

Environmental & Climate Action Policy

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EnBW Energie Baden-Württemberg AG
Durlacher Allee 93
76131 Karlsruhe

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The EnBW Board of Management's commitment

EnBW is one of the largest integrated energy companies in Germany and Europe, and supplies electricity, gas, water and heat together with products and services related to energy and infrastructure to its customers. Environmental protection and climate action are integral parts of the Group strategy and the EnBW Board of Management resolutely defines targets and implements measures to pursue these objectives. For us, comprehensive environmental protection and climate action include a commitment to decarbonization, consistent application of our environmental management plan, a forward-looking approach to managing climate risks, a focus on reducing pollutants, a resource-saving waste and water management strategy and protection of biodiversity.

Our environmental principles described below define our strategic approach in these areas.

EnBW is committed to delivering a secure and sustainable energy supply

- We consider sustainable business practices to involve simultaneously taking economic, environmental and social responsibility.
- As a company, we share responsibility for protecting our environment and maintaining biodiversity. We not only consider the potential negative impacts of our activities on the climate and environment but also focus on the future-oriented and sustainable use of all natural resources.
- Our energy mix aims to guarantee security of supply, combined with careful environmental management and appropriate economic efficiency.
- We take precautionary measures to ensure the safe operation of our plants and protection of the environment by managing our impacts, risks and opportunities.


EnBW promotes communication of environmental matters and helps to raise awareness of them

- We engage in open dialogue with politicians, authorities, the world of science, the general public and social groups on environmental matters and develop and maintain partnerships.
- The environmentally responsible conduct of our suppliers and contractors is important to us.
- Our employees act with the environment in mind and are continuously updating their qualifications.

EnBW is committed to environmentally compatible activities across all its business areas

- Within our value creation processes, we are committed to complying with the legal requirements. In addition, we voluntarily comply with other, more far-reaching standards for sustainable corporate management.

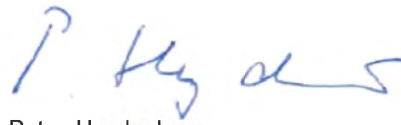
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- We provide our customers with innovative products and services for the efficient use of energy and are continuously improving them.
 - We are resolutely committed and dedicated to the continuous improvement of our environmental performance, provided this is economically viable. To this end, we define ambitious environmental targets and publish our environmental data.

A handwritten signature in black ink, appearing to read "G. Stamatelopoulos".

Dr. Georg Stamatelopoulos

Chief Executive Officer

A handwritten signature in blue ink, appearing to read "P. Heydecker".

Peter Heydecker

Chief Operating Officer, Sustainable Generation Infrastructure

1 Purpose of the policy

This policy lays down binding principles in relation to environmental protection and climate action. It is designed to help prevent environmental incidents and further improve our environmental performance. It provides a comprehensive framework for integrating climate action and climate resilience in the EnBW Group's corporate structure. It serves as a frame of reference for the systematic consideration of these aspects in the EnBW Group's strategy and business model, helping EnBW to play a key role in achieving national and international climate change mitigation targets and address the urgent challenges of global climate change. This policy has been produced in line with international climate protection agreements such as the Paris Agreement and general sustainability targets and frameworks like the Sustainable Development Goals (SDG 7 "Affordable and clean energy" and SDG 13 "Climate action") as well as the ten principles of the UN Global Compact.

We recognize the importance of a responsible approach to managing natural resources, water, and air. Our policies on "Water Management," "Pollutants Management," "Biodiversity Management," and "Waste Management" reflect our commitment to environmental protection and climate action. Due to the significance of these topics each is addressed in a separate policy.

2 Obligations and aims

2.1 Overarching objectives

Environmentally aware and climate-conscious conduct and legal requirements: In their business activities, all Group companies are fundamentally committed to acting in an environmentally aware and climate-conscious manner, complying with laws and regulations and continuously improving their climate and environmental protection measures. Managers are instructed to support their employees in fulfilling these tasks and to put in place appropriate processes and structures.

Transparency in relation to environmental incidents: All Group companies record and report on environmental incidents in accordance with Group-wide reporting criteria and reporting channels. Our aim is to ensure that no serious environmental incidents occur.

Expansion of environmental management systems: Group companies with environmentally relevant business activities introduce and maintain an environmental management system based on the international standard ISO 14001. Certification in line with DIN EN ISO 14001 or validation in accordance with EMAS is an effective tool for continuously improving our environmental performance. For this reason, we make every effort to achieve a high degree of coverage across the EnBW Group.

Ambitious climate action: The EnBW Group is aware of its responsibility for the climate and the environment and is therefore committed to taking ambitious climate action and reducing its greenhouse gas emissions.

