Data Communications Company

Annual Report 2025

Smart DCC Limited
Annual Report including the Regulatory Financial Statements
Year ended 31 March 2025
Registration number 08641679

Smart DCC is making Britain more connected so we can all lead smarter, greener lives. Here at the DCC, together with our customers we connect homes and businesses to a single, secure, smart metering network.

Connected Meters 20.7m Electric and 14.3m Gas	**35.0m** +20.2%
Connected Premises 20.3m homes and 0.8 Small Businesses	**21.1m** +11.1%
Customer Effort Score	**6.1** 1.7%
Service Availability	**99.97%** +0.36%

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1. Chairman's foreword

Welcome to the Data Communications Company's (DCC) Annual Report and Accounts for the year ending March 2025.

The Government has put delivering clean power by 2030 at the heart of one of its five missions. Achieving clean power has the potential to drive growth, reduce bills and ensure our energy security. While much of the focus in realising this ambition has been on building new physical infrastructure to generate and transmit electricity, the digital infrastructure that underpins a smarter, greener, fairer system is equally vital. As the National Energy System Operator (NESO) has acknowledged, further digitalisation of the sector is critical to increasing consumer choice, bringing costs down across the system and unlocking the development of new products and services.

The smart metering network, and the data transmitted across it, is one example of the critical digital infrastructure required. It is already helping enable the energy system to transition to a smarter, greener future while empowering consumers to make informed choices on energy use and access the most appropriate products and services. At the end of March this year, there were more than 34m meters in over 20m premises across Great Britain connected to the smart metering network, with over 2.6 billion messages sent each month.

Operating at scale, with an increasingly important role in our customers ability to deliver their products and services, requires DCC to deliver strong operational performance. Headline performance has remained exceptionally strong, with service availability of 99.97% for smart metering and 100% switching success rate. Yet we recognise there are pockets of performance where we must continue to work with our customers to drive further uplifts. For example, we know how critical it is for our energy suppliers to ensure installing and commissioning meters on to the network is as efficient as possible, and while this continues to trend upwards positively there is more to be done, especially as we enter the next phase of the roll out.

We need to maintain these levels of performance while continuing to modernise and upgrade the network. In part, this is reflected by the regular service enhancements we implement to maintain reliability, with over 5,000 changes made to our systems across SMETS1 and SMETS2 this year, delivered with a 98.2% success rate.

It is also reflected in the significant and large-scale upgrades we are progressing to the connectivity infrastructure and supporting systems. Our long-standing programme to deliver next generation communication hubs successfully completed its pilot in the winter, demonstrating a step change in performance and helping to ensure continued connectivity into the 2030's and beyond, at a materially lower cost per unit than legacy devices.

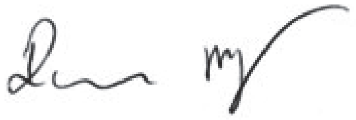
The upgrades we are making across the technology estate will play a major role in reducing our unit costs. However, we recognise that within DCC we can do more to drive a cost-efficient organisation. During the year we reduced our expenditure on external services by 32%, and continued to strengthen our internal governance and controls not only to ensure we can robustly justify our costs, but also to ensure a continuous and virtuous culture of ongoing efficiency. This reduction has been made more impressive by the work underway to prepare for DCC's transition to our future licence arrangements.

Justifying our cost base through demonstrable efficiencies will be a cornerstone of the future DCC as we move into new ex ante arrangements. This year has brought greater clarity on the regulatory framework that will underpin our future licence arrangements, providing a more stable foundation for long-term planning. I want to thank the Ofgem leadership and DCC teams for their continued collaboration on this and other key areas, as we work toward a solution delivers the best outcomes for Britain. While several topics remain under discussion, we are supportive of the broad principles that will enable DCC to deliver maximum value for the future energy system through both operational excellence and sustained cost discipline

As part of this, in autumn last year, we set out our vision for how the role of the DCC could evolve. Led by our interim CEO, Colin Sempill, this reaffirmed our commitment to meeting the needs of our customers today, while ensuring that Great Britain is positioned to harness the full potential of a unique national asset—one that can accelerate and de-risk the energy transition in a cost-effective manner. I want to thank Colin for his exceptional leadership and contribution to this and our wider organisational priorities during his time with DCC.

The task of building on and delivering against this is now being ably led by our new Chief Executive, Chris Lovatt. Chris was the outstanding candidate for the role and has already demonstrated the customer understanding and cost-conscious culture that will enable DCC to continue its journey. He is joined by a strong team, and a company where all our colleagues are committed to delivering on our purpose, ultimately helping ensure the critical digital infrastructure plays its part in delivering on our national mission.

Thank you.



Richard McCarthy CBE
Chairman Smart DCC

2. Our business model and strategy

DCC, together with its customers, connects homes and businesses to a single, secure, smart metering network.

Purpose

At DCC, we are driven by our purpose.

Our Purpose:

We believe in making Britain more connected, so we can all lead smarter, greener lives.

Values

How we achieve this purpose is guided by our three core values. They help us to work consistently and collaboratively, both internally and with our diverse set of external stakeholders.

Our three core values are:

DCC Public

Our strategic outcomes

As a regulated monopoly, we are clear on the obligations on and expectations of the smart metering network to Ofgem and DESNZ.

As a regulated monopoly, we recognise our obligations on and the expectations placed on the smart metering network by Ofgem (Office of Gas and Electricity Markets) and DESNZ (Department for Energy, Security & Net Zero), while ensuring we meet customer expectations.

We operate at the heart of the UK's energy transition, supporting over 34 million smart meters across more than 20 million premises. This infrastructure helps over half of British households reduce energy use and carbon emissions. As the UK advances towards its Clean Power 2030 (CP30) goal, our smart metering network is a key enabler – facilitating real-time grid balancing, renewable integration, and more sustainable consumption.

Our network is more than a communications system—it's a digital foundation for the UK's evolving energy landscape. It supports innovation and resilience through capabilities like half-hourly settlement and a national smart meter data repository, helping build a smarter, more responsive energy system. As we expand, we're focused on delivering services with greater flexibility, speed, and cost-efficiency— ensuring reliable supply and supporting affordability. Our strategic outcomes guide our mission and track progress as we help shape the UK's energy future

We will be:

Secure and stable	Delivering reliable network performance, nationwide, while maintaining a security posture and resilience expected of an asset deemed 'Critical National Infrastructure'
A responsible and efficient business	Operating efficiently and responsibly in a manner that recognises our obligations to our people, our customers and ultimately consumers
Flexible and fast	Delivering an accessible and flexible platform, enhancing our capabilities to provide a swift and seamless experience for current and future customers
Right first time	Delivering our services to the time, cost and quality expectations of our customers and wider stakeholders

What we operate

We operate and maintain the smart metering network on a 24/7 basis, securely transferring energy data from homes and businesses to our customers. Our customers are energy retailers, Distribution Network Operators (DNOs), Managed Service Providers (MSPs) and a growing number of other innovative businesses.

We provide a range of service offerings, supported by common capabilities.

Smart Energy

The Smart Energy service family provides the secure, reliable connectivity that enables smart meters across Great Britain to communicate with suppliers and authorised parties—supporting accurate data access, efficient energy use, decarbonisation goals, and continued interoperability in a changing market.

At the core of this service family is the secure and stable operation of both first-generation (SMETS1) and SMETS2 meters. In the long term, the continued rollout of SMETS2 meters remains important for enhancing network resilience and ensuring alignment with evolving industry standards. While migrated SMETS1 meters are already interoperable across suppliers via the DCC, SMETS2 meters offer additional benefits in terms of security, functionality and future system capability.

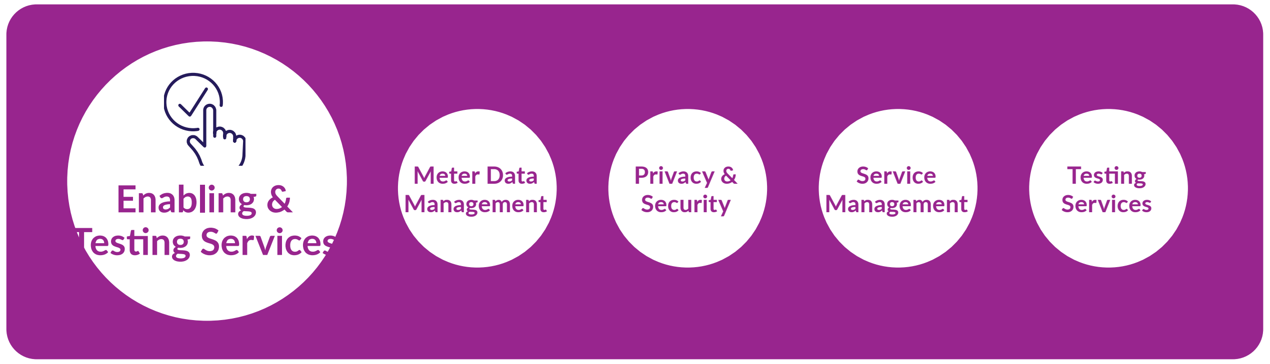
Notably, the Central Switching Service (CSS) in the Smart Energy family allows consumers to switch energy suppliers without disrupting their smart metering services, ensuring accurate data collection and billing.

Data Services within the Smart Energy family enable secure, efficient access to smart meter data to support innovation, improve customer experiences, and advance decarbonisation. By refining third-party access, expanding visibility of system data, and strengthening our internal data capabilities, we are helping to unlock deeper insights, enhance service delivery, and drive the development of smarter, more sustainable energy solutions.

Ultimately, the Smart Energy service family has an important role to play in transforming Great Britain's energy infrastructure, helping to create a more connected, efficient, and consumer-centric system.

DCC Public

Enabling and testing services



DCC's Enabling and Testing Services are crucial for a secure and efficient operation of the smart energy network. They provide the underlying capabilities including data management, service oversight, security and testing that keep the system running smoothly and ready for future needs.

Meter Data Management is delivered through the Data Service Provider (DSP), which sits at the heart of the smart metering system. It manages the secure flow of messages between energy suppliers and smart meters, enabling key functions such as billing, prepayment top-up and service diagnostics. By providing continuous, near real-time data communications, the DSP ensures the performance and reliability of the entire network.

Meanwhile, the Privacy and Security segment focuses on protecting the ecosystem, with advanced threat detection, encryption, and access controls to safeguard consumer data and critical infrastructure.

Service Management oversees the network's daily performance, resolving issues and ensuring availability for customers.

Finally, Testing Services validate system updates, new technologies, and service changes, ensuring all DCC services meet high standards for reliability, interoperability, and regulatory compliance before deployment.

Together, these services ensure the resilience, security, and efficiency of the smart energy ecosystem, enabling DCC to deliver a seamless experience and trusted platform for customers and consumers.

How we deliver

In operating these services, DCC delivers a unique set of activities from engaging with a varied set of stakeholders, to designing, procuring, and securing new technologies, through to assuring and operating these technologies as part of managing the network.

Any changes to existing services are managed through our Lifecycle Management approach. The following sections outline this integrated approach and our efforts to design (Technology), procure (Commercial), and secure (Security) our network

Lifecycle management approach

We manage service change through a structured end to end lifecycle that ensures efficiency, accountability and quality at every stage.

All new change requests, whether from government, customers or other sources, enter through a single Front Door process. This allows us to plan ahead, assess risks early and carry out cost benefit analysis before changes progress.

For major programmes or procurements, we follow the HM Treasury Green Book business case process, ensuring that changes are grounded in evidence, meet customer needs and deliver value for money. We are also adopting common delivery standards to improve speed, transparency and consistency.

As services move into live operation, we apply quality gates to manage change and protect customer operations. Our service assurance framework ensures that risks are identified and mitigated, and that changes meet key performance and quality standards.

In 2024/25, we delivered over 4,888 changes, a 32% increase on the previous year, with a 98.2% success rate, exceeding our 95% right-first-time target.

We engage stakeholders throughout the process, recognising that effective delivery depends on collaboration across a complex ecosystem. Our aim is to be a trusted delivery partner to customers, regulators, suppliers and others.

As a licensed monopoly, we are committed to delivering services in a way that is efficient, responsible and focused on long-term value for money. We continue to look for ways to improve how we operate and enhance cost efficiency across the business.

The following sections outline this integrated approach and our efforts to design (Technology), procure (Commercial), and secure (Security) our network.

Technology

The Technology function brings together specialist expertise to ensure the integrity of smart metering solutions. We collaborate closely with our customers, Smart Energy Code (SEC) and Retail Energy Code (REC) subcommittees, our regulator (Ofgem), and service providers to ensure our technology meets the needs of today and is prepared for tomorrow. We design the technology roadmap and forecast necessary changes to ensure that every home that wants a smart meter can get one – and that it will stay securely connected to the network throughout the asset's life.

We ensure our platforms meet the obligations of the DCC licence and our Operational Performance Regimes (OPRs). Indeed, we seek to continuously improve them to guarantee that every message reaches the meter and that the required responses are received. Moreover, we are increasingly supporting industry and UK initiatives by providing greater access to data and aligning with the UK's data-sharing initiatives.

We aim to introduce tools and capabilities that leverage artificial intelligence (AI) frameworks and tools in a secure and ethical way, driving efficiencies across our systems and empowering our people to deliverbetter smart metering services.

Technology vision

Our vision is to operate an efficient and secure DCC network at scale. We will leverage virtualised, secure, and scalable infrastructure to ensure we meet our service obligations while lowering the cost per message. Our plan is to simplify the design of our infrastructure and, where practical, push functionality right to the edge of the network.

As our solutions evolve, we will reduce complexity, deliver faster change, and drive improved interoperability across end devices. Ultimately, this will drive efficiency for our customers and offer us the flexibility to support future policy.

To deliver against our obligations, we are following a series of technology and design principles:

- We design end-to-end solutions that utilise proven standards-based technologies and services rather than unproven cutting-edge and proprietary technologies
- We ensure our service providers' solution designs meet or exceed the required security standards and will always operate to Critical National Infrastructure (CNI) standards
- Our architecture and designs ensure we can operate to the scale and in-life performance set by our customers and code bodies (SEC and REC)
- We design and maintain our smart metering infrastructure to be future-ready—supporting the UK's decarbonisation goals while ensuring consumers benefit from a smarter, more sustainable energy system

We will work towards this vision, balancing ongoing performance and service continuity with network improvement and future-proofing. By leveraging new infrastructure developments, we will harness the benefits of multi-cloud solutions and advancements in connectivity for end devices, lowering the cost of our services and improving system resilience.

Commercial

Ensuring secure and stable network performance, resilience, and value for money for customers is of paramount importance, and we rely on our external partners to deliver many of our mandated obligations.

Our Commercial team are focused on the following areas:

Strategy and planning

- We are building out our Responsible Business Framework (RBF) practices in conjunction with our supply chain, ensuring we are aligned with our organisational purpose, reducing our carbon footprint, and working with suppliers that are committed to Environmental, Social, and Governance (ESG)

- We are nurturing commercial leadership and coordinating and executing commercial activity across our major programmes, Communication Hubs & Network (CH&N) & DSP

- Leveraging our enhanced commercial pipeline, we want to take a more proactive and strategic approach to operations, ensuring optimal outcomes are realised and continuity of service is maintained

Sourcing and procurement

- We are implementing a regulator-approved Procurement Strategy that provides clarity on the use of frameworks and direct negotiation to deliver speed and value for money, in alignment with government and regulated private sector best practices; we are utilising various frameworks, where appropriate, to significantly reduce the concept-to-contract lifecycle and drive better value for money for customers and consumers

- We are currently developing frameworks for consultancy, professional services, IT services, and public cloud, all of which we expect to deliver by the end of Q3 2025; these frameworks will enhance efficiency and deliver significant benefits

- Following the implementation of our new Sourcing Platform, which will significantly enhance our digital capabilities, we aim to strengthen end-to-end operational efficiency by leveraging advanced analytics, Artificial Intelligence (AI)-driven insights, and automation

Supplier and contract management

- Our Strategic Supplier Management team are facilitating stronger connections with external partners and collaboratively identifying opportunities to support further consumer benefits

- We continue to optimise core commercial processes, refining and standardising them to ensure they are not only robust but also adaptable to changing market dynamics

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- Our new Master Service Agreement is aimed at driving improved governance and control across contracts and supply chain, ensuring service continuity, continuous improvement, commercial leverage, and value for money

- We are focused on maximising supplier performance and value, ensuring our partners are empowered and held accountable to deliver high-quality outcomes aligned with our strategic goals

Risk and resilience

- It is crucial that we proactively identify and mitigate third-party risks to safeguard the business against potential threats and disruptions; this means enhancing business continuity planning and building greater resilience to external challenges

Process optimisation and capability building

- We continue to optimise core commercial processes, refining and standardising them to ensure they are not only robust but also adaptable to changing market dynamics.

Security

The DCC continues to adapt and augment its security arrangements to match public cloud offerings and developments in AI; we have also commenced investigations into the potential threats posed by quantum computing.

Our security arrangements also take into consideration the increasing scale at which the DCC network is now operating, as well as the parallel need to ensure DCC's internal security remains strong and in line with network security requirements. We carried out several initiatives in 2024/25 to enhance theDCC's governance and ensure security risk within the organisation remains low: this forms part of our continuous improvement objectives, in line with ISO27001.

Looking ahead, DCC still has more work to do in order to complete the activities it kicked off in 2024. This includes the ramping up of Post-Quantum Computing (PQC) mitigation testing, following advice from National Institute of Standards and Technology (NIST) in the US and National Cyber Security Centre (NCSC) in the UK.

In 2025/26 we will:

1. We will continue to develop our strategic initiative that aims to identify and mitigate threats using MITRE Adversarial Tactics, Techniques and Common Knowledge (ATT&CK) threat modelling and cyber defence framework; we will also reach out to industry players to share our knowledge

2. We will build on our latest risk tooling to consolidate risk and compliance reporting and improve overall visibility of both areas

3. We plan to complete the integration and centralisation our cyber defences, creating a single 'pane of glass' to monitor the security of Britain's smart metering network

4. We will investigate and make recommendations PQC mitigation throughout the DCC network and infrastructure

5. We will continue to invest in our people to ensure that all our employees have the skills needed to secure the digital energy system of the future; in this, we will build on our Security Degree Apprenticeship programme, which successfully launched in 2024

6. We will support and integrate AI into our tooling and controls, where appropriate and ethical to do so

Cyber Fusion Centre

Our Security Operations Centre (SOC) successfully retained Council of Registered Ethical Security Testers (CREST) accreditation in 2024, and we are set to continue onboarding security event logs from all parts of the DCC network to provide an essential second set of eyes over the entire DCC ecosystem. In 2025/26, we will see the culmination of core monitoring across the DCC network, alongside additional logs resulting from new programmes and new procurement of existing services that apply tooling to enhance our efficiency.

New technology risk

We are focusing on three core contemporary technology risk areas: AI, cloud, and PQC. They present unique challenges for security and technical areas, but are all being managed in a way that is commensurate with our security obligations. This will be further supported by a spirit of enablement in 2025/26 and beyond. Our view is to adopt and embrace them, but in a way that adheres to the levels of security we are required to operate under. Consequently, we will continue to iterate our policy and risk management as we adopt these new technologies, as appropriate to drive value and quality in our business.

Summary

Our overall mission remains very much consistent with previous years, but it has matured and will continue to develop in order to address upcoming threats. The model we operate under has proven to be very effective, so we remain committed to protecting it and the supporting control. Nonetheless, we are also acutely aware of the need to evolve our controls to reflect a changing technical landscape. We plan to do this through careful ris careful risk-based assessment, alongside engagement with industry and recognised security expert resources.

Our strategy in action

Smart meter roll-out

Our primary responsibility remains the continued delivery of a stable, reliable, and secure smart metering platform with a coverage level and capacity that enables our customers to meet and exceed their roll-out targets. We have continued to scale and evolve our operations to ensure we provide the best service and have focused this year on improving core elements of our live service.

- **Customer Relationship Management –** are at the forefront of all service-related customer engagements and are accountable for driving customer experience / service improvement, customer advocacy, and strategic customer engagement.
- **Products and Networks –** work closely with energy suppliers and the supply chain to ensure communications hub deliveries are maintained and are also accountable for ensuring that DCC has the right capacity at the right place and at the right time to service agreed demand from users and industry.
- **Operational Change and Transition –** shape and protect Customer Service and Operations by designing the Operational ways of working and supporting processes, as well as taking Programmes into Business As Usual (BAU) and managing any in-life change activity.
- **Supplier Relationship Management –** accountable for ensuring suppliers operate and perform in line with their contractual obligations, including performance reporting, service delivery risk management and mitigation, financial responsibility for all operational suppliers run costs (~£220m of spend per annum) and change management oversight for any supplier impacting change
- **Service Operations –** accountable for ensuring the SMETS and Switching service is available and reliable, by transitioning new services into BAU; managing change, incident and problem using Information Technology Infrastructure Library (ITIL) frameworks; monitoring the network 24 hours a day, 7 days a week; managing customer journeys; supporting pan-operational financial and risk related governance and controls; and our data science and analytics capability. .

SMETS1

Approximately 12 million SMETS1 meters are connected to the network, ensuring that consumers can continue to benefit from interoperable smart metering services, such as accurate billing and real-time energy usage insights. We continue to migrate these first-generation smart meters onto our secure network, enabling seamless interoperability and maintaining smart functionality for both domestic and small business consumers.

Looking ahead, we are committed to delivering a carefully managed end-of-life process for SMETS1 meters. This will involve a clear and collaborative approach to transition planning, giving customers and industry stakeholders the time and support needed to prepare effectively. Our long-term goal is to ensure a smooth migration to SMETS2 meters, minimising disruption for consumers and maintaining the reliability of smart metering across Great Britain.

SMETS1 enrolment and adoption

The SMETS1 Enrolment and Adoption Programme is enabling the migration of more than 15 million first-generation SMETS1 smart meters onto the DCC network, where they will become fully interoperable between energy suppliers.

The programme is complex and technically challenging, involving multiple hardware and software combinations that operate in a live environment. The migration and operation of each cohort has required the deployment and integration of a new platform. All cohort migration capabilities went live between August 2019 to February 2021.

2024/25 Highlights

- 12.8m migrated as of 31 March 2025 (12.2m as of 31 March 2024))
- Following migration:
  - 94% of all dormant meters have been made operational.
  - 96% of active meters have been made operational.
  - 91% of all mixed meters have been made operational.

Our key focus during 2024/25 has been on maximising migrations, along with the cohort closure's as we reach the final stages of the SMETS1 Migrations Programme. We have successfully closed the Initial Operating Capability (IOC), and Final Operating Capability (FOC) Cohorts and continue to focus on progressing Middle Operating Capability (MOC) migrations through to full closure by December 2025.

SMETS2

The SMETS2 service underpins Great Britain's national, secure, and interoperable smart metering network, facilitating seamless communication between smart meters and DCC's infrastructure. This service enables energy suppliers and network operators to access meters securely and remotely, supporting essential functions such as accurate billing, real-time energy monitoring, and firmware updates, while maintaining interoperability across all energy suppliers.

At the core of SMETS2 are the Wide Area Network (WAN), communications hubs, and Device Manager (DM) service, all of which make smart metering reliable, secure, and scalable.

Over 21 million SMETS2 meters are currently in operation, playing a crucial role in Great Britain's energy infrastructure. The SMETS2 service will lead the transformation of existing Wider Area Network technologies to 4G, with the roll-out of dual-band 4G communications hubs enhancing network coverage and performance. This will also drive the evolution towards next-generation connectivity solutions, ensuring the long-term stability and resilience of Great Britain's smart metering network.

Looking further ahead, SMETS2 will continue to shape the future of smart metering by enabling advanced connectivity solutions that drive innovation and support the evolving needs of the energy sector.

Faster and More Reliable Switching

The delivery of faster, more reliable switching was a significant milestone in the transformation of the retail energy market. It delivered a foundation for increased competition and innovation, leading to improved consumer value, experience, and engagement with the market.

As Ofgem's key delivery partner, we designed and built the Central Switching Service (CSS), which has been in operation since July 2022. DCC managed the consolidation of 28 new and existing systems and the integration of around 200 licensed parties into the CSS. Since then, we have facilitated over 36 million switches, allowing consumers to access lower bills and improved service quality. With a 100% availability rate in 2024, the CSS continues to ensure reliable, efficient switching services across the market.

Following Ofgem's decision to keep the switching service within DCC, we are now focused on delivering enhancements that maintain the high standards of performance demonstrated since the go-live phase.

Centralised Registration Services (CRS) Improvements

The following section outlines the CRS Improvements Programme, which drives ongoing enhancements to the Switching service.

DCC and Retail Energy Code Company (RECCo) are working together to scope, build, and deliver a CRS improvement plan that aligns with customer needs and tangibly enhances the service. The plan is centred on five key areas: incident management, change management, engagement and communications, reporting, and data quality.

The improvement plan will enhance the service to continue meeting evolving customer needs and support more effective use of the switching platform. It will build on what already works well, while refining elements of the service that have not kept pace with how customers now wish to use it. Ultimately, it will ensure DCC continues to deliver an effective and efficient service which provides value for money for its customers.

The improvement plan is currently in development. We are engaging with customers around its content and intent to ensure it effectively meets their expectations. DCC and Retail Energy Code Company shared the plan with Ofgem in mid-April, aiming to deliver improvements throughout 2025/26.

Network Growth

- In 2019, we had 3.1 million meters on our network. Today, we have over 34 million with DCC predicting nearly 38 million meters by Dec 2025.
- As a result of this growth, the volume of messages over our network has increased significantly – from 115 million messages per month in 2019 to more than 2.67 billion messages per month at the end of FY24/25.
- The demand has also increased at a higher rate, largely driven by new activity from Distribution Network Operators (DNO) from monitoring voltage to identify fluctuations that could indicate network issues (potential faults or power outages before they occur) and to help balance power demand and supply. Distribution Network Operators traffic share increased from 10% to 16% year on year and is forecast to grow to 36% share in 25/26.
- We've continued to support quarterly price changes, with increases in service request volumes of up to 22% on the day of the price change. Overall, price change related traffic volumes have grown by 93% between January 2023 and the most recent change in May 2025, increasing from 44m to 85m.
- Whilst managing extra demand, we had 4,888 changes introduced to maintain service reliability across SMETS1 and SMETS2 in 2024/25 which were completed with a success rate of 98.20%. We have also seen a reduction of 36% in incident related outages when compared to 2023/24.
- We continue to achieve over 99% success rates for firmware downloads onto Communications Hubs. We also continue to see comparable achievement of firmware downloads across the three Communication Service Provider (CSP) regions

Other key activities and initiatives

DCC produces an Annual Business & Development plan[1] which sets out our service families and their key activities and initiatives. These reflect the services we deliver for customers and consumers across the energy market. Within this document we also outline the programmes and internal initiatives underway to strengthen our capability – helping us operate more efficiently, respond to change, and continuously improve. Together, these activities support our strategic outcomes and ensure we can meet the evolving needs of our stakeholders.

Measuring performance

As a monopoly provider, it is essential that DCC faces appropriate incentives to deliver high-quality services and value for money in support of the smart metering programme. This ensures consumers can fully benefit from the smart meter roll-out. DCC's performance and financial incentives are assessed by Ofgem through our annual price control submission and OPR.

