Statement related to Section 172 of Companies Act 2006 (known as Section 172(1) statement)

The Directors of the Company must act in accordance with a set of general duties. These include a duty under s.172 of the Companies Act 2006 to promote the success of the Company for the benefit of its stakeholders, and in doing so have regard (amongst other matters) to:

1) the likely consequences of any decision in the long term;
2) the interests of the company’s employees;
3) the need to foster the company’s business relationships with suppliers, customers and others;
4) the impact of the company’s operations on the community and the environment;
5) the desirability of the company maintaining a reputation for high standards of business conduct; and
6) the need to act fairly as between members of the company.

Understanding the perspectives of the Company’s stakeholders and building good relationships enables their views to be taken into account in Senior Leadership Team ("SLT") discussions among the board of directors of the Company ("Board") and in decision-making. Two Board members, the MD and FD are also members of the SLT, along with the Heads of Sales & Marketing, Operations and HR. The SLT plays an important business-focused and commercial role in the UK and Export operations, covering all aspects of the business. Given the size and nature of Electrium Sales Limited ("Electrium" or "Company") in the UK, stakeholder engagement often takes place at both an operational and senior management level, as well as by the Board. Farther information and examples of how the Company engages with its key stakeholders is provided below.

Employees

Striving to be an employer of choice, the Company places value on creating a culture of learning, promoting diversity and fostering equality

Key topics, decisions and outcomes influenced by this stakeholder group

Particular attention has been devoted to raising awareness of mental health issues. The Company does a lot of work with its mental health partner, Mind, ensuring employees feel equipped to cope with the mental stresses and strains of life. All people managers have attended face-to-face stress management training with Mind and this will be rolled out to all employees after the pandemic. In the meantime, considerable effort has been devoted to promoting mental and physical health to those working at home, as well as those on site. This has encouraged a more open culture, enabling support to be provided as required. Employees also have access to a confidential Employee Assistance Programme.

The views of our employees are critical in helping us to continually improve ourselves as an organisation, and regular employee engagement surveys enable us to both further understand our employees' perspectives and generate ideas which can benefit everyone.

Our communication and engagement arrangements are continuously improved with employee involvement via a Communications Working Group.

Employees have many opportunities to learn about and influence Company decisions, including:
- The annual employee engagement survey
- Monthly team briefs, including Q&As (the current briefing format was introduced as a result of feedback from the engagement survey)
- Annual Town Hall meetings
- Quarterly Consultative Committee meetings at site and Company level
- Trade Union representation (Electrium has good partnership working arrangements with GMB and Unite)
- The intranet and a regular newsletter are used to communicate news of activities and initiatives going on in the Company.
Employees - continued

Striving to be an employer of choice, the Company places value on creating a culture of learning, promoting diversity and fostering equality.

Engagement

A culture of learning is encouraged in many ways. Examples include regular performance reviews and development discussions for all employees; internal and external training; sponsorship of qualifications at all levels; offering Government and Union funded NVQs.

Key topics, decisions and outcomes influenced by this stakeholder group

Our consultation arrangements were tested during the first six months of the pandemic and were found to be highly effective. Frequent meetings were held with Employee Consultative Committees and Trade Unions, enabling open discussions to take place and acceptable solutions to be found to all the challenges that arose (for instance, revised working patterns were agreed at the Wythenshawe manufacturing location). This was supported by frequent communication through a variety of channels, including detailed Frequently Asked Questions that aimed to address employees’ concerns.

Line managers are currently surveying employees to understand whether they have a desire for more flexible working arrangements, in light of the changes that have taken place during the pandemic.

Career development meetings were introduced as a result of engagement survey feedback for any interested employees and for those identified as having the potential to progress. A Competency Matrix was introduced in FY20 to further increase the focus on development.

The Board recognises that further work needs to be done to ensure diversity and inclusion is truly embedded in everything the Company does and several initiatives, policies and programmes are underway to achieve this. The Board has appointed a person to lead on diversity and inclusion and, as part of its ongoing drive to promote diversity and inclusion, has mandated "D&I conscious inclusion" training for senior leaders. In addition, all people managers have attended "unconscious bias" training and a programme of D&I workshops is being rolled out throughout the Company, with separate modules for people managers and employees. Electrium also has a D&I focus group, which consists of volunteers from across the Company.

Customers, Suppliers and Business Partners

Business relationships with the Company’s customers, suppliers, and other business partners are fundamental.

Engagement

Customers are always at the centre of our thinking with regard to technology, innovation and how to best consult and support them. Our main goal is to establish ourselves as the partner of choice for our customers by fostering close and trusted partnerships.

The Company regularly organises industry and product relevant CPD seminars, both online and face to face. During the year, the Company undertook in excess of 30 CPDs on topics including Wiring Regulations and Product Structure and Design. Each one was attended by 25 to 50 electrical specifiers and contractors, with the ultimate aim of these courses being to improve the technical knowledge of the designers and installers and hence improve the design, quality and safety of electrical installations.

