

## s.172 statement – ELSTER METERING LIMITED

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
<b>Workforce</b>		
<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"> <li>maintain a low level of staff attrition;</li> <li>encourage employee engagement with our business in the context of the current market;</li> <li>encourage idea- and knowledge-sharing to capitalise on employee ideas and initiatives that could add value to the business; and</li> <li>encourage a healthy work-life balance.</li> </ul>	<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"> <li>"Tier" meetings at the beginning of each shift or every morning. Employees have the opportunity to discuss important matters from the previous shift and set priorities for the day related to inventory, delivery, health and/or safety, as well interact with supervisors/managers of departments;</li> <li>site leaders meet each morning with a VP; and</li> <li>quarterly townhall meetings and conferences.</li> </ul>	<p>The engagement initiatives with employees enabled us to:</p> <ul style="list-style-type: none"> <li>the impact of the Tier level meetings allows employees to escalate any issues they have and allows management to proactively and rapidly respond to any escalations. It also gives employees an opportunity to share ideas with senior management that could add to the value of the business and</li> <li>quarterly town halls enabled effective communication of business performance and targets. This resulted in increased two-way engagement and investment in the business plan from employees. We aim to maintain these monthly town halls on an ongoing basis.</li> </ul>
<b>Customers</b>		
<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 to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>improve customer engagement metrics;</li> <li>improve product quality and product and service offering; and</li> <li>build and maintain positive customer relationships.</li> </ul>	<p>We have engaged with our customers during the year in many forms, some of the highlights as below:</p> <ul style="list-style-type: none"> <li>implementation of an annual survey on customer satisfaction ;</li> <li>engagement with customers during New Product Introductions (NPIs) which are held on average every six month</li> <li>company promotion events interlinker with Honeywell network; and</li> <li>direct escalation to sales team or directors for any customer feedback.</li> </ul>	<p>The customer engagement initiatives resulted in:</p> <ul style="list-style-type: none"> <li>our customer satisfaction survey rated and helped us to ascertain what value-add innovations we have brought to the market. Our customer initiatives have allowed us to clarify our vision for future growth and add brand value.</li> </ul>
<b>Suppliers</b>		
<p>Engagement with suppliers is managed as a part of Honeywell global procurement organisation.</p> <ul style="list-style-type: none"> <li>For more information on Honeywell International's supplier code of business conduct please refer to <a href="http://www.honeywell.com/en-us/company/integrity-and-compliance.com">www.honeywell.com/en-us/company/integrity-and-compliance.com</a></li> </ul>	<p>Directors' engage with suppliers on an exceptional basis through procurement teams, in cases where there are any escalations.</p>	<p>Some of supplier engagement initiatives resulted in improved supplier satisfaction and building our reputation with potential customers and suppliers.</p>

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](http://www.honeywell.com).

## Principal Decisions

Being a part of a large multinational group of companies, Elster Metering Limited adheres to policies and procedures which are often set by the ultimate parent company, Honeywell International Inc. During the year, a decision was made to transfer the production facility of the SMART Energy line from the Stafford site to another Honeywell entity in Romania. All product lines and other business activity from the site will be relocated and employees that were impacted will be made redundant.