This ensures consumers can fully benefit from the smart meter rollout. DCC's performance and financial incentives are assessed by Ofgem through our annual price control submission and the OPR.

The Operating Performance Regimes incentivises DCC performance across three key areas:

1. **System performance**
   It evaluates the relaibility of DCC systems, which is critical for both the smart meter roll-out and ongoing operations
2. **Customer engagement**
   It assess how well DCC understands and incorporates customer needs into it's decision-making
3. **Contract management**
   It reviews how effectively DCC manages it's cotracts with smart metering service providers, from procurement through to closure

The following reflects our reported performance in the financial year for service provision OPR performance indicators, which have a 60% weighting in the scheme in FY24/25 (70% FY23/24):

	Operational Performance Regime		
Assessment Metric	Service Availability	Install & Commission	Prepayment
Target	99.50%	99.00%	99.00%
Financial Year 24/25	99.97%	99.67%	99.83%
Financial Year 23/24	99.93%	99.75%	99.86%

2 Further information about the OPR can be found on Ofgem's website

The following unique KPIs are measured and tracked alongside OPR – all measures out turned above target performance:

	Key Performance Indicators		
Assessment Metric	Customer Effort	Customer Journey Success Rate	Communicating Comms Hubs
Target	5.9	95.00%	98.50%
Financial Year 24/25	6.1	93.41%	97.58%

The Prepayment performance target was met however the shortfall to achieving 100% is driven by one specific customer journey. We are continuing to engage with the relevant supplier on enhancing performance and implementing fixes.

DCC continue to work with our customers on how we can develop measures, outside of Operational Performance Regimes, that capture the end-to-end Success of a valid attempted journey. This has been validated by industry and forms part of the Business Indicator Report, presented to customers in the formal monthly forums. For example, the way Prepay Business Performance Indications (BPI) is measured aligns with how customers measure vend success.

DCC are currently developing a set of new performance indicators under Smart Energy Code Modification Proposal 242 (SECMOD242). This will detail a success-based outcome for the top 7 customer journeys, as selected by our customers, and show how successful those processes were but more importantly, will be able to show where in the process both DCC and our customers can make improvements for the benefit of the end consumer experience. DCC have released the first data sets to Industry through April and May and will complete all 7 journeys in June 2025. Initial customer feedback is that these data sets are leading to practical process changes that are delivering improvements

Maximising value of a unique national asset

We also continue to support opportunities to help our stakeholders and industry players understand the potential of the system to viably contribute to key policy priorities, while remaining cognisant of the absolute priority of focusing on our mandated obligations.

This includes enabling DCC to explore improvements to services and deliver greater value to consumers, industry, and government. We outline a summary of the key policy areas we are supporting below..

Vulnerable consumers in particular fuel poverty	Ofgem's permitted purpose is set to expire in August 2025, and, in alignment with customers, DCC is working on extending and expanding this permitted purpose to unlock greater impact through collaborative data exchange. DCC is continuing to engage with energy suppliers to increase participation and with organisations who are interested in receiving the data. DCC is working on how to ensure the organisations receiving the data can suitably use the data to support a developed project, as well as considering how we can measure the impacts of the projects. As the demand increases and benefits from this initiative materialise, DCC is working with Ofgem to ensure that the permitted purpose is extended and expanded.	• Ofgem permitted purpose set to expire August 2025 • DCC workstream underway to extend this permitted purpose so data sharing can continue and consider how the permitted purpose can be expanded to reach more targeted organisations who have shown interest in receiving the data. DCC is a project partner in the Strategic Innovation Fund (SIF) project VERIFY – • Vulnerability Evaluation for Resilience Investment and Flexibility (formally VIVID), which utilises anonymised smart meter system data to inform fuel poverty modelling. The bid was resubmitted in February 2025, and we are expecting a decision by end May 2025
Flexibility	We will continue to support DESNZ with proposals on the potential use of 'Common Systems' for cyber security to ensure secure uptake of DSR services and enable wider system benefits. Following conclusion of the Government-funded Interoperable Demand Side Response innovation programme and the Automatic Asset Registration/ Central Asset Register programme, we will also continue to share learnings and support industry, as requested, to unlock the value of these initiatives in aligned flexibility workstreams. Finally, we will continue to engage Government on how DCC and the smart metering network could support key data and digitalisation programmes which will reinforce consumer centricity in the upcoming Low Carbon Flexibility Roadmap.	• Working groups expected throughout 2025 to discuss the need for common systems. If decided, implementation is expected in 2027/2028, at the earliest. • Government's Low Carbon Flexibility Roadmap and a consultation on consumer engagement with the energy system, including opportunities to amplify messaging on consumer-led flexibility, will be published in Summer 2025.

Energy efficiency	We continue to explore opportunities to maximise the impact of smart meter data and capabilities to enhance and accelerate the delivery of domestic energy efficiency retrofit programmes across Great Britain. We will continue to establish data-driven opportunities at every stage of the retrofit lifecycle – enabling better targeted planning, more accurate specification and streamlined monitoring and reporting. This includes advocating for SMETER technologies to be included into the energy performance assessment framework for buildings and other key policy driven applications to support the reform of energy efficiency methodologies. The ability to retrieve temperature and humidity data at scale, securely through the system represents a major opportunity to improve the targeting, delivery and monitoring of fuel efficiency programmes, building on the DESNZ-funded Smart Internet Of Things programme. Combined, these activities hold significant potential to deliver improvements for industry and help Government realise key policy objectives including the Warm Homes Plan and reform of the Energy Performance Certificate framework.	• SMIOT concludes Spring 25 • Initial EPC framework consultation response late May/early June 25 • Government publication of Warm Homes Plan • Reformed Clean Heat Market Mechanism (April) • Warm Homes Local Grant (Opens April 25)
Data policy and services	Secure, controlled data access and exchange is critical to deliver better consumer outcomes, achieve net zero and enable broader economic growth. Multiple digitalisation initiatives seek to realise these objectives and we will continue to support this trajectory.	• Consumer consent MVP 2025 – 2027 • Smart Data Schemes, government decision making expected late 2025 • Expansion of Energy Data Best Practice Guidance – consultation expected Q3 2025

Culture and Capability

Our people

Our refreshed People Strategy has been built to support the organisation through a period of change and opportunity.

As we prepare for the next chapter of DCC's journey, the transition to DCC 2, our People function is focused on three critical priorities:

- Supporting the delivery of critical business change
- Delivering our core people processes seamlessly
- Maintaining workforce engagement and stability

These priorities set the direction for how we shape and support our people, enabling the organisation to deliver its mission.

Our strategy continues to be structured around three core pillars – workforce and capability, cultural transformation, and employee value proposition (EVP) – with each pillar now more sharply aligned to the functional outcomes we need to deliver. Together, they reflect our ambition to build a skilled, stable, and engaged workforce, supported by inclusive leadership, smart processes, and brilliant experiences.

1 Workforce and Capability	2 Culture Transformation	3 EVP
Ensuring DCC has the resources it needs to deliver its mandated activity	**Creating an environment where people enjoy working and can be their best**	**Defining the unique benefits that make people want to join and stay working for the DCC**
Resourcing Strategy; Talent & Succession; Leadership	Cultural ambition, Values & Behaviours; Diversity & Inclusion	Learning & Career; Rewards & Benefits; Working Environment

1. Workforce and Capability

As we move through the successor licence process, retaining and engaging our colleagues is a workforce priority. Our ability to deliver to customers – now and in the future – depends on holding onto critical skills, providing clarity and opportunity, and supporting people through change.

This year, we are taking a more deliberate and joined up approach to workforce planning, capability development, and talent retention. Central to this is the creation of a new skills database – a single, dynamic view of the skills we have and the ones we need. This will allow us to make smarter resourcing decisions, reduce external spend, and create clearer, fairer pathways for internal progression.

The database will also help us align business needs with individual aspiration, enabling colleagues to better understand their development options and shape their careers at DCC. We aim to show people how they can grow and contribute, thereby supporting retention not just through reassurance, but through opportunity and purpose.

We are also continuing to invest in early careers, reviewing our learning and development offer to improve impact and cost-efficiency and removing barriers to internal mobility.

Crucially, we are listening to colleagues to understand what matters to them most, using engagement insight to shape our offer, target our interventions, and respond to emerging needs quickly. Sustaining colleague engagement during this period of change is critical to retaining talent, maintaining performance, and delivering with confidence.

2. Culture Transformation

We are refreshing our cultural ambition to make customer and value for money an integral part of what it means to work at DCC, all while continuing to support collaboration, inclusion, and engagement. This is not a wholesale shift, but a focused refresh aligned with our business strategy and what the organisation now needs to deliver.

This cultural work is being shaped in close collaboration with teams across the business. It reflects a shared understanding that how we work is just as important as what we deliver – and that our culture must support clarity, pace, and accountability, especially during a period of change and challenge.

A key element of this work is the introduction of a new behavioural framework that will provide a common language for the behaviours we expect and value. The framework will be embedded across recruitment, performance, learning, and leadership, creating alignment and consistency across colleague experience.

We are also investing in our leaders, recognising the vital role they play in shaping culture, supporting their teams, and delivering results. Over the past year, we have built a clearer picture of leadership capability across DCC. The focus now is on acting on that insight – ensuring every leader has the tools, development, and support they need to lead confidently, engage their teams, and deliver in a more focused, efficient environment.

This next stage of our cultural journey is practical, shared, and business-critical. It will enable us to stay connected to our values while evolving how we lead, deliver, and work together

Diversity and inclusion

Equity, Diversity, and Inclusion (ED&I) remain a fundamental enabler of our People Strategy. While not a standalone pillar, ED&I is embedded across all areas of our work – shaping how we attract and develop talent, how we lead and collaborate, and how we create a culture where colleagues feel heard and valued. From inclusive recruitment and Leadership behaviours to open dialogue with colleagues and psychological safety, ED&I continues to underpin our ability to build a capable, resilient, and connected workforce.

3. Employee Value Proposition (EVP)

We have launched a refreshed EVP to provide clarity on who we are, how we work, and what people can expect at DCC. This EVP is now being actively embedded across our recruitment, induction, internal communications, and external employer brand. It gives us a clearer story to tell during a period of uncertainty, helping us to retain great people and attract the right talent as we evolve our operating model. The EVP is also informing improvements to our core offer, from onboarding and recognition to flexibility and development. It ensures that the colleague experience is joined-up, human-centred, and consistent. As we stabilise through the transition to our successor licence, our EVP will become even more important— reinforcing trust, clarity, and connection for colleagues navigating change.

Gender pay

DCC has maintained its stance on improving gender pay equity throughout the organisation, which includes ensuring all colleagues are within their salary range and continuing to close pay gaps for female colleagues. The median pay gap for FY 2024/25 has shown good progress, reducing from 9% to 7.5%, which is below the 13.1% UK average[2] in 2024 for all employees. The mean has slightly increased from 11% to 11.9%, but this is within the realms of statistical variance and is below the UK average.

Our bonus gap remains broadly consistent with last year, with a mean difference of 16.5% and a median of 17.2%. We will continue our efforts on improving female representation both across the business, and at leadership levels to reduce this gap. We have also introduced gender analysis on our performance review and annual salary processes to ensure equity across different levels of the organisation. The proportion of employees receiving a bonus excludes employees who were ineligible based on tenure with DCC

Gender pay

Hourly pay	2025	2024
Mean pay differential (average)	11.9%	11%
Median pay differential (mid-point)	7.5%	9%
Bonus pay	**2025**	**2024**
Mean pay differential (average)	16.5%	16%
Median pay differential (mid-point)	17.2%	17%
Proportion of employees receiving a bonus	**2025**	**2024**
Men	72.1%	72%
Women	69.2%	68%

2 Gender pay gap in the UK - Office for National Statistics

Responsible Business Framework

The Responsible Business Framework focuses on delivering positive impact through responsible, inclusive, and sustainable practices. As well as individuals from across the organisation contributing to delivering our responsible business agenda, DCC has a Responsible Business team with members in both the Commercial and People functions driving the core workstreams.

Responsible

Holding ourselves and our partners to the highest levels of integrity, governance and performance is a core part of DCC's Responsible Business strategy. Throughout FY25, DCC has focussed on transforming its procurement and supplier management processes to engage suppliers on ESG topics and keeping them accountable to delivering services to the highest standards of responsible business. To achieve this DCC has::

- Introduced weighted ESG questions into procurements over £1m in value and trained over 20 procurement colleagues to effectively evaluate ESG bidder responses;
- Introduced ESG terms into contracts over £1m in value; and
- Hosted three Sustainability Supplier Forums as an opportunity to share best practices, collectively raise ambition and identify collaboration areas.

This focus on engagement has led to several joint initiatives driving environmental and social value. This work was celebrated at the Annual Supplier Conference with two outstanding initiatives selected as award winners:

1. Sustainability award - Toshiba: implemented changes into the Communications Hub supply chain to reduce carbon emissions
2. Social Impact award - Netcompany: designed and delivered Smart Cities workshops to 160 school children in 4 schools across London in collaboration with DCC colleagues.

Innovation

DCC is committed to leveraging our technology and data for public good. To catalyse our impact in this area, DCC is enabling smart meter system innovation through grant-funded activity. DCC is involved in a range of projects including:

- Vulnerability Identification Via Informative Data (VIVID) - aiming to test and unlock replicable approaches to identifying consumers in various vulnerable situations by analysing data available from smart meters;
- Automatic Asset Registration (AAR) – aiming to increase the visibility of Low Carbon Technologies to Distribution Network Operators (DNOs) and other stakeholders;
- Smart meter-based Internet of Things (IoT) applications – aiming to explore the potential of the smart metering network to send sensor data from the home to authorised end users as an alternative to public internet; and
- Smart Meter Energy Data Repository - aiming to support innovation to determine the technical and commercial feasibility of a smart meter energy data repository.

These innovations could play an important role in supporting Britain to reach its Net Zero targets, and tackle some of the other societal challenges the country faces, such as fuel poverty.

DCC Public

Inclusive

Community Engagement

DCC continues to play an active role in supporting local communities, working closely with organisations that share our purpose and values. Our employees have shown outstanding commitment by volunteering their time and applying their professional skills to initiatives focused on fuel poverty, environmental sustainability, and STEM (Science, Technology, Engineering, and Mathematics) education. This included volunteering with foodbanks in London and Manchester, preparing and distributing meals for vulnerable individuals, and supporting environmental projects local to our offices. These efforts reflect our broader commitment to creating lasting, positive change within the communities where we operate.

Key achievements in FY25:

- 1337 volunteering hours completed by 342 DCC employees across 29 events and initiatives;
- The DCC Dash, our bespoke team-building challenge, supported Manchester and London Foodbanks, resulting in an estimated 340 meals for those in need;
- Over £2,500 raised for National Energy Action, helping to tackle fuel poverty across the UK;
- 78 hours of skills-based volunteering delivered, providing strategic and operational support to grassroots charities in London; and
- DCC shortlisted for the Inside Out Social Impact Award, recognising our continued efforts to embed social impact into our business practices

Equity, Diversity and Inclusion

This year, we launched our refreshed Equity, Diversity & Inclusion Strategy - focussing our efforts on three areas: Internal (empowering employees to demonstrate inclusive behaviours), Structural (embedding inclusive processes into DCC) and External (engaging with our suppliers to develop an inclusive industry). Across all three pillars we've achieved measurable progress and are proud to have improved our Inclusion Index (benchmarked by CultureAmp) by 5% since the launch of the strategy. Headline achievements in 2024/25 include improvement to diversity data collection, expansion of our ED&I Forum and Employee Resource Groups, increased supplier engagement and launching our internal mobility policy.

Sustainable

Embedding Sustainable Behaviours

DCC is committed to ensuring its operations align to its clear purpose. It's imperative DCC manages and reduces carbon emissions in its rollout to ensure it delivers a decarbonisation solution to the UK in a sustainable way.

Throughout 2025, DCC has focussed on embedding sustainability throughout the organisation including the launch of DCC's first Sustainability Community of Practice. The group has included 11 employees from 8 teams across the business. Working together, the group:

- Ran a litter picking event near the Ibex office which increased volunteering participation and allowed colleagues to spend a relaxing summer day contributing to our local community together with their children;
- Evaluated whether the integration of smart technology in our offices would result in financially viable carbon savings and based on the data it was decided not to progress the project; and
- Ran the first ever commuter survey at DCC to better understand our travel emissions and set a baseline for future improvements.

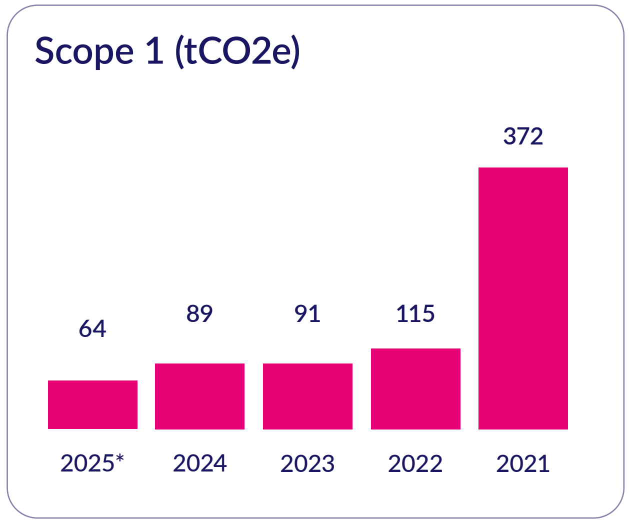
Reducing Carbon Emissions

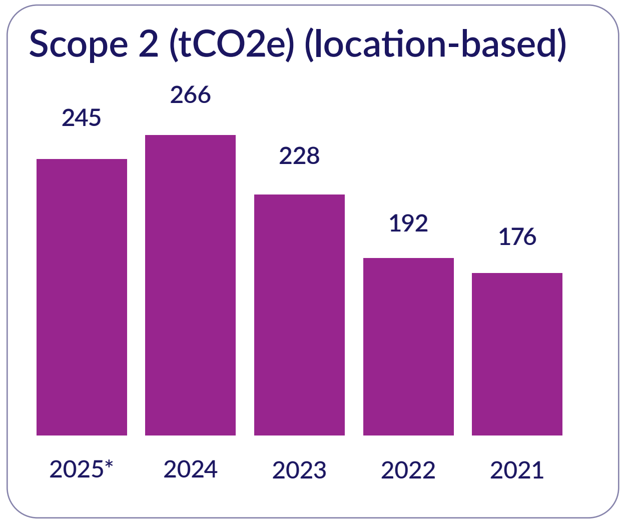
In FY25, DCC continued to focus on reducing its direct carbon emissions and achieved an absolute emissions reduction of 14% compared with FY24. This decrease was driven by:

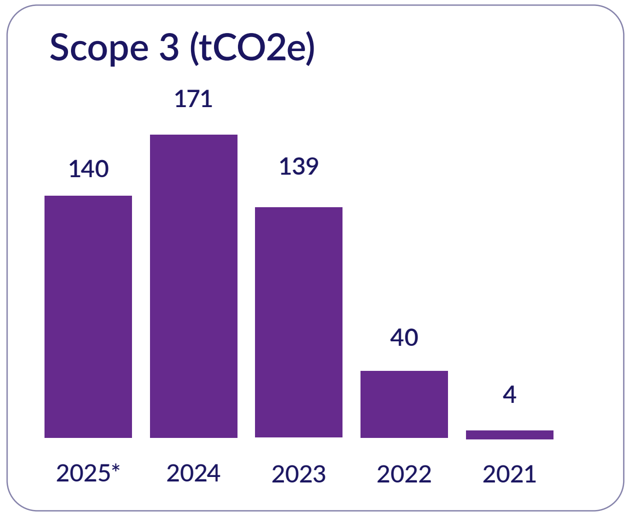
1. The introduction of a new business travel policy promoting responsible travel. This led to a decrease in business travel carbon emissions, in large part due to decreased flight carbon emissions; and
2. Energy efficiency measures have been implemented across DCC offices including repairs to underperforming AC assets, computer room air conditioning unit replacement, building management system adjustments and reduced operational hours.

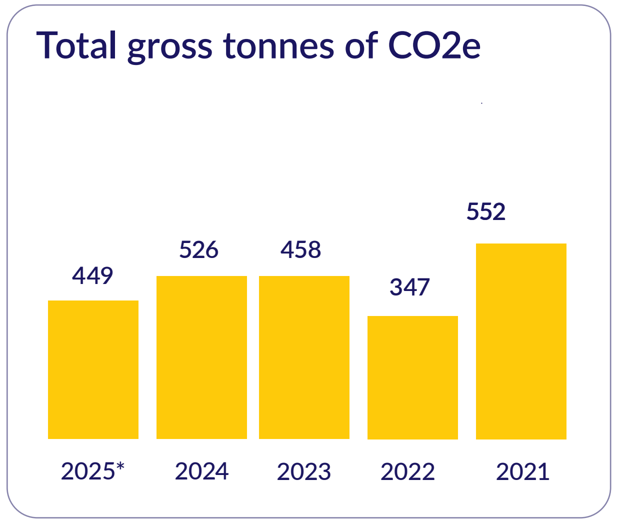
We have arranged carbon offsetting purchases with Carbon Footprint Limited to offset our residual carbon emissions with over £3,000 going towards the Jingyuan County 100 MW Solar Power Generation Project. China was selected as the it is the manufacturing location for a significant proportion of communication hubs. All our electricity supply for our UK offices is sourced from 100% renewable sources.

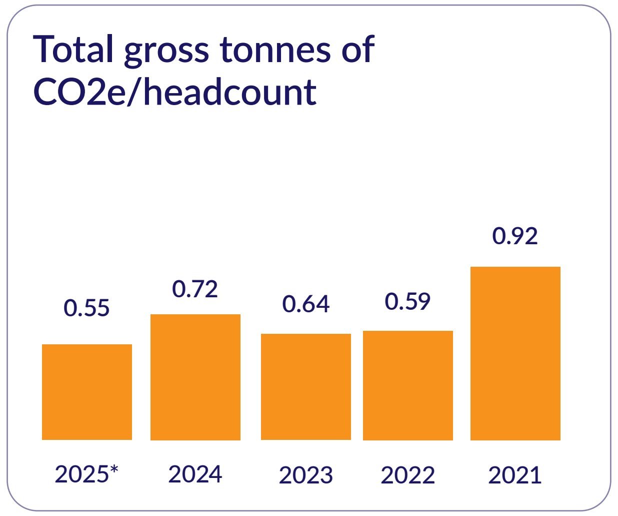
Annual greenhouse gas emissions











Reporting Periods Definition

Financial Year	Start	End
2021	01.04.2020	31.03.2021
2022	01.04.2021	31.03.2022
2023	01.04.2022	31.03.2023
2024	01.04.2023	31.03.2024
2025	01.04.2024	31.03.2025

DCC's direct energy consumption in FY25 was 1,183,100kWh and in FY24 was 1,284,120kWh. Throughout the period, DCC sourced all electricity from renewable sources through Renewable Energy Guarantee Origin certificates.

*2025 numbers are assumptions based on DCC's non-certified internal carbon measurement tools. DCC intends to verify the calculations with an independent 3rd party auditor as it has in previous year. Prior year figures have been updated following external verification.

Methodology

We measure our environmental performance by reporting our carbon footprint annually in terms of tonnes CO2 equivalent (tCO2e) and tonnes of CO2 equivalent per person. The data relates to DCC's owned and leased facilities under its operational control across the UK and, within this, we report on our direct emissions from DCC-controlled and owned sources (Scope 1), indirect emissions from consumption of energy (Scope 2), and emissions from third parties (Scope 3) – currently DCC only measures business travel under Scope 3. This ensures our compliance to the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 which requires certain disclosures in respect of Greenhouse Gas Emissions (the Strategic Report Greenhouse Gas Emission disclosures).

Our disclosures cover the sources of our greenhouse gas emissions from our operations in the UK. DCC converts the consumption data into a carbon footprint in line with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol, together with the latest emissions factors from the UK Department for Energy Security and Net Zero (DESNZ).

Climate-related Financial Disclosures

At DCC, we recognise the threat of climate change and the importance of contributing to the transition to a lower-carbon economy. Our network helps energy bill payers reduce their energy consumption while supporting Great Britain's energy providers with real-time supply and demand data, which can support the suitable deployment of renewable energy.

As a business, understanding the potential risks and opportunities associated with climate change will enable us to make more strategic and informed decisions. This includes understanding both the physical impacts of climate change and the transitional impacts related to the shift to a lower carbon economy.

Importantly, this means looking at the financial implications of climate-related risks and opportunities. By understanding these, we have the potential to deliver the best value for our customers and end users across the UK. We can strive to mitigate and minimise the costs associated with climate-related risks while capitalising on opportunities that may reduce emissions and save end users' costs.

To that end, we have employed the recommendations of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022[1] (UK CFD) legislation and non-binding guidance.[2] The UK CFD (Climate related Financial Disclosure) is a framework for businesses to assess climate-related risks and opportunities and make effective climate-related disclosures. We present our disclosures below in accordance with the UK CFD.

We believe our current business strategy is aligned with the transition to a lower-carbon economy and resilient to the impacts of climate change under the climate scenarios assessed. However, we understand the dynamic nature of climate-related risks and opportunities and will remain agile in our approach to addressing climate-related issues. To ensure that we do so, we will continue to review, monitor and measure our climate-related risks and opportunities on an annual basis. Similarly, to support this, we will assess any relevant metrics and targets to ensure we continue to mitigate the chance of the risks materialising whilst being best positioned to realise potential opportunities.

Governance

Our DCC Board has overall responsibility and oversight of all climate-related risks and opportunities across the business. Governance of climate-related issues is captured in our Risk Management Approach and Governance, outlined in detail on page 38. However, details about specific climate-related roles and responsibilities and how these tie into the overall Risk Management Approach and Governance Structure are outlined below.

Responsible Party	Key Representatives	Responsibilities
DCC Board	Chair of Audit and Risk Committee	• Responsible for the resiliency of the Company strategy, including understanding how climate-related risks and opportunities may impact DCC's business strategy. • Approves framework for risk management and internal controls, sets risk appetite, and ensures resources are in place to manage risks effectively; this includes ensuring resources are in place to manage climate-related risks. • Updated quarterly on climate-related risks and opportunities by the Director of Risk and Assurance.
Audit and Risk Committee (ARC)	Director of Risk and Assurance	• The board-level committee is responsible for financial reporting, risk management, and internal controls; this includes climate-related financial risk and opportunity management and associated disclosures. • Responsible for reviewing climate-related risks, making recommendations on risk appetite, remedial action, and resource allocation to the Board, in line with DCC's risk escalation procedure. • Updated on the operation of the risk management system and the risk environment as required by the ExCo..
Executive Committee (ExCo)	Chief Commercial Officer	• Leads the implementation and operation of the risk management systems and framework. • Monitors the risk environment on an ongoing basis, including climate-related risks and opportunities. • Manages identified climate-related risks and opportunities through strategic actions and resource allocation to relevant DCC functions. • Works with the ESG Team to advance the responsible business framework while mitigating climate-related risks and realising opportunities.
ESG Team	Head of Sustainability Corporate Social Responsibility and Sustainability Manager	• Coordinates all sustainability efforts and addresses climate-related issues at DCC. • Works with all areas of the business to advance the sustainability agenda engrained through the responsible business framework. • Supports the business in the ongoing management of climate-related risks and opportunities. • In collaboration with the ARC and ExCo, identify and evaluate climate-related risks and opportunities on an annual basis. • The Head of Sustainability reports directly to the Chief Commercial Officer and communicates with the ExCo on ESG performance and progress against the ESG strategy, including those related to climate change, quarterly.
Functional Teams	Various	• Responsible for the day-to-day management of climate-related risks and opportunities. • Execute climate-related activities across their respective departments.

