

6 October 2020

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EnBW underpins its sustainable corporate strategy and aims to become climate-neutral by 2035

- CO2 emissions set to be halved by 2030
- Exit from coal-fired generation planned by 2035, fuel switch options examined
- Extensive packet of measures aimed at achieving environmental, commercial and social sustainability

Karlsruhe. In the course of pursuing EnBW's current 2025 strategy – but also beyond this – the management board will consistently gear the company's development towards the sustainability criteria. 'We will benchmark every decision and every investment against these criteria, thereby firmly linking our future growth to sustainability,' stresses EnBW CEO Frank Mastiaux. A corresponding extensive package of measures has been discussed with the supervisory board and will be implemented over the coming years. The focus of the 25-point programme of measures – which is organised along the three sustainability-related aspects of ecology, economy and social welfare – is on achieving the ambitious aim of reducing the company's CO2 emissions to net zero by 2035, and much earlier in some areas. In doing so, EnBW is adhering to the requirements and targets of the Paris Agreement.

'We have been consistently remodelling and realigning the company since 2013,' stresses Mastiaux. 'At the same time, our actions have been guided by the sustainability requirements since the beginning. This is demonstrated by our considerable investment in renewable energies, electricity grids and electric mobility, new jobs and apprenticeship places, for example, as well as our intensive dialogue with citizens, the general public and NGOs. We will continue on this course with our strategic focus on critical infrastructure in order to play an increasingly important role and shoulder responsibility in the middle of our society. Consistent sustainability will therefore remain at the heart of our thoughts and actions beyond 2025. That is what is behind the measures that have now been taken.'

Ecological dimension: ambitious climate protection targets and a clear route out of coal-fired generation

In view of the intensive worldwide discussions surrounding the urgent need to cut greenhouse gas emissions, the main focus of the package of measures is on climate neutrality – in the same way as it is currently at the top of the agenda for the German government and the European Commission and is increasingly being demanded by the capital market. With the

6 October 2020

aim of becoming completely climate-neutral by no later than 2035, EnBW has also set itself an ambitious target by industry standards. The first group companies, such as Energiedienst AG, are already climate-neutral. Netze BW will follow at the start of 2021 to become one of Germany's first climate-neutral distribution grid operators. EnBW wants to halve its CO₂ emissions by 2030. 'An ambitious target is one thing; a transparent route to the target, while ensuring it can be verified at any time, is another,' says CFO Thomas Kusterer. 'We place great emphasis on this in the course of our constant dialogue with society and the world of politics. It is also especially important with regard to the capital market, which demands a clear-cut course here. That is why we have been campaigning for a number of years on international committees for globally applicable standards in the area of sustainable capital procurement and financing, which we have used for the issuing of several green bonds.'

The target of climate neutrality requires the gradual exit from coal-fired generation, which is set to be achieved in Germany by 2038 through the Coal Phase-out Act. At present, EnBW's coal-based generation capacity is 4.6 GW. 'Before the Coal Phase-out Act even came into force, we have already voluntarily discontinued 40 per cent of our particularly carbon-intensive generation, for both environmental and commercial reasons,' says CTO Hans-Josef Zimmer. 'By 2030, we will have withdrawn a further 2,500 megawatts and are set to completely phase out coal-fired generation by 2035.' The company will simultaneously examine the possibility of a fuel switch – in other words, switching from coal to more climate-friendly gases in the first instance and then moving onto carbon-free green gases or hydrogen in the second stage. 'Depending on market conditions and the political backdrop, we will make an instantly effective contribution to cutting carbon emissions with a fuel switch, while also securing the energy supply and preserving sites and jobs,' says Zimmer. The withdrawal from coal-fired generation will be linked to the reduction of the workforce primarily at the affected sites. However, the company is firmly committed to limiting the impact on its employees to the best of its ability by creating new jobs in growth areas and drawing up staffing plans that extend far into the future. To this end, the company will also hold talks with the employee representation.

Economic dimension: creating growth and new jobs by making sustainable investments and portfolio decisions

With the 2025 strategy, EnBW has focused on critical infrastructure – beyond energy itself – in line with its core area of expertise. Compared to today's figures, clear profit growth of over 30 per cent by 2025 is linked to the further expansion of renewable energies, electricity grids, electric mobility and telecommunications as well as the establishment of new businesses. A considerable sum to the tune of 12 billion euros has been earmarked for investment in these projects. EnBW has aligned its finance strategy accordingly and further developed it while taking into account sustainability criteria: in the last two years alone it has financed around two billion euros through so-called green bonds and got involved in the international debate

6 October 2020

as the pioneer of a financing system geared towards sustainability and a corresponding climate-related approach to reporting and business management. 'In the future, all of our investments will be made on the basis of sustainability criteria, which will also have a positive effect on our jobs situation,' says Thomas Kusterer. 'The focus will remain on the continued expansion of renewable energies as well as the electricity and gas grids. This will be increasingly complemented by further aspects of sustainable infrastructure and sustainable business practices, such as the key role played by electric mobility in transforming the transport landscape and protecting the climate, or the importance of telecommunications as the backbone of a modern and digital society.' The sustainability aspect will also be at the heart of all considerations in EnBW's new business segments. When planning new residential districts, such as the project on the Stöckach site in Stuttgart, EnBW focuses first and foremost on the environmental and social aspects of the people who live and work there.

Social dimension: an emphasis on people and qualifications

Sustainability begins with people. Accordingly, managers and employees alike are encouraged and taught how to embrace sustainability. This includes setting a target of reducing paper use by up to 90 per cent by 2025, planning business trips strictly in line with considerations relating to carbon emissions, adopting a sustainable procurement strategy and running sustainable company restaurants. 'Employees are our most valuable resource. That is why we are confronting the challenges associated with EnBW's 2025 strategy by pursuing a personnel strategy that places people at the centre. One area of focus here is on furthering the employees' personal development and maintaining their employability,' explains Chief Human Resources Officer Colette Rückert-Hennen. In the area of conventional generation at EnBW, for instance, where around 1,200 people currently work, there has already been an early retraining and upskilling drive. Employees who previously worked in a conventional plant are already helping to operate the company's offshore plants with their technical expertise, for example. In addition, EnBW launched a training programme in 2016 for migrants and refugees, which has since helped 60 people to acquire a technical education, and has now started the courses for the 2021 intake of apprentices and work-based university students (DH) – as of today, more than 1,000 young professionals are currently employed by EnBW. In addition, the expansion plans for electric mobility, a field in which EnBW is now leading the way in Germany and beyond, are accompanied by an offer extended to all 14,000 employees of the EnBW parent company to lease an electric vehicle on favourable terms, including the opportunity to charge the vehicles at all EnBW sites. 'In our employees, we see the architects of a sustainable future – both the company's and their own,' says Rückert-Hennen.

6 October 2020

By rooting clearly defined sustainability criteria in its decision-making structures and adopting a correspondingly consistent governance policy – among other things by setting non-financial targets on the CSR committee and giving equal weight to sustainability when making investment decisions and also taking it into consideration when making financial decisions within the framework of the Green Financing Committee – EnBW is consolidating its credentials as a sustainable infrastructure partner.

You can find further information on EnBW's sustainability programme online at <https://www.enbw.com/sustainability>.

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