



DIEHL
Metering

**EMPOWER A
SUSTAINABLE FUTURE**

MEASURING SUSTAINABILITY

2022

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CAN YOU MEASURE SUSTAINABILITY?



Dr. Christof Bosbach
CEO Diehl Metering

Whenever I am in a dialog with young people, I wonder what they will see at my age. Will they see a world that respects nature and humans alike? Will they notice we have fundamentally changed our way of living, working, manufacturing, consuming, and traveling?

I'm deeply convinced we can get there. It takes innovation, knowledge, and good decisions. But foremost, it takes an attitude. The United Nations (UN) have assigned an unambiguous task to us humans and to the organizations we lead. They have formulated 17 Sustainable Development Goals (SDGs) as part of the global Agenda 2030, targeted at all dimensions of sustainability: social, economic, and environmental. To all those who feel responsible for a world worth living in, this is a call for action. And it's a unique opportunity to collaborate.

"IT TAKES INNOVATION AND GOOD DECISIONS. BUT FOREMOST, IT TAKES AN ATTITUDE."

On August 10, 2021, the UN have officially validated Diehl Metering as a voluntary signatory of the Global Compact that translates the 17 SDGs into ten actionable business principles. We're proud to be part of it, together with over 14,000 organizations worldwide. We are determined to continue our path of advancing products and services that provide a safe and efficient access to water and energy. We are convinced that employing people means respecting and encouraging people throughout a working life and beyond. We are strictly against corruption and child labor, commit to fair business, and support organizations that help disadvantaged people

Is that enough, though? We think it's time to take the next step. To put environmental, economic, and social sustainability at the heart of our decisions. And, as our company claim states, to "empower a sustainable future".

We're already en route:

- We address the problematic areas urging for action according to the ten Global Compact principles: environment, labor, human rights, and anti-corruption.
- We have defined a range of priority programs from "Sustainable and ethical growth" to "Manage resources"; they serve as a compass of how we as a company and our employees interact with business partners, stakeholders, the society – and how we deal with resources and the environment.

We want to take this opportunity to become a valuable member of the Global Compact. The key is to empower everyone, everywhere to build a more sustainable future together. We at Diehl Metering, with our more than 1,700 employees, contribute our part.

Yours

Dr. Christof Bosbach
CEO Diehl Metering

"Empower a sustainable future":
Our promise to our planet.



Watch video

ABOUT THIS REPORT

This report reflects the manifold facets of responsibility at Diehl Metering. Joining the Global Compact of the United Nations has been not only an honor but a natural choice for us. Inspired by the Blueprint for Corporate Social Responsibility, we are implementing the ten business principles, taking practical action, and thus engaging with the UN Global Compact. In this Sustainability Report, you will find more details on how we are supporting its ten principles:

Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights. We take action – from providing safe and healthy working condition in our locations and entities to ensuring non-discrimination; we support access to fresh water and energy as well as care to provide decent work for all of our employees.

... make sure that they are not complicit in human rights abuses. To guarantee this, we not only respect international guidelines and standards. Internal processes and audits ensure a continuous monitoring of risk and necessary counteractions.

Labor

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

We respect the rights of workers in all forms and have established a range of activities that support good relationships between management and workers.

... the elimination of all forms of forced and compulsory labour. We have a clear policy on this – we do not use, be complicit in, or benefit from any form of forced labor; this also extends to our supply chains.

... the effective abolition of child labor. We know that child labor is more likely in some world regions and put specific attention to those.

... the elimination of discrimination in respect of employment and occupation. We recruit, employ, and develop people with no “a priori” – supported by regulations and practices. Gender equality, fair pay, and inclusion are just three focus areas.

Environment

Businesses should support a precautionary approach to environmental challenges. With our Guiding Principles, we establish a framework that raises awareness for environmental risks and helpful initiatives.

... undertake initiatives to promote greater environmental responsibility. Voluntary actions on part of Diehl Metering include processes to reduce energy and water usage, aligned with the requirements of ISO 14001.

... encourage the development and diffusion of environmentally friendly technologies. One example is our priority program Ecodesign that strives at “design for sustainability” as postulated by the UN.

Anti-corruption

Businesses should work against corruption in all its forms, including extortion and bribery. From our priority program “Sustainable and ethical growth” to our dedicated Compliance Committee, we are active in the fight for fair business.

As part of the Diehl Group, we intend to focus on these **Sustainable Development Goals (SDG)**: 5, 6, 7, 8, 9, 12 and 13

Human rights

Our Priority Programs to support UN SDG 5, 6, 7, and 8:

- Supplier Management
- Empowerment of our teams
- Innovation to support customer sustainability
- Sustainable and ethical growth

Labor

Our Priority Programs to support UN SDG 5, 8, and 9:

- Empowerment of our teams
- Sustainable and ethical growth
- Supplier Management
- Ecodesign
- Innovation to support customer sustainability

Environment

Our Priority Programs to support UN SDG 6, 7, 9, 12, and 13:

- Management of resource
- Local for local
- Supplier Management
- Ecodesign
- Innovation to support customer sustainability
- Sustainable and ethical growth

Anti-corruption

Our Priority Programs to support UN SDG 10, 16, and 17:

- Local for local
- Sustainable and ethical growth
- Supplier Management





ABOUT DIEHL METERING

We are a worldwide leading company in the design, manufacture and supply of smart metering solutions. Our mission is to empower utilities, municipalities and industries to take control of their infrastructures – enabling them to manage water and energy distribution and consumption more efficiently, more sustainably and more responsibly.

With roots and headquarters in Germany, we act as a global product, solution, and service provider. At the same time, our 1,700 employees are proud to maintain our founding principles of quality, reliability and customer proximity grown over 150 years. Our approach is to think global and act local, creating enduring value for our customers by adapting and developing our strategy with them and for them.

In supporting their long-term growth, we help to shape a better future for our customers and the communities they serve. And by enabling them to make ever better use of water and energy, we contribute to preserving the planet's natural resources and improving sustainability for future generations.

Our vision: Empower and innovate for a sustainable future

With global trends impacting our planet, we are convinced that it is now ever more urgent to find new and responsible ways to use our natural resources. We believe in a world where resources are managed optimally, everywhere. Through advanced technologies and solutions, we empower our customers and the communities they serve to contribute to a more sustainable tomorrow.

Our mission: Focused on customers, employees, and sustainability

We have a strong mission built on the pillars of customer satisfaction, people development, and sustainable growth. In short,

- Customer satisfaction comes first – serve customer over the long term and create added value
- Our employees drive us – promote skills and common culture
- Responsibility is our duty – we contribute towards saving our planet's resources; at the same time we make an important contribution to the future development of the Diehl Group.

In all these ways, we bring our company claim to life: Empower a sustainable future.

“

“WE HELP TO SHAPE A BETTER FUTURE FOR OUR CUSTOMERS AND THE COMMUNITIES THEY SERVE.”

HUMAN RIGHTS

Respecting people is more than just respecting laws.

► Focused Target:
Improve equality in diversity

ENVIRONMENTAL SUSTAINABILITY

Energizing Plan A. Because there's no Planet B.

► Focused Target:
Reduce Greenhouse gases

The ten principles of the Global Compact refer to **four pillars** that are essential for respecting the rights of workers and employees, safeguarding fair business, and protecting the environment and the climate.



LABOR

Understanding people – unchaining potential.

► Focused Target:
Work in fair and safe environment



ANTI-CORRUPTION

Only fair business is good business.

► Focused Target:
Achieve yearly growth by fair business



HUMAN RIGHTS
RESPECTING PEOPLE IS MORE THAN
JUST RESPECTING LAWS.

**"DIVERSITY IS NOT ABOUT HOW WE DIFFER.
DIVERSITY IS ABOUT EMBRACING ONE
ANOTHER'S UNIQUENESS."**

Ola Joseph, speaker and author

The only world where we want to act as a company is where human dignity has a clear place. This refers to our employees, our customers, our supply chain, and societies as a whole.

Availability of fresh water – not a given

Access to clean water is a fundamental human right. However, for 800 million people around the globe, it still remains a dream. We contribute to making it true on an ever-broader scale. One example is our offering to utilities that we support in finding solutions to develop their infrastructure*.

Likewise, we collaborate with NGOs like 100fontaines that engage in building fountains and thus improving people's health and living conditions.

