

**MATERIALS SOLUTIONS LIMITED (the “Company”)**

**Section 172(1) Statement for Financial Year Ended September 30, 2021**

**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 members, 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 by the Board of directors of the Company (“Board”). The Board uses forums such as the Extended Board Meetings (“EBM”) plus the Siemens Energy Management Meeting (“SEMM”) cascades and other sessions to ensure they are well informed to make key decisions. All Board members participate in the EBM and SEMM cascades which have representation from all Business Units and Support functions. Given the size and nature of Siemens Energy in the UK, stakeholder engagement often takes place at both an operational and senior management level as well as by the Board, the mechanisms that are in place provide a good basis to ensure stakeholder feedback is considered in the operation of the Company.

The Company has common senior management team and operates under the same policies as the other UK Group entities. On this basis, the information disclosed in the statement here is combined and covers other Siemens Energy Group entities in the UK.

<p><b>Employees</b> <i>Striving to be an employer of choice, Siemens Energy places value on creating a culture of learning, promoting diversity and fostering equality</i></p> <p><b>Engagement</b></p>	<p><b>Key topics, decisions and outcomes influenced by this stakeholder group</b></p>
<p>All our employees including apprentices and graduates are supported in growing and developing in their roles by the availability of comprehensive training programmes to equip them for both current and future roles. In addition to technical training, all our employees have access to learning and development resources that are individual, transparent and self-driven.</p> <p>The views of our employees are critical in helping us continually improve ourselves as an organisation, and regular employee engagement surveys (twice a year) enable us to both further understand our employees’ perspective and generate ideas which can benefit everyone.</p>	<p>Siemens Energy promotes an active understanding of “Engagement” as taking actions resulting in positive change and fuelling Human Energy. To create the best possible employee experience and a thriving environment, we actively involve our employees: Employees have recently participated in the ‘Siemens Energy Voices’ employee opinion survey, this is in addition to ‘Ask Me Anything’ sessions with the Managing Director of the Board.</p> <p>The survey gives all employees worldwide, the opportunity to reflect and share their unique perspective on how they perceive our company, our culture, leadership, team collaboration and work environment. It addresses the topics like Drivers of Engagement, Human Energy, Employee Well-Being as well as Siemens Energy Behaviours &amp; Values.</p>

Employees can also make their views known through employee representative bodies, whether at a local, business or national level. These bodies provide a mechanism for ongoing dialogue between Company management and the employees' representatives on all aspects of the Company's operations. Furthermore, a confidential whistle-blowing hotline called 'Tell Us' enables employees to raise concerns about any aspect of Company practices or behaviour.

Inclusion and Diversity initiatives have focused on inclusive culture, LGBTQIA+ inclusion, racial and gender equality and equal opportunities for people with disabilities. Siemens Energy has sought to influence these topics externally through influencing and collaboration with customers and other Siemens Energy businesses through workshops, hosting webinars and on social media.

To drive Engagement and Human Energy, we expect and foster accountability on all levels. In addition to our corporate actions, our "Team up for Action" programme enables teams and their managers to realise positive change within their circle of influence: Employees focus on individual and team accountability for change while managers enable teams to create actions that will inspire engagement.

Siemens Energy is committed to building a welcoming, inclusive and diverse organisation. We understand diversity as a fact and inclusion as a choice: we want a diverse workforce that not only reflects today's society, but also makes best use of it by real inclusion. This means, we respect and value each other, so that everyone can fully develop their potential.

We use "inclusion" to describe our commitment to being an open and inclusive Company, striving to create safe, welcoming workplaces with a culture that encourages equality and belonging. We listen respectfully to learn from others and leverage our differences to innovate for better solutions. An inclusive culture brings our purpose to life; it ignites our innovation potential, paves our way towards a sustainable future and helps us transform ourselves and our customers.

We use "diversity" to describe our commitment to recognising and respecting the differences between people whilst valuing the contribution everyone can make to our business. We do not tolerate discrimination or bias of any kind. At Siemens Energy, we want every person to bring their whole self to work and trust that their potential will be fulfilled.

