Creating a sustainable and low–carbon environment for all

SMS Sustainability Report 2021

Inspired by our core value of Sustainability, SMS is committed to improving our impact through Environmental, Social and Governance (ESG) efforts. ESG is integral to realising our wider purpose; to serve our customers and protect our environment.

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Our vision

To be at the heart of the low–carbon, smart energy revolution that is pivotal to realising a greener, more sustainable world.

METIS
Data Platform

Grid-scale battery storage (GSBS)

Smart meters

Solar, storage and heat

EV infrastructure

National energy networks

Our purpose

Serving our customers, protecting the environment.

Delivering the future of smart energy

❝

SMS is operating at the centre of the UK's changing energy system, creating smarter energy solutions to deliver the net zero agenda."

Tim Mortlock
Chief Executive Officer*

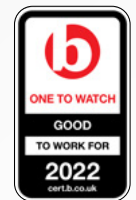*Tim was appointed as Chief Executive Officer on 1 March 2022

2021 has been an exciting year for UK sustainability commitments, policy and events, packed with government activity including the Net Zero Strategy, Environmental Bill and hosting COP26.

With this backdrop, SMS has continued to accelerate our role as a low carbon energy solutions provider, further evidenced by the construction of our first grid–scale battery site and growth in smart meter installations.

At the heart of the low–carbon, smart energy revolution

With over 26 years' experience in the energy industry and a well–established IT, data and engineering platform, SMS is strongly positioned to take advantage of and contribute positively towards a sustainable future. We do this by providing a range of energy and carbon reduction solutions to organisations in the UK's most emission–intensive sectors, including transport, energy supply, business, industrial processes, and residential. Our strategy is guided by our purpose: to serve our customers and protect the environment.

THE CLIMATE PLEDGE

GREEN MARK

ONE TO WATCH
GOOD
TO WORK FOR
2022
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Our ESG objectives

Our contribution to the United Nations Sustainable Development Goals

SMS strategy	SDGs	UN Global Compact Principles	SMS objective	2025 Long Term Goal	Performance Indicator	2021 Performance
Putting people first: To create a sustainable and safe environment for all, nurturing a thriving workplace and business that supports wider society. We ensure diverse, inclusive environments and promote wellbeing, whilst empowering communities to take control of their carbon footprint and tackle local and global issues.	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining **Principle 6:** The elimination of discrimination in respect of employment and occupation	Work with our employees to drive down our injury rate.	Year on year reduction in injuries.	Lost Time Injury Rate (LTIR)	0.17
					Total Recordable Injury Rate (TRIR).	0.69
			Reduce gender pay gap.	Continue to provide visibility of our equality, diversity and inclusion practices. Ensure everyone within SMS is provided with equal opportunity and protected from discrimination.	1 Annual Gender Pay Gap Report per Year (with accompanying narrative).	– Gender Pay Gap report released. – Internal equality, diversity and inclusion (EDI) form released. – Updated EDI eLearning module released to all employees.
			Continually review and improve provision of comprehensive, competitive and equitable reward and benefits, and ensure all employees are paid at least the Real Living Wage.	Become 'Investors In People' Accredited.	Investors in People Assessment.	Accredited Real Living Wage Employer. Established one pay & reward framework ensuring equity and consistency.
Sustainable futures: Inspired by our core value of 'Sustainability', we are leading the UK's transition to a low–carbon future; supported by committing to a net–zero target of 2030. We assist our clients and wider consumers with their carbon reduction journeys through funding and delivery of sustainably–focused services.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	**Principle 7:** Businesses should support a precautionary approach to environmental challenges **Principle 8:** Undertake initiatives to promote greater environmental responsibility **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies	Reduce environmental impacts across our operations.	50% decrease in fleet emissions (compared to 2019) by 2025.	Kg CO_2e/ vehicle.	New Target.
				Decrease to emissions per m2 of our building estate by 40% by 2025 compared to 2019 baseline.	Kg CO_2e/ m^2.	New Target.

Our ESG objectives

Our contribution to the United Nations Sustainable Development Goals continued

SMS strategy	SDGs	UN Global Compact Principles	SMS objective	2025 Long Term Goal	Performance Indicator	2021 Performance
Operating responsibly and ethically: To uphold our moral and legal obligations through responsible and ethical practices, ensuring the integrity and transparency of all our activities; from our supply chain to our people, our operations to our customers and wider society.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Principle 2:** Make sure that they are not complicit in human rights abuses	Maintain our ISO certified management systems.	Retain all 5 certifications.	ISO certifications retained.	100%
		Principle 4: The elimination of all forms of forced and compulsory labour **Principle 5:** The effective abolition of child labour **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery	Engage Tier 1 vendors to identify their ISO14001 status, and work with key suppliers to obtain improvements within their ISO14001 accreditation or their environmental policy.	80% of Tier 1 vendors to hold ISO14001 or a robust Environmental policy 2025.	Tier 1 vendors with ISO14001 or Environmental Policy in place.	78%
			Maintain zero cyber security breaches.	Data Exfiltration of Personal Identifiable Information (PII).	0 Cyber Security Breaches Data Exfiltration.	Nil

Further details under each of our targets can be found within our Environment, Social and Governance sections below.

ESG responsibilities are an integral element of our business model and critical to our commitment to managing risk in all areas of the Company."

Secure sustainability

UK/EU Taxonomy

The EU taxonomy enables classification of business activities as 'environmentally sustainable' to provide transparency to both investors and businesses and to prevent greenwashing. The Taxonomy supports sustainable investors and investments, enabling clear quantitative demonstrations of business activities and revenues against specific criteria.

The EU Taxonomy has gained momentum and is expected to closely align with the proposed UK Taxonomy anticipated at the end of 2022. SMS has endeavoured to assess the extent of alignment with the EU Taxonomy through review of technical criteria against services delivered, in order to support our investors and prepare for the UK Taxonomy.
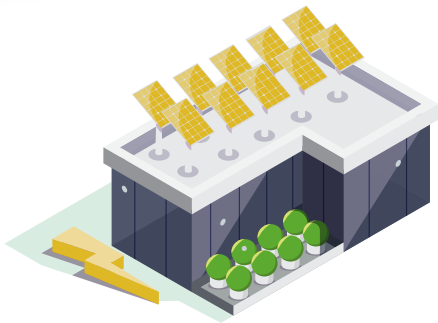
The Taxonomy incorporates 3 key aspects:

1 Make a substantial contribution to any 1 or more of the Taxonomy's 6 environmental objectives

2 Provide taxonomy–applicable services classified under specific 'NACE codes'

3 Do no harm under all environmental objectives

1. Make a substantial contribution to any of the Taxonomy's environmental objectives

SMS's services are centred on delivering low carbon smart energy solutions, this focus on sustainable energy enables SMS to fully align with the EU Taxonomy environmental objectives. The key objective delivered by SMS's services is 'Climate Change Mitigation', through both significant activity within:

- generating, transmitting, storing, distributing or using renewable energy, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid; and
- improving energy efficiency.

2. Taxonomy–applicable services classified under specific NACE codes

The term NACE is derived from the French 'Nomenclature statistique des Activités économiques dans la Communauté Européenne' NACE codes are the statistical classification of economic activities in the European Union (EU).

Below lists our key services and applicable NACE codes:

NACE	EU Taxonomy Activity conducted by SMS Plc	SMS Service Category
D35.X – Electricity Storage	Construction and operation of facilities that store electricity and return it at a later time, in the form of electricity	Energy Management – Smart energy services Ongoing delivery of energy management and carbon reduction solutions, including the operation of CaRe assets, enabling long–term sustainability and lower carbon emissions
D35.1.3 – Distribution of electricity	Construction and operation of distribution systems that transport electricity on high–voltage, medium–voltage and low–voltage distribution systems	Asset Installation – Smart utility services Design, installation and management of utility connections and energy infrastructure
F43 – Specialised construction activities	Installation of smart meters for gas and electricity	Asset Installation – Smart utility services Design, installation and management of utility connections and energy infrastructure
	Installation of thermal or electric energy storage units (and the ancillary technical equipment)	Energy Management – Smart energy services Ongoing delivery of energy management and carbon reduction solutions, including the operation of CaRe assets, enabling long–term sustainability and lower carbon emissions
	Installation of efficient LED lighting appliances and systems	
	Installation of Building Management Systems (BMS) and Energy Management Systems (EMS),	
	Installation of solar photovoltaic systems (and the ancillary technical equipment)	
	Technical consultations (energy consultants, energy simulation, project management, production of EPC dedicated training, etc.) linked to the individual measures mentioned above	
	Accredited energy audits and building performance assessments	
F42.2.2 – Construction of utility projects for electricity and telecommunications	Infrastructure that is required for zero direct emissions transport (e.g. electric charging points, electricity grid connection upgrades)	Asset Installation – Smart utility services Design, installation and management of utility connections and energy infrastructure
M71.1.2 – Engineering activities and related technical consultancy	Engineering activities and related technical consultancy dedicated to adaptation to climate change for activities and/or assets that are Taxonomy aligned, including engineering design and projects involving civil engineering	Asset Installation – Smart utility services Design, installation and management of utility connections and energy infrastructure

Taxonomy summary

Our initial assessment shows strong correlation between all our services and the Taxonomy requirements. We will be continuing to align and disclose our alignment with the taxonomy, assessing the technical screening criteria and revenue from applicable activities, with the objective of demonstrating our aligned revenue by the UK Taxonomy anticipated release at the end of 2022.

3. Do no harm under all environmental objectives

Under the proposed Taxonomy regulation, economic activities making a substantial contribution to climate change mitigation or adaptation must be assessed to ensure they do not cause significant harm to all remaining environmental objectives. An activity contributing to climate change mitigation must avoid significant harm to climate change adaptation and the other four environmental objectives:

1. Sustainable use and protection of water and marine resources

2. Transition to a circular economy, waste prevention and recycling

3. Pollution prevention and control

4. Protection of healthy ecosystems

SMS has reviewed the criteria and has relevant, stringent environmental policy and processes in place which ensure all activities are undertaken in line with our legal and voluntary commitments.

Our net zero ambition

Our 'net–zero by 2030' target will see us drastically reduce our organisational carbon emissions to achieve a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

Our target encompasses the Scope 1 and 2 emissions of: our tracked fleet (representing 90% of our target emissions) and the operation of our buildings through heating, cooling and electricity use (representing the remaining 10% of our target emissions). We are reviewing our approach to battery related emissions in relation to our 2030 net zero target. However, we can confirm the current impact is minimal.

2021 progress

In 2020 we set an ambitious, change–based net–zero target, focused on transitioning our fleet to hybrid and electric vehicles (EVs), and implementing sustainability upgrades at our core sites in line with our Net Zero roadmap.

During 2021, we successfully achieved our target milestones for the year, with all company cars replaced with hybrid or EV models. In preparation for our next step, 11 EV vans were received at the end of the year as trial vehicles to test the viability, distance capabilities and general suitability to our business purposes.

We also commenced sustainability upgrades on our first office, based in Cardiff, with extensive surveying activity across a range of energy efficiency and renewable solutions, including window replacement, air source heat pump, solar Photo Voltaic (PV), and battery provision. Having evaluated our opportunities, we have chosen to commit to the full package of solutions to

aggressively reduce emissions, delivering more than 60% reduction in emissions and transitioning away from gas use. We have subsequently commenced works with our PV and battery installer, with site work expected to commence in the first half of 2022.

Our Carbon Trajectory

29%

reduction in total direct business emissions (scope 1 & 2)*

*compared to 2019

Our net zero journey

2021 — All internal combustion engine (ICE) company cars at the end of their lifecycle replaced with plug–in hybrid electric vehicles (PHEV) or pure electric vehicles (EV) where possible.

2021 — Commence rollout of renewable energy installation and efficiency upgrades at key buildings.

2025 — All domestic fleet will have transitioned to PHEV and EV or adhere to maximum of 60g CO_2/km per vehicle.

2030 — All domestic and commercial fleet to have transitioned to EV and will emit 0g CO_2/km.

2030 — All remaining core sites to have renewable generation, fabric, and energy efficiency upgrades completed.

2030 — SMS to focus on reducing Scope 3 carbon emissions across the value chain.

2022 outlook and priorities

2022 will see us enter our first cycle of fleet van replacements and through 2022 to 2024 we will be replacing a significant proportion of our vans with hybrid and full EV vehicles.

Whilst upgrades on our first chosen office progress, we will also commence analysis of our second site for prioritised sustainability upgrade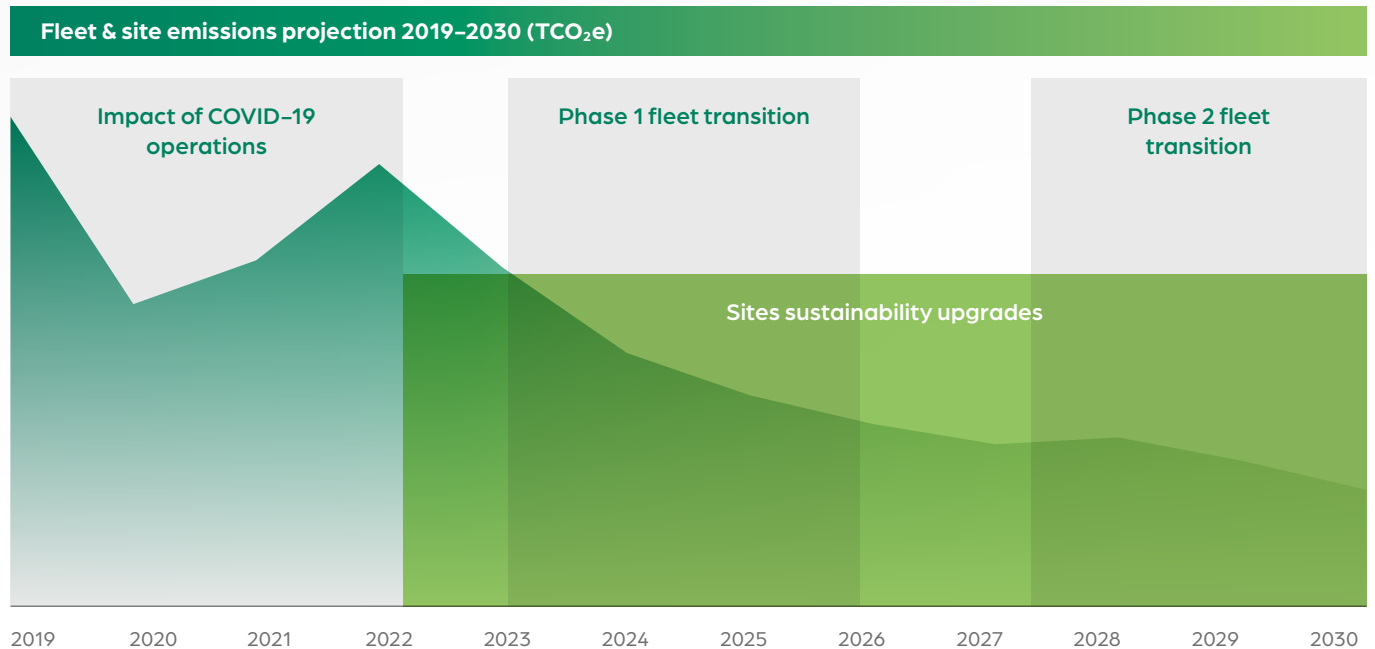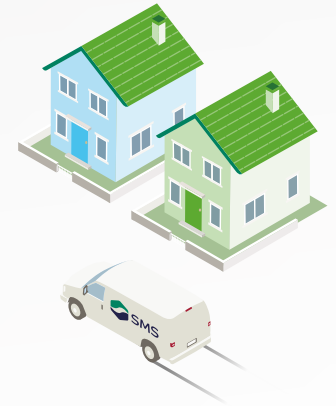s. This activity will include detailed 3D modelling of the building in a building performance simulation software to assess the current performance of the building as well as to identify and evaluate improvements such as the building fabric insulation and window replacement. This initial step focuses on bringing down the energy demand of the building, prior to next steps of evaluating control systems, and renewable energy generation. We will also be looking to commence our Science Based Target initiative (SBTi) journey, with a gap analysis.

We have quantified the planned steps within our net–zero roadmap, showing the estimated carbon impact of the transition of our fleet and buildings between now and our target achievement date of 2030. This shows the carbon reduction we will achieve through physical intervention on our sites, from our fleet purchasing decisions, and in line with currently available technology. It is notable that we do not currently include any offsetting within our carbon projection or Net Zero target.

It is likely that, as commercially available low and no–carbon solutions evolve and improve over the coming years, we will be able to further reduce our projected carbon emissions.

Fleet & site emissions projection 2019–2030 (TCO$_2$e)

Impact of COVID–19 operations

Phase 1 fleet transition

Phase 2 fleet transition

Sites sustainability upgrades

2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

We have used BEIS carbon conversion factors, vehicle manufacturer data, and projected long term energy intensity of grid electricity using BEIS 'Updated Energy & Emissions Projections' to calculate the effect of our Net Zero Roadmap.

Improving our processes

We are continually improving our disclosure and datasets to better share our performance and evolve internal ESG processes in accordance with industry best practice. We have sought verification through appropriate rating agencies, shared our Climate–related risk processes and aligned our reporting with global philanthropy organisations and frameworks. As our ESG strategy continues to mature we will look to develop our disclosure and increase our ratings, to ensure accurate representation of our organisation's activities and achievements in these areas.

CDP: Rating B

Carbon Disclosure Project (CDP) is an international non–profit organisation which runs the world's leading environmental disclosure system. Each year CDP supports thousands of companies, cities, states, and regions to measure and manage their risks and opportunities relating to climate change, which provides vital information for their investors, customers, and other stakeholders.

Ratings agencies

We have engaged a range of independent ESG rating agencies to enable a better understanding of our performance in relation to our global peers.

Rating

MSCI– An MSCI ESG Rating is designed to measure a company's resilience to long–term, industry material environmental, social and governance (ESG) risks. MSCI use a rules–based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.

A

Sustainalytics – Sustainalytics, a Morningstar Company, provides high–quality, analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies. Focused on delivering innovative solutions that have enabled the world's leading institutional investors to identify, understand, and manage ESG–driven risks and opportunities.

26.6

S&P Global – Deliver data, research, credit ratings, benchmarks and ESG solutions, serving governments, companies and individuals to enable informed decisions. Services include ESG ratings, Dow Jones Sustainability Index (DJSI), and Corporate Sustainability Assessment (CSA).

Pending

Global Reporting Initiative (GRI) standards

GRI

Starting point for using the GRI standards

Foundation

GRI 101

To report contextual information about an organisation

General Disclosures

GRI 102

To report the management approach for each material topic

Management Approach

GRI 103

Universal standards

Select from these to report specific disclosures for each material topic

Economic

GRI 200

Environmental

GRI 300

Social

GRI 400

Topic–specific standards

Alongside our management systems, we have incorporated specific internationally recognised frameworks and initiatives to enhance and broaden our reporting. These include:

UN Global Compact

We have been a signatory to the Global Compact since 2020, and we reaffirm our support of the United Nations Global Compact which encompass following ten principles as detailed in our objectives alignment table on page 5.