Differences that unite

At Diehl Metering, we're convinced that employees of different ages, genders, and regions can enrich us and drive the

sustainable development of our business. Recruitment is exclusively focused on soft skills and knowledge – without considering any potentially discriminatory factor. As a result, people from 34 nations with a wide range of cultural backgrounds work together. All of them with their own way of viewing a problem, shaped by individual experiences.

Cultural diversity also helps us better understand our global customers and enter new markets. Recognizing and appreciating this cultural expertise, and benefitting from it, is an excellent example of how to match corporate values and growth targets.

Equal work – equal pay: We focus on skill not on gender

It doesn't matter which age, gender, nationality a candidate has, when recruiting, there's no "a priori" – the only criterion is the best fit for the job.

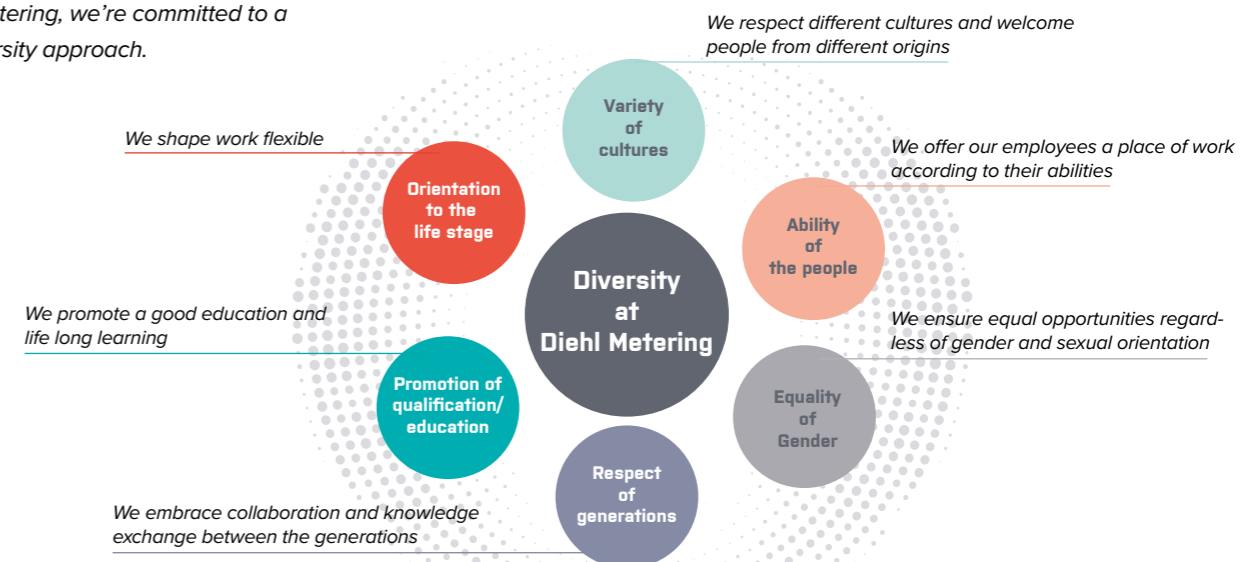
We understand gender equality as:

- Salary equality taking care of all age groups and socio-professional categories
- Respect and support of women during maternity, as well as of young families and parents
- Empowerment of employees to "become who they are": same chances in development programs and training, same development opportunities, equality in advancement and in salary increase.
- Respect of all genders and origins to encourage diversity that enriches us as a company

Therefore, we commit to apply in Diehl Metering the French legal index of professional equality. It fully fits our policy to ensure, and constantly improve, the transparency of what we do.

Respecting everyone's individual rights:

At Diehl Metering, we're committed to a strong diversity approach.



*available in selected countries

HUMAN RIGHTS

RESPECTING PEOPLE IS MORE THAN JUST RESPECTING LAWS.

The female face of Diehl Metering

Throughout our global sites, 41% of Diehl Metering employees are women. Women also hold 19% of management positions. The female share among engineers is 25%, and among project managers 17%. And we are encouraging more of them to have an appetite for these roles and professions, at least “to become who they are”. For example, at our German sites, we offer a special management program for women with the potential to take over a leadership role.

Thanks to flexible working models, being parents can be perfectly combined with working at Diehl Metering, including in leadership roles: As a family enterprise, we commit to families.

Disabled – but enabled to integrate

Disability is a term that encompasses many different impairments. These are not always visible, a disabled worker may suffer from a visual, auditory, mental or physical disability, or from disabling diseases. Finally, a disability can be temporary, permanent or appear suddenly.

Our first target is to achieve awareness. Communication on disability means informing and establishing a dialogue on the subject internally and displaying our commitments in terms of social responsibility externally. Integrating disabled employees require adjustments (see box).

Enabling integration adjustments that help integrate disabled employees:



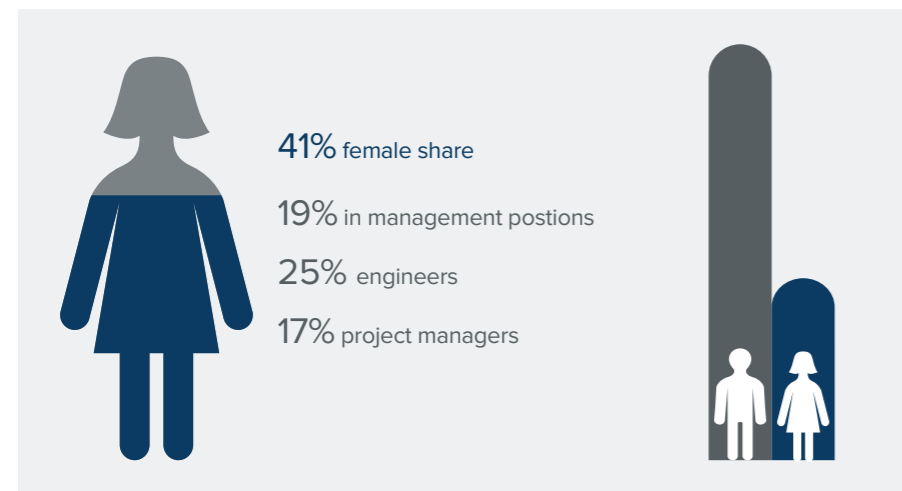
• **Human support**
(coaching, employee awareness)



• **Specific equipment**
(ergonomic chair and desk etc.)



• **Adapted work organization**
(flexible hours, teleworking)

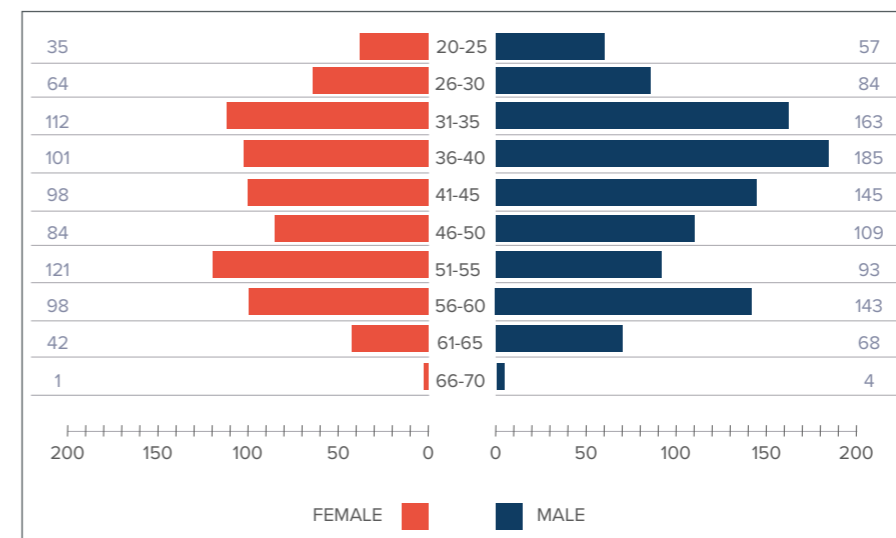


Women at Diehl Metering:
Assuming a strong and increasing role

But even more than a question of resources, it is above all a question of changing the way people look at disability by focusing on skills. All our employees are made aware of this, successful integration is everyone’s business!

