



ESG 2020 /// INAUGURAL REPORT

# Environmental, Social and Governance Executive Summary

# Overview of Executive Summary

## HIGHLIGHTS:

**ENVIRONMENT** /// How we manage environmental aspects of our operations and provide solutions to global challenges. **See page 9.**

**SOCIAL** /// How we work to keep people and communities safe, foster positive relationships with stakeholders and ensure product safety. **See page 10.**

**GOVERNANCE** /// How we develop and foster a strong culture and business practices to act as an ethical and responsible business. **See page 11.**

**CARBON REDUCTION** /// How we are working to transform industry by using sustainable ingredients to create effective products while solving complex challenges. **See page 12.**



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# Letter From the President



**On behalf of Fluid, I am proud to share with you our 2020 Environmental, Social and Governance (ESG) report. Never in our lifetime has a year demonstrated more clearly the need for ESG considerations to be at the core of every business. At Fluid, we navigated a global pandemic while maintaining momentum and focus on the world's need for energy security and climate action.**

**There is still a long road ahead, but Fluid will continue its course of immediate action. Our mission remains the creation of products that are effective, technically advanced and minimize impact to our environment.**

Over the past year, we have been reminded that sustainable, inclusive and reliable sources of energy are vital to the future of humanity. At Fluid, our purpose and strategy are centered on our commitment to ESG principles, and the events of 2020 and early 2021 reinforced the importance of that approach. We strive to meet the needs of the present, without compromising the ability of future generations to meet their own needs. For nearly a decade, we have proudly operated with a deep commitment to ESG, sustainability, safety, quality and corporate responsibility.

## **OUR COVID-19 RESPONSE**

Every sector of the global economy has been impacted by the COVID-19 pandemic in some way. I'm proud of our company, stakeholders and partners for the incredible resilience we've demonstrated, resulting in minimal disruptions to the energy security that the world needs.

From a business perspective, our status as an essential service in our core markets was critical. We leveraged our fully integrated business model and strategic partnerships to ensure we could supply customers and consumers with the products and services they required. We operated safely during the pandemic, avoided any major business impacts and have supported our employees with continuity in employment, opportunities for personal and professional growth, the ability to work from home productively and supportive human resource policies.

## **RAISING THE BAR**

Fluid made significant strides on ESG performance in 2020. One of the most important changes we've made is to increase focus on climate opportunities while mitigating climate risks. I would like to thank everyone who contributed to our performance in 2020; you will be helping us again raise the bar through 2021.



# Letter From the President (Continued)

## FUELING THE FUTURE

While our progress has been significant, there's still a lot to do. Our accomplishments in 2020 are only the start of our long-term aspirations. The roadmap that will guide our journey comes in the form of our draft **Fueling the Future Plan**. While this report outlines our ESG performance over the past 12 months, Fluid's **Fueling the Future Plan** will highlight specific commitments we're making as a company to transform energy security while addressing both environmental and social outcomes.

## HEALTH & SAFETY STEWARDSHIP

At Fluid, safety is a core value emphasized through strong leadership and workforce participation at all levels. Management and supervisors foster a frontline-driven safety culture, where every employee contributes to a safe workplace. Our health, safety and environment (HSE) policy is based on the following criteria:

- ✓ Fluid's ability to meet challenges in relation to HSE is a key factor for the company's future
- ✓ Fluid maintains high HSE standards
- ✓ Fluid respects people and the environment
- ✓ Fluid ensures relevant laws and regulations are followed and monitors this through regular audits
- ✓ Fluid has a system for measurable HSE parameters, which ensures continual improvement

## TECHNOLOGY & INNOVATION

Fluid is a global, diversified chemical company specializing in the development and manufacture of eco-friendly, low-hazard, technically advanced chemical systems. For 10 years we have provided safer alternatives to many commonly used, but very dangerous, commodity chemicals while minimizing hazards, corrosion rates and negative HSE properties. Our world-class team of experienced scientists, engineers and industry professionals are equally responsible for operations, research and development of technically advanced products. And to no surprise, they do it flawlessly while ensuring the highest level of quality and ethics.

In summary, we know that there is a long road ahead for society. Fluid will continue its course of immediate action to create long-term value with measurable outcomes that drive sustainable, climate-focused results. Please review this executive summary on the various ways we are striving to meet the needs of the present, without compromising the ability of future generations to meet their own needs.



