

Consent given by the Gas and Electricity Markets Authority (the “Authority”) pursuant to Licence Condition 30 (Requirements for the Regulatory Accounts) of the Smart Meter Communication Licence granted pursuant to Sections 7AB(2) and (4) of the Gas Act 1986 and Sections 6(1A) and (1C) of the Electricity Act 1989 to Smart DCC Ltd.

Whereas:

1. Smart DCC Ltd (the “Licensee”) is the holder of a licence (the “Licence”) granted pursuant to Sections 7AB(2) and (4) of the Gas Act 1986 and Sections 6(1A) and (1C) of the Electricity Act 1989.
2. The licensee is a wholly owned subsidiary of Capita plc (“Capita”). Capita is a quoted company for the purposes of Chapter 4 of the Companies Act 2006.
3. Licence Condition 30, Part C, of the Licence requires the Licensee to ensure, so far as is reasonably practicable, and except where the Authority otherwise consents, that its Regulatory Accounts:
 - a) have the same content and format as the most recent or concurrent statutory accounts prepared under Part 15 of the Companies Act 2006, subject to the inclusion of Segmental Information; and
 - b) comply with the requirements applicable to a Quoted Company in Chapter 4 of the Companies Act 2006 with respect to the preparation of the annual accounts and the requirements of the applicable accounting framework under which it prepares them.
4. On 30 April 2014, pursuant to Licence Condition 30, Part C, the Licensee requested the Authority’s consent to excluding from the Licensee’s Regulatory Accounts for Regulatory Year 2013/14 the following components that are required of a Quoted Company¹:
 - a) In the Strategic Report² the gender breakdown of employees.
 - b) In the Directors’ Report³ the greenhouse gas emissions disclosure.
 - c) In the Directors’ Report⁴ the capital structure.
 - d) In the Corporate Governance Statement⁵ the effectiveness of the board evaluation, re-election, and remuneration (level and make-up).

¹ All these components fall under (b) of paragraph 2.

² Schedule 7, Part 15 of the Large and Medium-Sized Companies Regulations 2008

³ Companies Act 2006, Part 15, Chapter 5, Section 416, Paragraph 15

⁴ Schedule 7, Part 13 of the Large and Medium-Sized Companies Regulations 2008

⁵ Required for compliance with the UK Corporate Governance Code

- e) The Directors Remuneration Report⁶.
5. The Authority considers that, for Regulatory Year 2013/14, consent should be given to the Licensee for the following reasons :
- a) The gender breakdown of employees in the Capita group is subject to disclosure in the strategic report included in the accounts of Capita. A separate disclosure by the Licensee is not warranted by the size of the licensee's own workforce, and within this first year the information would not be useful.
 - b) The greenhouse gas emissions of the Capita group are subject to disclosure in the Directors report included in the accounts of Capita and separate disclosure is not warranted by the size of Licensee's own operational profile.
 - c) The capital structure of the Licensee is straightforward, such that the information contained in its accounts and the licence is sufficient to obtain a full understanding.
 - d) Disclosure of the effectiveness of the board evaluation and re-election is not relevant with respect to the Regulatory Year in which the licence was granted (2013/14).
 - e) Information relating to the remuneration (level and make-up) and Directors remuneration is commercially sensitive in the context of the commercial basis on which the licence was granted.

Now the Authority consents as follows:

6. Pursuant to Licence Condition 30, Part C, of the Licence, the Licensee's Regulatory Accounts for Regulatory Year 2013/14 are not required to comply with the requirements applicable to a Quoted Company in Chapter 4 of the Companies Act 2006 with respect to the preparation of the annual accounts, in relation to the following components:
- a) In the Strategic Report, the gender breakdown of employees.
 - b) In the Directors Report, the greenhouse gas emissions disclosure.
 - c) In the Directors report, the capital structure.
 - d) In the Corporate Governance Statement, the effectiveness of the board evaluation, re-election, and remuneration (level and make-up).
 - e) The Directors Remuneration Report.

⁶ Companies Act 2006, Part 15, Chapter 6

Notice of reasons

7. This document also constitutes a notice under section 38A of the Gas Act 1986 and section 49A Electricity Act 1989 of the reasons for the decision of the Authority to give this consent pursuant to the Condition.

Dated

22/05/14

Signed

A handwritten signature in blue ink, appearing to be 'Rob Church', written in a cursive style.

Rob Church

Associate Partner, Smarter Markets and Smarter Metering

Signed on behalf of the Gas and Electricity Markets Authority