Active inclusion

We also understand the benefit of working with persons with disabilities. We cherish their valuable impulses, just as they need active inclusion. For example, in the timeframe this report is about, we employed 3% persons with disabilities in all locations. Additionally, we continue to cooperate with life aid organizations since more than 30 years. This includes giving adapted tasks to workshops for the disabled – at our Apolda site, this happens hand in hand with our employees on our factory premises. Integration at work!



Age pyramid 2021: The share of male (blue) and female (red) employees according to age groups

Respect of generations – a win-win for all

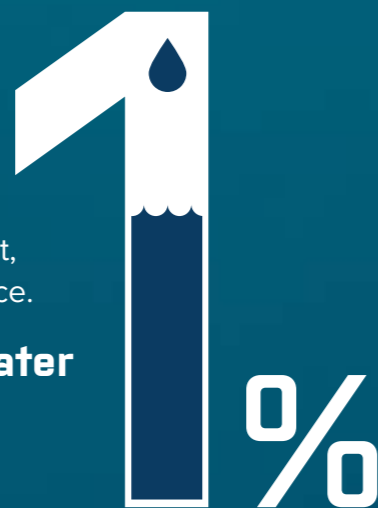
What can the young learn from the experienced ones and vice versa? A lot.

At Diehl Metering, four generations, from baby boomers to generation Z, contribute their experience. We support this treasury with a bidirectional mentoring program. Additionally, we have set up a dedicated process to preserve the experience of older employees and make it available for the next generations.

ENVIRONMENTAL SUSTAINABILITY

ENERGIZING PLAN A.

BECAUSE THERE'S NO PLANET B.



Our home is also called the Blue Planet, due to the abundant water on its surface.

But only 1% of it is freshwater and available for our use. Talk about precious.

With every single waterdrop that gets lost, dreams evaporate. Of a clean and healthy place to live. Dreams of harvests that can nurture a family. Of a self-determined life. And wherever hot steam escapes from a pipeline, people stay in cold houses, heating bills rise, and the CO₂ toll increases.

We can't just wait and watch. We at Diehl Metering work hard on stopping the losses. Our solutions help customers make better use of precious resources. They enable safe, economically viable, and climate-friendly ways of supplying water and energy to more people. That's what our priority program "Sustainable and ethical grow" is about.

Read more about its main pillars:

Understanding networks by digital means




Saving resources starts with knowing what's going on in the networks. Our IZAR@NET solutions measures meter data and sends out alerts when units are dysfunctional or when an alarm or error is detected. The result: less external manipulation of meters and significantly reduced water losses – along with automated billing processes that eliminate human errors and make customers happier.

NRW: Determined to fight losses

Theoretically, water is a circular good that can never get lost. Practically, Non-Revenue Water (NRW) is a global issue with huge economic, ecological, and humanitarian impacts. Millions of children and adults spend precious hours on fetching potable water day after day.

Utilities suffer from high production and maintenance costs. Revenues that could be invested in better networks and water quality trickle away. A case study from Kenya demonstrates how digitalization can improve this. Thanks to Diehl Metering's Automatic Meter Reading solution, network issues could be addressed quickly due to regular and accurate data readings. This also increased overall stakeholder satisfaction.

KENYA SUCCESS STORY

-  **700 water meters** have been installed by the end of 2020
-  **6% vs 42% Non-Revenue Water**
6% Non-Revenue Water was reported after implementation of the AMR solution, compared with the 42% in areas not covered by the solution
-  **74% of the network** was affected by problems relating to readings, estimations and coverage



Kenya – Fixed network

ENVIRONMENTAL SUSTAINABILITY

ENERGIZING PLAN A. BECAUSE THERE'S NO PLANET B.

Energy Network Analytics:

Heating and cooling smartly used

Much of the heat produced never reaches the consumers urgently awaiting it – resulting in frustration, additional costs for utilities, wasted energy, and poor sustainability. But what's the cause? Aging pipelines? Inadequate insulation? Knowing where and why heat gets lost is pivotal for improvement.

We engage in delivering the key with Energy Network Analytics. By permanently monitoring flow temperatures at multiple points with Diehl Metering smart meters and flow sensors, utilities gain a holistic picture of heat distribution and efficiency in the network. Using our IZAR software, they can set individual thresholds for alerts. Suspected defects and leaks immediately become transparent. And that transparency pays off, as demonstrated in Brønderslev (Denmark): The Reduction of the average return temperature from 40° to 37°C.

Manage resources:

Less consumption, less waste

Not only we support customer sustainability but we also want to be exemplary in this area through the management of resources at our facility. Throughout all Diehl Metering sites, we've implemented processes that enable us to assess risks and evaluate our activities in case of both normal operation and emergency. This provides the basis to reduce energy and water usage, and decrease waste – resulting in a minimized carbon and water footprint.

These initiatives from our priority program **"Management of resources"** are aligned with the requirements of ISO 14001. The same applies for activities

like risk and emergency management, employee environmental sensitivity, and leadership. Moreover, all our production sites and sales offices are certified by Quality Austria: A neutral pair of eyes sees more than any company could do from internally.

Ecodesign: Made for a lifetime

Products are made in hours or minutes – materials remain in the environment and the atmosphere for decades and centuries. That's why we think in holistic product lifecycles. Our priority program "Ecodesign" focuses on developing products with proven low environmental impact – according to Method EN 15804 A2_FR_Ev-Dec 1.03_ei3.6.

Environmental sensitivity:

Small steps that add up

What global effect does it have to use less plastic bottles? Or less paper towels? If everyone does, even small steps will add up to relevant results. That's why we encourage and educate our employees to act responsibly. To minimize waste. To reduce traffic-induced emissions by using our company buses, public transport, and car sharing

Global Carbon footprint project

One of the important aspect of our activity is to reduce our impact on climate change and as such we have been focusing on our Carbon footprint. In 2022, we have been assessing our Greenhouse Gas emissions at the Diehl Metering level, including our 6 production sites and logistic center. We collected data across the sites for scope 1 to 3 which covers

- direct emissions from owned or controlled sources
- indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the company
- all other indirect emissions that occur in a company's value chain.

The idea is to constitute our baseline to define short mid-term and long-term reduction targets.

Another focus area is biodiversity.

For example, at our French location in Saint-Louis, we actively support the nature reserve of the **Petite Camargue Alsacienne**. This includes the plantation of nearly 2.5 km of hedges that very soon have become a resort for manifold birds, insects, and other animals.

DENMARK SUCCESS STORY



5,000 energy meters

The innovative fixed network solution provides fully automated data acquisition and intelligent analysis