1 The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (legislation.gov.uk)
2 Climate-related financial disclosures for companies and limited liability partnerships (LLPs) - GOV.UK (www.gov.uk)

Metrics and targets

Through our responsible business framework, we demonstrate our commitment to embedding sustainability across our supply chain, our people, and the local communities in which we operate. We have established several key performance indicators (KPIs) to monitor climate-related issues. A description of the key metrics currently monitored and their relevance to our climate-related financial disclosures can be found below.

We recognise the importance of capturing all material scope 3 emissions sources and baselining our full carbon footprint. We have established our operational boundary for future carbon footprint in line with the best-practice guidance of the Greenhouse Gas Protocol[5] . We commenced a full carbon footprint calculation on all relevant scope 1, 2 and 3 emissions categories in FY25 which will conclude in FY26. At the conclusion of this, we will explore setting science-based emissions reduction targets for our operations and value chain.

Alongside these metrics, we have an objective of offsetting our residual carbon emissions for the business. For DCC, this does not diminish the importance of decarbonising our own operations but rather enhances it. While we work to decarbonise our own operations, the credits we purchase for our residual emissions support the implementation of grid-connected renewable solar power plants in China.

We recognise the need for ongoing improvement required in measuring KPIs and setting associated targets to monitor the potential impact of climate-related risks and opportunities on our business model and strategy. In FY26, we will explore further ways to implement KPIs, targets, and strategic action to support the effective management of our identified material climate-related risks and opportunities. Our priority focus area will be minimising the carbon emissions and waste generation associated with the end-of-life processing of Communication Hubs as the volumes of Comms Hubs reaching their end of life will accelerate over the coming years. Doing so will help ensure that our network continues to safeguard consumers and support Britain's renewable energy usage. In essence, it will help us fulfil our purpose of making Britain more connected so we can all lead smarter, greener lives.

Metric	Target	Performance			Responsibilities
		FY23	FY24	FY25	
% Renewable Electricity sourced	Procure 100% of energy for direct operations from renewable sources per annum.	--	100%	100%	We are pleased to source all electricity from renewable sources across our three offices through Renewable Energy Guarantees of Origin (REGOs). .
% top spend* suppliers engaged on sustainability ***top 20 suppliers and/ or selected strategic suppliers**	Engage 50% of top spend* suppliers on sustainability per annum.	--	50%	50%	In FY24, we began engaging suppliers through quarterly supplier sustainability forums, engaging with 10 suppliers from our top spend on sustainability matters, including climate issues.
tCO2e of scopes 1, 2, and 3 (business travel only) carbon emissions	Reduce scopes 1, 2, and 3 (business travel only) carbon emissions by 5% per annum.	N/A metric calculated from FY25 onwards	N/A metric calculated from FY25 onwards	14% reduction	FY25 saw a 14% reduction against FY24. This was predominantly driven by a reduction in flight emissions and the implementation of energy saving measures across our office estate.
% of total significant procurement tenders with weighted ESG questions** ****over £1m**	Achieve 50% of total significant procurement tenders with weighted ESG questions.	N/A metric calculated from FY25 onwards	N/A metric calculated from FY25 onwards	60%	This target came into effect in FY25. A new process has been established and weighted ESG questions are now required for all procurements over £1m as standard.

5 Standards & Guidance | GHG Protocol

Strategy

To assess our business model and strategy's resilience to climate change, we conducted a climate scenario analysis. In doing so, we aimed to assess and evaluate the potential climate-related risks and opportunities across various scenarios and time horizons. In turn, this enabled us to understand how they may impact our efforts to ensure the continuity of the DCC Network and our ability to deliver on our core service of rolling out the smart meter network for Great Britain.

Climate scenario analysis – risk and opportunity identification

We conducted a scenario analysis to assess the exposure of the business' operations, supply chain, and customer base to the potential physical impacts of climate change and the impacts of the transition to a lower carbon economy. The scenarios analysed included three physical scenarios to identify physical impacts and three transition scenarios to identify transition impacts. Analysing business insights in relation to information derived from the climate scenarios enabled us to identify potential climate-related risks and opportunities.

Shared Socioeconomic Pathways, physical scenarios from the Intergovernmental Panel on Climate Change (IPCC), were selected to understand the physical impacts of climate change on our operations and supply chain. This included an in-depth analysis of land, coastal and cityscape projections within the UK, utilising projections and assumptions from the IPCC's Sixth Assessment Report[6] as well as the Met Office's UKCP18 Report[7]. The key projections analysed included changes to temperature, precipitation, sea level rise and extreme weather events.

Three transition scenarios from the International Energy Agency (IEA) were also selected to understand the expected changes as the economy decarbonises under differing emissions pathways. The transition scenarios were chosen because the International Energy Agency (IEA) examines the changes needed within the energy sector to decarbonise to achieve net zero globally. As such, these scenarios are directly applicable to our sector and core services and enable the business to understand whether it is well-positioned for a net zero transition. Specifically,

Physical scenarios

SSP1-2.6	A low emissions scenario where emissions decline to net zero around 2070. Warming: 1.3°C–2.4°C by 2100
SSP2-4.5	A medium emissions scenario where emissions remain around current levels until 2050. Warming: 2.1°C–3.5°C by 2100
SSP5-8.5	A high emissions scenario where emissions roughly double from current levels by 2050. Warming: 3.3°C–5.7°C by 2100

Transition scenarios

Net Zero Emissions by 2050 Scenario (NZE	This scenario maps out the energy transition needed to achieve a 1.5°C stabilisation in the rise in global average temperatures.
Announced Pledges Scenario (APS	This scenario assumes that all aspirational climate-related targets announced by governments are met on time and as a whole.
Stated Policies Scenario (STEPS)	This pragmatic, exploratory scenario shows the trajectory implied by today's policy settings.

6 Sixth Assessment Report — IPCC
7 https://www.metoffice.gov.uk/pub/data/weather/uk/ukcp18/science-reports/UKCP18-Overview-report.pdf

the critical variables assessed from these scenarios included energy mix, energy-related regulations, the built environment, energy efficiency and technology, as these aspects directly impact the smart meter rollout and societal energy consumption.

We evaluated the projections across three time horizons to identify and assess how physical and transition risks may vary over time across these scenarios. Our time horizons were as follows:

- **Short-term time horizon (2025 to 2030; 2030 milestone)**
- **Medium-term time horizon (2030 to 2040; 2040 milestone)**
- **Long-term horizon (2040 to 2050; 2050 milestone)**

These time horizons were selected based on the available climate science and aligned to our business structure and sector. The long-term time horizon concludes at the UK Government's target date of net zero by 2050 and is the furthest time horizon analysed by the International Energy Agency (IEA). As such, all risks and opportunities have been assessed in line with these target dates.

From the scenario analysis, key findings on the potential business impacts were consolidated and physical and transitional risks and opportunities were identified and categorised based on the UK CFD guidance. Although all categories of climate-related risks and opportunities were considered for the assessment, not all were found to be material to DCC based on the information available.

Qualitative financial impacts were also identified based on the associated business impacts should the risk or opportunity materialise. The identified financial impacts do not differentiate across different climate scenarios or time horizons. However, they may become more or less probable or severe over higher emissions scenarios or longer-term time horizons. As such, the 'materialisation' period refers to the earliest point at which the risk or opportunity could materialise for DCC. By acknowledging this, DCC can prepare appropriately to mitigate the projected financial impacts.

As an organisation that receives revenue from the UK energy bill payers, we have looked, where possible, to identify potential financial impacts for end-users, too. This is in our best interest, as our final allowed revenue is passed onto the general energy bill payer through fixed charges; therefore, smart meter data can be used to reduce the overall cost of operating the DCC Network and energy, as well as reducing the associated carbon emissions from the energy sector

.Principal risk management

To facilitate the integration of climate-related risks and opportunities into existing risk management practices, DCC's risk methodology was followed throughout the identification, evaluation, and management process. Following the identification of risks, opportunities and their associated financial impacts, we assessed and evaluated the significance of each risk and opportunity.

In 2024, utilising the findings from the scenario analysis, we conducted workshops with senior and executive leaders from members across financial control, risk, sustainability, operations, strategy and procurement to evaluate the relevance and significance of each risk and opportunity. Our risk management and scoring methodology was used to assess the risks and opportunities, with a 1 – 4 rating used to evaluate the impact and likelihood of each risk across each scenario considered and across the three time horizons selected. For opportunities, the rating scale assessed the ability of DCC to realise the opportunity.

Using the expertise of the workshop participants, residual risk scores were given for the risks and opportunities by considering the existing controls and measures in place. This enabled us to minimise the threats and maximise the opportunities for the benefit of our customers, stakeholders, and employees. By following our risk methodology, we were able to identify any risks and opportunities that may be 'high' or 'critical', and that may need to be escalated and addressed at the Audit and Risk Committee. The evaluation also considered the possible effects on our financial performance and position for each risk and opportunity.

The risks selected for disclosure were those determined to be material to the business. This is a continually evolving landscape and new risks may become material and others considered no longer material over time. The risks are reviewed on a yearly basis to account for this dynamic landscape.

In 2025, the risks and opportunities were reviewed and updated. There were no significant changes made.

The most significant climate-related risks and opportunities have been disclosed below, alongside their relevant emissions scenario and time horizons.

Physical climate-related risks:

Risk	Financial impact	Management response	Scenario	Time frame	Residual risk
Damage to network infrastructure as a result of extreme weather events, leading to a disruption of core service provision.	• **Increased expenditure (via suppliers) on maintenance provisions to the DCC Network.** • **Loss of revenue due to supplier disruption.** • **Loss of revenue due to failure to hit core service targets.**	DCC has robust business continuity plans in place to ensure the continuity of its core service provisions. This is also a key criterion during our procurement provisions for critical suppliers. As such, the probability of this impacting DCC is low. However, under a high emissions scenario, the impact on network infrastructure could be significant in the long term, particularly for those within the DCC Network's ecosystem. An important next step to ensuring our suppliers' resiliency is to ensure that climate risk has been factored into their business continuity plans.	**SSP5-8.5**	**Long-term**	**High**
Flooding in proximity to DCC's operations and key suppliers due to climate events including rainfall, storms and sea level rise, resulting in disruption to employee commuting and core service delivery.	• **Increased expenditure on insurance premiums for office locations.** • **Increased expenditure on office relocation or maintenance and repair.** • **Asset write-off due to water damage.** • **Loss of revenue due to failure to hit core service targets.**	Whilst this is likely to occur in the medium—and high-emissions scenarios in the long term, the impact on the DCC is relatively minor. Business continuity plans also enable DCC to continue to operate should office spaces close. However, flooding can disrupt our Manchester employees' commutes and restrict their travel into the office, disrupting the execution of their roles and potentially impacting core service delivery. This may also be the case for some suppliers who are office/site-dependent. Our next steps for addressing this are to investigate business continuity plans for our suppliers who may be office/site-dependent and at-home-working provisions for core DCC employees should flooding impact commuting.	**SSP2-4.5**	**Long-term**	**Medium**

Transition climate-related risks:

Risk	Financial impact	Management response	Scenario	Time frame	Residual risk
Cost increases across the supply chain due to climate impacts or low-carbon transition, leading to an inability to recover additional costs.	• **Increase in expenditures due to suppliers passing on costs.** • **Increase in cost-per-meter intensity metric.**	Critical mineral availability, increases in fuel prices and climate-related supply chain disruption could increase supply chain costs, particularly for our Comms Hubs. This could increase the cost-per-meter intensity metric and impact end-user costs. DCC is actively working on implementing a transportation optimisation initiative to reduce emissions and costs of Comms Hubs transportation, which in turn reduces the cost-per-meter intensity metric.	STEPS	Medium-term	Medium
Persistent volatility of energy prices due to supply and demand challenges, resulting in an increased cost-per-meter.	• **Increase in expenditure for Smart DCC and end-users on high and unpredictable energy costs.** • **Decreased revenue as a result of poor credibility with regulators and customers.**	Due to a high increase in demand for renewable energy in the short term under the NZE, it is possible that price volatility will occur, which may impact end users and the cost-per-meter. The same can be said for the STEPS in the long term about fossil fuel usage. A persistence in volatility could also result in reputational damage for the DCC, where end users lose faith in the effectiveness of the smart meter programme. Whilst DCC's primary responsibility is to provide the data to its customers, it also has measures for end-users to mitigate this risk and its impacts. DCC's service supports effective load balancing for energy suppliers to ensure supply is optimised. Similarly, DCC's Enduring Change of Suppliers Service enables end users to switch between energy suppliers securely and effectively so that they can make informed choices on the cheapest provider during periods of potential market volatility and high demand.	NZE	Short-term	Medium
			APS	Short-term	Medium
			STEPS	Long-term	Medium

Key	
Short-term	Short-term (Present – 2030)
Medium-term	Medium-term (2030 – 2040)
Long-term	Long-term (2040 – 2050)
The timelines selected were chosen to align to SBTi guidance.	

Climate-related opportunities::

Opportunity	Financial impact	Management response	Scenario	Time frame	Score
Securing the right to deliver further benefit to the UK through the reuse of the DCC Network. .	• **Increased revenue from reuse of DCC Network and extension of Licence.** • **Economies of scale as a result of the reuse of existing DCC Network infrastructure.**	This presents a high opportunity for DCC, as it can enable the reuse of the existing DCC Network and associated infrastructure and support a fair and consistent charging system, which can enable effective load balancing.	NZE	Short-term	High
		By utilising the DCC Network, we can support the reduction in cost to the end-user while also making them aware of how their energy consumption may be best optimised to support a decarbonised energy grid..	APS	Short-term	Medium
Leveraging strategic partnerships to incorporate circular economy, waste and emissions reduction principles, leading to enhanced sustainability performance and greater efficiencies.	• **Reduced expenditure on comms hubs financing agreements from lower manufacturing costs.** • **Reduced cost-per-meter intensity metric.** • **Reduced expenditure and emissions on transportation, waste and disposal.** • **More efficient use of workers, reducing manpower bottleneck and saving on costs.**	Counter to the risk of increasing supply chain costs, DCC has an opportunity to implement new initiatives that can drive down the costs associated with the Smart Meter rollout. This can ultimately reduce the costs incurred by end-users as part of our Fixed Charge revenue stream. This would directly contribute to delivering on our Strategic Outcomes, particularly being '**Right, first time**' and being '**A responsible and efficient business**'.	NZE	Short-term	Medium

Risk and opportunity management

Following the completion of the risk and opportunity identification workshop, the findings for all identified risks and opportunities were captured within Smart DCC's climate risk and opportunities register. From here, all risks and opportunities are managed in line with Smart DCC's Risk Management Approach and Governance and our Internal Controls and Compliance Framework, as outlined on page 39.

Our Director of Risk and Assurance ensures that all risks and opportunities are assigned to the relevant DCC function. These functions oversee the day-to-day management of all climate-related risks and opportunities, including their transferral to the functional risk register and monitoring of their status. Smart DCC's risk management approach is outlined below on page 38.

One risk was identified as high in the long term under the SSP5-8.5 scenario; however, it was deemed to pose a low risk in the short-term. This is now monitored through operational risk reviews.

Financial performance

We operate on a nil profit model whereby revenue is equivalent to costs incurred plus margins earned in delivering and operating the smart meter network. Ofgem assesses incurred and forecast costs through the annual price control review and any resulting adjustments to costs and margin are made in a future year. Therefore, the Directors consider costs to be the primary driver of the Company's financial performance.

The Company reports results on an adjusted basis to aid understanding of the business. Adjusted results represent costs incurred by the Company presented on the same basis as they are included in the Company's annual Charging Statement and provided to Ofgem as part of the annual price control review. These costs can be directly compared to the estimates included in the Charging Statement and therefore provide a view of how funds have been spent in the year.

	2025			2024		
	Adjusted costs (£m)	Statutory costs (£m)	Variance (£m)	Adjusted costs (£m)	Statutory costs (£m)	Variance (£m)
Key suppliers*	442.7	326.5	*116.2*	403.0	323.6	*79.4*
Other suppliers*	29.9	28.2	1.7	29.2	29.2	*0.0*
Administrative costs**	177.2	167.8	*9.4*	175.7	157.5	*18.2*
TOTAL	**649.8**	**522.5**	***127.4***	**607.9**	**510.3**	***97.6***

* Relates to cost of sales balances
** Includes administrative expenses, finance costs and depreciation

Recognition differences between adjusted and reported results

Cost type	Category in the Statement of profit or loss	Category in the charging Statement	Difference in recognition
Key suppliers	Cost of sales and finance costs (costs incurred with key suppliers for mandated programmes, including SMETS2, SMETS1, and Switching)	External costs and Communications hub fixed revenue	Adjusted costs are amounts invoiced/due to be invoiced in the year by suppliers in relation to work completed in the year or in previous years, in accordance with the invoicing profile in their contracts. Statutory costs represent the value of work completed by suppliers in the year which may have been invoiced/is due to be invoiced in the year or future years.
Other suppliers	Cost of sales (costs incurred with other suppliers providing direct services in relation to the mandated programmes, e.g. Smart Metering Key Infrastructure and Parse and Correlate services, and costs incurred by SECCo Ltd and Alt HAN Co.)	Internal costs and pass-through costs	Adjusted costs are amounts invoiced/due to be invoiced in the year by suppliers in relation to work completed in the year or in previous years, in accordance with the invoicing profile in their contracts. Statutory costs represent the value of work completed by suppliers in the year which may have been invoiced/is due to be invoiced in the year or future years.
Administrative costs	Administrative expenses, depreciation and other finance costs not related to key suppliers	Internal costs, baseline margin, external contract gain share, disallowed costs	Adjusted costs reflect the margin and external contract gain share that are recovered from customers in the year as determined by Ofgem in the price control decision. Statutory costs show these costs on an accruals basis and may be chargeable to customers in a future year. Adjusted costs include asset related expenditure as incurred. These costs are capitalized on the Statement of Financial Position in line with IAS 16 and IFRS 16, and depreciation and interest are recognised in the Statement of Profit or Loss.

Price Control assessment for year ended March 2024

Each year Ofgem carries out a price control assessment to ensure that costs we have incurred are economic and efficient. Scrutiny of costs and associated revenues in this way provides assurance to stakeholders that we are providing value for money.

The assessment is carried out after the regulatory year has ended and the final determination is published in the subsequent February. Therefore, any financial impact of the decision is first reflected in the results of the following regulatory year. This treatment is due to the inherent uncertainty surrounding the outcome of the Ofgem determination which means that management are unable to provide a reliable estimate as to the outcome of the assessment in advance. Further information can be found in the Accounting Policy note, section c) Use of estimates and judgements on page 91.

For the year ended March 2024, there were the conclusions published in February 2025:

- £5.0m of external costs were assessed to be unacceptable under the Licence. This will be returned to customers through charges in 2025 (2023: £3.7m)
- £15.2m of internal costs incurred were assessed to be unacceptable under the Licence. This will be returned to customers through charges in 2024 (2023: £11.2m)
- A £0.8m reduction in baseline margin was determined due to performance under the Operational Performance Regime (2023: £0.9m)
- A £1.4m reduction in baseline margin was determined due to performance under the SMETS1 Baseline Margin Project Performance Scheme (BMPPAS) (2023: £7.0m)
- A £11.3m adjustment to baseline margin was awarded for work carried out to date and due to be carried out in 2024 in relation to increased scope in business activities (2023: £13.1m)
- A £5.0m adjustment to the external contract gain share to reflect the Company's share of cost savings achieved through refinancing activity (2023: £5.2m).

The net financial impact of the price control assessment is what the Company and the shareholder consider to be the margin earned from the smart metering contract. This margin impact in relation to 2024 is presented in administrative expenses in the reported results of the Company; £3.4m (2024: £1.7m) has been included in administrative expenses this year.

Liquidity and financial stability

Cash flow is closely monitored by the Board to ensure that the Company has enough funds to continue in operation and that appropriate measures are in place to satisfy the Licence requirements with respect to financial stability.

A key priority is to ensure that charges to customers are set at an appropriate level to ensure adequate cash levels are maintained throughout the year and to minimise the risk of having to re-open a Charging Statement. The closing trading cash balance was £46.9m (2024: £39.8m).

The Company also has access to financial support, if required, through arrangements in place with the parent company up to a total value of £15.0m (2024: £15.0m).

Whilst some smaller energy suppliers went out of business in the year, none of these were active customers of DCC. Irrespective of both the volume and value of unpaid invoices we continue to have access to credit support provided by customers in accordance with the SEC, which can be drawn upon if a customer fails to pay their invoice. After applying credit cover the remaining receivable at the end of 2024/25 was £419k (2024: £13k). This was recovered from excess cash receipts in the year, before returning funds to customers for over-recovery of charges compared to spend.

Credit support is provided in the form of a bank guarantee, letter of credit or a cash deposit. The value required is calculated per section J3 of the Smarty Energy Code.

On 31 March 2025 the Company held £36.1m (2024: £29.8m) in cash deposits. Cash deposits, together with bank letters of credit and affiliate guarantees, give cover for approximately 115% of one month's total charges to customers.

Viability statement

The Directors have assessed the viability of DCC Limited (the "Company") over a three-year period to March 2028, taking into account the Company's current position, business model, strategy, and principal risks.

A three-year period was selected for the following reasons:

i. The Company is required to publish Charging Statements, indicative Charging Statements and budgets for a period of at least three years from the end of the regulatory year;

ii. The Company's business plan covers a three-year period; and

iii. The Board's strategic planning covers a 3-year horizon.

This period under assessment has historically also fallen within the duration of the Licence, however following a two-year extension, the Licence is due to expire in September 2027. All communications and publications from Ofgem currently suggest that a Successor Licensee will be appointed by March 2026 and the mandatory business of DCC transferred by November 2026. As such the risk of a Successor Licensee not being appointed and the Licence not being renewed is considered so remote that it is not covered in any further detail in this Statement as the Directors believe there is a clear intent by Ofgem (at the time of writing) to appoint a Successor Licensee.

Before issuing a new licence, Ofgem is reviewing the purpose, structure and regulatory arrangements of DCC. Whilst our obligations may evolve, DCC will remain responsible for delivering its Core Mandatory Business, ensuring secure, economical, and coordinated communication and data services for smart meters.

The Directors have considered the Company's ability to deliver its services under the Smart Meter Communication Licence granted by Ofgem, while meeting its obligations to service providers, customers, and the energy industry.

The assessment has been made with reference to the:

i Business and Development Plan;

ii. Principal risks as identified in the Strategic Report;

iii. Ofgem consultations relating to Licence renewal;

iv. Financial forecasts approved by the Board; and

v. Annual Charging Statement.

Business and Development Plan

DCC's business model and strategy are underpinned by the requirements of the Smart Meter Communication Licence ("the Licence") granted by Ofgem. This is documented in the Business and Development Plan, which also considers the progress of programme delivery and roll-out of the service.

Mandated activity will continue to remain the primary focus for our organisation. We need to continue with the smart meter rollout, and ensure we maintain critical national infrastructure levels of security, stability, and resilience within the system. Beyond this DCC has two primary objectives: to deliver new capabilities that are transformational for existing customers, and which can also benefit new customers; and to identify new customers and services, with a clear focus on the energy sector and system.

Strategic Report

The Company's prospects are assessed primarily through the Board led strategic planning process. The Board meets twice annually to discuss and review the approach to longer term strategic plans, objectives and risks over a 34-year horizon. These discussions take account of the views and feedback of our key stakeholders including our customers, and are taken in the context of the board's appetite for risk which is detailed on page 44.

The purpose of the principal risks (see page 41) is primarily to summarise those matters that could prevent the Company from delivering on its strategy or where they could have a subsequent impact on reputation and ultimately DCC's compliance with the Licence.

The Directors confirm that they have conducted a robust assessment of the emerging and principal risks facing the Company as set out in the Principal Risks and Uncertainties section on page 41. For the purposes of assessing the Company's viability, the following principal risks are deemed by the Directors to be most critical:

1. Future performance and ability to deliver strategy

2. Solvency and liquidity

Licence renewal

On 2 June 2025, Ofgem published its consultation on proposals around the future role and objectives of DCC under its new Licence. Whilst this consultation will have no immediate impact on what we do and how we work, it's an exciting milestone for DCC and will have a profound impact on our future.

The consultation seeks views from DCC, our customers including energy suppliers, distribution network operators, customer groups and other current or potential future users of the smart meter communication network, on detailed policy proposals for:

- future objectives and strategy-setting process
- operational model
- the scope and evolution of the Successor Licensee's role.

The Company is already transforming its core business to upgrade and enhance the network, to deliver greater value and drive affordability for billpayers and make an even greater contribution to achieving net zero.

And, in line with the three specific policy proposals outlined in Ofgem's consultation, the Company aims to achieve this with an operational model which helps us do what we do today, but better as well as optimising our potential as DCC 2 with our scope and role evolving as a strategic partner in the energy sector so that we can deliver greater value for British consumers.

We expect Ofgem will publish its decision on our future role in August 2025.

Financial forecasts & Charging Statements

DCC has a stringent budgeting and forecasting process, conducted quarterly, which outputs expectations for Service Charges to all Service Users for current and future years. This process covers internal and external financial modelling with involvement from the entire business.

This forms the basis for the Charging Statement which sets out the charges to be recovered from customers; the Company can adjust the charges that mitigate the risk of under-recovery of charges for prior years (correction factor) and ensuring that the Company remains cash positive (prudent estimate). The Licence allows the recovery of all costs that are efficiently and economically incurred. Furthermore, the Company has several mechanisms which minimise the risk of shortfall of receipt of payments from customers, these are as follows:–

i. Invoice payment cycle and terms are set out in the Smart Energy Code and require customers to make payments within five working days of receipt of invoice. If customers fail to pay their invoices they are in breach of their obligations as Smart Energy Code Parties;

ii. Customers that meet the relevant criteria must provide credit support in the form of a bank guarantee, letter of credit, or a cash deposit (refer to note 16. Financial instruments). The Company holds sufficient credit cover for at least one months' charges for most customers. Support provided via bank guarantee or a letter of credit is payable on demand once requested;

iii. After taking all reasonable steps to obtain payment, any outstanding customer debt that the Company is unable to recover can be recovered from all other customers;

iv. The Company sets charges for the year in advance. However, it can revise these charges within the year, if required, to ensure it has enough funds'

v. In the event of a customer ceasing to trade, Ofgem's 'Supplier of Last Resort' process would apply. Any outstanding debt would be recovered from all other customers.

As part of the Company's monthly Board reporting, cash forecasting along with liquidity and performance ratios are reviewed to ensure DCC can meet its financial obligations as they fall due.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to March 2028.

