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Independent Limited Assurance Report to the Directors of KCOM Group Limited on Scope 1 & 2 Greenhouse Gas Emissions and Intensity Ratio

The Board of Directors of KCOM Group Limited (“KCOM”, “the Group”) engaged us to obtain limited assurance on the selected Scope 1 and 2 Greenhouse Gas emissions and Intensity Ratio (together the “Subject Matter Information”) as defined below and marked with the symbol **(A)** on page 12 in KCOM’s Annual report and accounts for the year ended 31 March 2023 (the “Report”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

Our limited assurance conclusion

Based on the procedures we have performed, as described under the ‘Summary of work performed’ and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol **(A)** on page 12 in KCOM’s Annual Report and accounts for the year ended 31 March 2023, has not been prepared, in all material respects, in accordance with the Reporting Criteria available on KCOM’s website at:

<https://www.kcom.com/responsibility/corporate-governance/reporting/>

Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which KCOM is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are set out in the table below:

Subject Matter Information	Reported Performance	Reporting Criteria
Scope 1 emissions (tCO ₂ e)	1,076	The Reporting Criteria is available on KCOM’s website at: https://www.kcom.com/responsibility/corporate-governance/reporting/
Scope 2 emissions – Location-based (tCO ₂ e)	2,640	
Scope 2 emissions – Market-based (tCO ₂ e)	0	
Intensity ratio: Scope 1 and 2 emissions per ‘000 revenue – Location-based (tCO ₂ e/£’000)	0.0367	

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

In particular, the emission factor of 0 gCO₂e/kWh used in calculation of market-based emissions is based on the npower commitment under the terms of the Business Renewable tariff to supply KCOM Group Limited with energy backed 100% by Renewable Energy Guarantees of Origin certificates (REGOs). REGOs are subject to inherent limitations including, but not limited to, the risks of double counting and uncertainty as to whether the third-party energy supplier will purchase and retire enough certificates to cover all of the energy supplied to all of its customers who have purchased the energy through the Business Renewable tariffs in the reporting period, over which the customer has no oversight. The uncertainties and limitations are laid out in more detail in the Reporting Criteria.

PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL

T: +44 (0) 1132 894 000, F: +44 (0) 1132 894 460, www.pwc.co.uk

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PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.



Responsibilities of the directors

As explained in the Directors' Statement on page 15 of the Report, the Directors of KCOM are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to KCOM and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying data and a statement of directors' responsibility, which provides accurate, balanced reflection of KCOM's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of KCOM.

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply the International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise.

Based on our professional judgment, we determined materiality for the Subject Matter Information as follows:

Scope 1 greenhouse gas emissions: 5% of KCOM's reported Scope 1 greenhouse gas emissions. This threshold means that a misstatement of 53.75 tonnes of CO₂ equivalents (CO₂e) either as an individual misstatement, or as an aggregate of smaller misstatements, would lead us to conclude that the Scope 1 emissions had not been prepared in all material respects in accordance with the Reporting Criteria. For qualitative information, materiality considerations consider qualitative matters, including balance, understandability, and lack of bias.

Scope 2 greenhouse gas emissions (Location Based) : 5% of KCOM's reported Scope 2 greenhouse gas emissions (Location based). This threshold means that a misstatement of 132.00 tonnes of CO₂ equivalents (CO₂e) either as an individual misstatement, or as an aggregate of smaller misstatements, would lead us to conclude that the Scope 2 greenhouse gas emissions (Location Based) had not been prepared in all material respects in accordance with the Reporting Criteria. For qualitative information, materiality considerations consider qualitative matters, including balance, understandability, and lack of bias.



Scope 2 greenhouse gas emissions: Any movement of KCOM's reported Scope 2 greenhouse gas emissions (Market based), as this would make it a non-zero disclosure. This threshold means that any misstatement would lead us to conclude that the Scope 2 greenhouse gas emissions (Market based) had not been prepared in all material respects in accordance with the Reporting Criteria. For qualitative information, materiality considerations consider qualitative matters, including balance, understandability, and lack of bias.

Intensity ratio (Scope 1 and 2 emissions per '000 revenue – Location-based (tCO₂e/£'000)): 5% of KCOM's reported Intensity ratio. This threshold means that a misstatement of 0.001835 (tCO₂e/£'000) either as an individual misstatement, or as an aggregate of smaller misstatements, would lead us to conclude that the Intensity ratio had not been prepared in all material respects in accordance with the Reporting Criteria. For qualitative information, materiality considerations consider qualitative matters, including balance, understandability, and lack of bias.

Summary of work performed

We performed a limited assurance engagement. Limited assurance can cover a range of assurance from low (i.e. just above assurance that is likely to enhance the intended user's confidence about what has been assured to a degree that it is clearly more than inconsequential) to just below reasonable assurance. Because the level of assurance in a limited assurance engagement varies in this way, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less than in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability in the circumstances of KCOM's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries with KCOM's management, obtained an understanding of KCOM's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by KCOM, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate KCOM's estimates;
- performed limited substantive testing on a selective basis of the Subject Matter Information, which is aggregated from information submitted by KCOM's operational sites. Testing involved: comparing year on year movements and obtaining explanations from management for significant differences we identified, agreeing arithmetical accuracy and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- undertook site visits at KCOM's Carr Lane site to perform completeness testing procedures; we selected these sites based on their inherent risk and materiality to the group, and
- considered the disclosure and presentation of the Subject Matter Information.

Our assurance procedures specifically did not include evaluating the suitability of design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate KCOM's estimates. Nor did we perform procedures on financial information extracted from the audited accounts of KCOM and used in the calculation of emissions per '000 revenue.

In addition, in relation to market-based emissions, we did not perform any procedures over npower's Fuel Mix Disclosure Regulatory annual submission nor did we obtain evidence to support the purchase and retirement of REGO certificates.

Other information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.



Use of our report

Our report, including our conclusion, has been prepared solely for the Board of Directors of KCOM in accordance with the agreement between us dated 9 May 2023 (the “agreement”). Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and KCOM for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
22nd September 2023