5° temperature decrease

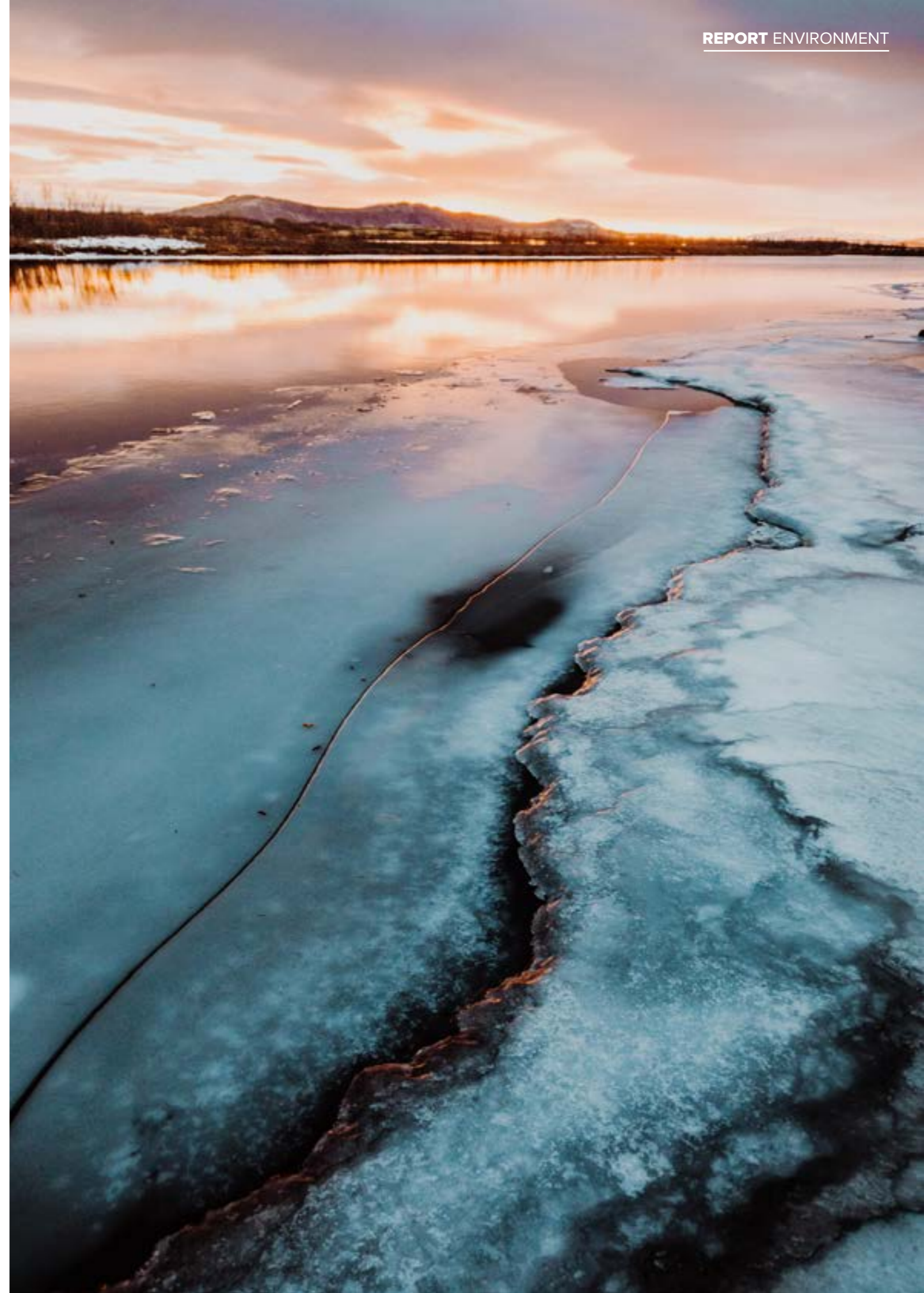
Reduction of average return temperature from 40° to 37°C



CaseStudy Brønderslev Diehl Metering



Certificate Quality Austria Diehl Metering



"MY COMPANY GIVES ME THE OPPORTUNITY TO BALANCE OUT MY JOB WITH MY PRIVATE LIFE."

Extract from the company survey questionnaire



LABOR

UNDERSTANDING PEOPLE – UNCHAINING POTENTIAL.

When retired Diehl Metering employees tell about their working life, they often refer to the company as their “family”. That doesn’t happen by chance. Being a good employer and fostering a culture of open dialog are elements of our DNA. But is this still the right approach considering the breath-taking speed of digitalization and the fast change of skills and professions? We believe it’s more essential than ever. The faster the change, the closer we should stand together. Learn together. And evolve capabilities together.

Listening is respecting: Employee dialog

People are our most valuable assets, and we carefully listen to them. Our Employee Representatives sustain a steady dialog with employees and make sure working conditions comply with national labor codes. Regular feedback sessions foster a mutual discussion on how employees

perform, what they’re specifically strong at, what they expect from the company, and what future skills they should evolve. At a wider scale, we conduct bi-annual surveys to learn what the global Diehl Metering community thinks and where they see room for improvement. In the most recent survey from 2020, more than 78% of employees provided positive feedback on our Guiding Principles with an average 3.8 of 5 points. Two theses even reached an average 4.2 points, i.e.: “I am satisfied with my working place” and “My company gives me the opportunity to balance out my job with my private life”.

Working is developing: Life-long learnings

Knowledge nowadays doubles every five years, with increasing speed. The solution? We believe in a life-long learning culture. It helps employees adapt to new challenges and comply

with the sustainability goals we have committed to. From extensive training programs to our currently launched Diehl Metering Academy and Diehl Learning World, employees can take multiple routes to keep up with the future. A customer training platform will follow next.

For every life stage: The right working conditions

Life isn’t always the same. People’s needs and focuses change over time, and we try to flexibly adjust working conditions to their different life stages. Generally, we offer three customized career paths – leader, expert, and project. Employees with families need different support. Discrete office areas for breastfeeding, company nurseries for ages ten weeks to three years, and summer vacation programs for those up to 14 years old are just some examples.

Mobile offices and flexible working times allow everyone to optimally match work and life. Later on, elder employees can smoothly transition to pre-retirement while knowing that we keep in touch even after retirement.

A lasting commitment: Health and wellbeing

We care for the most precious good our employees have: health. From personal protective equipment to safe workstations, we ensure best-possible protection at work. Nevertheless, in case of accident, we deeply investigate the root cause from the operational to the management point of view, and we implement corresponding actions. In our canteens, everyone can enjoy healthy, affordable meals. Water is free. Supported by the company, employees themselves take on sports initiatives – sometimes combined with helping people in need. During the Covid-19

pandemic, we rapidly adjusted protection measures to any current status with our phase program. In a Diehl Metering survey, 80% of employees said they felt “absolutely safe and protected” – both home office users and those who could not work from home. A special program is in place to prepare the return to work and accompany the best as possible our employees. The three phases are based on the number of people in hospital in the country as well as of incidents.

Eyes wide open: Social responsibility

Upholding the rights of all those in need, not only those of our own people, is a matter close to our heart. In the end, it’s our employees that fill charity with life – from supplying mobile phones to Cuba to organizing blood donations in several facilities. Besides, and following the outbreak of war in Ukraine, our teams have lendend their support to people affeted

by the crisis, both within and beyond our company.

Stay healthy, help others:

The 5-km run “Les Mulhousiennes” raised funds to find treatments to cure breast cancer and improve the daily life of patients. “Cancer has no borders, we can all be concerned one day”, says a happy participant, Anne-Sophie.



Empower people
Diehl Metering

"IN ORDER TO EARN THE TRUST OF OUR STAKEHOLDERS, WE MUST FOCUS NOT ONLY ON WHAT WE DO, BUT ALSO HOW WE DO IT."

Florian Gottschling, VP Corporate Group Support

ANTI-CORRUPTION

ONLY FAIR BUSINESS IS GOOD BUSINESS.

At Diehl Metering, we have a very clear attitude toward corruption: no excuse – no exception. We believe a fair business with a strong sense of social purpose will deliver better and more sustainable outcomes for stakeholders over the long term.

Governance built on integrity

Clean business needs clear rules. Our governance framework ensures effective decision making and value creation to the mutual benefit of all stakeholders. To make these efforts transparent, we have committed to reporting on our progress regularly.

All business activities of Diehl Metering are based on the principles of integrity and fairness. As part of the Diehl group, we act in agreement with the laws and regulations in the countries where our employees work. To define what implications those rules have on our business,

the "General Business Principles of the Diehl Group (Code of Conduct)" provide more specific guidance.

Guidance for our business: Code of Conduct

The Code of Conduct doesn't allow any exception: All employees on all hierarchical levels, as well as the executive bodies, are to comply with it. Unfair or even illegal practices are not compatible with our business principles. Relationships with other companies and between employees and their business partners – e.g., with suppliers and customers and with governmental offices and their employees, etc. – must be characterized by transparency, especially in the areas of purchasing and sales.

Diehl Metering competes for orders by fair and legal means and carries out contractual negotiations in compliance with all legal provisions.

Our Code of Conduct strictly regulates a range of topics, as for example:

- Prohibition of bribery / corruption
- Competition / prohibition of cartels
- Observation of export and import control laws
- Money laundering prevention
- Avoidance of conflicts of interests
- Proper handling of invitations, gifts, and other benefits
- Business secrets and protection of intellectual property
- Data protection
- Preservation of human dignity
- Non-discrimination
- Freedom of association
- Prohibition of child labor
- Prohibition of forced labor and human trafficking



From rules to application

In daily business, it can be challenging to decide if a single action complies with the rules. Laws are complex. And the best code of conduct can't cover any individual question. Therefore Diehl Metering is active, we offer regular compliance training courses (on-site events and e-learning) for employees at all hierarchical levels in 2021. These trainings are about the "General Business Principles of the Diehl Group" to use cases the participants are familiar with. For certain positions, e.g., sales and purchasing, classes include specific content tailored to their needs. In these roles, even small things like inviting a person for lunch in a restaurant can raise questions: What difference does it make if the invitee is employed by a public or a private company? And do the same rules apply for, e.g., China, Arabic Emirates, and the U.S.?