DCC Public

Risk management

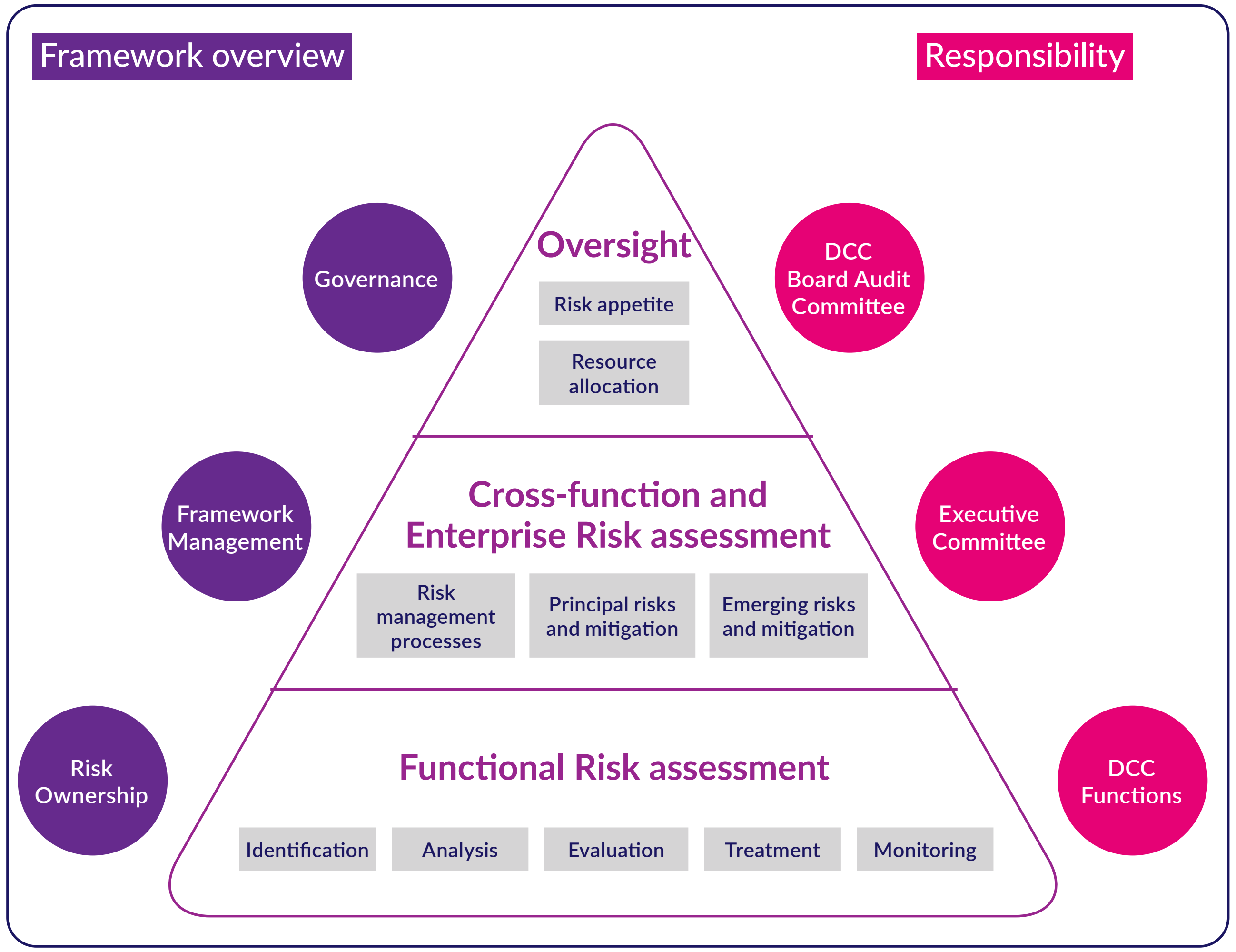
DCC Risk and Assurance Framework and Process

Effective risk management and internal controls are key to the successful delivery of our strategic objectives. Our goal is to minimise the threats and maximise the opportunities for the benefit of our customers, stakeholders and employees within the overall context of the DCC Licence.

Our risk management approach is consistent with the principles of ISO 31000 and is a layered approach including Strategic and Enterprise risk, Functional risk and business process risk management. Our Business Resilience and Disaster Recovery Policy and Process, which is integral to our Risk management approach has recently been awarded ISO22301 certification. Our internal controls framework is based on the three lines of defence model to ensure that DCC complies with all Code (Smart Energy Code and Retail Energy Code), Licence, internal and UK Corporate Governance obligations. Our information security controls are audited and certified to ISO 27001 .

Our Risk Management Approach and Governance

We operate a risk management approach consistent with the UK Corporate Governance Code and the principles of ISO 31000. An overview of the DCC risk management framework is shown below:



The DCC Board is responsible for approving the risk management systems and framework, setting the risk appetite, and ensuring the necessary resources are in place to manage risk effectively. Our Audit and Risk Committee (ARC) is responsible for monitoring the effective operation of the risk management systems and framework.

Strategic Risks are reviewed regularly by the Audit and Risk Committee (ARC). Recommendations on risk appetite, remediation actions, and resource allocation are made by the ARC and approved by the Board.

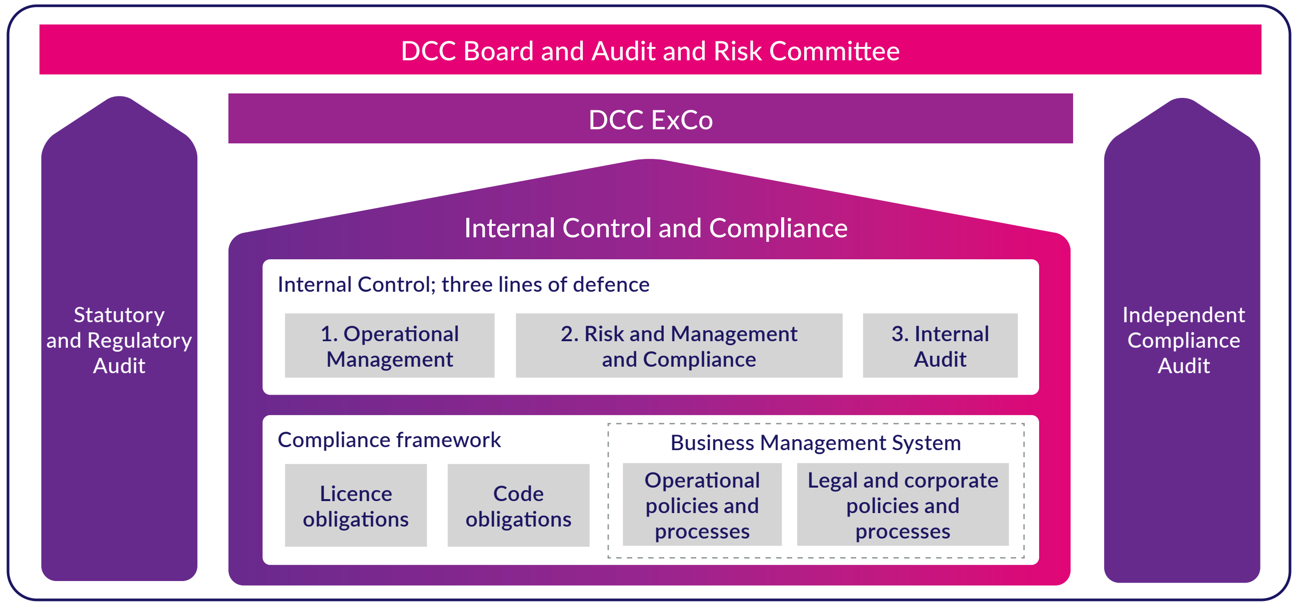
The Executive Committee (ExCo) is responsible for leading the implementation and operation of the risk management systems and framework, and to develop the Strategic and Enterprise Risk assessment representing the principal risks affecting the Authorised Business of DCC. ExCo are responsible for monitoring the risk environment on an ongoing basis, including both principal risks and new and emerging risks, and to ensure that the Strategic and Enterprise Risk assessment reflects the best available information.

DCC functions are responsible for day-to-day management of risk, and risk awareness and risk management are an inherent responsibility of all our staff. Each function is responsible for identifying, managing and reporting risk according to a standard risk assessment framework and to maintain a functional risk register detailing identified risks, mitigation actions and owners. Risk management and reporting is also embedded into key business processes, including:

- Business plan development and reporting
- Programme delivery governance and reporting
- Operational performance governance and reportin.
- Financial performance governance and reporting
- Contract development and approvals including contract change
- Service Provider performance management and reporting
- Internal Audit and Compliance reporting.

DCC Internal Controls and Compliance Framework

We operate a robust internal controls framework to ensure that we comply with all regulatory, Licence, internal and UK Corporate Governance obligations. Our internal controls and compliance framework is described below:



Our Internal control framework is based on the three lines of defence model. Due diligence and quality assurance of the operation of internal controls, is informed by operational performance monitoring and reporting, through functional and enterprise risk assessment and risk mitigation plans and internal audit and compliance testing activity.

Each DCC function has responsibility for the documentation and management of its own specific operational policies, processes and procedures, which link to DCC's over-arching Operational Lifecycle management processes and to maintain transparent and reliable audit trails. All our policies are published to staff on the DCC secure intranet.

Compliance with all codes, internal policies and procedures is mandatory for all DCC staff. All new joiners are trained on the DCC compliance framework and on relevant operational processes as part of their induction and onboarding process. Ongoing refresher staff training is completed on a needs and risk-assessed basis.

Traceability and evidence of compliance with all Licence and Code (Smart Energy Code and Retail Energy Code) obligations is managed through the DCC Compliance Management System. The Compliance Management System is regularly reviewed and updated to include changes to Licence or Code (Smart Energy Code and Retail Energy Code) obligations and to reflect any changes in operational ownership or compliance status. Regular sample testing is completed to assure compliance, and any gaps or risks and remediation actions are reported to the Audit and Risk Committee and tracked to resolution.

The Internal Audit function provides regular monitoring, testing, audit and reporting to the Executive Committee (ExCo), Audit and Risk Committee and Board for internal controls related activity including:

- Monitoring, testing and reporting of compliance with Licence and Code obligations
- Testing, auditing and reporting of compliance with internal policies, processes and controls
- Risk-based internal audits to assure effective business performance
- Tracking and reporting of all audit, testing and compliance remediation actions.

Operation of our internal controls system, including audit and compliance, is kept under regular review by the Audit and Risk Committee. Overall effectiveness of the process and function is reviewed annually by the Board.

Governance of Risk Management and Internal control

The Audit and Risk Committee is responsible for reviewing the effectiveness of the Company's system of Risk Management and internal control and providing their view to the Board.

The Risk and Assurance function prepares and present updates on Licence and Code (Smart Energy Code and Retail Energy Code) compliance, internal audit activity, Strategic and Enterprise risk as well as the associated actions at each Committee meeting.

The 2024/25 internal audit plan was approved by the Committee in November 2024 and includes both risk-based audits and a rolling schedule of policy audits that ensures all Company policies are audited over a three-year period. The risk-based audit schedule for RY2024/25 includes a focus on Security (data security and management), Commercial process transformation, Regulatory compliance, Continuity of Services, and our ability to manage Price Control and demonstrate value for money.

The Committee has assured the quality, experience and expertise of the internal control and risk management function through review of the papers presented to both the Committee and Board, and through regular meetings between the Chair of the Audit and Risk Committee and senior management.

Regular reporting to the Committee during the year included:

- Outcomes of planned controls and compliance monitoring activity
- Outcomes of planned internal audit activity, including findings, risk assessment and recommendations
- Enterprise risk assessment, including review and approval of changes and proposed mitigations
- Completion of agreed internal audit, risk, and compliance related actions, and measures taken to manage overdue or outstanding actions.

Principal and Emerging Risks and Mitigations

The following are considered the principal risks faced by the Company:

Risk Type	DCC Interpretation
Business model	That the business model, as defined by the Licence, can support the achievement of the core purpose of digitisation of energy use and the successful delivery of core obligations of **Reach** (ensuring all eligible premises can have a smart meter), **Security**, (operate to CNI standards), and **Public Good** (maintain a platform to enable public policy implementation for consumer benefit).
Future performance and ability to deliver strategy.	That the Company can fully implement its Strategy to maintain and enhance the Core Operating Platform performance and deliver mandated services while also expanding access to new customers, new capabilities and new services.
Solvency and liquidity	That the Company can maintain its solvency and liquidity, while delivering **value for money** and the lowest unit cost and that the solvency and liquidity of our core supply chain which delivers mandated services is maintained.

The latest risk position and movement in risks during RY2024/25 are summarised below:

Ref No	Risk	Mitigations	Current Risk Rating	Net Move
1	**Delays to migration to new Data Service Providers (DSP) increases costs and delays service enhancements to customers.**	• All service contracts (with detailed SOW's) negotiated and signed. Complete. • Project plan and robust management of the Programme. • Cost management & robust enforcement of supplier contracts. • We have asked CGI (as both our Data Service Providers Systems Integrator and our incumbent Data Service Providers provider) to review and provide Assurance on the Business Requirements provided to our new Core Data Service Providers Provider, IBM (SOW 0). This will ensure there is no gap in requirements which would otherwise increase time and cost. • Detailed end to end programme planning will be finalised in May. This will provide confidence to ensure delays are mitigated and we remain within the total cost envelope.	Medium	→
2	**Technology (Capacity):** Message demand and/or size exceeds system capacity resulting in message failures or disruption to service – Communication Service Provider North	• Scaling & optimisation in place and operating successfully for Arqiva. • 4G in the North has received a non-objection from Department for Energy Security and Net Zero (DESNZ) and will be live in May, therefore removing demand on Arqiva.	Medium	↓
3	**Technology (Obsolescence/ Performance):** The lack of industry meter fitting resource leads to swap out delays and necessitate Technology extensions beyond their planned operational lifespan in outer years resulting in an inability of DCC to meet service obligations	• Clear Technology Horizon scan to identify required extensions – commercial pipeline updated to reflect – Complete. • Ensuring any extensions include required technology uplift to maintain service. • Creation of a 'DCC view' on migration approach + stakeholders engaged for alignment (inc costs). • Engage and support Industry to build a swap out plan.	Medium	→

Ref No	Risk	Mitigations	Current Risk Rating	Net Move
4	**Technology (Performance):** Sunset of 3G and 2G technology impacts capacity on remaining services and / or continuity of service for SMETS1 and 2 cellular	• Traffic Management gateway to support 3G sunset in place and effective. • SMETS 1 2G contract extension with Vodafone to 2033. • 2G roaming service mitigation plan in place. • 2G Service contract extensions (Vodafone/VMO2) agreed. • Vodafone contract for SMETS1/2 overages agreed.	High	↓
5	**4G CH&N:** Inability to meet 99.25% obligation due to gap in Wide Area Network (WAN) coverage	• Ensure a Solution is provided by Vodafone. • Vodafone have agreed liability and committed to a solution which covers roaming, network build out and Virtual Wide Area Network (VWAN) and to indemnify DCC for any additional cost.	Medium	→
6	**Supplier Risk (Commercial):** Inability to extend SMETS 1 / 2 communication contracts in a timely and value for money manner	• Teams mobilised to agree contract extensions with Suppliers (VMO2, Vodafone, Arqiva). • Memorandum of Understanding (MoU) in place with Arqiva. This commits them to support Green Book Process and bounds them to a maximum contract margin.	High	↓
7	**Supplier Risk (Commercial and Performance):** Material failure in our Supply Chain results in severe service disruption and interruption to supply of devices	• Communication Service Provider (CSP) & Supplier Engagement monitoring health of global supply chain. • Trilliant Risk remains but is being managed under Project Sapphire. • Escrow in place for critical suppliers.	Medium	↓
8	**Horizon 1:** maintain the Confidentiality, Integrity and availability of DCC systems	• Already within Appetite. • Robust controls in place and under constant review. • Security Operations Centre (SOC) to constantly monitor and repel attacks on the DCC network..	Low	→
9	**Horizon 2:** Suppliers are unable or incapable of maintaining the required security protocols	• Oversight by DCC and by the CIO (Independent Security assessor). • Robust contract clauses in place on security controls, including reporting by suppliers. • Operations crisis management plans (linked to Smart Energy Code requirements) should security breached at Supplier sites (in place).	Medium	→
10	**Horizon 3:** Failure to recover from an attack to our customers or wider energy system from a state or criminal actor	• Early warning from trusted partners (e.g. National Cyber Security Centre) • Recovery protocols in place should an industry wide attack occur.	High	→
11	**Internal cost management and/or uncertain price control policy application by the regulator results in poor value for money for customers and UK consumers and financial harm to Capita**	• Fully embedded cost controls and processes in place (including further tightening of Price disallowance risk mitigation). • Robust and clear Governance model in place with appropriate DoA (delegation of authority) to support. • Early engagement with stakeholders to align activity initiation.	Medium	→
12	**Failure in internal governance process and controls results in additional costs and delayed timeline of activity delivery**	• Clear and fully implemented Governance model and processes, with work underway to further tighten Governance on decision making and cost control.	Medium	→
13	**Inability to recruit, retain and motivate the right capability to deliver our strategy**	• Continued improvement in engagement scores. Leadership training, colleague skills & development planning. • DCC 'branding' to drive interest. • Competitive packages to attract talent.	Low	→
14	**New Licence construct for 'DCC2' (including arrangements for Ex Ante price control) mean the full potential of the DCC Network is not realised**	• This is an Ofgem decision so DCC can only influence the outcome in 2 ways: a coordinated engagement directly with Ofgem; and a comprehensive stakeholder engagement strategy that ensures other key parties (including Department for Energy Security and Net Zero / Smart Energy Code Administration and Secretariat) also influence Ofgem on our behalf.	Medium	→
15	**Timescales and requirements for Business handover planning impacts DCC's ability to maintain its mandated services and business operations while delivering the transition**	• Clear and detailed Business Handover plan, fully costed has been submitted to Ofgem for their sign-off • Ensuring Ofgem understand the resource and cost impact to DCC of the Successor Licensee not having equivalent capability.	Medium	→

Key:
→ No change in net risk exposure
↑ Increase in net risk exposure
↓ Decrease in net risk exposure

* Net Change reflects the movement on Risk rating during the year.

Risk Appetite

The Company uses a 3-point risk appetite scale and terminology that promotes balanced discussion which should address 'risk aversion' bias. This scale remains unchanged from previous years. Appetite is reviewed in the context of our Obligations, Organisational maturity and risk / reward (mitigation cost vs impact).

RA Scale	Risk Appetite definition	Reward vs risk
Open (High)	• Eager to be innovative and choose options offering potentially higher business rewards, despite greater inherent risk	Reward > risk
Cautious (Medium)	• Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing acceptable reward and VfM	Reward ≈ risk
Averse (Low)	• Avoidance of risk and uncertainty is a key organisational objective • Preference for safe delivery options that have a low or very low degree of residual risk	Reward < risk

Compliance Information

DCC non-financial and sustainability information statement

Produced in compliance with Sections 414CA and 414CB of the Companies Act. Information incorporated by cross reference.		
Requirement	Relevant policies and standards	Information related to policies and any due diligence processes
a. Environmental Matters	Net zero aims TCFD Sustainability frame Biodiversity position	Climate-related financial disclosures, pages 26 - 33 RBF – Sustainability, page 24 Decision making by the board, page 57 – 61
b. Social and Employee Matters	DCC values and code of conduct Responsible Business Framework	Our values page 5 Our people, page 19 – 21 RBF – Diversity & Inclusion, page 24 Workforce and employee engagement, page 46 Business relationships with stakeholders, page 46 Decision making by the board, pages 57 – 61 H&S, page 75
c. Respect for human rights	Modern slavery statement Labour rights and modern slavery principals DCC values and code of conduct	Our values, page 5 Modern slavery consideration, page 47 High standards and business conduct, page 48
d. Anti-corruption and anti-bribery	Anti-bribery and corruption policy Code of conduct	High standards of business conduct, page 48
Description of principal risks relating to matters (a-e above)		Risk management, page 38 Risk factors, pages 29 - 33 TCFD (climate-related risk management), pages 26 - 33

Relevant Information	
Business model description	• Business model, page 6
Description of non-financial KPI's	• Measuring our progress, page 25

Non-financial reporting – Section 172

Directors' statement in performance of their duties under section 172(1) Companies Act 2006

Section 172 of the Act requires Directors to act in good faith and in a way that is the most likely to promote the long-term success of the Company. In discharging this duty, Directors must take into consideration the interests of the various stakeholders of the Company, the long-term consequences of their decisions, and the impact they have on the Company's workforce, community, and environment.

The Directors consider that they, both individually and collectively, have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) S172(1) Companies Act 2006, in the decisions taken during the year ended 31 March 2024 including:

The long term:

The Board regularly discusses the long term at its scheduled Board meetings, dedicated strategy meetings and trading updates. During the current reporting year the Board has discussed at length and monitored the Licence Renewal plans of Ofgem and the possible outcomes and impact on the Company. Additionally, the Board meets twice annually to discuss and review the approach to longer term strategic plans, objectives and risks over a 3-year horizon. These discussions take account of the views and feedback of our key stakeholders including our customers. In line with the views of our stakeholders, DCC's clear focus is currently on increasing the efficiency, quality and stability of our platform and working with our customers to enhance the service we offer in response to their needs.

Workforce and employee engagement:

Our workforce comprises of employees and contractors who are fundamental to delivering our core business and strategic ambition. The success of our business depends on attracting, retaining, and motivating employees. The Board is committed to having an effective engagement strategy with the workforce. During the year, engagement has been primarily through representation of the Chief People Officer for employee related discussions, including feedback from our regular 'Your Voice' People Surveys. In 2023/24 Sarah Eccleston was appointed as the Designated Non-Executive Director (DNED). Ms Eccleston regularly attends meetings with the Chief People Officer and Town Halls with employees and small group employee workshops and is required to report back every six months to the Board.

Given the nature of our work it is necessary for a number of our staff to be on site at our testing facilities, but we continue to support hybrid/flexible working. Employees are encouraged to work from the office where possible and we have seen an uptick in employee survey results following greater engagement with employees. The transition back to office-based working continues to be monitored through Company-wide wellbeing surveys and we have trained mental health first aiders to support our people.

For further details on the Board's approach to monitoring and assessing company culture please refer to "Culture and employee engagement" on page 58.

For further details on the Board's employee engagement please refer to "Culture and employee engagement" on page 58.

For further information on 'Our People' including employee engagement and satisfaction as well as employee networks and groups, please refer to "Our people" on page 19.

Business relationships with:

a. **Suppliers:**

i. Forms of engagement: Executive Directors and the Senior Management Team regularly meet with suppliers to foster relationships. In addition, DCC's Supply Chain Supplier Relationship Management teams regularly engage with suppliers on key issues.

The business monitors interactions and performance of its key suppliers, and monthly dashboards are in place for the Top 16 suppliers. DCC also complete an annual supplier review, assessing them with traffic light ratings, which focuses discussions with suppliers and ultimately help drive performance.

The Supplier Performance Scorecard is designed to assess performance across four key domains: Operations, Programs, Security, and Commercial. The goal is to provide a consistent, transparent and risk-sensitive framework for rating performance monthly. Enabling early detection of risk areas, supporting continuous improvement and accountability as well as building a draft view of the Annual Service Report and trajectory for year-end performance.

All Suppliers that have been deemed 'Critical' (and therefore, potentially operationally impacting) by the Procurement Segmentation process are managed under the Third Party Risk Management (TPRM) framework. This segmentation model considers both Operational Risks to DCC and Strategic Commercial opportunity. TPRM allows for the pre-emptive identification of risks relating to supplier stability to ensure treatment and mitigations of any identified risks before they come business impacting, underpinning DCCs commitment to business continuity. The identification of risk also leads analysis during the tender stage to ensure DCC does not knowingly contract with suppliers that may be pose stability concerns.

Twenty directly contracted Suppliers (including their sub-contractor and major shareholders), representing c.95%+ of all Third Party Supplier spend are currently under the TPRM framework with monthly and annual inputs sought to build a comprehensive profile of risk and required mitigation.

ii. Consideration by the Board in discussions and decision making: The Board reviews the modern slavery statement every year. The outcome of the annual compliance audit, including compliance in the supply chain, is reported to the Board. The Board considers and approves high value or otherwise significant contracts with suppliers in accordance with the approval framework. The Board discussions benefit from the experience of the Non-Executive Directors and the Chief Executive Officer (CEO) with an extensive expertise of the telecommunication and technology industry. They provide valuable insight into how suppliers may be impacted by any external developments or Board decisions.

iii. We continued to focus, among others, on ensuring that we meet our prompt payment target to support suppliers cashflow.

b. **Customers:**

i. Forms of engagement: Customer engagement remains an ongoing key focus area. During the year, there has been significant engagement with customers via webinars and workshops that have provided us with valuable insights, knowledge, and views about the key issues facing our customers.

ii. Consideration by the Board in discussion and decision making: To ensure that customer views are communicated to the Board, every Board paper must have a section addressing customer engagement where relevant. The Chief Regulatory Officer and the Executive Directors also provide insight of customer views and opinions about key matters raised at Board meetings.

iii. Whilst we are obliged to comply with the Smart Energy Code with regards to billing, cash collection and credit cover, we have continued to engage regularly with customers, Smart Energy Code Administration and Secretariat and the Smart Energy Code panel to support customers with any payment issues during this time.

c. **Department for Energy Security and Net Zero (DESNZ) /Ofgem/ Smart Energy Code (SEC) Panel:**

i. Forms of engagement: A dedicated regulatory team oversees engagement with all parties in relation to policy and regulatory matters. There is direct engagement between the Chairman, CEO, DESNZ and Ofgem on matters relating to the Smart Metering Implementation Programme (SMIP).

ii. Consideration by the Board in discussion and decision making: Regulatory and governmental issues are communicated through the CEO report and discussed by the Board and minuted as appropriate.

d. **Shareholder:**

i. Forms of engagement: There is an ongoing engagement between the Company and its shareholder through three Capita-nominated Directors serving on the Board of the Company, the Chairman, Nadia Choudhary and Gemma Bate-Williams, as well as through a formal forum, the Quarterly Shareholder Review, which comprises senior representatives from both Capita plc and the Company.

ii. Consideration by the Board in discussion and decision making: The Board operates independently of Capita plc and in the best interests of the Company's customers, ensuring compliance with the Licence under which the Company operates.

For further details on Board engagement with the shareholder, please refer to page 59.

Impact on the community and environment:

The Board is committed to the Company's 'Smart Green' agenda and has set the target for the Company to reduce its absolute, measurable, carbon load on the environment. Please refer to page 24 for further information on Smart Green initiatives in the year and the Company's carbon usage.

High standards of business conduct:

It is the Board's intention that the Company operates in an ethical and responsible way, and that high standards of business conduct are maintained throughout the business. The Board has promoted this message in several ways:

a. Company values of making a difference, acting with integrity and being accountable are at the core of how we operate, and all employees are expected to exhibit these values in the work they carry out. Each employee is assessed against these values as part of their annual performance review.

b. Reinforcement of the 'Speak Up' policy, which sets out the Company's commitments to speaking up about serious concerns employees may have at work and the channels available to do so responsibly and effectively. The Audit and Risk Committee has a lead role in assessing and monitoring the use of this policy throughout the year.

c. Ongoing monitoring of compliance against the anti-bribery and corruption policy, ensuring all parts of the business are aware of their responsibilities. All employees must complete financial crime training annually.

d. Commitment to ensure suppliers are paid promptly, with a Key Performance Indicator (KPI) target of at least 97% of all suppliers to be paid within 30 days.

e. The formation of a Senior Leadership Team supports the implementation of the corporate culture and provides valuable insight in the issues facing employees within the Company.

