

## **Independent assurance statement to the Directors of Smart Metering Systems plc**

### **Scope**

We have been engaged by Smart Metering Systems Plc (“SMS”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements, here after referred to as “the engagement”, to report on selected global greenhouse gas performance data (the “Subject Matter”) on page 48 and 49 in SMS’s 2022 Annual Report (collectively referred to as the Report”):

The ‘Subject Matter comprises the following data sets:

- Greenhouse gas emissions – Scope 1;
- Greenhouse gas emissions – Scope 2;
- Greenhouse gas emissions – Scope 3

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### **Criteria applied by SMS**

In preparing the Subject Matter, SMS applied the methodology as described in the document Basis of Reporting – SMS PLC 2022 Environmental Data (the “Criteria”).

### **SMS’s responsibilities**

SMS’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### **EY’s responsibilities**

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (‘ISAE 3000’), and the terms of reference for this engagement as agreed with SMS plc 6<sup>th</sup> February 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### **Our independence and quality control**

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Description of procedures performed**

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. Assessed whether all material data sources have been included and that boundary definitions, (referenced in page 48 of the Report and outlined in the Basis of Reporting), have been appropriately interpreted and applied.
2. Assessed whether the SMS scope and definitions, (referenced in page 48 of the Report and outlined in the Criteria), for the Subject Matter have been consistently applied to the data.
3. Assessed whether site and business-level data have been accurately collated by SMS management, and whether there is supporting information for the data reported by sites and businesses to SMS management.
4. Challenged the validation and collation processes undertaken by SMS management in relation to the Subject Matter.
5. Reperformed calculations to check the accuracy of the Subject Matter reported and the data collation processes.
6. Tested underlying documentation for a sample, based on professional judgement, of site-level data points to determine the accuracy and completeness of data points.
7. Examined the Report for the appropriate presentation of the Subject Matter, including the discussion of limitations and assumptions relating to the data presented.

We also performed such other procedures as we considered necessary in the circumstances.

### **Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, in order for it to be in accordance with (or based on) the Criteria.

**Use of our Assurance Statement**

We disclaim any assumption of responsibility for any reliance on this assurance report or its conclusions to any persons other than SMS, or for any purpose other than that for which it was prepared. Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions.

**Ernst & Young LLP**

**14<sup>th</sup> March 2023**

**London**