



Energy for
generations

**DRIVEN TO MAKE
A DIFFERENCE**

**NET
ZERO**

**BY
2040**

ESB Strategy 2040

OUR COMMITMENT

Since its establishment in 1927, ESB has been characterised by a commitment to drive society forward and deliver a brighter future for the customers and communities we serve. This strong sense of purpose is reflected in our constant and unwavering commitment to tackling society's biggest challenges, enhancing people's lives and creating new opportunities for individuals and communities to thrive.

We are driven to make a difference. For almost a century, we have harnessed our capability and resources to bring light and energy to communities in Ireland and around the world, helping to transform lives and enable social and economic progress and change.

Climate change is one of the defining challenges of this generation. Its impact is evident in increasingly extreme weather patterns, rising sea levels, water shortages and disruption to biodiversity and ecosystems. Electricity has a transformative role to play in tackling climate change by eliminating carbon and other harmful greenhouse gas emissions from the energy sector.

To this end, ESB is taking urgent and focused action to achieve net zero emissions by 2040 and putting in place the infrastructure and services to enable our customers and broader society to live more sustainably. We are balancing this with the imperative to maintain reliable and affordable electricity supplies to support customers, communities and our economy.

ESB's track record in serving society, our ability to deliver on our promises and the values underpinning everything that we do mean that we are trusted and expected to make this future a reality. By creating an inclusive, trust-based environment that empowers people to perform at their best, leveraging data and digital technologies to drive change, and maintaining our ability to invest in pioneering carbon reduction solutions, we will deliver a brighter future, and make a real and lasting difference for the customers and communities we serve.

Through our focus on social and environmental responsibility, we will cultivate a safe, sound and sustainable ethos in line with our values, and act in the best interests of all stakeholders.

ESB STRATEGY DRIVEN TO MAKE A DIFFERENCE: NET ZERO BY 2040

ESB's 2040 strategy - Driven to Make a Difference: Net Zero by 2040 - builds on our 2017 Brighter Future strategy, which set a clear direction for ESB to take action and exercise leadership in tackling climate change.

While this remains our North Star, our new strategy accelerates the pace of change, providing clear deadlines and accountability for achieving net zero by 2040 and committing to a Science Based Target for 2030. Our strategy sets out a path to achieve net zero in a way that supports ESB's continued growth, and our financial capacity to invest in a net zero future.

External Environment

Our strategy reflects major changes in the external environment since 2017, including a significant increase in global, European and national commitments to achieve net zero greenhouse gas emissions. This is driving deeper reliance on electricity and an associated need to ensure that zero carbon electricity is reliable and affordable.

Achieving net zero will require the deployment of new energy technologies at massive scale that are capable of providing reliable zero carbon energy when intermittent renewable power from the wind or the sun is unavailable. Electricity networks are playing an increasingly important role in enabling the mass adoption of low carbon technologies including heat pumps, electric vehicles and microgeneration, and the connection of large volumes of renewable generation. This provides opportunities and challenges for network providers and increases the requirement for capital investment in networks infrastructure.

Digital and data driven technologies are also transforming the electricity sector, underpinning the development of smarter networks and giving rise to new business models, including digital only suppliers offering an enhanced customer experience at a lower cost to serve.

Other macro trends since 2017 include a much greater policy focus and opportunity in offshore wind, more

intense competition (particularly from oil and gas companies seeking new opportunities in clean electricity), and a greater emphasis by investors and other stakeholders on Environmental, Social and Governance (ESG) issues.

There have also been significant changes in the GB market as the implications of the retail price cap have become clear and new technologies have gained traction. While some of these developments present challenges, they have been balanced by significant opportunities in areas such as offshore wind and in the growth of all-digital retail entrants who play a larger role in GB than in any other market in Europe. The impact of Brexit on the Single Electricity Market (SEM) is still playing out, however it is clear that a single integrated Great Britain - Ireland electricity market is unlikely to develop.

Meanwhile, the increasing policy focus on decarbonisation and electrification in Ireland, combined with our operating experience and strong competitive position in this market, present sizeable investment opportunities for ESB and have strengthened our ability to grow and maintain scale within the Island of Ireland. This means that the predominant focus of our 2040 strategy will be on the Island of Ireland. Exceptions will be made where there are opportunities to build operational capacity or benefit from scale in the GB market in a way that is aligned with our purpose.

Strategic Framework

Driven to Make a Difference: Net Zero by 2040 has been developed using ESB's Strategy Framework which ensures that strategic actions and decisions are consistent with ESB's purpose and values, and that there is a clear and consistent 'line of sight' both for those within the organisation and for our external stakeholders.

