Independent Assurance Statement to Scottish Hydro Electric Transmission plc

ERM Certification and Verification Services (ERM CVS) was engaged by Scottish Hydro Electric Transmission plc (SHE Transmission) to provide assurance in relation to the information set out below.

<table>
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<th>Engagement Summary</th>
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<td><strong>Scope of our Engagement</strong></td>
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<td><strong>Reporting Criteria</strong></td>
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<td><strong>Assurance Standard</strong></td>
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<td><strong>Assurance Level</strong></td>
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<td><strong>Respective Responsibilities</strong></td>
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**Our conclusions**

Based on our activities, nothing has come to our attention to indicate that 2016/17 SHE Transmission Statement of Compliance with its Stakeholder Engagement Strategy and Implementation Plan is not fairly stated, in all material respects, with the reporting criteria.

**Our assurance activities**

A multi-disciplinary team of stakeholder engagement and assurance specialists performed the following activities:

- A review of external media reporting relating to SHE Transmission to identify relevant stakeholder issues.
- A visit to SHE Transmission offices in Perth, Scotland in April 2017 to undertake:
  - Interviews with relevant staff to understand SHE Transmission stakeholder engagement processes and expectations, the identification of stakeholders, internal reporting systems, changes resulting from stakeholder engagement activities, training, quality control and senior level commitment; and
  - Interviews with relevant staff to understand and review the delivery of the activities within SHE Transmission Stakeholder Engagement Strategy and Implementation Plan.
- Reviewing selected evidence related to the delivery of activities within SHE Transmission Stakeholder Engagement Strategy and Implementation Plan.
- Reviewing the presentation of information relevant to the scope of our work in the Stakeholder Engagement Incentive Scheme submission to OFGEM to ensure consistency with our findings.

**Our observations**

Without affecting the conclusions presented above, we have the following key observations:

- Although not affecting SHE Transmission’s overall stated level of compliance, there was insufficient evidence for the implementation of all planned 2016/17 engagement activities relating to the landowners stakeholder group due to a change in management process and personnel. We recommend giving specific attention to this stakeholder group as part of the 2017/18 work programme for the new Stakeholder Engagement Quality Manager.
- The Stakeholder Engagement Strategy and Implementation Plan could be further improved through the consistent application of SMART criteria when determining activities for the forthcoming twelve month period.

Jennifer Iansen-Rogers
Head of Corporate Assurance Services
24th May 2017

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