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SMS Sustainability Report 2025/2026

Leading with green infrastructure.

SMS



Welcome to our Sustainability Report

Delivering sustainable infrastructure solutions is central to our strategy and purpose. This report sets out how we are managing environmental, social, and governance priorities to drive long-term value for our stakeholders and society.

pg 13

Reducing carbon

Driving down our carbon footprint

pg 24

Delivering social value

Ensuring cascaded value to our communities, employees and environment

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Company Overview

Our ESG highlights

Our Mission

Smart solutions for a sustainable world.

Our Vision

To be a leader in the delivery of energy transition assets, services and solutions.

At SMS, our purpose is clear: to deliver infrastructure solutions that support sustainable, resilient systems for communities and economies. In 2025/26, we strengthened our presence, integrated new capabilities, and continued to embed environmental, social, and governance excellence across everything we do.
This report highlights our progress, our challenges, and our commitment to creating long-term value for our stakeholders."

Ian Smyth
Chief Executive Officer



EcoVadis Silver

Hellios top 25% for ESG

The Climate Pledge committed

UN Global Compact signatory

ISO

4 ISO Management Systems maintained

Supply Chain School Bronze

84,357
tCO_2e

Mitigated through our services

Company Overview

About SMS

SMS delivers integrated infrastructure solutions across energy, water, and low-carbon services, helping customers transition to more efficient, resilient, and sustainable systems. Our services span smart metering, low-carbon energy solutions, and water infrastructure, providing end-to-end expertise from strategy and funding through delivery and long-term optimisation.

Operating nationwide in the UK and expanding into Germany. Our Group combines deep sector expertise with scalable operational capability and our companies work together as one SMS to deliver consistent outcomes, maximise value, and support sustainable growth across diverse markets.

Companies covered by this report:

- Smart Metering Systems
- SMS Academy

Infrastructure

- CH4
- Horizon Energy Infrastructure
- Horizon Energy Deutschland
- Horizon Water Infrastructure
- QTON
- Smart Meter Assets 1
- SMS Energy Services
- SMS Connections
- SMS Meter Assets

Data

- n3rgy
- SMS Data Management
- SMS Solo Energy

Low Carbon

- Horizon Energy Ventures
- Metis Energy



Our Services

Smart metering services

The UK's energy transition is driving rapid adoption of smart metering. Smart meters provide accurate, real-time consumption data that supports energy efficiency, system resilience, and improved customer engagement. We partner with energy suppliers, network operators, and asset owners to design, fund, deploy, and operate smart metering programmes at scale, turning data into actionable insight that drives operational performance and long-term value.

The regulatory and market imperative

UK energy policy continues to accelerate smart meter rollout, aiming to:

- Replace legacy infrastructure nationwide
- Improve billing accuracy and reduce estimated consumption
- Enable demand response and flexible energy use
- Support decarbonisation through better energy insight

Smart meters are also critical for customer service, energy efficiency, and innovation, including services for vulnerable customers and new energy products.

The challenge

Deploying smart meters at scale presents technical, operational, and financial challenges:

- Installation across diverse property types, geographies and technical set up
- Maintaining resilient communications over long asset lifecycles
- Converting large volumes of consumption data into actionable insights for network optimisation, fraud detection, and customer engagement

These factors require specialist expertise, robust operating models, and strategic delivery partners.

Our smart metering services

Our multidisciplinary teams deliver end-to-end Metering-as-a-Service (MaaS) solutions, covering programme design, funding, installation, communications, data management, and long-term asset support.

Our manufacturer-agnostic, lifecycle-focused model ensures high operational performance, minimises delivery risk, and optimises whole-life cost. Working with our partner network, we help clients accelerate deployment, enhance customer experience, and maximise long-term system value.



80,178

tCO_2e

mitigated via deployed meters

Our Services

Low carbon services

Enabling the transition to net zero at scale

The UK's transition to net zero is accelerating, driven by rising energy costs, regulatory pressure, and growing expectations for low-carbon infrastructure. Organisations face pressure to decarbonise operations while maintaining affordability, resilience, and performance. Our low carbon solutions help customers accelerate decarbonisation at scale, delivering practical, investable solutions that reduce carbon, lower costs, and unlock long-term asset value.

The regulatory and market imperative

The UK's commitment to net zero by 2050, combined with interim carbon budgets and sector-specific decarbonisation pathways, is reshaping investment priorities. Key drivers include:

- The Government's Net Zero and Heat & Buildings Strategies, driving low-carbon heating, solar, storage, and EV infrastructure
- Regulatory obligations on housing providers, councils, and infrastructure operators to improve energy performance and resilience
- Grid constraints and local flexibility needs, creating demand for distributed generation and storage

This creates significant opportunity for integrated, capital-enabled delivery partners.

The challenge

While demand is strong, organisations face multiple barriers to delivery:

- High upfront capital for low-carbon assets
- Fragmented delivery models increasing risk and inefficiency
- Limited in-house technical capability to design, procure, deploy, and operate complex programmes
- The need to ensure long-term performance and value creation, beyond short-term installation

Without a coherent, end-to-end delivery model, many decarbonisation programmes struggle to progress beyond pilot or early-stage deployment.

Our low carbon solutions

Through combining SMS Energy Services, Metis, and Horizon Energy Ventures, we deliver end-to-end low-carbon solutions: strategy, funding, deployment, and long-term optimisation.

Our multidisciplinary teams partner with clients to deliver:

- Solar PV and on-site generation
- Battery storage and energy optimisation
- Low-carbon heating and building decarbonisation
- EV charging and smart local energy systems

Our capital-enabled, lifecycle-focused approach accelerates deployment, reduces financial risk, and ensures assets are optimised for long-term performance.

Creating long-term value

Through long-term partnerships, we enable customers to:

- Accelerate carbon reduction and compliance
- Improve energy resilience and affordability
- Optimise operational performance
- Create measurable environmental and social impact

This approach supports the creation of durable, infrastructure-backed value, positioning Low Carbon Services as a core strategic growth pillar within the Group's long-term platform.



Mitigating over

221

tCO_2e

Our Services

Water

Water supplies face growing pressure from climate change, population growth, ageing infrastructure, and rising customer expectations. At the same time, leakage and inefficient consumption continue to place strain on finite water resources.

We partner with water companies to design, fund, deliver, and operate smart water metering programmes at scale, helping utilities safeguard water supplies, strengthen network resilience, and secure sustainable resources for future generations. Our end-to-end approach combines smart technology, advanced data capabilities, and robust delivery models, enabling utilities to meet regulatory targets, improve operational performance, and enhance customer outcomes.

The regulatory and environmental imperative

The UK Government and Ofwat challenge water companies to:

- Reduce leakage by 50% by 2050
- Reduce per capita consumption to 110 litres per person per day by 2050

Independent research indicates that households save an average of 13m³ of water annually following the installation of a water meter, demonstrating the critical role that smart metering plays in driving behavioural change and water efficiency.

The challenge

Water companies must rapidly deploy and manage smart metering programmes at unprecedented scale. With 80–90% of meters installed underground, delivery is technically complex, logistically demanding, and capital intensive.

Beyond installation, the true value of smart metering lies in data-driven insight. Without a clear strategy, large volumes of consumption data risk being underutilised. To deliver meaningful outcomes, this data must be transformed into actionable intelligence that supports customer engagement, leakage detection, and long-term network optimisation.

At the same time, utilities must maintain resilient communications infrastructure over 15+ year asset lifecycles, while balancing affordability, regulatory compliance, and customer satisfaction.

Our Metering-as-a-Service (MaaS) solutions

Our Metering-as-a-Service (MaaS) model enables utilities to accelerate delivery, reduce financial and operational risk, and maximise long-term value.

Through a multidisciplinary team of water, energy, and finance specialists, we deliver end-to-end smart water solutions, spanning programme design, funding, deployment, communications infrastructure, and long-term asset and network management. Our flexible, manufacturer-agnostic model supports the full asset lifecycle, including provisioning, maintenance, repair, and warranty management — ensuring robust delivery across 20-year programme horizons.

Working with more than 70 utilities and technology partners worldwide, we combine deep sector expertise with large-scale operational capability, enabling customers to accelerate adoption, optimise cost, and deliver measurable environmental and customer benefits.



37
tCO_2e

mitigated via our water meters

Engaging our ESG stakeholders

Insightful reporting

This Sustainability Report sets out SMS's environmental, social and governance (ESG) performance for the calendar year 2025, alongside our strategic priorities, progress, and forward-looking commitments. It provides a comprehensive and transparent account of how we are embedding sustainability across our operations, decision-making, and culture, as we continue to evolve as an integrated infrastructure business.

Through clear and balanced reporting, we share our achievements, challenges, and ambitions, demonstrating how we create value for our customers, employees, partners, communities, and wider society, while supporting the development of resilient, efficient and sustainable infrastructure systems. This report also serves as our 2025 Communication on Progress to the United Nations Global Compact and has been prepared in alignment with recognised best-practice reporting frameworks.

Assurance

We ensure the reliability of our ESG statements through the assurance process of our internal audit team, who review the full content of our Sustainability Report and online Data Centre documents, seeking to ensure the accuracy of the statements within. In addition to our internal audit process, the statements and carbon emissions within our Streamlined Energy and Carbon Report, which are also included within our Annual report and accounts, are assured by an external third party as part of our financial end-of-year reporting process.

ESG data selection and frameworks

In line with leading best practice, we apply internationally recognised ESG reporting frameworks to guide our data selection, management and disclosure processes. Our materiality assessment and section structure are informed by the European Sustainability Reporting Standards (ESRS), supporting clear alignment, comparability and transparency. We use ESG data to inform decision-making, manage risk, and drive continuous improvement across our business, while providing stakeholders with meaningful and reliable insight into our performance.

Our reporting is prepared with reference to the Global Reporting Initiative (GRI) Standards, and our full GRI content index is available in the Data Centre on our website.

Third party engagement

We submit ourselves for rating by EcoVadis, a platform for supplier engagement on management of ESG risk and compliance. Our 2025 rating is the Silver Award, putting us in the top 15% of organisations and 85th percentile for ESG performance. Our scorecard is available for new and existing customers to view upon request and through the EcoVadis platform.

We are a participant in the Hellios FSQS (Financial Services Qualification System), a supplier information and risk management platform benchmarking supply chain risk management for the banking sector. We retained our achievement of performance in the top 25% for ESG in 2025.



Materiality assessment

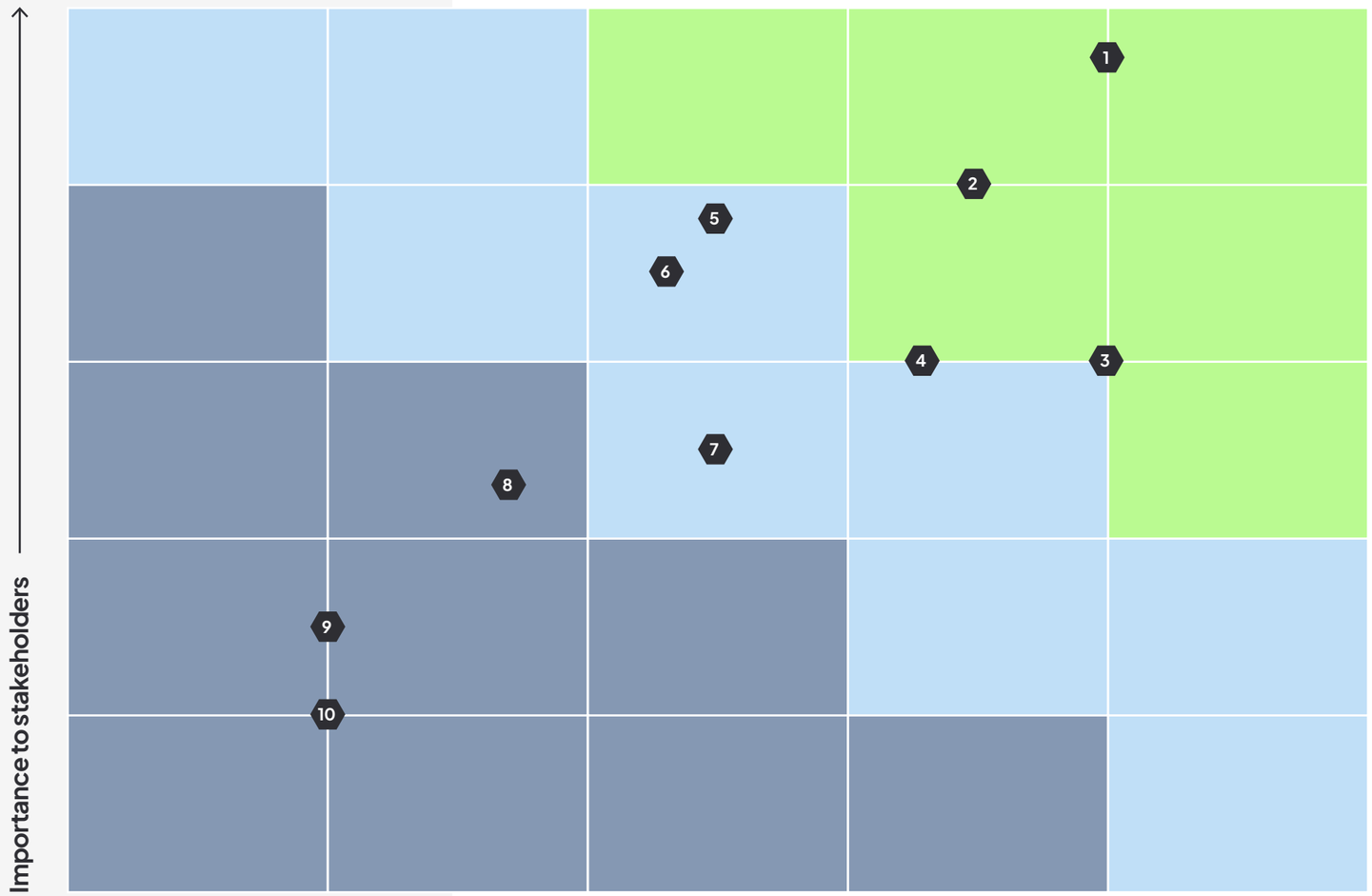
ESG materiality

Materiality is the process through which we identify, assess and prioritise the environmental, social and governance issues most significant to our business and stakeholders, guiding both our strategic focus and external reporting.