Organisational alignment with the strategy will be achieved through the Integrated Business Planning (IBP) process, which integrates strategic, financial and people planning at Group- and Directorate/ Function- level.

ESB's values will guide the behaviours, actions and decisions we will take in implementing this strategy.

OUR PURPOSE IS TO DELIVER A BRIGHTER FUTURE, FOR THE CUSTOMERS AND COMMUNITIES WE SERVE



TODAY, THAT MEANS WE'RE DRIVEN TO MAKE A DIFFERENCE - TO ACHIEVE NET ZERO BY 2040

DECARBONISED ELECTRICITY RESILIENT INFRASTRUCTURE EMPOWERED CUSTOMERS

OUR PEOPLE • DIGITAL & DATA DRIVEN • FINANCIALLY STRONG • SUSTAINABLE & SOCIALLY RESPONSIBLE

OUR VALUES



WE'RE COURAGEOUS

Each of us is prepared to challenge the way we've always done things, stand up for what we feel is right and try better ways of working.



WE'RE CARING

We're putting customers current and future needs at the heart of what we do and we keep ourselves and others safe and healthy.



WE'RE DRIVEN

We bring passion and persistence to what we do everyday, innovating and collaborating to meet the challenges and opportunities ahead.



WE'RE TRUSTED

We each play our part, taking ownership of our responsibilities, seeing the job through and protecting our own health and safety, as well as others'.

Our Purpose and Net Zero Target

Our strategy, while influenced and shaped by external developments, is anchored in our purpose to deliver a Brighter Future for the customers and communities we serve and links directly to the UN Sustainable Development Goals.

The 17 UN Sustainable Development Goals (SDGs) provide a global and widely accepted blueprint to achieve a better and more sustainable future for all by 2030. They act as a call to action for countries, NGOs, companies and individuals to align their actions around common goals that matter to people and planet. Our strategy is focused on three of the SDGs where ESB can make a lasting and tangible difference – namely:

Our strategy sets a net zero emissions target for ESB to achieve by 2040. To ensure that we are on track to deliver this, we will set a science-based target for 2030 to provide independent assurance that our pathway to net zero is aligned with the commitments set out in the Paris Agreement.



ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL



BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION



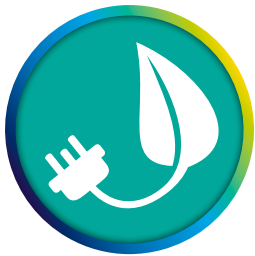
TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

Strategic Objectives

ESB has identified three strategic objectives, aligned with Sustainable Development Goals 7, 9 and 13, which are core to the delivery of our net zero ambition. These are outlined below.

Foundational Capabilities

Underpinning the strategic objectives are four foundational capabilities which are essential to success as follows:



DECARBONISED ELECTRICITY

Develop and connect renewables to decarbonise the electricity system by 2040



RESILIENT INFRASTRUCTURE

Provide resilient infrastructure for a reliable low carbon electricity system



EMPOWERED CUSTOMERS

Empower, enable and support customers and communities to achieve net zero



EMPOWERED PEOPLE

Ensure we have the people capability to deliver our strategic objectives with a strong values-based and inclusive culture



DIGITAL & DATA DRIVEN

Leveraging data and technology, transform ESB to a data driven digital utility



FINANCIAL STRENGTH

Maintain the financial performance and strength required to deliver our purpose



SUSTAINABLE & SOCIALLY RESPONSIBLE

Step forward on social and environmental responsibility, cultivating a safe, sound and sustainable ethos in line with our values

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This objective reflects ESB's commitment to supporting the societal goal of achieving net zero emissions through the generation of renewable electricity and by enabling the connection of renewable generation to our electricity networks. We will deliver a fivefold increase in our renewable generation portfolio to 5,000MW by 2030, and ESB Networks and NIE Networks will increase the amount of renewable energy connected to our networks from 6.2GW to >15GW over the same period.

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This objective recognises the fundamental and increasing importance of having stable, robust infrastructure to ensure secure, reliable electricity supplies. New technologies and fuels will be deployed to transition our thermal generation to a zero carbon dispatchable portfolio which, combined with existing and new storage assets, can compete to meet society's need for non-intermittent sources of energy. ESB Networks and NIE Networks will invest in smart, reliable network infrastructure to enable increasing levels of renewable generation, and to underpin widespread electrification of transport and heating.

