



# SAY ON CLIMATE Assessment

UK



2025

Transparency rating

37,5%

alignment with FIR  
recommendations



PERFORMANCE SCORING  
**35%**

NARRATIVE SCORING  
A B C D E

TREND SCORING  
=

The company has a **net zero 2045 ambition across its entire business**, although this ambition is **not very detailed or accompanied by long-term objectives**. It has **reduction targets for its scopes 1 & 2 (market-based) and part of its scope 3 up to 2032/33, certified SBTi**. However, **its scope 3 objective does not cover capital goods and the purchase of products and services, which represent more than 80% of its scope 3**. Its emissions across all its scopes **have increased over the past two years**, which the company **explains by the integration of the SES Water division** in its calculations. Regarding **its action plan**, the company has some quantified measures, such as **60% of its suppliers having targets validated by SBTi by 2027/28 and sourcing 100% renewable electricity by 2030**, but **overall lacks quantification across the entire value chain**. Regarding CAPEX, the company simply provides an amount allocated to renewable energy production for 2025 but **no indication of its investments allocated to decarbonization in the medium term**.

While **we congratulate the company for the regular submission of its climate reporting to the vote since 2022**, we **encourage it to extend its reduction targets to its entire scope 3 and beyond 2033**.

As early as 2021, the **French Forum for Responsible Investment (FIR)** has called for the widespread adoption of stringent Say on Climate (SOC). After a first edition on 2022, the FIR signed again [an agreement with 48 French and European signatories](#), encouraging the development of SOC's. Meanwhile, in 2022, FIR began analyzing the climate plans of French companies that submit them to shareholder vote. After joining forces in 2023, **FIR and ADEME** extended their partnership in 2024 by teaming up **with Ethos and the World Benchmarking Alliance**. Again this year, these players will be working together to study the climate plans of **European companies** submitted to a consultative vote by shareholders at their general meetings in 2025.

In 2022, FIR had published [fact sheets](#) assessing the extent to which French companies' climate strategies were in line with **its recommendations**. In 2023, as part of the partnership with ADEME, these analysis reports will be enriched **with the ACT assessment tool** to measure the contribution of corporate strategies and actions to the mitigation objectives of the Paris Agreement.

Analyses will be published as they become available, ahead of their annual general meetings.

As in previous years, FIR wishes to salute the efforts of companies that contribute to improving shareholder dialogue, and encourages them to reiterate the Say on Climate exercise annually.

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## → ● Ambition Net Zero 2050

Carbon neutrality ambition across Scopes 1 and 2 by 2030 for South West Water, Bristol Water, and SES Water (representing three of Pennon Group's eight brands); net-zero ambition by 2045 across the entire business.

▷ The scope covered by the net-zero ambition is unclear.

The company plans to offset a portion of its emissions: in 2024/25, they planted 81,482 trees, again exceeding their annual target of 50,000 trees. Since 2019, 389,306 trees have been planted as part of their AMP7 program, which is expected to capture approximately 23,500 tCO<sub>2</sub> over the next 30 years (target of 500,000 trees planted by 2030).

▷ The company does not clearly communicate the proportion of captured emissions versus the proportion of non-captured emissions. reduced across its value chain each year

▷ The company no longer communicates its objective of capturing 650,000 tCO<sub>2</sub> over the next 50 years as part of its peatland restoration project

## → ● Reference scenario(s) used

Commitment to a warming trajectory limited to 1.5°C until 2032 for Scope 1 and 2 objectives validated by the SBTi, objectives for part of Scope 3 also validated

▷ Scope 3 objectives only concern 18% of Scope 3 according to our estimates

▷ Beyond 2032, commitments are identified as "withdrawn commitments" by the SBTi

## → ● Current GHG emissions (2024/2025 vs. 2023/2024)

**SCOPE 1**  
29 803 tCO<sub>2</sub>eq (vs 26 737)  
8%

**SCOPE 2**  
26 975 tCO<sub>2</sub>eq (vs 25 662) market based  
89 432 tCO<sub>2</sub>eq location based  
8%

**SCOPE 3**  
299 297 tCO<sub>2</sub>eq (vs 314 999)  
84%

Scope 1: Increase attributable to the inclusion of SES Water in the Group's emissions report

