

s.172 statement – ELSTER WATER METERING LTD

The following statement describes how the director has had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006.

We recognise the importance of clear communication and proactive engagement with our stakeholders. Comprehensive engagement enables informed decision-making and is integral to the long-term success of the company. In the table below, and in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) (the 'Regulations'), we set out our stakeholder groups, as required by the Regulations, how we engage with them and the impact of that engagement.

Stakeholder group	How we engage	Impact of engagement
Workforce		
<p>We create a workplace where our people can learn and develop their careers while contributing positively to our brand and initiatives. Our key aims for the workforce are as follows:</p> <ul style="list-style-type: none"> maintain a low level of staff attrition; encourage employee engagement with our business in the context of the current market; encourage idea and knowledge-sharing to capitalise on employee ideas and initiatives that could add value to the business; and encourage a healthy work-life balance. 	<p>We have engaged with our workforce in a variety of ways and some specific initiatives are highlighted below:</p> <ul style="list-style-type: none"> the Luton Organisational Diagnostics Project (LODP) for analysing key systematic issues in the Luton Campus; identifying key issues relating to employees which included non-compliance of the code of conduct, grievance cases, voluntary and involuntary attrition due to workplace culture and poor KPIs; organising quarterly town halls with employees; and drafting and sending weekly newsletters to employees. 	<p>The engagement initiatives with employees enabled us to:</p> <ul style="list-style-type: none"> develop and execute an action plan to address employee issues; build capabilities in our HR ISC team and site management leadership team; minimise instances of code of conduct non-compliance; align employee goals and targets to site KPIs in key areas; increase awareness of health and safety rules amongst employees; increase awareness of internal policies; and increase intracompany employee engagement.
Customers		
<p>We have identified our key customers as those who have the highest impact on our short-to-medium term business. We have engaged with our customers in order to achieve the following objectives:</p> <ul style="list-style-type: none"> improve customer engagement metrics; improve product quality and product and service offering; and build and maintain positive customer relationships. 	<p>We have engaged with our customers in a variety of ways, some of which are highlighted below:</p> <ul style="list-style-type: none"> organising 'Discovery Day' to share our strategy and innovation roadmap with our customers; directors investing time to deal with procurement escalations directly; and organising an annual customer survey. 	<p>The customer engagement initiatives resulted in:</p> <ul style="list-style-type: none"> management having a tangible insight into customer demands; improved customer relationships; increased customer satisfaction; generating ideas for product and service offering improvement, as well as corrective actions where any problems may be detected; the direct involvement of directors in reviewing the results of annual customer survey; and quality department responding to customers direct on the advice of directors.
Suppliers		
<p>Engagement with suppliers is managed as a part of Honeywell's global procurement organisation.</p> <p>For more information on Honeywell International's supplier code of business conduct please refer to www.honeywell.com/en-us/company/integrity-and-compliance.com</p>	<p>Directors' engage with suppliers on an individual and exceptional basis through procurement teams, in cases where there are any escalations.</p>	<p>Some supplier engagement initiatives have resulted in improved supplier satisfaction and building our reputation with potential customers and suppliers.</p>

Community

Our environmental objectives in relation to our community are:

- create a positive relationship with the environment in which we work; and
- create a sustainable business and improve the environment for future generations.

Some of the activities held during the year include:

- organising the 'Discovery Day' programme;
- organising coffee mornings and raffles to raise money;
- we adhered to carbon reduction targets by regularly monitoring our energy usage relative to activity. We recycled much of our waste materials including paper, polymer scrap, and brass to name a few.

Our engagement resulted in:

- our 'Discovery Day' programme resulted in improved smart metering strategy communication with the general public and customers;
 - less water leakage and added value to the environment;
 - impact on the community as money raised from such events was to support national and local charities, McMillan Cancer Relief and Keech Cottage Hospice; and
 - adhering to our energy usage targets resulted in improving our carbon footprint.
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The company's ultimate controlling party, Honeywell International Inc, shapes the business strategies for the group which has an impact on the long-term development of the company. In practice, all decisions and policies affecting employees, suppliers and business relationships with stakeholders are implemented by the director in line with the business strategies decided at the group level and promote the interests of the ultimate controlling party and group as a whole. For further information on the strategy and governance of Honeywell International Inc please refer to www.honeywell.com.

Principal Decisions

Being a part of a large multinational group of companies, Elster Water Metering Ltd adheres to policies and procedures which are often set by the ultimate parent company, Honeywell International Inc. During the year there were no principal decisions, within the context of Section 172 reporting, for the company to disclose.