In 2021 we submitted our annual 'communication of progress' – utilising our Sustainability Report – as a signatory of the United Nations (UN) Global Compact, which represents our commitment to upholding and disclosing ethical principles across human rights, labour, environment and anti–corruption; Our core values align with delivering upon the UN principles, and in 2021 we have continued to deliver progress across all aspects.

Sustainability Accounting Standards Board (SASB)

The SASB Standards Application Guidance applies to all SASB Sustainability Accounting Standards ('SASB standards' or 'industry standards'). This guidance is incorporated by reference in each industry standard and is considered part of the standard itself. SASB industry standards contain disclosure topics, associated accounting metrics and technical protocols, and activity metrics for each industry. Unless otherwise specified in the technical protocols, the guidance contained herein applies to the definitions, scope, implementation, compilation, and presentation of the accounting metrics. All relevant SASB metrics are listed in the Data Centre and fulfilled across the Sustainability Report.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals are a set of globally recognised goals to move towards a fair and sustainable future for all. Further information on our alignment and ambitions in line with the Sustainable Development Goals can be found within 'Our ESG objectives' table.

Taskforce for Climate–related Financial Disclosure (TCFD)

The Task Force on Climate–related Financial Disclosures (TCFD) is an international body which develops voluntary, consistent, Climate–related financial risk disclosure frameworks for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The TCFD considers the physical, liability and transition risks associated with climate change, together with what constitutes effective financial disclosure across industries. The overarching aim is to promote global financial resilience in the face of climate change. Our responses to climate risk can be found on pages 41 and 55.

Global Reporting Initiative (GRI)

The Global Reporting Initiative reporting standards (GRI standards) are designed to be used by organisations to report about their impacts on the economy, the environment, and society. GRI 103 considers management approach and is relevant across all Group activity. Whilst there may not be specific reference to this standard, the required information is disclosed throughout the main body of the report. Specific disclosure of each material topic for all other GRI standards can be found in relevant sections of Data Centre.

Environment

Sustainable futures

Inspired by our core value of 'Sustainability', SMS aims to lead the UK's transition to a low–carbon future. We have committed to achieving a target of net–zero carbon emissions across the business by 2030, and we are also assisting our clients with their carbon reduction journeys through funding and delivery of sustainability–focused services.

Sustainable futures

" We are committed to deliver upon our responsibilities and enact best practice across our operations, employees and wider stakeholders."

Charlotte Gregory
Head of Sustainability

During the year we have realised a range of achievements through our Health, Safety and Sustainability Committee (HSS), including communication with ratings agencies, carbon reduction activity and climate–related risk analysis. Furthermore, our ESG Working Group spans directors and senior leadership across all supporting functions, and ensures our objectives and activities are relevant and achievable. Our 2030 net–zero target was developed by the HSS Committee and ESG Working Group, with final approval from the Board.

A snapshot of 2021

- Maintained MSCI 'A' rating;
- Improved Sustainalytics score from 27.8 to 26.6;
- Maintained a 'B' rating from our Carbon Disclosure Project (CDP) submission;
- Continued our supporter status for Task Force on Climate–Related Financial Discloses (TCFD)– more details on our TCFD journey below;
- Became a signatory of globally recognised The Climate Pledge and the UN Race to Zero, demonstrating our ambition and achievements;
- Submitted our UN Global Compact annual 'communication of progress', demonstrating alignment with the UN principles; and
- Maintained our Green Economy Mark.

Our Environmental Sustainability Strategy

Net Zero 2030	**Climate change & resilience**	**Biodiversity**
Reducing our carbon emissions	Understanding and mitigating the effects of Climate Change	Improving biodiversity across our sites and battery operations

Engagement	**Management Systems**	**Reporting**
Building understanding of sustainability across employees and stakeholders	Ensuring compliance and continuous improvement	Championing transparency in our performance and actions

100%
renewable electricity on owned sites
38% renewable electricity on leased sites

17%
increase in mitigated emissions*

*compared to 2020

The material environmental topics for SMS are our fleet movements and the emissions created from our buildings, as these are the significant environmental impacts for our organisation. Our fleet movements account for the majority of our Net Zero target emissions (90%), with our building estate accounting for the remaining target emissions (10%).

We have used the Sustainability Accounting Standards Board (SASB) materiality matrix, with additional topics which reflect our business services and activities.

The specific environmental impacts from our material activities occur from our commercial fleet, which includes owned installation vehicles that serve customers across the UK. These vehicles have Internal Combustion Engines (ICE), which generate emissions through the combustion of diesel. The environmental impacts from our buildings occur through energy consumption and fugitive gas from our air conditioning across our leasehold and freehold offices, warehouses, and training centres.

We are continually improving our data breadth and quality. The current limitations to our emissions calculations include the exclusion of non-tracked fleet, which span a small number of emergency 4x4 vehicles and company cars. Our building emissions calculations exclude newly acquired sites, where consistent data is not yet available. Where data is missing, calculations are made based on standard factors including occupation, previous performance, and floor area as appropriate.

SMS has a dedicated fleet management team which manages all aspects of the operational and strategic running of our fleet. Our fleet management is supported through our integrated management systems which include health, safety, environmental and quality ISO systems, and our ISO 50001 energy management system. SMS is an accredited Freight Transport Association (FTA) Van Excellence Operator, demonstrating high operational standards required for a commercial fleet. Our buildings are also managed under the ISO management systems, with actions supported through a network of facilities coordinators.

Living our values and reducing our footprint

2021 has continued to demonstrate change as the new normal, with climate change events across the globe, climate change mitigation has never been more important.

COVID-19 has continued to have an impact on our operation of offices and warehouses, as we endeavour to keep our employees safe we have continued a hybrid homeworking approach. This has impacted on our building related operating emissions, which continues to be lower than 2019 operations, but increases on the significantly reduced emissions seen during lockdowns in 2020.

We have seen a return to more conventional working within our fleet activities, which currently represent the majority of our emissions as an organisations. Our fleet movements which are mainly attributed to the installation of smart meters, have increased significantly compared to 2020, and continue on this trajectory.

In 2021 we saw the first of our grid-scale battery storage sites enter commissioning stage (see page 21 for details), which represents a critical development of the national grid to increase the integration of renewables sources. The long-term outcome will see grid batteries enabling a low carbon energy system, during this transition we acknowledge that our battery sites utilise current grid-mix of energy to operate, and so we account for this within our emissions reporting table (see page 17).

Emissions performance

Our footprint is the carbon produced by our operational activities and we utilise the internationally recognised GHG protocol to ensure encompassing and standardised data calculations. Our reporting covers all emissions from our business activities, covering all sites and operations.

Our scope 1 looks at the energy consumed by our fleet vehicles, and gas and oil consumed across our offices, warehouses and training centre, as well as fugitive emissions from air conditioning. Our scope 2 looks at our electricity consumption.

This year we have commenced reporting on our grid battery operations, constructed and tested in Quarter 4 of 2021, this can be seen within our scope 2 emissions. Further details on our grid batteries can be found on page 21.

The below table incorporates our mandatory Streamlined Energy and Carbon Reporting (SECR) reporting together with certain voluntary disclosures:

	2021	2020 restated[2]	2019 restated[2]	Commentary
Total Scope 1 (TCO$_2$e)	2,082.7	1,760.4	2,978.1	Scope 1 are the direct emissions from our operations.
Company–owned vehicles (TCO$_2$e)	1,988.0	1,690.0	2,879.7	Our owned tracked fleet vehicles.
Gas (TCO$_2$e)	37.1	41.5	50.5	Gas heating serves 8 of our properties across the UK.
Burning oil (TCO$_2$e)[1]	2.2	1.5	–	Oil heating is used in one office building.
F–Gas (TCO$_2$e)[1]	55.4	27.4	47.9	F–Gas is the refrigerant used within air conditioning for cooling work spaces and server rooms.
Scope 2 (TCO$_2$e)				Scope 2 are indirect emissions from our operations.
Location–based (TCO$_2$e)	189.5	152.4	205.6	Electricity lights, heats and powers our operations across warehouses, offices and training centres in the UK. Electricity used as operational energy such as cooling and communication systems at our grid battery site.
Market–based (TCO$_2$e)[1] (inc green energy contracts)	163.9	82.6	94.7	We source green contracts for our electricity where possible. This excludes shared leased spaces where contracts are controlled by the landlord, and new sites.
Total Scope 3 (TCO$_2$e)	561.3	502.0	1164.3	Scope 3 are emissions from up and down our value chain, including suppliers and service providers.
Diesel upstream supply[1]	500.8	421.9	685.0	Upstream production of Diesel to supply employee–owned vehicles and company owned fleet.
Vehicle business travel	28.2	49.4	444.5	Travel in employee–owned vehicles.
'Transport and distribution' electricity[1]	16.8	13.1	17.4	Upstream production of electricity for use on our battery sites, warehouses and offices.
Petrol upstream supply	4.1	6.5	–	Upstream production of Petrol to supply employee–owned vehicles.
'Well to tank' water supply[1]	1.2	3.1	7.9	The utilities required to serve our warehouses, offices and training centres with water emit carbon through their supply and treatment operations.
'Well to tank' gas[1]	6.4	5.4	6.6	Upstream production processes of Gas for use on our sites.
'Well to tank' burning oil[1]	0.5	0.3	–	Upstream production processes of Burning Oil for use on a site.
Waste[1]	3.3	2.3	2.9	The processing of our waste from our sites.
Total Scope 1, 2 & 3 (TCO$_2$e) (Scope 2 Location–based)	2,833.5	2,414.8	4,348.0	
Carbon intensity Scope 1, 2 & 3 (TCO$_2$e/£m)	26.1	23.4	38.0	Intensity shows how much emissions are produced to achieve the revenue realised, per £m.
Operational energy consumption (MWh)	9,500.3	7,908.1	12,846.0	This is the total energy consumption of our operations, spanning activities included in scope 1 and 2 (excluding F–Gas as a non–energy source).

1 Data is voluntary under SECR, but included for completeness of Scope reporting under GHG Protocol. As our business grows, we are developing our ability to decouple operational growth and energy consumption.
2 Prior year figures have been restated to reflect updated third party information and resources published after the original reporting date.

Emissions related to temporary homeworking

We have calculated the emissions from our employees while homeworking during COVID, to enable a full picture of the emissions relating to our activities, this is a maturing area of reporting and can fall into Scope 3 or even the developing 'Scope 4' classification.

Calculating this helps us understand the emissions that have been displaced during COVID operations due to homeworking; as we understand that the reduction we have seen in our scope 1 and 2 buildings emissions during 2020 and 2021 have not been eliminated, rather they have been relocated to employee homes beyond our direct control.

We have used best practice based on EcoAct's whitepaper on working from home emissions methodology, which incorporates consideration of home heating, lighting and IT equipment, scaling this to the average number of employees working from home across the year.

Working from home emissions

2021 — 721.23 TCO_2

2020 — 366.43 TCO_2
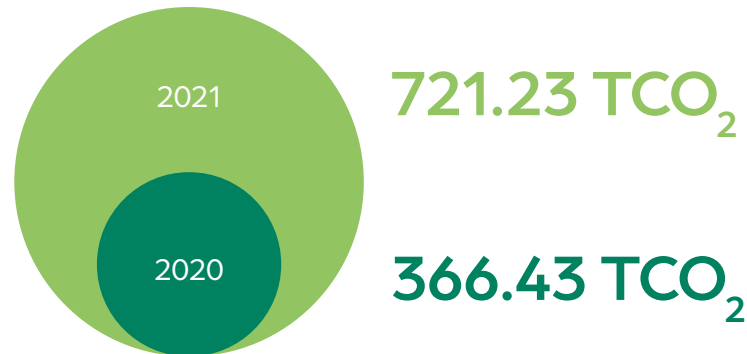
As a major low carbon energy solutions company, we are particularly sensitive to the environmental climate in which we operate and the impact we have, both through our work for customers and in building our own sustainable energy infrastructure. We are passionate about using our capabilities and resources to make a positive impact and are proud to confirm that SMS has no climate change controversies to declare.

Scope 1: Direct emissions

Fleet
1,988.0T CO_2e Ave 331 active vehicles. Coving over 6 million miles.

Gas
37.1T CO_2e Gas heating serves 8 of our properties across the UK.

F–Gas
55.4T CO_2e Air–conditioning keeps IT Servers and Office spaces cool across 8 of our sites.

Burning Oil
2.2T CO_2e Oil heating serves 1 of our office buildings.

Scope 2: Indirect emissions

Electricity
189.5T CO_2e (Location based) Electricity lights, heat and power our operations across 18 warehouses, offices and training centres in the UK. Energy used in the commissioning of our new grid battery site.

Electricity
163.9T CO_2e (Market based) We have sourced renewably generated electricity for 44% of our sites. Renewable Generation Origin Certificates (REGO's) ensure we are confident of the provenance of our energy.

Scope 3: All other emissions

'Well to tank' Diesel: 500.8T CO_2e
Upstream production of Diesel to supply our fleet vans and employee–owned vehicles with fuel.

'Well to tank' Petrol: 4.1T CO_2e
Upstream production of Petrol to supply employee–owned vehicles with fuel.

Business travel
28.2T CO_2e Travel in employee owned vehicles.

'Transport and distribution'
Electricity: 16.8T CO_2e Upstream production of Electricity for use on our sites and in the commissioning of our new grid battery site.

'Well to tank' water supply
1.2T CO_2e The utilities required to serve our warehouses, offices and training centres with water emit carbon through their supply and treatment operations.

'Well to tank' Gas: 6.4T CCO_2e
Upstream production processes of Gas for use on our sites.

'Well to tank' Burning Oil:
0.5T CO_2e Upstream production processes of Burning Oil for use on our site.

Waste
3.3T CO_2e The processing of our waste from our sites.

Mitigating carbon

We take a holistic view of our Company sustainability, which includes quantifying both the positive impacts from our products and services, and the negative impacts from our business estate and fleet (our footprint), to reach an overarching understanding of our total sustainability. These mitigated emissions from use of our products and services could also be defined in the emerging 'Scope 4' reporting category.

We use this 'net positive' perspective to align our strategy for business growth, financial benefits and sustainability gains; investing in the development of carbon reduction ('CaRe') assets which deliver carbon reductions.

Our 'handprint' is the carbon mitigation achieved by our customers through the impact and delivery of our energy services and solutions, including smart meters. We currently use savings data from smart meter energy research and from delivered energy efficiency projects to calculate our total handprint.

	2021	2020 restated[3]	2019 restated[3]
Tonnes carbon mitigated – smart meters (TCO$_2$e)[1]	**121,421**	102,699	96,699
Tonnes carbon mitigated – energy efficiency projects (TCO$_2$e)[2]	**5,338**	5,291	3,444
Total Business Handprint (TCO$_2$e)	**126,759**	107,990	100,143

1   Derived from annual savings on domestic property consumption as a result of the installation of a smart meter, including the flow–through impact of prior period installations. Figure is calculated based on the number of owned, domestic smart meters under management at 31 December 2021.

2   Derived from annual energy savings achieved by customers as a result of energy efficiency projects delivered by SMS, including the flow–through impact of projects delivered in a previous period.

3   Prior year figures in relation to the tonnes of carbon mitigated from smart meters have been restated to align with a revised calculation methodology implemented in the current year, which now uses the total number of owned, domestic smart meters under management at the end of the year as opposed to the number of smart meters installed in the year. This captures the flow–through impact of prior period installations, consistent with the calculation methodology for energy efficiency projects which includes the flow–through impact of projects delivered in a previous period. No change has been made to the calculation methodology for energy efficiency projects.

Grid scale energy storage

Why do we need Grid Battery Storage?

Battery energy storage systems (BESS) have become an essential ingredient in how the UK manages and stores electricity, in particular renewable energy.

We have a

620MW pipeline

As solar and wind generated renewable energy is intermittent, meaning it can only generate when the sun is shining or the wind is blowing, these large battery systems are connected to the National Grid, storing, and releasing electricity into the grid as required. Battery storage facilities monitor the grid frequency which helps to keep the country's electrical transmission system stable and provide National Grid with a solution to balancing the supply and demand for electricity.

In addition to enabling greater renewable energy use, and helping phase out fossil fuels, batteries also bring other significant advantages. The ability for batteries of this size to store electricity means they can help stabilise, balance, and protect the grid from power surges and blackouts, adding a much–needed security buffer as the UK transitions to clean, green, sources of energy.

Grid batteries and carbon accounting

We utilise the GHG Protocol standard to guide our carbon accounting across the business, in 2021 we started to see energy consumption through the commissioning of our grid battery site, which has been incorporated into our 'Streamlined Energy and Carbon Reporting' (SECR) table on page 17. As this, and other grid battery sites are energised we will be reporting the required carbon emissions under scope 2 and 3 reporting definitions.

With over 26 years heritage in metering and data, we are now leading the UK's energy storage infrastructure solutions

Grid batteries and carbon accounting continued

We are working towards reporting on the specific carbon difference we are able to make with our batteries by charging at high renewable energy mix periods, and discharging at low renewable energy periods.

We are reviewing our approach to battery related emissions in relation to our 2030 net zero target. However, we can confirm the current impact is minimal.

Battery supply chain auditing

Our Grid Batteries are sourced from large established battery manufacturers used by many other large brands. Within our due diligence process we have ensured every strategically significant supplier completes our 'Supplier On-Boarding' process which includes screening for Health and safety, minimum living wages, maximum working hours, freedom of association and the right to collective bargaining, child labour, acceptable living conditions, non-discrimination, corporal punishment/disciplinary practices and forced labour standards, and inclusion of these aspects in Tier 1 Supplier contracts.

Due to the sensitivity around battery manufacture we completed additional due diligence activities beyond our standard procedures. Initial review activity was conducted by our internal team on our most significant battery suppliers, spanning ESG ratings and sensitive activities identification, alignment with industry bodies such as the Responsible Cobalt Initiative (RCI), international standards such as ISO's and external reviews and understanding of client base.

Conclusions from these investigations were shared with leadership to give greater insight during early supplier engagement.

Further to this, we employed a third-party auditor to thoroughly audit each supplier, reviewing performance and exposure through:

1. Corporate due diligence (desktop audit)

- Public record review
- Discreet Enquiries

2. Operational due diligence (field audit)

- Site Assessments
- Management and employee interviews

Covering a wide range of Environmental, Social and Governance aspects, such as:

- Fraud, bribery and corruption
- Money laundering
- Slavery and child/forced employment
- Employment conditions
- Health & Safety issues
- Environmental impact assessment including recycling, environmental damage & pollution
- Impacts on landscapes and communities
- Raw materials supply exposure

These audits were concluded in late 2021, with no legal compliance issues or significant ethical issues found. This information was shared with our leadership teams, and we will be continuing this due diligence as necessary on new and existing suppliers into the future to review performance and support continual improvement, a key part of this is site-based audits, which are planned every 2 years.

