ESB Group Policy on Climate Change

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1. Introduction

1.1 Purpose of Policy

ESB plays a crucial role in enabling the transition to a low-carbon future by both decarbonising the electricity system and supporting the electrification of society.

This policy sets out the principles that will guide ESB's approach to climate change, including how climate-related risks and opportunities are considered in decision making and how ESB will progress its ambition to achieve Net Zero by 2040.

ESB's approach to climate change will require sustained action across the Group, disciplined execution, innovation, investment and collaboration with employees, customers, partners, suppliers, and relevant stakeholders. This policy is intended to provide a clear framework for that work, while recognising that delivery will require ongoing judgement, learning and collective ownership across the organisation.

1.2 Scope of Policy

This policy applies to all employees, workers (including agency and casual workers), officers and directors of ESB and all wholly owned ESB subsidiaries.

For regulatory reasons, NIE Networks maintains its own company policies aligned, as far as practical, to this policy. For application of this policy to non-wholly owned subsidiaries, please refer to the Group Policy for Governance of Non-Wholly owned Entities.

1.3 Key Definitions

Climate Change: Refers to long-term shifts in temperatures and weather patterns. These shifts may be natural, but since the 1800s, human activities have been the main driver of climate change, primarily due to the burning of fossil fuels (like coal, oil and gas), which produces heat-trapping gases.

Climate Change Adaptation: The process of adjustment to actual and expected climate change and its impacts.

Climate Change Mitigation: The process of reducing greenhouse gas (GHG) emissions and other harmful influences on the earth's climate system and holding the increase in the global average temperature to well below 2°C and ideally to 1.5°C above pre-industrial levels, in line with the Paris Agreement.

Net Zero: Net Zero is defined as the state where "a balance between anthropogenic GHG emissions (emissions associated with human activities) and removals is achieved. What this means for ESB is reducing carbon emissions from electricity generation to zero or as close to zero as practicable, driving all other direct emissions (vehicle fleets and heating emissions) towards zero, working through our business activities, together with our strategic and

supply chain partners, to reduce our indirect emissions to or towards zero, and dealing with any remaining residual emissions (maximum 10% of total baseline emissions) using a credible offset mechanism.

1.4 Compliance Obligations

ESB shall ensure that its activities and those of its subsidiary companies are conducted in compliance with relevant legislation, consents, permits, and licences held by ESB.

Where compliance obligations impose more onerous obligations than the objectives set out in this policy, the legal obligations will always take precedence.

1.5 Key Policy Principles

This Policy on Climate Change ("Policy") has been established to inform and guide ESB's approach to climate change, including how climate-related risks and opportunities are considered in decision making and how ESB will progress its ambition to achieve Net Zero by 2040.

The Policy is guided by a suite of core principles which provide the framework for ESB to achieve its strategic objectives with respect to climate change.

By embedding these principles across our business and value chain, ESB seeks to strengthen climate resilience, support the transition to a net-zero energy system and create sustainable value for customers, communities, and future generations.

ESB will: -

- **Commit to decarbonising its operations:** ESB will set out ambitious, measurable carbon reduction goals, aiming to achieve Net Zero by 2040 across all operations and value chains;
- **Aim for high standards in Governance & Accountability:** Climate impacts, risks and opportunities will be a core component of Board oversight and management decision making processes;
- **Progressively adopt a Strategy Driven focus in addressing climate change:** Business strategy, capital allocation and investment decisions will take account, as appropriate, of the Climate Action Plan[1] and Government climate policies, objectives and targets. It is noted that ESB Networks DAC, in its capacity as DSO, has specific obligations to be considered in this regard;
- **Adhere to Transparency, Disclosure and Progress Reporting:** ESB will adhere on a voluntary basis to reporting, including climate change impacts, risks, and opportunities, via periodic reporting, no less than annually;

[1] Government of Ireland Climate Action Plan (latest publication)

- **Engage with Stakeholders:** ESB will undertake responsible, transparent, and open engagement with employees, customers, communities, policymakers, suppliers, NGOs, and other key stakeholders;
- **Focus on Culture Change:** ESB's values and behaviours frameworks will be activated to support the transformational changes required to deliver Net Zero by 2040;
- **Set Net Zero Targets:** ESB will set clear and timebound milestones, and publish a transition plan, to guide the achievement of Net Zero by 2040, supported by robust target-setting, performance tracking, and reporting;
- **Actionable Transition Plans** ESB will set out its plans for decarbonisation via low-carbon technologies, increased connection of renewables and supporting customer and societal transition in a published Net Zero Transition Plan;
- **Climate Risk Management (Physical and Transition**): ESB will undertake appropriate climate risk management assessment to identify vulnerabilities in operations and supply chains and assess exposure to an evolving climate. Risk exposures will roll up into the Enterprise Risk Management process.

2. Roles and Responsibilities

2.1 Role of the Board and Board Sub Committees

The Board is responsible for:

- Setting ESB's Net Zero by 2040 strategy and ensuring it is aligned with our purpose, values and culture.
- Oversight of the effective execution of strategy, business performance and the achievement of key financial performance and sustainability targets, and for: The embedding of an appropriate culture throughout the organisation.
- The Board is supported in its oversight responsibilities by Board Committees, providing effective oversight of the areas for which they are responsible including in respect of climate change (Ref: Committees Terms of Reference section, In particular: -
- The Safety, Sustainability & Culture Committee's role and responsibilities include oversight of the Group's sustainability and environmental performance, including climate related risks and opportunities.

2.2 Role of Senior Management

Senior Management shall:

- Champion its values, behavioural framework, and climate change commitments across the organisation, embedding integrity, accountability, collaboration, ethical behaviour, proactivity, and adaptability in all activities and decision-making processes to support the achievement of its climate and sustainability objectives.

- Drive transformation and innovation at scale, ensuring climate-related risks and opportunities are effectively managed and embedded within strategic decision making, business planning processes, and risk processes.
- Build strategic partnerships and influence stakeholders within and beyond ESB to support the effective implementation of this policy and the achievement of ESB's sustainability objectives.
- Create the conditions for employees and teams to thrive by ensuring policies, associated standards, and local procedures are communicated, understood, and implemented, supporting capability development, engagement, and sustainable performance.

2.3 Role of ESB Employees

ESB Employees shall:

- Collaborate effectively with colleagues with regard to climate change and contribute positively to team culture, customer experience, and the consistent application of ESB values and behaviours.
- Comply with the obligations outlined in Section 1.4, the policy principles outlined in Section 1.5, and the requirements of the standards and local procedures derived therefrom, demonstrating personal responsibility, accountability, and integrity in all aspects of their work.
- Complete all relevant training and remain open to learning, feedback, and continuous development.
- Actively contribute to the delivery of ESB's strategy and its ambition to achieve ESB's climate change objectives.

3. Derogations

In recognition of the broad ranging nature of activities undertaken by the various business units and subsidiaries within ESB and the different jurisdictions in which they operate, there may be instances where it is appropriate to grant derogations relating to individual elements of this policy.

4. Compliance

Responsibility for the oversight of this policy resides with the Head of Sustainability, People and Sustainability.

Compliance with this policy will be monitored by Group Sustainability as part of their governance and stakeholder activities and reported, as required, to the Safety, Sustainability and Culture Board Sub-committee.

5. Policy Review

This Policy will be maintained and regularly reviewed by the Centre of Sustainability. ESB personnel will be informed of any material changes made to the Policy.

6. Version History

Document Control, Review and Approval

Ver.	Date	Document Developer	Description of Change/ Review	Approved by
1	October 2026	Head of Sustainability	Initiation	ED, People & Sustainability