**Chad Leier**  
President  
May 2021



# About Fluid Energy Group

**Fluid is a leading developer, manufacturer and distributor of sustainable, technically advanced chemical products to the world.** We have an international reach through an established network of strategic partners and distributors.

Our **mission** is to create products that are effective, technically advanced, and minimize impact to our environment while providing the highest levels of quality and safety. Our **vision** is to be a respected and globally recognized developer of innovative, safe and sustainable technologies and products. Our **values** are to create, collaborate and care.

Create /// We innovate new and better products and technologies.

Collaborate /// We foster respect and trust with each other and our stakeholders.

Care /// We continually improve to operate safely and protect our environment.



## PROFILE

- ✓ Founded 2011 in Calgary, Alberta, Canada
- ✓ Strategic global partners in key markets
- ✓ Dedicated R&D team
- ✓ >170 granted or pending patents
- ✓ Mature global supply chain
- ✓ Trusted and proven partner for our customers





# Portfolio Suitable Across Multiple Industries & Applications

## > Construction & Coatings

Range of **safe and effective products** for stripping, etching, coating and sealing concrete.

Products eliminate or greatly reduce corrosion as well as **environmental and human related liability**.

## > Energy & Petroleum

Extensive portfolio of **innovative, patented and proven onshore and offshore technologies** that solve the toughest challenges faced by the energy sector, **while increasing production and greatly minimizing liabilities**.

## > Food & Beverage

**Safe and effective technologies** to descale, clean and sanitize processing equipment.

Product options and combinations that **reduce corrosion, contamination and storage concerns**.

Portfolio includes 2-in-1 (caustic and descaling) systems designed to reduce cleaning cycles.

## > Government

**Safe and effective** proprietary technologies to **replace harmful commodity chemicals** commonly used across multiple industries.

## > Household, Industrial & Institutional

Broad range of HI&I cleaning technologies including **innovative solutions** for clean-in-place, surface care and vehicle care, **including corrosion protection** for precious metals.

## > Life Sciences

Health Canada (NPN, DIN) authorized products manufactured under an **NHP Site License with GMPs** and comprehensive tracing (DEL and ISO 17025 certifications underway).

## > Marine & Transportation

Range of **safe and effective products** suitable for cleaning, descaling, rust removal, odor control, corrosion prevention in boilers, heat exchangers, and water treatment systems on marine vessels and vehicles.

Scrubber technology for industrial applications.

## > Water Treatment

Broad portfolio of **proprietary technologies** to solve tough water treatment challenges including sulfate scales (barium and more), corrosion, pH adjustment and microbial activity.



# Part I: Fluid's ESG Profile

At Fluid, we strive to meet the needs of the present, without compromising the ability of future generations to meet their own needs.

Since 2011, we have operated with a deep commitment to ESG, sustainability, safety, quality and corporate responsibility.



# 2020 ESG Assessment

Program	Details	2020 Score	2019 Score
<b>Environmental Commitment</b>			
Greenhouse Gas Emission Reduction	Helping partners lower their greenhouse gas emissions in all industries that we serve	B+	B-
Waste & Pollution	Developing products with higher biodegradability and lower bio-accumulative effects than our peers	A-	B+
Water Use	Facilitating the reduction of water consumption by billions of gallons annually	A-	B+
Land Use	Utilizing a land and environmental assessment tool to identify and assess environmental risks	B+	B
<b>Social Commitment</b>			
Workforce Diversity & Inclusion	Enhancing workplace diversity and removing barriers in recruitment, advancement and retention	A-	C
Safety Management	Fostering a frontline-driven safety culture where every employee can contribute to a safe workplace	B+	B-
Stakeholder Engagement	Working with all stakeholders on education, employment, business development and community investment	B-	C+
Communities & Giving	Supporting the communities in which we operate and creating shared value to ensure sustainability	A+	B
<b>Governance Commitment</b>			
Structure & Oversight	Providing stewardship and reporting on sustainability performance while responsibly identifying, assessing and managing risk and opportunities.	B+	D
Code of Business Conduct & Ethics	Acting ethically while building and maintaining the trust of our people, communities and investors.	A	B
		<b>B</b>	<b>C</b>





# 2021 ESG Performance Goals & Targets

## ENVIRONMENTAL COMMITMENT

- Greenhouse Gas Emission Reduction

“We are committed to lowering greenhouse gas emissions in all industries that we serve and will continue to create long-term value on our journey to help others lower their impact on the environment.”

