Committed to improving our impact

SMS Sustainability Report 2022

Welcome to our
Sustainability Report 2022

Committed to improving our impact

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.

Charlotte Gregory
Head of Sustainability

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Our vision

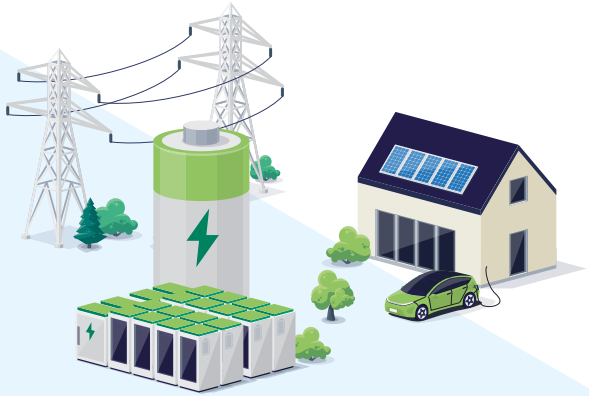
To be at the heart of the low-carbon, smart energy revolution that is pivotal to realising a greener, more sustainable world.

Our purpose

Serving our customers, protecting the environment.

Introduction

Vision and ambitions



"The scale and urgency of global action required for climate change to be halted and reversed has come to the forefront of the political and economic agenda, and we are proud to be utilising our passion, energy expertise, and innovation every day at SMS to work with the global community as part of the solution."

Tim Mortlock
Chief Executive Officer

2022 was a year that continued to bring immense challenges when it comes to our relationship with energy and the climate, with rippling effects for sustainability – both environmental and economical – across society globally. As a direct consequence, energy security and energy affordability have risen to international prominence as key issues of our time alongside the broader topics of energy sustainability and climate change. These enormous issues add increased focus and urgency to our core purpose at SMS, which is to protect our environment, and serve our customers by continuously evolving and innovating our services to be at the forefront of the energy transition.

Sustainability is one of the core values that proudly upholds everything we do at SMS. Of course, that means not just doing what we can to help our environment, it is also about contributing to the prosperity of people and society in general. SMS has already committed as a company to reach net zero by 2030 and can further play a leading role in addressing the environmental challenges that we all face, using our capabilities and resources to drive positive change for our customers, colleagues and communities.

THE CLIMATE PLEDGE

GREEN MARK

ONE TO WATCH GOOD TO WORK FOR 2022

Our ESG objectives

Our contribution

Our contribution to the United Nations Sustainable Development Goals

SMS strategy	SDGs	UN Global Compact Principles	SMS objective	2025 Long Term Goal	Performance Indicator	2022 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.		**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; and **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)	0.21
					Total Recordable Injury Rate (TRIR)	0.74
			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 EDI monitoring form released and updated with 4 socio economic questions. • Updated EDI eLearning module released to all employees. • Inclusion training (via Hive) for the Board, Executive, and Directors
			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.	Achieved Silver IIP status for the Group. Accredited Real Living Wage and Real Living Hour Employer. Established one pay & reward framework ensuring equity and consistency.

Good Health and Well-being: Ensure healthy lives and promote well-being for all at all ages.

Gender Equality: Achieve gender equality and empower all women and girls.

Decent work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Our ESG objectives continued
Our contribution

Our contribution to the United Nations Sustainable Development Goals

SMS strategy	SDGs	UN Global Compact Principles	SMS objective	2025 Long Term Goal	Performance Indicator	2022 Performance
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.		**Principle 7:** Businesses should support a precautionary approach to environmental challenges; **Principle 8:** undertake initiatives to promote greater environmental responsibility; and **Principle 9:** encourage the development and diffusion of environmentally friendly	Reduce environmental impacts across our operations in line with our net zero roadmap.	Decrease to emissions per vehicle of our fleet by 50% by 2025 compared to 2019 baseline	$KgCO_2e$/ vehicle	5% Decrease
				Decrease to emissions per m^2 of our building estate by 40% by 2025 compared to 2019 baseline	$KgCO_2e$/ m^2	34% Decrease
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.		**Principle 2:** make sure that they are not complicit in human rights abuses; **Principle 4:** the elimination of all forms of forced and compulsory labour; **Principle 5:** the effective abolition of child labour; and **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	Maintain all 5 ISO certified Management Systems: 9001, 45001, 14001, 50001, 27001	Retain all 5 certifications	ISO certifications retained	100%
			Engage Tier 1 vendors to identify ISO14001 status, Work with key vendors 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 status identified as at 31 December	88.1% of Tier 1 vendors with either a robust environmental policy or an ISO 14001 certified environmental management system.
			Maintain zero cyber security breaches	Data Exfiltration of Personal Identifiable Information (PII)	0 Cyber Security Breaches Data Exfiltration	Nil

Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable and modern energy for all.

Climate Action: Take urgent action to combat climate change and its impacts

Peace, Justice and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Our services

Sustainable growth

We support our investors in understanding the intrinsic sustainability of our business and services through the use of The Green Economy Mark and revenues classified under the EU taxonomy, which demonstrate our green financials.

At our core we ensure positive environmental impact by investing in assets that support the transition to a low carbon, more efficient energy system and help the UK achieve net zero.

Green Economy Mark

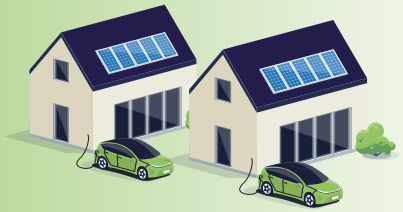
The Green Economy Mark is awarded by the London Stock Exchange to companies and funds that are contributing to meeting environmental objectives, recognising London-listed organisations that generate more than half of their revenues from green products and services. Key revenue streams are classified using the 'Green Revenues Classification System' analysed by FTSE Russell and impartially assessed for eligibility. We are proud to have retained this recognition since 2019.

UK/EU taxonomy

The EU taxonomy ('the Taxonomy') enables classification of business activities as "environmentally sustainable". The aim of the Taxonomy is to provide transparency to both investors and businesses and to prevent greenwashing. The Taxonomy supports sustainable investors and investments, by providing clear quantitative demonstrations of business activities and revenues against specific criteria.

Under the EU's Taxonomy, a business must pass three key tests to be classed as environmentally sustainable. It must:

01.
Make a substantial contribution to one or more of the Taxonomy's environmental objectives;



02.
do no harm under all environmental objectives; and

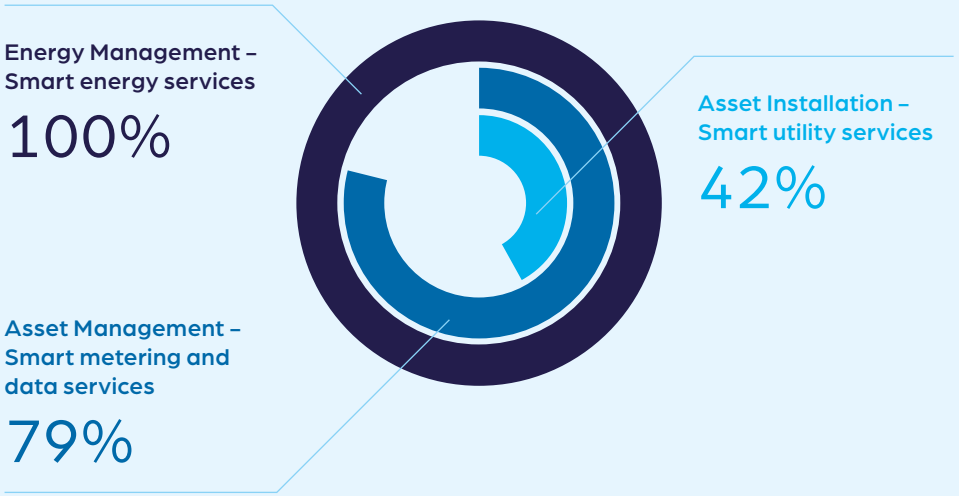
03.
comply with the minimum safeguards covering social and governance standards.

Our services continued
Sustainable growth

We have assessed the extent of our alignment with the EU Taxonomy, in order to support our investors and prepare for the UK Taxonomy. Our assessment shows strong correlation between all our services and the Taxonomy requirements.

We will continue to align with the requirements of the UK Taxonomy as these become available and disclose our alignment; assessing the technical screening criteria and revenue from applicable activities, with the objective of demonstrating our UK-aligned revenue to investors by the time of the UK Taxonomy's delayed release, now expected by the end of 2023.

SMS Service Category
(% of Revenue £'m)



Total EU Taxonomy compliant revenue
as % of total Group revenue (%)

CapEx
94%

Revenue
73%

Supporting Innovation in Energy Use

SMS entity N3rgy Data is contributing to the governments' Smart Meter System based Internet of Things Applications Programme, which aims to support innovation to determine the feasibility of, and trial, Smart Meter System based IoT sensor devices. N3rgy's software platform enables and facilitates the use of energy consumption, generation and tariff data from smart meters registered on the data communications company platform. N3rgy is working alongside hardware, software and energy suppliers on the funded project, which includes utilising the N3rgy energy data service platform alongside utility usage and temperature data to move towards providing tailored advice and solutions for consumers on how to use energy more cost effectively and lower their carbon impact.

Our net zero ambition

Working towards a net zero future

Our target encompasses scope 1 and 2 carbon emissions that derive from operating our buildings and the fuel consumed by our tracked fleet. We are aiming to achieve a 100% absolute reduction in these emissions by 2030, which aligns with the trajectory required to limit global warming to 1.5°C.

This target excludes the emissions resulting from operating our battery energy storage sites (BESS) as a full year of data is needed to establish a baseline, and our first site became fully operational in January 2022. We will be looking at setting an intensity-based metric that aligns with the Science Based Targets Initiative (SBTi) during 2023.

Our net zero journey

2021

- Company cars at the end of their lifecycle replaced with PHEV or EV where possible
- Scoping of site sustainability upgrades
- 11 plug in hybrid vans received

2022

- Implemented EV salary sacrifice scheme
- Extended the scope of our ISO 50001 EnMS
- The first EV van received
- Appointment of a net zero energy manager
- Sustainability site works commence

2023

- Transition 100 fleet vehicles to mild hybrid vehicles
- First site sustainability upgrades complete
- Continuation of sustainability upgrades and renewable energy installation across sites

2024

- Continue to transition ICE fleet vans to mild hybrid or full electric vehicles where possible

2025

- 2025 Target: All domestic fleet to have transitioned to PHEV and EV, or adhere to maximum of 60g CO_2/km per vehicle

2030

- 2030 Target: All core sites to have completed sustainability upgrades
- 2030 Target: All domestic fleet to have transitioned to EV and will emit 0g CO_2 /km per vehicle

Target Beyond 2030:

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

Our ESG ratings

ESG performance

We are continually evolving our disclosure to align with best practice and enhancing our datasets by evaluating materiality and improving accuracy through external assurances.

Our ESG performance has been analysed and benchmarked by the appropriate rating agencies, and we have shared our Climate-related risk processes and aligned our reporting with global reporting frameworks and philanthropy organisations.

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

		Rating
CDP	**CDP –** We have submitted our information to the Carbon Disclosure Project (CDP) since 2020 and have consistently maintained our rating, which marks us above the average global scoring of 'C'.	B
MSCI	**MSCI –** Our MSCI rating has consistently improved in line with our evolving disclosures, progressing to AA rating based on data released in 2022, denoting us as 'Leader' status relative to industry peers.	AA
SUSTAINALYTICS	**Sustainalytics –** Our 26.6 rating achieved in July 2021 is overdue for Sustainalytics' annual review and represents a medium risk rating. We are confident we will see a continuation of our improvements upon review and re-rating anticipated in Q2 2023.	26.6
S&P Global	**S&P Global –** We have newly engaged with S&P Global and are pleased that our latest rating of 50, based on data released in 2022, puts us in the 93rd Percentile.	50
Moody's	**Moodys –** We have newly engaged with Moodys and currently rate at 45, placing us 40th out of 101 in our sector. We are currently within the information sharing period with Moodys ESG review timeline and expect our profile review to be completed again in May 2023.	45

Disclosures continued

Globally recognised sustainability initiatives and frameworks

Alongside our ratings organisations, we have incorporated specific internationally recognised frameworks and initiatives to standardise and broaden our reporting.

UN Global Compact
In 2022 we submitted our annual 'communication of progress' utilising our Sustainability Report to qualify for advanced level and reaffirming our support of the United Nations Global Compact. As a signatory of the United Nations (UN) Global Compact, we commit 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 2022 we have continued to deliver progress, as shown in our objectives table on page 5.

Sustainable Development Goals (SDGs)
The Sustainable Development Goals enable us to view our performance and strategies with a global lens, these globally recognised goals propel the 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 on page 5.

Global Reporting Initiative (GRI)
We utilise the Global Reporting Initiative reporting standards (GRI standards) to ensure our communications are clear and consistent across our ESG reporting. Whilst there may not be specific reference to this standard, our reporting is aligned with our material aspects and the required information is disclosed throughout the main body of the report. Details of our GRI reporting including relevant standards can be found within the Data Centre.

Sustainability Accounting Standards Board (SASB)
The SASB standards and guidance supports us in reporting upon material issues within our industry, and additional material issues for our operations, giving an additional layer of standardised reporting. All relevant SASB metrics are listed in the Data Centre and fulfilled across the Sustainability Report.

Taskforce for Climate-related Financial Disclosure (TCFD)
TCFD gives focus to our actions around recognising and mitigating risks related to climate change. Our disclosure considers the physical, liability and transition risks associated with climate change, together with what constitutes effective financial disclosure. Details of this can be found on pages 21 and 46.