It's good to be certain about the answers.

Assessing ourselves – advancing compliance

With both business and regulations evolving over time, it is essential to regularly review our business processes and assess if they still comply with the principles. This is pivotal for identifying compliance problem areas and investigating identified violations. A dedicated Compliance Committee that also includes members of the Executive Board takes responsibility of:

- Development of regulations
- Training measures
- Compliance risk analysis
- Compliance audits and investigations

In 2021, all risk exposed departments provided regular compliance reports (100%).

There were 0 incidents related

to corruption.

Therefore Diehl Metering is supplemented by a neutral external ombudsman obliged to maintain strict confidentiality. With that in mind, employees and third parties can turn to the ombudsman as a neutral body in confidence – especially if they have observed improper business practices in companies of the Diehl Group.

We are convinced that trust fosters honesty. And honesty is parent to clean business.



Code of Conduct
Diehl Metering

7 PRIORITY PROGRAMS

At Diehl Metering, sustainability is at the center of all our work. That is why, in June 2021, our CEO Dr. Bosbach signed a letter committing to the United Nations Global Compact.

This is a voluntary agreement from companies intent on contributing to a more sustainable world. In addition to its 10 framework principles, we've developed our own 7 Priority Programs to ensure the continual examination of our achievements.

They were created after thoroughly analyzing our own processes as well as the expectations of our customers. The seven topics are closely linked to the five dimensions we reflect upon to guide our actions: Environment, Customer, Shareholder, Employee and Society.





SUPPLIER MANAGEMENT

SUSTAINABLY COMPETITIVE FOR MUTUAL BENEFITS.

To ensure a sustainable and efficient development of our activities, we identify, certify, and develop our suppliers. We select them for their reliability, competitiveness, and innovation skills.

Five criteria for identifying the right supplier

Sustainable supplier management starts with clear principles for the selection of suitable partners. This is also essential with regard to recent legislation such as the EU Due Diligence Law which requires to secure our supply chain. That's why we defined five unbiased criteria, guiding our choices and evaluations in cooperation and purchasing projects:

1. A secure supply that meets quality standards, agreed delivery, times and contractual quantities
2. A preference for long-term supplier relationships and partnerships that are mutually beneficial to ensure sustainable competitiveness
3. The introduction of innovative ideas and optimization potentials on both a financial and technological level
4. The support for local economies and regional development as part of our social responsibility
5. The use of a clear communication, reflected in unbiased and honest behavior, in compliance with fair commercial practices.

Supplier Management is not a new topic for strategic purchasing. We have been continuously developing long-term partnerships with our suppliers. These relations are mutually beneficial to ensure sustainable competitiveness.

Two major goals for a sustainable supply chain

With a long-term relationship in mind, we make every effort to realize shared sustainability goals with our partners. This priority program emphasizes two major goals:



Sustainability awareness assessment

Building strategic partnerships means that we develop our suppliers, support them in the auditing process, and help them achieve the required level of sustainability awareness and practices. To evaluate this awareness, we collaborate with an external and independent rating company, Ecovadis. The assessment they perform is focused on four categories:



Environment



Social



Ethics



Sustainable procurement

To get to the roots of things, suppliers have to answer a questionnaire that is based on the individual supplier risk rating (size of the company, country, and activity). The results of this evaluation will highlight opportunity areas to develop their sustainability. After a period of adaptation, we're planning to integrate the performance results of our suppliers into our sourcing process and partnership plans.

The journey toward a sustainable value chain

Currently, about 20% of our suppliers (based on PVO: Purchased Volume Order) have already been rated by Ecovadis. One of them is Diehl Metall, our sister company and strategic supplier for the categories of composites, electronics, and batteries. By helping our strategic suppliers to go through a successful auditing, we want to enable all of them to have reached a specific level of sustainability awareness and practices by 2025.



ECODESIGN

BETTER WITH EVERY GENERATION.

“Make sure that every new product has a lower environmental impact than the previous one”. This quote dates from as early as 2006, the starting point of ecodesign at Diehl Metering. The following main activities help implement eco-design in our products and solutions:

Awareness, training, stimulation

Ecodesign starts in our heads. Regular trainings take eco design from guidelines to practice. They involve Diehl Metering development teams, from Portfolio Management to Industrial Engineering passing by purchasing or development engineering. Suppliers are also involved, one example can be seen in our new meter caps made from 100% recycled polyethylene. Thanks to this action, we estimated carbon emissions savings by 14.8 t eq CO₂ per year. The switch will be performed step by step from October 2021, encompassing most of our water meter range.

SWOT analysis and ecodesign KPIs

We provide development teams with a list of indicators that can then be assessed and categorized as “Improvement” (green light), “No evolution” (yellow light), or “Worsening” (red light) from one product generation to the next. These indicators cover all life cycle stages and different environmental impact categories. We aim to enable as much green lights as technically and economically feasible.

Product environmental assessment

With LCAs, we anticipate the environmental impact from cradle (raw material

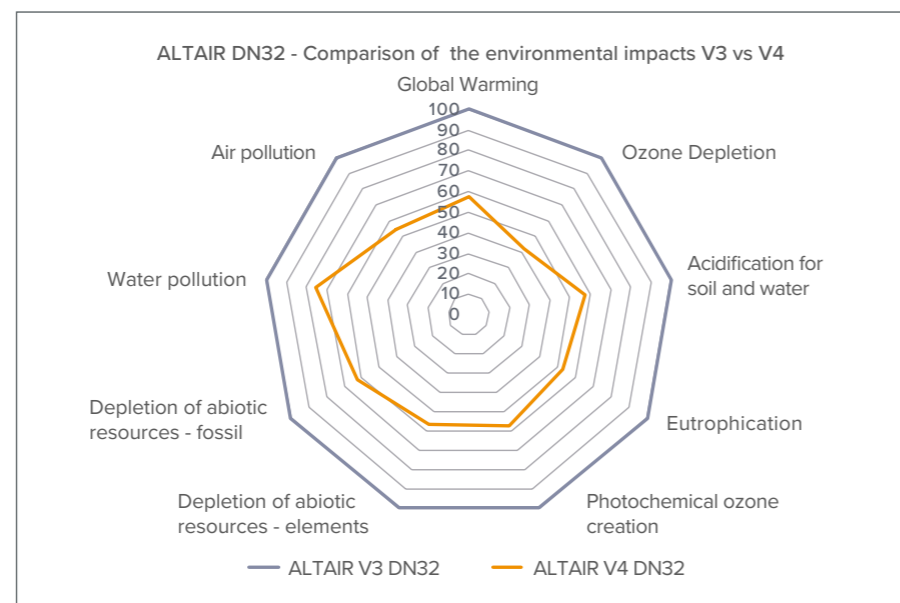
extraction and processing) to cradle (material recycling or final disposal). Product Environmental Declarations (EPDs) based on the European Norm EN 15804 make the results transparent to authorities and our customers. By October 2021, we had 34% EDP over the turnover.

The results from the LCAs are also used to define Diehl Metering guideline for ecodesign in order to reduce the environmental impact with every product generation. With our ALTAIR volumetric

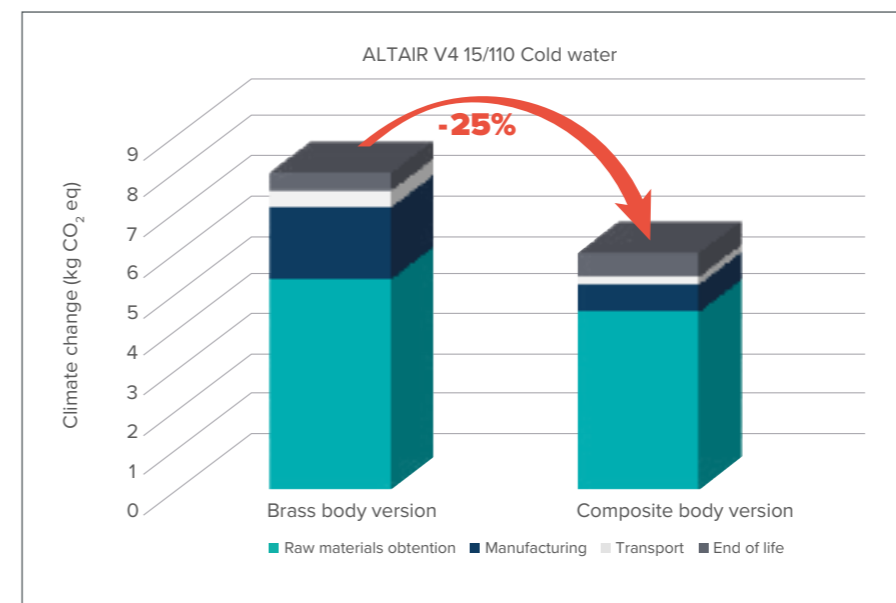
water meters, we have established a successful example.

