

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Smart Metering Systems plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



**Smart Metering Systems plc**

(Incorporated in Scotland under the Companies Act 2006 with registered number SC367563)

# Smart Metering Systems plc

(Incorporated in Scotland under the Companies Act 2006 with registered number SC367563)

Registered office:  
2nd Floor  
48 St. Vincent Street  
Glasgow G2 5TS  
12 April 2022

To: Holders of ordinary shares of Smart Metering Systems plc

Dear Shareholder

## **SMART METERING SYSTEMS PLC (THE 'COMPANY') ANNUAL GENERAL MEETING (THE 'AGM')**

This year's AGM of the Company is to be held at Smart Metering Systems plc, 3rd Floor, 48 St. Vincent Street, Glasgow G2 5TS, at 9am on 19 May 2022. The notice of AGM (the '**Notice**'), which follows this letter, sets out the business to be considered at the meeting. The Notice contains items of business which are of a technical nature and the purpose of this letter is to explain certain elements of that business to you.

Your Board will closely monitor developments in relation to the COVID-19 pandemic and the health and wellbeing of the Company's shareholders, employees and customers continue to remain of paramount importance.

The results of the votes on the proposed resolutions will be announced in the normal way as soon as practicable after the conclusion of the AGM.

I strongly encourage you to exercise your right to vote and to submit your proxy as early as possible.

### **Resolution 1 (ordinary resolution)**

#### **Accounts and Reports**

For each financial year, the Directors must present the Annual Report to shareholders at the AGM. Copies of the Annual Report have been sent to all shareholders and are obtainable from the registered office of the Company and the Company's website, [www.sms-plc.com](http://www.sms-plc.com).

### **Resolutions 2 to 7 (ordinary resolution)**

#### **Election of Directors**

Each of Miriam Greenwood, Graeme Bissett, Jamie Richards, Ruth Leak, Timothy Mortlock and Gavin Urwin are being put forward to the shareholders for re-election.

### **Resolution 8 (ordinary resolution)**

#### **Directors' Remuneration Report**

This resolution is to approve the Directors' Remuneration Report, set out in the Annual Report and Accounts for the financial year ended 31 December 2021, which sets out the Company's policy towards, and gives details of Directors' remuneration and other relevant information. This is an advisory vote only.

### **Resolution 9 (ordinary resolution)**

#### **Remuneration Policy**

This resolution is to approve the Remuneration Policy, set out in the Annual Report and Accounts for the financial year ended 31 December 2021, which sets out the Company's policy towards Directors' remuneration.

**Resolution 10 (ordinary resolution)****Approval of Long Term Incentive Plan**

This resolution is to approve the implementation of a new Long Term Incentive Plan for Executives and certain senior management. A summary of the terms is set out in the appendix to this notice, (the 'LTIP'). The Company has historically operated a share option plan to reward, retain and incentivise key employees. The LTIP is intended to operate for 10 years and replaces the Company's existing (expired) share option Scheme that has been in place since the admission of the Company to AIM. Shareholder approval is sought for the approval of the LTIP to ensure that the Company has the appropriate share incentives and that they operate consistently with the revised remuneration policy.

**Resolutions 11 and 12 (ordinary resolutions)****Re-appointment of auditor and approving its remuneration**

It is proposed that Ernst & Young LLP be re-appointed as auditor of the Company to hold office from the conclusion of the AGM until the conclusion of the next AGM. As usual, remuneration is to be fixed by the Directors.

**Resolutions 13 (ordinary resolutions)****Final dividend**

It is proposed to approve an aggregate dividend of 27.5 pence per ordinary share for the full financial year 2021, 20.625p already having been declared as interim dividends.

**Resolution 14 (ordinary resolution)****Directors' authority to allot**

It is proposed to renew the Directors' authority to allot (or grant the right to subscribe for) shares up to an aggregate nominal amount of £444,546. This figure is approximately one-third of the issued ordinary share capital of the Company as at 31 March 2022 (being the latest practicable date before the date of the Notice of AGM (the 'Latest Practicable Date') (£1,333,637.45 being the nominal value of the issued ordinary share capital at that date) (this is consistent with previous years and is within the limits of the standard authority which the Investment Association recommends is sought by AIM companies). This resolution (as was done at last year's Annual General Meeting) renews the authority for another five years. It is the Board's intention to seek similar renewal at future Annual General Meetings.

**Resolution 15 (special resolution)****Disapplication of pre-emption rights**

It is proposed to renew the authority of the Directors to allot shares for cash without first being required to offer such securities to existing shareholders in proportion to their shareholdings. The authority relates to allotments: (i) in connection with a rights issue of shares to existing shareholders in proportion to their existing holdings; (ii) pursuant to the existing share option schemes; and (iii) other than as mentioned at (i) and (ii), up to a nominal amount of £66,682, which is approximately 5% of the existing issued share capital as at the Latest Practicable Date. This amount is in line with institutional shareholders' recommendations.

