FORUM POUR L'INVESTISSEMENT RESPONSABLE

SAY ON CLIMATE Assessment

UK

2025

Transparency rating

48%

alignment with FIR recommendations

ACCELERATE CLIMATE TRANSITION

PERFORMANCE SCORING	NARRATIVE SCORING	TREND SCORING
51%	A **B** C D E	=

SSE aims for carbon neutrality by 2040 for scopes 1 and 2, and by 2050 for scope 3. *While its 2030 targets for scopes 1 and 2 are* ***validated by the SBTi*** *and aligned with a* ***1.5°C scenario****, the 2034 target for scope 3* ***only covers part of the scope's emissions (43%)****, and no post-2034 target has, to date, been* ***scientifically validated****.* ***GHG emissions have overall increased by 3% since 2021/2022****, with a sharp rise in scope 3 emissions (****+21%****). In the short term,* ***no reduction target is communicated****, but in the medium term, the company aims for* ***-72.5% on scopes 1 and 2 by 2030****, and* ***-50% on part of scope 3 by 2034****. However, the* ***carbon neutrality target for scope 3 is set for 2050****, with* ***no interim target or follow-up trajectory beyond 2034****. The* ***action plan is well modelled****, but the contribution of various actions to reduce scope 3 emissions* ***is not detailed****, and the company* ***is not transparent about its future energy mix****. Moreover, the company has made* ***some backward steps****, notably on its* ***Net Zero investment plan*** *and its* ***target installed capacity by 2027 (from 9 to 7 GW)****. In terms of remuneration, the* ***annual variable does not include any climate-related criteria****. Finally, the company* ***has ended the annual advisory vote on the implementation of the climate strategy****, now held* ***every three years****.*

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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 SOCs. 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.

FORUM POUR L'INVESTISSEMENT RESPONSABLE

SSE

48%
of alignment with FIR recommendations

Ambition Net Zero 2050

Ambition of carbon neutrality for all three scopes: by 2040 for scopes 1&2 and by 2050 for scope 3

▷ *The company provides approximate information on the level of CCS and the neutralisation of emissions from scopes 1 & 2 but does not provide information on scope 3.*

Reference scenario(s) used

Medium-term targets (2030) for Scopes 1 & 2 validated by SBTi and aligned with a 1.5°c scenario

SBTi validated scope 3 medium-term objective (2034) without scenario/temperature information but 1.5°C according to the company

▷ *No validated information on the temperature scenario for scope 3*

▷ *No validation by SBTi on post-2030 targets (status: "commitment removed")*

Current GHG emissions (*2024 vs 2023*)

Compared with 3 years ago, there has been a fall in Scope 1 emissions (-8.7%), stagnation in Scope 2 emissions and an increase in Scope 3 emissions (+21%).

Between 2024 and 2025, there will also be a 2% increase in Scope 3 emissions, which the company justifies by a 21% increase in upstream emissions linked to the fuels purchased to power SSE's thermal power stations.

Between 2024 and 2025, there will also be an increase in Scope 1 emissions.

SCOPE 1	SCOPE 2	SCOPE 3
5.22MtCO2eq (vs 4.34)	0.48MtCO2eq (vs 0.47)	4.54 MtCO2eq (vs 4.46)
46,4%	4,3%	49,3%

○ *Point of attention: overall emissions trend downwards since the 2017/2018 reference year, but upwards (+3%) compared with 3 years ago (2021/2022).*

○ *No overall explanation for the increase in scope 3 emissions in absolute terms since 2017/2018*

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

▷ *No short-term reduction targets (before 2030) communicated*

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

2030 : - 80% reduction in the intensity of Scope 1 emissions (base year: 2017/2018)

- 72.5% reduction in absolute Scopes 1 & 2 emissions (base year 2017/2018)

2034: Scope 3: Absolute emissions from the use of products sold reduced by 50% (base year 2017/18)

2040: Net zero emissions for scopes 1 & 2

▷ *A significant part of scope 3 is not covered by the reduction targets (category 11 use of products sold corresponds to 43% of scope 3).*

○ *The company could give a more precise indication of the trajectory planned between 2030 and 2040 for the reduction of emissions from scopes 1 & 2.*

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

2050: Net Zero emissions on the 3 scopes

▷ *No specific long-term emission reduction target for scope 3*

Action plan measures

The action plan is well presented and detailed by scope. The main quantified measures include

- Engage with 90% of suppliers (expressed as spend) by 2030 to set science-based targets (target increased from 50% to 90% this year)

- Building a renewable energy portfolio: 7 GW of renewable installed capacity by 2027

- Enable the integration of at least 20 GW of renewable energy production and support the integration of around 2 million electric vehicles and 1 million heat pumps into SSEN's electricity networks.