- Waste & Pollution

“We research, develop and deploy products with higher biodegradability levels and lower bio-accumulative effects than other toxic materials currently and historically utilized.”

- Water Use

“We innovate solutions to help our partners reduce annual consumption of water by billions of gallons and we are committed to finding ways to significantly decrease the amount of waste/effluent generated in our customers’ operations.”

- Land Use

“We use a land and environmental assessment tool to identify and assess environmental risks in the industries we serve and we focus on continuous performance improvement through investment in new technologies and innovation, comprehensive practices, and collaboration with various groups.”



### Our Goals

1. Reduce internal GHG emissions 30% by 2023 (from 2019 levels)

2. Develop plastic recycling and sustainability strategy and set a target by 2023

3. Develop a strategy for sourcing or creating greener alternatives to inputs currently procured for use in product formulation by 2023

4. Decrease internal fresh water use by 30% by 2023 (from 2019 levels)

5. Develop recycled water strategy and set target by 2023

6. Develop Loss of Containment (“LOC”) reduction strategy and related target by 2023



# 2021 ESG Performance Goals & Targets

## SOCIAL COMMITMENT

- Workforce Diversity & Inclusion

“We are committed to enhancing workplace diversity, fostering a workplace representative of the resident population we serve and removing barriers for diverse employees in recruitment, advancement and retention.”

- Safety Management

“Safety is a core value emphasized through strong leadership and workforce participation at all levels. Management and supervisors spend significant time fostering our frontline-driven safety culture, where every employee contributes to a safe workplace.”

- Stakeholder Engagement

“Our stakeholder group is diverse, spans four continents and includes more than 500 customers, partners, vendors, industry regulators, governments, academia and non-governmental groups. We work together with these groups to identify opportunities for education and training, employment, business development and community investment.”

- Communities & Giving

“We are committed to a long-term presence in the communities where we operate. We regularly engage with local communities to create shared value and work together to ensure a sustainable world we can all enjoy.”



### Our Goals

1. Women and visible minorities will comprise no fewer than 30% of all key leadership roles annually by 2023
2. By 2025, 100% of contractors will have local indigenous inclusion commitments
3. Achieve top-quartile safety performance with 0 serious incidents across all business units by 2023
4. Develop and implement a targeted approach to measure the impact of sustainability and community investments by 2023
5. Total employee volunteer hours will be at least 1,000 annually by 2023

# 2021 ESG Performance Goals & Targets

## GOVERNANCE COMMITMENT

- Structure & Oversight

“Our Board of Directors oversees management’s risk identification assessment and mitigation processes, including review of long-term strategic and operational planning, executive development and evaluation, code of conduct compliance, regulatory compliance, safety and environmental compliance, financial reporting and controllership, and information technology and security.

Our Management Committee is responsible for the identification, assessment and management of risks and opportunities.

Our Environmental, Social and Governance Committee provides internal stewardship reports to the Board, reporting on sustainability performance, key indicators and actions taken to mitigate risks.”

- Code of Business Conduct & Ethics

“Having a strong ethical business culture is core to our business, allows us to focus on our performance and supports all our other business functions. We believe that acting ethically builds and maintains the trust of our people, our communities and our investors. At Fluid, we pride ourselves on our reputation as an ethical, high-performance company, employer, partner, and member of the communities where we operate.”



### Our Goals

1. All employees will complete mandatory Code of Ethics training annually by 2023
2. Maintain our zero tolerance policy for corruption and bribery



# Carbon Reduction & Life Cycle Analysis

**The Renewable Carbon Index (RCI) measures sustainability by dividing the number of carbons derived from renewable sources by the total number of carbons in an active ingredient.** A high RCI product or material, for example, contains a high percentage of carbon atoms from natural and renewable sources.

Sustainability is more than a market trend for today's home care consumers; it is an industry demand and a consumer requirement. Consumers are searching for products that use simple ingredients and feel safe to use. Accordingly, formulators are meeting these needs by utilizing sustainable materials. **Fluid is transforming industry with sustainable ingredients to create highly effective products that tackle challenges and are gentle on the environment.**

## Life Cycle Analysis Proves Reduced Environmental Impact

As significant as consumer demand is for sustainable and renewable ingredients, the process through which solutions are developed must also be sustainable. Fluid partners with industry leaders to enhance our expertise as we utilize Life Cycle Assessments to measure and ensure our solutions are based on science, sustainable and reduce our environmental impact across all industries. We examine the entire lifespan of a product and understand how our products offer reduced carbon footprints and reduced greenhouse gas emissions.