Improving the footprint by changing materials

After having conducted a study that compares the impact on climate change, we decided to switch our ALTAIR cold water meters from brass to composite bodies. The inherent energy usage for production is much lower; additionally, we continue to improve the recyclability of the composite body.



Significant improvement: Water meters ALTAIR DN32 – proven lower environmental impact from V3 to V4.



ALTAIR V4 15/110 Cold water comparison between composite and brass

Dismantling eases recycling

We at Diehl Metering feel responsible for our products until their end of life. With products evaluated so far, we can recycle 56% of our product. Hence, we have initiated a solution to completely separate the materials in our water meters at the end of their lifecycle. This facilitates efficient reprocessing. Metal materials such as brass can be recycled, plastic parts can be granted a second life or reused in other ways.

Other non-recoverable waste is treated adequately. The pilot phase of this project is ongoing.



LOCAL FOR LOCAL

EXTENDING COMPETENCES – DEVELOPING LOCAL NETWORKS.

Many of our products are complex. They consist of many different components requiring specific expertise, available in diverse locations around the globe. How can we reduce the transportation footprint of our products, safeguard the quality our customers rely on, and ensure fast and flexible response times? That’s what our Priority Program “Local for local” is about.

“Local for local” is part of our global footprint strategy answering the market demand. The program aims to purchase components, manufacture products, and sell them to our customers as closely by as possible. It strengthens local communities while minimizing the carbon footprint of our supply chain. Our target is to retain a high percentage of local supply, production, and sales for our three largest market areas: NAFTA (North American Free Trade Agreement), China, and Europe.

One shipment to get ready

In the NAFTA market, we have developed a concept that reduces complexity in our production process – making it possible to split pre-production and final assembly. A first project of this kind has already been kicked off in America to produce HYDRUS 2 meters. The successful implementation of our corporate processes was proved by certification according ISO 9001 & ISO 14001 requirements by Quality Austria. Accordingly, we will develop subcontractors and a partnership ecosystem, targeting at increasing the local purchase of standard components. The idea is to be closer and faster to our customer without compromising quality.

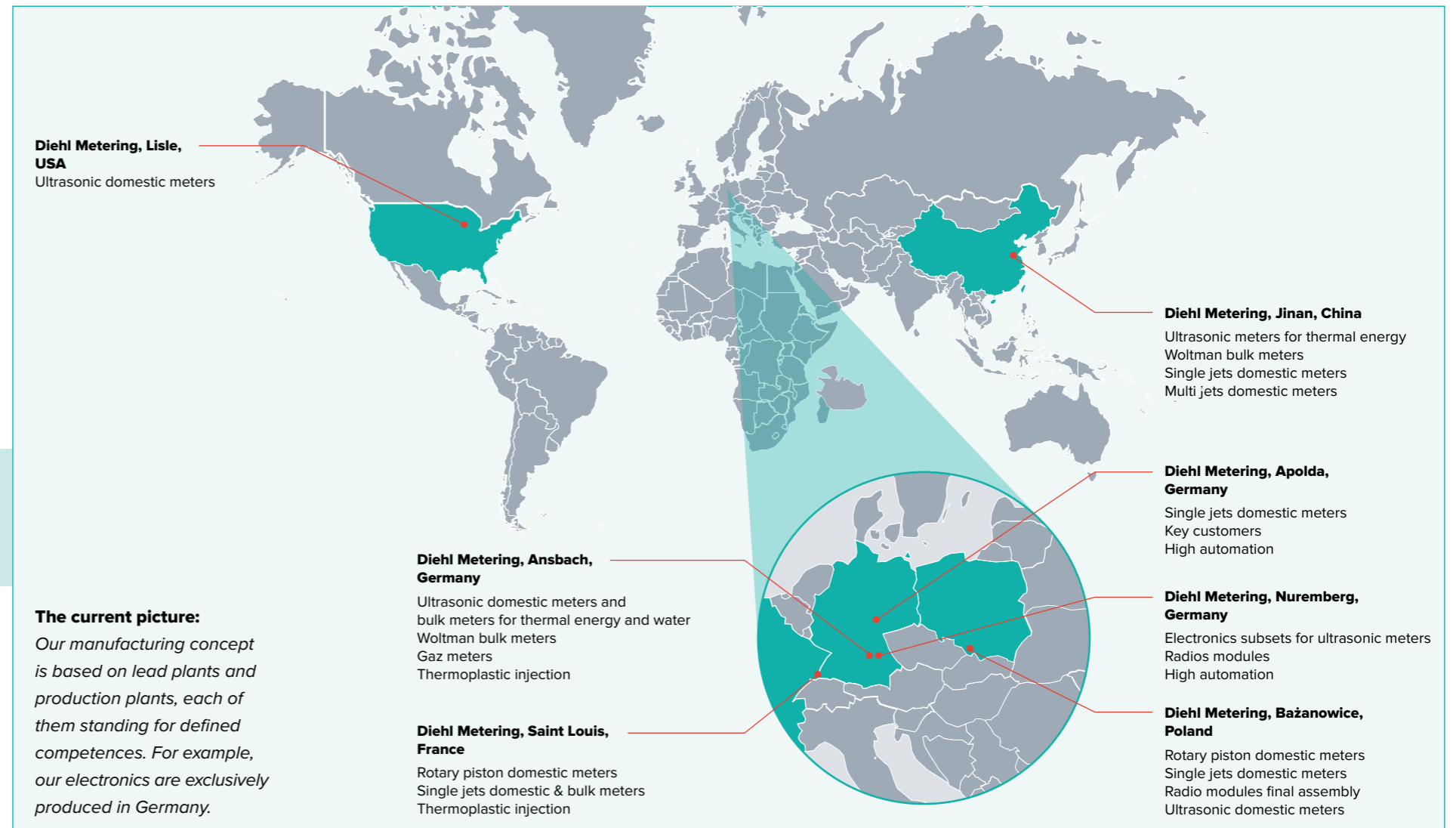
And, more than just a side effect, to decrease carbon emissions by reducing the numbers of trucks on the road and containers on the sea.

Strengthening local competence

With our license model, we build up local partners for local markets. We provide the technology, the parts, and our know-how in production and assembly to partners in Morocco, Tunisia, Brazil, and Saudi Arabia. Such licenses can become the core of local partner network for production and procurement – thus fostering employment and know-how especially in emerging countries.

Social and environmental sustainability

is part of our compass. It has the same importance for our decisions as customer orientation.





EMPOWERMENT OF OUR TEAMS

GROWING INDIVIDUALLY – GROWING AS A COMPANY.

Diehl Metering’s long-term strategy targets sustainable growth. The better our employees know where to go and why to go there – in other words, the direction and the purpose – the better they will turn our approach into practice. That’s what this Priority Program is about.

“Empowering of our teams” strengthens our culture as well as our employees’ individual development, coordinated across all sites. The Priority Programs incorporates essential aspects from our Guiding Principles. They were created to harmonize our culture after successive reorganizations, aiming to federate and unify the employees of the same group based on a common “language”. Training sessions about these Guiding Principles are deployed group-wide. In 2020, 78 employees participated in these workshops, and in 2021, the number reached 141.

All business is people business

Customer orientation, as we understand it, is based on long-term partnerships. How can we anchor this will in reality? It takes reliability, staying power, and the continuous development of people’s skills. We enable managers to entrust employees with clear responsibilities and equip them with the appropriate know-how and tools. Good and transparent communication is at the core of successfully delegating tasks. Managers also consult with their teams before making decisions, provide honest feedback, and recognize good work to encourage individuals in what they do and how they do it.

Can everyone be a leader?