▷ *The company has lowered its renewable capacity target from 9GW to 7GW by 2027 and believes that, given the context and its lower investment forecasts, it is unlikely that the group will meet its target of 50TWh of renewable electricity generation by 2030*

▷ *The company is not transparent about its energy mix over the medium and long term.*

▷ *The company uses a graph to show the contribution of each action to the reduction targets for scopes 1 and 2, but does not do this for scope 3.*

CAPEX / OPEX investment alignment

CAPEX: 89.1% taxo-aligned (6.4% eligible but non-aligned activities and 4.5% ineligible activities), stable compared with 2024

5-year investment plan up to 2027: £17.5 billion investment in renewable energies, electricity networks and system flexibility

▷ *Amount of the 2023-2027 investment plan revised downwards (from £20.5bn planned to £17.5bn for the revised amount)*

The company explains these lower forecasts by the macroeconomic context and the delay in projects. The allocation for renewables has fallen (from £7 billion to £5.5 billion) more than that forecast for "thermal and other" (from £2.5 billion to £1.5 billion).

Remuneration

Short-term variable compensation (2025/2026) :

10% variable remuneration based on a sustainability criterion based on ratings obtained by non-financial rating agencies

▷ *No climate criteria*

Long-term remuneration (2022-2025) :

- 15% based on sustainability criteria, including 3.75% on climate action (reduce scope 1 carbon intensity by 80% by 2030 (base year: 2017/2018)); 3.75% on clean and affordable energy (aim to build a renewable energy portfolio to produce at least 50 TWh of renewable electricity per year by 2030) and 3.75% on industry, innovation and infrastructure (enable the production of at least 20 GW of renewable energy and facilitate the integration of around 2 million electric vehicles and 1 million heat pumps on SSEN's electricity grids by 2030)

- 15% based on strategy criteria, including 6% on renewable energies (pipeline target of 10 GW of potential net installed capacity by 2026) = 16.25% climate-related criteria in the long-term variable

▷ *The level of achievement of the climate-related criteria is not the maximum for 2025: 11/15% for the sustainability part and 10/15% on the strategic part.*

Annual consultative vote on implementation

▷ *Backtracking on the annual vote and moving to a vote on the transition plan every three years*

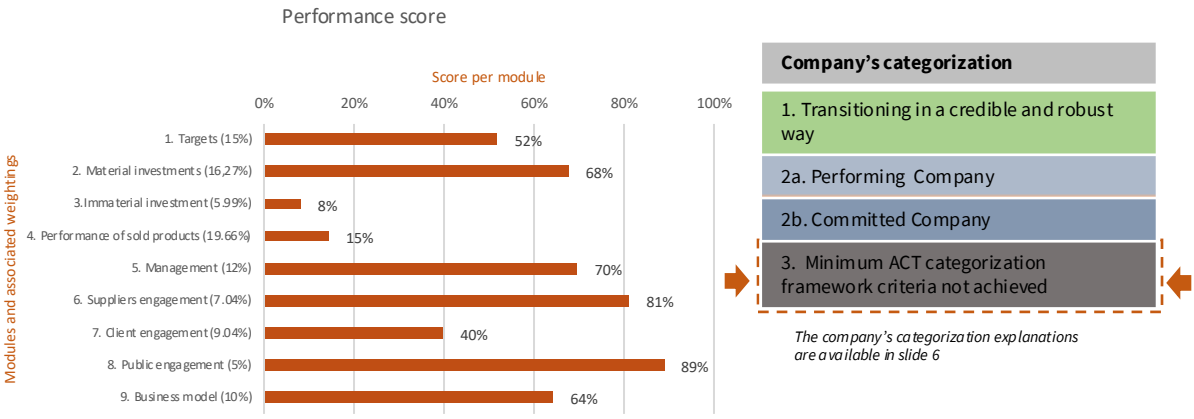
Consultative vote on strategy every three years

