

MACDERMID AUTOTYPE UK LIMITED

Section 172(1) statement¹

Section 172 of the Companies Act 2006 (the “**Act**”) requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, section 172(1)(a)-(f) of the Act requires directors to have regard to certain stakeholders and matters.

The company engages with its stakeholders, when appropriate, and has processes in place to capture and consider stakeholders’ insights and views. In performing their section 172 duties, the directors take into account this stakeholders’ feedback, the section 172 matters as well as other factors they consider relevant to their board discussions and decision-making.

In light of the new disclosure requirements of Section 172(1) of the Act, set out below are further details on how the directors have had regard to the matters and stakeholders set out in section 172(1) during this financial year:

(i) Likely consequences of any decisions in the long term

Macdermid Autotype Limited, being a manufacturer, invests in capital assets to support the long term growth strategy, to maintain a leading position in its EHS compliance and with the aim of minimising its operational risks. The strategy of the company, and the company group in general, is to strategically acquire and maintain leading positions in niche sectors of high-growth markets by offering innovative products and high value-added services to its customers. This means that the directors, when making decisions, place a strong emphasis on commercial excellence and innovation in order to ultimately drive value and performance for the benefit of all stakeholders. Directors also focus on developing sustainable solutions that not only meet but exceed the increasingly stringent environmental standards of customers and regulators. Financial robustness is another important part of the company’s value creation process. The company’s business typically requires low capital expenditures, which translate into cash flow margins and returns on capital. Instead of large investments in physical assets to sustain business or growth, the company dedicates its investments into technological innovations or sales and services areas. As a privately-owned company ultimately held by Element Solutions Inc (“Element Solutions”), a U.S. public entity, the board considers that the interests of the company and its stakeholders were aligned in seeking sustainable value creation over the longer term through the group’s operations, promoting long term strategic decision-making.

(ii) Employees

The company places a premium on maintaining an expert and qualified employee base in order to provide innovative products and specialized technical service to its customers. As such, the company takes active steps to offer ongoing training programs, both online and academic to enable employees to build on their skills and capabilities. Internal communications are also designed to ensure that employees are informed of performance and strategy along with regular individual performance reviews. These include regular presentations and meetings with Q&A sessions. In addition, employees may report issues through the whistleblowing hotlines operated by Element Solutions which may be discussed among the company’s directors when appropriate. The integrity of this process is an important part of the governance arrangements of the company and the company group.

(iii) Suppliers, customers and other key stakeholders

Fostering positive and strong business relationships with key stakeholders, such as customers and suppliers, is critical to the creation of sustainable long-term value. As a result of the company group's decentralised model, engagement with customers and suppliers is a matter that is largely delegated to the management teams of each business, who know their businesses best. As such, the directors support the management teams to manage those customer and supplier relationships. In addition, as part of its innovation and product development process, the company has multiple interactions with **industry groups** in a number of jurisdictions around the world, such as the FMI (German membrane switch manufactures association) and universities such as Loughborough, Bath, Coventry, Brunel, Leeds and Manchester in the UK to develop commercially viable, environmentally friendly solutions for its customers. The company is also committed to engaging with its shareholder, being Element Solutions, its ultimate parent entity. The directors meet or communicate on a regular basis with Element Solutions' senior management, so feedback can be received, and any issues or questions raised can be properly considered.

(iv) Impact on the community and environment

In addition to understanding and having regard to the interests of its stakeholders, the company is committed to reducing the impact of its operations on the community and the environment. Element Solutions plays a constructive role in promoting the protection and enhancement of the environment as it encourages companies within its group to innovate and invest in new technologies to solve environmental challenges. The company's directors are aligned with this strategy and understand that it is both socially responsible and commercially compelling to develop sustainable solutions that meet or exceed the increasingly stringent environmental standards of the company's customers and regulators. As such, their decision-making is geared towards developing commercially viable, environmentally friendly solutions for the customers of the company and the company group in general.

(v) Maintaining a reputation for high standards of business conduct

The company operates in end-markets characterised by long term relationships between stakeholders. Maintaining a strong reputation for high standards of business conduct is vital and Element Solutions expects all entities within its group and members of the supply chain to act with integrity, acting openly, honestly and ethically. Element Solutions maintains effective oversight with respect to business conduct. Integrity is underpinned with global corporate policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training. In addition to the group's core values, all employees must comply with these requirements and when taken together with the group's corporate responsibility commitments, they provide the framework within which the group, including the company, operates both internally and in its markets. Suppliers and contractors are also expected to behave in a consistent, responsible manner.

(vi) Acting fairly between members

As a wholly-owned subsidiary, the directors do not consider the factor set out in section 172(1)(f) (need to act fairly between the members of the company) relevant to the proper discharge of their duty under section 172 of the Act.²