To ensure a robust and transparent approach, we apply the internationally recognised Global Reporting Initiative (GRI) Standards, in particular GRI 3: Material Topics, reflecting best practice in stakeholder-led assessment. Our material topics are then mapped against the European Sustainability Reporting Standards (ESRS) topical categories, adopting a 'double materiality' perspective. This considers both the impact of ESG issues on SMS's financial performance, position and future prospects, and the impact of our activities on the environment and society, providing a comprehensive view of risk, opportunity and long-term value creation.

While SMS is not currently within scope of the EU Corporate Sustainability Reporting Directive (CSRD), we have proactively aligned our materiality framework with ESRS to future-proof our reporting. This approach strengthens regulatory preparedness, reduces compliance risk, and enables efficient response to evolving legislative and market requirements across Europe. Alignment with ESRS also enhances comparability with industry peers, supports engagement with multinational customers and reinforces our position as a trusted infrastructure partner capable of operating at scale across multiple regulatory environments.

Materiality Matrix



Focus area

1 Consumers & end users
2 Climate Change
3 Water & Marine Resources
4 Own workforce

Ongoing importance

5 Business Conduct
6 Workers in value chain
7 Pollution

Watch list

8 Resources use & Circular Economy
9 Biodiversity & Ecosystems
10 Affected Communities

Delivering on our ESG ambitions

Responsible targeting and performance

We are guided by our key strategies across all environmental, social and governance areas, underpinned by specific targets to ensure we continually improve in line with our commitments to the United Nations' Sustainable Development Goals (SDGs) and Global Compact.

UN Global Compact

As a signatory to the United Nations (UN) Global Compact, we commit to upholding ethical principles and disclosing our performance across human rights, labour, the environment and anti-corruption. Our reporting on these critical aspects can be found throughout this Sustainability Report.

SMS strategy	Supporting frameworks: SDGs	Supporting frameworks: UN Global Compact Principles	Performance in 2025
Sustainable futures We are leading the UK's transition to a low-carbon future, underpinned by our commitment to a target by 2030. We assist our clients and wider consumers with their carbon reduction journeys through funding and delivery of sustainably focused services.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	**Principle 7:** Businesses should support a precautionary approach to environmental challenges; **Principle 8:** Undertake initiatives to promote greater environmental responsibility; and **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies	Support our customers to mitigate carbon through our low-carbon smart energy services: **~84,357** tCO_2e mitigated
Putting people first To create a nurturing a thriving workplace and business that supports wider society. We ensure diverse, inclusive environments and promote wellbeing, whilst empowering communities to take control of their carbon footprint and tackle local and global issues.	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; and **Principle 6:** The elimination of discrimination in respect of employment and occupation.	Work with our employees to drive down our injury rate: **instated new H&S strategy and action plan**
Responsible and ethical operation 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, and from our operations to our customers and wider society.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Principle 2:** Make sure that they are not complicit in human rights abuses; **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 relevant ISO-certified management systems: **100%**

2 Environment

Driving the energy transition through smart infrastructure

Environmental sustainability is central to our strategy and to the role we play in enabling the UK's transition to a low-carbon economy. Through our smart metering, low-carbon and water services, we deliver measurable carbon and resource reductions at scale, creating positive environmental impact while strengthening the long-term resilience and value of our platform.





"Sustainability is central to our business strategy and operational decision-making, driving measurable impact and long-term value creation. Our approach to the environment reflects our ambition to lead the infrastructure transition to a more sustainable and resilient future."

Charlotte Gregory
Head of Sustainability

Climate change

Across the theme of climate change we have three key aspects: the positive impact of our services, the footprint of our operations, and our governance structure to mitigate climate impact on our business.

Resource use and circular economy

We understand our pivotal role in building the circular economy and reducing resource use, and have established recycling and duty-of-care processes for our materials and equipment.

Water

Clean water is a critical resource, which we are dedicated to preserving – first and foremost through our water metering services.

Pollution

With regard to pollution, we are both reducing air pollution through transitioning our fleet and remaining diligent in our handling of hazardous materials.

Biodiversity

Although we have limited direct impact on biodiversity, we continue to be vigilant in this area and ensure we discharge our compliance responsibilities.

Climate change

Delivering carbon reduction through our services

The positive impacts of our services continued to grow significantly in 2025, driven by the expansion of our low-carbon smart energy services, the scaling of our water metering programmes, and our entry into European markets.

Mitigating climate change and reducing emissions associated with utility consumption is central to our business purpose. We support our clients and wider consumers on their carbon reduction journeys through the delivery of smart metering, data-driven insights, consulting expertise, and low-carbon infrastructure projects. Alongside this, we invest in and deliver services designed to generate measurable environmental benefits.

Our 'handprint' represents the positive carbon impact enabled by our services — the emissions reductions achieved by our customers as a direct result of the solutions we deploy. This includes energy and water efficiency improvements, behavioural change enabled by data transparency, and the integration of renewable energy systems.

Where possible, we quantify these positive impacts using robust, publicly available third-party data, ensuring our reporting is transparent, credible, and aligned with best practice.

Our impact in action

Energy metering impacts

We support energy users across the UK and Germany in better understanding and managing their energy consumption through the installation of smart meters. By providing real-time usage data, smart meters empower customers to make informed decisions, driving behavioural change, reducing energy demand, and lowering associated carbon emissions.

Renewable energy services

We continue to expand our renewable energy services to accelerate the adoption of clean energy solutions. By integrating renewable technologies into existing infrastructure, we help customers reduce reliance on fossil fuels and support the long-term transition to a low-carbon energy system.

Water metering impacts

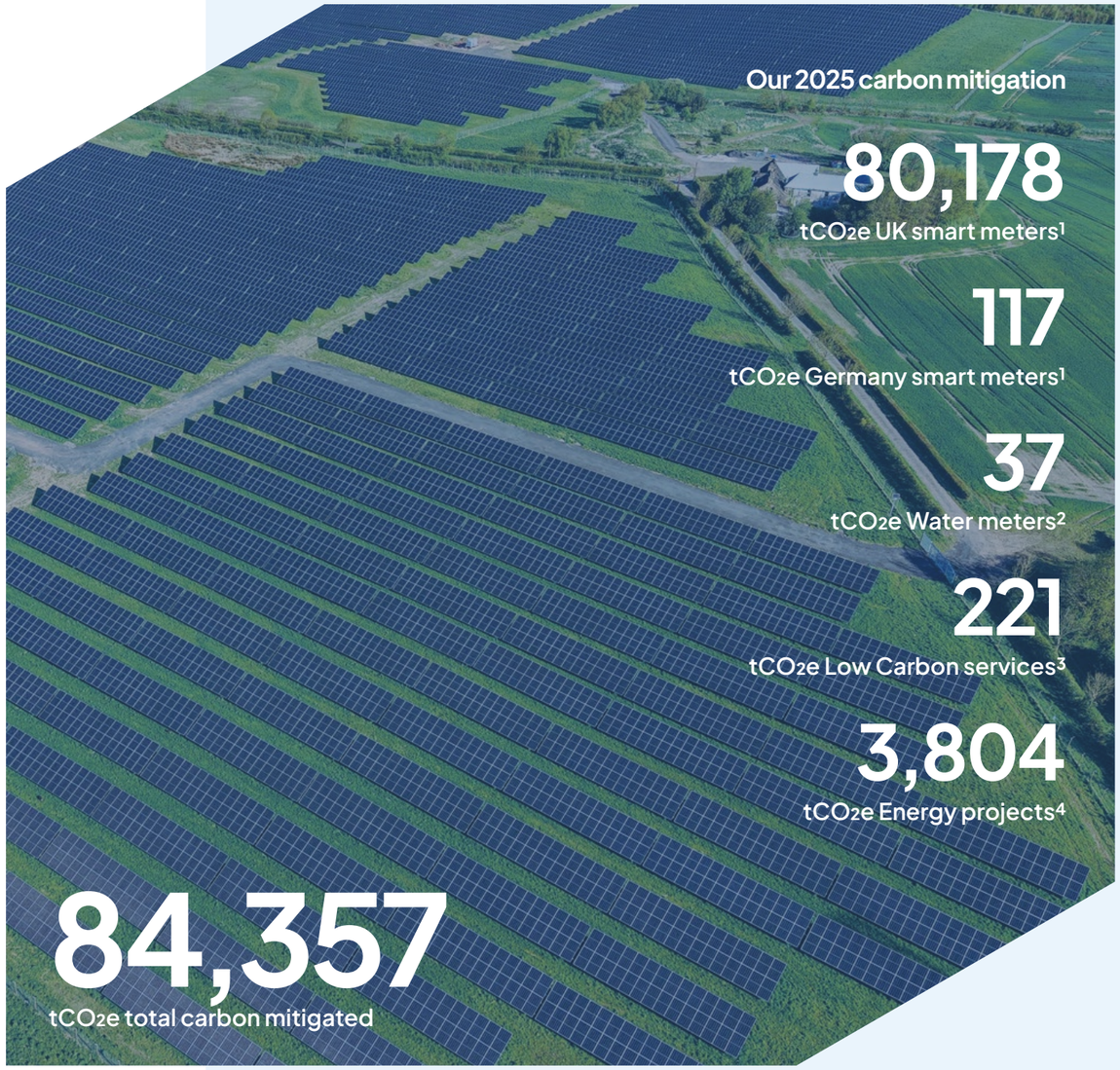
Through long-term partnerships with water companies, we deliver smart water metering programmes that support sustainable water resource management. These initiatives raise consumer awareness, promote responsible water use, and contribute to reduced energy and carbon intensity across the water sector.

Data and digital impacts

Our advanced data analytics capabilities enable customers to identify inefficiencies, optimise consumption patterns, and target energy-saving opportunities. These insights support measurable reductions in both energy use and carbon emissions while improving operational efficiency.

Consulting and energy projects

Our expert-led consulting services deliver impactful energy projects, including strategic energy management, energy efficiency upgrades, and decarbonisation planning. These interventions enable our clients to achieve tangible operational improvements and sustained emissions reductions.



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 the previous year. Figure is calculated based on the number of domestic smart meters under management at 31 December 2025, including third-party-managed assets.
2. Derived from average water savings per meter multiplied by meters installed within the calendar year.
3. Derived from renewable energy energy by projects and assets during the calendar year.
4. 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 the previous period.

Climate change

Understanding our emissions

56%
reduction of total emissions year on year

3%
reduction in fleet emissions

15%
reduction in building Scope 1 & 2 emissions

We utilise the internationally recognised GHG Protocol to ensure that we provide comprehensive and standardised data calculations for each calendar year.

The emissions presented in this report have been prepared using an operational control approach and include all entities over which the Group exercised control during the reporting period, including certain partially owned or newly acquired businesses and sister companies. This boundary is broader than that applied for SECR reporting within the financial statements, and therefore totals are not directly comparable.

Our Scope 1 calculation looks at: the energy consumed by our fleet vehicles; gas consumed across our offices, warehouses and training centre; and fugitive emissions from air conditioning. Our Scope 2 calculation looks at our electricity consumption. Scope 3 accounts for the emissions generated within our value chain. During 2025 we divested our grid battery business, which is reflected in a significant reduction in energy consumption and therefore emissions.



	2025[2]	2024	Commentary
Total Scope 1 (tCO_2e)	2,856.7	2,983.5	Scope 1 comprises the direct emissions from our operations.
Company-owned vehicles	2,814.9	2,932.7	Our owned and tracked fleet vehicles.
Gas	41.2	50.2	Gas heating serves six of our properties across the UK.
F-Gas[1]	0.6	0.6	F-gas is the refrigerant used in air conditioning for cooling workspaces and server rooms.
Total Scope 2 Location-based (tCO_2e)	2,360.4	6,307.7	Scope 2 comprises the indirect emissions associated with our operations.
Electricity (Buildings)	87.3	101.7	Electricity lights, heats and powers our operations across warehouses, offices and training centres.
Electricity (Battery sites)	2,264.4	6,204.1	Net electricity used to operate cooling and communication systems at our grid battery sites prior to divestment.
UK electricity for EVs	8.7	1.9	Our growing fleet of electric vans, with additional vehicles added in the year.
Total Scope 2 Market-based (tCO_2e)[1] (including green energy contracts)	5,522.5	11,713.6	We source green contracts for our electricity where possible.
Total Scope 3 (tCO_2e)	14,134.0	34,975.8	Scope 3 comprises are emissions from up and down our value chain, including thoseof suppliers and service providers.
Diesel upstream supply[1]	402.9	700.7	Upstream emissions for the production of diesel to supply company-owned fleet.
Petrol upstream supply[1]	6.6	14.2	Upstream emissions for the production of petrol to supply company-owned fleet.
Transport and distribution' electricity[1]	242.1	557.3	Upstream emissions of purchased electricity for battery operation and on our warehouses, offices and training centres.
Generation of purchased electricity that is sold to end users[1]	13,061.2	33,174.1	Upstream emissions of purchased electricity for our BESS which is sold back to the grid.
Vehicle business travel	75.5	158.8	Business travel in employee-owned vehicles.
Air & Rail business travel	88.9	105.6	Business travel by air and rail.
Employee Teleworking[1]	256.8	265.1	The associated carbon emissions from energy used to power office equipment and for heating by employees working from home.
Total Scope 1, 2 & 3 (tCO_2e)	19,351.1	44,267.0	Total emissions, utilising Scope 2 Location-based method.
Carbon intensity Scope 1, 2 & 3 (tCO_2e/£m)	61.4	222.0	Shows the amount of emissions produced to achieve the revenue realised, per £m.
Operational energy consumption (MWh)	25,121.3	43,024.2	This is the total energy consumption of our operations, spanning activities includedin Scope 1 and 2 (excluding F-gas).

1. Data disclosure is voluntary under the SECR requirements, but we include it for completeness of Scope reporting under the GHG Protocol.
2. Includes acquisitions and divestments during year.

Climate change

Emissions changes explained

Through 2025 we continued to grow and evolve as an organisation, and we saw these changes reflected across our emissions.



Scope 1: Direct emissions

Fleet:
2,814.9 tCO_2e
Fleet emissions decreased 3% during the year due to changes in metering work and use of third party contractors.

Gas:
41.2 tCO_2e
Gas consumption reduced due to rationalisation of building estate.

F-gas:
0.6 tCO_2e
Maintained leak rate in year, avoiding any significant leak incidents.