Vote every three years with no distinction between a vote on implementation and a vote on strategy

Caption:
▷ Failure to obtain full points
○ Suggestions for improvement

PERFORMANCE SCORE	NARRATIVE SCORE	TREND SCORE
51%	A **B** C D E	=

ACT Generic Methodology



The company's categorization explanations are available in slide 6

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

Transition plan's assessment

Performance score

1. Targets : SSE has set targets to reduce its scope 1 and 2 emissions by 72.5% and 100% by 2030 and 2040 respectively, compared to 2018. SSE also plans to reduce its scope 1 and 2 emissions intensity by 80% by 2030 from 2018. SSE has committed to reducing its scope 3 emissions by 50% and 100% by 2034 and 2050 respectively, compared to 2018. However, SSE has not set any targets to address its upstream scope 3 emissions (fuel- and energy related activities).

2. Material investment: SSE has not reduced its scope 1 and 2 emissions intensity at a rate aligned with its low-carbon pathway in the last five years. Yet, it is projected to do so over the next five years. SSE has invested nearly 90% of its capital expenditures to low-carbon activities in 2024 and plans to continue dedicating 90% over the next five years.

3. Immaterial investment : In 2024, SSE allocated more than 30% of its research and development investments to low-carbon technologies such as smart grid integration and battery storage. Yet, there is no evidence for investment in non-mature low-carbon technologies or low-carbon patenting activity.

4. Sold products performance: SSE's trend in past and future emissions intensity for retailed electricity could not be assessed due to limited reporting.

5. Management : SSE has a comprehensive low-carbon transition plan backed by financial content and informed by climate scenario analysis that has considered the implications of a 1.5°C scenario. Moreover, SSE's transition plan has board-level oversight and incentives for managing the low-carbon transition.

6/7. Value chain engagement : SSE has set its own target for 50% of its suppliers to set science-based targets by 2024. Lacking a clear client strategy, SSE has several activities in place to influence customer behaviour such as educating SMEs, smart meter engagement programs and an e-commerce site for renewables .

8. Public engagement : SSE has a publicly available engagement policy that covers the entire company and all associations, alliances and coalitions of which it is a member of. SSE periodically reviews its memberships in individual industry associations, supports the Paris Agreement and has founded the Power Net Zero Pact.

9. Business model : More than 30% of SSE's revenues in 2024 were from low-carbon activities. SSE plans to grow its renewable generation output to 50 TWh in 2030 from 11.2 TWh in 2024. However, there is no evidence that the company is planning to phase out natural gas from its electricity generation or electiricy retailing activities.

Transition plan's consistency (narrative score):
The credibility of SSE's transition plan is hindered by the lack of a phase out strategy for its gas operations and a target for its upstream scope 3 emissions for its electricity retailing activities.

Trend score :
SSE receives a trend score of =. If the company were reassessed in the near future, its score would likely remain unchanged.

Areas of improvements :

- Even though the company has a comprehensive transition plan accompanied by financial content, it could improve by introducing a target for its upstream scope 3 emissions. It could also further improve by inceasing the ambition of its net-zero target by pulling it back to 2035 to align with IEA's NZE scenario for developed countries.

FORUM POUR L'INVESTISSEMENT RESPONSABLE

Change in rating compared with analysis of FIR *Say On Climate* 2024

↑ Increase → Stagnation ↓ Drop

SAY ON CLIMATE 2025 evaluation grid

based on follow-up to FIR recommendations

Ambition net zero 2050	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
Reference scenarios used	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
Current GHG emissions	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
Short-term GHG emissions reduction target	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.)
Medium-term GHG emissions reduction target	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.)
Long-term GHG emissions reduction target	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.)
Action plan measures	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
Investment alignment (OPEX / CAPEX)	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
Remuneration	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
Annual consultation on implementation	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
Consultation on strategy every three years	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

Weighting: the two final criteria correlated with the vote are given a weighting of 0.5 each, while the other nine retain a weighting of 1.

