# Group 2030 ESG Targets – Definitions

Our Group 2030 ESG targets are presented on our [Pennon Website here.](#) To drive transparency and accountability to these targets, we have set out further detail of each target below.

| Material Issue and Metric | Definition | 2030 Target |
|---|---|---|
| **% Renewable Electricity Self-Generated** | Total renewable electricty generated across the group, measured against South West Water's 2020/21 grid import requirements for usage[1], in line with consumption when we made 'Our Promise to the Planet'. | 50% |
| **% Reduction in GHG Emissions – Scope 1 and 2 market-based (SBT verified)** | The percentage change in the Group's Scope 1 and 2 (market based) greenhouse gas emissions compared with a 2021/22 baseline year. <br><br> Aligned to our near-term Science Based Target scope: *'The Group commits to reduce absolute scope 1 and scope 2 GHG emissions 68% by 2032/33 from a 2021/22 base year'.* | 61% |
| **Tree Planting (cumulative)** | Total cumulative number of trees planted or enabled by Pennon programmes. Number of trees are either counted as the number of trees planted or calculated by using a spatial measure of the number of hectares of woodland created equating to an agreed number of trees and hedgerow per hectare. | 500,000 trees |
| **Peatland Restoration (cumulative)** | Total cumulative hectares (Ha) of peatland restoration enabled within Pennon's landholdings or catchments via the South West Peatland Partnership, since inception. Restoration activities include rewetting, sphagnum planting, drainage blocking, and other best-practice interventions aligned with the IUCN Peatland Code. | 5,184 Ha |

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[1] This target is separate and in addition to our to Science Based Target to increase annual sourcing of renewable electricity to 100% by 2030.

| Material Issue and Metric | Definition | 2030 Target |
|---|---|---|
| **Customer Affordability** | The percentage of customers considered not in water poverty across Pennon's operating region. A customer is considered in water poverty if their water and sewerage bill exceeds 5% of their equivalised income after housing costs. For water only customers this percentage reduces to 2%, and for sewerage only customers it reduces to 3%. This target reflects our commitment to eradicate water poverty across our region by 2030 through a combination of social tariffs, affordability schemes, and proactive customer support | 100% |
| **% Increase in Social Impact from our Community Investment** | This target measures the increase in the 'Number of direct beneficiaries, or organisations, where results were measured' generated by our community investment, reported and assured in line with B4SI's Community Investment Framework against a 2024/25 baseline. | 10% |
| **% Diversity of Workforce** | A combined diversity measure of Female and REACH representation across our total workforce. This target consists of disseminated internal targets for each business unit, to drive performance against our overall group position. Individuals belonging to both Female and REACH groups are only counted once in the combined metric, to avoid any duplicated reporting. | 35% |
| **Achieve 5% club status** | A target to achieve the stated accreditation level in the target year as defined by 5% Club (https://www.5percentclub.org.uk/), an independent organisation that certifies employers who have at least 5% of total employees in structured earn & learn positions, such as graduate or apprenticeship programmes. Platinum accreditation is awarded to companies going above this, exceeding 10% of total employees in structured earn & learn positions. | Platinum accreditation |
| **Glassdoor Score (average)** | The average rating of Pennon as an employer on the Glassdoor platform, taken as an average across each entity within the group. The score reflects employee perceptions of overall satisfaction, culture, leadership, career opportunities, etc. The metric is calculated as a rolling average score, out of five, and is monitored to track employee engagement and experience over time. | 3.8 |

| Material Issue and Metric | Definition | 2030 Target |
|---|---|---|
| **Lost Time Injury Frequency Rate (LTIFR) (Number / 100k hrs)** | Lost Time Injury (LTI) - an injury which results from either a specific work-related task [eg a strain or sprain as a result of carrying/lifting equipment required by the task in hand], or from a single instantaneous exposure in the work environment [eg being struck by a falling object whilst completing a specific task] and that results in a person being unfit for work on any day beyond the date of the incident. For clarity, Injuries that are caused by Road Traffic Accidents, that are a re-occurrence of a pre-existing condition or are not work-related are not included. The Lost Time Injury frequency rate (LTIFR) measures the number of lost-time injuries per 100,000 hours worked during the financial year. | 0.13 |
| **ESG Rating (Sustainalytics)** | Pennon's ESG Risk Rating as assessed by Sustainalytics, which measures industry-specific material ESG risks and how well those risks are managed. Performance is benchmarked against global peers within the Utilities sector, with lower risk scores indicating stronger ESG risk management. The target is measured on a relative percentile basis within our peer group. | Top 10th percentile |
| **Funding raised through Sustainable Financing Framework** | Any finances raised attributed to Gross debt (excluding any former leases accounted as operating leases) raised under the Sustainable Financing Framework and a proportion of the total finance raised in the Target year as reported in the Annual Report and Financial Statements. | £2bn |
| **ESG Criteria included in % of Tender Evaluations** | The proportion of supplier tenders where defined ESG criteria are formally embedded within the tender evaluation and scoring process. ESG criteria may include, but are not limited to, carbon reduction initiatives, social value, or a companies' own supply chain sustainability. The metric is calculated as the percentage of total tenders that include ESG criteria as part of the evaluation framework. | 100% |
| **Supply Chain Sustainability School Membership Grade** | The membership level achieved by Pennon with the Supply Chain Sustainability School, an independent platform used for engagement, learning and collaboration on sustainability across the supply chain. Membership grades reflect engagement with the platforms resources, working group, training sessions, and self-assessment tools. | Gold |

## Group 2030 ESG Targets – Interim Targets

| Material Issue and Metric | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|
| % Renewable Electricity Self-Generated | 16 | 24 | 32 | 40 | 50% |
| % Reduction in GHG Emissions – Scope 1 and 2 market-based (SBT verified) | 49% | 52% | 55% | 58% | 61% |
| Tree Planting (cumulative) – # of trees | 400,000 | 425,000 | 450,000 | 475,000 | 500,000 |
| Peatland Restoration (cumulative) – Ha restored | 5054 | 5154 | 5164 | 5174 | 5,184 |
| Customer Affordability | 95 | 96 | 97 | 98 | 100% |
| % Increase in Social Impact from our Community Investment | 0% | 2.5% | 5% | 7.5% | 10% |
| % Diversity of Workforce | 33% | 33.5% | 34% | 34.5% | 35% |
| Achieve 5% club status | Platinum | Platinum | Platinum | Platinum | Platinum |
| Glassdoor Score (average) | 3.2 | 3.3 | 3.4 | 3.6 | 3.8 |
| Lost Time Injury Frequency Rate (LTIFR) (Number / 100k hrs) | 0.2 | 0.19 | 0.17 | 0.15 | 0.13 |
| ESG Rating (Sustainalytics) | top 10th percentile | top 10th percentile | top 10th percentile | top 10th percentile | top 10th percentile |
| Funding raised through Sustainable Financing Framework | £400m | £800m | £1.2bn | £1.6bn | £2bn |
| ESG Criteria included in % of Tender Evaluations | 75 | 80 | 85 | 90 | 100 |
| Supply Chain Sustainability School Membership Grade | Silver | Silver | Gold | Gold | Gold |