Scope 2: Indirect emissions

Buildings electricity:
87.3 tCO_2e
(Location-based) Continued to see reductions in energy consumption as we further rationalised our estate, and saw the benefits of the solar photovoltaic on two of our sites.

Battery electricity:
2,264.4 tCO_2e
(Location-based) In June 2025 SMS divested the grid battery business.

EV Electricity:
8.7 tCO2e
(Location based) Continued transition to EVs resulted increase in consumption.

Electricity:
5,522.5 tCO_2e
(Market-based) We have continued to source 100% renewably generated electricity for our owned sites. Our battery consumption was 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: Value chain emissions

'Well to tank' fuel:
409.5 tCO_2e
Upstream production of petrol decreased with reduced fleet activity during the year.

Business travel:
164.4 tCO_2e
In 2025 structural changes within the business naturally led to decreased travel.

Transport and distribution electricity:
242.1 tCO_2e
Significant reduction due to divestment of grid battery business.

Generation of purchased electricity that is sold to end users:
13,061.2 tCO_2e
Significant reduction due to divestment of grid battery business.

Employees' teleworking:
256.8 tCO_2e
Minor reduction based on reduced workforce compared to 2024.

Climate change

Working towards a net zero future

Achieving net zero is central to our long-term strategy: it reduces our environmental impact, enhances operational resilience, and meets the growing expectations of our customers, employees, and wider stakeholders. Like our customers, we are focused on decoupling our commercial growth from our emissions footprint. This outlook supports our decision-making, with focus on our key emissions areas of fleet use and building operation.

We have successfully modelled our current targets against the Science Based Targets Initiative (SBTi) Sectoral and Absolute Contraction approaches. We are confident that our current activities put us on track to realise more than 40% reduction in location based absolute emissions across our scope 1 and 2 on a 2019 baseline, aligning with a 1.5deg pathway.

While our immediate focus is on fleet and building emissions, we are also beginning to assess our broader value chain emissions (Scope 3) to understand the full impact of our operations.

Ambitions for 2026–2030

Fleet

Continue to deliver our fleet replacement strategy, seeing the benefits of both our new scheduling system, and increasing our Electric Vehicle assets, to realise a reduction in emissions.

Buildings

Work with our landlords to further embrace renewable energy across our estate and implement our evolving estate requirements to deliver a reduction in emissions.

Since commencing in 2020, we have upgraded our flagship Cardiff site, trialled 100 mild hybrids, and continue our EV transition with 20 EV vans in 2026.

Scope 3

We will continue to assess our ability to reduce scope 3 supply chain emissions where possible.

The Climate Pledge

Through The Climate Pledge, we have committed to reach net zero carbon emissions by 2030. Our decarbonisation strategy is in line with the Paris Agreement and the UK's energy transition targets. It delivers real business changes and we will continue to report greenhouse gas emissions on a regular basis.

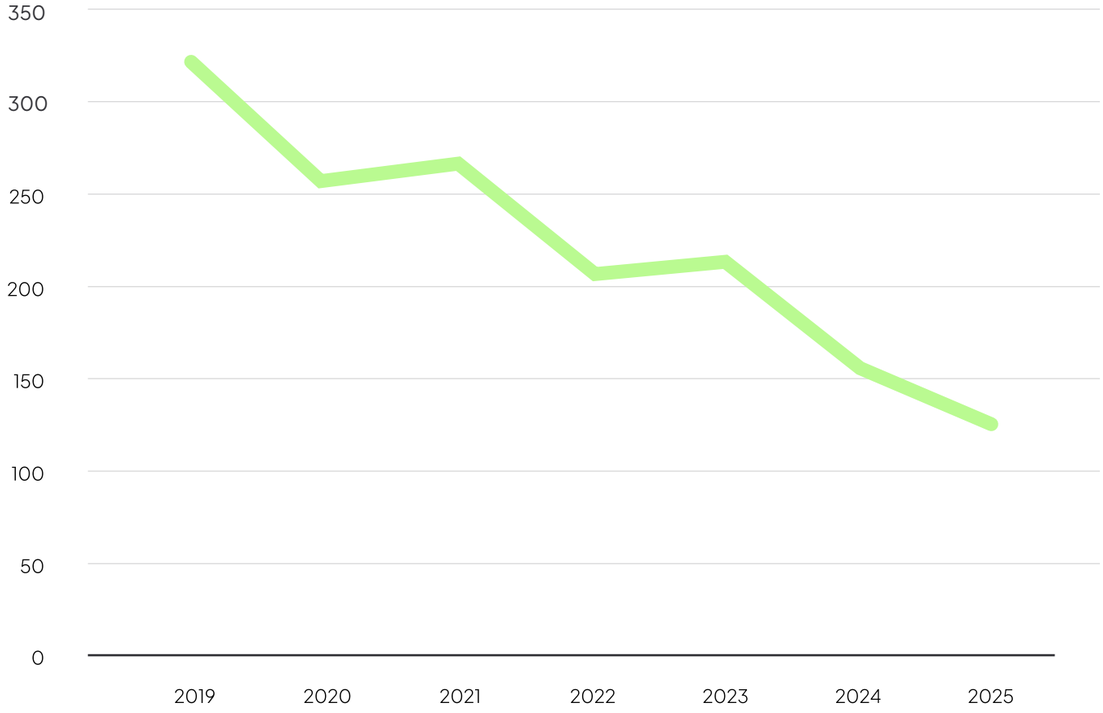
2019	Net zero baseline
2021	Set our net zero target
2021	Start company car transitions
2022	Start site sustainability transitions
2023	First site completed, 100 Mild Hybrid Electric Vehicles deployed
2024	Increased EV fleet, completed battery energy audits
2025	18 EVs, introduction of new scheduling software
2026	Continue to increase our EV fleet, work with landlords to increase utilisation of green energy contracts
2027–29	Utilise our fleet cycles to scale our use of EVs
2030	Meet our net zero targets

Climate change

Reducing estate emissions

Across SMS, we have a range of buildings spanning offices, warehouses and a training centre. These are managed by a network of our facilities coordinators and safety managers to support comfortable, safe and compliant working environments.

Group building estate emissions (TC02e)



76%

Renewable electricity across the building estate

65%

of building electricity covered by green contracts

98%

of building estate gas consumption covered by green gas contracts

Over

51,000

kWh of on-site solar generation

Case study: **Prennau House our low carbon office**

As part of our journey towards net zero emissions, we undertook a programme of sustainability upgrades at one of our core sites in Cardiff. The site was selected as a pilot location to integrate energy-efficient technologies, renewable energy solutions and smart systems, with the main decarbonisation works completed in 2023.

Since implementation, Prennau House has consistently delivered measurable reductions against its 2019 baseline emissions and now operates as a low carbon benchmark office, demonstrating the long-term impact of these interventions. The building also underwent a significant refurbishment in 2025–2026, maintaining a high-quality working environment alongside its sustainability credentials.

Key improvements delivered

- **Building fabric –** Upgraded glazing and façade to reduce heat loss and improve overall energy performance.
- **Renewables –** Installation of an ~30kWh solar photovoltaic array and ~17kWh battery storage system.
- **Heating –** Full decarbonisation through removal of gas and installation of five Daikin air source heat pumps.

This project demonstrates SMS's commitment to sustainability, forming an early milestone in our net zero roadmap and delivering practical, measurable environmental benefits. As a flagship low carbon site, Prennau House continues to inform future projects and supports customers in adopting sustainable, energy-efficient solutions.

Climate change

Reducing our fleet impact

We continue to make strides to increase efficiency and reduce the impact of our engineering fleet, in the year we have step-changed our scheduling processes and increased our EV vehicles while maintaining our management and monitoring systems.



Fleet process improvements project

Our is a digital transformation initiative is supporting more efficient and sustainable operations across our metering activities. By digitising and standardising processes across electricity and gas, the platform enables more efficient engineer deployment, reducing travel-related emissions and improving overall productivity.

As an integrated digital platform, the project supports end-to-end management of the metering lifecycle, enabling optimised scheduling, improved right-first-time completion, and a more consistent customer experience. It also enhances workforce safety, data quality and operational resilience, while providing a scalable foundation for the continued rollout of smart metering and supporting the UK's transition to a lower-carbon energy system.

Fleet management systems

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 integrated management systems which include health, safety, environmental and quality ISO systems. These systems are supported by our bespoke Driver Scorecard, which enables monitoring through an interactive dashboard.

Reducing our fleet-related pollution

In line with our net zero roadmap and strategic ambitions, the business continues to transition away from fossil fuels with additional EVs increasing the total number of vehicles in our fully electric fleet to 20 in 2026.

The addition of these EVs not only demonstrates our commitment to reducing our carbon footprint but also our commitment to the communities in which we operate. Expanding our EV fleet also enables our customers to realise Scope 3 carbon reductions associated with our service provision, reflecting a shared responsibility.



Prioritising sustainable transport solutions further enhances our operational capabilities by ensuring access to a growing number of restricted areas, including Ultra Low Emission Zones (ULEZs), contributing to future-proofing our business.

Fleet performance

We recognise that our overall fuel efficiency is impacted by each vehicle's performance and individual driver behaviour. 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. One aspect of this is a driver Scorecard report, which tracks a variety of driving characteristics and provides a red, amber, green score against these. Tracking certain driver behaviours like speed, braking and acceleration intensity, cornering, idle time, and over-revving offers numerous environmental benefits. By promoting smoother driving habits such as gentle acceleration and braking, fuel efficiency is improved, leading to reduced emissions of pollutants. Additionally, monitoring driving behaviours aids in early detection of mechanical issues, prolonging vehicle lifespan and minimising the environmental impact associated with manufacturing and disposing of vehicles.

Climate change

Climate risk governance

As an organisation at the leading edge of the low-carbon transition, we are acutely aware of the importance of evaluating the impacts of climate change on our activities now and into the future. We identify and manage climate-related risks across operations and services in line with TCFD recommendations. We have proactively reported on this area since 2020, and although no longer mandated to report to the Task Force on Climate-related Financial Disclosures (TCFD), we understand our customers are keen to understand our climate resilience.

Climate governance

The Board has oversight of climate-related issues through established processes in our overarching Corporate risk and opportunities approach. The Board is supported by the ESG Working Group, which comprises members of senior management from key supporting business functions who are consulted as required.

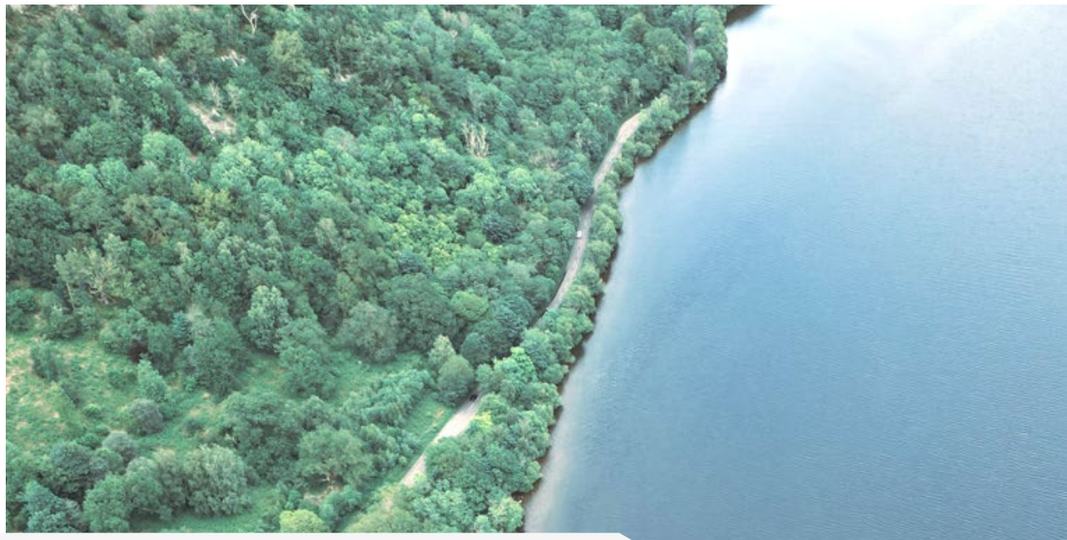
The ESG Working Group exists to ensure appropriate accountability and alignment is embedded into our strategic planning, decision-making and everyday processes. This forum enables appropriate consideration and integration of climate aspects at the most senior levels, meaning that we are able to ensure our business remains resilient to climate change.

Managing climate impact

We assess climate risks and integrate relevant aspects into our operations through business area leaders. Proactive measures are in place to mitigate any potential disruptions as well as to capitalise on any business opportunities. As a result of this process, we are confident all key risks are adequately managed and mitigated.

Our climate mitigation

Through addressing the risks and building on the opportunities highlighted in the graphic, we reinforce the strength, stability and reliability of our operations and services. This approach also demonstrates to our customers our commitment to ensuring operational business continuity, adapting to regulatory changes and developing our services to cope with future challenges.



Risk mitigation and opportunities

Risk Mitigation		
Physical Extreme weather – flooding, heat, storms	**Protecting our road-based employees** We understand extreme weather and climate events can lead to interruption of the operation of 'on the road' activities such as metering and engineering teams, and we have rigorous processes in place to mitigate impacts.
	Resilience in our site-based IT systems Our business continuity plans mitigate risks from extreme weather and climate events which could damage assets and lead to the interruption of critical IT systems.
Transitional Market, regulation and policy, legal	**Transitioning from fossil-fuel usage** Our efficiency projects and net zero roadmap mitigate the risks associated with potential future government policies on carbon pricing and emissions, and the energy transition, which could result in higher operating costs.
Opportunities	
Transitional Market, regulation and policy, legal	**Supporting our metering customers through the smart meter rollout** We are well positioned to support customers while capitalising on the opportunities associated with smart meter rollout extensions and half-hourly settlement demands, which extend business opportunities within our existing customer base.
	Meeting demand for emerging carbon reduction services We have developed capability to support increasing demand for emerging carbon reduction services, and our data and technologies allow for expansion in this market.

Water

Reducing water consumption

Water services

We are keenly aware of both the pressures faced by the UK water network and utilities, and their impact on the environment, and we utilise our expertise to support smarter water solutions. We are proud to serve customers through providing innovative, tailor-made data-as-a-service end-to-end solutions to the water sector. As smart monitoring becomes essential for leakage detection, water balance management, event tracking and customer engagement, our tailored solutions empower water companies to maximise operational efficiency. Our dedicated team of water industry professionals and partners collaborates to design, initiate and implement smart water programmes for water companies. In addition, we can act as a meter asset provider (MAP), offering an innovative off-balance-sheet financing model that eases financial pressures and spreads programme costs over 15–20 years.