Life Cycle Analysis for certain products has demonstrated how we can save up to 30% of nonrenewable carbon resources and up to 30% of carbon dioxide emissions. By focusing on sustainability throughout every step of the process, Fluid and its partners create solutions that offer outstanding performance with a reduced impact on the environment.



## Part II: Helping Partners Meet ESG Commitments

We are committed to innovating solutions that benefit consumers and the public, industry workers and all aspects of the environment.

We better human lives. We pioneer technologies. We tackle the toughest challenges.

Strategic partners are able to broadcast the ESG and HSE benefits of our solutions as if they were theirs.



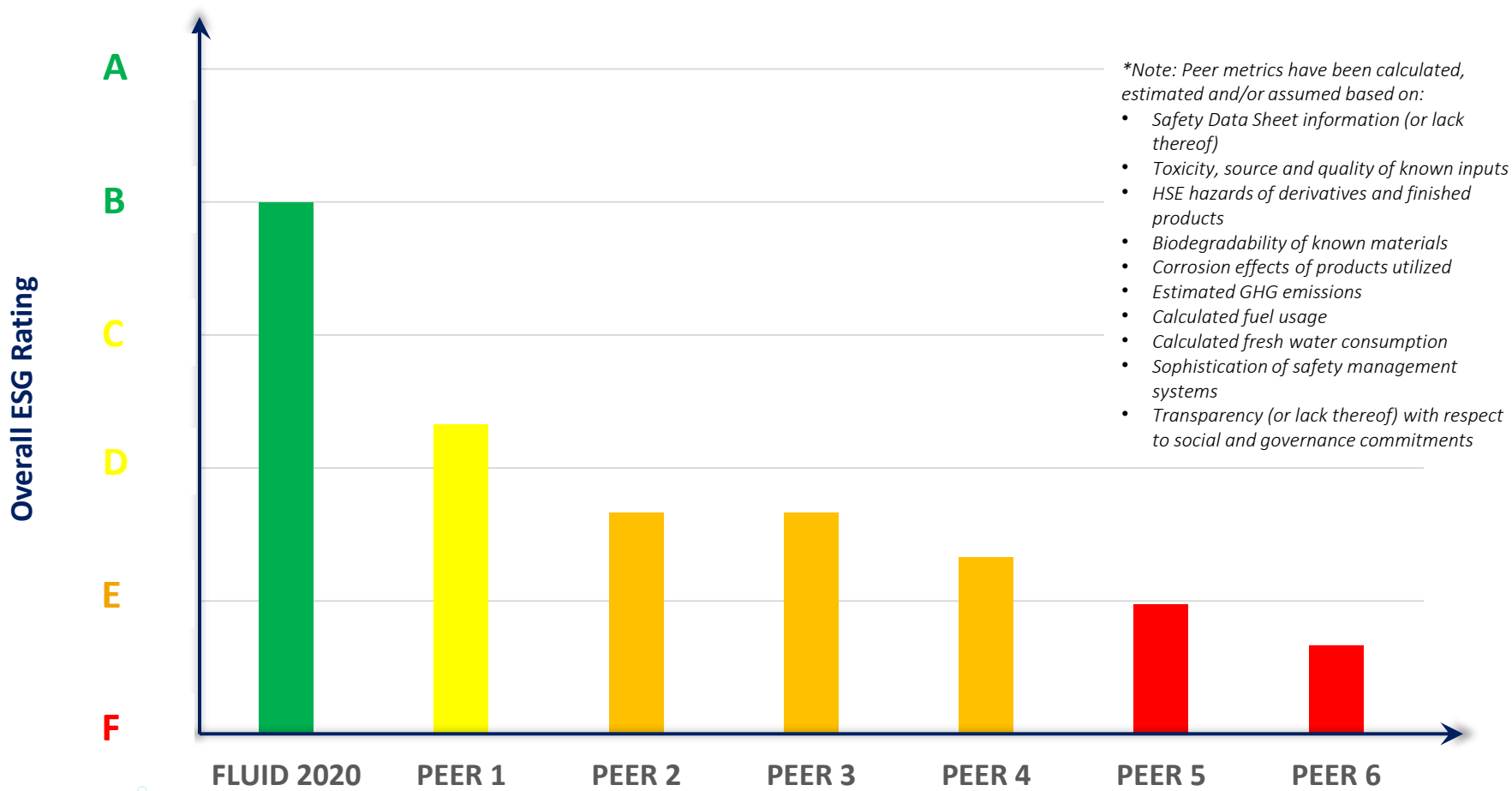


# How Fluid Is Helping Partners In Energy & Petroleum

Strategic partners are enjoying the tremendous ESG, sustainability, safety, quality and corporate responsibility benefits associated with the deployment of Fluid's products and services. Fluid customers are able to treat our achievements as if they were their achievements. **That's what collaboration is all about.**