Biodiversity at our offices

In addition to activities across our battery sites we have sought to enhance our impact on biodiversity across our offices and warehouses. We have to date installed bird boxes at our new warehousing site in Hoyland, and are due to install bird boxes, bat, and insect houses, at our other UK sites in 2022.

Battery supply chain, recycling

Our Batteries are sourced under the agreement with suppliers that the battery cells are returned at end of life to the manufacturer for recycling. Our suppliers have either owned battery recycling plant or work with third parties to ensure these materials are retained in the value chain. This process is called 'circular economy', and by working with our suppliers in this way we are able to ensure we limit environmental impact.

The recycling processes used include the review and 'cascaded utilisation' of serviceable batteries, where batteries returned in good condition can be redeployed for lower quality applications. Batteries returned to the supplier in poor condition are dismantled, the metals are processed back into raw materials and returned to the manufacturing cycle.

As our supplier processes and relationships mature, and as our own battery sites come online, we will continue to look at the environmental impact of the full lifecycle of batteries and how we account for these in our carbon reporting.

Battery sites & biodiversity

In 2021, a working group was set up to ensure environmental and biodiversity consideration is embedded in the planning and construction of our grid-scale battery storage sites across the UK. These measures, such as the planting of native trees and hedges on site, are set to come to fruition in 2022 once the first wave of sites are completed.

Management systems

ISO standards and policies

✓ **ISO 14001**
Environmental Management

✓ **ISO 50001**
Energy Management

✓ **ISO 9001**
Quality Management

✓ **ISO 45001**
Health and Safety

✓ **ISO 27001**
Information Security

ISO management systems

Across our SMS Group we have integrated a range of governance and management frameworks to support our culture of ethical and rigorous business conduct. Our management systems across Quality, Health and Safety, Information Security, Environmental and Energy ensure continual improvement.

The business maintained all its ISO certifications in 2021 with no major non–conformances recorded during the audit processes. Successful re–certification of ISO 9001, 14001, 50001 & 45001, in addition, the Solo Energy business achieved certification to ISO 9001, 45001 & 27001.

At SMS, we have developed and implemented an Integrated Quality, Environmental and Occupational Health and Safety Management System (EQMS), which uses the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards as a framework to document and improve our operational practices.

Auditing & corrective actions

During 2021, following our annual UKAS accredited external audits, SMS achieved recertification of the above standards across all of our core business entities without any non–conformances or observations being reported.

A rigorous audit programme, including annual site auditing, is in place to verify and ensure that processes, procedures and work activities comply with our ISOs, Environmental, Quality and Health and Safety Management Systems, Industry and customer contractual requirements. We also have a Group Internal Audit team which reports direct to the Audit Committee, demonstrating another layer of audit governance outside of Executive and/or management direct control. The performance of these is measured to identify good practices, areas of weakness or non–conformance and where non–conformities are identified, robust action is taken to eliminate the root cause and to prevent reoccurrence. Corrective actions will be appropriate to the effects of the nonconformity and reviewed for effectiveness. Full review and analyses are undertaken to identify the root cause, all necessary actions implemented, and results reviewed for effectiveness. All road traffic accidents are documented onto the Electronic Quality Management System (EQMS) system along with the vehicle management system operated by the Fleet Department.

Our Energy Management System (EnMS) is external accredited to ISO 50001. Retainment of this standard confirms that our energy management strives towards best practice and aligns with the transformation and decarbonisation of the UK's energy networks. Our EnMS does this by providing a framework of policy, procedures, monitoring and targets which enables us to identify and realise energy efficiency improvements across our organisation.

Our management systems are supported by a top–level commitment to integrity, transparency and continual improvement. These commitments are evident in the related health, safety, quality, environment and energy policies. Our management systems ensure relevant objectives, targets and deadlines and adequate resources and plans are in place to achieve those goals.

Management review meetings are held at least annually, with additional reviews undertaken if deemed necessary by senior management. Reviews are undertaken within each business unit in order to ensure the continuing suitability, adequacy, and effectiveness of the management systems, while addressing any need for changes in line with the Company's objectives and needs of our customers. Subject matter experts are then able to ensure that the policies, procedures, registers and improvement objectives are still relevant to the Company's objectives, needs of customers and changing legislation. This review highlights the possibilities for improvement and any need for changes in the management systems.

SMS's plan for 2022 is to build upon our current Business Continuity Management framework and align our processes and practices with ISO22301:2015 requirements to enhance our customer's confidence in SMS's ability to respond to a series of incidents and events and maintain critical business operations should disaster occur.

Social

Putting our people first

At SMS, we aim to create a sustainable and safe environment for all where customer excellence is key, innovation is encouraged, and employees are proud; in turn, nurturing a thriving workplace and a business that supports the wider society.

Putting our people first

The material social topics for SMS are Employee management, Health and Safety, and Supply chain. These are the significant touchpoints for influencing social impacts within our organisation.

Employee management

SMS employs over 1,000 people and operates across the UK and Ireland. Meaningful engagement with employees is key.

Health and safety

SMS is directly responsible for the safety and wellbeing of employees. Contractors operate under their own occupational health and safety management systems.

Supply chain

SMS is also indirectly responsible for the safety and wellbeing of external stakeholders through our supply chain, and engagement within our local communities.

We enable a diverse and inclusive environment and promote employee wellbeing, whilst empowering communities to take control of their carbon footprint and tackle local and global issues. We listen closely to our employees, and this engagement has enabled us to improve our reward initiatives and implement a range of new and enhanced measures including an enhanced benefits package in response to employee feedback.

Enhanced benefits package

During 2021 we enhanced our Employee Benefits package, which is available to all employees after completion of probation, including the launch of Health Assured — a new employee assistance programme, which offers a 24/7 confidential counselling service, and AIG Smart Health, a free support for employees giving access to expert health and wellbeing advice, including free 24–hour online GP appointments. We also introduced Medicash, which offers employees cover on a range of healthcare options. We additionally made improvements to our Group Family Friendly policies to sit alongside our recently enhanced pay for Maternity/Adoption Leave.

This included the introduction of five days paid leave for fertility treatment and for employees who have sadly suffered a miscarriage. In addition to this commitment, we were also proud to have signed the Pregnancy Loss Pledge via the Miscarriage Association. During 2021 we also launched the DriveGreen scheme; a salary sacrifice car leasing scheme for low and no–carbon vehicles.

This has been initially been made available to senior leadership and those with a company car or car allowance

DriveGreen Scheme

Awards, accreditations, awareness

Achieved **Disability Confident Leader status (Level 3)**, helping us ensure that disabled people can fulfil their potential and realise their aspirations.

Became a **Race at Work Charter signatory**, helping us take practical steps to ensure our workplace is tackling barriers ethnic minority people may face in recruitment and progression.

WM People Top Employer Awards: shortlisted for **Best Diversity & Inclusion 2021**. This award is for organisations who *"demonstrate actions taken to ensure equality of opportunity for all"*.

Maintained **Employers Network for Equality & Inclusion membership**, ensuring best practice EDI through initiatives such as our bespoke EDI eLearning module mandatory for all employees.

We have again signed up to the **Pledge**.

Shortlisted as finalists for **Employer of the Year and Team of the Year (HR)** awards.

Maintained **'Accredited Living Wage' employer** status, ensuring entry level salaries, and rewarding all employees fairly for their contributions, regardless of gender.

Continue to be a member of the **Tomorrow's Engineers Code**, whereby the shared aim is to increase the diversity and number of young people entering engineering.

We supported **Pride Month** with an awareness campaign, which included a successful employee suggestion to add *"celebrate our differences"* as a new behaviour under our core value of 'Pride'.

We supported **Black History Month**, with feedback from our employees, we recognised local black heroes within communities close to our sites

Giving something back

The most sustainable organisations not only have a duty of responsibility to their employees, but to the communities within which they operate. With this in mind, we took significant strides in 2021 towards enhancing our support for our local communities through several initiatives:

- Matched the charity fundraising efforts of several employees through our own one-off donations to their chosen causes.
- Continuation of our mentoring programme with the 'Aleto Foundation', with two members of our senior leadership team becoming mentors in 2021. This programme is focused on identifying and developing the next generation of leaders from BAME communities who may have historically found it challenging to access promotional opportunities due to their backgrounds.
- Continued to participate in the national 'Career Ready' mentoring programme for high school students.

Donation of 143 unused tablet computers to charities and schools throughout the UK (as nominated by our employees) for whom access to, or purchase of, technology may have otherwise been a challenge.

Sponsorship of the shirts of a junior football team in Burwell, Cambridgeshire, who play their home games less than a mile from our 50MW grid-scale battery site.

March 2021 saw the launch of our quarterly LOV awards which celebrate employees from across the business who exemplify our core company values: **Safety, Sustainability, Customer Excellence, Innovation, & Pride**. Employees made 314 nominations last year for teammates who they believe has demonstrated one of these individual values in recent weeks or months (either as an outstanding single action or for continually demonstrating model behaviour in their day–to–day job). All nominations are sent to the senior management judging panel, who will pick winners for each Values categories;

- £20 Gift Voucher
- Values Pin Badge
- Commemorative Certificate

June 2021 saw an update to our Core Values by adding an additional behaviour to our 'Pride' value (one of 5 core values). This was a suggestion by one of our employees 'We are all uniquely different, something we can celebrate together' which with his agreement we shortened to 'Celebrate our Differences' as our new EDI behaviour.

In December 2021 we launched an 'Employee Voice Forum' to give our people a structured channel through which views and suggestions can be shared, with the aim of driving ongoing workplace improvements. Held monthly, and chaired by the Group HR Director, all feedback is shared with the executive leadership team for consideration and, if relevant and possible, implementation.

Our quarterly Employee Newsletter continued through 2021, supplemented with the new addition of specialist interest podcasts. The podcasts explain our business strategy and industry developments in a simple, entertaining way through a medium which is easily accessible by all. In April, the first ever employee summary version of our Annual Report was also circulated with the aim of improving insight and understanding of the business strategy and making our corporate communications more digestible.

Our five core values

Safety, Innovation, Customer Excellence, Sustainability and Pride — underpin our commitment to 'putting our people first' and drive the behaviours we wish to see demonstrated throughout our business practices.

Safety
Take care of your wellbeing and others

Take ownership and responsibility

Be aware

Report and action

Customer excellence
Listen and respect

Go the extra mile

Be polite

Show empathy

Innovation
Share and encourage new ideas

Find solutions

Be creative

Think for the future

Pride
Celebrate our differences

Be trustworthy

Give praise and recognition

Work to the best of your ability

Work as one team

Sustainability
Make greener decisions

Build an enjoyable and healthy working environment

Positive towards change

Encourage others to act sustainably

Putting our people first

Our core values and behaviours

Equality, Diversity & Inclusion

Equality, Diversity & Inclusion (EDI) is a strategic driver for SMS, with increased support for EDI being led by our Board and senior management team. As an organisation, we understand the importance and value that a diverse and inclusive workforce brings, and so we have made many positive steps towards becoming more EDI focused.

Most notably, we launched our partnership with the Hive Inclusion Works Programme, which was delivered to our Board, including Executive and Non–Executive Directors, and other members of the senior management team during the year. This is designed to provide the tools for our senior leaders to have honest conversations about culture change, understand what equality and diversity means in practice, and ultimately drive inclusion within SMS. The Hive learning platform played a core role in supporting a programme of "inclusion works" over a four–week period. This offered a private space as a community and peer cohort group to access the programme resources in one place, as well as discuss, share, and reflect privately with peers. Having senior leadership drive this programme forward shows true culture change by SMS.

Gender within SMS*

Overall, the SMS Group has a 33% female and a 67% male workforce. As part of the historically male–dominated engineering industry, it is no surprise that the organisation has such a wide gender split between men and women (weighted more towards men) and that a gender pay gap exists.

Specifically within SMS:

- There are more men than women within the engineering industry, from which we source most of our employees.
- There are more men than women in senior roles.
- There are more women in part–time roles.
- There are more women in lower paying roles.
- Engineers are subject to a monthly health–and–safety–related performance bonus.

Most of these issues are however prevalent throughout the UK and on a wider global level, therefore are not unique to SMS. Though EngineeringUK, the independent, not–for–profit organisation which provides engineering workforce statistics, has not yet officially published its latest workforce data, the organisation did recently submit new figures on the percentage of women in the workforce to the All Party Parliamentary Groups (APPG) inquiry on diversity and inclusion within Science, Technology, Engineering, and Mathematics (STEM) industries.

The percentage of female employees at SMS has decreased slightly in the lower middle pay quartile of the organisation by 4%, whilst there has been an increase of 3% in the percentage of female employees (compared to 2020) represented in this top quartile, which is positive however, there continued to be significantly more male employees (in senior roles) in the upper middle and top pay grade quartiles, which contributes to our gender pay gap.

During 2021, we made nine new female appointments in management–level roles, across several functions within the business, and four females were internally promoted in the year to management and senior–level roles. In addition, four females have joined the business in engineering roles.

* We collected our data on 5 April 2021, when our total workforce for the consolidated Group consisted of 385 women and 717 men (including Non–executive directors).

Taking action — our strategy

SMS supports and encourages a culture of gender diversity amongst its workforce. It is the contribution of our people from all backgrounds that ensures our business is successful, as only a diverse and engaged workforce will produce the solutions we need to tackle the varying challenges that we face.

We are prioritising the following areas for action:

- Utilising tools, including our new pay and reward framework, Disability Confident Leader status and EDI monitoring form, to ensure there is no bias towards either gender from the point of recruitment, through to salary conversations and progression opportunities.

- Continuing to pro–actively explore how we can continue to attract women into our organisation to create a more even gender balance, specifically in our engineering workforce.

Gender breakdown

Board of Directors

| Male | 71% |
| Female | 29% |

Senior Management

| Male | 68% |
| Female | 32% |

Other Employees

| Male | 64% |
| Female | 36% |
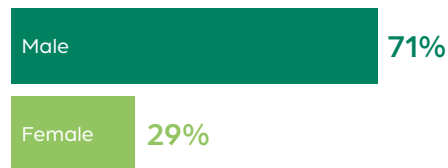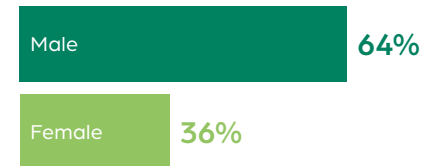
Employee development

We are building the foundations to support business growth and sustainability and we reinforce our values and associated behaviours with every interaction we make. Our people understand what our brand stands for because it is an integral part of our employee journey.

We are actively involved in the Career Ready Mentor Scheme, working with a high school near our head office in Glasgow to provide mentorship to support future career and study choices. In addition, all of our engineering new joiners participate in a 'buddy system' where they are supported by a more experienced member of the team.
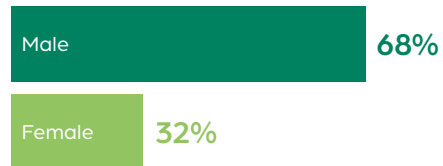
Our 2021 Learning Programme includes new e-learning modules, 36 new training courses, and we have expanded our offering of apprenticeships to include Level 5 Coaching Professional, Level 6 IT Professional and Digital Application Support as well as Management, Warehousing and Storage, and Customer Service.

Company ethics training

During the last quarter of 2021 we updated our Data Protection and Equality & Diversity Training Modules and also introduced a new package on Anti Bribery, Gifts and Charitable Donations. Our eLearning course, 'Equality, Diversity and Inclusion', was rolled out to all of our employees to increase understanding and awareness of other cultures and is a mandatory element of the corporate induction for all new employees.

In October we launched our partnership with the Hive 'Inclusion Works' programme, which was delivered to our Board, including Executive and Non-executive Directors, and other members of the senior management team during the year. This programme is designed to provide the tools for our senior leaders to have honest conversations about culture change, understand what equality and diversity mean in practice, and ultimately drive inclusion within SMS. The Hive learning platform played a core role in supporting a programme of 'inclusion works' over a four-week period. The programme offered a private space as a community and peer cohort group could access the programme resources in one place, as well as discuss, share, and reflect with each other. Having senior leadership drive this programme forward shows true culture change by SMS.

Our new eLearning course 'Anti Bribery, Gifts and Charitable Donations' contains an introduction to the relevant legislation and definition of bribery and corruption, definition and prohibition of facilitation payments of any kind, guidelines of what is considered acceptable behaviour and highlights our 'Gifts and Hospitality' and 'Charitable and Political Donation' Policies. Within this training, which is mandatory for all employees, we highlight the importance of Anti bribery and corruption within SMS, specifying that breaches will not be tolerated.

These new and refreshed training modules represent part of the suite of training supporting employees on the ethical standards held at SMS, these modules are incorporated into the on-boarding of all new employees, and as a refresher for existing employees.

Engagement

Our annual external Group employee engagement survey is conducted with the help of Best Companies, an independent workplace engagement specialist. We received feedback on what we do well as a business, and what areas we can show improvement in to help guide future strategies. Actions implemented in response to employee feedback were communicated with all employees via an infographic, with the theme of 'You Said, We Did'. We have since implemented a continual improvement plan across all areas of the business, our 2nd external engagement survey was launched in February 2021 and saw a response rate of 75% (771 employees) which was an increase of 25% of the previous year's survey. We were accredited as "One to Watch" from Best Companies which demonstrates good levels of employee engagement.

ONE TO WATCH
GOOD
TO WORK FOR
2021
cert.b.co.uk

SMS

YOU SAID WE DID

Following your feedback, here's an update on some of the positive actions we've taken since our last employee survey in February 2021

best companies

Apprenticeships – currently 51 across Group

NEW
Quarterly Employee Voice Forum

NEW
SMS behaviour under core value Pride: 'Celebrating our differences'

Support wider awareness e.g. Pride, Mental Health Awareness Week, Black History Month, Menopause, Fertility

Equality, Diversity & Inclusion

NEW
Inclusion Works Program (HIVE) undertaken by Execs/Directors

NEW
Voluntary EDI Monitoring Form

NEW
HR bespoke Employee Lifecycle Training for Managers

NEW
Living our Values (LOV) Awards
Quarterly nominations

Communication –
SMS Newsletter, Capital Markets Day, Annual Report, Energy Matters Podcast

Health and safety

The SMS Health and Safety management system is certified to ISO 45001. The system was implemented to assist with compliance to UK legal requirements.

At SMS, our health and safety journey has continued relentlessly despite the ongoing challenges of the COVID-19 pandemic. We have adapted our working practices to meet the ever-changing government requirements around work safety and our people have driven changes in the workplace to keep them as safe as practicable. We started the year with ambitious 25% reduction targets across a wide range of SHEQ metrics that we use to track and monitor performance. This collective effort has resulted in improved performance across the organisation with almost all our key performance indicators ahead of target:

- No injury RIDDORs were reported, resulting in an accident frequency rate (AFR) of zero.
- Lost Time Injury Frequency Rate (LTIFR) has decreased to 0.17 per 100,000 hours worked just short of target 0.15.
- Non-Lost Time Injury Frequency Rate (NLTIFR) has decreased to 0.52 per 100,000 hours worked ahead of target 0.56.
- Total Recordable Injury Frequency Rate (TRIFR) has decreased to 0.69 per 100,000 hours worked ahead of target 0.74.