Unless renewed, the authority sought at the AGM will expire at the conclusion of the next Annual General Meeting.

**Resolution 16 (special resolution)****Notice period**

To amend the notice period for general meetings, other than an annual general meeting of the Company, from 21 clear days' notice to 14 clear days' notice. The Company will only use the shorter notice period where it is merited by the purpose of the meeting.

**Recommendation**

The Directors consider that all of the resolutions to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

Yours sincerely

**Miriam Greenwood**

**Non-executive Chairman**

## **NOTICE OF ANNUAL GENERAL MEETING SMART METERING SYSTEMS PLC (COMPANY NUMBER: SC367563)**

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of the Smart Metering Systems plc (the '**Company**') will be held at Smart Metering Systems plc, 3rd Floor, 48 St. Vincent Street, Glasgow G2 5TS, on 19 May 2022 at 9am for the purpose of conducting the business set out in the resolutions below.

**Resolutions 1 to 14 (inclusive) are proposed as ordinary resolutions. For each of these to be passed, more than half of the votes cast must be in favour of the resolution.**

**Resolutions 15, and 16 are proposed as special resolutions. For each of these to be passed, at least three-quarters of the votes cast must be in favour of the resolution.**

**The Board recommends unanimously that you vote in favour of all resolutions as they intend to do in respect of their own holdings.**

### **Ordinary business**

To consider and, if thought fit, pass resolutions 1 to 13, which will be proposed as ordinary resolutions.

1. To receive the accounts of the Company as at 31 December 2021 and the reports of the Directors and auditor thereon.
2. To re-elect Miriam Greenwood, as a Director of the Company.
3. To re-elect Graeme Bissett, as a Director of the Company.
4. To re-elect Jamie Richards, as a Director of the Company.
5. To re-elect Ruth Leak, as a Director of the Company.
6. To re-elect Timothy Mortlock, as a Director of the Company.
7. To re-elect, Gavin Urwin, as a Director of the Company.
8. To approve the Directors' Remuneration Report contained in the Company's Annual Report and Accounts (advisory only).
9. To approve the Remuneration Policy contained in the Company's Annual Report and Accounts.
10. That the rules of the Smart Metering Systems PLC Long Term Incentive Plan 2022 (the '**LTIP**') which are summarised in the appendix to this notice, which are produced to the AGM and which for the purposes of identification are initialled by the Chairman, be approved and the Directors be authorised to do all such acts and things necessary or desirable to bring the LTIP rules into effect.
11. To re-appoint Ernst & Young LLP as auditor of the Company.
12. To authorise the Directors of the Company to set the auditor's remuneration.
13. To approve an aggregate dividend of 27.5 pence per ordinary share for the full financial year 2021.

### **Special business**

To consider and, if thought fit, pass resolutions 14, 15 and 16 which will be proposed as follows:

#### **As an ordinary resolution**

14. THAT the Directors be and they are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the '**Act**') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £444,546, provided that this authority is for a period expiring five years from the date of this resolution, but the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Directors may allot shares and grant such rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

**As a special resolution**

15. THAT the Directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority given in accordance with section 551 of the Act, referred to in resolution 13 of the Notice convening this meeting, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities or the transfer of equity securities which are held in treasury:

15.1 in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of ordinary shares and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, or record dates, or to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever);

15.2 pursuant to the terms of the share schemes (as defined in the Admission Document), the LTIP, or any other share option scheme adopted by the Company, and any shares acquired or held by the Company in treasury may be transferred in satisfaction of the exercise of options under any such share option scheme; or

15.3 (otherwise than pursuant to sub-paragraphs 14.1 and/or 14.2 above) up to an aggregate nominal amount of £66,682 (representing approximately 5% of the Company's issued ordinary share capital at 31 March 2022), and shall expire at the conclusion of the AGM of the Company in 2022 or, if earlier, on the date falling 15 months after the date of the passing of this resolution, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements and all authorities previously conferred under section 570 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

For the purposes of this resolution '**Admission Document**' shall mean the Admission Document relating to the Company dated 24 June 2011.

16. To amend the notice period for general meetings, other than an annual general meeting of the Company, from 21 days' clear notice to 14 days' clear notice.

To transact such other ordinary business as may be properly transacted at the AGM.

