

Dear Shareholder,

Margosa Graphite Limited ("Margosa" or the "Company") is pleased to provide an update to its shareholders on the **Company's approach to Environment, Social & Governance (ESG)**.

More than ever, organisations are developing sustainability strategies that focus on creating value amongst a broad group of stakeholders - including employees, customers, suppliers, investors and community groups - whilst managing their broader obligations to society and the environment. Investors are raising expectations for how companies operate, and ESG has become an important criterion to evaluate the management and performance of companies. Climate change continues to be a leading investor topic, and investors are divesting from companies with large carbon footprints or that aren't prioritising climate change adaptation, management, and planning. Tailings management is being scrutinised closely by investors, following the catastrophes in recent years.

The Chairman, Mr Colin Belton, agreed with the Board of Directors that it would position itself as an ESG Leader and that essential focus in this area provides Margosa:

- A way to quantifiably measure a company's impact on society and the environment, using metrics that deliver long-term stakeholder value.
- A framework that helps stakeholders understand how the Company manages risks and opportunities related to environmental, social, and governance criteria and around sustainability issues.
- A critical enabler for capital allocation decisions made by many of the largest financial services firms and asset managers in the world.
- Essential in ensuring that sustainability extends beyond just environmental issues to provide confidence to the communities the Company works alongside its customers, suppliers, and employees, all of whom will become increasingly interested in how sustainable Margosa's operations are.

The Margosa Board and Executive Management attended an ESG briefing session in September, led by Mr Brendan Tapley, one of Australia's leading expert consultants and Australia's delegate to the GRI's Mining Sector Standard working group<sup>1</sup>. Mr Belton and the Margosa Directors all acknowledged the significant value of the briefing, which assisted the decisioning of the board in setting ESG as an organisational priority. Margosa has since engaged Mr Brendan Tapley and his consultancy Decarbonate<sup>2</sup>, to develop the Company's ESG Framework and Strategic Roadmap and to be its dedicated expert adviser on ESG and Climate Risk and as a Carbon Advisory Service.

Mr Belton said that the appointment of Mr Tapley and Decarbonate, *'signposts Margosa's strategic focus on ESG moving forward, and will be critical for the future of the Company and its role in establishing a cleaner, smarter and more sophisticated future for the Global community'*.

The Managing Director, Mr John Shackleton echoed Mr Belton's comments and added that, *'This milestone will enable management to transition from exploration and development to production with confidence, knowing we are being guided by experts and will be aligning to international standards and better practices.'*

Mr Craig Pentland one of Margosa's Non-Executive Directors, stated, *'being front footed in the ESG space will open doors in the market and immediately showcase Margosa's pedigree and credibility to future investors and partners.'*

1. GRI - Sector Standard Project for Mining ([globalreporting.org](https://www.globalreporting.org))  
2. Home | Decarbonate



Work has commenced and a summary of activity/actions is listed below:

- Engagement with Board and management on alignment to international standards and best practices
- Peer comparison and benchmarking.
- Design and facilitation of an ESG materiality assessment workshop.
- Development of an ESG framework aligned to material ESG topics and drivers.
- Development of a high-level Roadmap of activities to address each of the material ESG topics, with proposed qualitative or quantitative KPIs and time-frames.
- The roadmap is likely to focus actions that can be taken during the mining operations phase, with particular focus over the next two years to help to establish Margosa as a leader in the industry.
- Longer-term actions to 2030 will also be considered and noted where suitable.

The Board of Directors have invited Mr Brendan Tapley to attend the AGM on 30 November 2023. He has been asked to brief shareholders on progress and take any specific questions, as Margosa develops its framework and roadmap and positions itself as an ESG leader.

Best regards,



COLIN BELTON

**Chairman**  
**On Behalf the Board of Directors**

## Decarbonate.

- ✓ Cultivating and leveraging best practice insights
- ✓ Effective risk management and value creation
- ✓ Dedication to supporting boards and management.
- ✓ Access to leading technology/data providers.



### **Brendan Tapley – Bio**

Brendan has 20 years' professional experience as an ESG subject matter expert. He is one of three people Australia to sit on the GRI's Mining Sector Standard working group (due for finalisation in late 2023). He also sits on the peer review panel for the GRI's climate change and GHG emissions standards and he is currently advising the members of the Electric Mine Consortium on ESG strategy and reporting roadmaps.

Since 2003 when Brendan contributed to the development of the WA State Sustainability Strategy in the WA Department of Premier and Cabinet, he has gained industry-leading expertise in 1) ESG strategy and reporting, 2) Decarbonisation, 3) Climate risk. This includes 9 years of experience in the UK/Europe as an ESG/climate change consultant to major industrial energy users/manufacturers, and for national, regional, and local UK government agencies. He relocated back to Australia in 2016 where he has worked with mining and energy companies, covering a wide range of metals. His international experience allows him to see the bigger picture including policy and regulatory links between Australia and other countries – to help to prepare for future regulatory change, and growing expectations from stakeholders. Before commencing his own business 'Decarbonate', he most recently led PwC's Sustainability and Climate Change team as a Director in the PwC Perth office, also playing a national subject matter expert role for PwC's Energy Transition business. He has prior experience working in sustainability and decarbonisation roles at technical consultancies AECOM, WSP and E.ON's clean energy advisory business in Europe.