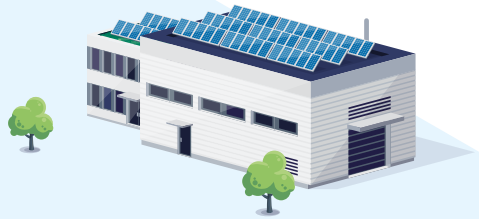
Environment

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.

Environment introduction

Environmental overview



"Environmental sustainability is at the heart of our business, and we are committed to deliver a better, low carbon future with our services, within our operations and through our people."

Charlotte Gregory
Head of Sustainability

In 2022 we have focused on delivering on our net zero ambition through implementing on-site sustainability solutions, evolving our governance systems, and engaging with our communities. Overseen by the Health, Safety and Sustainability (HSS) Committee, our ESG Working Group consisting of department leaders across a range of functions, ensure we continue to implement best practice.

The material environmental aspects for SMS are the emissions related to fleet movements, buildings and operating our battery sites. Our fleet movements account for the majority of our emissions (70%), with our Battery Energy Storage Sites (BESS) accounting for 25% and the remaining emissions resulting from our building estate (5%).

Our Energy Management System (EnMS) is external accredited to ISO 50001. Retention 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.

We have used the Sustainability Accounting Standards Board (SASB) materiality matrix, with additional relevant topics which reflect our business services and activities, alongside GRI standards, to ensure through and encompassing communication of performance.

2022 highlights

- 30kWp solar
- 17.6KWh on-site battery storage
- 63,495 TCO_2e Mitigated emissions
- External verification of scope 1, 2 and 3 emissions
- Site and asset climate scenario analysis
- 140MW grid batteries
- Wildflower meadow
- 14 Employees locally volunteering in nature
- Extension of ISO50001 Energy Management scope
- Family Sustainability engagement event

Our Environmental Sustainability Strategy

Net zero 2030	**Reducing our carbon emissions**
Reporting	**Championing transparency in our performance and actions**
Climate Change & Resilience	**Understanding and mitigating Climate Change**
Biodiversity	**Improving biodiversity across our sites and battery operations**
Management Systems	**Ensuring compliance and continuous improvement**
Engagement	**Building understanding of sustainability across employees and stakeholders**

Net zero

Our fleet

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 by our integrated management systems which include health, safety, environmental and quality ISO systems, and our ISO 50001 energy management system.

During 2022 our engineers have travelled over 7.6million miles to install over 480,000 meters (an increase of over 37% on 2021) across the UK supporting the transition to a smarter grid and facilitating users to understand and reduce their consumption.

The majority of our vans currently have Internal Combustion Engines (ICE) and generate emissions through the combustion of diesel. As a direct operational emission, this falls within the scope of our 2030 net zero target and we have shared our strategy to transition all fleet vehicles from ICEs to low-or-no-emissions vehicles by the end of the decade.

We have continued our vehicle transition activities with the trial of 11 PHEV vans received at the end of 2021, evaluating the viability, distance capabilities and suitability to our business purposes. Initial findings indicated that due to challenges around charging the overall fuel savings expected from these vehicles were not realised. The business has therefore decided to replace the first cohort of ICE vehicles with Mild Hybrids (MHEV) while these challenges are resolved. Our MHEVs will use battery-powered electric motors in support of a conventional petrol or diesel engines to improve fuel economy and reduce emissions. In December 2022 we commenced a trial project with one full EV van which will be fully fitted with all the equipment usually carried by a smart meter engineer, enabling continued learning to support the future roll out. This marks another milestone in the net zero roadmap, as these steps will allow us to continue to improve the efficiency of the fleet before transitioning fully to zero emission vehicles.

We have been driving down our emissions through continually improving our engineer scheduling system, first implemented in 2020, which enables engineers to be directed to installations more efficiently. Further improvements to this system are planned to commence in Q2 of 2023, as the business moves to a market leading platform which will provide improved route optimisation, monitoring and resource allocation, enabling further reductions in average mileage per meter installation.

Net zero continued

Our buildings

Our buildings are proactively managed through our Facilities Management (FM) team, supported by our Energy Manager, ensuring the continual progress in line with our net zero milestones and annual energy strategy.

The environmental impacts from our buildings occur through energy consumption and fugitive gas from air conditioning systems operated across our leasehold and freehold offices, warehouses, and training centres. In 2022 we expanded the scope of our energy management system to include an additional three sites that had reached the required 12 months of baseline data and have also worked to improve sub-metering across the estate. The availability of half-hourly data is key to proactively managing our consumption, identifying exceedances, and issuing corrective actions. Where data is missing, calculations are made based on standard factors including occupation, previous performance, and floor area as appropriate. At top level, this data enables tracking of energy reduction against Energy Performance Indicators (EnPIs) set annually under our Energy Management ISO50001.

The continuation of hybrid homeworking after covid-19 has resulted in building related emissions remaining lower than pre-covid levels. We have ensured we are accounting for these displaced emissions through our scope 3 calculations, which now include emissions from energy used to power office equipment and for heating by employees working from home.

We have continued to source renewably generated electricity for 100% of our owned sites, with Renewable Generation Origin Certificates (REGO's) secured to ensure the provenance of our energy. We will continue to work with our landlords to pursue renewable energy sourcing for our leased buildings.

Net zero Project at our Cardiff Office

During 2022, we successfully commenced the rollout of building sustainability upgrades, starting with a key site in Cardiff. The project has involved upgrading the fabric of the building to improve thermal performance as well as striving for energy self-sufficiency by installing 30kWp capacity of solar photovoltaic (PV) combined with battery energy storage provision.

The final steps will involve replacing the gas heating system with an air source heat pump and installing a mechanical cooling and ventilation system which will mitigate against the future effects of increasing temperatures due to climate warming. Upon completion, this project is expected to achieve emissions savings of up to 70% and will serve as a case study on how to retrofit for decarbonisation and climate resilience.

A greener grid

Grid-scale battery energy storage

In 2022, our first grid-scale Battery Energy Storage Site (BESS) was energised. Grid batteries are critical to improving the adoption of cleaner renewables across the UK, reduce reliance on fossil fuels, and help bolster system resilience and flexibility as we come to rely on more intermittent forms of generation.

Our batteries achieve this by delivering a range of balancing and ancillary services to the National Grid; services which will be increasingly essential as we move to greater renewable energy sources and the electrification of our heating and transport systems, placing more demand than ever before on our electricity system. Through facilitating much higher levels of lower-cost solar and wind generation and helping avoid the need for future costly investments to reinforce grid capacity, battery storage helps reduce the UK's carbon emissions, and contribute to a more affordable energy system for consumers.

We account for the carbon associated with operating our battery sites using location-based grid average emission factor, this reflects the average amount of renewables, nuclear and fossil fuels contributing to our electricity in the UK across the year, and is a standard figure released by the UK Government's Department for Business, Energy and Industrial Strategy (BEIS) each year. We are moving towards utilising 'time-of-use' figures to better reflect the positive impact of batteries on the grid, through charging at periods of high renewable generation and discharging at periods of low renewable generation. These figures will utilise the National Grid Electricity System Operator (ESO) data for energy mix, enabling a true reflection of carbon intensity of the grid based on renewables, nuclear and fossil fuels in use at the time of charging and discharging our batteries.

We are aware that all batteries have inherent energy losses during operation, this is captured in our scope 2 emissions, and we are committed to continually improving the efficiency of our battery storage as we look to apply the carbon hierarchy to Avoid, Reduce, Substitute and Offset emissions until the grid is decarbonised. Our battery-related emissions are excluded from our net zero target, while we record our first full year of data to set a baseline and work on developing an intensity-based metric aligning with the Science Based Target Initiative (SBTi) for this growing area of our business.

Through 2023 we will be conducting energy surveys in line with the Energy Saving Opportunities Scheme (ESOS) and working towards implementing our accredited ISO50001 Energy Management system at sites.

Our footprint

Emissions reporting

Our footprint is the carbon produced by our operational activities both directly and in-directly. 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.

In 2022 we worked with our assurance providers to ensure accuracy and completeness of our Scope 1, 2 and 3 carbon reporting in line with international standard ISAE 3000. This activity included analysis of the processes used to collect, collate and review the GHG Data alongside provision of feedback on the accuracy and completeness with recommendations for continual improvement.

Further details can be found within our Sustainability report and the assurance statement is available on our website.

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

	2022	2021	2020	Commentary
Total Scope 1 (TCO_2e)	**3,142.5**	**2,124.2**	**1,796.8**	**Scope 1 comprises the direct emissions from our operations.**
Company-owned vehicles	**3,054.9**	1,988.0	1,690.0	Our owned and tracked fleet vehicles.
Gas	**69.3**	78.5[3]	77.9[3]	Gas heating serves six of our properties across the UK.
Burning oil	**1.9**	2.2	1.5	Oil heating is used in one office building.
F-gas	**16.4**	55.5	27.4	F-gas is the refrigerant used in air conditioning for cooling workspaces and server rooms.
Total Scope 2 Location-based (TCO_2e)	**1,233.2**	**190.6**	**152.4**	**Scope 2 comprises the indirect emissions associated with our operations.**
Electricity (Buildings)	**122.0**	137.5[2]	152.4	Electricity lights, heats and powers our operations across warehouses, offices and training centres in the UK and Ireland.
Electricity (Battery sites)	**1,111.2**	53.1	0.0	Net electricity used to operate cooling and communication systems at our grid battery site.
Total Scope 2 Market-based (TCO_2e)[1] (including green energy contracts)	**2,100.5**	**173.4[2]**	**68.3[2]**	**We source green contracts for our electricity where possible.**
Total Scope 3 (TCO_2e)	**4,258.5**	**1,022.3**	**851.0**	**Scope 3 comprises emissions from up and down our value chain, including those of suppliers and service providers.**
Category 1: Purchased Goods & Services				
Water supply[1]	**0.5**	0.5[2]	1.1	The utilities which serve our warehouses, offices and training centres with water, emit carbon through their supply operations.
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)				
Diesel upstream supply[1]	**715.3**	482.6[2]	405.0[2]	Upstream emissions for the production of diesel to supply employee-owned vehicles and company-owned fleet.
Petrol upstream supply[1]	**15.5**	0.0	0.0	Upstream emissions for the production of petrol to supply employee-owned vehicles and company-owned fleet.
Business travel upstream supply[1]	**15.2**	7.2[2]	12.5[2]	Upstream emissions for the production of petrol and diesel to supply employee-owned vehicles.
'Well to tank' gas[1]	**11.8**	13.4[3]	10.1[3]	Upstream emissions for the production processes of gas for use on our sites.
'Well to tank' burning oil[1]	**0.4**	0.5	0.3	Upstream emissions for the production processes of burning oil for use on a site.
'Transport and distribution' electricity[1]	**112.8**	16.9	13.1	Upstream emissions of purchased electricity for use on our sites.
Generation of purchased electricity that is sold to end users	**2,949.0**	0.0	0.0	Upstream emissions of purchased electricity for our grid-scale batteries which is sold back to the grid.

Our footprint continued
Emissions reporting continued

37%

reduction in building emissions (Scope 1 and 2) compared to 2019.

5%

reduction in emissions per vehicle compared to 2019.

80%

coverage of sites under our Energy Management System (EnMS).

	2022	2021	2020	Commentary
Category 5: Waste generated in operations				
Waste[1]	**3.6**	3.3	2.3	The processing of our waste from our sites.
Water treatment[1]	**0.9**	0.9[2]	2.3	The utilities which serve our warehouses, offices and training centres with water emit carbon through their supply and waste water treatment operations.
Category 6: Business travel				
Vehicle business travel	**57.9**	27.5[2]	48.9[2]	Business travel in employee-owned vehicles.
Category 7: Employee commuting				
Employee teleworking[1]	**374.2**	469.5[2]	355.4[2]	The carbon emissions associated with energy used to power office equipment and for heating by employees working from home.
Category 8: Upstream leased assets				
Emissions from leased buildings[1]	**1.4**	0.0	0.0	Emissions from energy consumption at shared leased office spaces.
Total Scope 1, 2 & 3 (TCO_2e) (Scope 2 Location-based)	**8,634.2**	**3,337.1**	**2,800.2**	
Carbon intensity Scope 1, 2 (TCO_2e/£m)	**32.3**	21.3	18.9	
Carbon intensity Scope 1, 2 & 3 (TCO_2e/£m)	**63.7**	30.8	27.2	Shows the amount of emissions produced to achieve the revenue realised, per £m.
Operational energy consumption (MWh)	**19,446.5**	9,728.9	8,108.1	This is the total energy consumption of our operations, spanning activities included in Scope 1 and 2 (excluding F-gas).

1 Data disclosure is voluntary under SECR, but included for completeness of Scope reporting under the GHG Protocol. As our business grows, we are developing our ability to decouple operational growth and energy consumption. See our Sustainability Report for a full breakdown of all metrics.

2 We have improved the accuracy of our reporting through the addition of new and best practice emissions sources, updated methodologies, receiving actual consumption data from service suppliers and newly released carbon conversion factors, which has led to a restatement of data within the table.

3 Figure has been corrected based on supplier information which has led to a restatement of data within the table.

Our footprint continued
Emissions reporting continued

2022 has been a year of growth and evolution within SMS and we have seen these changes reflected across our emissions.

Emissions change key

- Unchanged
- Decreased
- Increased

Scope 1: Direct emissions

- **Fleet:** 3,054.9 TCO_2e Fleet active vehicles have increased by over 42% during 2022, coving over 7.6 million miles to install 480,000 meters. Despite the increase in activity, we have improved our fleet efficiency by 5%.
- **Gas:** 69.3 TCO_2e Gas heating serves six of our properties across the UK, reduced from eight last year as we rationalise our estate.
- **F-Gas:** 16.4 TCO_2e Airconditioning kept IT Servers and Office spaces cool during this summer's hot weather across eight of our sites.
- **Burning Oil:** 1.9 TCO_2e Oil heating continues to serve one of our office buildings with a reduction in line with the warmer weather.