Operational water use

Our operational water use is limited to domestic consumption within our office estate and is therefore not considered a material impact. We remain vigilant in monitoring usage and act promptly on any suspected leaks to prevent unnecessary waste. We also promote responsible water use through standard facilities management practices, including efficient fixtures and routine maintenance.

Case study: **Southern Water**

Southern Water has launched a £184m+ AMP8 (2025–2030) smart metering programme to replace ageing assets with advanced smart devices, targeting 1 million meter upgrades to reduce leakage, improve water efficiency, and enhance customer insight.

Working in partnership, Horizon Water Infrastructure and SUEZ are delivering one of the UK's largest smart water rollouts.

Key outcomes:

- 13% reduction in consumption
- Improved customer usage insight
- Enhanced network performance and resilience



Resource use and circular economy

Diligence in our waste handling

We are aware of the waste streams produced by our business and, in line with our corporate values, ISO 14001, and the waste hierarchy, and recognised waste performance standards such as PAS 402, we endeavour to reduce, reuse, and recycle wherever possible.

Our circular economy approach ensures that meters and equipment are recycled at end-of-life, minimising environmental impact and maximising resource efficiency, consistent with the whole life carbon principles set out in PAS 2080.



Our role in building the circular economy

Our role in building the circular economy is recognised by the business and consequently we are diligent in our actions in this area. Our main source of potential waste at SMS is our returned meters, and for these we have comprehensive recycling processes in place, aligned with PAS 402 expectations for transparent waste reporting and performance.

Meter refurbishments

For every retrofitted smart meter, we ensure that the resulting removed meter is safely and responsibly managed to ensure the materials maintain their useful life. We handled a large number of returned meter assets in 2025, of which a proportion are owned and returned to third parties, with the remaining meters being SMS assets. These SMS assets include both domestic and Industrial and Commercial meters and are returned to us via two triage partners who are specialists in the refurbishment and recycling of both electric and gas meters.

Reusable meters are carefully refurbished at fully equipped and certificated meter testing facilities, where they are reprogrammed and tested. A number of testing, cleaning, calibration and programming activities are performed to ensure all meters are safe and accurate, ready for redeployment. Not only does this avoid waste, but it also supports the circular economy, ensuring these meters retain their material value and purpose, even after they have been used. This approach contributes to reduced embodied carbon in line with PAS 2080.

Compliance with regulations

We are fully committed to adhering to all regulatory requirements for environmental sustainability. As part of this commitment, we hold a valid Waste Carrier Licence and maintain compliance with the UK's Waste Electrical and Electronic Equipment (WEEE) regulations. These certifications ensure that we responsibly manage and dispose of waste materials, including electronic waste from the meters that we put on the market, in line with legal and environmental standards. Our waste-handling and reporting processes are further supported by alignment with PAS 402.

Plastics and packaging

Our operations do not involve the manufacture of products or the direct use of plastics within our service delivery, and as such plastics have been assessed as a low material issue for the business.

Where plastics are encountered, primarily through packaging and office-related consumption, we seek to minimise waste to landfill and ensure materials are recycled where appropriate.

We will continue to monitor this area in line with the scale and nature of our operations, taking a proportionate approach to reducing environmental impact and supporting whole-life carbon considerations consistent with PAS 2080.

7%
increase in recycling rate

89%
recycling rate

0%
to landfill

Pollution and biodiversity

Action on the environment

While pollution and biodiversity have been assessed as low materiality topics for our operations, we maintain appropriate oversight and controls to ensure ongoing compliance and responsible environmental management.

Reducing and preventing pollution

We take a proactive approach to preventing pollution across our activities, supported by established processes and a competent SHEQ function. This includes the safe handling, storage and disposal of materials, with particular focus on hazardous and regulated waste streams.

As our low carbon services have evolved, we have further strengthened our approach to the management of equipment such as solar panels and battery systems, including associated Waste Electrical and Electronic Equipment (WEEE). Through defined processes and trained personnel, we seek to minimise the risk of environmental contamination and ensure compliance with relevant regulations.

Biodiversity

Following the divestment of our grid-scale battery business, our direct impacts on biodiversity are limited. However, we continue to consider biodiversity and ecosystem factors where relevant across our remaining operations, including site activities and project delivery. Although our own footprint is small, several of our key supply partners, particularly those supporting our water-metering activities, operate robust biodiversity policies and management processes, helping ensure ecological considerations are upheld across the wider value chain.

We remain mindful of our environmental responsibilities and will continue to review our approach in line with the scale and nature of our activities.



Social

3

Empowering our people, protecting customers, strengthening communities

Our social focus is on building a skilled, resilient workforce, delivering high-quality customer outcomes, and maintaining the highest standards of safety, data protection and wellbeing. Together, these efforts contribute to the Social Value we create across our operations, supporting our people, customers and our communities. By embedding social responsibility into our operations, we strengthen organisational resilience, support operational excellence, and foster long-term, sustainable growth.



"Our people, culture and operational processes underpin the delivery of both strong business performance and positive social outcomes. We remain focused on key areas including health and safety, diversity, equality, social mobility and addressing modern slavery."

Judy Keir
Chief People Officer

From our double materiality assessment, and under the European Sustainability Reporting Standards (ESRS) architecture, we have identified and expanded our most material reporting areas within the ESRS Social standard.



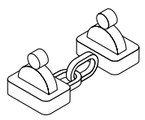
Consumers and end-users

Consumers and end-users are pivotal to the success of our services, and their choice to move towards more sustainable solutions brings both direct and indirect benefits. Internally we are diligent in safeguarding critical aspects of customer services and security of information.



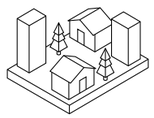
Own workforce

To support our employees, we focus on critical aspects of health and safety, employer-of-choice activities, training and diversity. We aim to strengthen our culture through feedback, shared expectations and constructive dialogue, supporting positive working relationships and improved performance.



Workers in value chain

Our extended supply chain is vital to providing our services, and protecting those within it is a moral and legal imperative. As such, human rights compliance and diligence is non-negotiable.



Affected communities

We recognise the importance of supporting the communities in which we operate, and aim to contribute positively through employee volunteering and sponsorship of causes close to their heart, charity suppport and wider social value initiatives.

Our Social Value Approach

Driving Social Value outcomes

Social value is the additional societal, economic and environmental benefit created beyond core contract delivery. In modern procurement it is treated as a measurable return on investment, with clients expecting evidenced outcomes using recognised valuation frameworks such as 'Themes, Outcomes and Measures' (TOMs).

The most effective social value focuses on long-term, service-aligned outcomes, including:

- Green skills pipelines: technical training, apprenticeships and inclusive workforce pathways.
- Climate and infrastructure education: improving public understanding of energy, water and carbon systems.
- Community resilience: fuel poverty support, utilities advice and vulnerability pathways.
- Place based delivery: aligned to contract geographies and local priorities.
- Responsible procurement: strengthening local economies and supply chains.
- Data driven insights: enabling communities participate in the infrastructure transition.

These activities generate meaningful, quantifiable outcomes, strengthen contract performance, and demonstrate responsible use of public funds, positioning social value as a strategic, evidence-led contribution rather than ad-hoc goodwill.

Our Strategic Social Value Purpose

Using essential infrastructure to create lasting environmental and social impact.

SMS is committed to creating meaningful social value that strengthens communities, supports the transition to smarter, lower carbon living, and enhances the benefits delivered through our services. We aim to generate measurable, lasting impact by aligning our workforce, partnerships and operational expertise around an outcome led social value strategy.

Our Social Value Framework

01	**Driven by Purpose** why we deliver social impact
02	**Strategic Pillars** our four core themes
03	**Flagship Programmes** visible delivery mechanisms
04	**Delivery Ecosystem** partners, regional models, supply chain
05	**Measurement & Reporting** evidence, monetisation, outcomes
06	**Governance & Ownership** executive accountability and integration

Our Four Strategic Pillars

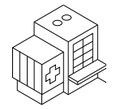
SMS's social value activity is organised around four strategic pillars aligned to core services and national priorities:



Inclusive Careers, Skills & Workforce Development: building green skills, supporting social mobility and strengthening workforce talent pipelines.



Climate Education & Infrastructure Transition:improving climate literacy and enabling behavioural change aligned to smart infrastructure.



Community Support & Energy/Water Resilience:supporting vulnerable households and community resilience through energy and water expertise.



Responsible Growth & Local Impact: driving regional economic value through procurement, local employment and supply chain engagement.

These pillars reflect existing and future SMS activity, from our training academy and STEM engagement to community utilities advice and regional delivery, providing a clear structure for growth.

Our Social Value Approach

Delivering relevant and impactful Social Value

SMS's position within the smart energy and water infrastructure sector gives us a distinctive ability to contribute specialist insight, technical expertise and data-driven understanding to social value delivery. This capability strengthens our contribution across communities, customers and partners, helping people participate more confidently in the transition to smarter, lower-carbon living. It also ensures our social value activity remains closely aligned to our core services and national priorities.



How we deliver Social Value

We are developing a scalable and credible delivery model that reflects both our operational footprint and the needs of the communities we serve. Key areas of focus include:

- Strengthening regional engagement across our operational areas
- Building long term community partnerships and hubs
- Increasing supplier and subcontractor participation in social value expectations
- Expanding opportunities for employee volunteering
- Enhancing customer and community touchpoints within our services
- Continuing to embed structured governance and reporting through our established ESG foundations

These elements form the basis of a maturing delivery model that will evolve as our strategy develops.

Measurement and evidence

We are strengthening our measurement approach to ensure social value is both credible and procurement-ready. This includes:

- Consolidated output tracking across training, apprenticeships, workshops, referrals and local employment
- A shift towards outcome-led measurement focused on long-term community benefit
- A roadmap for social value monetisation using recognised frameworks such as TOMs
- A unified evidence base to support tender readiness across contracts and regions
- Introduction of the LOOP platform in 2027 to enhance data capture, reporting and valuation

This approach will help ensure our social value activity is measurable, transparent and aligned to customer expectations.

Looking ahead

SMS is transitioning to a leadership-aligned social value strategy that integrates voluntary and mandatory delivery, strengthens customer and community outcomes, and positions the organisation as a sector leader in social impact. This forward-looking approach will support long-term resilience, enhance procurement performance and ensure our social value contribution grows in line with our operational footprint and national priorities.

Consumers and end-users

Delivering social good through smart energy

Consumers and end customers are pivotal to the Success of our services, and their choice to move towards more sustainable solutions brings both direct and indirect benefits across communities and the environment. We are proud to support more affordable living through our solutions.



Case study: **Energy Saver app**

We were proud to support Oxfordshire County Council in a government-backed solar and battery trial which used smart meter data through our Metis platform to deliver a range of financial and carbon benefits, including:

- A breakdown of energy consumption, empowering customers to adjust their habits, cut usage and lower bills.
- Energy spike alerts, enabling residents to address issues and prevent financial impact.
- Budget tracking tools which gave residents the opportunity to monitor costs and make informed decisions on usage.
- Personalised tips based on individual homes and usage, providing bespoke information on changes which could help save money.
- Suggestions for future steps to save money through solar and heat pumps.

The project was accessed via a custom-designed app. It aimed to demonstrate how providing consumers with greater visibility of their energy use, alongside tariffs that encouraged usage at cheaper (and greener) times, could support the adoption of smart energy technologies such as batteries, heat pumps and intelligent appliances.

This approach enabled users to shift consumption away from peak periods towards lower-cost, lower-carbon times, helping to reduce energy bills while supporting demand flexibility within the home.

The trial covered up to 50,000 homes and small businesses in Oxfordshire.In addition to the energy app, residents were given the opportunity to upgrade their properties with smart technology through an affordable monthly subscription.

This project supported our recognition as a finalist in the 2026 Utility Week Flex Awards.

Case study: **REMeDY project, delivering affordable, low-carbon energy in Southend**

REMeDY (Revolution in Energy Market Design) is a UKRI-funded innovation project led by Southend-on-Sea City Council, in partnership with a consortium including SMS. The project is developing a Smart Local Energy System (SLES) designed to deliver more affordable, low-carbon energy for residents and businesses, with a model that can be replicated across the UK.

Southend's buildings and transport account for the majority of local emissions, and REMeDY explores how integrated local energy systems can support the transition away from fossil fuels while improving affordability and resilience for end users. Early modelling indicates the potential for up to a 10% reduction in energy costs for residents.

SMS acted as Technical and Commercial Lead Partner, supporting system design, metering integration and optimisation capability through our FlexiGrid Virtual Power Plant platform.

The project demonstrates how coordinated local energy systems can deliver tangible benefits for communities, including lower bills, reduced carbon emissions and improved energy system reliability, while providing a scalable model for wider UK adoption.



Consumers and end-users

Customer services

Serving our customers is at the heart of everything we do, listening to, understanding and delivering what matters to them, which in turn supports the growth of new customers and sustainable long term relationships with key clients. We are keenly aware of our legal and voluntary obligations, and ensuring all customers have an excellent experience with us is embedded in our culture.



Governance

Our metering customer services activities are overseen at Board level through frequent performance reports and commentary. Our dedicated customer services team members are supported by team leaders and led by the Head of Operations Delivery. This framework enables a shared understanding of both end customer needs and the needs of our contractual clients.

Performance indicators

We strive for continual improvement of our performance and subscribe to independent third-party customer ratings services in order to track customer satisfaction. We ended 2025 with an outstanding Trustpilot rating of 4.4 stars from over 20,000 individual ratings.

Accessible contact

We ensure a range of channels are available for end customers to contact us, from phoning or emailing directly to contacting via their energy supplier.

This ensures a customer can submit a query at any time of day and from virtually anywhere, with the confidence their enquiry will be received and acted upon.

Processes

We are here to support end customers to voice their concerns; and we take appropriate action to resolve any issues and, critically, communicate back to the customer. We do this by following a set of procedures which ensure we address concerns appropriately:

- First, we capture and categorise customer complaint information; this can be directly from discussion with the customer, or through one of our energy supply partners, and can span a range of issues such as a delayed meter installation appointment;
- Next, we investigate the issues raised; this can include engaging relevant internal departments, such as our technical or operational teams; and
- Finally, we get back to the customer; this gives confidence we have acted on their enquiry and ensures we close out issues to their satisfaction.

