

Data Communications Company

Qualifying Explanatory Statement

in support of the

Achievement of and Ongoing Commitment to Carbon Neutrality

Application Period: 1 April 2021 – 31 March 2022

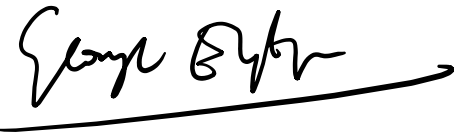
Date: 20 July 2022

1. Executive Summary

This document is the Qualifying Explanatory Statement (QES) which provides collected evidence in support of the declaration that the Data Communications Company (“DCC”)

1. has achieved carbon neutrality for its UK operations for the period commencing 1 April 2021 to 31 March 2022 (see Section 3); and
2. is committed to maintaining carbon neutrality for its UK operations (see section 4).

The carbon neutrality declaration has been made and the collected supporting evidence has been provided in accordance with the requirements prescribed by PAS 2060:2014 – Specification for the demonstration of carbon neutrality.



George Eykyn

Corporate Affairs Director

13 June 2022

2. General information

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
|--|---|
| Entity making PAS 2060 declaration: | <i>The Data Communications Company, “Smart DCC”</i> |
| Subject of PAS 2060 declaration: | <i>The entire Smart DCC (‘DCC’) organisation i.e. the wholly owned subsidiary of Capita plc that operates under the Smart Meter Communication Licence issued 23 September 2013</i> |
| Description of Subject: | <i>The DCC organisation, established under licence, to provide products and services to enable efficient communication of energy data and information between consumers (homes and businesses), energy suppliers, network operators and other authorised DCC users.</i> |
| Rationale for selection of the subject: | <i>The DCC organisation was created in order to deliver a key component of the UK’s national decarbonisation strategy – the Smart Meter network and support programme that is establishing the digitisation of the UK energy supply. The digitisation confers the ability to manage the energy market more effectively and to allow electrification of supply and the rapid move towards sustainable fuel sources that are not dependent on fossil fuels.</i> |

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| | <i>DCC is tasked with programme managing delivery of the Smart Meter programme, however, it recognises the need to be sustainable in, and of, itself. DCC has therefore made itself more efficient, moved towards a renewable source of electricity, engaged the Carbon Trust to calculate its carbon footprint and purchased corresponding offsets to reduce its absolute net impact on the environment and allow formal Carbon Neutral certification.</i> |
| Control approach: | Operational control |
| Type of conformity assessment: | <i>Independent third-party certification (see Appendix 2)</i> <i>Smart DCC's organisation footprint FY2021/21 including Scope 1, 2 and Business travel was calculated by the Carbon Trust. This was then verified by the Carbon Trust in accordance with the ISO 14064-3 standard.</i> <i>Offsets were purchased from a third party source – Carbon Footprint LTD. The Carbon trust then certified Smart DCC to PAS 2060 carbon neutrality specification.</i> |
| Baseline date for PAS 2060 programme: | <i>Financial/Regulatory Year ('RY') i.e. 01st April 2019 to 31st March 2020</i> |
| Individuals responsible for evaluation and provision of data necessary for declaration: | <i>Provision of Data</i> <ul style="list-style-type: none"> • <i>Stephen Chawke (DCC)</i> • <i>Clare Johnson-Higgs (DCC)</i> • <i>Brad Myers (DCC)</i> |

3. Declaration of achievement to carbon neutrality

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
|--|--|
| Declaration of achievement: | <i>Carbon neutrality of all UK operations by the DCC organisation achieved by DCC in accordance with PAS 2060 for the period commencing 1st April 2021 until the 31st of March 2022 for its scope 1, 2 and business travel emissions, certified by Carbon Trust Assurance.</i> |
| Recorded carbon footprint of the subject during the period stated above | The total carbon footprint of Smart DCC's operations from 1 April 2021 - 31 March 2022 amounted to 347 tCO ₂ e according to the location-based approach and 155 tCO ₂ e according to the market-based approach. This footprint includes the following: |

