

# Sinomine Specialty Fluids Limited: Section 172(1) Statement 2022

The directors comply with Section 172(1) a to f of the Companies Act 2006. The impact to the stakeholders of the business is considered when the directors are making decisions. The key stakeholder groups are company employees, the shareholder, customers, suppliers, the environment and community. The management team are appointed to carry out the day-to-day operations of the business and to report to the board for key decisions. Two of the directors have operational roles so are heavily involved in the running of the business.

## Employees

The company employs personnel through both the UK entity and the foreign branch in Norway. There is a quarterly business update which all employees are invited to attend, certain Directors are also in attendance. The update provides information on progress against company targets, an update on upcoming operational activities, as well as the strategic group focus. Employees can submit questions to management and directors before or during the update to raise any issues and this can be done confidentially if an employee wishes. Questions are addressed during the session with follow up afterwards as required.

Objectives are set annually following the Management Meeting Review and the progress of these is reviewed quarterly in a meeting involving Directors and managers. Annual appraisals between line managers and employees take place whereby objectives are set for individuals to feed in to departmental and company objectives. The company has a compensation structure in place whereby employees are rewarded when company and individual targets are met.

## Customer relationships

The company works closely with customers to achieve their goals through the use of cesium formate brines. Key focus is on high quality of service for the customer. Collaboration begins before projects commence to ensure the product is suitable and the correct formulation is prepared for the conditions and desired result. The commercial process is overseen by the directors who have direct involvement.

The company has a shared goal with customers to minimise the losses of cesium formate this is beneficial for the customer as their cost is lower and the resource is preserved to be utilised again in future. The company aims to prolong the useful life of the main product which is a finite resource (cesium formate).

Following projects feedback is sought from customers as fed back to the directors. The company has worked with customers previously to produce research papers with results and learnings from projects. Such activities are beneficial for the company and the customer.

## Supplier relationships

It is important to have mutually beneficial relationships with suppliers. There is an internal supplier set up process which is followed to ensure the same selection/acceptance criteria is used for suppliers. The company strives to meet agreed payment terms working with respect and integrity with suppliers. An internal reporting process exists where supplier issues can be recorded, this is reviewed by management periodically and actions assigned for resolution.

## Community and environment

Environmental impacts of the business are a key consideration and the company achieved its recertification to ISO 14001 Environmental Standard in 2022. Directors and Managers regularly review the performance of the Environmental Management System to ensure it is fit for purpose.

The circular business model is enabled by an award-winning rental model (in chemical leasing) where the product ownership is retained by the company. The rental model encourages customers to minimise brine losses and return fluid after use. A design for recycling (DFR) and product life extension (PLE) strategy drives the fluid formulation work, its use, reclamation and reuse of cesium formate brines. In summary, this minimises the demand of new cesium, which is a finite resource. Through this circular business model, the company aim is to limit losses and re-use resources where possible to minimise impact to the environment.

Directors and management regularly review environmental impacts and aspects to achieve the company goal of zero harm. A three year plan is in place for reduction of emissions, progress reporting is provided to the directors. Environmental reporting has been carried out periodically during the year, a new carbon emission and environmental report is to be introduced in 2023 to track performance on a monthly basis.

Safety is an important focus for the Directors. Sinomine Specialty Fluids is committed to ensuring we are a leader in conducting business responsibly with respect to the safety, health and welfare of our employees, customers, the public, and the environment. The Health, Safety, and environmental ("HSE") commitment is a core value of the company and an integral part of the business activities.