Overall, 2021 has been a positive year for Safety, Health, Environment and Quality (SHEQ) performance across the Group. These targets are underpinned by the five-year breakthrough objectives guiding us to "Vision Zero." Clear action plans were developed to target key areas for improvement and the business quickly started to deliver on our commitments to improve.

Grid-scale battery storage health and safety

In 2021, we entered new territory as the client under the Construction, Design and Management Regulations on our grid-scale battery storage construction sites. These regulations enforce specific health and safety duties to ensure the safe operation of construction projects. This was a new challenge for the business, but we are pleased to report that our contractors have made good progress on all relevant sites with no significant incidents. From the outset, our operations and SHEQ teams worked closely with their counterparts from each of our principal contractors. This effective engagement has benefited all parties and, with the experience gained over the past year, we enter 2022 with confidence in managing any potential risks through the ongoing construction phases and beyond.
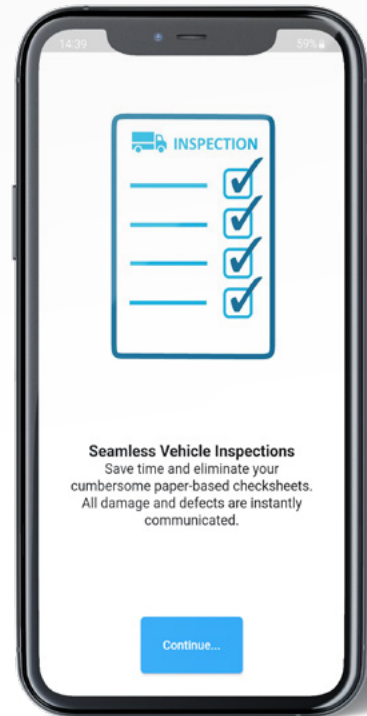
Any unsafe acts and conditions can be reported via EQMS and our whistleblowing policy and procedures. Should employees encounter a hazardous situation they should not proceed and can report without fear of reprisal. All incidents are investigated with escalation protocols in place for serious incidents. Causations are collated and periodically reviewed with any learning incorporated into the Health and Safety management system. Results of internal and external risk management audits, carried out in-line with ISO 45001, are communicated via Board reporting and through the senior management team and senior leadership team forums. Regional safety forums cover aspects such as the health and safety management system and other pertinent details on health and safety matters. Regional safety forums are conducted quarterly across the business, with a cross section of the workforce participating in the forums which are governed by terms of reference.

The Fleet Department coordinate all aspects of both short and long term health risks for drivers. This includes health checks, training, and driver performance monitoring. Vehicle checks are carried out daily and weekly using an app-based system, which enables real-time reporting on vehicle condition, reducing the time and resources required, and ensuring that issues are dealt with swiftly in order to maintain the safety of the vehicle fleet.

Seamless Vehicle Inspections
Save time and eliminate your cumbersome paper-based checksheets. All damage and defects are instantly communicated.

We employ Occupational Health Service Providers (OHSPs) 'PAM Group' and 'Integral' to provide a range of services across the UK for SMS, including an advisory service for all occupational health risks that the business encounters. SMS has an Employee Assistance Programme that employees can access, confidentially, if they are experiencing any issues at work, whereby contact details for the OHSPs are made available to employees. SMS has provided both OHSPs with a scope of works and advise accordingly via regular contact with the SHEQ, HR, and Fleet functions. Monthly reports are provided from the OHSPs and are reviewed by SHEQ and HR.

A full suite of occupational health and safety training is delivered across the business. Engineers and support staff receive training on induction and get regular updates via the Company's bespoke, electronic 'Nimble' training package.

Comprehensive technical training is delivered via the SMS training academy in Bolton to all engineering staff.

2022 and beyond
Our priority for 2022 is to keep our people and those affected by our undertakings safe and healthy. We will maintain a focus on any emerging risks from COVID-19 while planning for a return to normality. Our ambitious targets and action plans will continue to drive improvements across the business. We have successfully adapted to new work streams that emerged in 2021, with our grid-scale battery storage sites growing in number, and 2022 will see us embed their management as a routine function. We remain committed to being a safe, secure and reliable organisation andlook forward confidently to 2022.

"

SMS has a monthly bonus in place for engineering staff, which incorporates health and safety and compliance.

Supply chain

The SMS procurement function reports to the Group Financial Controller, through to the Chief Financial Officer, and ultimately to the Chief Executive Officer at Board level.

Informally, it is operational staff who, working in conjunction with procurement team, negotiate purchases from our Tier 1 vendor base, strengthening the supply chain function by providing technical expertise. These teams ultimately report into the Chief Executive Officer, to attain board level authority.

We systematically monitor vendors' performance on an ongoing basis and have migrated this work from a manual system to an Electronic Quality Management System (EQMS). The new system is enabling data to be collated directly from the vendor base and systematically reviewed to check for any non–compliance. Vendors have been grouped by type, and a new vendor manager platform has now been launched. This is enabling procurement to track individual reportable data items, ranging from vendor insurance to sustainability targets. It is allowing SMS to streamline administration and address vendor duplication.

Compliance

The standard SMS Supplier Questionnaire and binding contracts with Tier 1 vendors, screen for and impose requirements on new and existing suppliers to comply with standards on: Health and safety; minimum living wages; maximum working hours; freedom of association and the right to collective bargaining; child labour; acceptable living conditions; non–discrimination; corporal punishment/disciplinary practices; and forced labour.

As a member of the Chartered Institute of Procurement & Supply (CIPS), the Head of Procurement is supporting SMS's journey towards achieving the Institute's FCIPS standard for procurement, however, this can only be achieved upon completion of our EMQS database project. As we develop our EQMS we will be able to share best practice and discuss topical issues with our vendors. EQMS is set up so that vendors must upload updated certificates, policies, insurance, etc. relating to SMS supplier requirements, on a regular basis. If they fail to do so, they will be rejected by the platform after an eight–week period.

0

Fines, non–monetary sanctions or cases in the reporting year

0

ISO non–compliances were identified

Governance

Operating responsibly and ethically

To uphold our moral and legal obligations through responsible and ethical practices, ensuring the integrity and transparency of all our activities; from our supply chain to our people, our operations to our customers and wider society.

Operating responsibly and ethically

The material governance topics for SMS, according to the SASB materiality matrix, are Legal and Financial and Information Technology. As a service-driven company we have evaluated our stakeholder needs and we believe that rigour and transparency in our legal compliance, financial and information technology processes and performance are highly material to our stakeholders.

❝

Ethical, fair and diligent governance underpins all our business activities, built on the foundations of our culture and values."

Miriam Greenwood, OBE DL
Non-executive Chairman

Corporate governance

The Board has overall responsibility for corporate governance across SMS to ensure that the Group is managed for the long-term benefit of all stakeholders. The Board is responsible for setting the tone at the top and monitoring business performance. This includes regularly reviewing risks that could impact on delivering the Group's strategic and organisational objectives. The Board is supported by an effective corporate governance structure, including the Audit Committee which reviews the effectiveness of the Group's internal control mechanisms, financial reporting, internal audit and risk management processes.

Our culture and principles are driven from the top and the passion of our leadership team is evident in the policies they set and in their everyday actions. This ethos runs consistently through the Company's business values, policies, processes, and management systems to ensure a consistent, integrated business-wide approach to sustainability.

We believe in effective and efficient decision making in a manner that incorporates the needs of our many stakeholders. Our aim of continual improvement of our processes and risk management, whilst supporting the continued growth of the business, is vital in the ever-evolving corporate governance regime we adhere to. The Company adopts the provisions of the Quoted Companies Alliance's Corporate Governance Code (the QCA Code) published in April 2018 and further details with regards to the Company's compliance with the QCA Code is set out within the Company's Annual Report and Accounts. Whilst the Company does not currently adopt the UK Corporate Governance Code (most recently updated in 2018), it endeavours to stay up to date with its requirements and continues to adopt elements of it, where appropriate.

5
ISO certified management systems spanning SMS operations

0
Data breaches in the reporting year

Accountability and internal control

The Board:

Miriam Greenwood, OBE DL
Non-executive Chairman

Alan Foy
Chief Executive Officer
Alan stepped down as Chief Executive Officer and Executive Director on 1 March 2022.

Gavin Urwin
Chief Financial Officer

Tim Mortlock
Chief Operating Officer
Tim was appointed as Chief Executive Officer on 1 March 2022

Graeme Bissett
Senior Independent Non–executive Director

Ruth Leak
Independent Non–executive Director

Jamie Richards
Independent Non–executive Director

Craig McGinn
Group Company Secretary and General Counsel for the Group

Consultation with relevant individuals is conducted as required, with potential for both internal and external Subject Matter Experts attendance at Committee meetings.

The Chairman of the Board is an Independent Non–executive Director and is therefore well placed to oversee the adequacy and effectiveness of internal controls and risk management systems across the business. The Board is supported by an effective corporate governance structure, including the Audit Committee, which continuously reviews the effectiveness of the Group's internal control mechanisms, financial reporting, internal audit, and risk management processes.

8

Scheduled Board meetings are held each year

Role of the audit committee

- Monitoring the integrity of the financial statements, including reviewing significant financial reporting issues and judgements alongside the findings of the external auditor.

- Advising the Board on the appropriateness of the 'fair, balanced and understandable' statement in relation to the Annual Report and Accounts.

- Overseeing the relationship with the external auditor, the external audit process and the nature and scope of the external audit, including the auditor's appointment, effectiveness, independence and fees.

- Overseeing the nature and scope of internal audit and co–ordination with the activities of the external auditor.

- Reviewing the effectiveness of the Group's systems for internal financial control, financial reporting and risk management.

Role of the Health, Safety and Sustainability (HSS) Committee

Chairman Miriam Greenwood also acts as Chair of the HSS Committee, and has delegated authority to set objectives, targets, and policies for managing issues related to ESG, including the development of and performance against our ESG targets and ambitions. the Cheif Executive Officer has overall responsibility for SMS's ESG matters and is responsible for setting Group ESG objectives and strategy to be approved by the Board, including policies related to climate change. Through membership of the Board and attendance at the HSS Committee, the Cheif Executive Officer ensures that issues associated with ESG are represented consistently at the highest level. Specifically, the Cheif Executive Officer personally sponsored the development of our 'net-zero by 2030' emissions target and HSS Committee to facilitate SMS's climate change ambitions.

The terms of reference of the Audit, Remuneration, Nomination, Information Technology and HSS committees, the principal committees of the Board, have been approved by the Board and are available on the Company's website (www.sms-plc.com) under the Corporate Governance section of the website. These terms of reference are reviewed annually and have been reviewed in the current year. SMS does not currently externally verify its ESG and Sustainability reporting but is considering doing so in future. We have continued to integrate the Electronic Quality Management System (EQMS) quality management system to incorporate

capability for centrally tracking and co-ordinating Group compliance, safety, health and environment, and risk management activities and Group Internal Audit actions. We continue to expand the use of the EQMS platform to automate and control our internal processes to continually improve our governance practices. Monitoring and reporting of risk to the Board and Audit Committee have been further developed alongside a number of internal audit reviews into specific risk areas within the business to improve risk management. The Group's operational control of legal risk is overseen by its General Counsel. The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing the effectiveness of this system. It is supported by the Audit Committee in reviewing the effectiveness of the Group's risk process and internal control systems. Such a system can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls. A robust assessment of the principal risks faced by the Group has also been undertaken.

Governance structures

SMS's governance structures are laid out within our Annual Report and Accounts, which details our committees, related stakeholders, responsibilities, and processes.

Governance performance review

As part of the annual performance evaluation of the Board, the Senior Independent Director led an assessment of the Chairman's performance. There were also discussions between the Chairman and the Non-executive Directors, without the Executive Directors present, to discuss feedback for each Executive Director in advance of their appraisals. An external Board review is planned for 2022.

Operational policies

The Group operates to the following policies:

- Integrated Management Systems Policy (H&S, Quality, Environment)
- Energy Policy
- Information Security Policy
- Anti-Bribery Policy
- Code of Conduct Policy
- Data Protection Policy
- Data Retention and Disposal Policy
- Dignity at Work Policy
- Equal Opportunities, Diversity and Inclusion Policy
- Share Dealing Policy
- Secure Data Transfer Policy
- Whistleblowing Policy

Whistle blowing

Our Policy outlines applicability to all employees, spanning senior managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part–time and fixed–term workers, casual and agency staff (collectively referred to as "employees"). Defining what whistleblowing is, how to raise a concern, confidentiality, External Disclosures, Investigation and Outcome processes, and Protection and Support for Whistle–blowers including non–retaliation.

The Group encourages staff to report any concerns which they feel need to be brought to the attention of management concerning any possible impropriety, financial or otherwise. The Group has put in place a whistleblowing policy and procedure which is reviewed regularly to ensure compliance, including an external reporting hotline 'Safecall' available 24/7 where employees can confidentially report any concerns or wrongdoing, ensuring confidence in non–retaliation.

Our whistleblowing Policy and supporting procedures are available in all relevant local languages. At this time, this is English as this is the primary language in our operational areas. We proactively communicate both our whistleblowing policy, and confidential reporting hotline within our Employee Handbook, and these are included in the mandatory e–Learning module 'Anti Bribery, Gifts and Charitable Donations' released in 2021.

Our whistleblowing procedure may be used to report incidents of fraud, bribery, corruption, breaches of modern slavery legislation, breaches of the Group's health and safety or quality compliance, or environmental concerns or other wrongdoing.

The Group provides the Audit Committee with information in relation to matters reported, any subsequent investigation and follow–up actions.

The Group encourages staff to report any concerns which they feel need to be brought to the attention of management concerning any possible impropriety, financial or otherwise. "

Engagement with stakeholders

Stakeholder engagement is critical to the long–term success and financial sustainability of our business. It is the process by which we develop our knowledge and understanding of each stakeholder group (as detailed in our Annual Report and Accounts) and the key drivers for each of them in their interaction with our business. We have proactively sought to maintain open, engaged, and transparent dialogue with all stakeholder groups and this has led to an enhanced understanding by us of their key concerns, which we have embedded within Board and Committee discussions held throughout the year.

The Board recognises its responsibility to understand and consider stakeholder views as part of its decision–making process and remains committed to fostering effective business relationships. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and the business, and to enable the Board to understand and consider these issues in its decision making. Key topics raised through stakeholder engagement are covered in the Annual Report and Accounts and span areas such as sustainability, technology, wellbeing and the UK smart meter rollout. In addition to our shareholders, suppliers and customers, our employees are one of our most important stakeholder groups. The Board closely monitors and reviews the results of all employee engagement, as well as any other feedback it receives to ensure alignment of interests.

Information security and data privacy

The General Counsel is an expert in data protection and is the appointed Data Protection Officer (DPO). The DPO monitors internal compliance with the Data Protection Act (DPA) 2018. Through a series of internal and external communication platforms, the DPO informs and advises staff and third parties of our obligations and expectations under and the DPA. SMS's Data Protection Policy and a full Policy suite provides full details of SMS compliance with the relevant requirements, practices, and conduct of the DPA and data privacy. SMS utilises compliance monitoring based on international standards for guidance on the full information lifecycle management of customer data. The Information Technology Committee is chaired by Ruth Leak, an information technology specialist, and comprises all of the non–executive directors. The Chief Executive Officer, Chief Financial Officer and Chief Operating Officer attend by invitation. The Committee ensures appropriate information technology standards and procedures are in place, including those related to the DPA legislation and, in close liaison with the Audit Committee, it ensures that all information and technology risks are identified, assessed and managed with actions implemented as appropriate.

SMS continues to conduct annual ISO27001 audits to maintain the certification status held since February 2020. The ISO 27001 security certification was a significant project, with contributions from all parts of our business to bring it to a successful conclusion and SMS places great emphasis on maintaining this. The SMS annual Internal Audit of information security and data privacy is based on the NIST–800 standard and this is used to inform continuous improvement throughout all areas of information security. A full installed suite of information security tools reinforce data management and information

Annual GDPR training for all SMS staff

All annual training was refreshed in 2021 and these online awareness sessions have been delivered to existing staff and included in the standard joiner package provided by the recruitment team to all new employees. The online awareness includes reporting functions to monitor completion to ensure employees are aware of their responsibilities to secure information. To ensure that all SMS employees are aware of the risks presented by phishing threats, SMS utilises a phishing testing tool to randomly send phishing emails to employee email accounts. The results of this are used to provide additional awareness where required. A phish alert button is a standard feature of all user email accounts to fast–track phishing reporting.

Assessing and addressing climate related risks and opportunities

As an organisation at the leading edge of the low–carbon transition, and a Taskforce for Climate–related Disclosure (TCFD) Supporter, we understand the importance of climate consideration now and into the future and are committed to sharing relevant information with our stakeholders.

In 2020 we embarked on a journey to implement the recommendations of the TCFD, firstly through our submission to CDP, which includes disclosing against the Governance, Strategy, Risk Management, and Metrics and Targets core elements of the TCFD recommendations. These disclosures were summarised in our inaugural 2020 Sustainability Report for the first time last year.

Climate change scenario development

Through 2021, we have focused on enhancing our climate related scenario analysis, applying the IPCC SSP2–4.5 climate scenario to the key physical assets within our business, including our offices, warehouses and grid–scale battery sites. This analysis considered the global temperature rise projected as a result of SSP2–4.5 in the near term (present to 2040) and mid term (2041–2060) and impacts across a range of regionally–likely weather events such as flooding and extreme heat and cold. Findings from this have been quantitatively evaluated, creating a complete overview of the physical risks to our business from weather events over the next 40 years. This analysis will continue to evolve with outputs reviewed by both our ESG Working Group and HSS Committee to ensure any required actions are embedded into our decision making now and into the future.

CDP: Rating B

During 2020 we became a signatory to the Taskforce for Climate–related Financial Disclosure

Our full TCFD information can be found within our CDP disclosure, below shows a summary of our current activities under the TCFD across the 4 core elements of disclosure, with 11 detailed sub-disclosures sections:

Governance: Governance around Climate-related risks and opportunities

1. How the board provides oversight	Our HSS Committee, formally ratified in 2020, was created by the Board for the purpose of ensuring that the Company's approach to health and sustainability, which include climate related risks, are clearly set out and consistently monitored and adapted to suit the growing needs of the Group. See page 42 for more details.
2. How the organisation's management assesses and manages risks and opportunities	Climate risk is integrated into our ESG Working Group and Audit Committee activities and Group Risk Register, supported by Annual review and expert insights. Details can be found on page 41.

