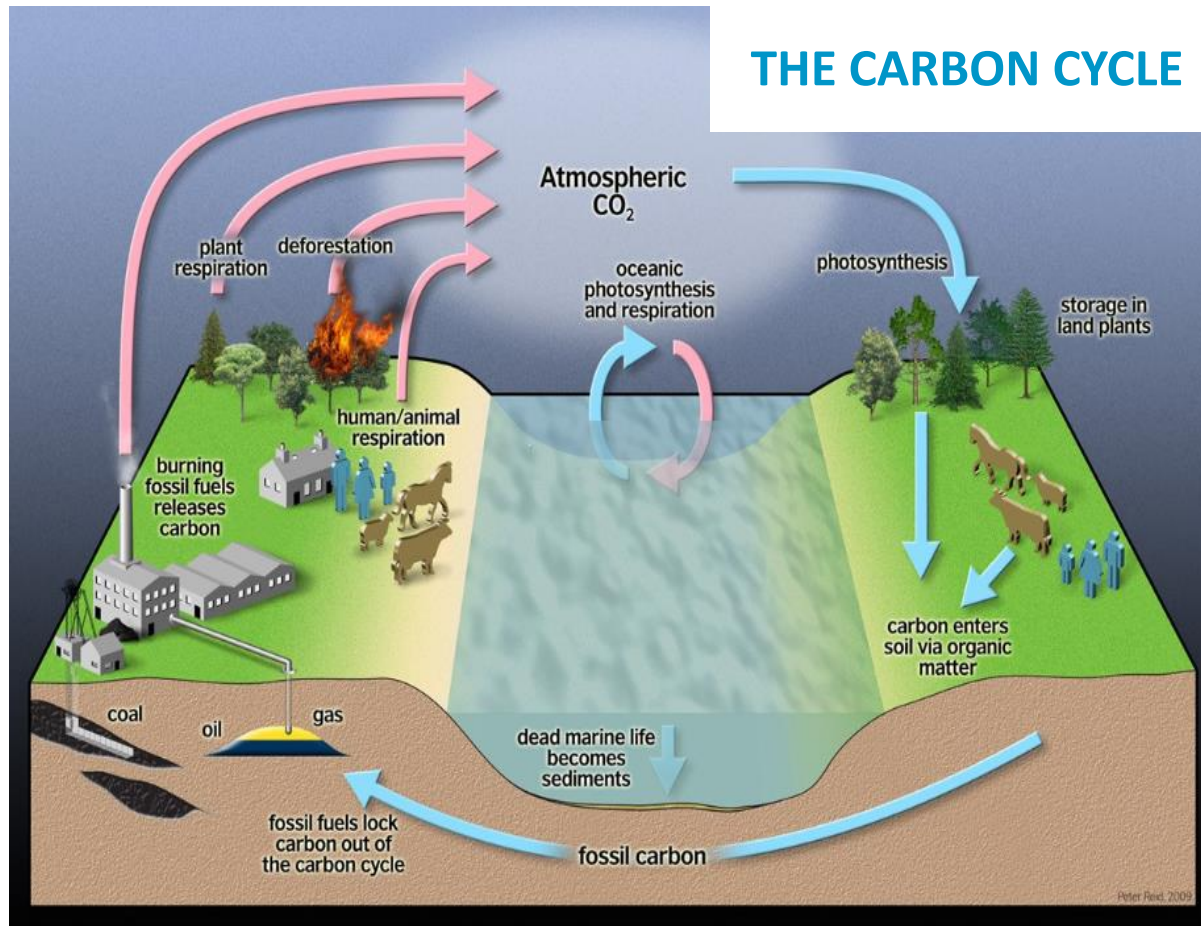
- **SCOPE 1:**
DIRECT EMISSIONS, OWNED OR CONTROLLED
SOURCES
“BURN & DRIVE”
- **SCOPE 2:**
INDIRECT EMISSIONS FROM PURCHASE OF ELEC.,
STEAM, GAS
“UTILITIES”
- **SCOPE 3:**
ALL OTHER INDIRECT EMISSIONS SUPPLY CHAIN,
WASTE, BUSINESS TRAVEL, COMMUTING...
“EVERYTHING ELSE”

ACCOUNTING FOR GHG EMISSIONS



Scope 1 – What We Burn
Scope 2 – Energy We Buy
Scope 3 – Everything Else

UNDERSTANDING THE CARBON CYCLE



The planet emits & absorbs 100B tons of CO₂ AND absorbs approx. 30% of human produced CO₂ annually.