At Diehl Metering, fostering and promoting leadership talent is not limited to managers but deployed on a large scale. In our training sessions, employees learn to fulfil their goals by acting as an entrepreneur within their area of responsibility. We’re convinced that a wide range of employees can develop management skills, and everyone can manage their tasks on their own responsibility. That’s why we put trust at the center of our Guiding Principles.

Improving step-by-step

In addition, employees can regularly discuss with their managers what progress they’ve made and how they’ve grown with their tasks. With small initiatives, they can improve step-by-step, and corrective action can be taken whenever necessary. From one such task to the next, responsibility and the resulting consequences become bigger and have a larger impact.

Lifelong learning, throughout all different situations, helps us to adapt to changing situations and requirements and to evolve in line with our business. We strongly believe in living our culture – as a valuable asset for Diehl Metering.

Our continuous improvement relies on our employees. Helping them to grow means growing as a company.



Customer orientation
Serve the customer in a long term and create added value



Employees focus
Promote skills and common culture

Shareholders alignment
Create sustainable growth



INNOVATION TO SUPPORT CUSTOMER SUSTAINABILITY

IMPROVING NETWORKS – INCREASING CUSTOMER VALUE.

We work to launch innovations that help our customers and consumers to achieve their sustainability goals.

Sustainability has become a key issue for businesses and organizations. To that end, we continually develop innovations that will help our customers and end customers in their sustainability efforts. Selling more than seven million meters per year is and remains a strong pillar of our activities. At the same time, we leverage this know-how to establish new digital services and solutions to our customers' benefit.

Driven by ...



Resource Scarcity
Non-Revenue Water & Heat

We leverage new technologies...



Digital Transformation
Internet of Things



Big Data
Data Analytics

Five-star quality:

Once again, our "SHARKY" meter was top ranked for both measurement stability and metrology accuracy.



Also, German AGFW (energy efficiency association for heat, cold, and combined heat-power plants*) rewarded our products.

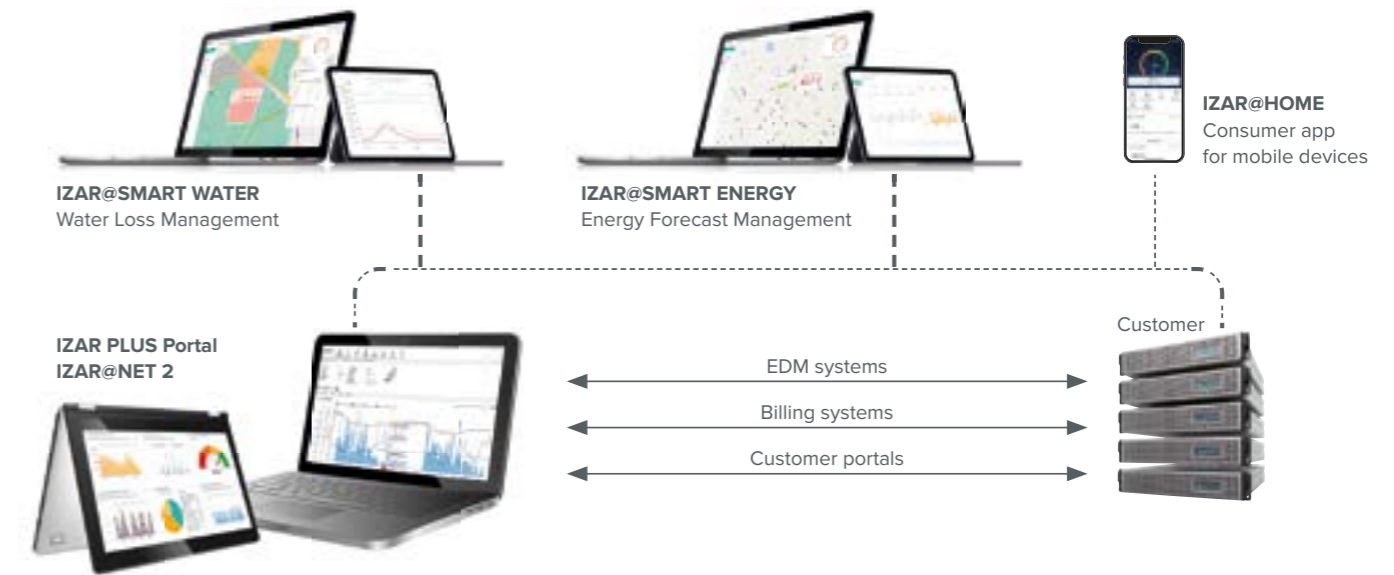
Another example of continuous innovation for water meter is new, patented filter that ensures life-long metrological accuracy even with a lot of sand in the water network.

Smart solutions for saving water and energy

Metrology-compliant products and in-depth metrological know-how are our basis for providing the right solutions and services. Metrology also helps ensure fair billing for consumers and detection of even small leakages. With the multi-site certification of our module D that's part of our MID certification (Measuring Instruments Directive), customers and consumers can rely on the same quality level all over the world.

Less losses, more efficiency

Non-revenue water (NRW) is an ecological and economic issue; identifying and preventing leaks poses a constant challenge. Our smart metering solution enables an Advanced Metering Infrastructure (AMI) and alerts of deviations and leakages based on our new application WLM (Water Loss Management). Often, water and financial losses can be significantly reduced while increasing network efficiency.



To advance ...



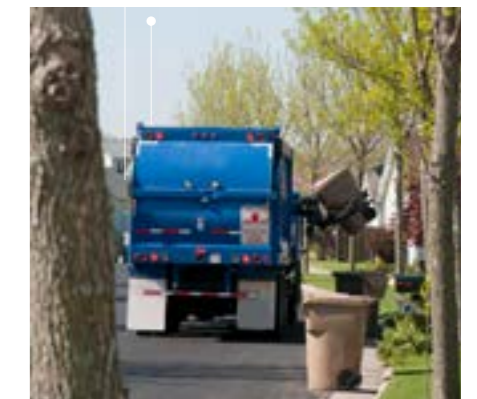
Smart Cities
Smart Networks

Higher transparency, lower costs

When return temperatures in heating networks are too high, the heat isn't used efficiently. Our solution contains heat meters for continuous forward and return temperature measurement as well as our IZAR software to monitor the system parameters. Utilities can save energy costs and heat losses, while consumers appreciate the advice of how to change their heating habits. Our specifically developed Energy Forecast Management (EFM) application supports this goal.

Smooth processes, satisfied customers

The IZAR@Home app involves consumers and opens the black box of reading and billing. Besides transmitting metering data via a smart infrastructure, it delivers data that can help solve customer issues. Consumers learn to improve their consumption habits. Also, detected leaks and running taps for example and can be fixed quickly.



Good for communities: Our passive drive-by solution can easily be integrated with 3rd-party vehicles such as garbage trucks. With this automated meter reading, communities don't have to expand their vehicle fleets for only data collecting purpose.

Getting more from the network:

The Belfort City Water Department (France) was able to reduce NRW from **35% to 15%** from **2015 to 2019** alone. The improvement was based on a pilot project with Diehl Metering. It started with an in-depth analysis of the NRW situation and enabled a big step towards the future implementation of a regular and automated operational reporting.



Efficient reading, automated billing

We offer a range of options to make consumption data transparent and reduce reading and billing errors. Solutions include readout via drive-by and walk-by, passive drive-by, and fixed networks to obtain reliable data. Thanks to an optimized digital workflow, efficiency can be largely increased while utilities and consumers gain valuable analytic insights. Diehl Metering, additionally to the different reading modes, offers a wide range of IoT communication technologies – giving customers easier access to Fixed Networks.



MANAGEMENT OF RESOURCES

USING ENERGY AND WATER SMARTER – PREVENTING WASTE.

If eight billion people share limited resources, everyone has to care for three “r”: reducing, reusing, recycling. The Priority Program “Management of Resources” is about optimizing the usage of resources and minimizing waste. This refers to all our plants and locations, as well as to logistics.

Production and buildings: Improvement never stops

Each plant has to take care for lowering electricity, water, gas, and fuel consumption over time. Our reports show that the electricity usage has been reduced by 5,2% from 2020 to 2021 – per manufacturing device. To facilitate this Priority Program globally, we have begun to implement machines that are more energy-efficient and have taken steps to replace current lighting with LED lamps. We also seek to decrease the consumption of materials, such as plastic film and card boxes.