Scope 2 Indirect emissions

- **Buildings Electricity:** 122.0 TCO_2e (Location based) Reduced by 11% over the year as we rationalised our estate and saw the benefits of proactive energy management.
- **Battery Electricity:** 1,111.2 TCO_2e (Location based) As a growing area of our business, our batteries have supported the grid by supplying over 15,000 MWh in balancing and ancillary services, which are essential to support the integration of renewables onto the Grid.
- **Electricity:** 2,100.5 TCO_2e (Market based) We have continued to source 100% renewably generated electricity for our owned sites. Our battery consumption is not able to be covered by renewable energy contracts, as trading is directly with wholesale markets and National Grid, operating in the very short-term markets, day ahead and intraday, which removes the option to align directly with energy based purely on its provenance.

Scope 3 All other emissions

- **Water Supply:** 0.5 TCO_2e Upstream treatment of our supplied water, serving our warehouses, offices and training centres with potable water and remained stable in 2022.
- **'Well to tank' Diesel:** 715.3 TCO_2e Upstream production of Diesel has been impacted by our increased fleet size and activity.
- **Business travel:** 57.9 TCO_2e Travel in employee-owned vehicles reflects the continued recovery from covid working restrictions.
- **Upstream emissions from Business Travel:** 15.2 TCO_2e Upstream production of Petrol and Diesel to supply employee owned vehicles.
- **'Transport and distribution' Electricity:** 112.8 TCO_2e Upstream production of electricity, now mainly attributed maintain the operation of our new grid battery sites, in addition to the existing use on our site.
- **New for 2022 'Generation of purchased electricity that is sold to end users':** 2,949.0 TCO_2e a new emission source as we commenced supporting the grid with our BESS balancing and ancillary services.
- **New for 2022 'Well to tank' Petrol:** 15.5 TCO_2e Upstream production of Petrol to supply our fleet vans has commenced due to the introduction of petrol hybrid vehicles in 2022.
- **'Well to tank' Gas:** 11.8 TCO_2e Upstream production processes of Gas for use on our sites, with a small reduction on last year as we rationalise our estate.
- **'Well to tank' Burning Oil:** 0.4 TCO_2e Upstream production processes of Gas Oil for use on our Orkney site saw a marginal decrease due to a lower requirement for heating due to warmer weather.
- **Waste:** 3.6 TCO_2e The processing of our waste from our sites, which has increased marginally as we due to an increase in our metal and office recycling reflecting our increase in installation operations.
- **Water Treatment:** 0.9 TCO_2e Utilities supply our warehouses, offices and training centres with water, and emit carbon through their wastewater treatment operations.
- **New for 2022 Employees Teleworking:** 374.2 TCO_2e formalised reporting in 2022, this is the displaced carbon emissions from energy used to power office equipment or for heating by desk based employees working from home 3 days a week.
- **New for 2022 Leased Spaces:** 1.4 TCO_2e Representing newly utilised shared office space, which commenced in Q1 2022.

Mitigating carbon

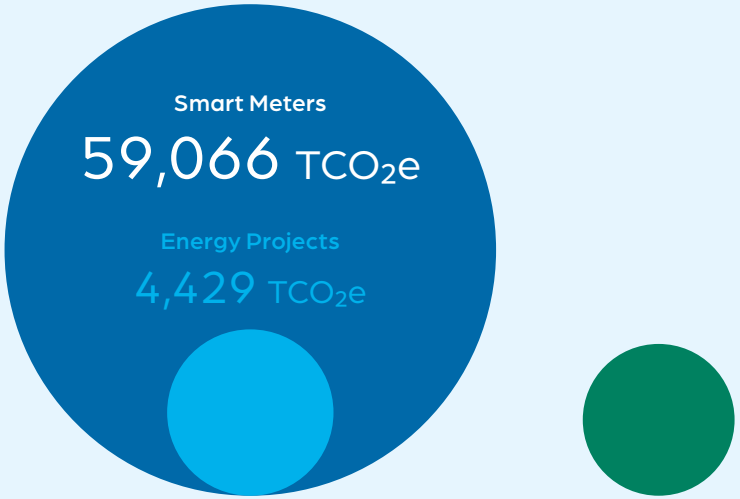
Our ‘handprint’

We take a holistic view of our Company sustainability, which includes quantifying both the positive impacts from our products and services (our ‘handprint’), and the negative impacts of carbon emissions derived from operating our business estate and fleet (our ‘footprint’).

This helps us to reach an overarching understanding of our total sustainability. 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 and services which deliver carbon reductions.

The mitigated emissions from use of our products and services could also be defined in the emerging ‘Scope 4’ reporting category. We are diligent in calculating benefits from our services, using independent research, such as Smart Energy GB’s smart meter research, and metering data for energy efficiency projects to ensure benefits are accurate, transparent and consistent.

We know that our positive impacts from our services proliferate far beyond the aspects we have been able to quantify, as our services more widely support reduction of energy use and the move to a greener, more resilient grid. The impact from our smart meter installations and energy projects alone amount to 63,495 TCO_2e, which dwarfs our total direct scope 1 and 2 emissions by 15 times.



Total Handprint

63,495 TCO_2e

Total Scope 1 and 2 footprint

4,376 TCO_2e

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 installations completed in a previous year. Figure is calculated based on the number of domestic smart meters under management at 31 December 2022, including third party managed assets.

2 Derived from 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.

Climate change and energy resilience

Diligence and resilience

Climate change is one of the greatest challenges facing our world, and we have already seen the increasing impact global warming is having on people's lives through extreme weather, and we know everyone will need to play their part to protect our collective future.

We have a dual lens on climate change, both an inward facing requirement to understand and mitigate exposure risks, and external facing responsibility to deliver services which support the low-carbon transition.

Climate related scenario analysis

To better understand our climate related risks in 2022 we carried out a detailed climate related scenario analysis of SMS sites and have looked at the projected changes to local weather systems in the near-term and mid-term as a result of the IPCC SSP2-4.5 (middle of the road) emissions scenario. The physical risks that have been considered are in line with the UK Climate Risk Independent Assessment (CCRA3) Technical Report, assessing the potential impact of future winters in the UK becoming warmer and wetter, and the summer months becoming hotter and drier. The potential impacts that were identified and assessed include loss of revenue as a result of a flood event causing damage to assets or a disruption in service, as well as rising operational costs as a result of the increase in cooling demand expected during periods of extreme heat. Our assessment concluded with low risk to all sites post controls, with no major near term risks identified, however SMS will continue to actively monitor these risks and update the assessment where necessary.

We continue to communicate on our climate-related governance, management, risks and opportunities using the Taskforce for Climate-related Financial Disclosure (TCFD) framework, which can be found outlined from page 46.

Supporting the low-carbon transition

As a business we are proud that our services support the crucial transition away from fossil fuels and towards low carbon energy for all. During 2022 we have mobilised our battery energy storage systems as an additional pillar in our suite of transitional services. Standalone battery energy storage systems (BESS) have become an essential ingredient in how the UK manages and stores electricity, in particular renewable energy. 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.

Into 2023 we will continue to invest in developing new products to support the low carbon transition across the full energy lifecycle, such as in our data and flexibility services and EV charging infrastructure.

Sustainable communities and communications

Engaging and Improving

Biodiversity

SMS recognises the importance of improving biodiversity across our sites. Providing access to nature and green spaces can have a positive impact on employee health and wellbeing. Improving biodiversity can also protect ecosystems against environmental change and play an important part in building resilience to extreme weather events brought about by climate change. Our sustainability team works alongside our facilities management and battery teams to assess opportunities and implement improvements where possible.

Whilst battery sites are required to be clear and closely controlled for health, safety and security reasons, we have focused on planting additional hedging exceeding half a kilometre of native planting and adding boundary trees around sites. We are also implementing measures to enhance biodiversity across our offices and warehouses. To date, we have installed bird boxes and bat houses at a number of sites and have planted wildflower areas at two sites.

We are aware that under the updated Environment Act 2021, all planning permissions granted in England (with a few exemptions) will have to deliver at least 10% biodiversity net gain expected to commence in November 2023. At SMS 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 and will be working to agree and share targets that exceed the requirement this year.

Engagement

Our engagement practices serve a range of stakeholders, from employees to ESG agencies and investors to our communities, utilising a range of channels to effectively communicate, such as direct emails, our website, events, data submission platforms and social media. We have actively increased our efforts across a number of areas during 2022, aiming to give further transparency of our operations and aspirations.

External communication

We are increasing our engagement with external stakeholders through our ESG rating agencies, increasing our direct communications with newly engaged S&P Global through their submission platforms, and ensuring our existing ratings are improved through relevant disclosures. In 2022, we launched our new website, complete with dedicated Sustainability area enabling more intuitive navigation for users to access and understand our sustainability status.

Family learning festival

We also recognise the importance of engaging with our employees, helping them understand the sustainable performance of their business and providing useful information on how to become more sustainable.

During October we held our Family Learning Festival featuring two webinars focused on communicating the energy efficiency measures that are being implemented across the estate as well as giving practical energy saving tips for employees to apply at home. One webinar for SMS Employees, and the other specifically created for families of employees with easy-to-understand information making sustainability information accessible for younger family members.

Internal performance communication

We continued to improve our internal communication on key performance indicators with the development and sharing of a quarterly energy dashboard, part of the continual improvement under our ISO50001 Energy Management System. This dashboard communicates our energy performance with key stakeholder within the business, giving details of our performance against targets, key activities, and notable impacts.

Employee dialogue

Employees are encouraged to provide feedback through 'Your Thought is Sought' suggestion scheme, which provides all our people the opportunity to contribute to the success of the business, including environmental and sustainability initiatives. Suggestions can be made at any time, through our online submission form or directly via email, and are processed by the learning and development team. Ideas are then implemented as applicable, and submitters included or kept up to date as they progress.

In addition, through our new SMS Health & Nature Club employees can share photos and chat about health, exercise, natural beauty, and wildlife via a specific teams online community network. Aiming to provide a digital space where groups of likeminded employees can join together based on shared characteristics, interests, and experiences.

During the year there have also been a number of opportunities for employees to take part in volunteering in nature, such as our consulting team volunteering at the woodland management collective project near Newport, taking part in planting small trees (whips), constructing ramps, repairing stone walls and clearing ditches.

Management systems

Managing our impacts

Environmental and energy performance is governed by our ISO certified management systems, with ISO14001 for Environmental Management and ISO50001 for Energy Management.

All full time and part time employees are provided energy and environmental training as part of their induction to ensure employees are aware of their responsibilities, enact best practice and are able to carry out their work in accordance with our energy and environmental policies. We strive to continually reduce our impact on the environment and set annual targets to reduce our emissions through improving energy performance across our operations.

Under our management systems we have documented roles and responsibilities with managerial or board level responsibility for environmental issues, actions to ensure continual improvement, performance records and programmes. Identification of products, activities and services that have significant impacts on the environment, and subsequent monitoring and measurement to support our objectives, targets and deadlines. Internal and external communications on environmental management issues. Underpinned with internal and external environmental audits to support our overall compliance with environmental regulation.

Extension to ISO50001 scope

During 2022 we were able to bring into scope another 3 sites leaving just 2 sites outstanding, as we establish the required calendar year of energy performance data to facilitate benchmarking and targeting. We strive to bring all sites into our energy management system, and this latest development enables us to have 80% of our buildings to be covered under our ISO50001 system.

Meter refurbishment

We are aware of the waste streams produced by our business and, in line with the waste hierarchy, we endeavour to reduce, recycle and reuse where possible. For every retrofitted smart meter, our engineers take back the old meter to our logistic hubs. From there these are sorted between those owned by SMS or other companies. Meters owned by other companies are returned, whilst SMS meters are handed on to our specialist team. This team is trained to assess the condition of the meter and where possible refurbish ready for potential reuse. Not only does this avoid waste but it supports the circular economy, ensuring these meters retain their material value and purpose even after they have been used.

Supporting fuel efficiency

We recognise that our fuel overall efficiency is impacted by each vehicles performance and individual driver behaviour, and all our drivers are empowered with relevant training to ensure they are fully aware of their responsibilities when it comes to health, safety and fuel efficiency. Our dedicated fleet management team, who oversee the operational and strategic running of our fleet, monitor the performance of drivers to identify areas of improvement. SMS is committed to maintaining high operational standards and this is recognised by our Van Excellence Operator accreditation from Logistics (formerly known as 'FTA').

Waste stats

Landfill
0%

Recycled
68%

Energy recovery
32%

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, our goal is to nurture a thriving workplace and a business that supports the wider society. We ensure a diverse and inclusive environments and promote wellbeing, whilst supporting communities through volunteering and fundraising, and empowering communities to take control of their carbon footprint and tackle local and global issues.

Social introduction

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 internally and externally to our organisation.

Employee Management
SMS employs over 1,380 people and operates across the UK and Ireland.

Health and Safety
SMS is directly responsible for the safety, wellbeing, and engagement of internal stakeholders via employment. Contractors operate under their own occupational health and safety management systems.

Supply Chain
SMS is also indirectly responsible for the safety, wellbeing and engagement of a range of external stakeholders, through our supply chain and in our local communities.

Putting our people first

We listen closely to our employees, and this engagement has enabled us to improve our reward initiatives and implement a range of enhanced measures and policies, some of which are shared below.