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| | <ul style="list-style-type: none"> • Scope 1: Natural Gas, Refrigerants • Scope 2: Electricity • Scope 3: Business Travel. <p>DCC has chosen to offset the location based footprint, being the greater of the two sums and in order to be consistent with previous certification years.</p> |
| Carbon footprint reduction target for period | In a year which expected the UK to begin to bounce back from the pandemic and increase commuting and use of offices, DCC felt it would be an ambitious outcome to reach a 1% reduction in its carbon footprint to 546.67 tCO2e in 2021/22. |
| Carbon footprint reduction achieved for period | <p>The total carbon footprint of Smart DCC's operations from 1 April 2021 - 31 March 2022 amounted to 347 tCO2e according to the location-based approach and 155 tCO2e according to the market-based approach. This footprint includes the following:</p> <ul style="list-style-type: none"> • Scope 1: Natural Gas, Refrigerants • Scope 2: Electricity • Scope 3: Business Travel |
| Carbon offsets purchased | Data Communications Company offset 400 tCO2e through solar power generation in India and planted 250 trees in the UK. (Source Carbon Footprint Ltd) |

3.1. Carbon footprint methodology

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
|---|---|
| Description of the standard and methodology used to determine GHG emissions and reductions | <p>In establishing the company's GHG emissions, the principles of the GHG protocol were used alongside the ISO 14064 standard for guidance.</p> <p>The methodology for calculating the carbon footprint was as follows:</p> <ul style="list-style-type: none"> - Electricity and Natural Gas consumption in kWh was collected via monthly invoices from Capita Energy. Where invoices were only available for the whole building, and Smart DCC occupy part of the building, a % relating to Smart DCC's share of the building was applied to the total consumption figures. |

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| | <ul style="list-style-type: none"> - F Gas records provided data on kg of refrigerant leakage and refrigerant type. - Business travel (Air and Rail) is purchased through a corporate travel management company called Click Travel. Distance data used in the footprint is provided from a download of Click Travel's online system. - Business travel (Road) distance data is provided by the finance team's online expenses claims system. <p>BEIS 21 emission factors were used to convert activity data into tCO₂e.</p> <p>For the market-based approach, Smart DCC purchase 100% REGO backed renewable electricity. REGO documentation was provided to allow this to be accounted for within the footprint.</p> <p>The Carbon Trust provided third-party verification to the ISO 14064-3 standard at the end of this process.</p> <p>The provisions of the methodology for calculating the carbon footprint were applied as detailed and the principles set out in PAS 2060 were met.</p> |
| <p>Justification for the selection of the methodologies chosen</p> | <p>The GHG Protocol is an internationally used and accepted methodology & that the ISO 14064-3 is an internationally recognised verification.</p> |

3.2. Carbon footprint breakdown




| Carbon Footprint <i>(for latest footprinting year)</i> | Information Relating to the Carbon Neutral Declaration |
|--|---|
| Total Carbon Footprint | Location-based footprint: 347 tCO ₂ e Market-based footprint: 155 tCO ₂ e |
| Carbon Footprint Breakdown by Scope | Location-based: Scope 1: 115 tCO ₂ e Scope 2: 192 tCO ₂ e Scope 3: 40 tCO ₂ e Market-based: Scope 1: 115 tCO ₂ e Scope 2: - Scope 3: 40 tCO ₂ e |
| Scope 1 – Direct GHG Emissions: | Natural Gas: 106.7 tCO ₂ e Fuels (owned vehicles): - tCO ₂ e Fuels (stationary equipment): - tCO ₂ e Fugitive emissions: 8.09 tCO ₂ e |
| Scope 2 – Energy Indirect Emissions: | Location-based: Imported Electricity: 192 tCO ₂ e Imported Heat: - Imported Steam: - Market-based: Imported Electricity: - Imported Heat: - Imported Steam: - |
| Scope 3 – Other Indirect GHG Emissions: | Category 6 – Business travel (air) 15.52 tCO ₂ e (grey fleet) 14.36 tCO ₂ e Other: 9.84 tCO ₂ e |
| Exclusions | Other Scope 3 categories have not been considered for this certification year, as no data is available for areas outside of those stated above. |