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This objective reflects our commitment to working alongside customers and communities as a trusted energy partner, proving best value sustainable energy and supporting them to achieve net zero. We will use data and digital technologies to deliver convenient and personalised customer experiences and reduce our cost to serve. We will also develop insight-driven products and services to meet diverse and evolving customer needs.

ESB Networks and NIE Networks will put in place solutions for our networks customers to enable the electrification of heat and transport and will make it easy for customers and communities to participate in markets for flexibility and make active choices in their use of energy.

We will leverage our telecoms and fibre infrastructure to provide excellent telecommunications services and enable sustainable living.

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This capability references the critical role of our people in delivering our purpose and strategy in line with our values. We will create an environment that encourages creativity, commitment and ongoing learning through a safe, people centric and inclusive experience. This will underpin a high-performance, innovative, sustainable and customer-focused culture. We will support this through a leadership capability that is inspiring, adaptive, empathetic and curious, and through an agile and efficient organisational design that can meet the changing needs of our customers and the business.

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This will see ESB transformed into a data driven digital utility delivering excellent customer experience (by leveraging customer insights and digital engagement channels), an enhanced people experience (by becoming a technology enabled workforce) and modern business operations and processes enabled by technology.

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We will deliver on ESB's commercial mandate to provide shareholder value; growing the business while maintaining our financial strength.

Consistently strong financial performance, underpinned by efficiency and investment discipline, will ensure that we can deliver appropriate shareholder returns, maintain a strong investment grade credit rating and secure optimal long-term funding to match investment plans for a net zero future.

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To positively impact on the experiences of employees, customers, partners and other stakeholders, we will embed a culture that prioritises safety, environmental performance and sustainability. We will meet stakeholder expectations relating to, but not limited to, Environmental, Social and Governance (ESG) performance and safety, and we will adopt a best practice transparency and compliance framework to track and report on progress.

We will achieve net zero emissions by 2040, and secure an accredited science-based carbon target for 2030.

We will collaborate with stakeholders to provide thought leadership on decarbonisation policy in Ireland and Northern Ireland.

Strategic Performance Indicators

A set of strategic performance indicators and success metrics have been developed to ensure transparency and accountability in the delivery of our strategy. These include a range of financial and non-financial metrics that will track our progress in achieving strategic outcomes and foundational capabilities. To maximise transparency, target and outturn values for the strategic performance indicators will be published in our Annual Report and other relevant publications – where considerations of governance and commercial confidentiality allow.

Key targets for 2030 include:

Achieve net zero emissions by 2040 and set a Science Based Target for 2030 to provide independent assurance that the path we are on is aligned with the commitments set out in the Paris Agreement.

Reduce carbon intensity of generation fleet from 414 to 140gCO₂/kWh by 2030.

More than double the amount of renewable generation connected to our networks in Ireland and Northern Ireland by 2030 (increase from 6.2GW to >15GW).

Bring fibre broadband to 770k homes through SIRO, our JV partnership with Vodafone.

ESB Networks to complete the installation of 2.4m smart meters by 2026 and 2.6m by 2030.

Complete 35k home retrofits through Electric Ireland Superhomes.

Deliver more than a fivefold increase in our renewable generation portfolio to 5,000MW.

Decarbonise 63% of our generation output by 2030 and 100% by 2040 (up from c20% now).

Provide infrastructure to support the electrification of almost 1.3m EVs and 660,000 heat pumps across Ireland and Northern Ireland.

Increase the number of public charge points on ESB's EV network to 3,000, including 200 high speed chargers, across the UK and Ireland.

ESB Networks to ensure that 20-30% of system demand on the distribution network is flexible.

Ensure a staff engagement score of ≥7.3/10.

Glossary of Terms

Sustainable Development Goals

The UN Sustainable Development goals were adopted by all United Nations Member States in 2015. They are an urgent call to action for action by all countries – developing and developed – to work in partnership for peace and prosperity for people and the planet. The goals recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.



Net Zero / Net Zero Emissions

Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.

The term net zero is important because – for CO₂ at least – this is the state at which global warming stops. The Paris Agreement underlines the need for net zero, requiring states to ‘achieve a balance between anthropogenic emissions by sources (i.e. pollution or pollutants originating from human activity) and removals by sinks of greenhouse gases in the second half of this century’.

Science Based Targets

Science-based targets (SBTs) provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals, helping to prevent the worst impacts of climate change and future-proof business growth.

Targets are considered ‘science-based’ if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

SBTs must be validated by the Science Based Target Institute (SBTi). The SBTi is a partnership between CDP (Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).



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