Enhanced benefits package

We are proud of our benefits package, which is available to all employees (both full and part-time). Our Employee Assistance Programme offers a 24/7 confidential counselling service and additional free support for employees giving access to expert health and wellbeing advice, including the provision of free 24-hour online GP appointments. Our medical insurance program offers cash back cover on a range of healthcare options, such as optical, dental, chiropractic and complementary therapies. And through Cycle Scheme we support employee fitness with savings on a bike and accessories, with payments taken tax efficiently from their salary.

Our Group Family Friendly policies are underpinned by enhanced pay for Maternity/ Adoption Leave, and five days paid leave for fertility treatment and for employees who have sadly suffered a miscarriage. We also give peace of mind with Life insurance at a rate of 4x annual salary for all employees and our wellbeing support.

To ensure a healthy work-life balance, all our people are entitled to up to 30 days annual leave (plus Bank Holidays) and hybrid working arrangements, where operationally possible. We reward loyalty with a length of service cash incentive and ensure the continual development of our employees with funded career development opportunities such as apprenticeships and other professional qualifications.

Our Share Incentive Plan enables employees, following successful probation, the opportunity to become a shareholder and benefit from the success of the Company by joining our Share Incentive Plan (SIP). Eligible employees will be offered the opportunity to buy shares in SMS out of pre-tax salary (these are known as Partnership Shares). For every Partnership bought, employees will get one free share (known as Matching Shares).

Our 'refer a friend' bonus (£500) encourages our employees to help grow our teams, with employees receiving £250 upon once the new employee has successfully completed their probation period and a further £250 once they have completed 12 months service. This bonus is occasionally increased to £1000 to support targeted recruitment.

During 2022 we were acutely aware of the continued inflationary pressures society face at this time, and that our employees will be experiencing the pressure of rising costs. To support our people with this, a one off discretionary payment was made to employees that sit within career levels C, D and E in our internal Pay and Reward structure, within their November salary. We understand that employees within these career levels are most affected by the impact of the increased cost of living. In addition, as an accredited Real Living Wage employer, we are committed to ensuring we pay the Real Living Wage as a minimum to our employees and whilst it will increase to £10.90 p/h as of May 2023, to ensure that our employees continue to be supported during this challenging time, our entry level hourly rate increased to £10.90 p/h as of 1 November 2022. We hope that by implementing this increase in November 2022, 6 months early, it shows our commitment to supporting our employees on entry level salaries during this challenging time.

In addition to standard benefits, during 2021 we also launched of the 'DriveGreen' scheme, a salary sacrifice car leasing scheme to support employees in gaining access to an electric or hybrid vehicles, being trialled initially to those with a company car allowance and senior leadership. This had good engagement with significant interest generated via our information session held in January, followed by the first 11 EV and Hybrids leased through the scheme in 2022, with a further 11 on order.

Benchmarking our performance

Awards, accreditations, awareness

We strive for sustainability in everything we do, including embedding of a positive, diverse, and inclusive working environment which attracts, retains, and develops our people. We hold a significant range of certifications, accreditations and awards to date. The full list of these can be found on our website.

New for 2022

INVESTORS IN PEOPLE	Accredited with an 'Investors in People' (IIP) Silver status, a framework which focuses on leading, developing and supporting people.
Living Hours	Accredited 'Living Hours' Employer along with maintaining an Accredited 'Living Wage' employer status, ensuring entry-level salaries are at or above the Living Wage, and rewarding all employees fairly for their contributions.
Social Mobility	Became a signatory of the Social Mobility Pledge, committing to outreach, access and recruitment
employers' initiative on domestic abuse	Member of Employers' Initiative on Domestic Abuse
National Suicide Prevention Alliance	Member of the National Suicide Prevention Alliance
SOUTH YORKSHIRE SYMCA MAYORAL COMBINED AUTHORITY	Cornerstone Employer within the South Yorkshire
We are a Young Person's Guarantee Employer	Young Person's Guarantee Employer
wes	Member of Women's Engineering Society (WES)
AIM Awards / 2023	Awarded Entrepreneur of the Year at the AIM awards, accepted by CEO Tim Mortlock on behalf of previous SMS CEO Alan Foy

Launch of our Levelling Up Impact Report

Developed in partnership with the Purpose Coalition, and launched at Parliament in Westminster last year, our Levelling Up Impact Report highlights SMS's commitment to delivering opportunity in the UK through implementing responsible environmental, social, and governance (ESG) policies alongside the delivery of energy solutions.

SMS is aligned to five of the Purpose Coalitions 14 Purpose goals:

Goal 3: Positive Destinations Post 16+ (ensuring young people have the choice of a high-quality route in education, employment, or training)

Goal 5: Open Recruitment (ensuring professions are open to people of all backgrounds through transparent, accessible, and open recruitment practices)

Goal 6: Fair Career Progression (ensuring opportunities for career advancement for all based on ability and potential, not connections)

Goal 8: Good Health and Wellbeing (ensuring improved mental and physical health at all ages to boost overall wellbeing that allows people to fulfil their potential)

Goal 13: Harnessing the Energy Transition (ensuring that the energy transition is fair and creates opportunities across the UK)

Giving Something Back
Action in our communities

We believe that 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 amplified our efforts in 2022, enhancing our support for our local communities through several initiatives, with key themes of volunteering, fundraising and supporting local schools.

Volunteering

During 2022 we have empowered our employees to give back to their communities through volunteering days, resulting in support of a foodbank, primary school and care home.

Schools

We supported local schools in proximity to our offices with career networking, career fairs and visits to site. A wide range of teams got involved across the business, from our Glasgow team in Scotland, to our Barnsley team in the North England and Cardiff team in Wales.

Fundraising

In 2022 we confirmed our commitment to support charities within local communities close to some of our offices, and for the next three years will donate £90,000, split between employee identified charities: Beatson Cancer, Velindre Cancer Centre, The Bluebell Wood Hospice and Bolton Hospice. Following this commitment, which takes us to the end of 2024, we will undertake a company-wide survey to decide which new charities will receive our support.

During the year we also offered direct contribution to 35 Employee Sponsorship and Fundraising Activities to support employees' local communities. We donated a total of £16,250 in reply to numerous employee requests such as local club sponsorship or fundraising events like walks and runs.

Employee engagement

Communication and performance

Performance and Development Review

All employees are covered by our Performance and Development Review (PDR) process, which provides opportunities to recognise good performance and for employees to understand how their objectives fit in with Department objectives and the Company's objectives.

During this annual process individual performance is evaluated, with time for managers to have a formal one-to-one meetings with their team members to cover what they do well, where they need support, any training and development, set agreed measurable targets for the year ahead, and review how they performed in the previous year.

Listening to our employees

We continued to utilise our '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 bimonthly and chaired by the Chief People Officer, feedback is shared with the senior leadership team for consideration and, if relevant and possible, implementation.

The ongoing feedback from our Employee Voice Forum is reinforced by the annual Best Companies Survey which enables a deep-dive into employees thoughts on a wide range of subjects including wellbeing, pay and benefits, personal growth, team, company leadership and much more. The strict confidentiality and independently administered annual survey allows employees to give honest responses without fear of reprisal, ensuring a candid picture of how our people feel.

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 are communicated with all employees via an infographic, with the theme of 'You Said, We Did' and updates implemented in our existing business-wide continual improvement plan. During 2022 we achieved a 'One to Watch' Status in our Best Companies Survey for the second year in a row, denoting us as having 'good' levels of workplace engagement and an organisation where workplace engagement shows promising signs for the future.

Employee engagement continued
Communication and performance continued

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.

Our core values and behaviours

Living Our Values

Our quarterly Living Our Values (LOV) awards celebrate employees from across the business who exemplify our five core company values: Safety, Sustainability, Customer Excellence, Innovation, and Pride. During 2022, 457 nominations were made for teammates who employees believe had demonstrated one of these individual values in previous 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 pick winners for each Values category, with winners receiving a Gift Voucher, Values Pin Badge, and Commemorative Certificate from our CEO.

Sharing our successes

Our quarterly Employee Newsletter continued through 2022, supplemented with additional videos and direct emails covering business performance, notable events and updates. This flow of information ensures our people are kept up to date on organisational matters and feel included as the business changes and evolves.

Wellbeing

Throughout 2022 we partnered with a number of organisations and launched initiatives to raise employees' awareness across a range of topics and signpost them to further specialist support.

2022 wellbeing initiatives:

- Relaunched the SMS Wellbeing page on our intranet which provides lots of free support and advice, with external signposting;
- Renewed our two-year voluntary pledge to Mindful Employer and their Charter for Employers Positive about Mental Health;
- Invested again in the Tommy's Pregnancy and Parenting at Work programme;
- Supported Baby Loss Awareness Week 2022 and National Fertility Awareness Week;
- Supported Mental Health Awareness Week, National No Smoking Day, World Mental Health Day, and International Men's Health Week;
- Joined the Employers Initiative on domestic abuse;
- Joined the National Suicide Prevention Alliance;
- Supported National Schizophrenia Awareness Day; and
- Committed to being a Menopause Friendly Employer.

Equality, diversity and inclusion

Supporting all our people

Equality, Diversity & Inclusion (EDI) is a strategic driver for SMS, with increased support for EDI being led by our Board and senior management team. EDI is overseen at Board level, with updates shared by our Chief People Officer within the Health, Safety and Sustainability Committee. As an organisation, we understand the importance and value that a diverse and inclusive workforce brings, and so we have continued to make significant strides in our EDI strategy.

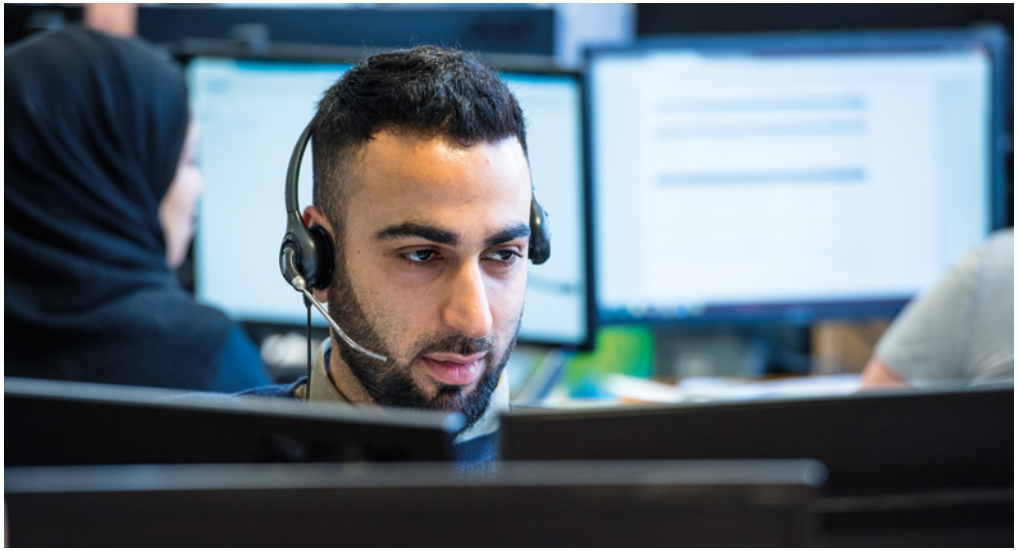
S1 jobs.com Awards	Winner of S1 Awards for Best Diversity & Inclusion Initiative
wm people Top Employer Awards	Short-listed for 'Best for Diversity & Inclusion' at the WM People Top Employer Awards
enei	Maintained Employers Network for Equality & Inclusion accreditation
Social Mobility Pledge	Signatory of the Social Mobility Pledge

EDI training and guidance

Most notably, we concluded our partnership with the Hive Inclusion Works Programme, we are delighted to note as measures of success; 100% registration, +90% active usage, and +90% programme completion. The programme was delivered to our Board, including Executive and Non-Executive Directors, and other members of the senior management team during the year. This course was 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. This forms part of our ongoing commitment to D&I initiatives.

Our policies and code of conduct ensure consistency across all our activities and operations, within a range of related policies we outline our expectations around fair, equitable and ethical treatment for all. These policies are updated regularly and communicated to new starters and available at all times to all employees via our intranet.

Our EDI initiatives go beyond legal compliance and include diversity monitoring, employee affinity groups and networking groups. Our initiatives, which include mentoring and training, ensure we are supporting a diverse workforce and recruit from diverse talent. This is underpinned with managerial and board level responsibility.



Equality, diversity and inclusion continued
Supporting all our people continued

Diversity monitoring
Our Equality, Diversity & Inclusion (EDI) voluntary monitoring form was updated in July 2022 to ensure equality of opportunity, we have now added four socio-economic diversity questions to allow us to (anonymously and confidentially) track and report on this data and better understand what needs to be done to improve socio-economic diversity and identify and address any progression challenges.

Recruiting
SMS is committed to applying its equal opportunities, diversity, and inclusion policy at all stages of recruitment and selection. People drive success, therefore recruiting the right people, at the right time, into the right roles, is core to the business both now and in ensuring future company success. One practical example of this includes candidates being asked via email when arranging an interview, if they require any reasonable adjustments as part of the recruitment process.

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

Mentoring
We introduced a reverse mentoring programme via Disability Connect to increase our awareness, understanding, and confidence of disability to enable us to pro-actively pursue and reach our D&I goals and sustain our inclusive working environment. Goals to improve the following three areas; SMS Policies and Procedures – to ensure they are fully inclusive, SMS Recruitment and Interview Processes – to ensure they are accessible and welcoming, with reasonable adjustments where required and new SMS Internet Site – to ensure it is accessible and welcoming to all. Our overall goal is to raise general awareness of disability in the workplace and build disability confidence, supporting SMS to pro-actively pursue our diversity and inclusion goals.

During 2022 we have continued our mentoring programme with the Aleto Foundation, with three members of our senior leadership team becoming mentors in the year. 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.