3.3. Carbon reduction

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
|---|---|
| Reductions achieved | <p>The carbon footprint reductions between the current carbon footprint (see section 3.2) and the baseline period are as follows:</p> <ul style="list-style-type: none"> • Absolute reduction: 205 tCO₂e • Percentage absolute reduction: 37% |
| Baseline period | 2020/21 when carbon footprint was 552.19 tCO ₂ e |
| Confirmation that there has been no change to the definition of the subject | There has been no change to the definition of the subject. |
| Description of the means by which reductions have been achieved and any applicable assumptions or justifications | The coronavirus pandemic led to the cessation of all but critical worker business travel and a reduction in our use of offices. Our Ibex House office was closed for most of the Government-directed lockdown periods, as our workers were able to operate remotely from home. Only our Brabazon House and Discovery House offices were open throughout for a small number of critical workers. |

3.4. Carbon offsets

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
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| Offset methodology | Smart DCC's carbon offsetting credits verified to this standard: Verified Carbon Standard |

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| | <p>Energising India Using Solar Energy Projects</p> <p>Country: India Type: Renewable Energy – Solar Power Reference: VCS 1931</p>   <p>The project is a step towards supporting the implementation and installation of five grid connected renewable solar energy power plants in India. The main goal of project activity is to implement renewable energy projects in the country and the significant importance of revenues from sale of carbon credits to achieve this goal forms the basis of the implementation of this project.</p> <p>The total capacity of the project activity is 480 MW and the power produced displaces an equivalent amount of power from the activity and is expected to reduce emissions by around 850,000 tonnes of CO₂e each year.</p>  |
| <p>Offset Confirmation</p> | <p>The offsets generated represent genuine, additional GHG emission reductions elsewhere. Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting. Carbon offsets are verified by an independent third-party verifier.</p> <p>The credits from the selected carbon offset projects are:</p> <ul style="list-style-type: none"> • only issued after the emission reduction has taken place • retired within 12 months from the date of the declaration of achievement. • supported by publicly available project documentation on a registry which provides information about the offset project, quantification methodology and validation and verification procedures. • stored and retired in an independent and credible registry. |
| <p>Offsets</p> | <p>Full details of the carbon offsets included in making this declaration are provided in Appendix 1.</p> |

4. Declaration of ongoing commitment to carbon neutrality

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
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| Declaration of on-going commitment: | <i>The DCC organisation commits to maintain carbon neutrality for DCC in accordance to PAS 2060 for the period commencing on 01 April 2022 for its scope 1, 2 and business travel emissions.</i> |

4.1. Carbon management plan

| PAS 2060 Requirement | Information Relating to the Carbon Neutral Declaration |
|--|--|
| Targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality | As DCC embeds an enduring hybrid working model, during 2022/23 we feel it will be an ambitious outcome to reach a 5% reduction in our location-based carbon footprint from 350 tCO₂e in 2021/22 to 333 tCO₂e in 2022/23 , and achieve neutrality via offsetting payments to a similar carbon footprint figure. |
| Planned means of achieving and maintaining GHG emissions reduction | Existing initiatives to reduce GHG emissions include: <ul style="list-style-type: none"> - Provision of video conferencing, laptops and other technology to enable home working and reduce travel. - Local management of heating and air conditioning systems to monitor and reduce wasted consumption. New initiatives to support achievement of GHG reductions include: <ul style="list-style-type: none"> - Long-term hybrid working models requiring less office-based work. - Behaviour change initiatives to incentivise and encourage energy reduction. |
| The offset strategy to be adopted | Data Communications Company has offset 400 tCO ₂ e through solar power generation in India and planted 250 trees in the UK. (source Carbon Footprint Ltd – see Appendices) |