We have three strategic drivers that form the basis of our plan for Inclusion and Diversity:

**Equal Opportunity:** We are committed to fair and transparent practises for the attraction, promotion, development and retention of diverse people with different skills, abilities and ideas. We will listen, learn and act to visibly demonstrate to all our employees that we are committed to multivariate diversity. The Board is responsible for overseeing the Company's progress in closing the gender pay gap and publishes each year a Gender Pay Gap report.

**Belonging:** We make our mix work by creating an inclusive culture where people feel respected, engaged, able to speak up and be themselves.

**Society and Partnerships:** We work together, internally and externally, with customers and partners to support us in becoming more diverse and inclusive.

One effect of the COVID-19 pandemic has been to accelerate the flexibility of how our employees work. With Siemens Energy already committed to Employee Led Flexibility via its #bettogether programme, in many cases employees can carry out their roles in a way which best fits their preferences and circumstances, reflecting the commitment of Siemens Energy to mobile working which includes working away from traditional workplaces, and instead working at home or other locations which suit both employees and the Company. This has become increasingly embedded as the 'New Normal' way of working for many of our employees.

## Customers, Suppliers and Business Partners

*Business relationships with the Company's customers, suppliers, and other business partners are fundamental to Siemens Energy.*

### 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.

Liquidity of our suppliers is critical to ensure a sustainable supply chain and Board members support this through reviewing our payment performance; ensuring availability of electronic invoicing and engagement of senior management with suppliers who are showing signs of financial stress.

Siemens Energy has joined the Buy Social Corporate Challenge, an initiative aimed at embedding positive social and environmental impact into everyday business spend. The UK Government-backed Challenge sees a group of businesses committed to collectively spend £1 billion with social enterprise suppliers.

Siemens Energy is committed to increasing transparency of our carbon emissions through the supply chain and supporting suppliers to reduce their emissions.

Siemens Energy continues to promote the real living wage with its suppliers to enhance people's lives which has been shown to improve supply chain performance.

Siemens Energy engages with 2000+ suppliers with 55% of these being third party and 45% being suppliers within the Siemens Energy Group.

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

We engage with our customers to develop a portfolio of energy technology products, solutions and services in the delivery of their operational business requirements. We develop strong relationships with customers, suppliers and business partners to assist in their journey to a more sustainable environment and a carbon neutral target.

In the transmission sector Siemens Energy has long term relationships with all the major utilities and a selection of industrial customers and Special Purpose Vehicles (SPVs). We engage with our customers through a number of frameworks for product and systems, EPC construction contracts for major infrastructure projects in the offshore and interconnector sector and service contracts supporting the installed assets over its lifetime.

We have extended our supply chain finance solution in order to facilitate the sale of receivables under attractive conditions which optimises the suppliers cashflow and working capital including a reduction in administrative costs.

Our electronic supplier integration programme (ESI+) continues to be rolled out to improve receipt and payment of invoices which makes the process even faster, more efficient and more transparent.

In alignment with specific customers, Siemens Energy is actively working with suppliers to ensure all directly employed people and people employed within its sub-contractors are paid the real living wage.

Regular collaboration workshops are held which are attended by senior management from Siemens Energy and the supplier to discuss the wider aspects of the relationship.

Our suppliers add value to Siemens Energy and our stakeholders through product innovation, quality, availability and investment. We rely on our suppliers to provide a competitive and transparent supply chain, which we develop to ultimately generate affordable clean energy. Our aim is to create sustainable diversity and safety for our people and for the people in our supply chain.

All suppliers can access our supply chain management "About Us" communication page which encompasses collaboration, our supplier management portal and sustainability in the supply chain.

We have implemented correct purchasing guidelines for all our Business Units which ensures a standard global framework is in operation on how we engage and manage suppliers at Siemens Energy.

All suppliers are required to sign our Code of Conduct which clearly sets out the standards and principles when working with Siemens Energy, including on topics such as inclusion, diversity and sustainability. Suppliers must agree to follow the Code of Conduct and implement it within their own supply chains.

Our procurement teams are committed to developing business relationships formed by committed organisations to maximise joint performance for achievement of mutual objectives and creation of additional value. For strategic suppliers a member of the senior management team act as an owner of the relationship.

## Communities and Environment

*Siemens Energy is committed to our purpose 'we energise society' which is supported by our Sustainability approach. Social Impact is delivered through our Societal Engagement Programme and protection of the environment is supported by our Decarbonisation and Zero Harm Programmes.*

### Engagement

#### Societal Engagement Programme

In the UK, we follow the Siemens Energy global approach, for societal engagement, with a focus on regional activities.