We also continue to work with Career Ready and support their mentoring programme.

Equality, diversity and inclusion continued
Supporting all our people continued

Gender within SMS[1]

SMS supports and encourages gender diversity amongst its workforce and welcomes the requirement for gender pay gap reporting, introduced to increase pay transparency, and is committed to diversity and inclusion throughout the business.

Overall, the SMS Group workforce is 30% female and 70% male. As we are part of the historically male-dominated engineering industry, it is no surprise that our organisation has such a wide gender split (weighted towards men), and that a gender pay gap exists.

The mean gender pay gap in hourly pay for the SMS Group is 22.4%, and the median gender pay gap is 37.2%.

Specifically within SMS:

- most of our employees are engineers, and this is a profession with more men than women;
- there are more men than women in senior roles;
- there are more women in part-time roles; and
- there are more women in lower paying roles.

It is worth noting that most of these issues are prevalent throughout the UK and internationally, so are not unique to SMS.

As can be seen via 'Engineering UK' (published online via Women's Engineering Society) who provide workforce statistics, in March 2022:

- Women make up 16.5% of all engineers, compared to 10.5% reported in 2010.
- This represents a 6 percentage point increase in the proportion of women in the engineering workforce.
- The actual number of women working in engineering roles also increased from 562,000 in 2010 to 936,000 in 2021.

The percentage of female employees has decreased in the lower middle pay quartile by 11% as during the data set period, there was significant increase in headcount in engineering roles, which is predominantly a male dominated field, and the upper middle pay grade has 2% more women. However, there continued to be significantly more male employees (in senior roles) in the upper middle and top quartiles, which exacerbates our gender pay gap.

That said, for the SMS Consolidated Group, the mean hourly pay gap has decreased and thus improved by 1.2% which is a positive.

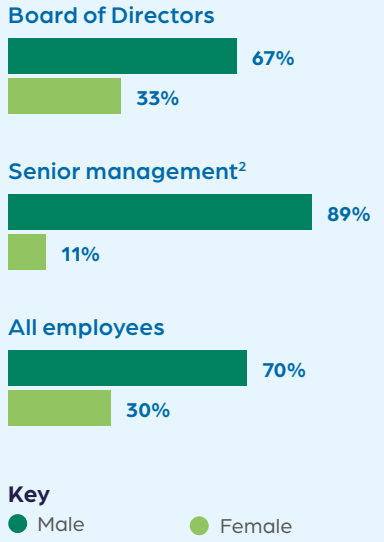
During 2022, we promoted 13 women internally into management and senior level positions and appointed 4 woman externally into management level positions.

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, inclusive, and engaged workforce will produce the solutions we need to tackle the varying challenges faced by our business, and industry leading thinking that will transition the energy market.

We are prioritising the following three areas for action, with Diversity & Inclusion remaining a strategic driver: we will utilise external accreditations and memberships for support (i.e. WES); and additionally internal tools including the SMS voluntary EDI monitoring form, with a focus on increasing completion rates; and we will continue to use our group pay and reward framework. These actions will help ensure there is no bias towards either gender from the point of recruitment, through to salary conversations and progression opportunities. We continue to actively promote gender balance within the SMS Group, and will continue explore how we can continue to attract women into our organisation, to create a more even gender balance, specifically within our engineering workforce.

Gender breakdown[1]



1 We collected our data on 5 April 2022, when the total workforce for the consolidated Group consisted of 388 women and 896 men (including Non-executive Directors).

2 Senior management is defined as employees (including executive directors) who have responsibility for planning, directing and controlling the activities of the Group.

Growing our talent

Employee development

Our people are the central foundations that support business growth, and we are passionate about our people achieving their full potential and developing their skills and knowledge.

During the year a significant number of courses have been run both internally and externally, spanning everyday essentials such as excel and presentation skills, internal process support including 'Procurement Induction', through to management skills such as 'Giving & Receiving Feedback Course' and technical and professional skills including 'PPA Certified practitioner course' and 'GB Wholesale Energy Markets course'. These courses varied in form, ranging from internally virtual delivery, through to third-party professionally recognised qualifications. Every year we are expanding our training support to ensure our people continue to develop and evolve in line with our business development goals.

Engineers training

Our national dual fuel academy, based in Bolton, delivers accredited gas and electric training and assessment to support our team of engineers in gaining professional qualifications and upskill in the domestic and commercial sectors. Comprehensive technical training is delivered via the training academy to all our engineering staff, this includes Induction, Managed Learning Programmes, 3 Phase Metering, ACS accreditation, MOCOP Renewal, Battery Storage, Accuracy Testing and EV training along with other electrical courses ensuring our engineers have the skills and knowledge to complete tasks in line with industry standards.

All engineer new starters complete a full induction to the business and technical assessment. This involves around eight days equating to 64 hours of mandatory briefings, policy and procedure training along with practical installs and assessments. They also undertake their MCOP assessment. The operative will have opportunity to complete further development training as they progress at SMS.

To support our business growth in 2022 we employed 229 new engineers, who's induction at our academy equated to 14,656 hours training.

Induction

Our induction is underpinned by an induction workbook to ensure all employees have completed and understood the information shared, and as a takeaway quick reference to policies, accreditations, services, key contacts and much more.

All our employees, both full and part-time, complete induction training upon entering the business, which includes direct training, online courses and reading covering a range of essential aspects. Part of this includes our new induction video encompassing 'who we are' as a business through our vision and ambitions, delivered by our CEO and other business leaders.

Growing our talent continued
Employee development continued

12

people successfully obtained their apprenticeship qualification.

134

employees participated Excel Training sessions.

36

team leaders and managers enrolled on the Institute of Leadership Management recognised Management Development Programme.

32

Supervisors, team leaders, and new managers attended new Giving & Receiving Feedback Course.

70

employees have participated New Procurement Induction.

33

team leaders and managers successfully passed their Institute of Leadership Management recognised Management Development Programme.

Apprenticeships

We have expanded our apprenticeship offering to include Software Development and Business Admin, to further compliment the programmes already offered such as Coaching Professional, Management, Digital Application Support, IT Professional, and Customer Service. 12 of our people successfully obtained their apprenticeship qualification in 2022, we enrolled a further seven learners, and currently have 21 employees working towards their professional qualification.

Company ethics training

Following the roll out to all employees in 2021, our updated Data Protection, Equality & Diversity Modules and Anti Bribery, Gifts and Charitable Donations Training are now established, mandatory elements of the corporate induction for all new full and part time employees. Our eLearning course, 'Equality, Diversity and Inclusion', aims to increase understanding and awareness of other cultures. Our course on '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 we highlight the importance of Anti bribery and corruption within SMS, specifying that breaches will not be tolerated.

These 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 available as a refresher for existing employees.

Our people

Health and safety in action

We remain committed to being a safe, secure and reliable organisation which protects the safety and wellbeing of our people and our customers. We reinforce this commitment with our established Health and Safety management system, which is certified to ISO 45001, implemented to assist with compliance to legal and voluntary obligations.

Overall, 2022 was a positive year for safety, health, environment and quality (SHEQ) performance across SMS plc. The challenges to achieving our targets have been minor injuries such as strains and bumps, and reflective of an improvement in the reporting and management of incidents by the operational teams.

- No injury RIDDORs were reported, resulting in an accident frequency rate (AFR) of zero for a second consecutive year
- Lost Time Injury Frequency Rate (LTIFR) just short of our 0.11 target at 0.21 per 100,000 hours worked
- Non-Lost Time Injury Frequency Rate (NLTIFR) just short of 0.42 our target at 0.53 per 100,000 hours worked
- Total Recordable Injury Frequency Rate (TRIFR) just short of our 0.56 target at 0.74 per 100,000 hours worked

The annual review of our health and safety policy and associated arrangements was carried out in April 2022 and published on the Company's intranet. The policy, which is a statement of intent, drives improvements across our management systems and other related processes. One of our resulting activities in 2022 was establishing a number of working groups to review personal protective equipment (PPE), training and Fleet. The outputs from the groups included new higher-grade PPE, induction training review and a revised procedure for company vehicles.

The SHEQ targets and objectives are revised annually based on the previous year's performance and any other notable events. Once approved by the Health, Safety and Sustainability Committee, they are cascaded across the business and published monthly for internal and external consumption. We are constantly evaluating new and emerging risks and participate in various industry groups where existing and new business streams are discussed.

Grid-scale battery storage health and safety

As a rapidly developing area of the business, we have ensured our BESS sites receive appropriate levels of scrutiny from our health and safety team. During 2022, the construction and operation of our BESS assets have continued at pace. We currently have three sites under construction and three operational. These sites have been closely monitored by the SHEQ and BESS teams and during 2022 there have been no significant injuries or incidents on any site.

We have been rigorous in ensuring effective communication across our BESS site stakeholders, and the collaboration ethos that has ensured that the site workers are safe and healthy and the works are having minimal impact on the public and the local environment. Planning is underway for lessons learned forums with our contractors as we strive to continually improve our understanding of constructing and operating our assets.

Our people continued
Health and safety in action continued

Internal reporting

Any unsafe acts and conditions can be reported via EQMS and our whistleblowing channel. 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 learnings subsequently 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. Monthly meetings are conducted with key stakeholders across operations, compliance, logistics, technical assistance and the training academy, covering relevant performance, projects and issues, feeding into monthly Operational Governance meetings.

Fleet safety

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.

Occupational health

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.

We are also acutely aware of the pressures facing our Emergency Services nationally and have invested heavily in emergency training for our employees and equipment within each of our workplaces. This will ensure that we can deal with many of the issues that we would normally rely on the emergency services to provide.

Communications

Our communication programme is a crucial part of our SHEQ management system. Throughout the year, we participate in industry campaigns and deliver a range of internal communications via our numerous media platforms. In 2022, we introduced two new communication channels designed for speedy delivery of messaging, high impact and for effective collaboration. These channels supplement established communication channels to ensure our employees are kept up to date on health and safety issues by various means.

2022 and beyond

Our priority for 2023 continues to be keeping our people and those affected by our undertakings safe and healthy. Our ambitious targets and action plans will continue to drive improvements across the business. We continually adapt to new work streams, in 2022 our grid-scale battery storage facilities moved to an operation and maintenance status and we are now preparing for a major leap forward in domestic settings that will include electric vehicle charging points, heat pumps and solar photovoltaic.

Diligence in our supply partners

Supply chain control and compliance

The SMS procurement function reports to the Head of Financial Planning and Analysis, through to the Chief Financial Officer, ensuring appropriate oversight and focus.

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 and Chief Financial Officer, to attain board level authority.

SMS's material supply chain streams relate to our battery and smart meter services, which have both seen expansion during 2022 due to increasing smart meter installs and increased BESS developments.

Supplier ranking and monitoring

SMS is currently ranking its vendor base each quarter by spend and type of service provided by its vendors. SMS Tier 1 vendors are those represented in the top 80% of annual spend in a rolling year. In order to remove and reduce risk, a project team has been set up in conjunction with an external key partner working together to analyse risk within its supply chain, by way of understanding type and volume of data handled and how we would be impacted by a loss or error of supplier data held.

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. Within the last 2 years, Procurement kicked off a project with SME CHH Conex whom we work very closely together to systematically work through their sub-tier vendor base to also address compliance and promote Environmental policies and ISO14001 accreditations. It is worthy to note that CHH Conex also attained their ISO14001 accreditation in March 2022 which was greatly influenced by SMS.

Compliance

Our 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.

Our new Supplier Code of Conduct that is publicly available on our website, and will be shared with our supply base with a view to seeking acceptance and adherence from our current and future supply base.

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, FCIPS is the highest grade of CIPS membership, this is looking to be achieved by completion of our EQMS database project. The EQMS project is still underway as the final reporting element continues to be developed that will enable a comprehensive submission of the procurement journey SMS has taken over the last couple of years whilst bringing forward the procurement strategy. As we continue to develop our EQMS platform we are able to share best practice and discuss topical issues with our vendors as well as rationalise the database and work closer with our supply chain partners. 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.

CIPS
Chartered Institute of Purchasing & Supply

Battery supply chain

Additional diligence

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 is 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:

- Bribery and corruption.
- 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

The last round of 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 to review performance and support continual improvement, a key part of this is site-based audits, which will be undertaken on annual basis going forward.

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 both 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.

Governance

Operating responsibly and ethically

We 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.

Governance introduction

Operating responsibly and ethically

"We are firm believers in the importance of maintaining the highest standards of corporate governance."

Miriam Greenwood
Non-executive Chairman

We have assessed our material governance topics for SMS, with reference to the SASB materiality matrix, and established key areas of focus of 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.

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 to 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.

Our organisational structures

Accountability and internal control

Board Composition

Miriam Greenwood OBE DL
Non-executive Chairman

Tim Mortlock
Chief Executive Officer

Gail Blain
Chief Financial Officer

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.

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 Investors section of the website. These terms of reference are reviewed annually and have been reviewed in the current year.

8

Scheduled Board meetings are held each year

Role of the Audit Committee

The Audit Committee comprises of all the independent Non executive Directors, with key objectives to provide effective governance over the Group's financial reporting and the performance of the external auditor; to provide oversight of the Group's systems of internal financial control; and to report to the Board on these matters. In fulfilment of these objectives the Committee activities include:

- 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.

Providing oversight continued
Accountability and internal control continued

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 targets and ambitions. The Chief 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 Chief Executive Officer ensures that issues associated with ESG are represented consistently at the highest level. Specifically, the Chief Executive Officer personally sponsored the development of our 'net zero by 2030' emissions target and HSS Committee to facilitate SMS's climate change ambitions.