Bespoke support

We handle a wide range of enquiries ranging from our established domestic, industrial and commercial metering workstreams to activities linked to our new energy services. Although we have scripts to ensure we capture all relevant information, our customer services team work with empathy as a fundamental tool to ensure we do the best we can for all customers in all situations. An underlying understanding of how customers' are feeling ensures we can best resolve any issue.

Business partner care

We understand that customer service excellence is also a non-negotiable for our business-to-business partners. We believe in building long-term relationships rather than focusing on one-time transactions. By actively engaging with customers throughout service delivery, conducting regular follow-ups, and offering personalised support via dedicated account managers, we ensure their evolving needs are met. We embrace transparent communication and proactive engagement to ensure we fully meet customer expectations, reduce misunderstandings and foster trust.



2026 Customer Innovation Award winners @ HSO Customer Day

Consumers and end-users

Ensuring security of data and information

Information security is integral to operational resilience and stakeholder trust, and at SMS we are committed to securing our customers' data. We maintain robust cybersecurity practices, to ensure we are well placed to meet and exceed the contractual needs of our customers, as well as our legal requirements.



Our management system

The ISO 27001 management system enables us to identify, treat and monitor cyber risks whilst continuously improving our systems to protect our customer data.

Information security and data privacy

The SMS General Counsel is appointed as the Company's Data Protection Officer (DPO). The DPO takes a proactive role in ensuring internal compliance with the Data Protection Act 2018 (DPA), the General Data Protection Regulation, and other relevant legislation.

The DPO advises and informs staff of our obligations and expectations under regulation through internal and external communication platforms. SMS's Data Protection Policy provides full details of SMS' compliance with the relevant requirements, practices, DPA and data privacy legislation. SMS utilises compliance monitoring based on international standards to guide the full information lifecycle management of customer data.

In addition, the SMS Board is updated on other relevant aspects by the dedicated information security team, ensuring that appropriate information technology standards and procedures are in place, including those related to the DPA, and that all information and technology risks are identified, assessed and managed, with mitigations implemented as appropriate.

Certification and audits

At SMS our ISO 27001 certification utilises our comprehensive internal information security framework alongside internal and external audits to ensure continual improvement of our performance.

In addition, within our SMS Energy Services and Horizon Water Infrastructure companies, we have attained and maintain Cyber Essentials Plus, the highest level of certification offered under the Government-backed Cyber Essentials scheme.

This certification includes cyber security experts carrying out vulnerability tests to ensure that an organisation's preventative technologies are effective.

Across the SMS group, external audit of information security and data privacy is conducted by a trusted security partner against the Center for Internet Security framework. This activity supports continuous improvement throughout all areas of information security, including an independent review of information security tooling, which reinforces data management and information security.

Annual information security training for all

SMS staff receive monthly information security training in the form of short videos. This incremental approach keeps security at the forefront of our daily operations. The topics of the training modules are reviewed monthly to ensure that they remain effective. Foundational courses are included in the recruitment team's standard joiner package for all new employees. The training platform includes reporting functions to monitor completion and ensures employees know their responsibilities to secure information. Face-to-face training is also conducted during site visits to provide engaging sessions tailored to each audience to supplement the online training.

Additionally, 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 show additional awareness training requirements. Specialised technology enables all employees to easily report suspected issues for further action.

Own workforce

Ensuring the safety of our employees



As a business in the infrastructure industry, we are deeply committed to protecting our employees and contractors from the diverse hazards and risks they face on a daily basis. Our robust health and safety practices safeguard our people, maintain operational continuity, and minimise business risk. From engineers involved in electricity and gas metering, to contractors working on Solar PV & EESS and water metering, as well as our office and warehouse staff, we prioritise their safety through a range of tailored control measures and proactive guidance.

Cascaded safety culture

SMS's safety ethos is cascaded from senior management down through our policies, as well as being embedded within our culture as a core pillar of our Company values and supported by our dedicated health and safety team. We conduct annual reviews of our Health and Safety Policy and related arrangements, to ensure alignment with current business requirements. This policy, published on both the Company's intranet and external website, serves as a statement of intent and a driver for continual improvement across our management systems and processes, ensuring we maintain the highest safety standards.

Systematic safety

Our commitment to protecting the health and safety of our people and customers is underpinned by our robust health and safety management system. Certified to ISO 45001, the system provides a structured framework for ensuring compliance with legal industry and voluntary obligations. Critically, our management system ensures we continue to meet the continually evolving needs of the industries we work in and the growth and diversification of the business.

Incident and performance reporting

Our safety performance is regularly reported to the Board and shared with key customers to support transparency and build trust. Our 2026 health and safety strategy, supported by a structured action plan, is delivering measurable improvements and underpins our longer-term objectives for 2026–2030, including our focus on achieving zero lost time injuries.

Fleet safety

With a large proportion of our workforce on the road, our fleet management function is pivotal in managing the health, safety and wellbeing of our drivers. To address both short- and long-term health risks, we provide targeted training programmes and ongoing driver performance monitoring. These initiatives ensure our drivers are equipped to operate safely while also maintaining their physical and mental wellbeing.

We continue to use technology and enhanced reporting suites to monitor various aspects of driver performance and harvest critical insights. These highlight improvement opportunities in three main areas:

- Driving safety – Trends analysis from motor vehicle incidents (MVIs) enables appropriate assignment of vehicle training, which is provided by our specialist training partners. Our bespoke Driver Scorecard complements this by highlighting undesirable driving behaviours like excessive speed, harsh acceleration or braking, cornering, idling and over-revving.
- Vehicle safety – Daily and weekly vehicle checks conducted by drivers and management enable real-time reporting of vehicle condition, allowing for swift identification and resolution of any issues.
- Fatigue management – Analysis of door-to-door and driving times is used to monitor risk of driver fatigue and support operational management in planning to meet resource demands.

We have continued to see positive outcomes from our efforts in fleet safety. In 2025 we exceeded both our 2024 fleet performance and annual target.

Risk assessments

Ensuring the safety and security of our employees and the public is a core priority, reflected in our materiality assessment and embedded in our operational processes. A key tool we use to mitigate risk is Risk Assessment and Method Statements (RAMs). All critical engineer activities are covered by a suite of RAMs, which are followed diligently by our competent engineers, ensuring all tasks are planned and conducted safely. Additionally, dynamic risk assessments are performed onsite to identify and mitigate emerging hazards in real time, enabling engineers to adapt to changing circumstances effectively.

Occupational health and wellbeing

We utilise occupational health principles to help ensure our employees are healthy and safe and to promote a healthy and productive workforce. We work closely with respected occupational health service providers (OHSPs) to manage occupational health risks encountered within our business and provide support to our employees. Our providers support a range of activities including health assessments, expert advice and practical guidance on workplace adjustments, and recommended proactive interventions to address health concerns.

Our occupational health programme is highlighted to engineers at induction, with awareness ensured through updates delivered within Simply Health newsletters to provide employees with the most up-to-date information.

Continual evolution of safety

As our business continues to grow and expand into new workstreams, we proactively mitigate risk and exposure by embedding health and safety at the early stages. We are able to draw on our highly skilled health and safety team to provide expert advice and guidance on appropriate operational safety control measures, support the development of robust management systems, vet subcontractors through our vendor onboarding process, and assess the effectiveness of these with inspection and monitoring plans.

Own workforce

Employer of choice

We listen to our people and foster an inclusive and engaging culture to attract, retain, and develop high-performing talent, continually enhancing our ‘human capital’ consistent high-quality services to our customers.

Living Wage employer

SMS is proud to be an Accredited Real Living Wage employer, as advocated by the Living Wage Foundation, whose purpose is to ensure everyone can earn a wage that meets their everyday needs. The Real Living Wage is based on the cost of living and is voluntarily paid by UK employers.

SMS is also a proud Living Hours employer, which means we ensure that all employees have at least 4 weeks’ notice of shifts, a contract that accurately reflects their working hours, and a guaranteed minimum of 16 hours’ work per week (unless requested otherwise).

Enhanced benefits package

We take pride in our benefits package, available to all employees (both full-time and part-time) and regularly update our internal Benefits Hub and Employee Wellbeing page on our Company intranet to allow employees easy access to their benefits in a ‘one-stop shop’.

Our Employee Assistance Programme offers a confidential counselling service available 24/7, along with additional free support for employees, such as access to expert health and wellbeing advice including free 24–hour online GP appointments. Our medical insurance programme offers cashback cover for various healthcare options, including optical, dental and chiropractic services and complementary therapies.

Through our cycle scheme we support employees by offering savings on bikes and accessories, with payments taken tax-efficiently from employees’ salary. Group family-friendly policies include enhanced pay for paternity/maternity and adoption leave, as well as five days of paid leave for fertility treatment and for employees who have experienced a miscarriage. We also provide life insurance at a rate of 4× annual salary for all employees, along with wellbeing support.

To ensure a healthy work-life balance, all employees are entitled to up to 30 days of annual leave (plus Bank Holidays) and hybrid working arrangements, where operationally feasible.

We reward loyalty with a long-service cash incentive and ensure the continual development of our employees through funded career development opportunities such as apprenticeships and other professional qualifications.

Enhanced wellbeing-focused benefits for all employees include: Salary Sacrifice Pension Scheme which considers the green agenda; SimplyHealth, which supports employees with day-to-day health expenses; SmartHealth, a free support package for employees including online GP appointments and access to health experts; an employee assistance programme offering 24/7 confidential support; the Wisdom app, providing access to a wealth of health and wellbeing resources; and access to a cycle scheme. We are also proud to have recently launched an employee participation plan for all employees to encourage ownership and foster a high-performance culture.

2025 also saw the launch of our employee hardship fund via canary, as part of our continued focus on financial wellbeing, offering a confidential service for emergency financial support.

In 2026, we commenced a new Group Bonus Scheme for all employees to reward high performance based on customer, financial, people engagement and safety, in tandem with displaying the Company values and behaviours. This creates a motivated and high performing workforce.



Our Employee Participation Plan

Our Employee Participation Plan (EPP) was introduced across 2024–2025, and recognises and rewards the contributions of SMS’s employees. With all eligible employees automatically enrolled into the EPP at no cost, enabling them to benefit when there is a ‘Payout Event’, such as when the Company Group is sold or listed on a stock exchange (provided it achieves a certain valuation at that point), where each eligible employee may receive a cash payment. Additionally, if the Company Group performs well against the value drivers and key performance indicators determined by SMS, eligible employees may also receive an interim Plan Payout. Every eligible employee of SMS and its subsidiaries can share in the growth of SMS’s value over time, allowing employees to share in the success of SMS.

Released in conjunction with our ‘Think like an owner’ culture, which focuses on aligning with common goals, vision and business success while driving performance and value, this new plan cultivates a sense of ownership among our employees.

Own workforce

Employer of choice

(continued)

Employee engagement and feedback mechanisms ensure that our workforce is aligned with business strategy and ESG objectives. We have continued to be diligent in bringing employees along on our business evolution journey and have a wide range of channels to enable open communication to and from our employees, and ensure that we not only listen to our employees but also act on their feedback.

Employee forums

As part of being an owner, we ensure that every team member has a voice in shaping the workplace. Our primary channel for employee engagement is our Employee Voice forum, launched in October 2021, which includes the Chief People Officer and a group of employee representatives. Meeting quarterly, the forum serves as a platform to inform about and discuss issues that affect everyone's working lives and the prospects of the business. It also fosters an inclusive environment where employees can actively contribute to decisions that impact their work and future.

Purposeful engagement

We launched our quarterly 'Team Talks' with our engineering workforce, a vital initiative that brings teams together to connect, share and reflect.

We share a virtual quarterly newsletter – Workplace Monthly – with all employees, focusing on Contract Wins, Strategy and Our People.

Listening to our employees

We conducted our annual external employee engagement survey in April 2025 through 'Best Companies', an independent workplace engagement specialist, and were proud to receive a positive result of a 'One to Watch' accredited rating.

The strictly confidential and independently administered survey allows employees to give honest responses without fear of reprisal, providing a candid picture of how our people feel. We received feedback on what we do well as a business and areas where we can improve to guide future strategies, and we plan to run the survey again in 2026.

In addition to an annual engagement survey, we launched Quarterly Pulse survey's via our HR system, Cezanne, to get a regular temperature check of how our employees are feeling.

Living Our Values awards

Our quarterly Living Our Values awards celebrate employees from across the business who exemplify our five core Company values: Safety, Flexible, Partnership, Innovation, and Care (People & Planet). In 2025, we received 310 nominations and honoured 70 winners. All nominations are reviewed by a senior management judging panel, which selects winners for each value category. Winners receive a gift voucher, values pin badge and commemorative certificate from our CEO.

'Kudos' peer-to-peer recognition

Kudos, meaning 'praise and honour received for an achievement', is a tool that allows employees to say thanks instantly to anyone in the business. In 2025, 802 Kudos were sent to colleagues across the year, with many employees receiving multiple Kudos each month.

Own workforce

Engineer training and competency

Our national training academy, based in Bolton, delivers accredited training and assessment for professionals looking to gain qualifications or upskill in the domestic and commercial gas and electrical sectors, supporting wider skills development within the communities we serve.