Strategy: Actual and potential impacts of Climate-related risks and opportunities on business strategy and financial planning

3. What risks and opportunities have been identified over the short, medium and long-terms	Our services are targeted on mitigating climate change, with a range of opportunities embedded in our business strategy for the short, medium and long term. Under qualitative exploration we have identified areas of potential risk such as exposure to weather events on operations of our physical locations and road-based employees. Transitional impacts on our new and developing services have also been considered and we have highlighted potential impacts around fuel taxation linked to the cost of operating our van fleet.
4. The impact on the organisation's business, strategy and financial planning	Ownership of these risks has been delegated to the heads of respective areas, with the ESG working group reporting any significant changes to the HSS Committee. A range of strategies are in place to mitigate these risks, such as proactively transitioning our fleet to hybrid and electric and purchasing strategies which anticipate disruption.
5. How resilient the strategy is under different climate scenarios	Qualitative assessment has been made on physical and transitional resilience by area leaders. We have commenced quantitative assessment, starting with physical impacts, and planned to continue to encompass all risks and strategies identified.

Risk management: The processes used to identify, access and manage climate related risks

6. Identifying and assessing Climate-related risks	We have carried out qualitative explorations of potential areas of concern utilising the CDP guide to scenario analysis as a framework. We have since commenced a detailed climate exposure evaluation of our physical assets including offices, warehouses and battery sites.
7. Managing identified risks 8. Integrating climate risk management into the overall risk management framework	Climate risk is integrated into our Audit Committee activities and Group risk register, full details can be found within our Annual Report Risk Governance and Management section.

Metrics and targets: The metrics and targets used to assess and manage relevant Climate-related risks and opportunities

9. Disclose the metrics used by the organisation to assess Climate-related risks and opportunities in line with its strategy and risk management process.	We use standard risk assessment metrics, where risks are quantified using 'impact' and 'likelihood' indicators, on a 1–5 matrix system, where 1 scores indicate a highly unlikely event or negligible impact, and 5 indicates certainty or critical impacts to give a single risk figure. Further details on this can be found within our CDP disclosure.
10. Scope 1 and Scope 2 greenhouse gas (GHG) emissions (Scope 3 emissions should be disclosed 'if appropriate')	Consistent with the prior year, our scope 1, 2 and 3 emissions are disclosed within our emissions reporting table, including further descriptions of sources. See page 17.
11. Climate-related targets and process made in achieving them	Our 'net-zero by 2030' target and roadmap demonstrate our commitment to reducing emissions. Milestones of transition are embedded into our financial and strategic business planning. See more details in the Net Zero section, page 10.

Journey to best practice on TCFD

Although our CDP disclosure includes full details of our current aligned activities, our journey to best practice with regards to TCFD continues as we fully embed the principles into our strategic planning and everyday processes. We intend on enhancing our climate exposure evaluations over the next year, and aim to regularly review, evaluate and report on quantitative, financial risk to the ESG Working Group and HSS Committee.

Data centre

Transparency in our operations is critical to driving down exposure to risk and assuring stakeholders of our ethical management. We have utilised both the SASB materiality matrix and GRI standards, enhanced with specific requirements from our ESG Rating to communicate our performance. Our Data Centre contains additional details and metrics, further representing our Environmental, Social and Governance activities in 2021.

GRI standards utilised in reporting:	
GRI 101	Foundation 2016
GRI 102	General disclosures 2016
GRI 103	Management approach 2016
GRI 201	Economic performance 2016
GRI 204	Procurement practices 2016
GRI 307	Environmental compliance 2016
GRI 305	Emissions 2016
GRI 401	Employment 2016
GRI 403	Occupational health and safety 2018
GRI 405	Diversity and equal opportunities 2016
GRI 418	Customer privacy 2016

SASB standards utilised in reporting:	
SV–HL–310	Workforce Management
SV–PS–000	Employee Metrics
SV–PS–510	Professional Integrity
SV–PS–230	Data Security
SV–PS–330	Workforce Diversity & Engagement
IF–EU–110	Greenhouse Gas Emissions & Energy Resource Planning
RR–FC–130	Energy Consumption
IF–EU–120	Air Quality
IF–EU–140	Water Management
IF–EN–250	Health & Safety
IF–WM–320	Workforce Health & Safety
RR–FC–320	Safety

Overview of the set of GRI standards

Universal standards

Starting point for using the GRI standards

Foundation
GRI 101

General Disclosures
GRI 102

To report contextual information about an organisation

Management Approach
GRI 103

To report the management approach for each material topic

Topic–specific standards

Economic
GRI 200

Environmental
GRI 300

Social
GRI 400

Select from these to report specific disclosures for each material topic

GRI

SASB

Environment

Materiality and Boundaries

Section	Category	Applicable frameworks	Notes
Materiality & Boundaries	Any specific limitation regarding the topic Boundary.	GRI 103–1	See Environmental Section for full details.

Materiality	For each material topic:
	
	a. An explanation of how the organisation evaluates the management approach, including:
	
	  i. the mechanisms for evaluating the effectiveness of the management approach;
	
	  ii. the results of the evaluation of the management approach;
	
	  iii. any related adjustments to the management approach.
		GRI 103–3	

Carbon Emissions

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Scope 1 CO$_2$ Emissions	Scope 1 by source/activity; Mobile Combustion/ Fleet Movement	GRI 305–1	2879.7	1690.0	1,988.0	T CO$_2$e	Fleet movement/mobile combustion is our most significant emissions generating activity, occurring from diesel combustion and encompasses our tracked fleet activities.
	Scope 1 by source; Stationary Combustion Gas	GRI 305–1	50.5	41.5	37.1	T CO$_2$e	Stationary combustion encompasses gas consumed by our gas boilers for space heating.
	Scope 1 by source; Stationary Combustion Burning Oil	GRI 305–1	0	1.5	2.2	T CO$_2$e	Heating oil reporting commenced in 2020, as a new site entered into scope.
	Scope 1 by source; Fugitive F–Gas	GRI 305–1	47.9	27.4	55.4	T CO$_2$e	Fugitive emission sources are from air conditioning units used in offices.
	Scope 1 by activity; Building operation	GRI 305–1	98.4	70.3	94.8	T CO$_2$e	Buildings operation includes natural gas and oil combustion and fugitive emissions from air conditioners.
Total Scope 2 CO$_2$ Emissions	a. Gross location–based energy indirect (Scope 2) GHG emissions in metric tons of CO$_2$ equivalent.	GRI 305–2 TCFD	205.6	152.4	189.5	T CO$_2$e	—
	b. Gross market–based energy indirect (Scope 2) GHG emissions in metric tons of CO$_2$ equivalent.	GRI 305–3	94.7	82.6	163.9	T CO$_2$e	—

Environment

Carbon Emissions continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Total Scope 2 CO_2 Emissions continued	c. Location based, Gases included in the calculation; CO_2	GRI 305–2	204.0	151.1	187.6	T CO_2	CO_2 – electricity location based
	c. Location based, Gases included in the calculation; CH4	GRI 305–2	0.52	0.47	0.71	T CH4	CH4 – electricity location based
	c. Location based, Gases included in the calculation; N2O	GRI 305–2	1.10	0.90	1.22	T N2O	N20 – electricity location based
	d. Base year for the calculations, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year;	GRI 305–2	–	2019	2019	Year	The Scope 2 baseline has been chosen as it depicts pre–COVID-19 'normal' energy consumption patterns. 2019 energy and emissions performance as per above.
	iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.	GRI 305–2	–	–	–	–	Base year emissions have not been changed by any significant events or impacts.
	e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	GRI 305–2	–	–	–	–	Emissions factors used are sourced from BEIS government annual data releases. Residual mix emission factors are sourced from the Association of Issuing Bodies (AIB), with 2020 data used while 2021 is yet to be released.
	f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	GRI 305–2	–	–	–	–	Consolidation of emissions is based on operational control where applicable.
	g. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 305–2	–	–	–	–	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.
Scope 3 CO_2 Emissions	Total Gross Scope 3 GHG emissions in metric tons of CO_2 equivalent.	TCFD GRI 305–3	1164.3	502.0	561.3	T CO_2e	–
	b. If available, the gases included in the calculation; whether CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305–3	–	–	–	–	Our Scope 3 is not broken down into specific gases due to the lack of conversion factors available through BEIS for Scope 3 emissions.
	c. Biogenic CO_2 emissions in metric tons of CO_2 equivalent.	GRI 305–3	0	0	0	T CO_2e	SMS do not conduct activities that generate biogenic emissions, and therefore have no related emissions.

Environment

Carbon Emissions continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Scope 3 CO₂ Emissions continued	d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.	GRI 305-3	–	–	–	–	SMS Scope 3 emissions encompass purchased services for Water supply and treatment, well-to-tank emissions for Diesel and Natural Gas, Burning Oil and electricity distribution.
	e. Base year for the calculation, if applicable, including: i. the rationale for choosing it;	GRI 305-3	–	2019	2019	Year	The Scope 3 baseline has been chosen as depicts pre-covid 'normal' energy consumption patterns at SMS. 2019 energy and emissions performance as per above.
	ii. emissions in the base year;	GRI 305-3	–	1164.3	1164.4	T CO₂e	2019 reporting year is base year. Emissions remain the same as previously reported.
	iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.	GRI 305-3	–	–	–	–	Base year emissions have not been changed by any significant events or impacts.
	f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	GRI 305-3	–	–	–	–	Emissions factors used are sourced from BEIS government annual data releases.
	g. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 305-3	–	–	–	–	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.
	Upstream categories included 1. Purchased goods and services	GRI 305-3	716.9	450.3	529.8	T CO₂e	Purchased services for Water supply and treatment, well-to-tank emissions for Diesel, Petrol, Natural Gas and Burning Oil and electricity distribution.
	Upstream categories included 5. Waste generated in operations	GRI 305-3	2.9	2.3	3.3	T CO₂e	SMS has a number of offices, warehouses and other buildings, waste produced from these sites is processed by regional waste handling companies which then pass figures to SMS. Government produced conversion factors are then used to calculate emissions.
	Upstream categories excluded 2. Capital goods 3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2) 4. Upstream transportation and distribution, 6. Business travel, 7. Employee commuting, 8. Upstream leased assets	GRI 305-3	444.5	49.4	28.2	T CO₂e	Data includes business travel data only. SMS relevant capital goods are included in other categories within this table. SMS energy and fuel related activities have been covered in scope 1 & 2 emissions quoted. This includes building utilities and fleet emissions. Upstream transportation and distribution is considered de minimis in comparison to operational transportation emissions. This could also be incorporated into Lifecyle data for our physical products such as smart meters. It has therefore been excluded but may be reviewed in future. SMS have leased assets within our fleet and building estate. These are currently incorporated in our scope1 and 2 emissions. Evaluation is required to understand the quantity of this.

Environment

Carbon Emissions continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Scope 3 CO$_2$ Emissions continued	Downstream categories included 11. Use of sold products 13. Downstream leased assets	GRI 305–3	(21,337.2)	(9,718.4)	–	T CO$_2$e	SMS have downstream leased assets in the form of our installed meters. Smart meters enable energy savings through transparency of time–of–use consumption to customers. We have used government commissioned research and quantitative energy monitoring to establish the energy savings delivered by our products and services. Smart Energy GB completed government commissioned research on energy saved by smart meter users, confirming a 3% reduction in consumption. This saving can be used to calculate impact of the meters that we own and manage. We include this in a holistic view of our business activities, and have calculated our 'positive carbon impact' or emissions mitigated. Excluded from this figure is our emissions mitigated through energy efficiency projects delivered to customers.
	Downstream categories excluded 9. Downstream transportation and distribution, 10. Processing of sold products, 12. End–of–life treatment of sold products, 14. Franchises, 15. Investments For each of these categories and activities, the organisation can provide a figure in CO$_2$ equivalent or explain why certain data are not included.	GRI 305–3	–	–	–	–	SMS current activities include a small amount of downstream transportation. This is likely to increase under our current business strategy and will need evaluating in future. SMS is not involved in products that require processing. Smart meters have a long service life which would likely result in 'use' or 'manufacture' phases having much higher full–life impact. The end–of–life has been evaluated to de minimis compared to working with the upstream impacts, and therefore supply chain data has taken priority for SMS emissions calculations. SMS does not have franchises. SMS does not have relevant investments in 2021.
Carbon Intensity	a. GHG emissions intensity ratio for the organisation.	GRI 305–4	28	19	21	TCO$_2$/£m	(Scope 1 & 2) TCO$_2$e/ £m revenue. See Annual Report for intensity metric including Scope 1, 2 and 3.
	b. Organisation–specific metric (the denominator) chosen to calculate the ratio.	GRI 305–4	114.3	103.0	108.5	£m	Revenue is used as the denominator in intensity ratio.
	c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).	GRI 305–4	–	–	–	–	Scope 1 and 2 emissions are included in SMS intensity metrics above. SMS SECR table in Annual Report shows intensity for Scope 1,2 and 3.
	d. Gases included in the calculation; whether CO$_2$, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305–4	–	–	–	T CO$_2$e	CO$_2$, CH4 and N20 breakdown included above.
	d. Gases included in the calculation; whether CO$_2$, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305–4	47.9	27.4	55.4	T CO$_2$e	HFC (407c, 410a, R32).

Environment

Carbon Emissions continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Other Emissions	CFC a. Production, imports, and exports of ODS in metric tons of CFC–11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 305–6	0	0	0	T CO$_2$e	SMS has no CFCs emissions, see HFCs for refrigerant fugitive emissions.
	NOx	GRI 305–7 SASB: IF–EU–120a.1	764.9	456.5	545.7	kg NOx	NOx emissions from fleet movements
	CO	GRI 305–7 SASB: IF–EU–120a.1	2,612.3	1,559.0	1863.9	kg CO	CO emissions from fleet movements
	HC + NOx	GRI 305–7 SASB: IF–EU–120a.1	882.5	526.7	629.7	kg HC + NOx	HC + NOx emissions from fleet movements
	b. Source of the emission factors used.	GRI 305–7 SASB: IF–EU–120a.1	–	–	–	–	NOx Emissions factor is sourced from manufacturers statement and provided through vehicle V5.
	c. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 305–7 SASB: IF–EU–120a.1	–	–	–	–	Calculations are based on manufacturers emissions factors, utilising kWh of diesel from litres as per BEIS conversion factors.
Management	Explain whether it is subject to any country, regional, or industry–level emissions regulations and policies; and provide examples of these regulations and policies;	GRI	–	–	–	–	SMS has low emissions, falling below emissions thresholds to be included in any regulating initiatives such as EU ETS. SMS does fall under the SECR disclosure requirements, which are encompassed in both the above and the Annual Report. Operationally our fleet vehicles fall indirectly under emissions obligations, these are satisfied through regular servicing and compliance ensured through Motor Vehicle Testing (MOT's) and auditing of monthly MPG reports. All LCV are tracked which enables the fleet department to monitor driving styles and idling.
	Percentage covered under (2) emissions–limiting regulations, and (3) emissions–reporting	SASB: IF–EU–110a.1	0	0	0	%	SMS have no emissions covered under emissions regulations or reporting during 2021.

Environment

Energy Consumption

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Energy Use	Total Energy Consumed	GRI 302–1 SASB: RR–FC–130a.1	12846.0	7908.1	9500.3	MWh	SMS has no CFCs emissions, see HFCs for refrigerant fugitive emissions.
	Percentage Grid Electricity	SASB: RR–FC–130a.1	100	100	100	%	—
	Percentage Renewable	SASB: RR–FC–130a.1	0	0	0	%	—
	a & e. Total fuel consumption within the organisation from non–renewable sources, in joules or multiples	GRI 302–1	46,245.8	28,469.0	34,201.0	GJ	This data also represents Total energy consumption within the organisation.
	Fuel types used. Diesel	GRI 302–1	42,360.9	25,281.4	30,224.9	GJ	—
	Fuel types used. Electricity	GRI 302–1	2895.9	2353.8	3213.4	GJ	—
	Fuel types used. Natural Gas	GRI 302–1	989.0	811.9	730.1	GJ	—
	Fuel types used. Burning Oil	GRI 302–1	—	22.0	32.6	GJ	New data aggregated in 2021.
	c. In joules, watt–hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption	GRI 302–1	—	—	—	GJ	Electricity data is included above. SMS has no heating, cooling or steam direct consumption.
	d. In joules, watt–hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold	GRI 302–1	0	0	0	GJ	SMS has not sold electricity in reporting year.

Environment

Energy Consumption continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
	f. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 302–1	–	–	–	–	–
Energy Use continued	g. Source of the conversion factors used.	GRI 302–1	–	–	–	–	Emissions factors used are sourced from BEIS government annual data releases.
	Scope 3 a. Energy consumption outside of the organisation, in joules or multiples.	GRI 302–2	–	–	–	GJ	Scope 3 emissions are currently calculated on 'Well–to–Tank' emissions and waste processing, direct energy consumption is not yet calculated for these data sets.
	b. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 302–2	–	–	–	–	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.
	c. Source of the conversion factors used.	GRI 302–2	–	–	–	–	Emissions factors used are sourced from BEIS government annual data releases.
Energy Intensity	a. Energy intensity ratio for the organisation.	GRI 302–3	112.4	76.8	87.6	MWh/£m	SMS energy intensity is based on Scope 1 & 2, and £m revenue.
	Percentage change in Intensity from previous year		–7	–32	14	%	Energy Intensity percentage change. We have seen an increase in energy intensity as the business steadily returns to pre–covid fleet operations.
	b. Organisation–specific metric (the denominator) chosen to calculate the ratio.	GRI 302–3	£m	–	–	–	Revenue is used as the denominator in intensity ratio.
	c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.	GRI 302–3	–	–	–	–	All relevant fuels are included; Diesel, Gas, Burning Oil, Electricity. Excludes Scope 3 energy sources.
	d. Whether the ratio uses energy consumption within the organisation, outside of it, or both.	GRI 302–3	–	–	–	–	Energy consumption within the organisation is used in energy intensity calculations.

Environment

Water Data

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Other Metrics	Total water withdrawn	SASB IF–EU–140a.1	7,648.1	2,963.4	2950.5	m³	Water withdrawn is aggregated from water meter and estimate data across SMS building estate.
	Total water consumed	SASB IF–EU–140a.1	0	0	0	m³	Water is not actively consumed by any processes conducted by SMS in the reporting year. SMS does have a very small proportion consumed by staff on sites, but this is not currently calculated.
	Percentage of water consumed in regions with High or Extremely High Baseline Water Stress	SASB IF–EU–140a.1	0	0	0	%	All water is used within the UK & Ireland, which has no defined 'water stress' regions
	Number of incidents of non–compliance associated with water quantity and/or quality permits, standards, and regulations	SASB IF–EU–140a.2	0	0	0	#	SMS has no incidents of non–compliance associated with water quantity and/or quality permits, standards, and regulations in the reporting year

Waste Data

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Other Metrics	Total waste generated	ESG Rating Agencies	121.28	95.21	153.04	T	Waste generated is calculated from site collection data provided by SMS waste suppliers. Waste generation for remaining sites is estimated based on floor area using an office benchmark figure for waste generated per m³.
	Total waste landfilled	ESG Rating Agencies	4.34	0.57	0	T	Waste to landfill is calculated based on the data provided by SMS waste suppliers.