BY ORDER OF THE BOARD

**Craig McGinn**

Secretary

Date: 12 April 2022

**Registered office of the Company:**

2nd Floor  
48 St. Vincent Street  
Glasgow G2 5TS

**NOTES:****1. Voting**

All shareholders who wish to attend and vote at the meeting must be entered on the Company's register of members no later than 9am on 17 May 2022 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

**2. Proxy**

Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of their rights to attend and to speak and to vote on their behalf. A proxy need not be a member of the Company. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Proxies may vote on a poll or on a show of hands on any resolution. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Shareholders are invited to complete and return the enclosed Proxy Form. To appoint more than one proxy you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. Completion of the Proxy Form will not prevent a shareholder from attending and voting at the meeting if subsequently he/she finds they are able to do so. To be valid, completed Proxy Forms must be received at the offices of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by not later than 9am on 17 May 2022 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting.

**3. CREST proxy voting service**

To appoint a proxy, or to give or amend an instruction to a previously appointed proxy, via the CREST system, the CREST message must be received by Computershare Investor Services plc (agent ID: 3RA50) by 9am on 17 May 2022 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your Proxy Form must be received by the Company's registrars no later than 9am on 17 May 2022 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting.

**4. Changing proxy instructions**

To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard copy Proxy Form and would like to change the instructions and require another hard copy Proxy Form for this purpose, please contact the Company's registrars at the address set out in note 2 above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

## 5. Termination of proxy appointments

In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars at the address set out in note 2 above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars no later than 9am on 17 May 2022 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the immediately following sentence, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

## 6. Corporate shareholders

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure.

## 7. CREST

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares registered in the register of members of the Company at 9am on 17 May 2022 or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 9am on 17 May 2022 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

## 8. Service contracts

Copies of the Directors' service contracts will be available for inspection at the registered office of the Company during normal business hours, from the date of this Notice until the date of the meeting, and at the place of the meeting for a period of 15 minutes prior to the meeting and during the continuance thereof.

## APPENDIX

### Summary of the principal terms of the Smart Metering Systems plc 2022 Long Term Incentive Plan (the 'LTIP')

#### Operation

The LTIP is a discretionary share plan under which the Remuneration Committee of the board of directors of the Company may, within certain limits and subject to any applicable performance conditions, grant awards over the Company's shares to eligible employees of the Company and its subsidiaries (the '**Group**'). Awards may be granted in the form of nil-cost options and conditional share awards in respect of shares. Where the participant becomes entitled to acquire the ordinary shares, the LTIP award is said to have vested.

#### Eligibility

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Remuneration Committee provided that (unless the Remuneration Committee determines otherwise) they have not given or received notice of termination.

Non-Executive Directors are not eligible to participate in the LTIP.

#### Limits

The LTIP may operate over new issue shares, treasury shares or shares purchased in the market. The total number of shares over which LTIP awards may be granted is limited such that in any period of ten calendar years, not more than 10% of the Company's issued share capital may be issued under the LTIP and under any other employees' share scheme operated by the Company. For the purposes of this limit, any shares issued in relation to an award shall be taken into account once only and shares issued out of treasury count towards these limits for so long as this is required by institutional shareholder guidelines. Awards which are renounced or lapse shall be disregarded for the purposes of these limits.

#### Individual limit

The maximum total market value of ordinary shares of the Company that may be awarded for any relevant financial year to a participant under the LTIP will not exceed 175% of the participant's base salary, increasing to up to 250% of base salary in exceptional circumstances.

#### Grant of LTIP awards

The Remuneration Committee may grant LTIP awards over shares to eligible employees.

No awards may be granted under the LTIP more than ten years after the date the LTIP is approved by shareholders of the Company.

#### Vesting of LTIP awards

Awards under the LTIP will be subject to the achievement of pre-determined performance targets or other conditions set by the Remuneration Committee at the date of grant, which will ordinarily be measured over a three-year performance period. LTIP awards will normally vest, subject to the achievement of these conditions, in tranches on the third, fourth and fifth anniversaries of the grant date or such other period as determined by the Remuneration Committee.

LTIP awards granted as options will normally remain exercisable for a period determined by the Remuneration Committee at grant which shall not exceed ten years from grant.

Any performance conditions applying to LTIP awards may be varied, substituted or waived if the Remuneration Committee considers it appropriate, provided that the Remuneration Committee considers that (except in the case of a waiver) the new performance conditions are not materially less or more difficult to satisfy than the original conditions.

The Remuneration Committee will have overriding discretion to adjust the level of vesting upwards or downwards if in its opinion the level of vesting resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance, the participant's personal performance and such other factors as the Remuneration Committee may consider appropriate.



### Malus and clawback

The Remuneration Committee may decide, at the vesting of an award under the LTIP or at any time before, that the number of shares subject to the award shall be reduced (including to nil) on such basis that the Remuneration Committee in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any member of the Group;
- the assessment of any Performance Target or condition in respect of an Award was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the number of Plan Shares subject to an Award was based on error, or inaccurate or misleading information; and/or
- action or conduct of an Award Holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
- events or behaviour of an Award Holder have led to the censure of a member of the Group by a regulatory authority or have had a significant detrimental impact on the reputation of any member of the Group provided that the Board is satisfied that the relevant Award Holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or
- a material failure of risk management of the Company, a member of the Group or a business unit of the Group; and/or
- the Company or any member of the Group or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the Award Holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

The malus period will be up to the date of vesting and the clawback period will be the two-year period following vesting. Clawback may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards.