Risk management

Our established risk management framework, and the wider system of internal control, continues to adapt in line with our growing business and the challenging macroeconomic environment. The Board has overall responsibility for governance, risk management and internal control. In support of this, we operate robust risk management processes, which are embedded within everyday business activities throughout the Group.

We have continued to integrate the Electronic Quality Management System (EQMS) to incorporate capability for centrally tracking and co-ordinating group compliance, safety, health and environmental activities as well as 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 which have assisted risk management in those areas. 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.

Operational policies

The Group operates to policies including the following:

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

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 process is planned in relation to 2022.

Management and continual improvement

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 act as a framework to document and ensure, the continual improvement, legal and voluntary compliance of our operational practices.

Auditing and corrective actions

During 2022, following our annual UKAS accredited external audits, SMS maintained all of ISO certifications across our core business entities without any non-conformances or observations being reported and successfully extended the scope of our ISO 50001, to include additional sites not previously covered. In addition, external verification audits were conducted of SMS's core codes of practices and industry wide recognised accreditations, and once again with zero non-conformances identified.

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. Our Group Internal Audit team which reports directly to the Audit Committee, demonstrate another layer of audit governance outside of Executive and/or management direct control.

The performance of these systems are measured to identify good practices, areas of weakness or non-conformance and where nonconformities 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.

Leading our management systems from the top

All 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 processes

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.

Scope of ISOs

ISO Standard	Coverage by company business sites (units)	Scope
ISO9001 – Quality Management	100%	Our Quality management system covers all SMS activities with the exception of Qton.
ISO14001 – Environmental Management (EMS)	100%	Our Environmental management system covers all SMS activities sites with the exception of Qton.
ISO27001 – Information Security	100%	Our Information Security Management System covers all SMS business entities.
ISO45001 – Health & Safety Management	100%	Our Health & Safety Management System covers all SMS business entities with the exception of Qton.
ISO50001 – Energy Management (EnMS)	80%	Our Energy Management System covers all tracked fleet, and the majority of manned sites with a calendar year of recorded energy data.

SMS is resident at 16 business sites (units) based on lease agreement boundaries (2 of these represent floors within the same building) on 31 December 2022.

* Qton Solutions Limited ('Qton') is a subsidiary delivering specialist software development services catering to the utilities industry. Totalling 30 employees on 31 December 2022, and 0 business sites.

Assured ethical practices

Policy and processes

Whistleblowing

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"). Our Policy defines 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 employees 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 the primary language in our operational areas. We proactively communicate both our Whistleblowing policy, and confidential reporting hotline within our Employee Handbook, and is included in the mandatory e-Learning module 'Anti Bribery, Gifts and Charitable Donations' released in 2021.

This procedure may be used to report incidents of fraud, bribery and corruption, discrimination, bullying or harassment, breaches of the Group's health and safety or quality compliance, or environmental concerns.

The Group provides the Audit Committee with information in relation to matters reported, any subsequent investigation and follow-up actions. Details of our 2022 whistleblowing reports can be found within our annual report and accounts.

Anti-Bribery policy

This policy sets out the steps all of us must take to prevent bribery and corruption in the Company's business in order to comply with relevant legislation and the Company's requirements.

Our Policy defines what Bribery and Corruption are, including facilitation payments, the legal and company position on bribery, risks of not acting with integrity, benefits of integrity and indicators of bribery and corruption. To support understanding further and to guide acceptable behaviour, the policy outlines areas of specific risk such as gifts and hospitality, explains consideration of local and exceptional circumstances. The policy also outlines requirements for full and accurate records, monitoring and ultimately employee responsibilities. How to raise concerns is described within our policy, alongside highlighting the Whistleblowing process as an alternative to primary reporting process if necessary.

The policy covers activities conducted by another member of staff, a third party who represents the Company, by one of the Company's suppliers or competitors, or by other relevant stakeholders.

Freedom of association

We are dedicated to respecting our employees rights through their journey with SMS, our recruitment policy covers a range of commitments to ensure consistency and transparency, specifically freedom of association and the right to collective bargaining are respected under our alignment with both the Ethical Trading Initiative (ETI) Base Code and the UN Global Compact, and quoted within our policy.

Employees are made aware of routes to communicate if they believe discrimination has taken place through the Company grievance procedure or, if the complaint involves bullying or harassment, the grievance procedure is modified as set out in the dignity at work policy.

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.

During 2022 our stakeholder engagement was recognised by the Investor Relations Society Best Practice Awards, where we were awarded Best Investor Relations Officer, and following the launch of our new corporate website in 2022, SMS was recognised at the Corporate & Finance Awards, winning Best Corporate Website (AIM).

Data and systems

Systems and security

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 2018 (DPA) an other relevant legislation. 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 provides full details of SMS' compliance with the relevant requirements, practices, and conduct of the DPA and data privacy legislation. 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 and Chief Financial Officer attended 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.

Certification and audits

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. In addition, SMS Energy Services, attained Cyber Essentials Plus in 2022, this is the highest level of certification offered under the Cyber Essentials scheme. It is a rigorous test of an organisation's cyber security systems where cyber security experts carry out vulnerability tests to make sure that an organisation is protected against basic hacking and phishing attacks.

The SMS annual internal audit of information security and data privacy is conducted by a third party on behalf of the Internal Audit team, and based on the NIST-800 standard alongside CIS Benchmarks Audits. This activity supports continuous improvement throughout all areas of information security, including a fully installed suite of information security tools which reinforce data management and information security.

Annual GDPR training for all SMS staff

All annual training is reviewed each year to improve context and modules, and these online awareness sessions have been delivered to existing staff and are included in the standard joiner package provided by the recruitment team to all new employees. The online awareness includes reporting functions to monitor completion where necessary, 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 third-party vulnerability analysis and simulated phishing attacks with the results used to provide additional awareness where required. Use of specialised technology enables all employees to easily report suspected issues for further action.

Climate risk

Assessing and addressing climate related risks and opportunities

SMS first embarked on a journey to implement the recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) in 2020. As an organisation at the leading edge of the low-carbon transition and TCFD supporter, we are acutely aware of the importance of evaluating the impacts of climate change on our activities now and into the future and are committed to sharing relevant information with our stakeholders.

Climate change scenario analysis

In 2022, we enhanced our climate change exposure evaluation by completing an emission scenario analysis to evaluate the near-, medium- and long-term exposure to the physical risks of climate change.

Utilising the IPCC SSP2-4.5 climate scenario for the core 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 analysis have been quantitatively evaluated, creating a complete overview of the physical risks to our business from weather events over the next 40 years.

Through this exercise we have established our assets are at low risk from physical climate change. The findings of this analysis have been shared with the Board through the HSS Committee. We are planning to review this exercise and expand our exposure analysis in future to continually improve our analysis. Both our ESG Working Group and HSS Committee are engaged within this process to ensure appropriate oversight is embedded into our decision making, and embedded within strategic planning and everyday processes.

CDP: Rating B

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

Climate risk continued
Assessing and addressing climate related risks and opportunities continued

The Taskforce for Climate-related Financial Disclosure Framework

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

Governance: Governance around Climate-related risks and opportunities	
1. How the board provides oversight	The Board has oversight of climate related issues through 3 key channels; active performance evaluation and management through the Health, Safety and Sustainability Committee, system governance through our Audit processes, and our Risk and Opportunities frameworks. Each of these channels enable oversight, and the ability to ensure the integrity and integration of climate issues into all business decisions at top level.
2. How the organisation's management assesses and manages risks and opportunities	Our Health, Safety and Sustainability (HSS) Committee monitors short, medium and long term sustainability risks, alongside their probability, impact and corresponding mitigation strategies. Climate risk is also integrated into our ESG Working Group and Audit Committee activities and Group Risk Register, supported by Annual review and expert insights. Full 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	**Opportunities:** In June 2019 Government-legislated the target of net zero carbon emissions by 2050, which is driving the public policy agenda and consequent business and consumer response. SMS is well placed to support the UK government's net zero ambition by 2050. We can do this by continuing to leverage our well-established energy services as the UK transitions to a more sustainable and low-carbon economy. We have also established a range of new opportunities aimed at mitigating climate change that are embedded in our business strategy for the short, medium and long term. See page 63. **Risks:** As SMS is rapidly developing services to support the transition to a low carbon economy, we have considered the risk of transitional impacts on our new and developing services. These include emerging regulation and mandates on existing products and services which could influence asset value. The Group continues to monitor and assess the impact of various scenarios in relation to emerging regulation, government incentives and market evolution and has established a due diligence and gating processes, reviewing the sector opportunities and political landscapes before and during new service development. Our CDP disclosure highlights the potential impacts around fuel taxation linked to the cost of operating our fleet and building estate. To mitigate against future increases in carbon taxation, SMS have committed to reduce emissions to net zero by 2030. Our net zero roadmap includes transitioning from ICE to electric vehicles and installing on-site renewable generation.

Climate risk continued
Assessing and addressing climate related risks and opportunities continued

Journey to best practice on TCFD

Our CDP disclosure includes full details of our current aligned activities, and 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, HSS Committee and wider stakeholders.

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

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	Our assets have been reviewed for physical climate risk, and this analysis has given us the security of knowledge that our assets are of low climate risk. Qualitative assessment has been made on transitional resilience by area leaders, and we are confident in the mitigation we have put in place. We will continue to review and broaden our exposure analysis, and the resilience given by our mitigation strategies.

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

6. Identifying and assessing Climate-related risks	Our physical climate analysis is detailed on page 21, with additional qualitative explorations of potential areas of concern utilising the CDP guide to scenario analysis as a framework.
7. Managing identified risks	Climate risk management and integration is embedded in our Audit Committee activities and Group risk register, full details of these can be found within our Annual Report.
8. Integrating climate risk management into the overall risk management framework	

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	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 9.

Data centre

Transparency in our operations

Transparency in how we choose to operate as a business is critical to assuring stakeholders of our ethical and encompassing management, driving down exposure to risk.

Overview of standards?

Reducing our carbon emissions

Our Data Centre provides more detail to internal and external stakeholders on SMS's Environmental, Social and Governance-related policies, programmes, and performance.

This report utilised both the SASB materiality matrix and GRI standards, enhanced with specific requirements from our ESG Rating organisations to communicate our performance. As such, this report is prepared in accordance to the standards below. In addition, in conjunction with our 2022 Annual Report, it complements and serves as our 2022 Communication on Progress (COP) to the United Nations Global Compact (UNGC).

Aspect	GRI Global Reporting Initiative	SASB Sustainability Accounting Standards Board
Introduction Organisational Approach	**GRI 101** Foundation 2016 **GRI 102** General disclosures 2016 **GRI 103** Management approach 2016	**SV-PS-510** Professional Integrity
Environmental Sustainability and Climate	**GRI 307** Environmental compliance 2016 **GRI 305** Emissions 2016	**RR-FC-130** Energy Consumption **IF-EU-110** Greenhouse Gas Emissions & Energy Resource Planning **IF-EU-120** Air Quality
Our People Health and Safety Supply Chain	**GRI 401** Employment 2016 **GRI 405** Diversity and equal opportunities 2016 **GRI 403** Occupational health and safety 2018 **GRI 204** Procurement practices 2016	**SV-HL-310** Workforce Management **SV-PS-000** Employee Metrics **SV-PS-330** Workforce Diversity & Engagement **IF-EU-140** Water Management **IF-EN-250** Health & Safety **IF-WM-320** Workforce Health & Safety
Governance Information Security Financials	**GRI 418** Customer privacy 2016 **GRI 201** Economic performance 2016	**SV-PS-230** Data Security **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

Environment

Materiality and Boundaries

Section	Category	Applicable Frameworks	Notes
Environmental Materiality & Boundaries	Any specific limitation regarding the topic Boundary.	GRI 103-1	See Environmental section for full boundaries related information, and governance section for management approach.
	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	Our Environmental, Energy and Climate policies are approved by senior management or the board of directors. Within these policies we have: Committed to consult with stakeholders on environmental issues, create environmental awareness and fundamentally protect our environment and use natural resources or energy more efficiently. Committed to maintain our environmental management system, and the monitoring of performance, reduction in emissions, releases and waste covered within the system. We are committed to report regularly on environmental issues both internally and externally.
	Carbon reporting exclusions	GRI 103-3	The current limitations to our fleet performance tracking is the exclusion of two non-tracked fleet.
	c. Biogenic CO_2 emissions in metric tons of CO_2 equivalent.	GRI 305-1 GRI 305-2 GRI 305-3	SMS do not conduct activities that generate biogenic emissions, and therefore have no related emissions.
	d. Base year for the calculations	GRI 305-1 GRI 305-2 GRI 305-3	2019 has been chosen as a baseline as it depicts pre-covid 'normal' energy consumption patterns at SMS.
	f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	GRI 305-1 GRI 305-2 GRI 305-3	Consolidation of emissions is based on operational control where applicable.
	g. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 305-1 GRI 305-2 GRI 305-3 GRI 302-5 SASB: IF-EU-120a.1	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.