Offsetting

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Offsets	When reporting on GHG emissions targets, the reporting organisation shall explain whether offsets were used to meet the targets, including the type, amount, criteria or scheme of which the offsets are part.	GRI	–	–	–	–	SMS does not utilise any Carbon Offsetting at this time.

Environment

Carbon Reduction Activities

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Reductions	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO_2 equivalent.	GRI 305–5	880.8	285.0	127.4	T CO_2e	Reduction in emissions per vehicle, multiplied by average number of vehicles during 2021 compared to 2019. Our fleet operational control initiative continues to be a rolling action plan under our ISO50001 management system. Our fleet team have continued focus on 'Driver Styles' training and implemented consumption audits. In addition to training and monitoring, monthly figures are aggregated and trend analysis used to identify issues, and implement early mitigation steps.
	b. Gases included in the reduction calculation; whether CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305–5	CO_2e	–	–	Gases	CO_2 equivalent is used in reductions calculations, emissions factors used are sourced from BEIS government annual data releases.
	c. Base year or baseline, including the rationale for choosing it.	GRI 305–5	2018	2019	2019	Year	This baseline has been chosen as it depicts pre–covid 'normal' energy consumption and emissions, and alignment with our Net Zero target baseline of 2019.
	d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).	GRI 305–5	1	1	1	Scope	Based on combustion of Diesel in tracked fleet vehicles. Reductions observed across all scopes compared to 2019, however not all can be separated from COVID–19 operational impacts.
	e. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 305–5	–	–	–	–	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.
	a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.	GRI 302–4	50.3	16	3.5	GJ/ Vehicle	Reduction is based on energy use per vehicle following Energy Management System action plans delivering a percentage reduction in kWh/vehicle compared to 2019.
	b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.	GRI 302–4	–	–	–	–	Reduction is calculated from fleet energy reductions in Litres of Diesel. This calculation excludes building reductions.
	c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.	GRI 302–4	–	–	–	–	Reduction is based on EnPIs as part of our Energy Management System, which measures year on year performance. Base year is 2019.
	d. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 302–4	–	–	–	–	SMS extrapolates percentage energy saving per vehicle to understand the impact of projects and actions taken, whilst our fleet continues to grow.

Environment

Carbon and Energy Reduction Services

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Products & Services	a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.	GRI 302–5	0	0	0	MWh	Our products and services are based on reducing energy consumption and emissions. Whilst the energy and emissions savings have been significant for our customers (see page 20), the energy consumed by the operation of smart meters or lighting solutions has not changed.
	b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.	GRI 302–5	2018	2019	2020	Year	This baseline has been chosen as it was the most up–to–date energy data available, inline with our energy management standards and alignment with the annual financial reporting year at SMS.
	c. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 302–5	–	–	–	–	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.
	Alternative Energy Products and Services	ESG Rating Agencies	–	–	–	–	Low Carbon energy is among key strategic objectives, with the development and implementation of Carbon Reduction (CaRe) assets a key strategic target.
	Energy Efficiency Products and Services	ESG Rating Agencies	–	–	–	–	Energy Efficiency products and services are a key part in the end to end services offered by SMS to help customers achieve their ambitions for low carbon energy.
	Green Building Products and Services	ESG Rating Agencies	–	–	–	–	Our low carbon energy products and services are a critical aspect of green building now and in the future.
	Pollution Prevention and Control Products and Services	ESG Rating Agencies	–	–	–	–	SMS are not involved in direct pollution prevention or control products or services such as filtering or spill response. Our services are indirect pollution mitigation through energy use reduction services.
	Sustainable Water Products and Services	ESG Rating Agencies	–	–	–	–	SMS are not involved in direct sustainable water products or services such as leak detection hardware or bunding. Our services are indirect, such as operational control through water use data services.

Environment

Climate Related Risks and Opportunities

Section	Category	Applicable frameworks			Notes

Climate Risks	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:
	
	  i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;
	  ii. a description of the impact associated with the risk or opportunity;
	  iii. the financial implications of the risk or opportunity before action is taken;
	  iv. the methods used to manage the risk or opportunity;
	  v. the costs of actions taken to manage the risk or opportunity.
		GRI 201–1	1	Risk	**SOURCE**
					Climate change is leading to increased intensity and frequency of severe weather events, such as prolonged and heavy rainfall in the UK, increasing frequency of extreme wind, drought or snow. These weather changes have the potential to significantly impact SMS, effecting the safety of its employees, assets and operations.
					
					RISK
					The key risk associated with these events is the health and safety risk to employees, with secondary impact of decrease in revenue from disruption to business as usual. SMS has a significant proportion of employees' vehicle–based, in our Engineer Team, where driving conditions are a key factor in safety. Risk scenarios encompass an incident occurrence leading to significant injury, illness or loss of life to an employee or third party.
					
					The potential financial impact and likelihood is dependent on how widespread or severe any event might be, and how many employees or assets could be affected, with the possibility of major safety incidents increased if more of the UK is affected or the weather more intense.
					
					Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.

	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:
	
	  i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;
	  ii. a description of the impact associated with the risk or opportunity;
	  iii. the financial implications of the risk or opportunity before action is taken;
	  iv. the methods used to manage the risk or opportunity;
	  v. the costs of actions taken to manage the risk or opportunity.
		GRI–201–1	2	Risk	**SOURCE**
					Climate change is leading to increased frequency of weather events, such as prolonged and heavy rainfall in the UK, increasing frequency of extreme wind, drought or snow.
					
					RISK
					These weather changes have the potential to significantly impact SMS, affecting the ability to continue business as usual. This can take the form of disruption to transportation including employee and supply chain, operation of warehousing and offices, and information networks such as on–site servers.
					
					Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.

Environment

Climate Related Risks and Opportunities continued

Section	Category	Applicable frameworks			Notes
Climate Risks continued	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	GRI 201–1	3	Risk	**SOURCE** It is well-understood by policymakers that businesses plan over a time horizon longer than the political cycle, but long-term policymaking to support these decisions has proven to be difficult in practice. In the UK a lack of clarity from Government on decarbonisation policies required to meet climate change commitments, exacerbated by Brexit and most recently COVID-19, making investment decisions more difficult. 2050 net zero legislation has given direction however, definition and clarity of actions are yet to be shared. **RISK** SMS is a leader in the transition to a low carbon economy, rapidly developing services to support a range of new and existing customers to achieve carbon reductions. Policy can both positively and negatively impact the perceived value of any key area of decarbonisation, with the potential to lead the market away from SMS offering through lack of support. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.
	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	GRI 201–1	4	Risk	**SOURCE** In the pursuit of reducing carbon, taxation is a frequently used government tool to change markets and consumer behaviour. Gradually escalating carbon taxation in the UK is projected to continue to result in rises in fuel and energy costs. **RISK** As energy consumption through vehicle fuel and estate utilities is required to run our business operations, rises in energy costs have a direct impact to our business. In contrast to the benefits carbon taxation brings to the appeal to our services, a related increase in operational overheads impact the profitability of our business. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.
	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	GRI 201–1	1	Opportunity	**SOURCE** BEIS announced a proposed extension of the UK smart meter rollout deadline to 30 June 2025 with annual mandatory performance targets to be introduced on a supplier by supplier basis. **OPPORTUNITY** SMS is an established and reputable supplier of smart meters with contracts in place with major energy suppliers across the UK. The smart meter extension has increased the time supplier have to achieve the targets set out for smart meter installs, which in turn extends SMS's ability to support the installations required. c.36.5 million meters (as of end 2019) still to be exchanged in the industry as a whole. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.

Environment

Climate Related Risks and Opportunities continued

Section	Category	Applicable frameworks			Notes
Climate Risks continued	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	GRI 201–1	2	Opportunity	**SOURCE** In June 2019 Government–legislated the target of net zero carbon emissions by 2050, which is expected to drive the public policy agenda and consequent business and consumer response. Ofgem has set out its decarbonisation action plan, detailing its next steps on an urgent, but decades–long, journey towards net zero. **OPPORTUNITY** A new market for the management and operation of Carbon Reduction (CaRe) assets, including EV charging points and battery storage, continues to evolve and developments in this space are accelerating. The next few years will see intense evolution across the energy production and consumption landscape and we have seen significant growth opportunities in CaRe assets from within our energy management division. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.
	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	GRI 201–1	3	Opportunity	**SOURCE** Government target for all new vehicles to be electric by 2035, with a ban on the sale of new petrol, diesel and hybrid vehicles due to be enforced accordingly. The government's Road to Zero strategy includes legislation designed to improve EV uptake. Decarbonising heating is a big challenge facing the energy sector with residential heating alone currently responsible for c.18% of the UK's greenhouse gas emissions. Ofgem has set out its decarbonisation action plan to identify and tackle regulatory barriers, and remove obstacles to new business models, products and services. **OPPORTUNITY** Electrification of transport and heat represents a fundamental shift in markets and energy networks, amounting to over £100b in total market size. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.
	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	GRI 201–1	2	Risk	**SOURCE** Climate change is leading to increased frequency of weather events, such as prolonged and heavy rainfall in the UK, increasing frequency of extreme wind, drought or snow. **RISK** These weather changes have the potential to significantly impact SMS, affecting the ability to continue business as usual. This can take the form of disruption to transportation including employee and supply chain, operation of warehousing and offices, and information networks such as on–site servers. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.

Environment

Climate Related Risks and Opportunities continued

Section	Category	Applicable frameworks			Notes

Climate Risks continued	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:
	
	  i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;
	
	  ii. a description of the impact associated with the risk or opportunity;
	
	  iii. the financial implications of the risk or opportunity before action is taken;
	
	  iv. the methods used to manage the risk or opportunity;
	
	  v. the costs of actions taken to manage the risk or opportunity.
		GRI 201–1	4	Opportunity	**SOURCE**
					The digitisation of the energy network is increasing in scale and breadth as the energy systems rapidly evolve to meet demand. This includes current data sources such as volume of data being generated by smart meters and other devices and the technology being used to drive efficiency and enhance customer experience.
					
					The digital revolution is driving a more dynamic energy system, with demand and generation needing to be able to respond to each other on a local basis; Artificial intelligence, automation and use of blockchain have potential to further disrupt the energy market.
					
					OPPORTUNITY
					The exponential growth of data gathering, processing and response systems represents a significant emerging market opportunity. The scale of this can be seen in examples such as: over 2.8 trillion data points will be collected in 2050 to understand where EVs are charging on the electricity system.
					
					Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.

Environment

Scope of ISOs

ISO Standard	Coverage	Scope
ISO50001 – Energy Management (EnMS)	Excludes Solo and Qton	Within our management system scope we include: All our Vehicles Tracked Through SMS's Telematics Software representing around 90% of business emissions. All facilities with at least a calendar year of energy data available, with staff on site which represent around 10% of business emissions. Outside of our scope is 'Grey' fleet and fleet cars which do not have vehicle tracking abilities or where the ownership of the vehicle is not SMS Plc., facilities outside of SMS Plc's control of energy usage are excluded from the scope of the management system, such as; unmanned buildings, locations without a calendar year of recorded energy data.
ISO14001 – Environmental Management (EMS)	Excludes Solo and Qton	Our Environmental management system covers the majority of SMS sites and activities. Solo Energy and Qton are not included within the scope of certification.
ISO27001 – Information Security	100% of SMS Group	Our Information Security management system covers all our business's operations and locations.
ISO9001 – Quality Management	Excludes Qton	Our Quality management system covers all SMS activities /sites with the exception of Qton.
ISO45001 – Health & Safety Management	Excludes Qton	Our Health & Safety management system covers all SMS activities /sites with the exception of Qton.

* Qton Solutions Limited ('Qton') is a Cambridge based subsidiary delivering specialist software development services catering to the utilities industry, this business encompasses 1 office site and 26 employees.

* Solo Energy Limited (UK) & (Ireland) ('Solo') is based in Scotland and Ireland, delivering renewable electricity storage and distribution through inhouse flexibility software, this business encompasses 2 office sites and 3 employees.

Social

Materiality and Boundaries

Section	Category	Applicable Frameworks	Notes
Materiality & Boundaries	Any specific limitation regarding the topic Boundary.	GRI 103–1	There are no specific limitations set for SMS social impacts, SMS continues to mature and expand the engagement, monitoring and targeting across relevant aspects.

Materiality	For each material topic:
	
	a. An explanation of how the organisation evaluates the management approach, including:
	
	  i. the mechanisms for evaluating the effectiveness of the management approach;
	
	  ii. the results of the evaluation of the management approach;
	
	  iii. any related adjustments to the management approach.
		GRI 103–3	SMS has a range of management approaches for the social aspects of business operations across human resource, health and safety and supply chain activities.
			
			At the top level, our Health, Safety and Sustainability Committee have oversight of activities, with the ESG Working Group supporting communications and activity. Alongside this, there are a number of established management systems supporting continuous improvement, evaluate approach and performance.

Social Management

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Health and Safety Management	Description of reports to assess, monitor, and reduce exposure of workforce to human health hazards	SASB RR–FC–320a.2	–	–	–	–	PRO_SHE_017 Risk Management Procedure follows the hierarchy of control for reducing health risks for the workforce. 2 Occupational Health Providers engaged to advise, assess and monitor health risks.
	a. A description of the processes used to identify work–related hazards and assess risks on a routine and non–routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including: i. how the organisation ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.	GRI 403–2	–	–	–	–	PRO_SHE_017 Risk Management Procedure is implemented to manage hazards and risks i) all procedures are audited internally and externally to ISO 9001, competency matrices available for job roles. ii) Results are communicated via the Board Report, Senior Management Team and Senior Leadership Team forums.

Social

Social Management continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Health and Safety Management continued	a. An explanation of how the organisation facilitates workers' access to non–occupational medical and healthcare services, and the scope of access provided.	GRI 403–6	–	–	–	–	Primary non occupational medical and healthcare is via the National Health Service (NHS). Senior staff members have access to private medical services and this is offered per career level. SMS offers all employees access to Medicash (paid for by the company with a p11d cost), along with access to Employee Assistance Programmes, Health Assured and Smart Health. Both medicash and EAP services are self–service and available for all employees to access.
	a. A description of the organisation's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks.	GRI 403–7	–	–	–	–	Regular inspections and audits are carried out across all business functions by the SHEQ and Technical Assurance teams. A dedicated internal audit team carry out regular audits on all business systems. The findings from all of the above are formally reported to the operating Board of Directors.
	b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	GRI 403–8	0	0	0	#	No workers have been excluded.
	c. Any contextual information necessary to understand how the occupational health and safety data have been compiled, such as any standards, methodologies, and assumptions used.	GRI 403–8	–	–	–	–	All data is compiled, and cross checked with the Finance and HR functions.
Employee Management	a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behaviour, and organisational integrity; ii. reporting concerns about unethical or unlawful behaviour, and organisational integrity.	GRI 102–17	–	–	–	–	There are policies in place regarding Whistleblowing, Anti–bribery, Charitable & Political Donations, Gifts & Hospitality. We have a Grievance Policy and robust process in place for dealing with grievances. Our dedicated HR team can provide specialist technical advice and there is access to an external lawyer, supported by an in–house legal team. Further to this we can refer to relevant government websites for the most up to date guidance where appropriate.

Social

Social Management continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Employee Management continued	a. Percentage of total employees covered by collective bargaining agreements.	GRI 102–41	0	0	4.23	%	52 employees (4.23%) are unionised following an acquisition in 2021.

	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
	b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.
		GRI 401–1	Average Headcount in 2019 was 1218.5.
			• Total Number of new starts — 782
			• By Gender; Female 242, Male 540
			• By Age Group; Under 30: 334, 30 – 50: 358, Over 50 – 90
			• By Region;
			  • Cambridge — 12
			  • Cardiff — 83
			  • Doncaster — 616
			  • Glasgow — 67
			  • Ireland — 4
				Average headcount in 2020 was 1096
				• Total Number of new starts — 106
				• By Gender; Female 40, Male 66
				• By Age Group; Under 30: 36, 30 – 50: 57, Over 50: 13
				• By Region;
				  • Cambridge — 3
				  • Cardiff — 58
				  • Doncaster — 20
				  • Glasgow — 18
				  • Ireland — 7
				
				• Total Number of leavers — 352
				• By Gender; Female 98, Male 254
				• By Age Group; Under 30: 113 , 30 – 50: 187 , Over 50: 52
				• By Region;
				  • Cambridge — 4
				  • Cardiff — 56
				  • Doncaster — 268
				  • Glasgow — 22
				  • Ireland — 2
					Average headcount in 2021 was 1126
					• Total Number of new starts — 470
					• By Gender; Female 112, Male 358
					• By Age Group; Under 30: 147, 30 – 50: 249, Over 50: 74
					• By Region;
					  • Cambridge — 10
					  • Cardiff — 77
					  • Doncaster — 329
					  • Glasgow — 51
					  • Ireland — 3
					
					• Total Number of leavers — 310
					• By Gender; Female 88, Male 222
					• By Age Group; Under 30: 96 , 30 – 50: 161 , Over 50: 53
					• By Region;
					  • Cambridge — 10
					  • Cardiff — 67
					  • Doncaster — 200
					  • Glasgow — 30
					  • Ireland — 3
						#	—

Social

Social Management continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Turnover	(1) Voluntary and (2) involuntary turnover rate for employees	SASB SV–HL–310a.1 SV–PS–330a.2	Average employees in 2019 was 1218.5. Voluntary Leaver – 340 / Involuntary Leavers – 126 Voluntary Turnover – 27.9 / Involuntary Turnover – 10.3 Reasons for leaving – predominately performance related for involuntary and new role for voluntary	Average employees in 2020 was 1096 Voluntary Leaver – 246 / Involuntary Leavers – 106 Voluntary Turnover – 22.44% / Involuntary Turnover – 9.67% Reasons for leaving – predominately performance/ disciplinary related for involuntary and new role for voluntary	Average headcount in 2021 was 1126 Voluntary Leaver – 274 / Involuntary Leavers – 36 Voluntary Turnover – 24.33% / Involuntary Turnover – 3.19% Reasons for leaving – predominately performance/ disciplinary related for involuntary and new role for voluntary	#	—
Supply Chain	Targets and deadlines related to supply chain management	ESG Rating Agencies	—	—	—	—	SMS Procurement has categorised its vendor base and applied into EQMS (Electronic Quality Management System) to help identify similar vendor types within the EQMS system and will also prove key to SMS in order to rationalise its vendor base once spend is also brought into the platform from SMS ERP system, which is currently being built. The first stage of the EQMS platform successfully went live in September 2020 which enables new vendor onboarding requests to be systematically processed and improves the initial onboarding of vendors via Issue Manager. This was then followed up in 2021 with commencement on the vendor manager platform. Within the development of the EQMS platform Procurement have currently identified a number of individual reportable data fields ranging from vendor insurance cover through to sustainability targets, once fields are completed by the vendor this will allow for greater transparency to both Procurement and company–wide employees (based on access rights). Once the platform is fully live and EQMS holds SMS ERP vendor codes, it is SMS Procurement intent to bring across vendor spend from the ERP system to allow for spend analytics for tier rating and elimination of duplicate vendor types across group bringing through cost saving targets whilst reducing the vendor base and administrative time for its finance teams. Longer term goals and aspirations of the EQMS platform is to have vendors self populating files and bringing in a fair and transparent monitoring of SMS data base with most up to date information being populated.