DEFINING ESG

ENVIRONMENTAL



NET ZERO EMISSIONS - The term net zero means achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. This balance – or net zero – will happen when the amount of carbon we add to the atmosphere is no more than the amount removed.

Mark Carney, Former Governor Bank of England and Governor of the Bank of Canada

GFANZ Net Zero Delivery Summit, 11 May 2022

In opening comments pointed out:

We are a quarter of the way through the decade of delivery for net zero.

The Planet's average annual temperature is 1.1 C above pre-industrial average.

The Glasgow commitments from governments are to yield 1.8C average temperature change but policies yield 2.7C change.

EXAMPLES OF ACTIONS TAKEN



ENVIRONMENTAL

The Clean Resource Innovation Network (CRIN) is a pan-Canadian network focused on ensuring Canada's hydrocarbon resources are sustainably developed and integrated into the global energy systems. \$100m

Oilsands production has increased 114% while CO2 emissions have dropped 21% over the past 10 years.

Enbridge bought TRG a global leader in renewable energy.

US Fracking is changing, more water recycling, using local sand to reduce transportation, increased use of Electric frac equipment using onsite Natural gas generators.

SOCIAL

Truth and reconciliation commission of Canada: calls to action. 94 action items covering child welfare, education, language, culture, health, justice, equity, church apology, business and more.

Trans Mountain pipeline has 69 agreements valued at \$600m with Indigenous groups across BC and AB, have employed 2500 Indigenous workers (11% of workforce) and have another 4700 contracts worth \$3.2b with Indigenous firms.

Enbridge recently sold a minority share position in 7 pipelines to an Indigenous group worth \$1.2b.

GOVERNANCE

BC government providing annual ESG reports

Air Canada has Net zero goal by 2050, flying hybrids by 2028

COSIA –oilsands partners have pledged Net-Zero 2050

UN Paris agreement requires countries to be transparent, reporting is required, peer review is required to ensure a level playing field. Canada reported 2020.

RATING ESG



- IFRS (ifrs.Org) - better known as the organization that came up with the 140 jurisdiction accepted financial reporting rules for business. In November 2021 a subcommittee called International Sustainability Standards Board (ISSB) was started with the function to develop, in the public interest, standards that result in a high quality , comprehensive global baseline of sustainability disclosures focused on the needs of the financial market. The rules are under review now and have G20 support.
- Sustainalytics (Morningstar) is a global organization that ranks companies ESG status. Portfolio of 15,000 companies.
- MSCI is a global organization that ranks companies ESG status.

OUR PURPOSE, VALUES & BEHAVIORS



Making tomorrow safer than today



INTEGRITY

We build trust
We're accountable



CARE

We collaborate
We support each other



PROGRESS

We bring energy
We keep evolving

OUR AMBITION & STRATEGIC PILLARS



OUR AMBITION

By 2025 we will double the size of the business by being the trusted partner for customers in all our chosen end markets across the globe.

OUR STRATEGIC PILLARS

CUSTOMER FOCUS

Technical leadership, consistent operational delivery and excellent customer service underpin long term trusted partnerships with customers operating in markets where safety is critical.

OUR PEOPLE

We will create an empowered and inclusive culture where people enjoy coming to work.

INNOVATION & DIGITAL

We will continue to invest behind and develop innovative and digital solutions to support our differentiated market position.

PLATFORM BENEFITS

We will leverage our scale platform to deliver market leading growth and drive efficiency gains.

SUSTAINABILITY

We will create a sustainable organization, positively impacting our customers, the environment and our communities.

ELEMENT 2021 ESG COMMITMENTS

2026 SBTi

2030 Net
Zero
Scope 1 & 2

2035 Net
Zero
Total Business

100%
SUSTAINABLE
ENERGY BY 2025

30% WOMEN
IN LEADERSHIP
2025

25% ETHNIC
MINORITIES IN
LEADERSHIP
2025



EXTERNAL
REPORTING



25,000
HOURS OF
VOLUNTEERING



AMERICAS EFFICIENCY DELIVERABLES



2022 EFFICIENCY FOCUS FIVE

1. SORT YOUR AUTOMATION

Get smart with lighting, motors, HVAC, thermostats, etc.