The Strategic report was approved by the Board of Directors on 30 July 2025 and signed on its behalf by

Richard McCarthy, CBE
Chairman
30 July 2025

3. Corporate Governance Report

Governance

Chairman's introduction to governance

The Directors recognise they are ultimately responsible for the proper management of the Company, achieving a high standard of corporate governance, and engaging with our stakeholders. A robust governance framework is essential in underpinning the delivery of our objectives and promoting long-term, sustainable success and this way, our governance framework supports our vision of making Britain more connected, so we can all lead smarter, greener lives. Below, we describe the role of the Board, how the Board has met its responsibilities and how as required by the Licence we voluntarily apply the principles of the FRC's current UK Corporate Governance Code 2018 in practice, as DCC continues to evolve and mature as a business, and how we are placed to apply the new UK Corporate Governance Code 2024.

Role of the Board

The Board's role is to provide leadership to the business, having overall responsibility for the Company's strategy, performance, the framework for risk management and internal controls, governance matters and engagement with stakeholders. The Board remains committed to understanding the needs of our stakeholders and on page 45, in our Section 172 Statement we explain how we engage with them. The Board's full responsibilities are set out in the schedule of Matters Reserved for the Board in our Board and Governance Manual, which is reviewed on an annual basis.

In this report, we describe how this is carried out through the work of the Board and its Committees. Information on how the Board operates and how the UK Corporate Governance Code's principles are applied can be found:

The Board

At the end of March 2025, the Board had eight Directors: The Chairman (also a Non-Executive Director); two Executive Directors, the CEO and CFO; two Non-Executive Directors; and three Sufficiently Independent Non-Executive Directors. During the year one director, Angus Flett resigned and two new directors, Chris Lovatt (new CEO) and Gavin Robertson (new CFO) were appointed. During the year Neil Smith (interim CFO) was appointed as an Executive Director in June 2024 and he stepped down in March 2025 following the appointment of Gavin Roberston as the new permanent CFO. During the year Colin Sempill was appointed as the interim CEO from August 2024 to March 2025 but he was not appointed as an Executive Director during his tenure, although he attended all Board meetings.

Board independence

Non-Executive Directors are required to be independent in character and judgement, so that they can exercise independent oversight and effectively challenge management. All relationships that may interfere materially with this judgement are disclosed as required under the conflicts of interest policy. With the exception of Richard McCarthy CBE, Gemma Bate-Williams and Nadia Choudhary, who are employees at the shareholder, all other Non-Executive Directors have been determined to be independent. The Directors of the Company currently in office are listed on page 53.

Board members between 1 April 2024 and 31 March 2025

Richard McCarthy CBE
Chairman, Chair of the Remuneration and People Committee and Chair of the Nomination Committee
Appointed: October 2013

Key skills:
Richard is an experienced Non-executive Director and Chair, and throughout his career has held senior roles in the public and private sector. He has extensive knowledge of the UK Government's operations and engagement having spent eight years as a Civil Service Director General.

Experience:
Richard joined Capita's Local Government, Health and Property Division as Executive Director for Central Government in February 2012. He subsequently became Capita Group's Senior Director of Government Affairs and in addition to DCC he took on the Chairmanship of Axelos and currently serves as Non-executive Director of Fera Science, both joint ventures with the UK Government with the latter now a joint venture between Bridgepoint Group plc and DEFRA.

In 2021, he also became the independent Chairman of Andium Homes, the Jersey Government owned social housing provider and in 2024 Richard took over as Chair of Funding Affordable Homes Housing Association, having been on the board since 2017. Prior to joining Capita, Richard was the Director General, Neighbourhoods, at the Department for Communities and Local Government and their lead official for housing, planning, regeneration, local economies, climate change, building standards and the European Regional Development Fund. He received a CBE in the 2009 New Year's Honours for his services to housing and planning.

Angus Flett
(previous) Chief Executive Officer
Appointed: February 2017
Resigned: August 2024

Key skills:
Angus is an experienced senior leader in the telecommunications and technology sector. He brings his extensive knowledge and in-depth understanding of the industry to leading DCC in its mission to digitalise Great Britain's energy system.

Experience:
Angus joined DCC as CEO in March 2017. Prior to joining DCC, Angus was a Senior Vice President for Global Enterprise Products at Vodafone and, until 2013, the Managing Director of Customer Services and CRM at BT. Previously he has held senior positions within Cable and Wireless and Ciena. Angus is currently a Non-Executive Director at Jersey Telecom.

Chris Lovatt
Chief Executive Officer
Appointed: March 2025

Key skills:
Throughout his career, Chris has been committed to achieving a smart, sustainable, and personalised energy world that improves people's lives. Chris joined DCC with considerable experience on smart metering, having played a leading role in E.ON's smart metering agenda since 2011.

Experience:
Before joining DCC in March 2025, Chris garnered extensive experience in the energy sector, most recently as the Chief Operating Officer at E.ON UK, and as a Non-executive Director for Eco2Solar. Chris has also held other senior roles including as E.ON's Managing Director of Residential Supply, and Director of Sales and Service Operations.

Gavin Robertson
Chief Financial Officer
Appointed: March 2025

Key skills:
With over 30 years of financial leadership experience, Gavin combines strategic and technical excellence with a deep understanding of our financial operations to steer DCC's financial strategy.

Experience:
Gavin was appointed as Chief Financial Officer and as a member of the Board in March 2025. Having most recently served as Director of Risk and Assurance at DCC, Gavin has held a number of senior group and operational CFO and Finance Director roles within various regulated retail, customer and consumer facing businesses. Most recently, he ran his own consultancy company providing financial management, financial process, risk and control consultancy to start-up businesses and SMEs.

Neil Smith
(previous) Interim Chief Financial Officer
Appointed: June 2024
Resigned: August 2024

Key skills:
Neil is an experienced finance director in the technology and telecommunications industry. His proven strength in commercial and financial leadership is driving DCC's focus on value for money.

Experience:
Neil was appointed as interim Chief Financial Officer in January 2024 and as a member of the Board in June 2024. Prior to joining DCC, Neil spent over 10 years with Vodafone, initially as their Finance Director for Internet of Things, and subsequently Finance Director for Vodafone Global Enterprise. Prior to that Neil spent 12 years with BT after qualifying as a Chartered Accountant with KPMG.

Barbara Anderson
Independent Non-Executive Director and Chair of the Audit and Risk Committee
Appointed: August 2019

Key skills:
Barbara is an experienced Chair and Non-Executive Director who has worked extensively with SMEs, PLCs in regulated sectors, international private companies and venture capital specialists. She brings her deep expertise in audit and risk best practice, innovation for growth and sustainability, strategic planning, start-up acceleration and business transformation and project delivery to the Board. Her experience and work was recognised in April 2023 when she won the Sunday Times Non-Executive Director for Private Equity and Private Companies Award.

Experience:
Barbara was appointed Chair of British Smaller Companies VCT2 Plc in 2024, having joined as a Non-executive Director in 2020, and is also Chair of the Energy Saving Trust. Her expertise includes innovation, growth and sustainability, strategic planning, start-up acceleration, business transformation, deal preparation and corporate governance

Ian McCaig
Senior Independent Non-Executive Director (from September 2022
Appointed: April 2021

Key skills:
Ian has a strong track record in leading fast-growing technology-enabled businesses, which gives him insight into, and relevant experience in, strategic planning, strategy implementation and business transformation. Through his former role as the CEO of an independent energy provider, Ian also brings expertise to the Board of UK energy industry and smart-metering technology.

Experience:
Ian is a board member and Senior Independent Director at M-Kopa Ltd and Non-Executive Chair of Lumon Holdings Ltd. He is also Chair of the Methodist Independent Schools Trust and Non-executive Chair of Powerverse Investments Limited.

In his executive career, he was most recently CEO of First Utility, the largest independent energy provider in the UK and a pioneer in smart-metering technology and energy analytics. Prior to that, he was CEO of lastminute.com. His early career was in the IT industry at ICL before moving into telecommunications, where he worked at Nokia for several years.

Sarah Eccleston
Non-executive Director , Chair of the Technology Advisory Committee and Designated Non-Executive Director
Appointed: September 2022

Key skills:
Sarah has extensive experience and skills at a senior level in networking and technology, with a successful track record on delivering commercial success.

Experience:
Sarah joined the DCC Board in September 2022 in her first non-executive role after a 30-year career in IT Networking. Sarah also holds Non-executive Director roles at 2 NASDAQ-listed companies in Sweden – Telia Company and NCAB Group.

In her executive career, Sarah was most recently a Global Vice President for Cisco. Originally a software engineer, Sarah has wide-ranging experience in the industry, gained in a variety of engineering, sales, and leadership positions with global technology vendors and service providers including Nortel Networks and Verizon. At Cisco, Sarah previously led the Internet of Things (IOT) and Networking practices for UK and Ireland; for Cisco globally, she was Chief Technology Officer for the Small and Mid-Size business sectors.

Gemma Bate-Williams
Non-Executive Director
Appointed: February 2024

Key skills:
Gemma joined the DCC Board in February 2024 and UK Certified Chartered Accountant.

Experience:
Gemma is the Group Financial Controller at Capita Plc. where she has over 20 years' experience, including as Divisional Finance Director for the Capita Public Service division. Gemma has a proven track record in driving financial performance and strategy, overseeing financial control, and providing commercial leadership. Gemma also holds several Capita subsidiary directorships including Capita Holdings Limited, Capita Health Holdings Limited, Capita Insurance Services Holdings Limited and Capita Property and Infrastructure Holdings Limited.

Nadia Choudhary
Non-Executive Director
Appointed: February 2024

Key skills:
Nadia has an expansive knowledge of Commercial, Procurement, Public Sector Regulations, Risk Management, Corporate Governance, Deal Negotiations and Dispute Management.

Experience:
Nadia joined the DCC Board in February 2024. She has over 15 years of experience in Commercial and Procurement across both the private and public sector. Nadia joined Capita in January 2023 from the Department of Work and Pensions as the Commercial Director. She was previously a Senior Civil Servant at the Cabinet Office, leading the Disputes Practice across Central Government. Her earlier experience extends into the IT and Telecoms sectors.

UK Corporate Governance Code

During the financial year, DCC applied the Principles and Provisions of the UK Corporate Governance Code 2018, which can be found on the Financial Reporting Council's website at www.frc.org.uk. Throughout the year, DCC complied with all relevant provisions, except for those noted below:

Provision 9: ***The Chair should be independent on appointment when assessed against the circumstances set out in the Code.***

The Chair was appointed on incorporation of the Company and is a senior employee of the Company's shareholder, Capita Plc. Half of the Non-Executive Directors are independent. Board appointments are conducted in accordance with both, Capita's policy and DCC Licence conditions. The Chair brings extensive knowledge to the Board and has strong working relations with stakeholders which are integral to managing a smooth transition of the Licence. The Chair will step down when the current Licence ends in 2026.

Provision 11: ***At least half the board, excluding the chair, should be Non-Executive Directors whom the board considers to be independent.***

There are currently eight directors on the Board. Excluding the Chair, three are Independent Non-Executive Directors, three are Non-Executive Directors and two are Executive Directors. Therefore at least half the Board is not independent. However, the format of the Board is considered appropriate for the Company and the Board has the appropriate skills and knowledge necessary for the business. During 2025, the Company will appoint a fourth Independent Non-Executive Director who will be sufficiently independent in accordance with the Licence and will be a consumer interest focus expert.

Provision 18: ***All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.***

Due to the structure and nature of the Company this provision is not implemented. However, the term for each director is three years and the Board's construct is regularly reviewed.

Provision 19: ***The Chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing Non-Executive Director on appointment. A clear explanation should be provided.***

Whilst the Chair has now served on the Board for more than nine years, the Board has agreed that his continued appointment remains in the best interests of the Company. The Board believes that its composition benefits from both Directors with longer corporate memory, and challenge provided by fresh thinking. The Chair's longer tenure, his expertise and deep understanding of the business and the complex environment in which it operates is considered desirable in the context of the Company's longer-term strategy. Ofgem and Capita have also requested stability on the Board whilst Licence Renewal is considered. The Chair will step down when the current Licence ends and Ofgem are in agreement with this approach.

Provision 24: ***The Board should establish an audit committee of independent Non-Executive Directors.***

DCC's ARC has three committee members: two Independent Non-Executive Directors, and one Non-Executive Director, who brings recent and relevant financial experience and understanding of the Shareholder.

Provision 32: ***The Board should establish a remuneration committee of Independent Non-Executive Directors. In addition, the Chair of the Board can only be a member if they were independent on appointment and cannot chair the committee.***

All members of the Remuneration and People Committee are Non-Executive Directors, three of whom are Independent Non-Executive Directors and the Chair of the Board chairs the Committee. In addition, the Capita Non Executive Directors bring relevant knowledge from the Shareholder. The Board considers this arrangement to be appropriate for the size and nature of the business, and regularly reviews composition to ensure these arrangements remain appropriate.

Provision 36: *Remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.*

Due to the nature of DCC's shareholding this provision cannot be implemented and there are no share awards.

Provision 37: *Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.*

The Company's remuneration scheme and policy does not currently include provisions that enable the Company to recover and/ or withhold sums from Directors. There are no share awards. The Remuneration and People Committee does, however, have discretion to override formulaic outcomes and set final awards each year.

DCC is well placed to comply with the new UK Corporate Governance Code 2024 ("2024 Code"), with strong internal controls and risk management frameworks in place and it will report in full against the 2024 Code in the 2026 Annual Report.

Governance and strategy

The Board's role is to ensure the long-term sustainable success of the Company. Maintaining the highest standard of governance is integral to the effective delivery of our strategy and ensuring that the Board takes decisions that create sustainable long-term value for the mutual benefit of our stakeholders and employees while also considering the obligations placed on the Company by the Licence.

The Board determines the strategic objectives and policies of the Company to best support the delivery of long-term value, providing overall strategic direction within an appropriate framework of rewards, incentives and controls. The Board is collectively responsible for the success of the Company. The Executive Directors are directly responsible for running the business operations; and the Non-Executive Directors provide constructive challenge, bring independent judgement and scrutiny, offer strategic guidance and hold management to account. Following presentations by Executive and Senior Management, and a disciplined process of review and challenge by the Board, clear decisions on policy or strategy are adopted, and the Executive Management Team are fully empowered to implement those decisions.

The Board's full responsibilities are set out in the schedule of Matters Reserved for the Board in our Board and Governance Manual, and certain responsibilities are delegated to the Board Committees, to help the Board operate effectively and give an appropriate level of attention and consideration to pertinent matters. Our Board and Governance Manual and committee Terms of Reference can be found on DCC's website. We explain how the Directors discharged their duties under Section 172 on page 45. Board policies, which help to codify its processes, are reviewed and, if needed, periodically updated, with the support and guidance of a Company Secretary.

Company Secretary services are provided to the Board by MUFG Corporate Governance Limited (previously known as Link Company Matters Limited) and Capita Group Secretary Limited and all Directors and Executives have access to the Company Secretary service providers.

There is a clear division of responsibility between the running of the Board by Richard McCarthy CBE as Chairman and the running of the business by Chris Lovatt as CEO since March 2025 and Colin Sempill as Interim CEO between August 2024 and March 2025. During the year, in line with good practice, the Chairman meets with the Non-Executive Directors without the CEO present, and the Senior Independent Non-Executive Director also holds meetings with the Non-Executive Directors without the Chairman.

Matters Reserved for the Board and Committees

The Board

Ensure long-term sustainable success of the Company and create long-term value for the mutual benefit of all stakeholders and employees.

Matters reserved for the Board

Strategy and governance
Oversight of business and operations
Financial reporting
Internal controls
Significant contract approvals
Shareholder communication
Board membership and succession planning
Board performance

Audit and Risk Committee

- External audit
- Financial reporting
- Risk management and internal controls
- Internal auditit

Remuneration and People Committee

- Remuneration policy and principles
- Incentive design and target setting
- Executive and senior remuneration
- Employee engagement, culture and people policies

Nomination Committee

- Board succession planning
- Appointments and re-appointments to the Board
- Board composition, including diversity

Technology Committee

- Medium to long term technology planning
- Alignment between technology capability, business strategy and user requirements

Internal Controls

The Board of Directors has conducted a comprehensive review of the company's internal control systems during the financial year. Based on this assessment, the Board is satisfied that the internal controls in place are effective and provide a robust framework for managing risks and ensuring compliance with regulatory requirements.

Division of responsibilities

Chair	Responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. This includes setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chair is also responsible for ensuring the Board has the right balance of skills, experience and diversity appropriate for the business, there is sufficient evaluation of Board performance and that appropriate actions are taken to ensure compliance with best practice.
Senior Independent Director	Acts as a sounding board for the Chair on Board-related matters, chairs meetings in the absence of the Chair and acts as an intermediary for other Directors when necessary, leads the evaluation of the Chair's performance, leads the search for a new Chair, when necessary, and is available to the shareholder to discuss matters which cannot be resolved otherwise.
Non-Executive Directors	Constructively challenge and help develop proposals on strategy. They should scrutinise the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for Executive Directors.
Executive Directors	Responsible for the day-to-day running of all aspects of the business. This responsibility is different from the Chair's role in running the Board. The role of CEO is separate from that of Chair to ensure that no one individual has unfettered powers of decision making.
Designated Non-Executive Director (DNED)	The DNED works with the Chief People Officer, to ensure that the views and concerns of employees are brought to the Board and taken into account, are consistent with the Company's values and support its long-term sustainable success.

Culture and employee engagement

The Board reviews policies to ensure they are aligned with the Company's purpose, values and strategy, are well understood by the workforce and are driving the right behaviours.

All people related matters are discussed by the Board on a regular basis and the Chief People Officer frequently presents at Board, Nomination and Remuneration and People Committee meetings, providing updates and inviting discussion on matters such as attracting and retaining talent, employee satisfaction, employee survey results, remuneration policy, incentive schemes, individual office updates as well as any other matters raised through the People Forum. More information on our people initiatives can be found on page 19

Directors discuss the results of the annual 'Your Voice' People Survey results, which provide valuable insights into how well the culture is embedded across the organisation and, importantly, key areas of focus for development. More information on our culture transformation programme can be found on page 20

Employees can raise concerns, anonymously if they wish to do so, using the Company's 'Speak Up' policy. There are several channels through which employees can share their concerns, including an independent Speak Up facility that is available 24/7. In addition, there is an internal Whistleblowing policy.

Diversity and inclusion

The Board considers diversity in all its forms across DCC to be important for the future development of the business; Board diversity sets the tone for the rest of the organisation and allows us to draw upon a variety of experiences and perspectives. Diversity of skills, experience, gender, social and ethnic backgrounds, cognitive and personal strengths, outlook and approach amongst other factors are all taken into consideration as part of the appointments process and succession planning. We are also aware that diversity of outlook and approach, whilst hard to measure, may be equally as important.

We are supportive of the ambitions expressed in reviews on diversity, including the most recent updates on the FTSE Women Leaders Review 2024, and the Parker Review 2024. Female representation on the Board is as at 30th June 2025 50%, which is a slight drop from 57% in 2025, but well above 28% in 2023, and our ethnic minority representation is 12.5%, a slight drop from 14% in 2024 due to the appointment of a further director. Although we are not a listed company, we strive to maintain and increase all diversity matrix and increase the number of Directors with an ethnic minority background.

The Nomination Committee ensures that new Board appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and leadership for the Company. The Nomination Committee Report on page 62 includes more details on this.

Supported by the Remuneration and People Committee, the Board also monitors progress against the plan for diversity and inclusion across the organisation and ensures the appropriate sponsorship from Senior Management is in place. Please refer to page 24 for more information on our commitment to diversity and inclusion in the wider workforce.

Shareholder engagement

The Chairman, Gemma Bate-Williams and Nadia Choudhary are employees of the shareholder, and there is ongoing engagement via their roles on the Board. In addition, the Quarterly Shareholder Review, established in 2020, comprises senior representatives from both Capita plc and the Company, including the Chairman, Gemma Bate-Williams and Nadia Choudhary and the Executive Directors. The group meets quarterly throughout the year and discusses matters such as operational and financial performance, risk management and future regulatory framework.

Evaluation of Board Performance

Directors consider the performance review of the Board, its Committees and themselves to be an important aspect of corporate governance, and reviews are undertaken annually.

In 2023/24 the performance review was conducted at the beginning of 2024 and steps taken to action the recommendations coming out of the review are detailed below. The performance review for 2024/2025 has been postponed until later in 2025. Due to the changes to the Executive Directors in March 2025, the Board concluded that a performance review later in the year would be more beneficial.

When conducted, the review will focus on key areas in order to assess the strengths and effectiveness of the Board and its Committees and identify possible areas for improvement, including: purpose, strategy and long-term value generation; governance; culture; relationships with stakeholders and management; skills; decision making and meeting management.

The Board will report on the 2024/25 performance review and the actions being taken in the next Annual Report.The actions arising from last year's review were also reflected on and implemented during the year and an update on the progress is included below:

Actions arising from the previous Board evaluation	Actions we have taken
Purpose, strategy & long-term value generation – Increased monitoring of financial performance, particularly in relation to mitigating price control risk and; development of the Board's position on licence renewal and the future DCC regulatory construct and its impact on DCC strategy.	During the year the Audit and Risk Committee and Board have worked with the CFO and Executive Committee to develop the financial reports that are provided to the meetings. The Audit and Risk Committee and the Board continue to closely monitor Price Control Risk and receive regular updates on discussions with Ofgem. In additional Price Control is considered when all commercial proposals are discussed and decided on. The Board receive updates at all meetings on the progress of Licence Renewal and the transition to DCC2.
• **Relationship with stakeholders** – Enhanced collective Board level engagement with key stakeholders, supported by individual representation, particularly in relation to the future DCC regulatory construct and strategic direction.	
• **Culture & relationship with management** – Increased collective engagement with Executives and planned engagement with the Senior Leadership Team at set events.	There is a clear culture programme that the Company has implemented and Ms Eccleston, as the Designated NED, and the Chair have attended events with employees. There is increased engagement with Executives and an increase in senior employees attending Board meetings.
• **Skills & succession planning** – Development of more formal succession plans and greater clarity provided (to be pursued in detail when the position of the regulator on the range and timeline for Board changes is known).	There are clear succession plans for the Executive Committee which the Board receive regular update on. As the Licence Renewal plans develop and Ofgem provides clarity, the Company is developing succession plans for the Board. The intention is that all SIDs are invited to remain on the Board and additional directors will join. The Chair and two Capita NEDs will step down.
• **Decision making** – Ensure there is designated time for Non-Executive Directors to review and reflect on previous decisions made and ensure those decisions are seen through.	
• **Meeting management** – Continuous review by the Board and Executives of meeting paper length and quality to ensure these are succinct whilst retaining the right balance of detail to ensure effective decision making.	The meeting papers for all meetings are of high quality and over the year there has been a focus on unifying the layout of papers and ensuring there is an executive summary for each section. Papers are generally succinct and are not excessively long.

Board meeting and attendance

The following table shows the attendance of Directors at scheduled Board and Committee meetings during the year:

Director	Position	Board	Nomination Committee	Audit and Risk Committee	Remuneration and People Committee	Technology and Advisory Committee)
Richard McCarthy CBE	Chairman	7 (7)	1 (1)	*	3 (3)	*
Angus Flett	CEO (Resigned August 2024)	3 (3)	*	*	*	1/1
Chris Lovatt	CEO (Appointed March 2025)	1 (1)	*	*	*	*
Neil Smith	Interim CFO (Appointed June 2024 Resigned March 2025)	4 (4)	*	*	*	*
Gavin Robertson	CFO (Appointed March 2025)	1 (1)	*	*	*	*
Barbara Anderson	Independent NED	6 (7)	1 (1)	3 (3)	3 (3)	*
Gemma Bate-Williams	NED	7 (7)	*	3 (3)	2 (3)	*
Nadia Choudhary	NED	6 (7)	1 (1)	*	2 (3)	*
Sarah Eccleston	Independent NED	7 (7)	1 (1)	*	2 (3)	4 (4)
Ian McCaig	Senior Independent Director	7 (7)	1 (1)	2 (3)	3 (3)	*

*Not a member of the committee

During the year, the Board also met twice for trading update meetings and twice for Board strategy meeting.

The Board generally meets formally at least six to seven times a year and during the year under review there was a continued focus on holding in person meetings at both the London and Manchester offices, whilst still holding virtual and hybrid meetings when required. The Board's annual corporate calendar helps us plan meeting agendas, ensuring that all responsibilities and duties of the Board and its Committees are discharged during the year, and allows flexibility for updates and debates on any pertinent matters that arise throughout the year.

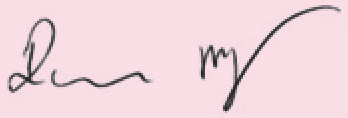
Management of conflicts of interest

During the year and until the signing of this Report, none of our Directors or their connected persons have any family relationship with any other Director or officer, nor do they have a material interest in any contract to which the Company is a party. Each Director has a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company. This duty is in addition to the existing duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company. If any Director becomes aware of any situation which might give rise to a conflict of interest, they must, and do, inform the rest of the Board immediately and the Board can either authorise such conflict or request that the Director recuse themselves from certain relevant discussions. This information is recorded in the Company's Register of Conflicts and in addition, every year each Director certifies that the information contained in the Register of Conflicts is correct.

In addition to the Directors' duties under the Companies Act 2006, under section 9.8 of the Licence, the Directors are not permitted to have any interest in any external service provider. Therefore, to ensure that the Company meets this obligation there has been the reintroduction of an additional annual conflicts questionnaire that focuses on interests in External Service Providers of DCC. Following completion of the questionnaire it was clear that no Director held shares in a client other than Neil Smith or had an interest that raised concerns. Mr Smith's holding was not considered substantial enough to have an impact and any conflict of interest he might have was duly managed.

Directors' indemnities

The Company has indemnified each Director in respect of certain liabilities and costs they might incur in the execution of their duties as a Director. Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and continue to remain in force.



Richard McCarthy CBE
Chairman Smart DCC
30 July 2025

Nomination Committee report

Members	
Richard McCarthy CBE (Chair)	Sarah Eccleston
Barbara Anderson	Nadia Choudhary
Ian McCaig	

Introduction from the Chair

I am pleased to present the Nomination Committee Report for the year ended 31 March 2025

The role of the Nomination Committee is to undertake the formal process of reviewing the balance, effectiveness, and diversity of the Board and to consider the structure and size and identify the skills and expertise needed to meet the future challenges and opportunities facing the Company, and those individuals who might best provide them.

The Committee also leads the process for appointments to the Board and Senior Management (Executive Committee) positions, considers and formulates succession plans and oversees the development of a diverse succession pipeline of candidates in the context of DCC's strategic plans, its leadership needs and ensuring the Company's continued ability to function effectively.