ACT's methodology

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

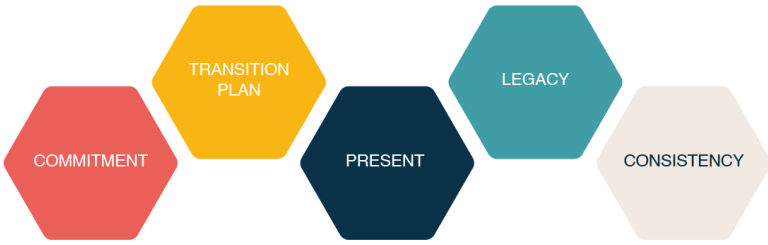
1 What is the company planning to do?

2 How is the company planning to get there?

3 What is the company doing at present?

4 What has the company done in the recent past?

5 How do all of these plans and actions fit together?



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

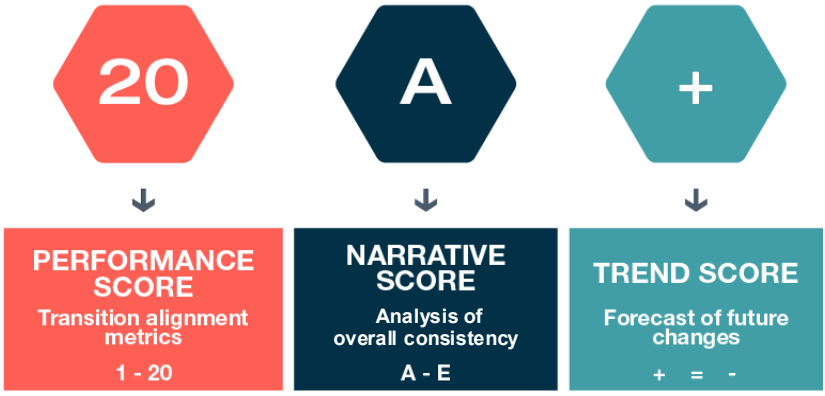
SECTORAL: addressing issues specific to the transition of each sector

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



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[2]
Criteria application	Criteria blocks are cumulative			Criteria blocks are alternative[3]
Global performance score	≥12/20	No threshold.		Global < 12/20 AND
Module performance scores	Module 1 ≥ 75% Modules 2+4 ≥ 60% *Where relevant:* 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

Electricity

The full ACT methodology for the Electricity 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)

Score de performance

Module	Indicator
1. Targets	1.1 Alignment of scope 1+2 emissions reduction targets
	1.2 Alignment of scope 3 upstream emissions reduction targets
	1.3 Time horizons of targets
	1.4 Achievement of past and current targets
2. Material Investment	2.1 Trend in past emissions intensity for generated electricity
	2.2 Locked-in emissions
	2.3 Trend in future emissions intensity for generated electricity
	2.4 Share of low-carbon CAPEX investments
3. Intangible investment	3.1 R&D spending on low-carbon technologies
	3.2 Company low-carbon patenting activity
4. Sold product performance	4.1 Past performance of retailed electricity
	4.2 Future performance of retailed electricity
	4.3 Contribution to low-carbon electricity generation
	4.4 Energy efficiency services share
	4.5 Interventions to reduce life-cycle emissions of low-carbon assets
5. Management	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 Fossil fuel power incentives
	5.6 Climate change scenario testing
6. Supplier engagement	6.1 Strategy to influence suppliers to reduce their GHG emissions
	6.2 Activities to influence suppliers to reduce their GHG emissions
7. Client engagement	7.1 Strategy to influence customers to reduce their GHG emissions
	7.2 Activities to influence customers to reduce their GHG emissions
8. Policy engagement	8.1 Company policy on engagement with trade associations
	8.2 Trade associations supported do not have climate-negative activities or positions
	8.3 Position on significant climate policies
	8.4 Collaboration with regulators and legislators
9. Business model	9.1 Revenue from low-carbon products and/or services
	9.2 Changes to business models

Narrative scoring

1. Business model and strategy
2. Consistency and credibility
3. Data quality
4. Reputation
5. Risk

Trend scoring

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

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