Scope 2: Increase explained by the increase in the reported carbon intensity of their supplier (market-based)

○ Scope 3: These figures do not include emissions from the Bristol Water Holdings shares

○ Increase in Scope 3 emissions compared to 2022/23: Increase explained by the inclusion of SES Water in the reporting scope: to be monitored in the coming years

## ↑ ● Short-term GHG emissions reduction target (2030 or earlier)

Scope 2 (market-based) reduction of 70% by 2025 vs. 2021/2022

These targets are achieved in 2024/25: 71% reduction vs. 2021/22 (this was also the case last year)

Target to reduce emissions in Scopes 1 and 2 by 49% in 2026 and 61% in 2030 (vs. 2021/22) (2026 target already achieved in 2024/25)

▷ No short-term target set for Scope 3 (84% of emissions)

## → ● Medium-term GHG emissions reduction target (between 2030 and 2040)

Target of a 68% reduction in Scope 1 and 2 (market-based) emissions in absolute terms by 2032/2033 vs. 2021/2022 (51% reduction in 2024/25 vs. 2021/22)

Target of a 30% reduction in Scope 3 emissions in absolute terms by 2032/33 vs. 2021/22 from electricity and fuels, well-to-tank, electricity delivery, emissions from waste, waste management, business travel, and commuting (18% of Scope 3) (9% reduction in 2024/25 vs. 2021/22)

Objectives validated by SBTi in May 2024. Objectives for Scopes 1 & 2 validated at 1.5°C by SBTi.

▷ Lack of emission reduction targets for approximately 82% of Scope 3 (capital goods and purchased goods)

▷ The SBTi-validated reduction targets do not currently include SES Water, acquired last year.

## → ● Long-term GHG emissions reduction target (2050 or earlier)

▷ Long-term objectives are not explicitly stated

▷ The company has a "commitment removed" status on its long-term net zero objective by SBTi due to the expiration of the deadline for setting these objectives.

## → ● Action plan measures

Key quantified measures include:

Commitment to ensuring that 100% of suppliers have an ESG policy or equivalent by 2025 (target achieved at 80% in 2024/2025)

Commitment to ensuring that 60% of suppliers have targets validated by the SBTi by 2027/28 and reduce their emissions in purchased goods and services, capital goods, and upstream transport and distribution (35.2% of suppliers in 2024/25)

Electricity: sourcing 100% renewable electricity by 2030 (85% in 2025, without SES Water)

Producing 50% of the electricity used through their own renewable energy production by 2030 vs. 2020/21 (target of 13% in 2025 not met, currently 7.4%; target of 16% for 2026)

▷ No information on the contribution of each action to the reduction targets

▷ The action plan could be clearer and more detailed by scope, overall lacks costing

## ↓ ● CAPEX / OPEX investment alignment

Investments dedicated to renewable energy production: £160 million in 2023, 2024, and 2025 respectively

▷ No information on quantified investments after 2025

▷ No information on CAPEX allocated to decarbonization other than renewable energy production (vs. in 2024, additional investments to improve resilience and environmental performance of £145 million, which are not included this year)

▷ No information on the alignment or eligibility of CAPEX with the taxonomy

## → ● Remuneration

Annual Variable Remuneration 2024:

A new law gives the Water Regulator in England (Ofwat) the power to prohibit performance-related pay for executives of regulated water companies who fail to meet certain standards. Therefore, for the 2024/25 financial year, Pennon assessed bonuses for the year, but no bonuses were paid to executive directors. The final result for the year will only be determined once Ofwat publishes its final rules and guidelines.