Membership and Attendance

A majority of members of the Committee are Sufficiently Independent Non-Executive Directors and the Chief Executive Officer (CEO), Chief People Officer and other members of the Senior Management Team are regularly invited to attend meetings to provide comprehensive updates and insight into any key issues and developments. Details of attendance by Committee members are disclosed on page 60.

Committee activity

A schedule of agenda items has been created to ensure that all matters for the Committee are considered and reviewed at appropriate intervals. To maintain the right balance of skills and experience, the Nomination Committee keeps Board composition under continual review and recommends to the Board if directors with any complementary skills should be recruited.

Talent management and succession

The Committee believes that effective succession planning can mitigate the risks associated with the departure of well qualified and experienced Directors. Our aim is to ensure that the Board, and Senior Management, is always well resourced with an appropriate mix of skills and experience.

We established a skills and diversity matrix to allow us to identify any potential gaps in skills and experience that might need early consideration, and also considered how this might align with the future strategic direction of the Company. The skills matrix is reviewed on a regular basis and was last completed following the appointments of the CEO and CFO in March 2025.

We have a formal, rigorous and transparent procedure in place for the appointment of new Directors, which includes consideration of candidates from a wide range of backgrounds and reviewing candidates' other significant commitments to ensure they have suitable time to devote to the position.

The Committee works to identify and develop a suitable pipeline of succession candidates for Senior Management roles, both internal and external, and ensures that it meets with potential candidates well ahead of any selection decision being necessary. The Committee also engages the Board early in the process to ensure all Directors have an opportunity to meet and assess prospective candidates. In July 2024, the Committee received a detailed update on the talent pipeline and succession planning for each of the Executive Committee members. The Committee were presented with and reviewed targeted succession development plans for each Executive Committee position aimed at addressing skill gaps and fostering growth in identified potential replacements.

The terms and conditions of appointment of the Sufficiently Independent Non-Executive Directors are available for inspection at the Company's registered office. Since the terms and conditions of appointment of the Non-Independent Non-Executive Directors are set out in their employment contract with the shareholder, these are not available for inspection at the Company's registered office.

New appointments

Angus Flett, CEO and Executive Director, announced his departure from the Company in June 2024 after 8 successful years. Angus left in August 2024 following a handover period with interim replacement Colin Sempill, while a permanent successor was sought. Colin is an experienced telecommunications executive and qualified chartered accountant and made a significant impact in his short time with DCC. Colin's appointment was assisted by executive search advisers Wilton Bain, an independent external search consultancy with no connection to the Company.

The permanent CEO recruitment process was supported by Sainty Herd, an independent external search consultancy with no connection to the Company. After a thorough search process and due consideration, Chris Lovatt was appointed as new permanent CEO and Executive Director in March 2025, being the strongest candidate with relevant knowledge, qualifications, and experience. Chris replaced Colin as CEO after the successful completion of their handover period and has a wealth of experience in the energy sector, most notably in smart metering, as well as having a passion for customers and people.

Following an equally exhaustive search both externally and internally, Gavin Robertson was appointed as permanent Chief Financial Officer (CFO) and Executive Director in March 2025 and replaced the interim CFO of 13 months, Neil Smith. Gavin was an internal appointment and has been an invaluable member of the DCC since 2022 as our Director of Risk and Assurance and brings great experience to this critical role.

Angus, Colin and Neil all leave with our best wishes for the future and our thanks for their significant contributions to DCC.

Induction, training and development

Following appointment, Directors receive a comprehensive induction and can discuss with the Chair any training and development needs. The Chair reviews Directors' development and training needs through the annual Board Performance review. Non-Executive Directors are encouraged to meet regularly with Senior Management to share knowledge, advice and broaden their understanding of the business, strategy and risks that DCC faces.

All Directors can obtain independent professional advice at the Company's expense and have access to the services of the Company Secretary. This ensures that the Board has sufficient resources available to undertake its duties satisfactorily.

Richard McCarthy CBE
Chairman Smart DCC
30 July 2025

Audit and Risk Committee report

Members	
Barbara Anderson (Chair)	Gemma Bate-Williams
Ian McCaig	

Introduction from the Chair

I am pleased to present the Audit Committee Report for the year ended 31 March 2025.

Throughout the year, the Committee has continued to assist the Board in fulfilling its responsibilities to provide independent oversight of the financial reporting process, review the company's internal controls and risk management framework, provide an ongoing review of the quality of the work and independence of DCC's external auditor and challenge and guide management where appropriate. The Committee also continues to oversee key financial processes and policy updates as well as review the principal risks to the business against the risk appetite limits set by the Board.

Over the course of the year, the Committee has allocated significant time to governance. From 1 January 2026, Provision 29 of the UK Corporate Governance Code will require that, in addition to monitoring and reviewing the Company's risk management and internal controls framework, the Board will also need to report, in more detail, on how this is carried out. The Directors will need to make a declaration on the effectiveness of the material controls in our Annual Reports and describe any situations where those controls have not operated effectively. To prepare for these new requirements, the Committee has been focusing on DCC's internal controls, our existing review process and has considered enhancements to the current processes and reporting for the Company to comply with the upcoming changes.

Committee membership and attendance

All members of the Committee, except Gemma Bate-Williams are sufficiently independent Non-Executive Directors. Ms Bate-Williams is an employee of Capita and appointed by Capita Group.

Ms Bate-Williams is a UK Certified Chartered Accountant and is the Group Financial Controller at Capita where she qualified and has held various Finance roles since joining as a Graduate in 2001. For the purposes of the UK Corporate Governance Code, Ms Bate-Williams is considered to have recent and relevant financial experience.

The CEO, CFO, the Director of Financial Control and the Director of Risk and Assurance are regular attendees of the Committee, and other members of the Senior Management Team and representatives from MHA, the external auditor, are invited as appropriate. Opportunity exists periodically for the representatives of the internal and external audit teams to meet with the Committee members without Management present, and both audit teams have access to the Committee should they wish to voice any concerns outside of formal meetings.

The Board is satisfied that the combined knowledge and experience of the Committee's members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner and that, as a whole, the Committee has competence relevant to the sector in which the Company operates. The Committee regularly reviews its effectiveness as part of a broader review of all Board Committee's effectiveness facilitated by the Company Secretary. The Board is satisfied that the Committee is performing effectively and its composition remains appropriate.

How the Committee operates

The Committee has established an annual forward agenda aligned with the key events in the financial reporting cycle, and which includes all matters the Committee is required to consider in accordance with its terms of reference. The annual agenda is supported by agenda setting meetings held in advance of each Committee meeting, led by the Chair and attended by Senior Management. Their purpose is to identify key issues impacting the business that may require consideration by the Committee. At each Committee meeting, the members receive reports and presentations covering key financial reporting, risk, internal controls and internal and external audit matters which are delivered by Senior Management. The Committee provides regular reports of its activities, significant matters and/or any decisions or recommendations to the Board.

During the year under review, the Committee met three times.

Role and responsibilities

The Committee monitors the effectiveness of the Company's financial reporting, systems of internal control and risk management and the integrity of DCC's external and internal audit processes. The Committee's key responsibilities are shown in the table below

Activities during the year

Financial reporting

As part of the process of monitoring the integrity of the financial information presented in the Annual Report and Accounts, the Committee reviewed the key accounting policies and judgements adopted by Management to ensure that they were appropriate. The significant areas of judgement identified by the Committee, in conjunction with Senior Management and the external auditor, are set out in the table below right.

Financial reporting	Review the reporting of financial and other information to stakeholders of the Company and monitor the integrity of the Financial Statements, including the application of key judgements in determining reported outcomes to ensure that they are fair, balanced and understandable.
Internal controls and risk management systems	Review and assess the adequacy of the systems of internal control and risk management and monitor the overall risk appetite, tolerance, mitigation plans and strategy against the risk appetite set by the Board..
Compliance, whistleblowing and fraud	Responsibility for the whistleblowing policy resides with the Board, and both the Board and the Committee receive annual and ad hoc reports on the whistleblowing process, and on any significant issues raised. The Committee will also review the adequacy and security of the Company's policies and procedures for whistleblowing and detecting fraud.
Internal audit	Review and recommend approval of the annual internal audit plan to the Board, review the effectiveness of the internal audit function and review all significant recommendations and ensure they are addressed in a timely manner.
External audit	Review the effectiveness and objectivity of the external audit process, assess the independence of the external auditor and ensure appropriate policies and procedures are in place to protect such independence.
Effectiveness	Report to the Board on how the Committee has discharged its responsibilities.

Fair, balanced and understandable

The Committee considered whether the Annual Report was fair, balanced and understandable and whether the information provided was sufficient for a reader of the Statements to understand the Company's position and performance, business model and strategy. The Committee reviewed both the narrative and financial sections of the reports to ensure they were consistent and gave a balanced view of the performance of the business in the year and that appropriate weight was given to both positive and negative results or developments. The Committee also assessed whether the Annual Report enabled readers to understand the Company's financial position and prospects, its going concern status and longer-term viability. The Committee concluded that the report provided a fair, balanced and understandable view of the year under review and recommended it for approval to the Board.

Materiality

Materiality is important in determining the risk attached to any judgement. The Committee considers the audit materiality set by the external auditor, MHA, and ensures that it is informed of individual items above a certain threshold that had, or are most likely to have, an impact on the Financial Statements. It reviews MHA's report and the individual items that breach the materiality thresholds and assesses their relative impact on the Financial Statements. Where needed, the Committee requests further clarification from both the external auditor and Senior Management on the nature of these items and their relative importance in the Financial Statements. After having made such enquiries, the Committee is satisfied that materiality has been applied correctly in the accounts and that there are no material items that remain unadjusted.

External auditor

The Committee provides a forum for reporting by the external auditor and advises the Board on the appointment, independence and objectivity of the auditor, as well as fees for both statutory audit and non-audit work. The Committee discusses the nature, scope and timing of the statutory audit with the auditor and, in making a recommendation to the Board on auditor reappointment, performs an annual assessment of the auditor's suitability and performance. MHA attends meetings of the Committee and provides updates on statutory reporting, any non-audit work and ongoing audit items. The auditor has opportunity to raise concerns with myself as Chair separately, as well as in private sessions with the Committee.

Auditor independence

The Committee is committed to ensuring appropriate independence in its relationship with the auditor and the key safeguards are:

- The CFO monitors the independence of the auditor as part of the assessment of the auditor's effectiveness and reports to the Committee
- The CFO monitors the level and nature of non-audit fees. Specific assignments are discussed in advance with the auditor and flagged for the approval of the

Recognition of costs		
Matter considered	**Action**	**Outcome**
The amount of costs recognised in the period and whether they are permitted to be recharged to service users directly determines the amount of revenue recognised in the Statement of Profit or Loss. Therefore, there is a risk that if costs are not accurately recorded, revenue would be misstated..	Members of the Committee receive regular updates from the CFO on costs incurred throughout the year as part of management information presented to the Board. The Committee reviews a reconciliation of costs in the financial statements to this management information.	The Committee is satisfied that the disclosures given within the accounts are sufficient to gain a proper understanding of the methodology of accounting for revenue and cost recognition.
Management override of controls		
Matter considered	**Action**	**Outcome**
Management is in a unique position to manipulate accounting records and prepare fraudulent Financial Statements by overriding controls that otherwise appear to be operating effectively..	Members of the committee receive regular updates from the CFO on the financial performance of the company throughout the year. Additionally, Internal Audit Director has prepared and presented a full review of the control environment to the Audit Committee. MHA have conducted substantive testing of those procedures and have identified no specific additional risks of management override relating to the audit	The Committee is satisfied that controls have been adhered to ensure accounting records have been prepared in good faith and represent a true and fair view of the company financial position and that the controls underpinning those numbers have been carried out by professionally qualified people with sufficient independence and segregation of duty controls in place.

Committee as appropriate. The Committee considers implications for the objectivity and independence of the relationship with the auditor

Non-audit services and fees

Permitted non-audit services are those closely related to the audit, including some required by laws and regulations, or where it is more practical for the external auditor to perform the service. The auditor will continue to perform the Agreed Upon Procedures that are issued by Ofgem and required by the Licence as well as audit of the Certificate of Financial Resources. Details of audit and non-audit fees are given in note 4 to the Financial Statements.

Disclosure of information to the auditor

The Directors who held office at the date of the approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and that they have taken all steps that they ought to as a Director to make themselves aware of any relevant audit information required for the audit and to establish that the Company's auditor is aware of that information.

External auditor performance

During the year, the Committee has reviewed the auditor's terms of engagement and the audit plan, assessed MHA's performance, effectiveness and quality of the audit process, considered its remuneration and whether its appointment was in the best interests of DCC and its shareholder. The Committee also reviewed its Non-Audit Services Policy, which helps to ensure that the auditor's independence and objectivity are not impaired. Following this review, the Committee was satisfied that MHA had carried out its duties in a diligent and professional manner and was in line with requirements.

External auditor re-appointment

MHA was appointed auditor for the year ending 31 March 2024. Following consideration of the performance of the auditor, the service provided during the year and a review of their independence and objectivity, the Committee has recommended to the Board the continued appointment of MHA as the Company's external independent Auditor.

Internal control and risk management

The Committee is responsible for reviewing the effectiveness of the Company's risk framework and systems of internal controls. As part of that, the Committee receives updates on Licence and Code (SEC and REC) compliance, internal audit activity, compliance and enterprise risk at each Committee meeting.

The three-year internal audit plan, approved by the Committee in November 2024, includes three core elements of Risk based audits, Policy based audits and Advisory and Compliance reviews.

Risk based audits are focused on our principle Strategic Risks, to assess progress and completion of mitigation planning and for the Regulatory Year 2025/26 includes Major Programme delivery, Core Operating Platform Performance, Cyber Security, Obligations (e.g. Cost Efficiency verification) and Licence Renewal Business Handover readiness. Policy based audits aim to assure all policies have been effectively implemented and that the process and controls which support them are operating. Policies are audited on a 2–3-year cycle, with an outline plan for this established in the Audit Plan workbook. Advisory & Compliance Reviews support the business in key areas, including submissions to Ofgem on Ex Post, Ex Ante and Request for Information compliance, as well as Licence, SEC and REC compliance.

The effectiveness of the internal control framework and the risk management system has been reviewed throughout the year and an updated Internal Controls Framework and Risk Management Strategy & Framework were approved in March 2025. The Committee has assured the quality, experience and expertise of the internal control and risk management function through review of the papers presented to both the Committee and Board and through regular meetings between the Chair and the Senior Management Team. Regular reporting to the Committee during the year included:

- outcomes of planned controls and compliance monitoring activity, including an Independent Compliance Officer Work Plan;
- Strategic Risk Report, including review and approval of changes and proposed mitigations;
- Price Control Risk Management & Financial Governance
- outcomes of planned internal audit activity, including findings, risk assessment and recommendations;
- completion of agreed internal audit, risk, and compliance related actions, and measures taken to manage overdue or outstanding actions; and
- review and approval of Internal Controls Document and Risk Management Strategy.

Barbara Anderson
Chair Audit and Risk Committee
30 July 2025

Remuneration and People Committee report

Members	
Richard McCarthy CBE (Chair)	Sarah Ecclestone
Barbara Anderson	Gemma Bate-Williams
Ian McCaig	Nadia Choudhary

Annual Statement

I am pleased to present the Remuneration and People Committee report for the year ended 31 March 2025. The role and objectives of the Committee cover both remuneration and the governance, strategy and policies generally relating to employee matters. The Committee's Terms of Reference are available along with all other Terms of Reference on DCC's website www.smartdcc.co.uk.

The Committee continues to have the responsibility for determining and approving the remuneration policy for all Directors, the Senior Management Team and reviews, at least annually, the pay and bonuses awarded to the wider workforce. When determining the Company's remuneration policy and incentive schemes, the Committee considers a range of factors including the macro-economic conditions, guidance received from governing bodies and the feedback and views from our shareholder and stakeholders.

- The key activities of the Committee during the year have included:
- Review of the remuneration policy for Executive Directors and Executive Committee members for 2025;
- Executive performance reviews and annual salary review recommendations;
- Review of 2024/2025 corporate objectives outturns and bonus awards;
- Review of 2025/2026 corporate objectives;
- Reviewing the people priorities, culture and engagement initiatives and advising on corporate culture and values;
- Advising on the development of the Company's leadership capabilities and DCC's talent and development programme, including retention plans for critical roles;
- Reviewing the stability of the workforce;
- Monitoring the 6 monthly 'Your Voice' employee surveys;
- Approval of the annual pay award and bonus scheme effective from 1 April 2025;
- Updates on the work carried out by the designated NED for people, Ms Eccleston

How the Remuneration and People Committee operates

The Committee operates under delegated authority from the Board and comprises three independent Non-Executive Directors and three Non-Executive Directors. Although the composition of the Committee is not in compliance with the UK Corporate Governance Code because not all members are independent, it is considered to be suitable given the size and nature of the Company. Fifty percent of the members of the Committee are Independent Non-Executive Directors and the three Non-Executive Directors bring valuable insights to the discussions and the operation of the Committee.

The Committee is required to meet at least twice a year and otherwise as required. The number of formal meetings held throughout the year and attendance by each Committee meeting is shown on page 60. The work of the Committee is planned with reference to an annual agenda to ensure that the key policies and incentive schemes are regularly reviewed and that the Committee operates effectively. In addition, the Chair, CFO, CEO and CPO meet prior to any meeting to identify any issues related to remuneration or the people agenda that may require consideration by the Committee.

At each meeting, the members receive reports and presentations covering wider workforce arrangements which include the annual pay review and bonus, and steps taken to drive pay equality and broader talent considerations.

Remuneration and People Committee discretion

The Remuneration and People Committee retains the right to exercise discretion to override formulaic outcomes, to ensure that the level of bonus or award payable is appropriate. It may use its judgement to adjust outcomes downwards to ensure that any payments made reflect overall Company performance and the individual's contribution during the relevant period. Where exercised, the rationale for this discretion will be fully disclosed in the Annual Report.

Remuneration policy

This section sets out the remuneration policy, which is unchanged from the previous year. The Remuneration and People Committee is responsible for determining and agreeing with the Board the remuneration policy for the Executive Directors, members of the Executive Committee and the wider workforce. The Committee reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture. As part of the review process the Committee seeks the views of the Executive Directors, who participate in an advisory role and are not involved in the decision-making process.

In setting the remuneration policy, the Committee ensures that the arrangements are in the best interest of both the Company and its stakeholders, taking into account the following general principles:

- Value for money is achieved for customers in accordance with the Company's Licence commitments
- Total remuneration packages are simple and fair so that they are valued by employees
- Total remuneration strongly reflects performance

During the year, shareholder representation on the Committee through Richard McCarthy CBE, Richard Holroyd, Gemma Bate-Williams and Nadia Choudhary ensures that the shareholder's views on remuneration policy can be communicated and considered.

The Committee has ensured that the remuneration policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code:

During the year, shareholder representation on the Committee through Richard McCarthy, Richard Holroyd, Gemma Bate-Williams and Nadia Choudhary ensures that the shareholder's views on remuneration policy can be communicated and considered.

The Committee has ensured that the remuneration policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity	The policy is well understood by the Executive Directors and clearly articulated to the parent company and the wider workforce.
Simplicity	The policy is well established and does not include complicated reward structures. The incentive schemes have been designed to be as simple as possible with clear and well-defined objectives.
Risk	The Committee considers that there is a low risk of excessive rewards because of the strict policy in place to benchmark base salaries and its right to exercise discretion to override formulaic outcomes of variable pay. Objectives have been designed to minimise behavioural risk associated with target-based incentive schemes.
Predictability	The value range of possible rewards to the Executive Directors can be easily identified through the analysis of individual performance scores and performance against corporate objectives.
Proportionality	There is a clear link between individual rewards, delivery of strategy and our long-term performance.
Alignment to culture	The remuneration policy is fully aligned to DCC's culture by using metrics in the annual bonus scheme that measure how we perform against financial and non-financial objectives, including employee and supplier-related targets. There is no difference in the policy for Executive Directors and all other employees.

Summary Executive Director remuneration policy table (unaudited)

The following table sets out the key aspects of the policy:

Base salary

Purpose and link to strategy	Operation	Maximum levels of payment	Performance framework
To attract and retain talent by ensuring base salaries are sufficiently competitive and appropriately benchmarked.	Normally reviewed annually in February with any changes usually paid in May. The committee may award salary increases at other times of the year if it considers it to be appropriate. The review takes into account: • Comparable salaries in the market for organisations of similar size and complexity. • Economic climate • Individual performance • The scope of responsibility of the individual Director	The Licence dictates a maximum pay award based on a set formula. This is based on the average RPI over the prior 6 months. The Committee has the ability to set a maximum below this amount. In 2025, this was set at 3% (versus maximum 3.4%). Any annual increase in salaries is at the discretion of the Committee.	The Committee agrees how the budget is to be allocated, using a set matrix that applies individual increases based on position in band (versus market data) and individual performance.

Benefits

Purpose and link to strategy	Operation	Maximum levels of payment	Performance framework
Consistent with benefits available to all employees.	Benefits include car allowance, private medical insurance and life insurance, and are provided by the parent company. The Committee has discretion to add benefits not currently provided, such as relocation expenses.	Benefits are offered via the parent company and applied consistently relative to base salary.	Not performance related.

Pension

Purpose and link to strategy	Operation	Maximum levels of payment	Performance framework
Consistent with benefits available to all employees.	Pension contributions are paid into the defined contribution scheme offered by the parent company.	5% of salary in line with the wider workforce.	Not performance related.

Annual performance bonus scheme

Purpose and link to strategy	Operation	Maximum levels of payment	Performance framework
Incentivises delivery of the business plan on an annual basis, and rewards performance against corporate and individual objectives set at the beginning of each year.	At the end of the year the Committee approves the Company's performance against the corporate objectives, which accounts for 60% of the pay-out. The remaining 40% is dependent on individual performance against objectives set at the beginning of the year. The Committee approves individual performance for the CEO, CFO and Executive team. The Committee has full discretion to adjust outcomes under the annual bonus scheme. The company does not provide any other performance incentives such as stock options	On target earnings for CEO equate to 60% of base salary (max 75% at stretch for both corporate and individual performance) and for the Executive team 50% of base salary (max 62.5% at stretch for both corporate and individual performance	The Committee will determine the appropriate corporate objectives at the start of the financial year, with a balance of objectives based on financial performance, operational performance and strategic focus. Performance against each corporate objective is measured at three levels; threshold (75%), target (100%) and stretch (125%). Individual performance is then applied with good performance (80%), strong performance (100%) and outstanding performance (125%) The Committee retains the discretion to adopt any corporate objective that is relevant to the Company.

Sufficiently Independent Non-Executive Director (NED) fees (Unaudited)

A NED fee benchmarking exercise was last conducted in March and April 2023 with the assistance of Korn Ferry. As a result, the basic fee for NEDs was increased by £2,000 to £47,000 and the additional fee increased from £5,000 to £8,000 with effect from 1 June 2023.

Purpose and link to strategy	Operation	Maximum levels of payment	Performance framework
Market competitive fees are set to attract and retain NEDs with required skills, experience, and knowledge so that the Board can effectively carry out its responsibility.	The NED fees comprise an annual basic fee with additional fees for further Board responsibilities such as: • Senior Independent Director • Committee Chair for any Committee of the Board. No NED participates in the Company's incentive arrangements or pension plan or receives any other benefits.	The annual basic fee is £47,000, with additional fees of £8,000 for additional duties such as a Senior Independent Director or Committee Chair.	Not performance related.

Annual bonus scheme 2024/25 (unaudited)

Executive Directors are entitled to an annual bonus under the Company's performance bonus scheme. The scheme is applicable for all employees who meet the eligibility criteria. The maximum bonus entitlement is split between performance against corporate objectives (60%) and individual performance against personal objectives (40%).

The corporate objectives are set at the beginning of the financial year by the Board. Assurance of DCC's savings programme Performance against them is assessed by the Committee and achievement as at end of March 2025 was agreed at 81.25%, detailed in the table below:

Objective area	Corporate objective	Weighting and Target performance	Final performance
Fast and Flexible	Delivering an accessible and flexible platform, enhancing our capabilities to provide a shift and seamless experience for both current and future customers.	10%	12.5%
Right first time	Delivering our services to the time, cost and quality expectations of our customers and wider stakeholders.	20%	10%
Secure and stable	Delivering a reliable network performance, nationwide, while maintaining a security posture and resilience expected of 'deemed Critical National Infrastructure.'	25%	25%
Responsible and efficient business	Delivering a responsible and efficient business that recognises our obligations to our people, our customers and ultimately GB consumers.	45%	33.75%
		100%	**81.25%**

Executive Directors' service agreements (unaudited)

The service contracts for Executive Directors are for an indefinite period and provide for a six-month notice period. There are no arrangements in place between the Company and its Directors to provide compensation for loss of office.

Non-Executive Directors' terms of engagement (unaudited)

Independent Non-Executive Directors are appointed by letter of appointment for a period no longer than three years. An individual in this role can be re-appointed only once for a further period of no longer than six years. Each appointment can be terminated by one month's notice by either party. The letters of appointment are available for inspection during normal business hours at the Company's registered office.

