

ESG metric definitions for 2023/24 DNV assurance

ESG Metric	Definition	Scope	Unit
Diversity	Percentage of male and female on the board of directors, including non-executive directors as of 31 st March 2024.	Pennon Group Board.	%
	The percentage of male and female employees across the Pennon Group and the senior management team. Senior managers are approximately 1% of the total employee population and directly report to the Pennon Executive. To align with the FTSE Women Leaders methodology (previously Hampton Alexander) the definition of Senior Managers are those who report to the Senior Executive team and in substantive roles (i.e. excluding PA's). As defined and recorded in our HR system as of 31 st March 2024.	Pennon Group employees refer to Pennon Group plc, Southwest Water, SES Water, Pennon Power, Bristol Water, Source, and PWS.	%
	The performance against each target: Percentage of male and female employees across Pennon Group as of 31 st March 2024. This target links to the above measure "Increase the proportion of female employees in the Group to at least 31%".	Pennon Group scope as outlined above.	%

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	<p>REACH recruitment (ESG Target 10%): Percentage of new recruits who have disclosed their ethnicity as REACH (Race, Ethnicity and Cultural Heritage). All employees are encouraged to disclose their ethnicity through a self-service portal which updates their personal HR record. This calculation looks at all our employees recruited during the year from 1 April 2023 to 31 March 2024, and for those who disclose their ethnicity, the proportion who are listed in ethnic minority groups.</p>	<p>Pennon Group (excluding Bristol Water and SES Water).</p>	<p>%</p>
<p>H&S</p>	<p>Lost Time Injuries: In line with RIDDOR regulations, this includes any injury which results from either a specific work-related task (e.g., 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 (e.g., 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. Injuries caused by animals/insects whilst on a work-related task and that result in lost time are included. For clarity, Injuries caused by Road Traffic Accidents, are a re-occurrence of a pre-existing condition or are not work-related are not included.</p>	<p>Pennon Group employees and agency workers for the period of 1st April 23 - 31st March 2024, excluding contractor injuries.</p>	<p>Number of lost time injuries</p>
	<p>Lost Time Injury Frequency Rate: This is expressed per actual 100,000 hours worked to normalise the data and see emerging patterns or trends. The data owner receives the hours worked monthly and there is also a downloadable power BI report which is constantly updated. The cutoff date for running the hours report is April 10th, and from there the data owner calculates the worked hours for the period of 1st April 23 - 31st March 24.</p>	<p>Pennon Group employees and agency Workers for the period of 1st April 23 - 31st March 2024. Hours worked including overtime and excluding absences</p>	<p>Number of lost time injuries:100,000 hours worked</p>

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	Fatalities: Employees: Figure of total fatalities within Pennon Group within reporting year.	Pennon Group employees and agency workers for the period of 1st April 23 - 31st March 24.	Number of Fatalities
	Fatalities: Contractors: Figure of total fatalities within Pennon Groups contractors within reporting year.	Pennon Group contractors for the period of 1st April 23 - 31st March 24.	Number of Fatalities
Greenhouse Gas emissions	Greenhouse gas (GHG) emissions for which Pennon Group is responsible , as defined within the UK Government's Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting (SECR) regulations (2019). In calculating our GHG emissions, we have used the 2023 UK Government Conversion Factors for GHG reporting.	Includes all Pennon Group companies: Pennon Plc, Southwest Water, Bristol Water, Source, and PWS.	Tonnes of carbon dioxide equivalent (tCO ₂ e)
	What is reported: - Total gross GHG emissions: Scope 1 (Direct), Scope 2 (Indirect) (on both market and location basis) and selected Scope 3 GHG emissions (other indirect).	Total Scope 1 (market and location) Total gross Scope 1 & 2 (market and location)	Tonnes of carbon dioxide equivalent (tCO ₂ e)
	The greenhouse gas (GHG) emissions intensity measure (Total gross Scope 1+2 emissions / £100,000 revenue) expresses the total combined Scope 1 (direct) Scope 2 (indirect from purchased energy) emissions in metric tons of carbon dioxide equivalent (tCO ₂ e) per £100,000 of revenue generated by Pennon. We report two separate metrics, one for market-based emissions and one for location-based GHG emissions. It provides an intensity ratio that normalizes Pennon's carbon footprint from its operations and energy use relative to its financial performance, allowing for tracking	GHG emissions intensity measure - (Total gross Scope 1+2/£100,000 revenue)	Tonnes of carbon dioxide equivalent (tCO ₂ e)