Social

Social Management continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Supply Chain continued	Training programmes for suppliers on labour rights issues or plans to do so	ESG Rating Agencies	–	–	–	–	We do not currently have training programmes for suppliers on labour rights issues. As SMS develops its EQMS (Electronic Quality Management System) platform and closer monitoring of its vendor base – will allow for best practice to be shared. It is Procurement ambition is to attain FCIPS standard which strengthens a closer working relationship with the body CIPS and Continuous Personal Development to enable translation and training of best practice to SMS supply chain.
	Monitoring of supply chain non–compliance incidents or practices	ESG Rating Agencies	–	–	–	–	SMS do conduct monitoring of supply chain non–compliance incidents or practices with its key partners, although as we have developed closer monitoring of our vendor base through the EQMS (Electronic Quality Management System) and working relationships with vendors; best practice is being shared. It is Procurement ambition is to attain FCIPS standard which strengthens a closer working relationship with the body CIPS and therefore SMS Development to enable translation and training of best practice to SMS supply chain.
	Share information on interaction with NGOs, labour groups or industry peers on social supply chain issues.	ESG Rating Agencies	–	–	–	–	As a MCIPS member, SMS Procurement function is kept up to date with social supply chain issues, further interaction with CIPS and the development to attain FCIPS status will help draw out topical issues to share with SMS Supply chain.
Organisation Context	Significant changes to the organisation's size, structure, ownership, or supply chain	GRI 102–10	–	–	–	–	Please see Annual Report.
Employee Protection	Description of policies and programs to prevent worker harassment	SASB SV–HL–310a.4	–	–	–	–	We have an employee handbook which all new starters are required to read and e-sign, further to this our policies are available on the Company intranet page, including our Dignity At Work and Equal Opportunities, Diversity & Inclusion Policy. We also require all new starters to complete our in–house Equality and Diversity e–training module.

Social

Health & Safety Performance Data

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Health & Safety Data	Disclose data on lost–time incident rate (LTIR)	SASB IF–EN–250a.2	0.75	0.20	0.17	#	Lost time injury frequency rate.
	(1) Total recordable incident rate (TRIR) and	SASB RR–FC–320a.1	2.44	0.98	0.69	#	–
	(2) fatality rate	SASB RR–FC–320a.1	0	0	0	#	Fatality rate is zero.
	(3) near miss frequency rate (NMFR)	SASB RR–FC–320a.1	15.14	14.82	12.40	#	Near Miss Frequency Rate 15.3 – no separate data for the categories listed above.
	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving	SASB IF–WM–320a.2	–	–	–	–	Driving styles and speed limit adherence are measured.
	Safety Measurement System BASIC percentiles for: (2) Hours–of–Service Compliance	SASB IF–WM–320a.2	–	–	–	–	Driver hours are recorded and monitored.
	Safety Measurement System BASIC percentiles for: (3) Driver Fitness	SASB IF–WM–320a.2	–	–	–	–	Driver fitness is monitored, regular random and for cause drug and alcohol checks are undertaken.
	Safety Measurement System BASIC percentiles for: (4) Con–trolled Substances/Alcohol	SASB IF–WM–320a.2	–	–	–	–	Regular random and for cause drug and alcohol checks are undertaken.
	a. For all employees: i. The number and rate of fatalities as a result of work–related injury; ii. The number and rate of high–consequence work–related injuries (excluding fatalities);	GRI 403–9	0	0	–		i. None ii. None
	a. For all employees: iii. The number of recordable work–related injuries	GRI 403–9	62	20	16	#	Work related injuries.
	a. For all employees: iii. The rate of recordable work–related injuries	GRI 403–9	2.44	0.98	0.69	#	Frequency rates are based on number of hours worked.

Social

Health & Safety Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Health & Safety Data continued	a. For all employees: iv. The main types of work–related injury; v. The number of hours worked.	GRI 403–9	–	–	–	–	iv. Musculoskeletal and head injuries are the main type of work–related injury. v. Frequency rates are based on number of hours worked.
	b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation: i. The number and rate of fatalities as a result of work–related injury; ii. The number and rate of high–consequence work–related injuries (excluding fatalities); iii. The number and rate of recordable work–related injuries; iv. The main types of work–related injury; v. The number of hours worked.	GRI 403–9	0	0	0	#	i. None ii. None
	b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation: iii. The number and rate of recordable work–related injuries; iv. The main types of work–related injury; v. The number of hours worked.	GRI 403–9	–	2	7	–	iii. Data not available for 2019. Data not available for frequency rate. iv. N/A v. Frequency rates are based on number of hours worked.
	b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation: ; iv. The main types of work–related injury; v. The number of hours worked.	GRI 403–9	–	–	–	–	iv. Violence and aggression and sharp objects are the main type of work–related injuries for non–SMS employees. v. Data not available
	c. The work–related hazards that pose a risk of high–consequence injury, including: i. how these hazards have been determined	GRI 403–9	–	–	–	–	i. Through risk assessment and consultation we have identified working with gas and electricity, plant and vehicle movement, driving, work at height.

Social

Health & Safety Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Health & Safety Data continued	c. The work–related hazards that pose a risk of high–consequence injury, including: ii. which of these hazards have caused or contributed to high–consequence injuries during the reporting period;	GRI 403–9	–	–	–	–	ii. None
	c. The work–related hazards that pose a risk of high–consequence injury, including: iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls.	GRI 403–9	–	–	–	–	Minimise exposure to the risks / hazards identified, Risk assessments and method statements in place. No live working permitted, competent personnel carry out all works, safe tools and equipment used. Supervision and monitoring. PPE where required.
	d. Any actions taken or underway to eliminate other work–related hazards and minimize risks using the hierarchy of controls.	GRI 403–9	–	–	–	–	Proposal for new protective headwear drafted to reduce the number of injuries.
	e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.	GRI 403–9	100,000	100,000	100,000	hours	Frequency rates are based on number of hours worked x 100,000.
	f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	GRI 403–9	–	–	–	–	None excluded.
	g. Any contextual information necessary to understand how the rate of fatalities data have been compiled, such as any standards, methodologies, and assumptions used.	GRI 403–9	–	–	–	–	Relevant industry standards stipulate that frequency rates should be based on number of hours worked.
	a. For all employees: i. The number of fatalities as a result of work–related ill health; ii. The number of cases of recordable work–related ill health; iii. The main types of work–related ill health.	GRI 403–10	–	i. None ii. Not collated separately to injury, as per above. iii. Not collated separately to injury, as per above.	i. None ii. Not collated separately to injury, as per above. iii. Not collated separately to injury, as per above.	–	–

Social

Health & Safety Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Health & Safety Data continued	b. For all workers who are not employees but whose work and/ or workplace is controlled by the organisation: i. The number of fatalities as a result of work–related ill health; ii. The number of cases of recordable work–related ill health; iii. The main types of work–related ill health.	GRI 403–10	–	i. None ii. None iii. None	i. None ii. None iii. None	–	–
	c. The work–related hazards that pose a risk of ill health, including: i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls.	GRI 403–10	–	–	–	–	i. Hazards have been identified through H&S management systems ii. No works with asbestos are permitted without suitable competencies. Approved contractors carry out any works with asbestos . iii. Stress is monitored throughout the organisation.
	d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	GRI 403–10	–	–	–	–	No workers have been excluded from this calculation.
	e. Any contextual information necessary to understand how the work–related ill health data have been compiled, such as any standards, methodologies, and assumptions used.	GRI 403–10	–	–	–	–	Frequency rates are based on number of hours worked.
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	SV–HL–310a.2	0	0	0	£	No legal proceedings associated with labour law violations

Social

Social Performance Data

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Employee Contextual Data	Employee engagement as a percentage Disclosure shall include a description of the methodology employed.	SASB SV–PS–330a.3	65.12	50	75	%	We launched our 2nd employee engagement survey via Best Companies in February 2021 . 75%of employees responded. We received feedback on what we do well as a business and what areas we could do better at. Following that we communicated the results via an infographic to employees. We have since implemented an action plan across all areas of the business and have planned in a third survey in February 2022 to gauge YOY improvement.
	Number of employees by: (1) full–time and part–time	SASB SV–PS–000.A	1268	1024	1229	#	Figures as at 31/12/2021
	Number of employees by: temporary	SASB SV–PS–000.A	5	4	6	#	Temporary employee is defined as fixed term staff employed by SMS, and excludes agency employees. Figures as at 31/12/2021
	Number of employees by: contract	SASB SV–PS–000.A	–	–	–	#	Data is not currently available
	Employee hours worked, percentage billable	SASB SV–PS–000.B	–	–	–	Hours	Hours worked and percentage billable is not currently calculated. SMS will pursue this for future reporting.
	a. Total number of employees by employment contract (permanent and temporary), by gender.	GRI 102–8	Female: Permanent 398 / Temporary 4 Male: Permanent 870 / Temporary 1	Female: Permanent 340 / Temporary 1 Male: Permanent 680 / Temporary 3	Female: Permanent 390 / Temporary 0 Male: Permanent 833 / Temporary 6	–	–
	b. Total number of employees by employment contract (permanent and temporary), by region.	GRI 102–8	Cardiff: Permanent 286 / Temp 2 Cambridge: Permanent 29 / Temp 0 Glasgow: Permanent 186 / Temp 2 Doncaster: Permanent 761 / Temp 1 Ireland: Permanent 6 / Temp 0	Cardiff: Permanent 287/ Temp 2 Cambridge: Permanent 27 / Temp 0 Glasgow: Permanent 183/ Temp 1 Doncaster: Permanent 509 / Temp 1 Ireland: Permanent 14 / Temp 0	Cardiff: Permanent 291/ Temp 4 Cambridge: Permanent 28 / Temp 1 Glasgow: Permanent 202/ Temp 1 Doncaster: Permanent 688 / Temp 0 Ireland: Permanent 14 / Temp 0	#	–

Social

Social Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Employee Contextual Data continued	c. Total number of employees by employment type (full–time and part–time), by gender.	GRI 102–8	Full–time: Female 337 / Male 849 Part–time: Female 65 / Male 22	Full–time: Female 283 / Male 665 Part–time: Female 58/ Male 18	Full–time: Female 321 / Male 819 Part–time: Female 69/ Male 20	#	–
	d. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	GRI 102–8	–	–	–	–	SMS deploys subcontractors to complete a portion of our field–based metering works. This includes installing and/or exchanging gas and electricity meters at domestic or industrial and commercial sites. This is not a significant portion of our work as it is only 6.9% of the overall work–force.
	e. Any significant variations in the numbers reported in Disclosures 102–8–a, 102–8–b, and 102–8–c (such as seasonal variations in the tourism or agricultural industries).	GRI 102–8	–	–	–	–	No significant seasonal variations however number of fixed term workers increase slightly over summer months as we take on a small number of summer workers and work experience employees.
	f. An explanation of how the data have been compiled, includ–ing any assumptions made.	GRI 102–8	–	–	–	–	Reports produced using our online HR system (Cezanne) with a reporting date of 31/12/2021. Temporary employees are defined as fixed term staff employed by SMS, and excludes agency paid employees. Region refers to the regional payroll each employee falls into and not their residential address.

Social

Gender and Equality

Section	Category	Applicable frameworks	Notes
Gender and Equality Management	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees The entity shall describe its policies and programs for fostering equitable employee representation across its global operations.	SASB SV–PS–330a.1	See our Gender pay report for further details.
	Share Managerial or board level responsibility for diversity initiatives	ESG Rating Agencies	Judy Keir, Group HR Director has responsibility to champion this throughout the organisation, supported by the Non–Executive Directors and Board.
Gender and Equality Data	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	GRI 401–3	Data not currently available.

	a. Percentage of individuals within the organisation's governance bodies in each of the following diversity categories:
	  i. Gender
	  ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).
		GRI 405–1	**Non–exec** – 50% Female / 50% Male,
			
			Board – 100% Male
			
			Non–exec – 30 – 50 years old 25%, over 50 years old 75%
			Board – 66.66% 30 – 50 years old 33.33%, over 50 years old

	b. Percentage of employees per employee category in each of the following diversity categories: ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	GRI 405–1	**Under 30** – 21.95 % **30–50** – 60.65% **Over 50** – 17.40 % * Based on current employees as at 31/12/2021
	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	GRI 405–2	From 2021 V 2020 for the SMS Consolidated Group, the median hourly gap has decreased and thus improved by 0.8% which is positive, and the mean hourly pay gap has slightly widened by 0.2%. Within CH4 Gas Utility and Maintenance Services Limited, the median hourly pay gap has widened by 2.1%, and the mean hourly pay gap has widened by 2.4%, however the compilation of the workforce within CH4 is where many employees are engineers and male. Within SMS Energy Services, there is a positive improvement, with the median hourly pay gap having decreased and thus improved by 3.4%. The mean hourly pay gap has slightly widened by 0.7%.
	b. The definition used for 'significant locations of operation'.	GRI 405–2	SMS operate in the UK & Ireland therefore the whole business is included in the figures provided.

Social

Remuneration, Incentives and Benefits

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Remuneration & Incentives	Company Benefits	ESG Rating Agencies	–	–	–	–	Access to discount codes with Dell Advantage. Cycle Scheme. Season Ticket Loan for travel to work. Long Service Awards. Refer a Friend Scheme. Access to Tommy's Pregnancy & Parenting at Work. Access to SMART Health. Access to a confidential Employee Assistance Program. Enhanced Maternity/Adoption Pay. Enhanced payment for Fertility Treatment and in sad event of Miscarriage Pension (Automatic enrolment into the Company Stakeholder Pension Scheme (following 3 months continuous employment) for all employees, at 4% of basic annual salary matched with the opportunity to increase with up to 5% matched by the Company). Life Cover (Death in Service payment). Option to join 'Medicash'. Share Incentive Plan.
	Employees applicable for company benefits	ESG Rating Agencies	–	–	–	–	All employees with over 6 months service.
	Develop or share existing evidence of variable incentive pay for non–officer staff	ESG Rating Agencies	–	–	–	–	A monthly bonus in place for engineering staff. A discretionary annual performance related bonus for other employees which is dependent on individual and company performance.
	Describe actions on building long–term performance related pay for Directors	ESG Rating Agencies	–	–	–	–	SMS has introduced one SMS pay and reward scheme across the business and build a performance related pay structure using a third–party company, Verditer Consulting Limited, to benchmark our salaries.
	Average hourly wage, by region	SASB SV–HL–310a.3	–	Glasgow £20.49 / Cardiff £14.89 / Cambridge £28.96 Doncaster and Solo Energy data not currently available	Glasgow £22.73 / Cardiff £16.67 / Cambridge £29.65 / CH4 £15.66 / Data Services £16.68 / Solo £27.83	–	–

Social

Remuneration, Incentives and Benefits continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
	Percentage of employees earning minimum wage, by region	SASB SV-HL-310a.3	0	0	0	%	(2) 0% – we are a Living Wage Employer therefore all employees receive more than the minimum wage.
Remuneration & Incentives continued	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance–based pay, equity–based pay, bonuses, and deferred or vested shares; ii. Sign–on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	GRI 102–35	–	–	–	–	All aspects of Remuneration can be found in SMS Remuneration Policy, see SMS website for details.
	a. Ratio of the annual total compensation for the organisation's highest–paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest–paid individual) in the same country.	GRI 102–38	102–38	–	11.7–1	Ratio	UK based operations only

Social

Remuneration, Incentives and Benefits continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
	a. Ratio of the percentage increase in annual total compensation for the organisation's highest–paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest–paid individual) in the same country.	GRI 102–39	–	–	–	–	Ratio of total compensations is not currently calculated. SMS will pursue this in future reporting.

Governance

Materiality & Boundaries

Section	Category	Applicable frameworks	Notes
Materiality & Boundaries	The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organisation's involvement with the impacts. For example, whether the organisation has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.	GRI 103–1	i. SMS governance commitments pertain to operational control across legal requirements, financial conduct and Information Technology activities. ii. SMS is directly responsible for the legal, financial and IT operations.
	Any specific limitation regarding the topic Boundary.	GRI 103–1	There are no specific limitations set for SMS governance impacts, however reasonable expectations of influence and control must be observed.
	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries	GRI 102–49	None
	a. Reporting period for the information provided	GRI 102–50	Year ended 31 December 2021.
	a. If applicable, the date of the most recent previous report	GRI 102–51	This is the second Sustainability Report.
	Reporting cycle	GRI 102–52	Annual
	For each material topic: a. An explanation of how the organisation evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	GRI 103–3	Company executes a performance evaluation process for the Board, its Committees and individual Directors. This process gives the Directors the opportunity to identify areas for improvement both jointly and individually using questionnaires, one–to–one sessions with the Chairman and open discussion. As part of the annual performance evaluation of the Board, the Non–executive Directors met, led by the Senior Independent Director and without the Chairman present, to appraise the Chairman's performance. There are also discussions between the Chairman and the Non–executive Directors, without the Executive Directors present, to discuss feedback for each Executive Director in advance of their appraisals. During 2021, the Company sought feedback informally, at the end of each Board meeting, in order to provide Directors with current, relevant thoughts and reflections.
Context	For each material topic: a. An explanation of how the organisation manages the topic.	GRI 103–2	It is the Board's role to ensure that the Group is governed for the long–term benefit of all of its stakeholders. The board ensures effective and efficient decision making in a manner that incorporates the needs of our many stakeholders. SMS Annual report sets out the relevant provisions in accordance with the Quoted Companies Alliance's Corporate Governance Code (the QCA Code). SMS structure of Board, committees, and working groups underpinned with ISO certified frameworks have been implemented to ensure rigorous and encompassing management of all governance responsibilities.
	b. A statement of the purpose of the management approach.	GRI 103–2	Corporate governance is an important part of the Group's strategy and our aim of continual improvement of our processes and risk management, whilst supporting the continued growth of the business. SMS's management approach of Board, Committees and working groups ensures rigour and continuous improvement across all aspects of corporate governance.