Appendix of qualifying explanatory statement

Appendix 1: Offsets

| RETIRED UNITS | | | | | | | | | | | | | | | | |
|--|------------|---|-------------------|-----------|------------|--|---|------------------------------------|---------------------|---|-----------------|----------------------|---------------------------------------|-----------------------------------|-----------------------------------|--------------------|
| From Vintage | To Vintage | Serial Number | Quantity of Units | Unit Type | Project ID | Project Name | Project Type | Additional Issuance Certifications | Origination Program | Project Site State/Province | Project Country | Account Holder | Retirement Reason | Beneficial Owner | Retirement Reason Details | Date of Retirement |
| 01/01/2021 | 31/07/2021 | 12148-390719447-390719846-VCS-VCU-997-VER-IN-1-1931-01012021-31072021-0 | 400 | VCU | 1931 | Energising India using Solar Energy Projects | Energy industries (renewable/non-renewable sources) | | | Uttar Pradesh, Telangana, Andhra Pradesh, Gujarat | India (IN) | Carbon Footprint Ltd | Retirement for Person or Organization | Data Communications Company (DCC) | Data Communications Company (DCC) | 07/07/2022 |
| 1 - 1 : 1 | | | | | | | | | | | | | | | | |
| First Prev Go To Next Last | | | | | | | | | | | | | | | | |

| Project name | Country | Project type | Standard | Type of credits | Total credits | Generation period | Retirement date | Reference No. & link to registry | Offset volume (tCO ₂ e) |
|---|---------|-----------------|----------|----------------------|---------------|---------------------------|-----------------|----------------------------------|------------------------------------|
| Energising India using Solar Energy projects | India | Renewable/Solar | VCS 1931 | Carbon Footprint Ltd | 400 | e.g. Jan 2018 to Dec 2019 | 7 July 2022 | See above | 400 |
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| | | | | | | | | | |
| Total tonnes (tCO₂e) offset | | 400 | | | | | | | |

Appendix 2: Independent third-party assurance



Data Communications Company

offset 400 tCO₂e

through solar power generation in India

and

planted 250 trees the UK

thereby offsetting carbon emission,
helping to prevent climate change
and creating space for wildlife
on

31 May 2022

www.carbonfootprint.com

John Buckley, Managing Director,
Carbon Footprint Ltd.