Environment

Carbon Emissions

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Scope 1 CO_2 Emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent.	GRI 305-1	1,796.8	2,124.2	3,142.5	TCO_2e	
	a. Scope 1 by source/activity; Mobile Combustion/ Fleet Movement	GRI 305-1	1690.0	1988.0	3054.9	TCO_2e	Fleet movement/mobile combustion is our most significant emissions generating activity, occurring from diesel and petrol combustion and encompasses our tracked fleet activities.
	a. Scope 1 by source; Stationary Combustion Gas	GRI 305-1	77.9	78.5	69.3	TCO_2e	Stationary combustion encompasses gas consumed by our gas boilers for space heating.
	a. Scope 1 by source; Stationary Combustion Gas Oil	GRI 305-1	1.5	2.2	1.9	TCO_2e	Stationary combustion encompasses oil consumed by our oil boilers for space heating. In 2020 we had a site enter our reporting scope which utilises oil for heating.
	a. Scope 1 by source; Fugitive F-Gas	GRI 305-1	27.4	55.5	16.4	TCO_2e	Fugitive emission sources are from air conditioning units used in offices.
	a. Scope 1 by activity; Building operation	GRI 305-1	106.8	136.2	87.6	TCO_2e	Buildings operation includes natural gas and oil combustion and fugitive emissions from air conditioners.
	c. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305-1					
	c. Gases included in the calculation; CO_2	GRI 305-1	1745.8	2039.1	3081.8	TCO_2	CO_2 from natural gas, diesel, petrol and burning oil.
	c. Gases included in the calculation; CH_4	GRI 305-1	0.3	0.3	0.6	TCH_4	CH_4 from natural gas, diesel, petrol and burning oil.
	c. Gases included in the calculation; N_2O	GRI 305-1	23.3	29.3	43.6	TN_2O	N_2O from natural gas, diesel, petrol and burning oil.

Environment

Carbon Emissions continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
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	152.4	190.6	1233.2	TCO_2e	
	b. Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.	GRI 305-2	68.3	173.4	2100.5	TCO_2e	Takes into account the amount of electricity purchased from Green or REGO contracts. Residual emissions are calculating using a residual mix emission factor.
	c. Location based, Gases included in the calculation; CO_2	GRI 305-2	49.9	103.8	1219.4	TCO_2	CO_2 – electricity location based
	c. Location based, Gases included in the calculation; CH_4	GRI 305-2	0.2	0.4	5.1	TCH_4	CH_4 – electricity location based
	c. Location based, Gases included in the calculation; N_2O	GRI 305-2	0.3	0.7	8.7	TN_2O	N_2O – electricity location based
	ii. emissions in the base year;	GRI 305-2	–	–	–	TCO_2e	Scope 2 emissions from baseline year – 205.6 TCO_2e
	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 2021 data used while 2022 is yet to be released.
Scope 3 CO_2 Emissions	Total Gross Scope 3 GHG emissions in metric tons of CO_2 equivalent.	TCFD GRI 305-3	851.1	1022.3	4258.5	TCO_2e	
	b. If available, the gases included in the calculation; whether CO_2, CH_4, N_2O, 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.
	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; • Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2; • Waste generated in operations; • Business Travel; • Employee Commuting; • Upstream Leased assets.

Environment

Carbon Emissions continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Scope 3 CO_2 Emissions continued	ii. emissions in the base year;	GRI 305-3	–	–	–	TCO_2e	Scope 3 emissions from baseline year – 1280.9 TCO_2e
	iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.	GRI 305-3	–	–	–	–	Base year emissions have increased by 10% as a result of more accurate data becoming available.
	e. 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.
	Upstream categories included 2. Purchased goods and services	GRI 305-3	1.1	0.5	0.5	TCO_2e	Purchased services for Water supply.
	3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	GRI 305-3	441.1	520.6	3820.0	TCO_2e	Well-to-tank emissions for Diesel, Petrol, Natural Gas and Burning Oil and electricity distribution. Emissions for purchased electricity for our BESS which is sold back to the grid.
	Upstream categories included 5. Waste generated in operations	GRI 305-3	4.6	4.2	4.5	TCO_2e	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. This figure also includes emissions for the treatment of water supplied to our warehouses, offices and training centres.
	Upstream categories included 6. Business Travel	GRI 305-3	48.9	27.5	57.9	TCO_2e	Business travel in employee-owned vehicles.
	Upstream categories included 7. Employee Commuting	GRI 305-3	355.4	469.5	374.2	TCO_2e	SMS operates a hybrid home-working policy. These are the associated carbon emissions from energy used to power office equipment or for heating by employees working from home.
	Upstream categories included 8. Upstream leased assets	GRI 305-3	0	0	1.4	TCO_2e	The associated emissions from energy consumption at shared leased office spaces.
	Upstream categories excluded 2. Capital goods 4. Upstream transportation and distribution	GRI 305-3				–	Capital Goods evaluated as immaterial to our current operational emissions. Upstream transportation and distribution is considered de minimis in comparison to operational transportation emissions.

Environment

Carbon Emissions continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Scope 3 CO_2 Emissions continued	Downstream categories included 11.Use of sold products	GRI 305-3	(40527)	(48325)	(59066)	TCO_2e	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. EnergyGB completed government commissioned research on energy saved by smart meter users, confirming a 2% reduction in gas and a 2.8% reduction in electricity consumption. This saving can be used to calculate impact of the meters that we install. 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 2022.
Carbon Intensity	a. GHG emissions intensity ratio for the organisation.	GRI 305-4	18.9	21.3	32.3	TCO_2e/ £m	(Scope 1 & 2) TCO_2e/ £m revenue. See SECR table for intensity metric including Scope 1, 2 and 3.
	b. Organisation-specific metric (the denominator) chosen to calculate the ratio.	GRI 305-4	-	-	-	£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	1 & 2	1 & 2	1 & 2	Scopes	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, CH_4, N_2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305-4				TCO_2e	CO_2, CH_4 and N_2O breakdown included above.
	d. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305-4	27.4	55.5	16.4	TCO_2e	HFC (R32, 407c and 410a))

Environment

Carbon Emissions continued

Section	Category	Applicable Frameworks	2020	2021	2022	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	TCO_2e	SMS has no CFCs emissions, see HFCs for refrigerant fugitive emissions.
	NOx	GRI 305-7 SASB: IF-EU-120a.1	456.5	545.7	824.6	T NOx	NOx emissions from fleet movements
	CO	GRI 305-7 SASB: IF-EU-120a.1	1559.0	1863.9	2816.2	T CO	CO emissions from fleet movements
	HC + NOx	GRI 305-7 SASB: IF-EU-120a.1	526.7	629.7	951.4	T 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 305-1 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.

Environment

Carbon Emissions continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
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 305	–	–	–	–	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	–	–	–	%	SMS have no emissions covered under emissions regulations or reporting during 2022.

Energy Consumption

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Energy Management	ISO50001 Energy Management System Scope	ESG Rating Agency	–	–	–	–	Within our Energy Management System scope, we include: all Vehicles tracked through SMS's telematics software, representing around 70% of direct business emissions. All facilities with at least a calendar year of energy data available, with staff on site which represent around 5% of business emissions and 12 sites. 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, business units and battery sites without a calendar year of recorded energy data.
Energy Use	Total Energy Consumed	GRI 302-1 SASB: RR-FC-130a.1	8108.1	9728.9	19446.5	MWh	
	Percentage Grid Electricity	SASB: RR-FC-130a.1	95%	96%	98%	%	

Environment

Energy Consumption continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Energy Use continued	Percentage Renewable	SASB: RR-FC-130a.1	5%	4%	2%	%	
	a & e. Total fuel consumption within the organisation from non-renewable sources, in joules or multiples	GRI 302-1				GJ	This data also represents Total energy consumption within the organisation.
	Fuel types used. Diesel	GRI 302-1	25288.6	30216.4	44787.2	GJ	
	Fuel types used. Petrol	GRI 302-1	0.0	0.0	867.5	GJ	New data aggregated in 2022
	Fuel types used. Electricity	GRI 302-1	2353.8	3232.1	22959.1	GJ	
	Fuel types used. Natural Gas	GRI 302-1	1525.0	1543.1	1365.8	GJ	
	Fuel types used. Burning Oil	GRI 302-1	22.0	32.6	27.7	GJ	
	c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption	GRI 302-1	–	–	–		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	54,899.5	GJ	
	f. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 302-1				–	SMS utilises the GHG protocol guidance for emissions accounting methodology and calculations.
	g. Source of the conversion factors used.	GRI 302-1				–	Emissions factors used are sourced from BEIS government annual data releases.

Environment

Energy Consumption continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Energy Use continued	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	78.7	89.7	143.5	MWh/£m	SMS energy intensity is based on Scope 1 & 2, and £m revenue.
	Percentage change in Intensity from previous year	ESG Rating Agency	-31	14	60	%	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				–	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, Gas 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	2020	2021	2022	Unit	Notes
Water	Total water withdrawn	SASB IF-EU-140a.1	3208.1	3390.1	3255.7	m^3	Water withdrawn is aggregated from water meter and estimate data across SMS building estate.
	Total water consumed	SASB IF-EU-140a.1				m^3	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	2020	2021	2022	Unit	Notes
Waste	Total waste generated	ESG Rating Agencies	95.2	153.0	158.1	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 m^3.
	Total waste landfilled	ESG Rating Agencies	0.6	0.0	0.5	T	Waste to landfill is calculated based on the data provided by SMS waste suppliers.

Offsetting

Section	Category	Applicable Frameworks	2020	2021	2022	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	2020	2021	2022	Unit	Notes
Reductions	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO_2 equivalent.	GRI 305-5	51.9	65.5	90.5	TCO_2e	Reduction in building emissions from baseline year, based on energy management and sustainability upgrades.
	b. Gases included in the reduction calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, or all.	GRI 305-5	TCO_2e	TCO_2e	TCO_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	2019	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 & 2	1 & 2	1 & 2	Scope	Based on all emissions resulting from operating our buildings, including Scope 1: Natural Gas, Burning Oil (kerosene), fugitive gases; Scope 2: Electricity
	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	518.6	512.6	754.0	GJ	GJ reduction is based on the reduction in building energy consumption compared to the baseline year as a result of sustainability upgrades and the expansion of the ISO 50001 Energy Management System scope.
	b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.	GRI 302-4	–	–	–	–	Reduction is based on all energy related to operating our buildings, including Scope 1: Natural Gas, Burning Oil (kerosene). Scope 2: Electricity
	c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.	GRI 302-4	–	–	–	–	Base year is 2019.
	d. Standards, methodologies, assumptions, and/or calculation tools used.	GRI 302-4	–	–	–	–	kWh is converted to GJ using the standard conversion factor.

Environment

Carbon and Energy Reduction Services

Section	Category	Applicable Frameworks	2020	2021	2022	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	818.9	999.9	1228.6	TJ	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 our environmental section, 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	2020	2021	2022	Year	These are the reductions reported within the base year and is based on the most up-to-date energy data available, inline with our annual financial reporting year at SMS.
	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 posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk 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 1** 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.
		GRI 201-1	2	Risk	**SOURCE 2** 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 onsite servers. Full details of all SMS climate related risks and opportunities are detailed within our CDP submission.
		GRI 201-1	3	Risk	**SOURCE 3** 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.

Environment

Climate Related Risks and Opportunities continued

Section	Category	Applicable Frameworks			Notes
Climate Risks continued		GRI 201-1	4	Risk	**SOURCE 4** 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.
Climate Opportunities	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 1** 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 suppliers have to achieve the targets set out for smart meter installs, which in turn extends SMS's ability to support the installations required. 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 Opportunities continued		GRI 201-1	2	Opportunity	**SOURCE 2** 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.
		GRI 201-1	3	Opportunity	**SOURCE 3** 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. 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.
		GRI 201-1	4	Opportunity	**SOURCE 4** 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.

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.
	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.

Our People Performance Data

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Employee Contextual Data	Employee engagement as a percentage; disclosure shall include a description of the methodology employed.	SASB SV-PS-330a.3	50	75	75	%	We launched our 3rd employee engagement survey via Best Companies in February 2022. 69% of employees responded to the survey. Whilst the return percentage may be slightly lower compared to the previous year, due to the increase in overall headcount, an additional 114 employees completed the survey from the previous year, and more importantly we retained the Best Companies 'One to Watch' status. 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 fourth survey in the second quarter of 2023 to gauge YOY improvement.

Social

Our People Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Employee Contextual Data continued	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 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	Average headcount in 2022 was 1360.25 • Total Number of new starts – 602 • By Gender; Female 171, Male 430, Non-binary 1 • By Age Group; Under 30: 200, 30 – 50: 316, Over 50: 86 • By Region; – Cambridge – 15 – Cardiff – 93 – Doncaster – 437 – Glasgow – 51 – Ireland – 6 • Total Number of leavers – 435 • By Gender; Female 125, Male 310 • By Age Group; Under 30: 136, 30 – 50: 223, Over 50: 76 • By Region; – Cambridge – 12 – Cardiff – 87 – Doncaster – 276 – Theale – 9 – Glasgow – 44 – Ireland – 7	#	–

Social

Our People Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Employee Contextual Data continued	(1) Voluntary and (2) involuntary turnover rate for employees	SASB SV-HL-310a.1 SV-PS-330a.2	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	Average headcount in 2022 was 1360.25 Voluntary Leaver – 335 / Involuntary Leavers – 100 Voluntary Turnover – 24.62%/ Involuntary Turnover – 7.35% Reasons for leaving – predominately performance/ disciplinary/end of probation period related for involuntary and new role/ opportunity for voluntary	#	–
	Number of employees by: (1) full-time and part-time	SASB SV-PS-000.A GRI 102-7	1024	1229	1388	#	Figures as at 31/12/2022
	Number of employees by: temporary	SASB SV-PS-000.A	4	6	12	#	Temporary employee is defined as fixed term staff employed by SMS and excludes agency employees. Figures as at 31/12/2022
	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.