Planned annual variable (2024/2025):

Within a set of criteria accounting for 70% of the overall variable and relating only to the South West Water entity, a 15% criterion based on "social & governance" includes six criteria, including one on the emissions reduction target (scope not specified) and one on renewable energy production;

▷ Criteria related to decarbonization are diluted

▷ Targets are disclosed but could be clearer (no unit of measurement given)

Long-term compensation (2024-2025):

Criteria weighing 33% on a "sustainable dividend measure" without further explanation, absence of carbon criterion

## ↑ ● Annual consultative vote on implementation

Climate reporting resolution to be voted on annually since 2022

## → ● Consultative vote on strategy every three years

Consultation on TCFD reporting that includes strategy but is not dedicated to it

Caption:

- ▷ Failure to obtain full points
- Suggestions for improvement

## PERFORMANCE SCORE

35%

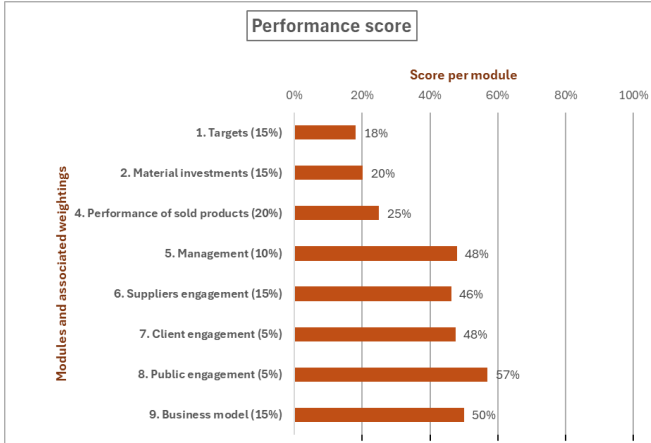
## NARRATIVE SCORE

A B **C** D E

## TREND SCORE

=

### ACT Generic Methodology



The score for each module is weighted (see slide 7) and results in a performance score.

### Company's categorization

1. Transitioning in a credible and robust way

2a. Performing Company

2b. Committed Company

3. Minimum ACT categorization framework criteria not achieved

The company's categorization explanations are available in slide 6

### Transition plan's assessment

#### Performance score

**1. Targets :** Pennon has undertaken to reduce its emissions by 68% on its scopes 1&2 in 2032 compared with 2021, a target certified by SBTi. However, this target takes into account the company's market-based emissions, and it appears from the emissions history of recent years that Pennon has only planned to reduce its scope 2 market-based emissions, through the purchase of PPAs (Power Purchase Agreements) and Guarantees of Origin, controversial instruments which do not guarantee the development of new sources of renewable electricity, nor a real reduction in the company's CO2 emissions. Moreover, the reduction target for its scope 3 emissions does not consider categories 1&2 (purchase of products and services & capital goods), which together account for 82% of its scope 3 emissions.

**2. Material investment:** When we consider the company's scope 1&2 location-based emissions, we note that they have risen by 13% between 2021 and 2024. However, these emissions are mainly attributable to the inclusion of SES Water in the Group's emissions balance sheet. On the other hand, the low-carbon CAPEX allocated to the Pennon Power subsidiary, which is responsible for renewable energy production, represented only 6% of the Pennon Group's total CAPEX in 2024.

**4. Sold products performance:** Upstream scope 3 emissions (downstream emissions are not reported by the company) have not decreased since 2021. However, Pennon has set itself the ambitious target of achieving 50% self-generation of renewable electricity at its sites.

**5. Management :** Although Pennon's climate strategy is assessed at the highest level of governance, it still lacks maturity. Indeed, apart from PPAs and guarantees of origin, few levers have been identified to reduce the company's emissions, and there is little or no mention in the company's reports of actions to be implemented over the long term. However, Pennon does include a structured and relevant climate risk analysis, even though it lacks quantified data.