Directors' remuneration earned in 2024/25 – single-figure table (Unaudited)

All figures above relate to amounts received or receivable in relation to the 24/25

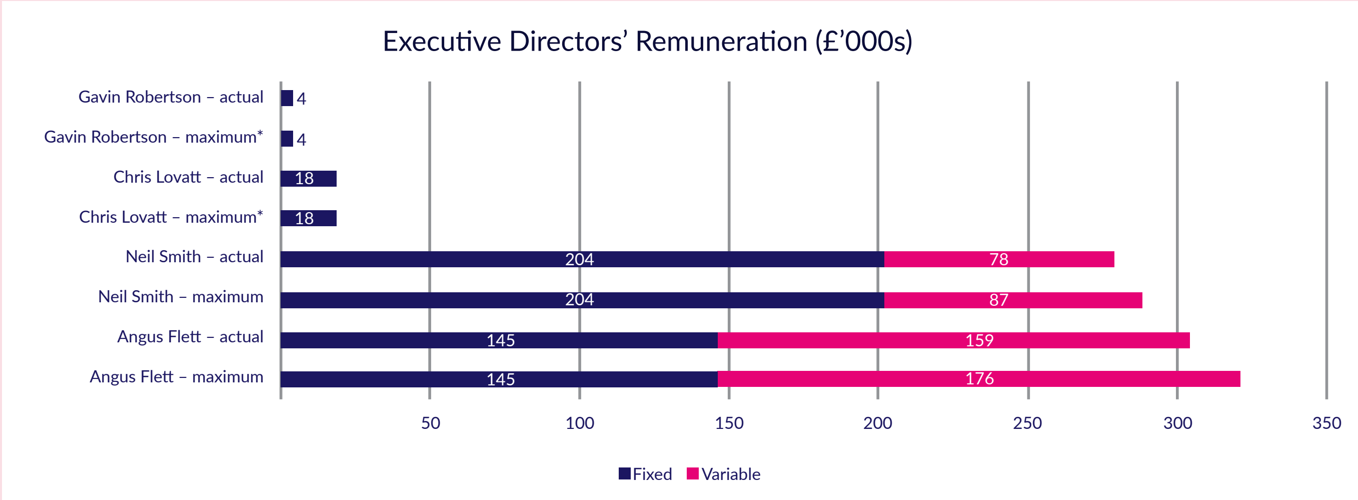
	Salary & Fees		Taxable Benefits[1]		Pension related benefits[2]		Bonus		Payments for past services		Total		Fixed*		Variable*	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Current office holders/employees																
Richard McCarthy, Chairman[2]	109,914	110,176	–	–	–	–	–	–	–	–	109,914	110,176	109,914	110,176	–	–
Christopher Lovatt, CEO[3]	16,825	–	270	–	841	–	–	–	–	–	17,936	–	17,936	–	–	–
Gavin Robertson, CFO[4]	3,132	–	285	–	157	–	–	–	–	–	3,574	–	3,574	–	–	–
Ian McCaig, Senior Independent Non–Executive Director	55,000	54,167	–	–	–	–	–	–	–	–	55,000	54,167	55,000	54,167	–	–
Barbara Anderson, Independent Non–executive Director	55,000	54,167	–	–	–	–	–	–	–	–	55,000	54,167	55,000	54,167	–	–
Sarah Eccleston, Non–Executive Director	55,000	54,167	–	–	–	–	–	–	–	–	55,000	54,167	55,000	54,167	–	–
Former office holders/employees																
Angus Flett, CEO	123,922	288,750	15,255	18,239	6,196	14,438	–	158,697	189,941	–	335,314	480,123	145,373	321,426	–	158,697
Colin Sempill, Interim CEO[5]	277,176	–	–	–	–	–	–	–	–	–	277,176	–	277,176	–	–	–
Neil Smith, Interim CFO	173,696	–	21,611	–	8,685	–	77,716	–	–	–	281,708	–	203,991	–	77,716	–
Jason Clark, CFO	–	183,575		15,649	–	9,179	–	–	–	–	–	208,402	-	208,402	–	–
Richard Holroyd, Non–executive Director	–	26,354	–	–	–	–	–	–	–	–	–	26,354	-	26,354	–	–
	869,665	**771,356**	**37,421**	**33,888**	**7,037**	**23,616**	**77,716**	**158,697**	**189,941**	–	**1,190,622**	**987,556**	**922,964**	**828,859**	**77,716**	**158,697**

*Payments for past services are not considered fixed or variable and therefore not included in these totals.
1 Taxable benefits are composed of car allowance and optional benefits selected by the employee. Examples of available benefits are private healthcare and critical illness cover.
2 Richard McCarthy's cost in relation to time worked on DCC related activities only, other roles held in Capita.
3 Entered service on 10/03/2025
4 Entered service on 25/03/2025
5 Fees paid above were to a specialist employment agency and exclude placement fees of £75.6k.

The Company has not paid any fees or other remuneration to the Group based Directors related to the directorship role the provided to the Company as part of the Group-wide executive management role. The Company has estimated that a reasonable allocation of the qualifying services that these Group based Directors provided to the Company during the year is £45,000 (2024: £7,500).

The ratio of total numeration for the highest paid director to that of the average employee total remuneration has not been calculated for 2025 (2024: 4.1 times). This is due to the number of changes in office holders during the year which has meant that the calculation of such a ratio would not be a representative reflection.

The value and composition of the Executive Directors' remuneration for the year compared to the maximum achievable is shown in the charts below. The charts are broken down to show how the total is composed of both fixed and variable elements of remuneration.



*These employees were not eligible for any variable elements of remuneration in 2024/2025 due to their appointment date.

Richard McCarthy CBE
Chair Remuneration and People Committee
30 July 2025

Technology Advisory Committee report

Members	
Sarah Eccleston	Phillip Male (External Subject Matter Expert)
Adam Searle (External Subject Matter Expert – joined May 2025 (employed by Capita)	

Introduction from The Chair

The Technology Advisory Committee is responsible for ensuring DCC's long-term technology planning supports the DCC in achieving its mandate in line with mid and long-term strategy, while making use of the most suitable, agile and commercially appropriate technology. The Committee has continued to develop and evolve since it was formed in November 2022.

The Committee reviews medium and long-term technology strategy for the effective use of technology and information across the DCC network. The primary purpose of the Committee is to ensure there is a clear medium and long-term vision for technology adoption and alignment between technology capability, business strategy and user requirements.

Decisions and recommendations from this advisory committee are clearly communicated to the Board.

Membership and Attendance

The Committee's membership changed during the year under review, following the departure of former CEO Angus Flett in August 2024. It now consists of the Independent Non-Executive Director, Sarah Eccleston as Chair and two external technology experts, Phil Male and recent appointee Adam Searle.

Phil joined the Committee on inception and has 20 years' experience as an Executive Director. He has an extensive background in telecoms, media and Internet and has operated in small start-ups through to large global companies and high growth environments. Phil has also developed an extensive knowledge of key industry stakeholders and the sector's key regulations and guidelines. Previously, he has held several senior posts including Executive Director at Demon Internet, Chief Operating Officer at THUS Group plc and Executive positions at Cable and Wireless Worldwide. Early in his career, he was one of two founding directors of Computer Newspaper Services (CNS) which pioneered electric content in the media industry. Phil was previously an Independent Director on the DCC Board, retiring in September 2022.

Adam joined the Committee after the end of the financial year, in May 2025, and is the Chief Technology Officer at Capita TfL. In this role, he leads the technology strategy and oversees the implementation of innovative solutions to enhance the efficiency and effectiveness of Transport for London's operations.

Other members of the Senior Management Team, including the Chief Executive Officer, Chief Technology Officer, Chief Information Security Officer, Chief Operations Officer and other matter specific experts are regularly invited to attend meetings to provide comprehensive updates and insight into any key issues and developments. A minimum of 5 participants are present in every meeting. Details of attendance by Board members are disclosed on page 60.

Committee activity

The Committee has met five times in the reporting year. Committee activity is driven by business activity, but following its formation a schedule of agenda items was established to ensure that all matters required to be considered by the Committee were given due consideration and are reviewed at appropriate intervals.

During the year the focus of the Committee has been:

- Overall mid and long-term Strategic Technology, including Security & Technology Roadmap
- Cybersecurity Risks and Strategy
- Consideration of solutions to the No-WAN issue
- Data Service Provider (DSP) Procurement
- SMETS1 & SMETS2 swap out
- Long Term Connectivity Strategy (e.g., Fibre, 4G, 5G, etc) in recognition of the limitations of Long-Range Radio, and the sunsetting of 2G/3G
- Network Performance
- Agreement on, and documentation of, Ideal & Future End State Architecture
- Scaling and Optimisation

The Committee continues to consider long range strategic technology planning, network security and the wider technology environment, as well as pre-review OBC/SBC (outline business case/strategic business case) submissions prior to review by the Board.

Sarah Eccleston
Chair Technology Advisory Committee
30 July 2025

Directors' Report

The Directors present their report and audited Financial Statements for the year ended 31 March 2025. The Corporate Governance Statement on page 52 to page 74 also forms part of this Director's Report.

Principal activities

The Company operates and maintains the smart metering network on a 24/7 basis, securely transferring energy data from homes and businesses to our customers.

Business review, performance and future developments

The business continued to operate in accordance with its licence obligations and programme milestones. Further details on operational and financial performance, as well as indications of likely future developments can be found in the Strategic Report on pages 2 to page 48.

Dividend Policy

No dividend is paid.

Board Members

The names and biographical details of the Board members who served on the Board as at the year end can be found on page 53 to 55.

Status of the Company and Share Capital

The Company was incorporated on 7 August 2013 and is a private limited company, 100% owned by Capita Business Services Ltd. As at 31 March 2025 the Company had 1 share of £1 each.

Directors' and Officers' Insurance and Indemnities

Capita has arranged insurance cover in respect of legal action against Directors. To the extent permitted by UK law, Capita also indemnifies the Directors. These provisions are qualifying third party indemnity provisions which were in force throughout the year and in force at the date of this report.

Subsequent Events

On 22 July 2025, the DCC Board approved a new financing arrangement to fund the Design Build Test phase of the new DSP programme. This secures a drawdown facility of £110m which can be utilised over the next 3 years. Each drawdown has a maturity date of five years from the date of the drawdown.

This new facility will be used to pay suppliers as work is complete, and funds will be repaid to the lenders over the five year period financed by recharges to customers.

As this agreement will be signed after the reporting date of 31 March 2025 and does not relate to conditions existing at that date, it is classified as a non-adjusting event under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the Financial Statements as at 31 March 2025.

Employment Policy

Our policy is to promote equal opportunity in employment regardless of gender, race, colour or disability, subject only to capability and suitability for the task and legal requirements. Where existing employees become disabled, it is our policy to provide continuing employment under equivalent terms and conditions, and to provide equal opportunity for promotion to disabled employees wherever appropriate. The Board recognises that the Company's performance and success are directly related to our ability to attract, retain and motivate high-calibre employees.

Employee Engagement

We keep our team members regularly updated with issues affecting the running of the business and obtain their views on any key matters, all of which is in accordance with our obligations under the Information and Consultation Regulations 2004. Sarah Eccleston is appointed as the Designated Independent Non-executive Director and she attends regular meetings with employees. The dissemination of information is achieved in many ways including weekly and quarterly newsletters, regular regional and area meetings, our company intranet and Directors and Managers briefings. These are opportunities for team members to express their views and ask questions. Outside of these specific events, we welcome any questions that team members may have about the business. Further information on employee engagement is provided on page 58.

Health & Safety

The health, safety, and wellbeing of our employees, contractors, and stakeholders remain a core priority. We are committed to fostering a safe and proactive working environment through clearly defined policies, effective risk controls, and a culture that values accountability and continuous improvement. In the past year, we successfully implemented a new Health and Safety Management

System aligned with ISO 45001:2018 standards, enhancing our ability to manage risks and monitor performance across our operations. All health and safety concerns, incidents, and near misses are reported through our internal digital reporting applications, enabling swift escalation to the appropriate levels of leadership, including the Board and its Committees where appropriate.

Principal risks and risk management

The Company's risk management strategy has been included in the Strategic Report on page 38. Further information on financial risk management is included on page 107.

Disclosure of Information to Auditor

The Directors who held office at the date of the approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and that they have taken all steps that they ought to as a Director to make themselves aware of any relevant audit information required for the audit and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the Company Financial Statements in accordance with applicable law and regulations. The directors are also responsible for adhering to Section 418 (2) of the UK Companies Act 2006.

Company law requires the directors to prepare Company Financial Statements for each financial year. Under that law they have elected to prepare the Company Financial Statements in accordance with UK-adopted International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Company's profit or loss for that period. In preparing each of the Company Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, prudent, relevant and reliable;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control, as they determine is necessary, to enable the preparation of all of its Financial Statements to ensure they are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors have decided to prepare voluntarily a Corporate Governance Statement and have sought to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters where appropriate, as a matter of good governance.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy on behalf of the Board,

Richard McCarthy CBE
Chairman Smart DCC
30 July 2025

4. Independent auditor's report to the Director General, Ofgem ("the Regulator") and the directors of Smart DCC Limited

Report on the audit of the regulatory accounts

Opinion

We have audited the Regulatory Accounts of Smart DCC Limited ("the Company") for the year ended 31 March 2025 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes to the Regulatory Accounts. The financial reporting framework that has been applied in their preparation is Condition 30 of the Company's Regulatory Licence and the accounting policies set out therein.

In our opinion, the Regulatory Accounts are properly prepared, in all material respects, in accordance with Condition 30 of the Company's Regulatory Licence and the accounting policies set out therein

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 and having regard to the guidance contained in ICAEW Technical Release 02/16AAF (Revised) Reporting to regulators on regulatory accounts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Regulatory Accounts section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Regulatory Accounts in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting

We draw attention to note 2 of the Regulatory Accounts, to the fact that the Regulatory Accounts have been prepared in accordance with a special purpose framework, Condition 30 of the Company's Regulatory Licence and the accounting policies set out therein. The nature, form and content of Regulatory Accounts are determined by the Regulator. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the Regulator's purposes. Accordingly, we make no such assessment.

The Regulatory Accounts are separate from the statutory financial statements of the Company and have not been prepared under the basis of UK-adopted international accounting standards ("UK IAS"). Financial information other than that prepared on the basis of UK IAS does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006. As a result, the Regulatory Accounts may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the regulatory accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks, such as losing the Licence or putting future Licence renewal at risk, to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination and challenge of the Company's cash flow projections, including considerations for the cost-of-living increase and performing sensitivity analysis on the information through changes in the assumptions.
- Challenges of management to the extent of identifying mitigating actions in various scenarios to confirm that they are within their control and capable of being implemented based on reasonably available resources of the Company.
- Viability assessment including consideration of reserve levels and future business plans.
- Review and conclusion on the accuracy and completeness of the Company's going concern disclosures, including the viability statement.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Company's financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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Overview of our audit approach	
Scope	Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement
Key Audit Matters	Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and accuracy of costs	
Key audit matter description	• Operations of the Company must comply with the terms of the Smart Meter Communication Licence (the 'Licence'), which permits the Company to recharge the costs to Service Users ('Customers'), inclusive of a profit margin. • There is a risk that operating costs included in the financial statements do not meet the criteria of allowable costs under the terms of the Licence. Therefore, these costs would not be able to be recharged to Customers. As revenue is derived from costs, there is a risk that both revenue and costs are materially misstated if allowable costs do not exist. Please refer to note 2 and 3 of the financial statements for a breakdown of these costs. • In addition, certain costs (and revenue) are recognised at milestone stages of completion. There is a risk that both revenue and costs are materially misstated in the current year if costs are recognised without milestones having been met and formally agreed.
How the scope of our audit responded to the key audit matter	We undertook the following procedures: • Obtained an understanding of the internal processes, systems and controls around the recognition of costs and how they are recorded in the financial statements. We completed a walkthrough to test the design and implementation of the relevant controls. • Substantive testing was performed on a sample of costs that were recharged to customers, by vouching source documents to confirm the existence of costs that meet the criteria to be recharged and that these costs were recorded accurately. • A sample of completed milestones achieved in the year were confirmed by reviewing the relevant contracts and confirming that these milestones were formally agreed through obtaining supporting evidence. • Cut-off testing was performed on contract costs to ensure purchases around the year end were accounted for in the correct period and in line with contract terms/milestones. • Disclosures in respect of cost recognition were reviewed to ensure accounting policies were adhered to and disclosures were adequate.
Key observations communicated to the Company's Audit & Risk Committee	Based on our audit work detailed above, nothing has come to our attention to indicate that the recognition, accuracy, or disclosure of costs was not in accordance with the financial reporting framework laid out in Condition 30 of the Regulatory Licence.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £10m (2024: £10m) which was determined on the basis of 2% (2024: 2%) of the Company's revenue. Revenue was deemed to be the most appropriate benchmark for the calculation of materiality rather than profit-based benchmarks, as the Company is not set up to generate a profit. It is also a key area of the financial statements with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £7.0m (2024: £7.0m) which represents 70% (2024: 70%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £0.5m (2024: £0.5m) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the Company which are relevant to our audit, such as those relating to the financial reporting cycle.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment, however we did not place reliance on the IT general controls operating across the Company.

Climate-related risks

In planning our audit and gaining an understanding of the Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We specifically considered the impact upon the income and the valuation of assets of the Company. We critically reviewed management's assessment and challenged the assumptions underlying their assessment. We also designed our audit procedures to specifically consider those assets where we anticipated, based on the work performed, that the highest impact arising from climate change might fall.

Reporting on other information

The other information comprises the information included in the annual report, other than the Regulatory Accounts and our auditor's report thereon. The directors are responsible for the other information contained within the Regulatory Accounts. Our opinion on the Regulatory Accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounts, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 77;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 77;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 77;
- Directors' statement on fair, balanced and understandable set out on page 77;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 76;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and
- Section describing the work of the audit committee set out on page 64.

Responsibilities of the Directors

As explained more fully in the Directors' Responsibility Statement set out on page 77, the directors are responsible for the preparation of the Regulatory Accounts and for such internal control as the directors determine is necessary to enable the preparation of Regulatory Accounts that are free from material misstatement, whether due to fraud or error.

In preparing the Regulatory Accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements Regulatory Accounts

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following::

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as UK tax legislation or those that had a fundamental effect on the operations of the Company including the regulatory and supervisory requirements and the contractual requirements of the licence with Ofgem.
- We enquired of the directors and management, including the audit committee, concerning the Company's policies and procedures relating to
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to improve financial performance, and management bias in accounting estimates.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board meetings, audit committee meetings, inspection of legal and regulatory correspondence from Ofgem

- audit procedures performed by the engagement team in connection with the risks identified included:

  – reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.

  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;

  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;

  - enquiry of management around actual and potential litigation and claims.

  - challenging the assumptions and judgements made by management in its significant accounting estimates; and

  - obtaining confirmations from third parties to confirm existence of a sample of balances.

- the Registered Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and

- we communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on Other Legal and Regulatory Requirements

Opinion on other matters prescribed by Condition 30

Under the terms of our engagement letter, we have agreed to report on any non-compliance with Condition 30.1. We have nothing to report in respect of the following matters:

- adequate accounting records have not been kept by the Company; and

- the Regulatory Accounts are not in agreement with the accounting records or returns not retained for the purpose of preparing the Regulatory Accounts.

Use of our report

This report is made, on terms that have been agreed, solely to the Company and the Regulator in order to meet the requirements of the Regulatory Licence. Our audit work has been undertaken so that we might state to the Company and the Regulator those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under the Regulatory Licence to procure such a report and (b) to facilitate the carrying out by the Regulator of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Regulator, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounts is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2025 on which we reported on 30 July 2025, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Andrew Gandell

Andrew Gandell FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
30 July 2025

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313

5. Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Revenue	1	514,266	499,757
Cost of sales	2	(354,664)	(352,814)
Gross Profit		**159,602**	**146,943**
Administrative expenses	3	(158,346)	(147,080)
Depreciation	9	(1,774)	(1,774)
Total administrative expenses		**(160,120)**	**(148,854)**
Operating loss		**(518)**	**(1,911)**
Interest received		861	2,752
Finance income	6	7,311	7,823
Finance costs	6	(7,654)	(8,664)
Profit before taxation		–	–
Tax	7	–	–
Result for the year		–	–
Other comprehensive income for the year		–	–
Total comprehensive income for the year attributable to the owners of the Company		–	–

The notes on pages 91 to 111 form an integral part of the financial statements.

Statement of Financial Position

For the year ended 31 March 2025

	Notes	31 March 2025 £'000	31 March 2024 £'000
Assets			
Non-current assets			
Unbilled revenue due in more than one year	8	362,120	364,210
Property, plant and equipment	9	956	2,231
Right-of-Use lease asset	9	–	893
Total non-current assets		**363,076**	**367,334**
Current assets			
Trade and other receivables	10	217,396	233,675
Cash and cash equivalents	11	82,967	69,589
Right-of-Use lease asset	9	394	–
Total current assets		**300,757**	**303,264**
Total assets		**663,833**	**670,598**
Liabilities			
Current liabilities			
Trade and other payables	12	299,711	299,399
Deferred revenue		–	5,476
Provisions		1,793	1,793
Right-of-Use lease liability	13	209	626
Total current liabilities		**301,713**	**305,501**
Non-current liabilities			
Supplier payables due in more than one year	8	362,120	364,210
Right-of-Use lease liability	13	–	197
Provisions	8	–	690
Total non-current liabilities		**362,120**	**365,097**
Total liabilities		**663,833**	**670,598**
Total net assets		–	–
Equity			
Share capital	15	–	–
Retained earnings		–	–
Total equity		–	–

The material accounting policies and notes on pages 87 to 107 form part of these Financial Statements. These Financial Statements were approved and authorised for issue by the Board of Directors on 30 July 2025 and signed on

Richard McCarthy CBE, Chairman
30 July 2025
Smart DCC Limited. Company registered number: 08641679Company registered number: 08641679

Statement of Changes in Equity

For the year ended 31 March 2025

	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
At 1 April 2023	–	–	–
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	–
At 31 March 2024 and 1 April 2024	–	–	–
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	–
At 31 March 2025	–	–	–

Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Net cash flows from operating activities	17	13,721	(41,957)
Net cash flows used in investing activities	17	–	–
Net cash flows used in financing activities	17	(343)	(841)
Net increase in cash and cash equivalents		**13,378**	**(42,798)**
Cash and cash equivalents at the beginning of the year		69,589	112,387
Cash and cash equivalents at the end of year	11	**82,967**	**69,589**

The notes on pages 91 to 111 form an integral part of the financial statements

Material Accounting policies

a) Reporting entity

Smart DCC Limited is a private Company limited by shares incorporated, domiciled and registered in England and Wales under the Companies Act 2006. The address of the registered office is First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 48 but can be summarised as managing the delivery of services to Great Britain's energy industry that facilitates secure communications between energy systems and smart meters.

b) Basis of preparation

Statement of Compliance

These Financial Statements have been prepared Pounds Sterling which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. They are prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) as modified by Condition 30 of the Company's Regulatory Licence, and in conformity with the requirements of the Companies Act 2006.

Basis of measurement

The accounts are made up to 31 March and have been prepared under the accruals concept and in accordance with the historical cost accounting convention. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Where items are sufficiently significant by virtue of their size and nature, they are disclosed separately in the Financial Statements in order to aid the reader's understanding of the Company's financial performance.

c) Use of estimates and judgements

In preparing these Financial Statements, management is required to make certain estimates to comply with IFRSs. Management is also required to make judgements in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the Financial Statements are disclosed below. Estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Ofgem price control determination

Each year Ofgem carries out a price control assessment to ensure that costs we have incurred are economic and efficient. Scrutiny of costs and associated revenues in this way provides assurance to stakeholders that we are providing value for money.

The assessment is carried out after the regulatory year has ended (the regulatory year is aligned with the financial year) and the final determination is published in the subsequent February. Therefore, any financial impact of the decision is first reflected in the results of the following regulatory year. This treatment is due to the inherent uncertainty surrounding the outcome of the Ofgem determination which means that management are unable to provide a reliable estimate as to the outcome of the assessment in advance.

Although there may be common themes amongst the disallowed costs, the specific items disallowed within these themes change. Management have tried to mitigate disallowances through the introduction of specific controls and processes to address areas of cost that have historically been disallowed. Additionally, the activities of DCC vary year on year which means Ofgem may not have historically formed a view on such costs and therefore this cannot then be replicated into future periods by way of a provision.

Consequently, this makes using historical outcomes to support a future estimate challenging, and management do not feel as though it would generate a reliable estimate for the purposes of inclusion within the Financial Statements.

Recognition of costs for work completed against contracts

Amounts due to Service Providers in respect of work completed against contractual milestones and other contractual obligations are recognised based on the stage of completion of work where this can be reliably estimated. The cost and revenue associated with each milestone or obligation is therefore recognised to the extent that work has been completed. If the stage of completion cannot be reliably estimated the cost and revenue associated with each milestone or obligation is recognised when fully achieved. Finance costs are accounted for as part of cost of sales as these costs are directly attributable to revenue and they would not have arisen if sales were not made.

Costs that have been recognised at the reporting date but have not been paid are recognised as a liability; initially at fair value, and then subsequently at amortised cost. Amounts due within 12 months of the reporting date are recognised as a current liability. Amounts due after 12 months are recognised as a non-current liability. Liabilities are recoverable through future charges to customers and therefore a corresponding asset is recognised in the Statement of Financial Position.

Recognition of costs for 4G Comms Hub & Networks (4G CH&N) Design Build Test phase

The 4G CH&N programme was established to ensure the network is prepared as 2G/3G technology enters its sunsetting phase to maintain the connectivity of the smart network in the long term. In 2023 the Company contracted external financing facilities to fund this Design Build Test phase of the programme. The facility has been used to pay suppliers as work is complete, and funds will be repaid to the lenders over a five-year period financed by recharges to customers.

The balance payable on the finance facility at the year-end is held as a liability on the Statement of Financial Position, with an equal and opposite prepayment balance representing amounts paid by DCC to suppliers for work on the programme, but which have not yet been billed to customers. Whilst the service consumption will extend beyond the current financing terms, management has made the decision to release the prepayment in line with the financing repayment profile, which is aligned to the customer Charging Statement. This therefore ensures that expenses are recognized in the same period as the revenue they helped generate.

Provisions

Estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the Company.

d) Changes in accounting policies

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting commencing 1 April 2024:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases.
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements.

The amendments listed above did not have any impact on the amounts recognised in the prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

At the date of authorisation of these Financial Statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.
- IFRS S2 Climate-related Disclosures.
- IFRS 18 Presentation and Disclosure in Financial Statements.

The Company is currently assessing the potential impact, which is expected to be significant in terms of presentation and disclosure, but not in recognition or measurement.

e) Going concern

In determining the appropriate basis of preparation of the Financial Statements for the year ended 31 March 2025, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts with specific consideration of the current economic conditions in the UK and the increase in inflation driven by various global conflicts, for the reasons set out below.

As at 31 March 2025, the Company had total assets less current liabilities of £362.1m (2024: £365.1m). Liquidity as at that date was £83.0m (2024: £69.6m), made up of cash and cash equivalents.

Management has modelled several plausible downside case scenarios that cover the period to 31 March 2027. As the Company is entirely funded by SEC Parties, who are also impacted by the current economic conditions, the plausible downside scenarios focus on the impact of lack of payment by customers. The Directors consider the scenarios to be extremely prudent and unlikely to occur. However, by considering such cases Management has ensured that mitigations the Company has in place would be sufficient to ensure adequate liquidity in extreme circumstances.

The Company is unique in having legal mechanisms in place under the SEC that significantly minimise both the risk and impact of customers not paying invoices:

1. Invoice payment cycle and terms are set out in the SEC and require customers to make payments within five working days of receipt of invoice. If customers fail to pay their invoices they are in breach of their obligations as SEC Parties.
2. Customers that meet the relevant criteria must provide credit support in the form of a bank guarantee, letter of credit, or a cash deposit. The Company holds sufficient credit cover for at least one months' charges for most customers. Support provided via bank guarantee or a letter of credit is payable on demand once requested.
3. After taking all reasonable steps to obtain payment, any outstanding customer debt that the Company is unable to recover can be recovered from all other customers.
4. The Company sets charges for the year in advance (refer to Material Accounting Policies, f. Revenue). However, it can revise these charges within the year, if required, to ensure it has enough funds.
5. In the event of a customer ceasing to trade, Ofgem's 'Supplier of Last Resort' process would apply. Any outstanding debt would be recovered from all other customers.

In addition, the Company has access to financial support, if required, through agreements with its Parent Company, worth a total value of £15.0m (2024: £15.0m).

The Smart Meter Communication Licence was due to expire in September 2025, a 24-month extension period was granted by Ofgem in September 24, revising the end date to 22 September 2027.

The Directors have reviewed the impact on monthly closing cash balances of the following plausible downside scenarios:

1. The six largest[8] customers failing to pay one months' invoice in the same month
2. The largest customer failing to pay invoices for three consecutive months
3. The largest customer failing to pay invoices for six consecutive months
4. Several medium[9] sized customers failing to pay invoices for the same three consecutive months
5. All smaller[10] customers failing to pay invoices for the same six consecutive months

The impact of each scenario has been assessed after allocation of available credit cover, as this would be allocated immediately in the event of payment default.

If payment plans could not be agreed any outstanding debt would be recovered from all other customers in the next available billing month.