Key topics, decisions and outcomes influenced by this stakeholder group

The Company has continued to keep its customers and suppliers informed of its Brexit preparations which have been overseen by the SLT. Actions include resource planning, reviewing, and where necessary, adjusting our systems and processes and working with our supply chain in order to minimise disruption to our operations.

Electrium has collaborated with the Electrical Distributors Association (EDA) to produce two learning modules on Fundamentals of Electricity and Three Phase Circuit Protection. These modules improve the knowledge of the electrical wholesalers’ staff and hence the quality of service that they are able to offer to their customers.

Over the past year the Company has promoted the use of safety critical products, in particular Arc Fault Detection Devices (AFDDs) in residential and commercial premises. These devices provide additional protection against electrical fires and the latest edition of the Wiring Regulations recommends their installation on many electrical circuits. Electrium’s staff have worked closely with many of our customers, particularly social landlords to explain the benefits of these products. The installation of AFDDs should result in far fewer electrical fires as their use becomes more widespread.
Communities and Environment

The Company serves society wherever it operates and as a globally active company with innovative and investment capabilities the Company shares responsibility for sustainable development worldwide.

**Engagement**

The Company supports the charitable endeavours of its employees and customers. The Company is involved with its local communities and environment via its extensive CSR and charitable activities at its three sites in the UK. Each site’s CSR committee match funds amounts raised by their employees, up to the value of £1k p.a. per site.

The Company holds gold membership of Groundwork, which is a charity working nationally and locally to transform lives in the UK’s most disadvantaged communities. They help people to carry out thousands of diverse, locally led projects each year, in particular projects that tackle climate change and help people out of fuel poverty and that bring out the best in young people by helping them to improve their local area. The projects also help to build stronger communities by improving green space or getting people back into work by creating green jobs.

Key topics, decisions and outcomes influenced by this stakeholder group:

Every employee has the opportunity of two paid volunteering days each year to participate in community initiatives.

In April 2020 Siemens AG created the Caring Hands COVID-19 Relief Fund for employees worldwide to donate where they could, with matched funding by Siemens, to help those affected by the pandemic. In the UK, the donations were given to help those in need by supporting The Trussell Trust and their network of 1,200 food banks.

Siemens aims to achieve a worldwide net zero carbon footprint by 2030 and as part of that goal, during the year, Electrium installed PV panels on part of its roof at the Wythenshawe manufacturing site in Manchester, (which has a 12% yield) and EV charging points at its Hindley Green Distribution Centre near Leigh.

97% of Electrium’s waste is recycled, re-used or diverted from landfill.

Electrium is part of the Siemens EHS 2020 Strategy Group and as such is a member of the Siemens UK Sustainability Board and forms part of the Siemens plc process of review and approval of its Sustainability Statement.

Government, Regulators and Trade Associations

*Continuous dialog with policymakers is extremely important for the success of a company like Electrium Sales Limited.*

**Engagement**

As a member of the Siemens group of companies, Electrium is politically neutral, but we operate in markets which are shaped by UK Government policy, either directly or indirectly.

Our external engagement is governed in full accordance with our Company commitment to responsible and sustainable business. These allow the Company to engage with peers and regulators to discuss emerging policies, regulation, and innovation.

Key topics, decisions and outcomes influenced by this stakeholder group:

The Company is a member of BEAMA and as such engages with policy makers at all levels of the UK Government, on a cross-party basis and with regulators including working with:

- MHCLG to improve all areas of regulation and building policy and contributing to the Future Homes Standard consultation.
- Defra on the current consultation on two proposals from external organisations for a WEEE compliance fee methodology.
- BEIS to effectively manage the implementation of UKCA marking following the end of the Brexit transition period, which had the successful outcome of having the mandated use of the mark deferred for 12 months, to allow a smooth implementation.

UK BIM Alliance, BSI and CDBB on an overarching approach to implementing BIM in the UK.
The Siemens AG Group Companies

The Siemens Group is setting the course for long-term value creation through accelerated growth and stronger profitability with a simplified and leaner company structure.

Engagement

The main aim of the Vision 2020+ strategy is to give Siemens' individual businesses including Electrium, significantly more entrepreneurial freedom under the strong Siemens brand where appropriate, in order to sharpen their focus on their respective markets. The strategic decisions of the Siemens AG Group influence the decisions taken by the SLT which, in turn, adapts the Group strategy for the UK market taking into account UK customer and employee needs. The SLT have strong relationships with all key stakeholders across the wider Siemens Group, which ensures that the global strategy and expectations are understood and considered as part of the Company's strategic decisions for the UK.

Key topics, decisions and outcomes influenced by this stakeholder group

The Company's management participates in Siemens forums and conferences at a global and UK level, which also includes functionally as well.

Employees are able to join regular webinar updates given by Siemens management, with regard to the Company's strategy and performance. These take place at a global, country and business level.

Signed by order of the board of directors.

[Signature]

P H Fisher
Director

Approved by the directors on December 10, 2020