2. CHANGE TO LED BULBS

70% energy saving

3. REPAIR HVAC & PIPING LEAKS

Test, verify, repair to zero leaks

4. BUILD 2023 CAPEX BUDGETS

Organize specific measurable investments that reduce on impact

5. REPLACE FLEET with EV/Hybrid

ELEMENT SUSTAINALYTICS RANKING



Element Materials Technology Ltd.

Industry Group: Commercial Services

Country/Region: United Kingdom

Identifier: -

ESG Risk Rating

COMPREHENSIVE



10.5 Low
Risk

Negligible

Low

Medium

High

Severe

0-10

10-20

20-30

30-40

40+

Ranking

Industry Group (1st = lowest risk)

Commercial Services

34 out of 453

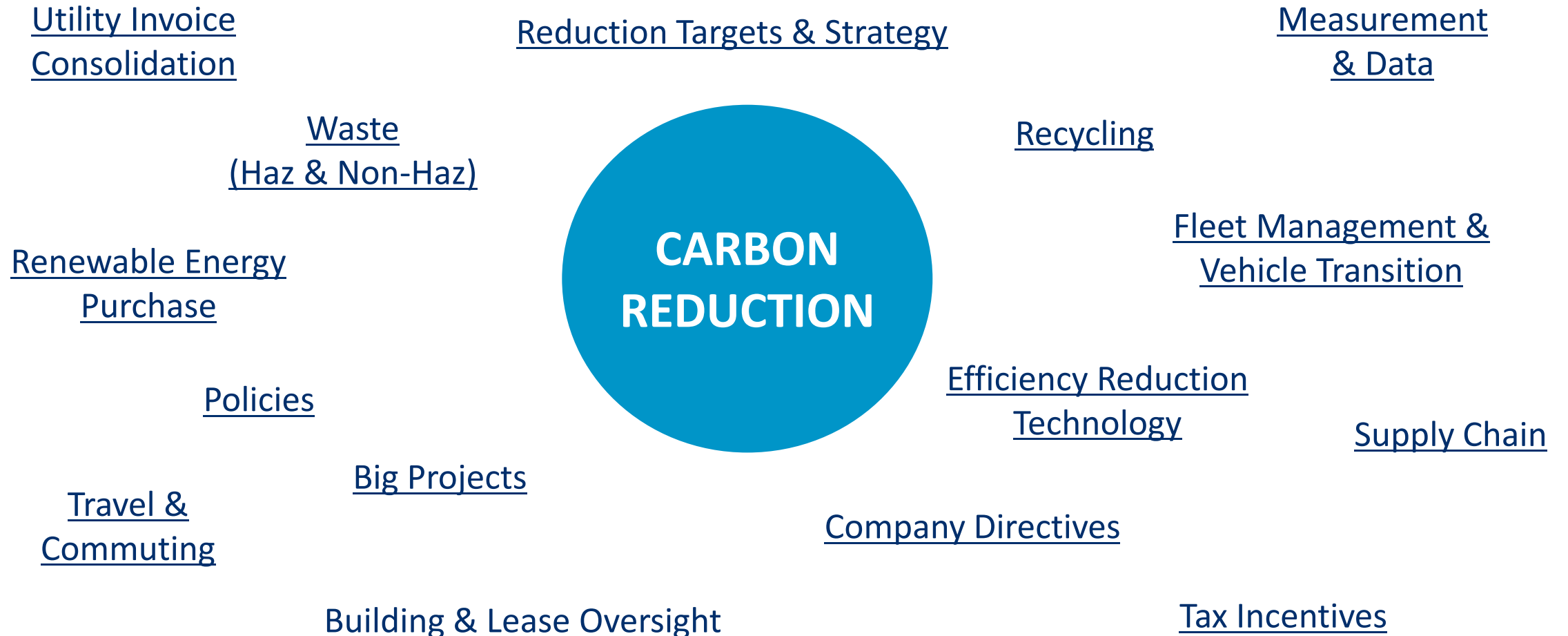
Universe

Global Universe

259 out of 14845

Last Update: Oct 6, 2021

ELEMENT'S CARBON CHALLENGE



A large, dark blue speech bubble graphic with a white interior, pointing towards the top right corner of the slide.

Q&A

ASK US