The most severe downside case modelled by Management indicates the greatest negative impact on the Company's cashflows but is considered by both Management and the Directors to be highly improbable. Any indication of such a scenario arising would be highlighted early on through engagement mechanisms in place with the customer, the SEC Panel, Ofgem and DESNZ. Due to the Company's role as part of Critical National Infrastructure in delivering smart metering services, Directors expect that the government would use its Special Administration Regime provisions to intervene if a severe scenario was to materialise.

At the same time as the approval and signing of this Annual Report the Directors have approved a certificate of financial resources, as required by the Licence, which confirms that the Directors have a reasonable expectation that the Company will have sufficient financial resources and financial facilities available to itself to carry on operations for a period of at least 12 months from the approval of the Financial Statements. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

f) Revenue

The principal activity of the Company, and how it generates revenue, is the delivery and operation of the smart metering communication service in Great Britain to the energy industry (the Company's customers). All revenue, result, assets and cash flows in the current and prior year have arisen from the provision of core communication Services under the mandatory business of the Company, as set out in the Licence. The Licence outlines DCC's obligations, including providing and maintaining the infrastructure that supports the national rollout of smart meters.

Revenue is equivalent to the value of costs incurred plus margins earned for its shareholder in delivering and operating this service, as the Company currently operates on a nil profit model. The costs incurred by the Company are assessed by Ofgem on an annual basis. If Ofgem determines any costs that should not be recovered from customers, this value will reduce revenue in a future year. This is due to the final Ofgem price control determination not concluding until after the end of the financial year to which it relates – please see c) above for further explanation. Ofgem also determines whether the Company can earn margin for its shareholder through additional activities. Any margin awarded to the shareholder is recognised as revenue in the relevant years in which the activities are delivered.

All energy suppliers that have adhered to the SEC are deemed to be customers of the Company. The Company does not have individual contracts with each customer, but the Company deems the contract to be the arrangement in place under the SEC. The duration of the contract is currently until September 2027, which is in line with the duration of the Licence.

Performance obligations are the distinct goods or services promised to the customer. The Licence does not offer distinct separately identifiable performance obligations, and therefore, the single performance obligation is the operation of the Licence which covers the provision of continuous data transmission, maintaining network infrastructure, and offering support services. Measurement of the satisfactory completion of this obligation over time is performed using the 'Cost to cost' input method under IFRS 15:

- Revenue is recognised by comparing costs incurred to total expected costs.
- Milestone-based progress means costs act as a proxy for progress, enabling matching revenue recognition.

Customers are billed for the service in line with the Charging Methodology set out in the SEC. Charges for the year are set in advance and are based on expected cashflow over the next 12 months. Therefore, a proportion of the Company's revenue is billed in the year. The remainder will be billed in future years and represents amounts due from customers for work completed in the period but not due for payment as at the reporting date. This balance is included within trade receivables for amounts that will be billed within 12 months, and in non-current assets for amounts that will be billed after 12 months. A contract asset is not recognised as the Company has an unconditional right to consideration for work completed, subject to price control assessment by Ofgem.

With respect to some of the goods and services that customers receive directly from Service Providers, including communication hubs, the Company is acting as an agent and accounting for revenue and associated costs accordingly.

8 Determined by value of monthly invoices
9 Customers just outside the top six largest customers
10 Customers with monthly invoices less than £0.3m

The Company does not earn any commission on these services. The amounts owed for the services and the amounts to be recovered from customers are recognised in the Statement of Financial Position. No amounts are recognised in the Statement of Profit or Loss.

g) Taxation

Tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. DCC's operating model is such that all costs match the revenues for the year, which leads to a zero-tax liability.

h) Financial instruments

i. Recognition and initial measurement
Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value except for the financing of 4G Communications Hubs which has been accounted for a cash flow hedge (see note a) below)). For a financial asset or financial liability not measured at fair value through profit and loss (FVTPL), it is recognised at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

a) The Company (in Q1 2023) contracted external financing facilities in order to fund the Design, Build and Testing phase of the Communications Hubs and Networks 4G programme. The financing will be split across two lenders and the Company will draw down on these facilities in equal measure to pay suppliers as work is complete and repay those funds to the lenders over a five year period financed by recharges to customers. In order to protect the Company and Customers from fluctuations in interest rates, the Company has entered into an interest rate swap which has been accounted for as a cash flow hedge. (The Company has fixed the interest rate with one of the lenders with the other one floating, so the interest rate swap applies to only 50% of the loaned value). See Notes 8, 10 and 12 for balances.

ii. Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI – debit investments	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI – equity investments	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Impairment

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset (excluding receivables) is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies the simplified approach under IFRS 9 to measure expected credit losses on trade receivables and contract assets. Based on the nature of the Company's operations and contractual arrangements under the Smart Energy Code (SEC), the Company has assessed that the risk of default is negligible. All customers are SEC parties and are required to provide credit support (e.g. bank guarantees, letters of credit, or cash deposits) sufficient to cover at least one month's charges. In the event of non-payment, the Company has the right to recover outstanding amounts from other customers under the SEC. As a result, the Company has concluded that the expected credit loss is immaterial and has not recognised any impairment losses in the current or prior year.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

i. fixed payments (including in-substance fixed payments), less any lease incentives receivable;

ii. variable lease payment that are based on an index or a rate;

iii. amounts expected to be payable by the lessee under residual value guarantees;

iv. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

v. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability;

ii. any lease payments made at or before the commencement date less any lease incentives received;

iii. any initial direct costs; and

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture

j) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows::

- Freehold buildings and long leasehold property – not applicable
- Leasehold improvements – period of the lease
- Plant and equipment – 2 to 10 years

Depreciation is only calculated once the asset becomes available for use. The carrying values of property, plant and equipment are reviewed for impairment at the end of each reporting period to assess whether any events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Residual values and the Useful Economic Lives are also reviewed at the end of each reporting date.

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the Statement of Profit and Loss in the administrative expenses line item. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit and Loss in the year in which the item is derecognised.

Notes to the Financial Statements

1. REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Company's revenue is as follows:

	2025 £'000	2024 £'000
Continuing operations		
Provision of core communication services	**514,266**	**499,757**

Receivable balances

The following table provides information about opening and closing receivables from contracts with customers:

	2025 £'000	2024 £'000
Unbilled receivables due >12 months	362,120	364,210
Unbilled receivables due <12 months	145,260	178,973
Trade receivables	12,454	4,678
	519,834	**547,861**

OPERATING SEGMENTS

Segmental revenue and results (Mandatory Business Services – core communication)

All revenue, results, assets and cash flows arise from the provision of Core Communication Services under the Mandatory Business of the Company, as set out in the Licence, therefore there is one segment for revenue and results.

Geographical information (external customers)

The Company's revenue has all arisen from Great Britain for services provided to British energy suppliers.

Information about major customers

During the year the Company earned revenue from 98 customers (2024: 116). Of these, four customers individually contributed over 10% of revenue.

Customer	2025 Revenue (£m)	2024 Revenue (£m)
A	117.4	121.6
B	94.5	66.3
C	82.2	86.7
D	58.0	60.9

Smart DCC generates revenue exclusively from the provision of secure data and communications services to energy suppliers, network operators, and other authorised users within the UK smart metering ecosystem.

Although the Company serves different customer types, all customers operate under the SEC. As such, the nature, timing, and uncertainty of revenue and cash flows do not vary significantly between customer groups, nor are they impacted by differing economic factors.

Management monitors revenue as a single stream and does not disaggregate it further for internal decision-making purposes. Accordingly, no further disaggregation is presented, as it would not provide additional useful information to users of the financial statements.

2. COST OF SALES

	2025 £'000	2024 £'000
External costs	323,788	317,993
Pass through costs	28,181	29,204
Other external costs	2,695	5,617
	354,664	**352,814**

External costs represent costs incurred by our key Service Providers for the set up and delivery of the smart metering communication service. These Service Providers include the DSP, the CSPs, SMETS1 Service Providers and Switching Service Providers. Pass through costs are those relating to the cost of service provided by the SEC administrator SECCo Ltd, and the Alt HAN Co Ltd. Other external costs represent amounts for other Service Providers providing services directly related to the set up and delivery of the smart metering communication service that are not defined as external costs in the Licence, such as the SMKI Trusted Service Provider.

3. ADMINISTRATIVE EXPENSES

	2025 £'000	2024 £'000
Staff costs (Note 5)	92,397	85,298
Margin, gainshare and disallowed costs	3,441	1,681
Professional fees	25,758	20,477
IT operating expenses	14,223	16,329
Corporate overhead	10,743	10,206
Office accommodation	5,358	4,732
Recruitment costs	2,577	2,781
Travel and subsistence	2,341	2,095
Other costs	1,508	3,481
	158,346	**147,080**

Margin and gain share reflect the relevant price control results recognised in the year. Disallowed costs are presented against the relevant expense category for which they were disallowed.

Staff costs are received from a recharge from Capita Business Services Limited (CBSL).

4. AUDITOR'S REMUNERATION

An analysis of the auditor's remuneration is as follows:

	2025	2024
	£'000	£'000
Fees payable to the Company's auditor for the audit of the annual accounts	204	193
Total audit fee for statutory and regulatory accounts	**204**	**193**
Fees payable to the Company's auditor for other services to Other assurance services	46	45
Total non-audit fee	**46**	**45**

Other assurance services include review of a Certificate of Financial Resources and carrying out of a set of Agreed Upon Procedures, as required under the terms of the Licence.

5. STAFF COSTS

Staff are legally employed by a related party, CBSL for the benefit of the Company. Staff costs incurred by CBSL on behalf of the Company are recharged to the Company monthly at cost, with an overhead charge added. This includes pension contributions made by CBSL for employees enrolled in the Capita defined benefit pension scheme, the liability for which is included in the Financial Statements of the ultimate parent undertaking. No costs associated with the administration of the scheme are charged to the Company.

The average monthly number of employees (including Directors) was:

	2025	2024
Operations	187	187
Programme management	139	123
Finance, Commercial, Legal and Facilities	122	143
Technology	158	114
Other	153	163
	759	**730**

Their aggregate remuneration (including overhead) comprised:

	2025	2024
	£'000	£'000
Wages and salaries	82,455	77,106
Severance pay	988	862
Social security costs	7,317	5,948
Other pension costs	1,637	1,382
	92,397	**85,298**

6. FINANCE INCOME AND COSTS

	2025	2024
	£'000	£'000
Finance income		
Recovery of finance costs from customers	7,311	7,823
Total finance income	**7,311**	**7,823**
Finance costs		
Finance costs on milestone repayments	(7,311)	(7,823)
Lease interest expense	(53)	(7)
Finance bond interest and charges	(229)	(497)
Bank service charges	(61)	(337)
Total finance costs	**(7,654)**	**(8,664)**

7. TAX

	2025	2024
	£'000	£'000
Current tax	–	–
Deferred tax	–	–
	–	–

The Company has £nil taxable profit, and hence £nil tax at the UK Corporation rate of 25% (2024: 25%). No tax amounts have been recognised directly in equity during the year (2024: £nil).

8. NON-CURRENT ASSETS AND LIABILITIES

Included in both non-current assets and non-current liabilities are amounts of £362.1m (2024: £364.2m), representing amounts due from customers and due to Service Providers respectively.

	2025 £'000	2024 £'000
Unbilled receivables in respect of milestones	18,447	31,280
Unbilled receivables in respect of communication hubs	343,673	332,930
	362,120	**364,210**

	2025 £'000	2024 £'000
Supplier payables in respect of milestones	18,447	31,280
Supplier payables in respect of communication hubs	343,673	332,930
Provision for lease hold restoration costs	–	690
	362,120	**364,900**

At 31 March 2025, our Service Providers had achieved multiple contractual milestones and completed work against other contract obligations. Payments against these are due over the term of the contracts with Service Providers. As the milestones have been achieved and work has been completed the Company has a contractual obligation for payment, hence a non-current liability of £18.4m (2024: £31.3m) has been recognised, representing amounts payable after 31 March 2026.

These amounts will be recoverable from customers and therefore, a corresponding amount of £18.4m (2024: £31.3m) has been recognised as a non-current asset.

Unbilled receivables and supplier payables in respect of communication hubs comprise of two components. Our Service Providers have been providing our customers with SMETS2 communication hubs. These hubs are installed in consumer homes and allow our customers to use our network. The cost of a communication hub is charged to DCC by our Service Providers over time, and similarly we recover the value of a communications hub to our customers over the same period at the same value. As at the end of the reporting period we have recognised the amounts payable over 12 months for communication hubs accepted by customers at £269.2m (2024: £298.9m). These amounts will be recoverable from customers and therefore, an asset of equal value has been recognised.

A further £74.5m (2024: £34m) of matched assets and liabilities is in relation to the repayment and subsequent recovery from customers of the financing for the Design Build Test phase of the 4G CH&N programme.

All remaining balances are recoverable over a maximum period of five years until the end of the supplier contracts.

The categorisations of financial instruments in respect of the balances above can be found in Note 16

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Right of Use £'000	Total £'000
Cost or valuation			
At 31 March 2025	**8,380**	**3,418**	**11,798**
Depreciation			
At 31 March 2024	(6,149)	(2,525)	(8,674)
Charge for the period	(1,275)	(499)	(1,774)
At 31 March 2025	**(7,424)**	**(3,024)**	**(10,448))**
Carrying amount			
At 31 March 2024	2,231	893	3,124
At 31 March 2025	**956**	**394**	**1,350**

There were no additions or disposals during the year (2024: £nil) and the depreciation charge for the period was £1.8m (2024: £1.8m) and is included as a component of total administrative expenses, presented above operating (loss)/profit.

At year end, the net carrying amount of land and buildings was £0.4m (2024: £0.9m) which relates to the lease of Brabazon House, Manchester. The lease obligations are disclosed in note 13.

10. TRADE AND OTHER RECEIVABLES

Current	2025 £'000	2024 £'000
Unbilled receivable for milestones due in less than 12 months	12,047	82,302
Unbilled receivable for communication hubs due in less than 12 months	133,213	96,671
	145,260	178,973
Accrued income	56,709	48,471
Trade receivables due from customers	12,454	4,678
Prepayments	1,493	249
Other receivables	1,480	1,304
	217,396	**233,675**

Unbilled receivables of £145.3m (2024: £179.0m) is the amount to be recovered in the next year from customers for work completed as at the reporting date, and for communication hubs accepted by customers as at the reporting date, this includes £26.4m (2024: £11.4m) in relation to the financing of the Design Build Test phase of the 4G CH&N Programme. The corresponding amount due to Service Providers less payments in advance is recognised in Trade Payables (see note 12). The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Accrued income represents amounts due from customers for the month of March 2025 but billed in April 2025, therefore not received at the reporting date. The due date is the later of five working days following receipt of invoice and eight working days following the end of the month. The average credit period taken on sales of service is five days from receipt of invoice.

In accordance with Section J of the SEC, the Company determines whether credit cover is required for each customer. If it is required, customers provide Credit Support in the form of a bank guarantee, a letter of credit, or a cash deposit. The value of Credit Support must be equal to or greater than the customer's credit cover requirement, which is calculated on a weekly basis as specified in the SEC. If a user fails to pay their invoice by the due date and a notice has been issued, the Company can claim unpaid amounts plus interest from the Credit Support provided. If a customer does not have enough credit cover in place to cover their outstanding balance the Company will investigate other options for recovery of funds, but in all circumstances the option to recover the debt from all other customers is available. In this way the Company is not exposed to any risk of losses.

11. CASH AND CASH EQUIVALENTS

	2025 £'000	2024 £'000
Cash at bank	46,917	39,815
Credit cover deposits from customers	36,050	29,774
	82,967	**69,589**

Cash at bank reflects the amount available for use by the Company. Credit cover deposits are customers funds held in a ringfenced account which are only to be used as a drawn down facility to cover non-payment of invoices.

12. TRADE AND OTHER PAYABLES

Current	2025 £'000	2024 £'000
Supplier payables for milestones	12,047	82,302
Supplier payables for communication hubs	133,213	96,671
	145,260	178,973
Trade payables due to suppliers	40,655	237
Related party payables	20,941	16,950
Accruals	55,314	68,482
	116,910	85,669
Deposits held on behalf of customers	36,049	29,765
VAT payable	1,492	4,993
	299,711	**299,399**

Amounts due in less than one year for milestones and communication hubs are amounts that are due to be paid in the next year to Service Providers in respect of payments due in line with supplier contracts at the reporting date, this includes £26.4m (2024: £11.4m) in relation to the financing of the Design Build Test phase of the 4G CH&N Programme. These amounts will be recoverable from customers and therefore an amount of £145.3m (2024: £179.0m) has been recognised in trade and other receivables (see note 10).

Accruals reflect amounts outstanding for costs which will be invoiced after the year end.

Deposits held on behalf of customers represents amounts held as credit support in accordance with Section J of the SEC.

The Directors consider that the carrying amount of trade and other payables is approximately equal to their fair value.

13. LEASE LIABILITY

	Carrying amount 2025 £,000	Carrying amount 2024 £,000
Opening balance	823	1,464
Lease liability addition	–	
Interest charge	53	8
Repayments made during the year	**(667)**	**(649)**
Closing balance	**209**	**823**
Of which:		
Lease liability due in less than 12 months	209	626
Lease liability due in more than 12 months	–	197
	209	**823**

The Company recognises depreciation charges and additional interest charges in relation to leases within the Statement of Profit and Loss and other comprehensive income as well as disclosing in the notes to the Financial Statements.

14. OFF BALANCE SHEET ARRANGEMENTS

At the date of the Statement of Financial Position, the Company had unrecognised, future operational charges of £1,728.4m (2024: £1,389.7m). This represents payments that the Company is obliged to make for contractually committed operational charges to Service Providers in line with their contracts from the date of services going live.

15. SHARE CAPITAL

	2025 £'000	2024 £'000
Authorised, issued and fully paid:		
1 ordinary share of £1 each	–	–

Each share is entitled to one vote in any circumstances, equal rights to dividends, and to participate in a distribution arising from a winding up of the company.

16. FINANCIAL INSTRUMENTS

Categories of financial instruments:

	2025 £'000	2024 £'000
Financial assets at amortised cost		
Unbilled revenue due in more than one year	362,120	364,210
Trade and other receivables	215,903	233,426
Cash and bank balances	82,967	69,589
	660,990	**667,225**

	2025 £'000	2024 £'000
Financial liabilities at amortised cost		
Supplier payables due in more than one year	324,881	347,224
Trade and other payables	298,219	294,406
	623,100	**641,630**
Financial liabilities at fair value through the P&L		
Supplier payables due in more than one year	37,238	16,986
Trade and other payables	13,222	5,722
	50,460	**22,708**
	673,560	**664,338**

The Directors consider that the carrying amount of all financial assets and liabilities as shown in the table above approximately equal to their fair value.

Contractual cash flows of milestones achieved, and communication hubs delivered to customers

	2025 £'000	2024 £'000
Contractual cash flows		
1 year or less	145,260	167,529
1 to 2 years	141,042	121,412
2 to 5 years	221,078	242,798
Total	**507,380**	**531,739**
Amounts due in more than one year	362,120	364,210
Amounts due in less than one year	145,260	167,529
Carrying amount	**507,380**	**531,739**

The maturities of assets match exactly to those of the liabilities.

FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks, principally credit risk and interest rate risk. The objective of the Group's financial risk management is to manage these exposures in a prudent, cost-effective manner, consistent with its low-risk profile and regulatory obligations under the Smart Energy Code and Smart Metering Communications Licence.

The Company does not enter into speculative financial instruments has limited exposure to foreign exchange risk, and no exposure to commodity price risk.

Capital risk

The Company manages its capital to ensure that it can support the business and continue as a going concern. The Company's capital consists of cash, which is managed to ensure there is always sufficient operating liquidity. The Company is not subject to any externally imposed capital requirements.

Credit risk

Credit risk is the risk of financial loss to the Company because of a counterparty defaulting on its contractual obligations. The Company trades only with recognised, creditworthy third parties.

The Company's exposure to credit risk arises primarily from receivables and accrued income due from users of DCC's smart metering communication services, namely licensed energy suppliers operating within Great Britain.

The Company is exposed to a concentration of credit risk due to the following:

Counterparty concentration

Most of its revenue from a relatively small number of large energy suppliers. If one or more of these parties experience financial distress or default, there is a risk of delayed or non-payment of charges, which may impact cash flows until the amounts are recovered via regulatory mechanisms.

Industry sector concentration

Customers are exclusively participants in the regulated electricity market. If the energy retail sector is adversely affected by economic or policy changes—such as retail price caps, supplier failures, or regulatory reforms—multiple users may be impacted simultaneously, increasing credit risk exposure.

Geographic concentration

DCC operates solely within the United Kingdom. Any region-wide economic downturn, regulatory shift, or systemic market disruption in the UK energy sector could affect the financial resilience of a broad set of DCC users at once

This concentration is mitigated through regulatory protections embedded within the Smart Energy Code (SEC). It is a requirement of Section J of the SEC that all customers provide Credit Support in the form of a bank guarantee, letter of credit, or a cash deposit. Support provided via bank guarantee, or a letter of credit is payable on demand once requested. The Company holds sufficient credit cover for at least one months' charges for most customers, and the requirement is reviewed on a weekly basis.

Furthermore, after taking all reasonable steps to obtain payment, any outstanding customer debt may be recovered from the remaining customer base via future Charging Statements, subject to Ofgem's approval. This revenue recovery mechanism materially reduces the risk of unrecoverable losses.

Any indication of a concentration of credit risk due to the scenarios above would be highlighted early on through engagement mechanisms in place with the customer, the SEC Panel, Ofgem and DESNZ. Due to the Company's role as part of Critical National Infrastructure, Directors expect that the government would use its Special Administration Regime provisions to intervene if a severe scenario was to materialise.

Management therefore considers that, while credit risk is concentrated, the regulated nature of DCC's operations and the credit cover arrangements in place significantly mitigate the risk of material loss.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy is to hold cash at a level sufficient for the Company to meet its medium-term payment obligations. The Company does not have external financing, and therefore includes a Prudent Estimate (as defined in the Licence) contingency in charges to customers to allow for timing differences between receipts and payments.

Management monitor the risk of having a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's creditors (e.g. accounts payable, VAT payments) and projected cash receipts from operations. The Company has access to financial support, if required, through agreements with its Parent Company, worth a total value of £15.0m.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company's exposure to market risk is limited give the scope of its operations.

Interest rate risk

The Company carries interest rate risk relating to cash and cash equivalents. These balances are subject to variable interest rates based on prevailing market conditions. The Company does not benefit from interest earned on the customer credit cover deposits as this is assigned to the respective customer balances held.

There is a further risk relating to fluctuating interest rates in relation to the contracted external financing facilities to fund the Design, Build and Testing phase of the Communications Hubs and Networks 4G programme. The financing is split across two lenders, and the Company has drawn down on these facilities in equal measure to pay suppliers as work is complete and repay those funds to the lenders over a five-year period financed by recharges to customers.

The Company has fixed the interest rate with one of the lenders; for the remaining 50% of the loaned value, the Company has designated an interest rate swap as a cash flow hedge of interest payments linked to SONIA. At 31 March 2025, the notional amount of the hedge was £65million, with a maturity date of February 2028. The hedge is designated and effective under IFRS 9.

The Company operates a cost recovery model, therefore any gains or losses from interest rate movements are typically returned to or recovered from service users via future Charging Statements. As such, the net economic impact to the Company is not considered material.

Currency risk

The Company predominantly operates in its functional currency, Pounds Sterling, with minimal immaterial transactions conducted in foreign currencies (EUR and USD). All financial instruments are denominated in GBP. As such, the risk to the Company is extremely low.

Following a review of the above, there have been no significant changes in the Company's exposure to financial risks or how they arise compared to the prior year.

17. CASH FLOW STATEMENT

	2025 £'000	2024 £'000
Profit for the year	–	–
Adjust for:		
Net finance costs	343	841
Depreciation	1,774	1,774
Other non-cash movements:		
. – Lease liability movement	(614)	(642)
. – Provisions	1,103	–
Decrease/(Increase) in trade and other receivables	16,279	(38,730)
Increase in trade and other payables	312	9,683
Decrease in deferred revenue	(5,476)	(14,883)
Net cash from operating activities	**13,721**	**(41,957)**
Net cash used in investing activities	–	–
Recovery of finance costs from customers	7,311	7,823
Finance costs on milestone repayments	(7,654)	(8,664)
Net cash used in financing activities	**(343)**	**(841)**

Receivables and payables are those classified as being current and due for settlement within 12 months of the date of the reporting date.

18. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The Company is a subsidiary undertaking of Capita Business Services Ltd. The ultimate parent company is Capita plc (Group), incorporated in the UK. Each year the Group reassess whether it has control over the Company as required under IFRS 10. The Group's ability to control the relevant activities of the Company is restricted by the Company's operating Licence. The power that the Group has over the Company's relevant activities, by virtue of owning it, is limited given the restrictions in the Licence. That power is held by the Board of the Company where the Group has minority representation in compliance with the Licence. The Group has therefore not consolidated the Company within its Group accounts.

Key Management Personnel

The Directors of the Company are considered to be the Key Management Personnel. The total amounts for Directors' remuneration were as follows:

	2025 £'000	2024 £'000
Total remuneration	1,191	997

Included in the amount shown above is £335.3k (2024: £480.1k) in respect of qualifying services for the highest paid Director which was all paid as salary, bonus and benefits. In addition, there was £6.2k (2024: £14.4k) paid in pension contributions, and a further £190.0k (2024: £nil) paid for past services.

The Company made contributions to a defined contribution scheme on behalf of two directors in the year (2024: none), and two directors received an allowance as part of the Capita Executive Cash Pension Plan (2024: two). For details of the components of remuneration please see the Directors remuneration report on page 72.

Balances and transactions with Capita Business Services Ltd (Parent Company)

	2025 £'000	2024 £'000
Amounts included in operating profits	125,916	117,506
Amounts owed to related parties	20,941	16,950
Amounts owed from related parties	–	–

The transactions with related parties are concluded on an arm's length basis. Amounts owed are settled within 30 days of invoicing.

19. EVENTS AFTER BALANCE SHEET DATE

On 22 July 2025, the DCC Board approved a new financing arrangement to fund the Design Build Test phase of the new DSP programme. This secures a drawdown facility of £110m which can be utilised over the next 3 years. Each drawdown has a maturity date of five years from the date of the drawdown.

This new facility will be used to pay suppliers as work is complete, and funds will be repaid to the lenders over the five year period financed by recharges to customers.

As this agreement will be signed after the reporting date of 31 March 2025 and does not relate to conditions existing at that date, it is classified as a non-adjusting event under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the Financial Statements as at 31 March 2025.

On 23 July 2025, Ofgem announced that it had opened an investigation into DCC's compliance with certain conditions of its Smart Meter Communication Licence.

The investigation is at an early stage, and no findings have been made. DCC is cooperating fully with Ofgem. At the date of approval of these Financial Statements, it is not possible to determine the outcome of the investigation or to reliably estimate any potential financial effect, if any.

Accordingly, no adjustment has been made to these Financial Statements in respect of this matter. The Directors consider this to be a non-adjusting event after the reporting period in accordance with IAS 10 Events after the Reporting Period.