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	emissions efficiency over time or benchmarking against other companies.		
	<p>Scope 3 GHG emissions Category 1 - Purchased Goods and Services covers the upstream emissions from the production of all goods and services purchased or acquired by Pennon between 1st April 2023 to 31st March 2024. This includes raw materials, components, manufacturing services from suppliers. It captures GHG emissions from the extraction, production, and transportation of purchased goods and services, including emissions of raw materials, upstream transportation and distribution services, and emissions from contracted services like waste disposal. The Category 1 calculations are aligned to the GHG Protocol.</p>	Scope 3 GHG emissions: Category 1 - Purchases goods and services	Tonnes of carbon dioxide equivalent (tCO ₂ e)
	<p>Scope 3 GHG emissions Category 2 - Capital Goods and Services covers the upstream emissions from the production of capital goods purchased or acquired by Pennon between 1st April 2023 to 31st March 2024. Capital goods are final products with an extended life that are used by the company to manufacture products and provide services. It accounts for all GHG emissions associated with the extraction, production, and transportation of these capital goods up until they are purchased or acquired by Pennon. The GHG emissions from the use of capital goods by Pennon are instead accounted for under Scope 1 (e.g., fuel use) or Scope 2 (e.g., electricity use). The Category 1 calculations are aligned to the GHG Protocol.</p>	Scope 3 GHG emissions: Category 2 - Capital goods	Tonnes of carbon dioxide equivalent (tCO ₂ e)

ESG Metric	Definition	Scope	Unit
	GHG Emissions (ESG Target): The percentage change in the 2023/24 Group's Scope 2 (market-based greenhouse gas emissions compared with baseline year. (2020/21).	Baseline value is based on Scope 2 market based GHG emissions for current Group composition including Bristol Water in 2020/2021.	%
Energy Use	Total Energy usage: The annual energy consumption reported in Pennon Group's Annual Report align with the requirements of Streamlined Energy and Carbon Reporting (SECR), including the reporting of total energy use from electricity, gas and the fuels used for transport. For the Pennon Group AR this includes all energy used by the regulated (appointed) and non-regulated (non-appointed) activities of the Group.	Includes all Pennon Group companies: Pennon Plc, South West Water, Bristol Water, Source, and PWS.	MWh
Renewable energy generation	Total renewable energy production: Total renewable electricity, heat and biogas generated or produced within our sites and network or associated direct private connection on a net basis (excl. transport)	All Pennon owned and operated renewable generation including, hydro, solar PV, wind, CHP heat and electricity, as well as biogas produced. All 3rd party generated privately wired renewable electricity delivered to Pennon sites. Includes generation exported to grid and sleeved back to Pennon whether that is via self-generation or through privately wired facilities. Excludes REGOs generated by company assets.	MWh

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		Assurance scope includes Total Renewable Energy, Hydro, Solar, Wind and “Other Renewables”.	
	<p>Renewable Energy (ESG Target). Targeting an improvement in our ‘net’ energy use from renewables in the target year, reflecting milestones towards our longer term 2030 targets of 50%.</p>	<p>Energy use’ is total energy used (excluding transport) by Group in the target year (as reported and assured annually through Group Streamlined Energy and Carbon Reporting (SECR))</p> <p>Renewables includes renewable electricity, heat and biogas generated or produced within our sites and network or associated direct private connection on a net basis (excluding transport). Includes generation exported to grid and sleeved back to Pennon Group whether that is via self-generation or through privately wired facilities.</p>	%