

## S.172 Statement

### **Strategic Report (Extract)** **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### *Directors' statement of compliance with duty to promote the success of the Company*

Based on the latest demand signals received from the customer, the indications are that for the medium to long term, TST would require additional capacity in certain production cells to satisfy demand. TST has therefore planned for the product validation in the second facility to take place in Q4 of 2022 with low level of production to ensure the second facility is production ready. The directors are therefore confident that steps are in place for the business to have the required capacity available in the second facility to exploit the growth opportunities.

Performance of the business is reviewed by the directors regularly. Quarterly board meetings will have scheduled in-depth reviews on operational, technological, health and safety and human resource disciplines. The medium to long term plans are reviewed at regular intervals. The business risks are evaluated and mitigated where possible to ensure that the long term success of the business is managed effectively.

The Board of Directors conduct a review with the senior management team of TST to promote, enhance and to actively manage all the stakeholders of the business. The key performance indicators are reviewed periodically to monitor against actual performance against target, across various business processes to ensure that all stakeholder interests are represented.

### **Employee Engagement**

The business values employee engagement, and recognises an engaged workforce is more likely to drive productivity, better products and innovation. To understand whether TST's workforce is engaged, we ask all employees to take part in engagement surveys, to establish where the business is doing well and areas which require improvement.

The senior management team holds question and answer sessions through virtual meeting applications allowing employees to engage with management. Another popular feature in TST is the "State of the Nation" briefings whereby the senior management team update employees on the performance of the business and share medium to long term plans of the business. A monthly newsletter is also published and emailed to all employees. The contents usually cover the performance of the business, fund raising events and charitable activities of the workforce, update on quarterly performance bonus and upcoming events.

TST "Performance through Our People" committee runs events that are planned to engage the workforce in a fun way. The events that have been held in 2021 included, World Book Day, Be Bold in Blue fund raiser for Multiple Sclerosis, World Chocolate Day as well as launching the TST Code of Conduct booklets, TST Penalty Shoot Out, Paper Plane Challenge, Music events to raise funds for Mind and continuing the Festive Fridays throughout December as in previous years.

Promoting good mental & physical health and wellbeing was a highlight of the year in recognition of the effects on individuals during the pandemic. TST was among the first in the industry to roll out Lateral Flow Testing in the work place to protect its workforce and has received praise from all quarters. TST's employee retention rate for 2021 was 95% (2020: 98%).

The Company recognises Unite the Union and has regular consultations with Union on matters of employee interests.

The Company operates a bonus scheme for all employees. Performance KPIs for the bonus scheme are published at the start of the year and regular updates provided on performance against these metrics. The bonus KPIs are measured and published quarterly and where a bonus payment is triggered, this is paid quarterly. This encourages employee participation in the improvement journey, since a bonus KPI not met in one quarter could be achieved in future quarters. Due to the impact of Covid-19 on the Company's profit, no bonus was triggered in the year.

### **Customer Engagement**

Our relationship with the principle customer gives the business the visibility required with short, medium and long term demand across various engines on original equipment and spares sales. Monthly reviews with the senior team and weekly reviews with various customer plants at operational and tactical level enables TST to be agile and responsive to customer needs at various levels. This strong relationship provides the directors a high level of confidence with the opportunities that lie ahead for growth. This has enabled informed investment decisions to be made for the business.

This long established partnership gives the business a platform to conduct an open and dynamic discussion on strategy, capacity requirement, technological advancement as well as improvement opportunities of its existing programmes and other products and projects in the development phase. The trust and engagement enable TST to map out a long term technology road map in conjunction with the technical and research and development arm of the customer providing a platform and the basis for future proofing TST.

### **Other Stakeholders**

Our approach with key stakeholders has been through continuous engagement and information sharing. We value the trust that has developed over many years and our relationship with the stakeholders has evolved as we understand the importance of keeping the interest of our stakeholders at the centre of everything we do. Engagement is essential to maintain the alignment of interests between our stakeholders and the way we plan and run the business. This approach has proven invaluable in the recent past with our supplier base keeping abreast with this journey of growth and when the business contracted following the pandemic. TST strong cash performance enabled TST to meet its payment obligations on time. TST supplier performance improved over the past twelve months and we take pride in fair treatment of our suppliers. TST's supplier payment performance is now published and in the public domain.

TST is an ISO 14001 registered company and we take the commitment we have towards environmental obligations seriously. The business takes into consideration environmental implications on operational, technical, financial and future expansion decision making. In making these decisions, we consider the implications on its employees, neighbours, the community, and the wider public and their wellbeing. TST's environmental credentials have improved in the past

twelve months.

The business is developing plans in order to achieve Net Zero Carbon and have identified various projects which would help towards achieving this goal. The business will also invest capital funding to eliminate or to minimise carbon emitting processes where possible and also has taken initiatives to recover and recycle processed gases. TST has developed a framework that the organisation can follow and the development of best practices to establish best in class environmental performance.

Key environmental performance indicators which demonstrate adherence to plan is reviewed by the directors and senior management team to ensure that the objectives are met.

**Turbine Surface Technologies**

**August 2022**