**6/7. Value chain engagement :** The Group commits that 60% of its suppliers will have science-based targets by 2028. Moreover, Pennon claims to be implementing climate change awareness campaigns aimed at its suppliers and customers. While several concrete actions have been taken, such as the "Save Every Drop" campaign, the results of which have shown a reduction in demand in some cases of between 2% and 9%, Pennon lacks a structured strategy for engaging its customers.

**8. Public engagement :** Pennon provides little information about its engagement policy with associations, alliances or coalitions. Pennon refers in its reports to several climate policies, but does not formally support them publicly.

**9. Business model :** Pennon's core business, water treatment, is by its very nature an essential sector in a low-carbon economy. Moreover, Pennon seems to be diversifying its activities by integrating a renewable energy production part, whose development speed seems ambitious.

**Transition plan's consistency (narrative score):** Overall, Pennon's business model seems rather aligned with a low-carbon economy. However, its climate strategy still lacks maturity. Although the company seems to have a structured climate risk analysis, its emission reduction targets for scopes 1&2 and scope 3 are not very relevant, as they are not representative of its overall emissions.

**Trend score :** Pennon's emissions trajectory is increasing on its location-based scopes 1&2, and stagnating on its scope 3. A score of = is nevertheless maintained, as these changes are attributable to the integration of SES Water into the Group's emissions balance sheet. In recent years, the emphasis seems to have been placed on the Pennon Power renewable energy production subsidiary.

#### Areas of improvements :

- Pennon's credibility would be enhanced if it were to set location-based rather than market-based targets for its scopes 1&2, as well as targets covering its entire scope 3 emissions.
- Moreover, elements are expected concerning its mid and long-term climate strategy.
- Finally, Pennon could formalize its commitment strategy regarding its customers.

## SAY ON CLIMATE 2025 evaluation grid

based on follow-up to FIR recommendations

	●	●	●
<b>Ambition net zero 2050</b>	If the ambition of contributing to carbon neutrality by 2050 is declared and clear explanations are given on how to achieve this neutrality The level of negative emissions is limited	The ambition to contribute to carbon neutrality by 2050 is declared and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high	A declared ambition, but very little clarity on how the company intends to achieve carbon neutrality (no long-term reduction targets, targets set are not very credible, heavy reliance on offsetting, etc.) or no declared ambition to be carbon neutral by 2050
<b>Reference scenarios used</b>	The company positions its climate strategy in relation to a 1.5°C warming scenario for all scopes	The company uses a reference scenario limiting warming to between 2°C and 1.5°C, or 1.5°C for only part of its scope	No reference scenario explicitly mentioned or scenario(s) not used to define the strategy
<b>Current GHG emissions</b>	Disclosure of absolute greenhouse gas emissions; breakdown by scope; downward trend in past emissions (over at least 3 years) in line with company targets	Insufficiently detailed disclosure of absolute greenhouse gas emissions and/or lack of substantiated justification for the absolute increase in emissions over the last 3 years	No public data or little or no justification for the upward trend in emissions intensity and absolute values
<b>Short-term GHG emissions reduction target</b>	If the quantified emission reduction targets before 2030, expressed at least in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated.	If the quantified emission reduction targets before 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C	No quantified target for reducing emissions in the short term, or targets that are not very ambitious in the short term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.)
<b>Medium-term GHG emissions reduction target</b>	If the quantified emission reduction targets between 2030 and 2040, expressed at least in absolute terms, cover the 3 scopes and respect the alignment with a 1.5°C scenario. This trajectory has been scientifically validated	If the quantified emissions reduction targets between 2030 and 2040 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C	No quantified target for reducing emissions in the medium term, or targets that are not very ambitious in the medium term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.)
<b>Long-term GHG emissions reduction target</b>	If the quantified emission reduction targets for 2050 or earlier, expressed at least in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C	No quantified target for reducing emissions in the long term, or targets that are not very ambitious in the long term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.)
<b>Action plan measures</b>	Detailed measures for each scope of the company with a sufficient level of detail, including short- and medium-term figures, to enable the alignment of this plan with the objectives set to be assessed.	Detailed measures for each scope of the company, but insufficient detail to assess the level of alignment with the objectives set (lack of quantified measures in particular)	Measures with little or no detail
<b>Investment alignment (OPEX / CAPEX)</b>	Details the proportion of investments (OPEX and CAPEX) that contribute to meeting short- and medium-term targets, and explains how these investments enable the targets to be met	The information provided on the contribution of investments to the achievement of objectives does not allow an understanding of how the company achieves the objectives set	No investments contributing to the achievement of explicit objectives
<b>Remuneration</b>	All variable parts of the remuneration of corporate officers include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets. The % of remuneration determined by this criterion is published; it represents a significant proportion (10% or more)	At least part of the variable part of the remuneration of corporate officers is covered by a non-diluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company	The criterion included in the remuneration of corporate officers relating to the reduction in greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. or No criteria relating to the reduction of greenhouse gas emissions are included in executive remuneration
<b>Annual consultation on implementation</b>	The company undertakes to consult shareholders annually on the implementation of its climate change strategy	The company is committed to consult shareholders on the implementation of its climate strategy over the coming years	The company does not undertake to consult shareholders on the implementation of its climate strategy
<b>Consultation on strategy every three years</b>	The company undertakes to consult shareholders on its climate strategy at least every three years	The company undertakes to consult shareholders on its climate strategy over the coming years	The company makes no commitment to consult shareholders on its climate strategy