Training services

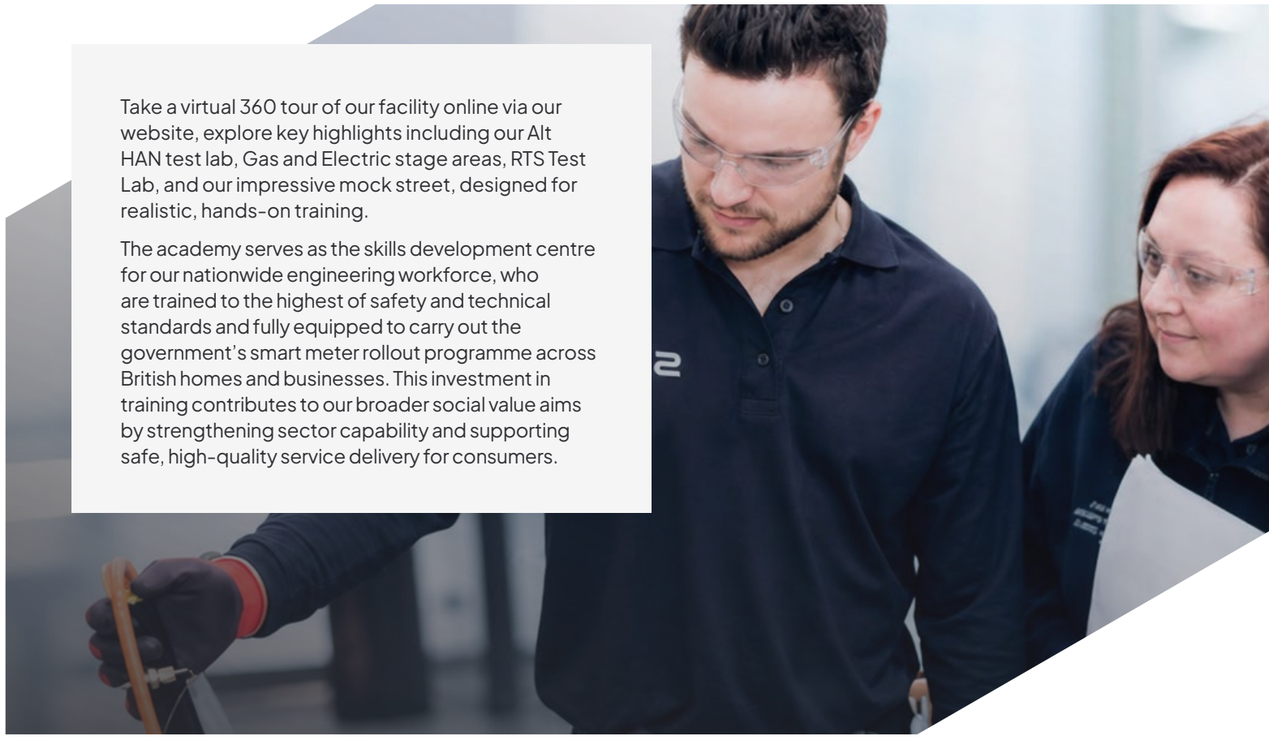
Our centre is also open to the public, with bespoke courses that cater for new entrants and experienced engineers alike. If you're new to the trade, you can train with SMS to gain fundamental domestic gas and electrical skills to help you progress in your career, whilst more experienced engineers and utility professionals can either refresh their skills or gain commercial qualifications with us. Courses range across electrical and gas, including domestic and commercial qualifications, such as diplomas in Smart Metering, Electric Vehicle (EV) Chargepoint Installation and, most recently, the installation and maintenance of small-scale solar photovoltaic systems and which is recognised by the UK's Microgeneration Certification Scheme.

Courses available:

- Commercial and domestic gas
- Commercial and domestic electrical
- Diploma in Smart Metering (Power)
- Commercial Electric/Large Power Metering
- Electrical Energy Storage Systems (Batteries)
- Electric Vehicle (EV) Chargepoint Installer
- Solar Photovoltaic (PV) Installation and Maintenance
- Water Regulations

Engineer induction

We ensure the highest technical competency in our engineers through rigorous training. Every new SMS engineer undergoes a thorough induction to the Company and a technical assessment, which includes approximately seven days of mandatory briefings, policy and procedure training, practical installations and assessments, along with their Consolidated Metering Code of Practice assessment. As part of this interactive induction, engineers' skills and competency are assessed in a variety of real-life scenarios. As they progress within SMS, operatives have the opportunity to undertake further development training.



Take a virtual 360 tour of our facility online via our website, explore key highlights including our Alt HAN test lab, Gas and Electric stage areas, RTS Test Lab, and our impressive mock street, designed for realistic, hands-on training.

The academy serves as the skills development centre for our nationwide engineering workforce, who are trained to the highest of safety and technical standards and fully equipped to carry out the government's smart meter rollout programme across British homes and businesses. This investment in training contributes to our broader social value aims by strengthening sector capability and supporting safe, high-quality service delivery for consumers.



Case study: **Upskilling our engineers**

We continue to invest in our people to support operational performance and build a future-ready workforce aligned to our evolving business strategy.

Following the successful completion of our first cohort in 2024, where SMS engineers achieved the LCL Level 3 qualification in the installation and maintenance of small-scale solar photovoltaic (PV) systems, we have expanded our targeted upskilling programmes.

In 2025, this has included progressing 31 engineers from pre-electrical roles through to single or dual fuel qualifications, supporting more flexible regional deployment and enabling us to better meet customer demand.

This ongoing, structured approach to training strengthens our in-house capabilities while supporting career development across our engineering workforce.

Own workforce

Employee development

The strategic development of our employees ensures we are fully equipped to meet our customers' needs now and into the future. We are passionate about our people achieving their full potential and developing their skills and knowledge, which is why we are constantly improving our employee support and development activities , contributing to our wider social value aims by strengthening skills, capability and long-term employability across our workforce.

We held culture workshops across the Group to refresh our Values and Behaviours. Launched our Group Values and Behaviours, chosen by our employees in December 2025.

Performance and Development Reviews

Our Performance and Development Review (PDR) process spans all employees and includes both strategic objective setting, performance evaluation, with 360° Feedback included for 2025. During this annual process, employees complete a self review on their capabilities, along with nominating their peers to provide 360° Feedback. Individual performance is also evaluated, with time allocated for managers to conduct a formal one-to-one meeting with each team member. These discussions cover strengths, areas needing support, any training and development needs, the setting of agreed measurable targets for the year ahead, and reviewing performance over the previous year. The process is subject to annual review and enhancement, always based on a supportive and collaborative approach to encourage and develop employee and line manager engagement.

Varied and relevant training

In addition to our dedicated engineer training academy, we support the development of our employees through internal and external training. Courses available range from management development to everyday essentials such as Excel, internal training to support SMS processes such as procurement and project management, and externally validated professional skills courses. In addition, we ensure the competency of our employees in fundamental safety areas, including fire warden training, emergency first aid at work training, and warehouse courses such as forklift training. These courses vary in format, from virtual courses delivered internally to third-party professionally recognised qualifications.

We continue to expand our training support to ensure our people develop and evolve in line with our business development goals.

SMS five Core Values & Behaviours

Safe

- Take care of your wellbeing and others
- Do the right thing on a difficult day
- Protect our business, customers and each other
- Be aware - report and action
- Take ownership and responsibility

Innovate

- Find solutions
- Think for the future
- Share and encourage new ideas
- Be creative
- Stay curious

Partner

- Listen to customers and each other
- Act with integrity
- Respect others
- Work collaboratively to seek solutions
- Work as one team

Care (people & planet)

- Make greener decisions
- Encourage others to act sustainably
- Build an enjoyable and healthy working environment
- Give praise and recognition
- Do what's right, even when no-one is watching

Flexible

- Positive towards change
- Be open minded to new ideas
- Willingness to take on new information
- Share responsibility for continuous team improvement
- Shift from pre-conceived positions

Own workforce

Equality, diversity and inclusion

Equality, diversity and inclusion initiatives are embedded in our talent strategy, supporting organisational resilience and innovation. Equality, diversity & inclusion (EDI) is overseen at Board level, with updates shared by our Chief People Officer.

Embedded approach to EDI

Our EDI initiatives go beyond legal compliance and include diversity monitoring, employee affinity groups and networking groups. Our initiatives ensure we are supporting a diverse workforce and recruit from diverse talent. Our policies and Code of Conduct ensure consistency across all our activities and operations, as within a range of related policies we outline our expectations around fair, equitable and ethical treatment for all. These policies are communicated to new starters and available at all times to all employees via our intranet.

Diversity monitoring

To help us identify, understand and address the needs of our employees we have a voluntary EDI monitoring form. By collating data on the representation of different demographic groups, we can assess the effectiveness of diversity initiatives, pinpoint areas needing improvement, and ultimately create a more inclusive workplace culture. We continue to promote the completion of our EDI voluntary monitoring form to underpin our activities.

Diverse recruiting

People drive success, and therefore recruiting the right people, at the right time, into the right roles, is core to the business both now and for the future. To support this, SMS is committed to applying its Equal Opportunities, Diversity and Inclusion Policy at all stages of recruitment and selection.

We implement this through a range of activities, which include practical steps such as candidates being asked via email, when arranging an interview, if they require any reasonable adjustments as part of the recruitment process, and benchmarking our recruitment processes to ensure our alignment with external bodies and frameworks.

We continue to be a Race at Work Charter signatory, which helps us take practical steps to ensure our workplace is tackling the barriers ethnic minority people may face in recruitment and progression. Our disability practices and policies continue to be recognised, and in 2025 once again earned us Disability Confident Leader status.



Own workforce

Equality, diversity and inclusion (continued)

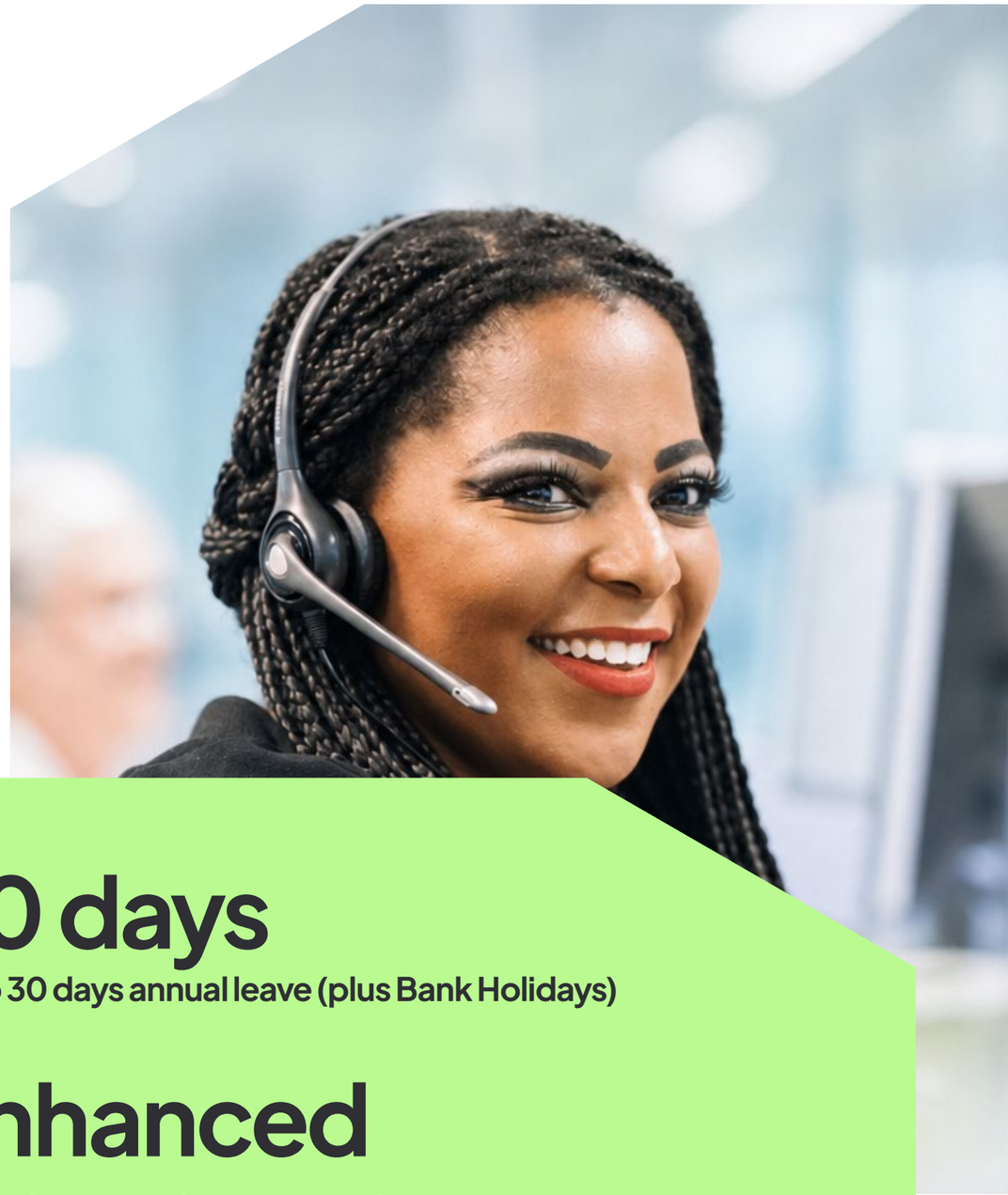
Supporting work-life balance

We understand that flexibility and positive work-life balance are critical to attract, engage and retain the current and future talent needed for our growing services. We have a comprehensive suite of policies and standards in place to support a modern workforce.

Our Flexible Working Policy enables us to support our employees with specific life events or changes in their circumstances. Our Hybrid Working Policy gives employees the option to work flexibly where appropriate. These policies allow flexibility to support employees if they are experiencing certain life challenges, i.e. working from home due to menopause symptoms. Our family leave policies (Maternity & Adoption, Paternity and Shared Parental Leave) offer eligible employees enhanced paid time off for a new arrival, allowing them to spend time with their family without the worry of losing pay.

There are several other types of leave available to employees, including enhanced annual leave of 25 days (plus Bank Holidays), with an additional five days at five years' service, as well as time to support dependants. We are also proud to offer our employees up to five days paid carer's leave per year to support their caring responsibilities.

Over the last year we have been preparing for the Employment Rights Act 2025, and are satisfied that we can support our employees through these changes in the coming year.



30 days

Up to 30 days annual leave (plus Bank Holidays)

Enhanced

maternity, paternity and adoption leave

£500

'Refer a friend' bonus

Workers in value chain

Robust supply chain compliance

Our extended value chain is of ongoing importance, and as such we support it with relevant processes, standards and policies.

Modern slavery

We are clear on our approach to modern slavery, with a robust and publicly communicated statement on our website. As per our Supplier Code of Conduct, we require all suppliers to comply with our Modern Slavery Statement in all activities which are carried out on behalf of SMS. We would take a strong line on any violations and the use of slave labour will lead to the termination of our contracts with such suppliers.

Our operational Modern Slavery Policy

Our longstanding Modern Slavery Policy is communicative of our ethical and moral principles when conducting business. We expect all third parties that we work with to comply with all related legislation and this is supplemented by ensuring that our supplier and service provider contracts include strong obligations regarding compliance with modern slavery legislation.

We would take any allegations of modern slavery, either within our immediate business or wider supply chains, extremely seriously as we consider modern slavery to be a clear violation of the most basic of human rights.

Our policy clearly states that any concerns or doubts about modern slavery should be addressed to SMS' General Counsel. All concerns and reports will be fully investigated and, where appropriate, remedial action will be taken by the Company. Overall accountability is held by the Board of Directors of the Company.