Details	Fluid	Alternative	*Example Product Comparison
Increased safety conditions for workers, the public and the environment	✓	✗	<ul style="list-style-type: none"><li>• Dermally non-corrosive blends such as HCR-7000, HCR-6000, HCR-3000, HCR-2000 vs conventional HCl.</li><li>• HFR-1000 vs hydrofluoric acid (HF).</li></ul>
Reduced greenhouse gas emissions	✓	✗	<ul style="list-style-type: none"><li>• Concentrated HCR blends can be diluted on the fly.</li><li>• HCR-7000-WL with plug and perf operations.</li></ul>
Decreased fresh water usage	✓	✗	<ul style="list-style-type: none"><li>• Ability to use produced water when diluting concentrated HCR products.</li><li>• HCR-7000-WL with plug and perf operations.</li></ul>
Higher biodegradability	✓	✗	<ul style="list-style-type: none"><li>• HCR-7000 vs corrosion-inhibited HCl.</li></ul>
Lower toxicity levels	✓	✗	<ul style="list-style-type: none"><li>• All blends are formic acid and propargyl alcohol free with <b>NO</b> acute toxicity warnings vs all corrosion-inhibited HCl products (see SDS for reference).</li><li>• No cationic surfactants (biocides) in Fluid products.</li></ul>
Lower bio-accumulative effects	✓	✗	<ul style="list-style-type: none"><li>• Numerous Fluid technologies vs commodity or competing products.</li></ul>
Decreased effluent treatment	✓	✗	<ul style="list-style-type: none"><li>• Higher spent pH as compared with conventional HCl systems allows for safer (and faster) flowback handling and disposal.</li></ul>
Reduced wellbore integrity issues	✓	✗	<ul style="list-style-type: none"><li>• Industry leading corrosion protection on all conventional oilfield alloys with HCR-7000 vs conventional HCl.</li></ul>
Reduced facility integrity issues	✓	✗	<ul style="list-style-type: none"><li>• Industry leading corrosion protection on all conventional oilfield alloys with HCR-7000 vs conventional HCl.</li><li>• Higher spent pH as compared with conventional HCl allows for safer flowback handling and disposal.</li></ul>

# Competitive Assessment In Energy & Petroleum



# Responsible Chemical Evolution™

## Protecting People



Non-corrosive products safe  
for skin

## Eco-Friendly and Sustainable



Biodegradable products safe  
for the environment

## Low Fuming



Products formulated to  
reduce harmful vapors

## Transformative



+170 patents for superior  
sustainable technologies

## Water Conservation



Products designed to  
minimize water usage

## CO<sub>2</sub> Reduction



Shippable as concentrate for  
transportation efficiency

# Advisories

- The terms Fluid, our, we, and the Company, refer to Fluid Energy Group Ltd.
- This report is intended for all Company stakeholders and provides performance details on subsets of Fluid’s operations, with a specific focus on ESG measures.
- To determine the content for this report, Fluid executives and several departmental leaders were engaged throughout 2020 to identify and prioritize topics that are most relevant to our key stakeholder groups.
- This report is with respect to the year ended December 31, 2020.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this ESG Report constitute forward-looking statements and information (collectively referred to as “forward-looking statements”) within the meaning of applicable Canadian securities laws. The forward-looking statements relate to future events or Fluid’s future plans, operations or performance and are based on Fluid’s current expectations, estimates, beliefs and assumptions. All statements other than historical fact may be forward-looking statements.

Such forward-looking statements are often, but not always, identified by the use of words such as “seek”, “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “forecast”, “potential”, “proposed”, “predict”, “budget”, “continue”, “targeting”, “may”, “will”, “could”, “might”, “should” and other similar words and expressions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although Fluid believes that the expectations reflected in the forward- looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and therefore the forward-looking statements included in this ESG Report should not be unduly relied upon.



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