SAY ON CLIMATE FR - 2025

# → IT'S TIME TO ACT

## WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

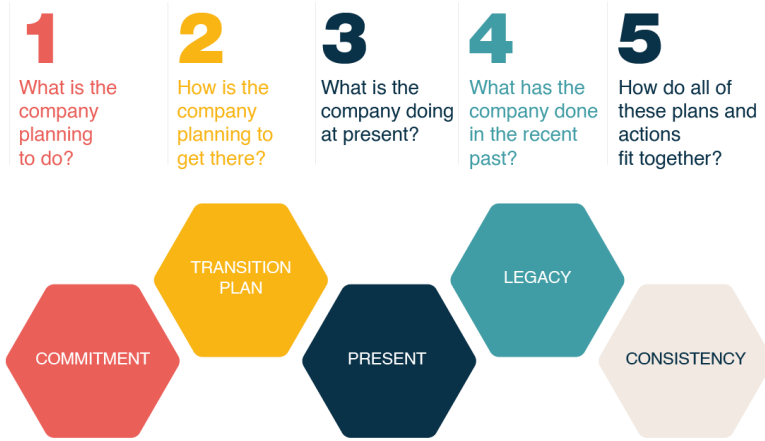
## WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

## HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

## FRAMEWORK



**INNOVATIVE** : ACT is an integrated, long-term approach.

**QUANTITATIVE** : it measures past, present and future performance

**TARGETED**: on the main sources of emissions in the value chain

**SECTORAL**: addressing issues specific to the transition of each sector

**TRANSPARENT**: through third-party evaluation

## ACT ASSESSMENT

### For what purpose?

Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

### For whom?

Companies with science-based objectives and/or a transition plan ready for assessment

**20**



### PERFORMANCE SCORE

Transition alignment metrics

1 - 20

**A**



### NARRATIVE SCORE

Analysis of overall consistency

A - E

**+**



### TREND SCORE

Forecast of future changes

+ = -

ACT assessment categorization

The purpose of this categorization is to leverage on the ACT assessment methodologies, that provide an in-depth assessment of strengths and weaknesses of company’s transition plans and propose a categorization framework providing a clear signal on a company’s situation. It is willing to address the following question “what is a good ACT score?”. All the information on this paper is to be found [here](#).