In the UK, we have established a Societal Engagement programme to deliver social value which is led by the Sustainability and supported by a network of local site and project ambassadors. Employees are encouraged to take two days per year to undertake volunteering to support the programme.

Societal Engagement is grouped into three key themes:

- Energy transformation
- Access to education
- Sustaining communities

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

#### Societal Engagement Programme outcomes for FY21

Energy transformation

- National Energy Action (NEA) charity - 100 places funded on Decarbonising Homes training course for community workers, providing delegates with an understanding of low carbon and renewable technologies and how they can help people living in fuel poverty.

Access to education

- Virtual work experience resources developed for engagement with schools
- Inclusion and Diversity in education panel and hackathon in partnership with Stemettes
- School engagement STEM activities supported; Primary Engineer competition, Virtual Rock Assembly with Talent Foundry

We are committed to following the United Nations Sustainable Development Goals which are a social value charter for the planet and the principles laid out within the Public Services (Social Value) Act 2012.

We have engaged the services of a leading specialist consultancy in this area, Social Value Portal (SVP) to enable measurement of social value. We use both non-financial and financial data as evidence of the impact of our activities on communities.

### Decarbonisation Programme (UK)

The carbon footprint has been baselined in FY21 as the first full year operating as Siemens Energy. Progress in delivering targets will be reviewed against this baseline from FY22 onwards.

We will review annually to consider significant events and changes in circumstances such as site closures. Benefits of our business activities can provide both the rationale and the motivation for moving towards a net zero carbon society, as well as local benefits to the community.

### Targets (Scope 1 & 2)

1. Reduction in absolute carbon emissions (CO<sub>2</sub>e) by 5% year-on year
2. Annual energy performance targets for all Siemens Energy manufacturing sites and offices
3. Replace natural gas used for heating on manufacturing sites and offices by 2030
4. Reduction of carbon emissions from testing gas turbines by 5% year-on year (normalised against test demand)
5. Transition Siemens Energy vehicle fleet to be 100% low emission vehicles by 2025.

Sustaining communities:

- MIND – fundraising to support the mental health charity and mental health campaigns
- Wildlife Trusts – volunteer workdays
- Fundraising for local charities (nominated by each Siemens Energy site)

In FY21 a total of £37K was raised for Siemens Energy charities through fundraising activities.

We created £1M of social value delivered through volunteering, sponsorship and donations in kind.

Examples of social engagement on customer projects:

- Using a social enterprise for wood recycling, where the wood waste is re-used, creating jobs for local people
- Provision of water from a social enterprise company whose purpose is to invest profits into saving carbon emissions, championing a circular economy and ending water poverty
- Using services of a recycling supplier whose goal is to create social value each year that is equal to, or greater than, 10% of annual sales

### Decarbonisation Programme (UK) outcomes

The Siemens Energy Decarbonisation programme will deliver outcomes around key targets through a series of workstreams reporting into a quarterly Decarbonisation Steering Committee. The programme has been communicated to internal and external stakeholders.

There are three-time frames for the programme to deliver transformational decarbonisation by 2030:

- Optimisation (2020-2023)
- Investment and Innovation (2023-2030)
- Transformation (2030 onwards)

Siemens Energy key manufacturing sites in Newcastle and Lincoln are certified to ISO 5001:2018 for energy management.

Carbon Footprint for FY21 to be verified by the Carbon Trust in November 2021.

Sustainable Procurement activities

In a pilot project, Siemens Energy has engaged key suppliers to gain visibility of Scope 1, 2 & 3 CO<sub>2</sub> emissions. This data will form our reporting base and an engagement plan developed to target specific areas / suppliers with the highest carbon emissions.

- Decarbonising the Supply Chain
- Sustainable Procurement Framework using ISO 20400
- SME/MSME Reporting

### Targets (Scope 3)

1. Engage our supply chain to understand monitoring of scope 1, 2 and 3 emissions and develop improvement plans (3-year plan)

### Zero Harm programme

Siemens Energy succeeds through its people. Fostering the health and safety culture and performance of Siemens Energy employees as well as safeguarding their working conditions are core to Siemens Energy social and business commitment.