Due diligence and audit

As part of our due diligence process we seek to include clauses within our contracts with new suppliers under which they warrant to us that they are in compliance with, and will remain in compliance with, the terms of the Modern Slavery Act 2015.

As part of our wider due diligence, we liaise with new suppliers to ascertain the exact steps they have taken to ensure that modern slavery does not taint their business. All suppliers must complete a questionnaire requiring them to detail the procedures they have in place to monitor their adherence to the terms of the Act.

Effectiveness

We understand that modern slavery risk is not static, so we intend to proactively enhance our understanding of the area and our strategy to mitigate this risk into the future. To assess the effectiveness of our planned measures we will be reviewing the following key areas and reporting on them in future Modern Slavery Statements:

- key staff training;
- actions taken on supply chain auditing and verification;
- steps taken to upskill any suppliers we consider high risk; and
- any investigations undertaken into reports of modern slavery and remedial actions taken in response.



Affected communities

Empowering communities through targeted action

We believe that sustainable organisations have a duty of responsibility not only to their employees, but to the communities within which they live and interact with in their daily lives. With this in mind, we participate in relevant educational, community and charity activities that contribute to our wider social value aims.



Supporting the Fuel Poverty Forum

In 2025 we participated in a forum organised by National Energy Action (NEA), a charity, addressing fuel poverty across England, Wales and Northern Ireland. The regional forums bring together frontline service providers to highlight good practice and promote dialogue and discussion on a wide range of sectoral issues, which helps NEA shape policy developments and campaigns.

As a provider of smart metering and energy management solutions, we aim to help households manage energy usage, improve efficiency and reduce costs. Attending these forums deepens our understanding of fuel poverty challenges and ways to enhance our solutions.

Critical learnings from the forums included:

- Within Social Housing it is important to engage Tenancy Support Officers to ensure competency and support long term success of solutions via these invaluable local ambassadors.
- Accessible communications (multi-language) with tenants was also key to new solutions, platforms and tariffs being used correctly.
- Both energy and water suppliers struggle to effectively communicate their financial support services to customers, and meter installation could be a key touchpoint to support these vital communications.

Fundraising and community support

Throughout the year, SMS supported the charity fundraising efforts of over 20 employees through one-off corporate donations to their chosen causes, resulting in a total donation of c.£12,000.

We donated £20,000 to Alzheimer's Society, charity proudly chosen by our employees as one close to their hearts.

In addition to financial support 3 of our teams (29 attendees) gave their time to support our local communities, participating in volunteering events in Cardiff, Bolton and Bury St Edmonds.

Case study: Engaging the next generation

We are passionate about using our expertise to inspire the next generation of smart energy leaders. During 2025 our highly experienced Chartered Smart Product Manager Gabor Szabo commenced a series of lectures on this topic at the University of Oxford and Oxford Brookes University.

The lectures shared expert insights and thought-provoking real-life case studies with Masters students. A key topic was heat pumps, detailing everything from their domestic and commercial applications to analysing building performance with heat pump, as well as the use of systems digital controls as part of smart energy systems and technologies. Furthermore, the lectures explored system combinations, the integration of renewable technologies and on-site generation, highlighting a holistic approach to system design that maximises efficiency and supports positive customer outcomes. Having received positive feedback, we are proud to continue these lectures into the future and support the students on their STEM journey.

Robust Governance to enable sustainable performance

Strong governance underpins our approach to leadership, risk management and accountability. Our governance framework supports transparent decision-making, regulatory compliance and ethical conduct, enabling operational resilience, investor confidence, and sustainable long-term value creation.



"Our governance framework supports sustainable growth, regulatory readiness, and responsible stewardship of infrastructure."

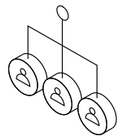
Ian Smyth
Chief Executive Officer



Governance

4

From our double materiality assessment, and under the European Sustainability Reporting Standards (ESRS) architecture, we have identified and expanded our most material reporting areas within the ESRS Governance standard.



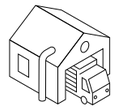
Organisational structures

Effective corporate governance underpins everything we do, and our Board drives SMS forward – nurturing around it the talent, knowledge and skills that provide the fundamental platform for our services.



Continuity, risk controls and management

We understand the critical nature of business planning and risk control, and we consider the impact of disruptive unpredictable events and potential threats in order to protect the continuity of our services to customers.



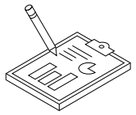
Procurement and supply chain

Our secure and compliant value chain is critical to the success of the business, and carrying out our compliance processes diligently is recognised as fundamental to our business.



Innovation

Our knowledgeable teams continue to work at the leading edge of smart energy technology, supporting the development of new solutions to better serve customer needs.



Policies and procedures

Our policies lay out our principles and standards, ensuring all stakeholders have a clear understanding of our culture and expected conduct.

Our organisational structures

Our Board

As a leading UK infrastructure platform, we operate within a robust and well-established governance framework that supports strategic decision-making, operational excellence, and long-term value creation. Our Board provides clear leadership and oversight, guiding the development and execution of the Group's strategy while ensuring strong governance, effective risk management, and financial discipline.

Through this structure, the Board plays a central role in safeguarding organisational resilience, maintaining regulatory compliance, and strengthening investor confidence, ensuring the business is well positioned to deliver sustainable performance and long-term growth.

Board composition

Our Board brings together deep expertise in infrastructure, finance, governance, and operational leadership, providing the strategic direction and oversight required to support the Group's evolving platform and growth ambitions.





Ian Smyth
Chief Executive Officer



Chris Johns
Chief Financial Officer



Oriana Lietar
Non Executive Director



Ana Szabo
Non Executive Director



Andrew Furze
Non-Executive Director



Aadhaar Mehra
Non-Executive Director

Accreditations, memberships and frameworks

Technical and ethical standards

We underpin the technical and ethical standards of our activities through third-party accreditations, memberships and alignment across key aspects of governance and operation. Our subsidiaries continued to successfully hold a range of awards relevant to their activities in 2025:

Technical and industry

- Achilles UVDB
- Consolidated Metering Code of Practice (CoMCoP)
- Construction Industry Scheme (CIS)
- Constructionline
- ELEXON
- Energy & Utility Skills Register (EUSR)
- Energy Brokerage Registered TPI
- Gas Industry Registration Scheme (GIRS)
- Gas Safe Register
- Home Insulation & Energy Systems Quality Assured Contractors Scheme (HIES)
- Information Commissioner's Office (ICO) Register
- Microgeneration Certification Scheme (MCS 001)
- LCL Awards Approved Centre
- National Skills Academy for Power (NSAP)
- NICEIC Approved Contractor
- Office for Zero Emission Vehicles (OZEV) Authorised Installer
- SafeContractor
- Van Excellence

Corporate Social Responsibility

- Living Hours employer
- Living Wage employer
- Race at Work Charter signatory
- The Climate Pledge signatory
- UN Global Compact participant

Supplier rating

- EcoVadis Silver rating
- Financial Services Qualification System (FSQS)
- Supply Chain School Bronze member

Information security

- Cyber Essentials Plus
- ISO 27001

Management systems

- ISO 14001
- ISO 27001
- ISO 45001
- ISO 9001



Continuity, risk controls and management

Proactive risk management



Business continuity and disaster recovery

We recognise our responsibility to ensure that our products and services remain reliable and resilient, even when faced with disruptive events. Our Business Continuity Management (BCM) framework is designed to anticipate and address the impacts of unexpected incidents, such as supply chain disruptions, utility failures, natural disasters or cyber-attacks. By strengthening organisational resilience, the framework supports effective response and recovery, helping to minimise disruption to our people, clients, operations and the wider SMS brand.

Business continuity is championed at the highest levels of the organisation. The Senior Leadership Team authorises and endorses the BCM framework, ensuring strong alignment with strategic business objectives. A dedicated business continuity team leads its development, implementation, and continual improvement, ensuring it remains a core operational priority.

During 2025, we continued to strengthen our BCM framework by developing new business continuity plans for recently acquired parts of the business and refining our overall approach. This included updating our planning methodology, laying the foundations for future policy rewrites, and ensuring that continuity practices remain relevant as the organisation evolves. These efforts have helped reinforce customer confidence in SMS's ability to maintain critical operations during periods of disruption while transparently reflecting progress made to date.

Our BCM framework has delivered meaningful operational benefits, including strengthened supply chain resilience through supplier diversification. Throughout the year, we worked closely with our outsourced IT partners to maintain continuity arrangements and ensure that systems and processes remain stable and reliable.

Looking ahead, we will continue to expand the BCM framework across additional business entities and activities. Through detailed business impact analyses and comprehensive risk assessments, we will implement targeted controls to mitigate or eliminate identified risks, ensuring our operations remain within acceptable tolerances.

Risk management

At SMS, we recognise that effective risk management is fundamental to safeguarding our people, supporting safe and compliant operations, and ensuring the continued delivery of high quality services to our customers. Proactive identification and control of risk remain central to our governance approach and to maintaining the resilience of our business.

Throughout 2025, we continued to strengthen our risk management framework, progressing a series of initiatives designed to enhance our ability to identify, assess, mitigate and monitor risks across the organisation. This work supports our long-term operational stability, financial performance and regulatory compliance.

Key activities undertaken in 2025 included:

- Further developing a systematic approach to enterprise wide risk identification, covering operational, financial, strategic, compliance and reputational areas.
- Reinforcing internal controls through ongoing audits, reviews and compliance checks to ensure adherence to applicable legislative and industry requirements.
- Using technology to support improved visibility of risks, enabling more timely escalation and response where required.
- Embedding a stronger risk aware culture by engaging employees, encouraging open communication and promoting shared accountability for effective risk management.
- Maintaining the use of independent third-party auditors to provide objective assurance and support continuous improvement of our risk management practices.

Collectively, these activities have strengthened SMS's organisational resilience and enhanced our capability to manage risks proactively, supporting sustainable growth and long-term business integrity.

Continuity, risk controls and management

Commitment to the highest standards

Across SMS, we maintain a comprehensive range of integrated governance and management frameworks that support our culture of ethical, transparent and rigorous business conduct. Our management systems for quality, health and safety, information security and environmental performance strengthen operational effectiveness and embed safe, sustainable practices across our organisation.

Our operations are underpinned by a strong commitment to integrity and accountability, reflected in our Integrated SHEQ, Climate and Sustainability policies. These systems ensure that clear objectives, targets and timelines are established, supported by appropriate plans that guide continuous improvement and enable us to meet our organisational goals.

To ensure the robustness of our management systems, the majority of SMS activities, products and services remain within their scope. This broad coverage enables us to monitor, control and influence outcomes effectively, driving consistent performance and continual enhancement. As SMS grows and evolves, we will continue to expand the scope of our management systems to incorporate new activity areas and any existing operations not yet included.

During 2025 and 2026, we successfully maintained all four of our ISO certified management systems (9001, 14001, 27001, and 45001), with zero major nonconformances identified during external audits. This reflects the strength of our governance arrangements and our continued commitment to maintaining high standards across the organisation.



Leadership and commitment

At SMS, we recognise that the effectiveness of our management systems is underpinned by strong leadership and unwavering organisational commitment. Our leadership team actively champions these systems, ensuring that business practices are aligned with the highest standards of excellence.

Our senior leadership, including the CEO and executive team, has articulated a clear vision focused on operational excellence, sustainability, customer satisfaction and continuous improvement. This vision is embedded within our policies and consistently communicated across all levels of the organisation, fostering alignment with strategic objectives and ensuring that our management systems support long term business growth and sustainability rather than serving solely as compliance mechanisms.

Monitoring and evaluation

SMS proactively reviews and evaluates the performance of its processes and services to ensure that customer needs and expectations are consistently met. Performance is measured against defined objectives and other relevant criteria, including the effectiveness and reliability of core processes.

A rigorous audit programme underpins this approach, verifying that procedures, processes and work activities comply with applicable regulatory, legislative and ISO requirements across quality, environmental management, health and safety, and information security. These audits help identify best practices, areas for improvement and any nonconformances that require corrective action.

Where nonconformances are identified, appropriate actions are implemented to address root causes and prevent recurrence. Our Group internal audit team provides an additional layer of governance and assurance across the organisation.

In alignment with ISO requirements, SMS conducts periodic reviews of its management systems to evaluate their suitability, adequacy and effectiveness. These reviews also ensure alignment with organisational strategy, integrating updates where necessary to reflect business objectives, stakeholder needs and emerging requirements. Alongside traditional quality management practices, SMS applies process improvement methodologies to drive operational enhancement and sustained performance.

Continuous improvement

We are committed to a culture of continual improvement, supported by robust management systems that drive effective and efficient operations. By utilising audit findings, engaging employees, applying appropriate technologies, gathering customer feedback and maintaining strong leadership oversight, we ensure our systems remain aligned with organisational objectives and evolving business needs.

These practices enable SMS to consistently meet regulatory requirements, enhance operational performance, improve customer satisfaction and advance our sustainability ambitions. Through ongoing continuous improvement, SMS remains resilient to emerging challenges and well positioned to respond to future opportunities.

Procurement and supply chain

Ensuring ethical conduct across our supply chain

Our dedicated procurement team oversees our supply relationships, ensuring we deliver the highest quality, alongside cost efficiencies and ethical sourcing across our supply chain for the benefit of our business partners and end customers. We apply a zero-tolerance approach to modern slavery and require all suppliers to comply with our Supplier Code of Conduct and Modern Slavery Policy. This integration ensures appropriate oversight and focus on the vital business operations underpinning our role as a trusted partner with a secure and ethical supply chain. Higher-risk categories undergo enhanced due diligence, reflecting our commitment to responsible sourcing and human-rights protection.



Supply chain operation and governance

Procurement and supply chain management is of material, ongoing importance to SMS as an organisation, because as ensuring the efficient acquisition of goods and services, and supply chain compliance with legal and voluntary standards in areas such as human rights, is critical to our organisation. Supplier contracts include mandatory clauses requiring compliance with modern-slavery legislation and ethical trading standards, supported by structured onboarding checks. Our continuous efforts in this area support our risk management, assure our quality standards and control costs. Effective procurement contributes to overall operational effectiveness, elevates supplier relationships, and ensures the competitiveness of our services. We periodically request confirmation of ongoing compliance from existing suppliers, and are aiming to use independent ESG monitoring tools, including EcoVadis, to provide additional visibility of supplier performance and responsible sourcing practices.