The categorization framework proposed is the following:

- 1. Companies transitioning in a credible and robust way;
- 2. Companies partially satisfactory on one or two of the following aspects:
  - a. Companies “committed” that are ambitious enough but have not yet demonstrated the performance;
  - b. Companies “performing” that have demonstrated good GHG trajectory at the moment but haven’t provide aligned ambitions.
- 3. Companies **not** transitioning in an enough credible and robust way.

The categorization of companies proposed in this paper is based on thresholds on the global performance score, complemented by safeguards on relevant sub-module performance score levels, on narrative and on trend scores. The categorization framework is sum-up in the table below :

Category	1. Transitioning in a credible and robust way	2a. Committed	2b. Performing	3. Not transitioning in a credible and robust way <sup>2</sup>
Criteria application	Criteria blocks are cumulative			Criteria blocks are alternative <sup>3</sup>
Global performance score	≥12/20	No threshold.		Global < 12/20 AND
Module performance scores	Module 1 ≥ 75% Modules 2+4 ≥ 60% <i>Where relevant:</i> Modules 6+7≥ 50%	Module 1 ≥ 75%	Modules 2+4 ≥ 60%	Module 1 < 75% AND Modules 2+4 < 60%
Narrative score	≥ C global AND ≥ C on consistency and credibility AND reputation			< C global OR <C on consistency and credibility OR reputation
Trend score	= or +			-

## ACT Methodology

### Generic

The full ACT methodology for the Generic sector can be found on [our website](#). The detailed assessment is summarized in a score based on three criteria: performance, overall consistency and trend. It takes the following form:

- **Performance:** number between 1 and 20
- **Evaluation (consistency):** letter between A and E
- **Trend:** + (improvement), - (deterioration), = (stable)

Module	Indicateur
<b>1. Targets</b>	1.1 Alignment of scope 1+2 emissions reduction targets
	1.2 Alignment of upstream scope 3 emissions reduction targets
	1.3 Alignment of downstream scope 3 emissions reduction targets
	1.4 Time horizon of targets
	1.5 Achievement of previous and current targets
<b>2. Material investment</b>	2.1 Trend in past emissions intensity from material investment
	2.2 Trend in future emissions intensity from material investment
	2.3 Share of Low Carbon CAPEX
	2.4 Locked-in emissions from own fleet and buildings
<b>3. Intangible investment</b>	3.1 R&D spending in low-carbon technologies
	3.2 Company climate change mitigation patenting activity
<b>4. Sold product performance</b>	4.1 Product-specific interventions
	4.2 Trend in past product / service specific performance
	4.3 Locked-in emissions from sold products
	4.4 Sub-contracted transport service performance
<b>5. Management</b>	5.1 Oversight of climate change issues
	5.2 Climate change oversight capability
	5.3 Low-carbon transition plan
	5.4 Climate change management incentives
	5.5 Climate change scenario testing
<b>6. Supplier engagement</b>	6.1 Strategy to influence suppliers to reduce their GHG emissions
	6.2 Activities to influence suppliers to reduce their GHG emissions
<b>7. Client engagement</b>	7.1 Strategy to influence client behaviour to reduce their GHG emissions
	7.2 Activities to influence customer behaviour to reduce their ghg emissions
<b>8. Policy engagement</b>	8.1 Company policy on engagement with associations, alliances, coalitions or thinktanks
	8.2 Associations, alliances, coalitions and thinktanks supported do not have climate-negative activities or positions
	8.3 Position on significant climate policies
	8.4 Collaboration with local public authorities
<b>9. Business model</b>	9.1 Revenue from low-carbon products and/or services
	9.2 Changes to business models
	9.3 Share of product/service sales used in client low-carbon products/services

#### Narrative scoring

1. Business model and strategy
2. Consistency and credibility
3. Reputation
4. Risks

#### Trend scoring

1. Probability of emissions' evolution
2. Evolution of business model and strategy

Disclaimer:

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In collaboration with :