**Planting broad-leaved trees,
offsetting carbon emissions
and providing wildlife habitats**

Appendix 3: Additional supporting information for interested parties

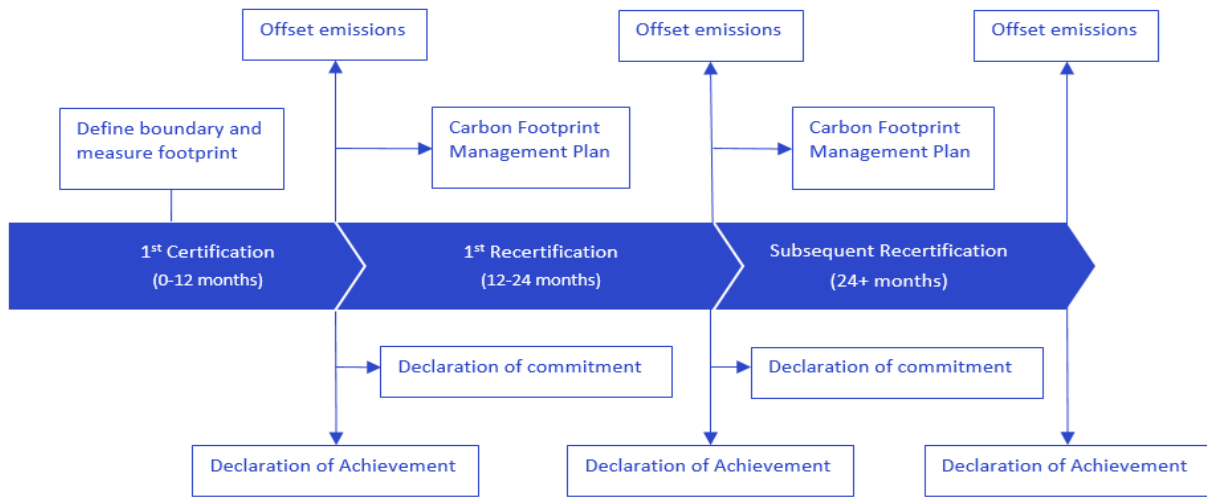


Figure 1. PAS 2060 certification process

Source: Carbon Trust. Adapted from “BSI - PAS 2060:2014: Specification for the demonstration of carbon neutrality: Figure 1 – Illustration of the cyclical process for demonstrating carbon neutrality, taking into account permitted baseline period exceptions”. [Simplified version]

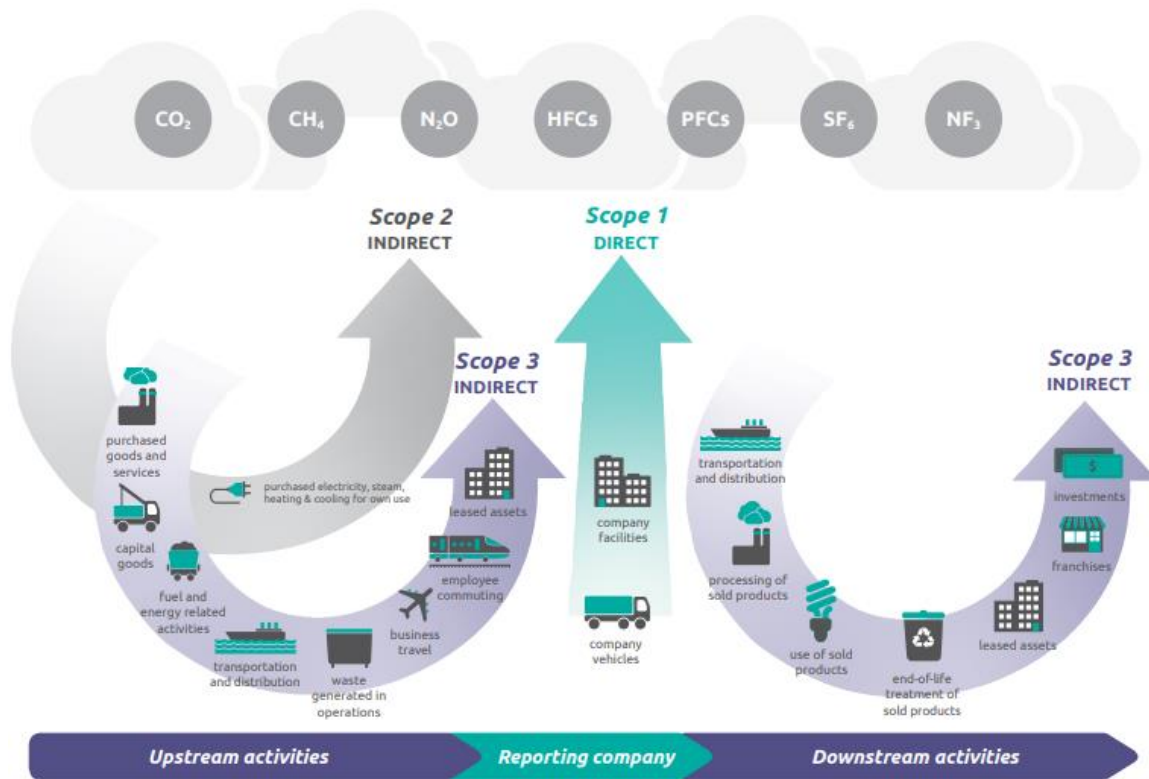


Figure 2. Organisational carbon footprinting

Source: Greenhouse Gas Protocol: <http://ghgprotocol.org/>