Social

Our People Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Employee Contextual Data continued	a. Total number of employees by employment contract (permanent and temporary), by gender.	GRI 102-8	Female: Permanent 340 / Temporary 1 Male: Permanent 680 / Temporary 3	Female: Permanent 390 / Temporary 0 Male: Permanent 833 / Temporary 6	Female: Permanent 427 / Temporary 5 Male: Permanent 947 / Temporary 7 Non Binary: Permanent 2/ Temporary 0	–	–
	b. Total number of employees by employment contract (permanent and temporary), by region.	GRI 102-8	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	Cardiff: Permanent 298/ Temp 3 Cambridge: Permanent 30 / Temp 0 Glasgow: Permanent 202/ Temp 8 Doncaster: Permanent 791 / Temp 1 Ireland: Permanent 13 / Temp 0 Theale: Permanent 42 /Temp 0	–	–
	c. Total number of employees by employment type (full-time and part-time), by gender.	GRI 102-8	Full-time: Female 283 / Male 665 Part-time: Female 58/ Male 18	Full-time: Female 321 / Male 819 Part-time: Female 69/ Male 20	Full-time: Female 351 / Male 931 / Non-Binary: 2 Part-time: Female 81/ Male 23	–	–
	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.

Social

Our People Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Employee Contextual Data continued	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, including any assumptions made.	GRI 102-8	–	–	–	–	Reports produced using our online HR system (Cezanne) with a reporting date of 31/12/2022. 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.
	a. Percentage of total employees covered by collective bargaining agreements.	GRI 102-41	0	4.23	3.02		42 employees (3.02%) are unionised following an acquisition in 2021.

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, Chief People Officer has responsibility to champion this throughout the organisation, supported by the Non-Executive Directors and Board.

Social

Gender and Equality continued

Section	Category	Applicable Frameworks	Notes
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	i. Non-exec 50% Female, 50% male Board 50% Female, 50% Male ii. Non-exec 30-50 years old 25%, over 50 years old 75% Board 30-50 years old 100%
	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 – 21.61 % 30-50 – 61.17% Over 50 – 17.22 % *Based on current employees as at 31/12/2022
	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 2022 V 2021 for the SMS Consolidated Group, mean hourly pay gap has decreased from 23.6% to 22.4% and the median hourly gap has increased from 33.8% to 37.2%.
	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.
Protecting Workers	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

Remuneration, Incentives and Benefits

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Performance Based Pay	Develop or share existing evidence of variable incentive pay for non-officer staff	ESG Rating Agencies				–	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.
Employee Remuneration	Average hourly wage, by region	SASB SV-HL-310a.3	Glasgow £20.49 / Cardiff £14.89 / Cambridge £28.96 Information calculated using average hourly rate based on the 31 December 2019. Region is defined as the payroll area in which an individual belongs to – Cardiff, Cambridge, Doncaster or Glasgow. Doncaster and Solo Energy data not currently available.	Glasgow £22.73 / Cardiff £16.67 Cambridge £29.65 / CH_4 £15.66 / Data Services £16.68 / Solo £27.83	Glasgow £23.00 / Cardiff £18.79 / Cambridge £26.89 / CH_4 £16.26 / Data services £16.73 / Solo £34.84	£/hour-	–
	Percentage of employees earning minimum wage, by region	SASB SV-HL-310a.3	0	0	0	%	0% – we are a Living Wage Employer (which is higher than minimum wage) therefore no employees receive minimum wage.

Social

Remuneration, Incentives and Benefits continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Leadership Remuneration	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.

Social

Remuneration, Incentives and Benefits continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Leadership Remuneration continued	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	–	11.7-1	11.7-1	Ratio	UK based operations only.
	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.

Social

Managing Health and Safety

Section	Category	Applicable Frameworks	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 minimise 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.
	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	Zero. 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.
Training	Percentage of total employees receiving training	ESG Rating Agencies	100% All employees complete a number of mandatory modules every year, with additional training needs identified within the PDR process.
	Annual hours per employee	ESG Rating Agencies	Not yet reported. In 2022 we employed 229 new engineers, who's induction at our academy equated to 14,656 hours training or 64hours per engineer.
	Training & Development Expenditure (in USD mn)	ESG Rating Agencies	Not yet reported.

Social

Health & Safety Performance Data

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Health & Safety Data	Disclose data on lost-time incident rate (LTIR)	SASB IF-EN-250a.2	0.20	0.17	0.21	#	Frequency rates are based on per 100,000 hours worked.
	(1) Total recordable incident rate (TRIR) and	SASB RR-FC-320a.1	0.98	0.69	0.74	#	Frequency rates are based on per 100,000 hours worked.
	(2) fatality rate	SASB RR-FC-320a.1	0	0	0	#	Frequency rates are based on per 100,000 hours worked.
	(3) near miss frequency rate (NMFR)	SASB RR-FC-320a.1	14.82	12.40	1.82	#	Frequency rates are based on per 100,000 hours worked.
	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 as required.
	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) Controlled Substances/Alcohol	SASB IF-WM-320a.2	–	–	–	–	Regular random and for cause drug and alcohol checks are undertaken.
Work-related Injuries	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	0	–	i. None ii. None
	a. For all employees: iii. The number of recordable work-related injuries	GRI 403-9	20	16	21	#	Work related injuries
	a. For all employees: iii. The rate of recordable work-related injuries	GRI 403-9	0.98	0.69	0.74	#	Frequency rates are based on per 100,000 hours worked.

Social

Health & Safety Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Work-related Injuries continued	a. For all employees: iv. The main types of work-related injury; v. The number of hours worked.	GRI 403-9	2,030,528	2,329,888	2,853,616	Hours	iv. Slips trips and falls and manual handling/ergonomic issues the main type of work-related injury. v. Frequency rates are based on per 100,000 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);	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	8	#	iii. Data yet recorded. iv. N/A v. Frequency rates are based on 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. Slips trips and falls are the main type of work related injuries for non-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.
	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 minimise 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.

Social

Health & Safety Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Work-related Injuries continued	d. Any actions taken or underway to eliminate other work-related hazards and minimise risks using the hierarchy of controls.	GRI 403-9	–	–	–	–	In 2022 was establishing a number of working groups to review personal protective equipment (PPE), training and Fleet. The outputs from the groups included new higher-grade PPE, induction training review and a revised procedure for company vehicles.
	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 based on per 100,000 hours worked
	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	–	–	–	–	All injury FRs are per 100,000 hours worked.
Work-related Ill Health	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.
	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
	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 minimise risks using the hierarchy of controls.	GRI 403-10	–	–	–	–	Related illnesses and working with asbestos. 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.

Social

Health & Safety Performance Data continued

Section	Category	Applicable Frameworks	2020	2021	2022	Unit	Notes
Work-related Ill Health continued	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	–	–	–	–	All injury FRs are per 100,000 hours worked.
Labour Law Violations	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.

Supply Chain

Section	Category	Applicable Frameworks	Notes
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 which 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, this reporting along with payment terms will help procurement to identify cash flow improvements. This function is still in the process of being built. The first stage of the EQMS platform successfully went live in September 2020 which enables new vendor onboarding requests coming from across our business to be systematically processed and improves the initial onboarding of vendors. via Issue Manager. This was then followed up in 2021 with commencement of the vendor manager platform. With electronic questionnaires being sent to the vendor base. 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 and ISO tracking, once these fields are completed by the vendor this allows for greater transparency to both Procurement and company-wide employees (based on access rights).to review the vendor base. Now the platform is fully live and EQMS holds the relevant 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

Supply Chain continued

Section	Category	Applicable Frameworks	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 continues to develop 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 managers. Whilst we continue our journey with the current EQMS platform, it has been recognised that the platform needs to be updated to serve our future needs, a project team comprising of heads of Procurement, SHEQ and IT to determine what the new platform should hold to serve our business as we grow and adapt.
	Monitoring of supply chain non-compliance incidents or practices	ESG Rating Agencies	We conduct monitoring of supply chain non-compliance incidents or practices with our key partners, and 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 within SMS Supply chain.
	Significant changes to the organisation's size, structure, ownership, or supply chain	GRI 102-10	Please see Annual Report.

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 so far as reasonably influenceable.
	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 2022.
	a. If applicable, the date of the most recent previous report	GRI 102-51	This is the third 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 2022, 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 structure 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 (HSS) 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. 102-2 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 capitalisation (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.
	Business Activities	ESG Rating Agencies	SMS is not directly involved with products and services that support oil and gas exploration, production, refining, transportation and storage. No revenues are derived from oil and gas exploration, production, refining, transportation and storage. To clarify, SMS Project Management provide multi-utility consultancy, spanning initial assessment of needs via feasibility studies, through to managing delivery. Acting as a dedicated project partner, SMS liaise with third-party contractors and do not directly install gas or oil infrastructure. SMS's services are specifically aimed at moving away from fossil fuels to renewables.

Governance

Governance Structures

Section	Category	Applicable Frameworks	Notes
Context continued	External verification of CSR/ESG/Sustainability reporting	ESG Rating Agencies	SMS has engaged our external audit provider to verify our Scope 1, 2 and 3 emissions.
	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 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 HSS Committee, 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	a. 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. Activities include: • 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. i. Stakeholder involvement is defined in the Annual Report ii. 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. iii. 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. iv. 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
Context continued	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 HSS Committee 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 2022, 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.
	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 Sustainability (HSS) Committee, 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
Remuneration Policy & Process	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	During the year, the Committee engaged PwC as Consultants to assist with benchmarking 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
Stakeholders	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.

Governance

Ethical Conduct

Section	Category	Applicable Frameworks	Notes
Acting With Integrity	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.
	a. Percentage of total employees covered by collective bargaining agreements.	GRI 102-41	3.02% (42 employees) are unionised following an acquisition in 2021.
Stock Ownership	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. Employee stock ownership is covered within SMS's 'Share Incentive Plan' (SIP), which is open to all employees once they have completed 6 months continuous service. This employee benefit includes Partnership and Matching shares, with an upper limit on monthly contribution.
Alignment	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	See relevant sections within the Sustainability Report.

Data Security

Section	Category	Applicable Frameworks	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 IT Steering Committee, a Sub-Committee of the board. Mitigation includes; Annual GDPR training for all SMS staff, IT security monitoring controls such as a SOC and Netskope monitoring of external communications.
	Description of policies and practices relating to collection, usage, and retention of customer information	SV-PS-230a.2	Safety of customer information is paramount to SMS, and we are stringent in upholding our responsibilities under GDPR. 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	Zero. In 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.

Governance

Governance Performance Data

Section	Category	Applicable Frameworks	Notes
Financial Performance	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.
	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	Notes
Financial 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	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	There have been no critical concerns raised during the reporting year.
	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, 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
Financial Performance	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: UN Global Compact TCFD Registered Supporter The Climate Pledge Signatory ISO9001 ISO14001 ISO27001 ISO45001 ISO50001 Achilles UVDB Verify Certificate – SMS Energy Services Ltd Achilles UVDB Verify Certificate – SMS Meter Assets Ltd Achilles UVDB Silver Plus – SMS Energy Services Ltd Achilles UVDB Silver Plus – SMS Meter Assets Ltd ASPCoP – SMS Data Management Construction Line Gold – SMS Energy Services Ltd Cyber Essentials –SMS Energy Services Ltd Elexon PAB HH Elexon PAB NHH EUA Utility Networks Membership – SMS plc Energy & Utility Skills Group – SMS plc Gas Safe Certificate – CH_4 Gas Safe Certificate – Trojan Utilities GIRS – Design & Project Management – SMS Connections Ltd ICO Registration Certificate – CH_4 – Tier 2	ICO Registration Certificate – SMS Energy Services Ltd - Tier 2 ICO Registration Certificate – Qton – Tier 2 ICO Registration Certificate – SMS Connections Ltd – Tier 2 ICO Registration Certificate – SMS Corporate Services Ltd – Tier 1 ICO Registration Certificate – SMS Data Management Ltd – Tier 1 ICO Registration Certificate – SMS Meter Assets Ltd – Tier 1 ICO Registration Certificate – Solo Energy Ltd – Tier 1 ICO Registration Certificate – Trojan Ltd – Tier 1 LCL Awards Certificate of Approval – CH_4 Gas Utility & Maintenance, Bolton Academy Logistics UK Van Excellence – SMS plc MCoP Certificate – CH_4 MCoP Certificate – SMS Meter Assets MCoP Certificate – Trojan Utilities MOCoP – CH_4 MOCoP – SMS Energy Services Ltd MOCoP – Trojan Utilities NERS – SMS Energy Services Ltd NICEIC Accreditation SafeContractor Certificate – SMS plc Utilities Against Slavery
	Global Compact Signatory Status	ESG Rating Agencies	SMS has retained Global Compact signatory status since 2020.	

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.

Controversy Reporting

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.
	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 has 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	Notes
Governance Controversies	Data Security Breaches Controversies	ESG Rating Agencies	SMS has no Data Security Breaches Controversies in the reporting year.
	Customer Fraud Controversies	ESG Rating Agencies	SMS has no Customer Fraud Controversies in the reporting year.
	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorised by: i. complaints received from outside parties and substantiated by the organisation; ii. complaints from regulatory bodies.	GRI 418-1	None in reporting period.
	b. Total number of identified leaks, thefts, or losses of customer data.	GRI 418-1	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	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	SMS has no Discriminatory Access to Basic Services Controversies in the reporting year.
	Marketing Controversies	ESG Rating Agencies	SMS has no Marketing Controversies in the reporting year.
	Anti-Competitive Behaviour Controversies	ESG Rating Agencies	SMS has no Anti-Competitive Behaviour Controversies in there reporting year.
	Bribery and Corruption Controversies	ESG Rating Agencies	SMS has no Bribery and Corruption Controversies in the reporting year.
	Business Ethics Controversies	ESG Rating Agencies	SMS has no Business Ethics Controversies in the reporting year.
	Taxes and Subsidies Controversies	ESG Rating Agencies	SMS has no Taxes and Subsidies Controversies in the reporting year.
	Business ethics, Governance and Public Policy incidents/controversies	ESG Rating Agencies	SMS has no Business ethics, Governance and Public Policy incidents/controversies in the reporting year.

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