### Cessation of employment

Except in certain circumstances set out below, LTIP awards will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

For 'good leavers', unvested LTIP awards will ordinarily vest on the normal vesting date subject to: (i) the extent any applicable performance condition has been satisfied at the end of the normal performance period; and (ii) pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The Remuneration Committee has the discretion to determine that the end of the performance period is the date of cessation and whether or not to pro rate LTIP awards for the proportion of the vesting period elapsed on cessation of employment.

A 'good leaver' is defined as a participant ceasing to be in employment with the Group by reason of death, ill health, injury, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant's employing business being sold out of the Group or in any other circumstances at the Remuneration Committee's discretion.

LTIP options held by good leavers which have vested may be exercised for a period of six months (twelve months in the case of death) following cessation of employment (or such longer period as the Remuneration Committee determines) and will otherwise lapse at the end of that period.

### **Change of control**

Unvested LTIP awards will vest early on a change of control. The Remuneration Committee will determine the level of vesting taking into account, among other factors, the extent that any applicable performance conditions have been satisfied at that time and the portion of the vesting period that has then elapsed.

To the extent that LTIP options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of a takeover, such longer period as the Remuneration Committee determines) and will otherwise lapse at the end of that period. To the extent that LTIP options vest in the event of a compulsory acquisition of Shares, they may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Remuneration Committee may determine that LTIP awards will vest, to the extent determined by the Remuneration Committee taking into account the same factors as set out above. LTIP options which vest in these circumstances may be exercised during such period as the Remuneration Committee determines.

The Remuneration Committee may, in its discretion, allow LTIP awards to vest prior to and conditional upon the occurrence of any of the events set out above and an LTIP option will then lapse on the occurrence of the event if not exercised prior to the event.

In the event of an internal corporate reorganisation or a person obtaining control of the Company, the Remuneration Committee may decide (with the consent of the acquiring company and the relevant participant) to replace unvested LTIP awards with equivalent new awards over shares in the acquiring company.

### **Dividend equivalents**

In respect of any award of shares granted under the LTIP, the Remuneration Committee may decide that participants will receive a payment (in cash and/or in additional shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

The dividend equivalent shares will be subject to the same clawback provisions to which the relevant LTIP award is subject.

### **Non-transferability of LTIP awards**

Awards granted under LTIP are not transferable other than to a participant's personal representatives in the event of death.

### **Allotment and transfer of shares**

Any shares allotted or transferred under the LTIP will rank equally with shares then in issue (except for rights arising in reference to a record date prior to their allotment or transfer). A participant awarded forfeitable shares subject to restrictions will have the same rights as a holder of shares in issue at the time that the participant acquires the shares, except to the extent set out in the agreement with the participant relating to those shares.

Applications will be made to both the UK Listing Authority and the London Stock Exchange in order to obtain the relevant approvals for admission and to trading for new shares that are issued pursuant to the LTIP.

### **Alternative settlement**

At its discretion, the Remuneration Committee may decide to satisfy awards granted under the LTIP with a payment in cash or shares equal to any gain that a participant would have made had the relevant award been satisfied with shares.

### **Adjustment of LTIP awards**

On a variation of the capital of the Company or in the event of a demerger, special dividend or other distribution, the Remuneration Committee may make such adjustments to awards granted over shares under the LTIP, including the number of shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

**Amendments**

Amendments to the LTIP rules may be made by approval of the Remuneration Committee. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

**Overseas plans**

The Remuneration Committee may at any time, without obtaining the approval of the Company in general meeting, establish further plans for overseas territories (by way of schedules to the rules or otherwise) based on the Plan, but modified to take account of local tax, exchange control or securities laws. Any shares made available under such plans must be treated as counting against any limits on individual or overall participation in the Plan.

**Benefits not pensionable**

The benefits received under the LTIP are not pensionable.

Note: this Appendix summarises the main features of the rules of the LTIP, but does not form part of them, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules. The draft rules of the LTIP will be available for inspection on the Company website at [www.sms-plc.com](http://www.sms-plc.com).

The draft rules of the LTIP will be on display at the place of the Meeting for at least 15 minutes before the Meeting and during the Meeting.

The Directors reserve the right, up to the time of the Meeting, to make such amendments and additions to the rules of the LTIP as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix to this Notice of Meeting.



**Smart Metering Systems plc**

2nd Floor

48 St. Vincent Street

Glasgow G2 5TS

**[www.sms-plc.com](http://www.sms-plc.com)**