Siemens Energy has a Zero Harm philosophy based on 4 principles:

- It is achievable
- We do not compromise
- We take care of each other
- We develop locally and share globally

A global program has been rolled out in FY21 (October 2020 – September 2021) building on our existing strong Zero Harm culture, while putting ownership for developing and implementing Zero Harm with each local manager. The approach is bottom up, not top down, which is done to ensure that every employee is engaged in developing the program and understands the risks associated with their work environment.

#### Environmental Protection

Siemens Energy global Zero Harm programme supports both the safety of our employees (as described in Employees Section above) and protection of the environment.

There are four core principles underpinned by behaviours and building blocks for local programmes.

The specific focus for protection of the environment are:

- We will act to reduce the environmental impacts of our work activities and protect resources.

### Social Enterprise

The Company commits to supporting the physical and mental wellbeing of all employees, engaging with Occupational Health providers and various wellbeing partners to achieve this. Across the Company, Wellbeing Champions and Mental Health First Aiders are part of a strategic approach to wellbeing which aims to equip our managers and employees with the tools to cope with the stresses and strains of life and make healthy lifestyle decisions. All employees have access to an Employee Assistance Programme (including counselling where required), fortnightly virtual (due to Covid) Yoga sessions as well as various training courses on topics such as: Building Resilience, Mental Health Awareness, Mindfulness and Body Mechanics. In addition, line managers have access to a mental health awareness training course.

A suicide awareness and prevention webinar was run in FY21 available to all employees, with structured support available following on from the issues raised.

A monthly wellbeing newsletter and wellbeing awareness updates are regularly sent to employees of Siemens Energy.

In addition to creating local zero harm programs for Environment, Health and Safety, a country specific set zero Harm plan of commitments was rolled out designed to improve the Health and Safety performance and culture of the business.

We focus on minimising the environmental impact of our project and civils work, promoting circularity and reducing embedded carbon. For example, the Sanford project will reuse of 11,500m<sup>3</sup> of topsoil and 3,544 m<sup>3</sup> of subsoil in the project landscaping works to avoid this material becoming waste and being taken for disposal off site. The reuse on site of this material will achieve an approximate reduction of 725 tCO<sub>2</sub>.

Wood recycled from Rothie project site (circa 12.14 tonnes) was used for community projects, to make log stores or chipped and turned into fibre board for the construction industry. Plywood is used to make wildlife boxes.

We support environmental and community improvements at our project site locations. For example, the Viking Link project are supporting the transformation an area of disused/overgrown land behind Donnington Graveyard into a wellbeing area for the community.

Siemens Energy have supported Computer Aid for the personal old IT equipment recycling with 3,500 devices recycled and provided to communities in need.

- We will never ignore any opportunities to minimize energy usage and waste generations.

The building blocks to support Zero Harm for the environment are:

- Decarbonisation,
- Product Stewardship
- Conservation of Resources.

All our businesses comply with the requirements of ISO 14001:2015 for Environmental Management and ISO 50001:2018 for Energy Management.

## **Government, Regulators and Trade Associations Regulators and Trade Associations**

*Continuous dialogue with policy-makers is extremely important for the success of a global company like Siemens Energy.*

### **Engagement**

Siemens Energy is politically neutral, but we operate in markets which are shaped by UK Government policy, either directly or indirectly. We are also providers of solutions to some of the most pressing issues facing the planet, such as digitisation, de-carbonisation and urbanisation. As a result, we are regularly consulted on economic and policy issues by governments, business associations and civil society.

Our external engagement is governed in full accordance with our Company commitment to responsible and sustainable business. In doing so, we often meet with policymakers directly. We also engage through memberships of industry organisations such as Energy UK, Renewable UK and Make UK. These allow Siemens Energy to engage with peers and regulators to discuss emerging policies, regulation, and innovation.

### **Key topics, decisions and outcomes influenced by this stakeholder group**

Siemens Energy engages with policymakers at all levels in the UK Government, devolved nations and on a cross-party basis.

Active topics this year include decarbonisation, exports and inward investment.