Logistics: Less ways, less emissions

On the logistic side, our target is to reduce the carbon footprint by optimizing our deliveries. The “Direct delivery project” is about implementing deliveries from our production sites toward key customers – or from our suppliers to our production plant – with no intermediates.

We aim to contribute to reducing the impact of climate change.

Selected measures, investments, and objectives:

Global

- Monitor greenhouse gases (GHG) in St. Louis (France); *planned to be expanded to all our locations*
- Direct delivery without intermediates on the logistic side

Germany

- One of four ventilation centers for production site in Nuremberg replaced
- Saving approx. 10% of electricity = 40,000 kWh
- *Exchange heating boiler of the energy center*
- *Implement a combined heat and power plant (CHP)*

France

- Switch workshop lights in production area to LED – reducing consumption by 15%
- Sort plastic waste due to rework operation; *use re-granulate ABS and GV*
- Participation in European waste reduction week to increase employees’ awareness
- Internal review performed annually after our commitment to the Operation Clean Sweep (since 2017) to reduce the accidental loss of pellets from the processing facility into the environment

Poland

- Replace non-efficient lighting with LED
- Identify intensity level of electromagnetic radiation
- Establish heat energy recovery compressed air compressor and water cooler
- Modernize the hazardous waste storage site and analyze waste classification
- Purchase pressing device to optimize the storage of cardboard waste

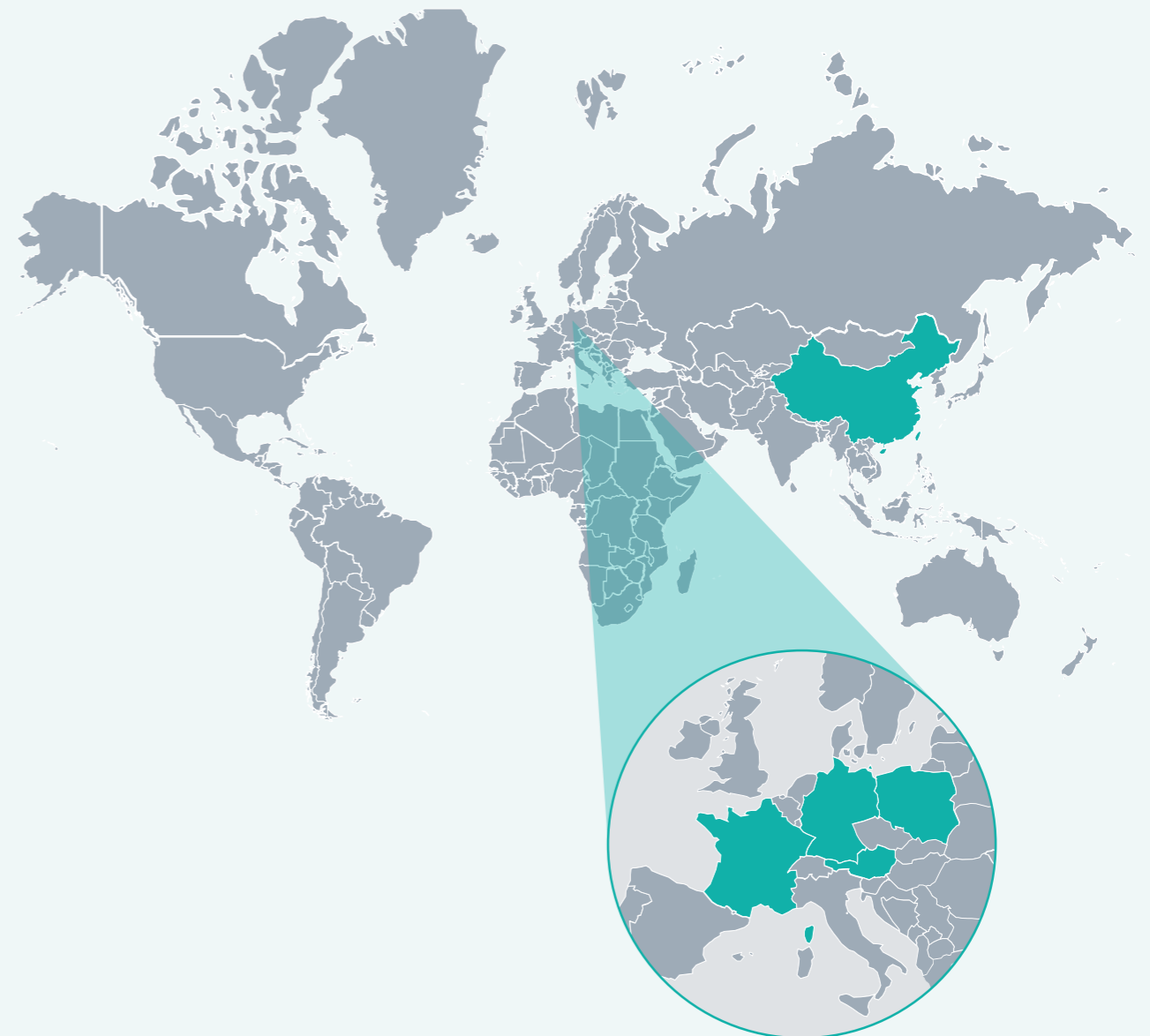
China

- Invest in new carbon absorption unit for potting process, decreasing the emission pollution of VOCs to 2.0 mg/m³
- Optimize production planning to reduce water change for big meter test bench
- Adapt the use of the lighting and air conditioning to environmental conditions

Austria

- Reduction of the proportion of plastic used for shipping packaging started

black = implemented;
blue = planned / in the works



"YOU CAN ONLY IMPROVE WHAT YOU CAN MEASURE."

Peter Drucker, Management consultant

At Diehl Metering, we commit to evaluating:

- The GHG scope 1 to 3 in all our plants worldwide (by 2022). Our next step will be to define short, mid term and long term reduction targets
- The amount of waste throughout Diehl Metering. In 2021, it was 1,304 tons, representing 0.004kg/euro including hazardous and non-hazardous waste. We can recycle 68% of it.



SUSTAINABLE & ETHICAL GROWTH

FOR A VIABLE FUTURE.

We commit to an economic development that fulfills the needs of all our stakeholders while sustaining natural resources and the environment for future generations. This includes driving progress, creating employment, and improving living conditions, as defined by the UN SDG 8: Decent work and economic growth.

Sustainability and ethics are our roots

As a family-owned company, thinking and caring for generations of employees, customers, and suppliers is in our DNA. Without that, our history wouldn't have been as successful as it has – from a small family-run foundry that started business in Wroclaw in 1862 to a world-wide operating enterprise today, reaching from Mexico to China. As a proof of this success, in 2021 the turnover reached 325 million euros. Sustainability is particularly relevant to the Diehl Family, which is strongly connected to their communities and oriented toward preserving wealth and ensuring success for future generations.

Responsibility for all stakeholders

Our shareholder the Diehl Family ensures the company's stability, long-term orientation, and the financial freedom to invest in the future. What we pay back is financial performance. At the same time, our sustainable growth includes customers and suppliers that we consider our partners. Relationships with them are always built on loyalty and collaboration. Examples range from co-development and the implementation of eco-design to building products

with long-term interoperability, high competitiveness, and high quality. Diehl Metering is one of the founding member of the mioty® alliance; and thus contributed to create this new technology which is leading out IoT expansion for more sustainability.

Growth leaning on employees, innovation and local activities

At the end of the day, a company is made of people. We strive to develop and maintain a strong company culture based on customer orientation, collaboration, and trust – enabling people to assume responsibility and take decisions at the right level.

[> Read more in our Priority Program "Empowerment of our teams"](#)

Sustainable growth needs innovation. Every year, we invest significant amount of our total revenue in our R&D. This is clearly targeted at driving growth with new solutions and services for utilities, the industry, and consumers.

[> Read more in our Priority Program "Innovation to support customer sustainability"](#)



Company founders
Heinrich and Margarete Diehl

To build strong long-term relationships, we are constantly developing our global presence. Furthermore, the launch of our new production site in Lisle (Illinois/USA) along with the development of Chinese markets take us closer to the market needs for fair business.

[> Read more in our Priority Program "Local for Local"](#)

"SUSTAINABLE AND ETHICAL GROWTH IS CRUCIAL TO A SUCCESSFUL FUTURE."

Christof Bosbach, CEO Diehl Metering