Supplier compliance and Code of Conduct

We hold our suppliers to high ethical standards via our Code of Conduct, which is in addition to their standard duty to comply with all relevant laws, regulations and licences when working for SMS. To maintain consistency across our supply chain, we clearly lay out our expectations for all suppliers in our Supplier Code of Conduct, with the aim of ensuring sustainability, equality of opportunity and accountability.

Our Code of Conduct mandates stringent standards across a wide range of areas, including:

- Real Living Wage
- diversity and inclusion
- workers' rights
- environment
- health and safety
- resilience and business continuity
- modern slavery and human rights
- fraud, bribery and corruption
- tax compliance
- social media
- data protection and security
- security
- monitoring and reporting.

Our regularly updated Supplier Code of Conduct is publicly available on our website and is shared with our supply base, as a guide to future suppliers as well as a reference point for existing partners.

Driving down risk at supplier onboarding

In addition to our Supplier Code of Conduct, we carry out rigorous screening from the first point of contact with our key suppliers. Our tailored SMS supplier questionnaire and binding contracts with Tier 1 vendors screen for, and require new and existing suppliers to comply with standards on, a range of critical factors including: health and safety; Real Living Wage; 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.

Procurement and supply chain

Ensuring ethical conduct across our supply chain (continued)

Procurement of renewable energy products

As we continue to grow our Metis Energy services, which include the supply and fit of photovoltaic solar panels, batteries and inverters along with air source heat pumps, we are keenly aware of the sensitivities across the extended supply chain about the related renewable technologies and products. We apply enhanced due diligence across renewable technology supply chains where modern slavery and human rights risks are known to be higher. Using a double materiality lens, we assess both the environmental and social impacts of upstream suppliers and implement additional checks where elevated risk is identified. We work closely with selected partners to improve the sustainability and ethical standards of their sub tier suppliers, supported by our Supplier Code of Conduct and modern slavery requirements..

Procurement of metering products

Our metering products are sourced through long standing UK supply partners who comply with our Supplier Code of Conduct and modern slavery requirements. Products are stocked and distributed through our national logistics network, with resilient supply agreements in place to maintain continuity of service. All meters conform to relevant statutory requirements and are certified to British and European BS EN regulations and CE markings. As part of our wider approach to responsible sourcing, we continue to strengthen transparency and ESG monitoring across our strategic suppliers.

Leading for continual improvement

In line with best practice, the SMS procurement function is led by the Head of Procurement, who is a full member of the Chartered Institute of Procurement & Supply (CIPS). The Head of Procurement is driving SMS's journey towards achieving best practice in supply chain management through implementing the CIPS principles and professional 'toolbox'. These are globally recognised professional standards which represent leading practical, technical and managerial approaches which we continue to embed in our procurement activities.

Supplier monitoring

To ensure adherence to our standards, reduce risk and improve efficiency, we monitor supplier performance in line with our ISO9001 quality management system. This enables systematic collection and review of supplier data, supporting checks on compliance, insurance and policies.

As we continue to develop our approach, we are strengthening how we assess and engage our supplier base. This includes supplier tiering reviews as required, requirements for suppliers to maintain up-to-date certifications and policies, and rejection where mandatory compliance thresholds are not met.

We are aiming to expand our approach to supplier sustainability monitoring through recognised external tools. EcoVadis provides organisational ESG and carbon performance insights, including improvement plans and corrective-action tracking for strategic suppliers. LOOP supports project-level carbon measurement, giving visibility of contract-specific emissions and helping identify opportunities to reduce operational impact.

As our systems mature, we aim to enhance visibility of supplier performance across ESG, carbon and operational metrics, supporting continuous improvement and responsible procurement across our supply chain.



Innovation

Embracing best practice

As part of our commitment to lead in the UK transition to a low-carbon economy, we embrace best practice and championing innovation through our products and services.

Transition to a fully integrated utilities infrastructure platform

In 2025, SMS completed the combination of Horizon and Smart Meter Assets, marking a significant step change in the structure and capability of our business.

This integration has strengthened our position in the market by evolving SMS into a more fully integrated utilities infrastructure platform. By bringing together meter ownership, data and asset management, and financing capability, we have created a more connected operating model across the end-to-end energy value chain, with the additional capability to support German markets, and adjacent utilities markets, including water through Horizon Water Infrastructure.

This vertically integrated approach enhances our ability to design, fund and deliver solutions at scale, enabling faster deployment of services and greater consistency across customer outcomes. It also supports a more agile and efficient delivery model, improving our responsiveness to market demand and regulatory change.

As a result, SMS is increasingly positioned to support the transition to smarter utilities infrastructure through scalable, data-enabled solutions that combine operational capability with financial flexibility.

Case study: **Market-wide Half-Hourly Settlement (MHHS) readiness**

Market-wide Half-Hourly Settlement (MHHS) is a major industry reform requiring all electricity consumption to be settled using actual half-hourly data by 2027. This shift replaces estimated consumption with granular usage data, enabling more accurate settlement, improved visibility of demand patterns and the foundations for a more flexible energy system.

As an early adopter and service provider, SMS has played an active role in preparing for this market-wide transition, investing ahead of implementation to develop the systems, data capabilities and operational readiness required to support MHHS at scale. Including the launch of Connect, a new customer portal designed to support Market-wide Half-Hourly Settlement (MHHS) readiness, streamline reporting, and enhance operational efficiency.

Following extensive planning, collaboration and testing, SMS successfully completed System Integration Testing (SIT), demonstrating readiness to deliver MHHS-aligned services across our metering, data and settlement capabilities. This milestone reflects our position at the forefront of enabling industry change within the UK energy market.

The programme has also driven innovation across our organisation, including the development of enhanced data services and improved customer-facing tools that provide greater transparency and portfolio-level insight.

MHHS represents a step change for the energy sector. By enabling more accurate, time-of-use consumption data, it supports smarter tariff design, greater demand flexibility and a more efficient, data-driven energy system. SMS is helping to enable this transition through early investment and practical delivery capability.



Case study: **Birchwood Park solar programme**

Birchwood Park, one of the UK's largest out-of-town business parks, partnered with SMS to deliver a funded rooftop solar programme across multiple buildings, supporting its transition to lower-carbon operations.

Delivered in collaboration with Perfect Sense Energy and GreenHearth, the project overcame complex multi-building ownership structures through a flexible, fully funded model requiring no upfront capital investment.

Across five solar PV systems, the programme is expected to generate approximately 360,000 kWh annually and deliver over £70,000 in electricity cost savings in its first year. With savings exceeding rental payments, the project is forecast to be cash positive from year one.

The project demonstrates how tailored funding and strong partnerships can enable commercial estates to deploy renewable energy at scale, reducing both costs and carbon while strengthening long-term energy resilience.

Net Zero Engagement Award
at the 2025 Utility Week Awards

Smart Systems and Flexibility Project of the Year
at the edie Net Zero Awards

UK Green Business Awards 2026
Shortlisted Renewable Energy Project of the Year

Policy and processes

A comprehensive approach

As a mature large organisation, we ensure our ethical processes and policies are owned at Board level by our senior leadership and are embedded within our everyday activities. Our comprehensive Group policies ensure a high standard of ethical business practice, delivering confidence and promoting shared values with all our customers.



Our anti-bribery, fraud and corruption approach

We are diligent in our processes and actions around bribery, fraud and corruption, driving down risk of exposure through clearly set expectations within our Company policies, and channels for stakeholders to raise concerns.

Our Anti-Bribery Policy and Corruption Policy sets out the steps all employees must take to prevent bribery and corruption within the business in order to comply with relevant legislation and the Company's requirements. The policy defines what bribery and corruption are, including facilitation payments, the bribery of a Company position or bribery, risks of not acting with integrity, benefits of integrity, and indicators of bribery and corruption. To increase understanding further and to guide acceptable behaviour, the policy also outlines areas of specific risk such as gifts and hospitality, as well as detailing requirements on full and accurate record-keeping, monitoring and employee responsibilities.

How to raise concerns is described within the policy, alongside highlighting SMS's whistleblowing procedures, which are available as an alternative to the primary reporting process if necessary. The policy is comprehensive and includes what to do about any suspicious activities conducted by another member of staff, a third party who represents the Company, one of the Company's suppliers or competitors, or other relevant stakeholders.

In addition to our Anti-Bribery and Corruption Policy we operate a number of supporting policies which together deliver an encompassing guide to ethical business practice:

- **Corporate Social Responsibility Policy** – setting out our overarching approach to ethical standards across the business.
- **Code of Conduct** – outlining SMS's expectations regarding employee behaviour.
- **Supplier Code of Conduct** – defining expectations for supply partners to carry out business in line with our own ethical values.

This approach ensures all our employees are alert to SMS's expectations and risks with regard to bribery, fraud and corruption, and are able to act appropriately to meet both the Company's expectations and those of our customers.

Whistleblowing

A structured approach to supporting whistleblowing delivers clear benefits, including combating fraud and avoiding reputational damage. The Company's comprehensive Whistleblowing Policy is applicable to all Company workers, 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'). The policy defines what whistleblowing is, how to raise a concern, confidentiality, external disclosures, investigation and outcome processes, and protection and support for whistleblowers, including non-retaliation. It includes an external reporting hotline known as 'SafeCall', available 24/7, where employees can confidentially report any concerns.

The procedure spans reporting of incidents of fraud, bribery and corruption, discrimination, bullying or harassment, breaches of the Group's health and safety or quality compliance, or environmental concerns.

We encourage employees to report any concerns about possible impropriety, financial or otherwise. The policy and related procedures are reviewed regularly to ensure conformity to best practice.

The policy is available to all employees on our Company intranet. Details are also included in our Employee Handbook.

Policy and processes

A comprehensive approach (continued)

Freedom of associations

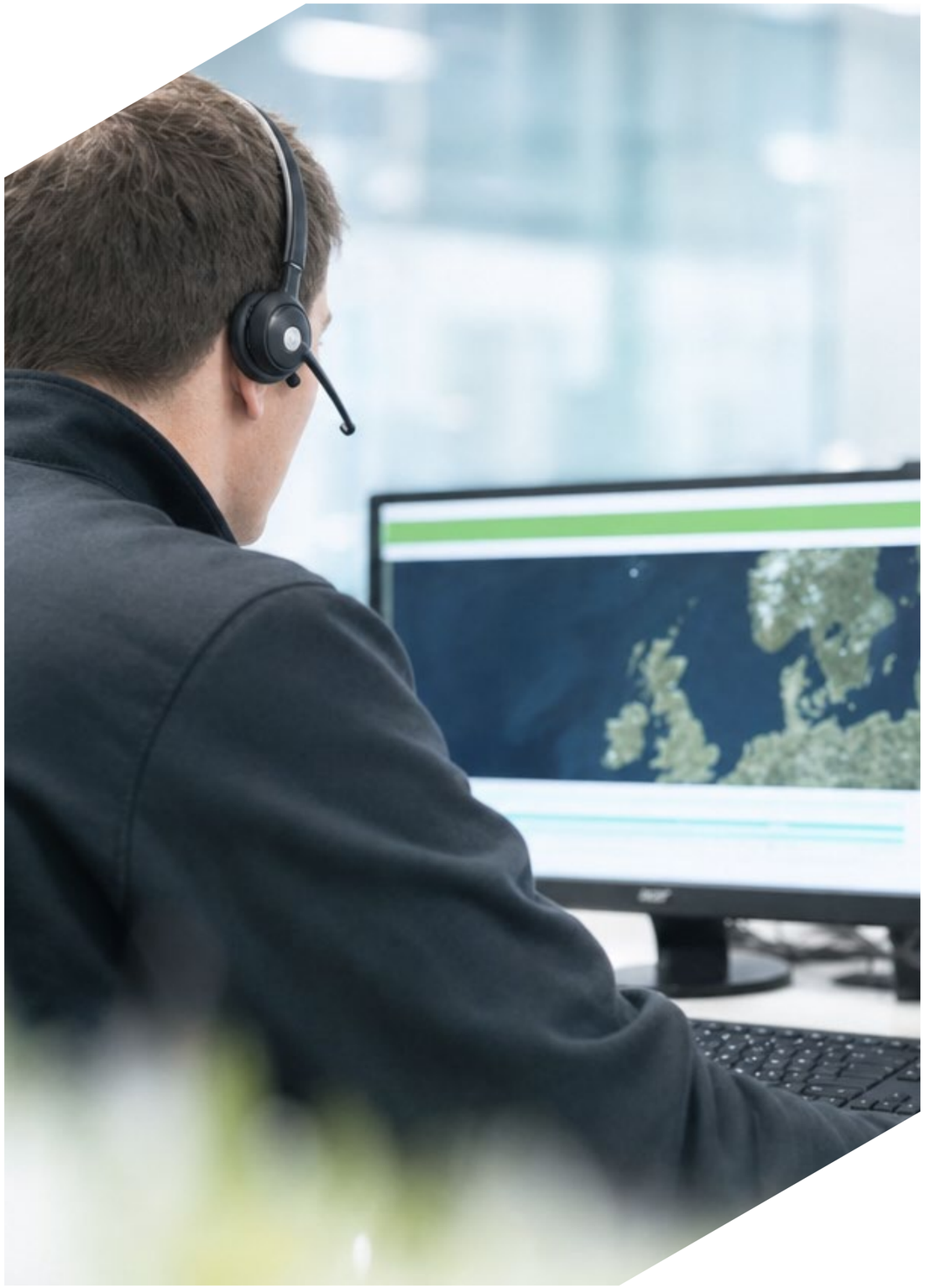
We are dedicated to respecting our employees' rights through their journey with SMS, which include being open to employee communication, conflict resolution and the fostering of a culture of trust. Our Recruitment and Selection Policy covers a range of commitments to ensure consistency and transparency, and embeds freedom of association and the right to collective bargaining through our alignment with both the Ethical Trading Initiative (ETI) Base Code and the UN Global Compact. Employees are made aware of routes to communicate if they believe discrimination has taken place through the Company Grievance Policy. Additionally, or, if the complaint involves bullying or harassment, the Grievance Policy incorporates relevant aspects of the Dignity at Work Policy.

Operational policies

To deliver our services consistently, we operate a centralised approach to governance. All our established subsidiaries are covered by Group policies and processes, as described in this Sustainability Report, ensuring operational efficiency and high standards across the organisation.

The Group operates to policies including the following:

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





SMS

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