Governance

Materiality & Boundaries continued

Section	Category	Applicable frameworks	Notes
Context continued	c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	GRI 103–2	SMS details governance policies, commitments, goals and responsibilities alongside further information in the Annual Report. Audit, Remuneration, Nomination, Information Technology and Health, Safety and Sustainability (HSSC) committees support the Board in all aspects of governance. In addition to ISO9001, ISO14001, and ISO45001, SMS have followed the risk methodology as laid down in ISO 27005, this methodology adopts the general concepts specified in ISO/IEC 27001 and helps to assist in the satisfactory implementation of Information Security based on a risk management approach.
	102–1 a. Name of the organisation. 102–2 a. A description of the organisation's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets. 102–3 a. Location of the organisation's headquarters. 102–4 a. Number of countries where the organisation operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report. 102–5 a. Nature of ownership and legal form. 102–6 a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries. 102–7 a. Scale of the organisation, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organisations); iv. total capitalization (for private sector organisations) broken down in terms of debt and equity; v. quantity of products or services provided	GRI 102–1 to 102–7	All relevant organisational details can be found in the Annual Report.

Governance

Governance Structures

Section	Category	Applicable frameworks	Notes
	External verification of CSR/ESG/Sustainability reporting	ESG Rating Agencies	SMS is working with our external audit provider to verify our Scope 1, 2 and 3 emissions in H1 2022.
	Description of approach to ensuring professional integrity.	SASB SV–PS–510a.1	All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. All Directors are supplied with information in a timely manner in a form, and of a quality, appropriate to enable them to discharge their duties. In addition, the Company Secretary ensures that the Directors receive appropriate training where necessary. Regular training is provided on relevant topics such as health and safety, AIM Rules and the Market Abuse Regulation and these programmes run continuously through the year. Refresher training on the AIM Rules and Market Abuse Regulation was provided by a third party to the entire Board in the previous year (2020). All Directors are encouraged to keep themselves up to date with regard to changes in industry, practice and regulations and the Company continuously assesses its training programmes to ensure they are relevant and up to date.
	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	GRI 102–19	Delegating authority for economic, environmental, and social topics is in place for Committees acting on behalf of the Board. The HSSC, Audit, Remuneration, IT and Nomination Committees have responsibility and authority for environmental, social and economic topics. Full details of this can be seen within the Annual Report.

	a. Nomination and selection processes for the highest governance body and its committees.
	b. Criteria used for nominating and selecting highest governance body members, including whether and how:
	  i. stakeholders (including shareholders) are involved;
	  ii. diversity is considered;
	  iii. independence is considered;
	  iv. expertise and experience relating to economic, environmental, and social topics are considered.
		GRI 102–24	We have a nomination committee responsible for reviewing the structure, size and composition (including skills, knowledge, experience, diversity and balance of Executive and Non–executive Directors) of the Board and its Committees and make recommendations to the Board with regard to any changes.
			• Identify and nominate, for the approval of the Board, candidates to fill Board vacancies or expand the Board.
			• Keep under review the time commitment expected from the Chairman and the Non–executive Directors.
			
			The Nomination Committee is currently made up of one Executive Director and all the independent Non executive Directors, each of whom is independent.
			
			The Committee is chaired by the Chairman, unless the matter under discussion is their own succession. Other Directors are invited to attend as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants where required. Our policy is to have a broad range of skills, backgrounds and experience.
			
			We do not set any specific targets, but we fully recognise the benefits of greater diversity and will continue to take account of this when considering any particular appointment. We will continue to ensure that we appoint the best people for the relevant roles.
			
			As the Group continues to develop, all Directors will be consulted on the composition of the Board in the context of this growth. This includes its size, the appropriate range of skills and the balance between Executive and Non–executive Directors, all of which are assessed as part of the annual Board evaluation process.

Governance

Governance Structures continued

Section	Category	Applicable frameworks	Notes
	a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross–board membership; ii. Cross–shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	GRI 102–25	Board meetings are scheduled to be held eight times each year. Between these meetings, as required, additional Board meetings and Board Committee meetings may be held to progress the Company's business. A part of each Board meeting is dedicated to the discussion of specific strategy matters. Any conflicts of interest are declared at the start of each Board meeting and appropriate action is taken where necessary to ensure independent judgement is not overridden. Half of the Board, excluding the Chairman, are considered independent, which helps to address any conflicts of interest that may arise.
	a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics	GRI 102–26	SMS's HSSC and supporting ESG working group have delegated authority for the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.
	a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	GRI 102–27	During 2021, the Company undertook a Board Evaluation process in order to inform Directors around Board performance and to gain insights . Full details of the actions taken following the Board evaluation process can be found in the Annual Report.
	a. Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental, and social topics.	GRI 102–30	Effectiveness of the organisation's risk management processes for economic, environmental, and social topics is reviewed through a number of routes, according to the system the risk is held within. Our IMS, Business Continuity and Audit Committees each include processes to monitor the effectiveness of risk management, which span all levels of organisational activity.
	a. The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered.	GRI 102–32	Our Sustainability Report is approved by the Health, Safety and Sustainably Committee (HSSC), with reviews completed by our ESG Working group, which spans leaders across key areas of the business. Environmental data is independently Quality Assessed (QA) by a separate team from the Sustainability consultants who compile the initial data. In addition to the consultant data QA, our external verifier ensures the quality of the sources of data for all sections of our Annual Report.

Governance

Remuneration and Incentives Governance

Section	Category	Applicable frameworks	Notes
	a. Process for determining remuneration.	GRI 102–36	The Remuneration Committee is responsible for reviewing and making recommendations to the Board on the total remuneration for the Executive Directors and senior management. The Remuneration Committee oversees SMS's remuneration policy, strategy and implementation to ensure that the policy delivers on the key objectives of building a sustainable business, growing earnings and delivering strong returns for the benefit of all its stakeholders, including shareholders and its wider workforce.
	b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	GRI 102–36	PwC were appointed to benchmark Executive Directors and Non–Executive Directors remuneration. PwC is considered to be independent of both the Board and each of the Executive and Non–executive Directors.
	c. Any other relationships that the remuneration consultants have with the organisation.	GRI 102–36	The Remuneration Committee comprises all the independent Non–executive Directors and meets a minimum of twice a year. The Remuneration Committee invite attendance at the meetings, as appropriate, but no Executive Director is involved in any decision relating to their own remuneration.
	a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	GRI 102–37	Remuneration Committee welcomes the views of shareholders in respect of pay policy as well as those views expressed on behalf of shareholders by their respective proxy advisers. The Committee documents all remuneration related comments made at the Company's AGM and feedback received during consultation with shareholders throughout the year. Any feedback received is fully considered by the Committee and amendments may be made to the remuneration policy where thought necessary.

Engagement with governance stakeholders

Section	Category	Applicable frameworks	Notes
	a. A list of stakeholder groups engaged by the organisation	GRI 102–40	Our annual report details stakeholder engagement, which span shareholders, customers, employees, suppliers, lenders/ financiers, government bodies, regulatory bodies.
	a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents. b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	GRI 102–45	Entities included in the financial statements are fully detailed in the annual report, these span SMS and all subsidiaries. These entities are the same as covered by this report.
	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	GRI 102–48	SMS has no formal restatements of reported information in the reporting year. A reclassification occurred during 2021 due to a change in management's business intention regarding grid–scale battery storage sites, implemented as part of the Group's wider strategy. The reclassification was effective from 1 April 2021, is accounted for on a prospective basis in the 2021 financial statements and has resulted in a £4.1m reclassification of amounts previously recognised as Inventory to Assets under construction within Property, plant and equipment. There has been no material change in the amounts capitalised as a result of this reclassification.

Governance

Ethical Conduct

Section	Category	Applicable frameworks	Notes
Policy	Stock ownership guidelines	ESG Rating Agencies	SMS are a public limited company with shares held on the Alternative Investment Market (AIM), ownership terms are inline with AIM requirements. Unapproved Share Options are awarded to Executive Directors' and some senior management to align interests with those of our shareholders, by incentivising them to deliver the Company strategy and long–term sustainable value for shareholders. The Committee awarded share options to Executives and senior management in February 2021 under the existing Unapproved Share Option Plan. The share options cannot be exercised for a period of five years from the grant date, other than in specific circumstances. The Remuneration Committee has discretion in relation to the vesting of awards where certain other criteria are not met.
	A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.	GRI 102–12	During 2021 we continued our TCFD Supporter status which represents our support of organisations developing understanding of the impact climate change will have upon their business, including aligning our own disclosures. We also continued our signatory status of the Global Compact, including submission of our 'Communication of Progress' (CoP) which represents our commitment to upholding and disclosing ethical principles across human rights, labour, environment and anticorruption.

Data Security

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Management	Description of approach to identifying and addressing data security risks	SV–PS–230a.1	–	–	–	–	The ISO27001 model of risk management has been agreed and adopted by senior management within the organisation and is addressed at the Audit and Risk Committee, a Sub–Committee of the board.
	Description of policies and practices relating to collection, usage, and retention of customer information	SV–PS–230a.2	–	–	–	–	SMS utilises compliance to governing bodies as guidance of collection, usage and retention of customer data. SMS Data Protection Policy holds full details of relevant requirements, practices and conduct. Other Policies define all other key areas of information security and data privacy.
Performance	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected Disclosure shall include a description of corrective actions implemented in response to data breaches.	SASB SV–PS–230a.3	0	0	0	#	SMS has no Data Security Breaches in the reporting year.
	(1) Number of Data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	SASB SV–PS–230a.3	0	0	0	#	In the reporting year there have been no breaches of Critical Business Information or Personally Identifiable Information reported to Infosec.

Governance

Governance Performance Data

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Performance continued	a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	GRI 201–1	—	—	—	—	Full financial data pertaining to revenue, operating costs, wages, benefits and more can be found within the annual report.

Governance

Governance Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Performance continued	a. If the plan's liabilities are met by the organisation's general resources, the estimated value of those liabilities. b. If a separate fund exists to pay the plan's pension liabilities: i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; ii. the basis on which that estimate has been arrived at; iii. when that estimate was made. c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. d. Percentage of salary contributed by employee or employer. e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country–based schemes, or those with financial impact.	GRI 201–3	–	–	–	–	Full financial details pertaining to liabilities, pensions and more can be found within the annual report.

Governance

Governance Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Performance continued	a. Total monetary value of financial assistance received by the organisation from any government during the reporting period, including: i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; viii. other financial benefits received or receivable from any government for any operation. b. The information in 201–4–a by country. c. Whether, and the extent to which, any government is present in the shareholding structure.	GRI 201–4	–	–	–	–	Full financial details pertaining to financial assistance such as tax, subsidies and grants can be found within the annual report.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity.	SASB SV–PS–510a.2	0	0	0	£	No legal proceedings associated with professional integrity in reporting year.
	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns	GRI 102–34	0	0	0	#	There have been no critical concerns raised during the reporting year.

Governance

Governance Performance Data continued

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Financials	Targets to increase investment in clean tech	ESG Rating Agencies	–	–	–	–	CaRe assets represent a significant portion of the UKs roadmap to net zero 2050, and SMS have developed new services which will propel the transition to reliable renewable energy for all. In 2021, we have a pipeline of 620MW, with 290MW fully secured grid scale battery storage projects. Battery storage will enable the transition to renewables through storing energy generated by renewables when these are productive, and enabling discharge to the grid or user at peak demand. This is an example of a range of active strategies we have to support the move to a low carbon energy system, full details can be found in our Annual Report.
	R&D expense	ESG Rating Agencies	–	–	–	–	Research & Development expense can be found within the Annual Report for the reporting year.

Governance

Memberships, Certifications and Affiliations

Section	Category	Applicable frameworks	Notes	Notes continued
	a. A list of the main memberships of industry or other associations, and national or international advocacy organisations.	GRI 102–13	SMS has the following affiliations, certifications and applications of frameworks: Sustainable Development Goal Commitment; Submitted for approval in 2020 UN Global Compact; Submitted for approval in 2020 TCFD Registered Supporter ISO9001 ISO14001 ISO27001 ISO50001 ISO45001 Achilles Verify Certificate – Energy Services Achilles UVDB Certificate – SMS Meter Assets AMI CoP Certificate – CH4 AMI CoP Certificate – Trojan ASPCoP SMS Data Management Construction Line – Energy Services Elexon PAB HH Elexon PAB NHH EUA SMS Meter Assets Gas Safe Certificate – CH4 Gas Safe Certificate – Trojan Utilities	GIRS Certificate Design & Project Management – SMS Connections ICO Registration Certificate – CH4 Tier 2 ICO Registration Certificate – Energy Services Tier 2 ICO Registration Certificate – Qton Tier 2 ICO Registration Certificate – SMS Connections ICO Registration Certificate – SMS Data Management ICO Registration Certificate – SMS Meter Assets ICO Registration Certificate – Solo ICO Registration Certificate – Trojan Investors in People Certificate – Energy Services MAMCoP Certificate – CH4 MAMCoP Certificate – SMS Meter Assets MAMCoP Certificate – Trojan Utilities MOCOPA – CH4 MOCOPA – Energy Services MOCOPA – Trojan Utilities NERS Certificate 1 – Energy Services NERS Certificate 2 – Energy Services SMS EUSR Membership Certificate 2020 21 Safe Contractor Certificate – Energy Services ECA Membership NICEIC Accreditation
	Global Compact Signatory Status	ESG Rating Agencies	SMS has achieved Global Compact signatory status in 2020.	
	QMS certification	ESG Rating Agencies	SMS are certified to ISO9001, ISO45001, ISO27001, ISO14001 and ISO50001.	

Controversy reporting

Environment

Section	Category	Applicable frameworks	Notes
Environmental Controversies	Statement of Climate Change Controversies	ESG Rating Agencies	SMS has no Climate Change Controversies in the reporting year
	Environmental Impacts on Communities Controversies	ESG Rating Agencies	SMS has no Environmental Impacts on Communities Controversies in the reporting year
	Operational Impacts on Ecosystems Controversies	ESG Rating Agencies	SMS has no Operational Impacts on Ecosystems Controversies in the reporting year
	Environmentally Controversial Investments Controversies	ESG Rating Agencies	SMS has no Environmentally Controversial Investments Controversies in the reporting year
	Raw Material Impact Controversies	ESG Rating Agencies	Raw Material Impact and relating Controversies are not relevant to any SMS activities in the reporting year
	Water Stress Controversies	ESG Rating Agencies	Water Stress Controversies are not relevant to any SMS activities in the reporting year
	Toxic Emissions & Waste Controversies	ESG Rating Agencies	Toxic Emissions & Waste Controversies are not relevant to any SMS activities in the reporting year
	Number of incidents of non–compliance associated with water quantity and/or quality permits, standards, and regulations	SASB IF–EU–140a.2	SMS has no incidents of non–compliance associated with water quantity and/or quality permits, standards, and regulations in the reporting year
	Product & Services Environmental Incidents	ESG Rating Agencies	SMS has no Product & Services Environmental Incidents in the reporting year.

Social

Section	Category	Applicable frameworks	Notes
Social Controversies	Chemical Safety Controversies	ESG Rating Agencies	SMS has no Chemical Safety Controversies in the reporting year.
	Product Safety & Quality Controversies	ESG Rating Agencies	SMS has no Product Safety & Quality Controversies in the reporting year.
	Operational Incidents	ESG Rating Agencies	SMS has no Operational Incidents in the reporting year.
	Customer incidents/controversies	ESG Rating Agencies	SMS has no Customer incidents/controversies in the reporting year.
	Society & community incidents/controversies	ESG Rating Agencies	SMS has no Society & community incidents/controversies in the reporting year.

Controversy reporting

Social continued

Section	Category	Applicable frameworks	Notes
Social Controversies continued	Employee incidents/controversies	ESG Rating Agencies	SMS has no Employee incidents/controversies in the reporting year.
	Total amount of monetary losses as a result of legal proceedings associated with defect– and safety–related incidents	SASB IF–EN–250a.2	SMS has no defect– and safety–related incidents in the reporting year, and therefore no monetary losses as a result of legal proceedings associated with defect– and safety–related incidents.
	Amount of defect– and safety–related rework costs	SASB IF–EN–250a.1	SMS has no defect– and safety–related rework in the reporting year.
	Number of road accidents and incidents	SASB IF–WM–320a.3	Road incidents are not currently reported separately to total incidents.

	a. Significant fines and non–monetary sanctions for non–compliance with environmental laws and/or regulations in terms of:
	  i. total monetary value of significant fines;
	  ii. total number of non–monetary sanctions;
	  iii. cases brought through dispute resolution mechanisms.
	b. If the organisation has not identified any non–compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.
		GRI 307–1	SMS has no fines, non–monetary sanctions or cases in the reporting year.
			
			No non–compliances identified.

	Discrimination and Diversity Controversies	ESG Rating Agencies	SMS has no Discrimination and Diversity Controversies in the reporting year
	Controversial Working Conditions Controversies	ESG Rating Agencies	SMS has no Controversial Working Conditions Controversies in the reporting year
	Collective Bargaining and Union Labour Controversies	ESG Rating Agencies	SMS are not unionised therefore there were no Collective Bargaining and Union Labour Controversies during the reporting period.
	Supply Chain Labour Controversies	ESG Rating Agencies	SMS has no Supply Chain Labour Controversies in the reporting year.
	Supply chain incidents	ESG Rating Agencies	SMS has no Supply chain incidents in the reporting year.
	Social Supply Chain incidents/controversies	ESG Rating Agencies	SMS has no Social Supply Chain incidents/controversies in the reporting year.
	Controversial Workplace Accidents Controversies	ESG Rating Agencies	SMS has no Controversial Workplace Accident Controversies in the reporting year. All accidents are investigated by a team of competent personnel, and this will include the participation of any injured parties.

Controversy reporting

Governance

Section	Category	Applicable frameworks	2019 performance	2020 performance	2021 performance	Unit	Notes
Governance Controversies	Data Security Breaches Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Data Security Breaches Controversies in the reporting year.
	Customer Fraud Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Customer Fraud Controversies in the reporting year.
	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organisation; ii. complaints from regulatory bodies.	GRI 418–1	0	0	0	#	None in reporting period.
	b. Total number of identified leaks, thefts, or losses of customer data.	GRI 418–1	0	0	0	#	None in reporting period.
	c. If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient.	GRI 418–1	0	0	0	#	Within the reporting year there have been no breaches of Critical Business Information or Personally Identifiable Information reported to Infosec, although this may not be the case within the Data Protection Office.
	Discriminatory Access to Basic Services Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Discriminatory Access to Basic Services Controversies in the reporting year.
	Marketing Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Marketing Controversies in the reporting year.
	Anti–Competitive Behaviour Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Anti–Competitive Behaviour Controversies in there reporting year.
	Bribery and Corruption Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Bribery and Corruption Controversies in the reporting year.
	Business Ethics Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Business Ethics Controversies in the reporting year.
	Taxes and Subsidies Controversies	ESG Rating Agencies	0	0	0	#	SMS has no Taxes and Subsidies Controversies in the reporting year.
	Business ethics, Governance and Public Policy incidents/ controversies	ESG Rating Agencies	0	0	0	#	SMS has no Business ethics, Governance and Public Policy incidents/controversies in the reporting year.

SMS