Members of our leadership team regularly meet with key contacts within the Department for Business, Energy and Industrial Strategy (“BEIS”), Number 10 energy policy team and the Department for International Trade, to discuss and understand the UK Government’s approach to reaching net zero and how energy policy will deliver this. Members of the EBM are also involved in joint Government-Industry working groups on developing hydrogen policy in the UK, including the UK Hydrogen Advisory Council and the hydrogen taskforce within the Strategic Markets Initiative. We responded to formal consultations on subjects including export finance – ending support for fossil fuel projects, and decarbonisation readiness. consultations on subjects including export finance – ending support for fossil fuel projects, and decarbonisation readiness.

There has been further political engagement with MPs and local political stakeholders in relation to construction projects and site footprints. has been further political engagement with MPs and local political stakeholders in relation to construction projects and site footprints.

Engagement with Make UK has included employment policy implications of COVID-19 such as the furlough scheme and the Skills Survey post COVID-19. Siemens Energy participates in several Energy UK committees covering public affairs and policy development covering a range of topics. In addition, we have received information through our membership on the discussions Energy UK is having with BEIS and the Department of Health and Social Care relating to COVID-19.

Following the spin-off from Siemens AG in September 2020, a number of initiatives have been undertaken to ensure that Siemens Energy continues to be fully compliant with all applicable laws and regulations. Siemens Energy is currently rolling out its own set of policies and procedures to ensure that all employees, associates and contractors understand the zero-tolerance stance of Siemens Energy in relation to tax evasion. In addition, Siemens Energy has published a UK tax strategy, available on its website, outlining its approach to taxation in the UK and its intention to be fully compliant and transparent in its interactions with HMRC.

### Siemens Energy AG Group Companies

*The Siemens Energy Group is building our new Company for long-term value creation through focusing on the energy market transformation and stronger profitability with a simplified and leaner Company structure.*

#### Engagement

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

The Company has a twin track approach, delivering improved bottom line performance through its *PG2020*, *GP2020+* and *Accelerating Impact* programmes while creating long-term value through its *Energy of Tomorrow* programme with a focus on:

- The supply side (low or zero emission power generation),
- The distribution side (transport of and energy storage) and
- The demand side (reducing CO2 emissions through electrification)

All the above is underpinned by an Environmental, Sustainability and Governance (“ESG”) programme.

The strategic decisions of the Siemens Energy AG Group influence the decisions taken by the Board which, in turn, adapts the Group strategy for the UK specific market considering UK customer, employee and other stakeholder needs.

Globally, Siemens Energy launched a cost optimisation and competitiveness programme called *Accelerating Impact*. The programme had an impact in the UK & Ireland, where significant restructuring in the Industrial Applications and Generation business units was required. Siemens Energy remains committed to the UK & Ireland and *Accelerating Impact* will enable future sustainable investment to continue.

Siemens Energy is committed to Inclusion and Diversity because we believe a welcoming, diverse and inclusive business culture is the foundation for innovation, better decision making and consequently improved profitability. As we master the energy transition, our business outcomes will be greatly enhanced through the rich multivariate diversity that we will foster in the Company.

The energy transition to net zero affects every part of Siemens Energy’s market and our future depends on being leaders of the transition, regarded by all stakeholders as a trusted and capable partner. The transition is happening in different ways and timing in each country, so it is vital that Siemens Energy UK shows clear and consistent understanding of our local market and is seen to be a thought leader in key areas here.

In areas of rapid growth such as hydrogen or grid stability taking an early lead sets the pattern for the whole industry. We aim to emulate our success with offshore wind in the last decade where leading technology solutions coupled with recognised thought leadership helped secure our dominant position in the industry.

The Board and EBM members are in regular contact with customers and employees plus other key stakeholders and Industry bodies to provide valuable input and to influence the Board decision making processes.



The directors have a strong relationship with the EBM team which is made up of all UK Business Units and Support Function Heads. This key stakeholder group regularly discuss the local Company strategy for implementation and adoption in their businesses or functions and regularly receive communications from the Siemens Energy AG Group Board to help inform progress and direction relating to the global strategy.

Dividend proposals are also a key decision made each year with the Board having regard to the ability of the Company to make a dividend taking into account, amongst other considerations (guidelines under Companies Act 2006 and Pension Schemes Act 2021), local funding requirements and investments as well as the needs of our global Siemens Energy Group.

The Board continues to maximise efficiencies by operating a lean board structure, and by investing in digital tools, to promote better and faster decision making.