EnBW supports the Paris Agreement and its key targets of limiting the increase of the global mean surface temperature to well below 2°C above pre-industrial levels by the end of the century and pursuing efforts to limit it to 1.5°C.

The EnBW Group is committed to reducing direct and indirect greenhouse gas emissions along its own value chain in line with the targets of the Paris Agreement and making any necessary adjustments based on new scientific findings. In doing so, the Group acts in accordance with the principles of the mitigation hierarchy, where avoidance takes precedence over reduction, reduction takes precedence over restoration, and restoration takes precedence over offsetting. Particularly where offsetting measures outside the company's own value chain are considered, all technically feasible and economically viable mitigation measures must first be employed before resorting to offsetting.

The EnBW Group takes measures to reduce emissions within its own value chain. Examples include

- Decarbonizing energy generation and expanding renewable energy capacity
- Operating and expanding sustainable and digital grids
- Supporting the electrification of energy demand and energy efficiency measures
- Promoting innovation in renewable energy production, storage and efficiency and in the area of smart grids

Transparency in relation to climate action performance: To meet its own standards and those of its stakeholders regarding climate action, EnBW adheres to the highest governance standards in climate-related reporting, such as the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The company is committed to the following principles:

- Regular and transparent reporting on the impact of its own business activities on the climate
- Setting medium- and long-term reduction targets based on scientific principles and in accordance with the Paris Agreement, ensuring that net zero emissions across all three scopes of the company's corporate carbon footprint are achieved by no later than 2050, in alignment with the common European climate neutrality target
- Continuous monitoring of the achievement of these goals through appropriate processes
- Assessing the impact of new business activities and investment decisions on the company's own targets
- Reporting on the company's own strategy and its progress in relation to achieving the goals set out in a climate transition plan

Decarbonizing energy generation: EnBW is striving to decarbonize its energy generation portfolio. To this end, it is planning to phase out coal, provided that the relevant framework conditions are met. At suitable conventional power plant sites, the fuel switch from coal to natural gas as a bridging technology will be completed. The aim is then to further decarbonize energy generation by using suitable, more climate-friendly technologies. There are plans, for example, to convert the plants to run on hydrogen as soon as it is available in sufficient quantities and provided it is economically viable. The long-term aim is to use green hydrogen.

Just transition: The EnBW Group supports a just transition within the energy industry and its own business model, striving to maximize the social and economic opportunities of the energy transition, minimize any negative impacts, and address challenges prudently. In doing so, EnBW makes every effort to work in partnership with affected stakeholders such as the employees of its own Group, local communities, customers and suppliers. In particular, the Group works to ensure that current and future employees possess the necessary knowledge and skills to make the energy transition a success and transform EnBW's business activities on the path toward a sustainable energy system.

Risk management: EnBW's integrated risk and opportunity management system (iRM) identifies, records, evaluates and manages environmental risks and opportunities with the aid of a standardized risk map. Environmental risk aspects are thus regularly updated – and at least once a year as part of the annual risk inventory. The process is overseen by the risk management department and supplemented by ongoing dialogue with the relevant environmental officers and the sustainability department, ensuring that risks and opportunities are integrated into the corporate strategy in a sustainable manner.

Climate risk management: EnBW's plant and infrastructure sites and its business activities are exposed to the consequences of climate change. The physical climate risks include extreme weather events such as heat waves, droughts, fires, storms, hail, extreme precipitation and floods, as well as longer-term climate shifts, such as temperature changes and their impact on rising sea levels, water scarcity and biodiversity loss.

EnBW is adapting to climate change by conducting climate risk analyses on its plant and infrastructure sites, as well as for its business activities. The goal is to identify and implement measures that reduce vulnerability to physical climate risks. Ensuring the security of electricity and heat supply remains a top priority.

EnBW's climate risk analyses are based on the current IPCC climate scenarios.

Transition risks and opportunities in the context of climate change: In order to analyze the transition risks and opportunities for the business activities of the EnBW Group, including a financial assessment of the impact of climate change, EnBW centrally performs regular scenario analyses. When developing the scenarios, EnBW is guided by recognized climate scenarios – including one where the 1.5°C Paris target is successfully met – and gradually incorporates the requirements of CSRD and ESRS sustainability reporting requirements and the recommendations of the TCFD in its scenario analysis.

Employee training: In order to achieve the objective of improving our environmental performance, relevant employees regularly receive internal and external training on matters covering environmental management requirements, environmental regulations and best practice.

Dealing with negative environmental impacts in the supply chain: EnBW's Supplier Code of Conduct requires its suppliers and business partners to take suitable action in the supply chain to minimize environmental damage resulting from their business activities and business relationships. In particular, it expects them to take measures aimed at continuously minimizing environmental pollution and hazards as well as reducing consumption of resources.

In terms of greenhouse gas emissions in its supply chain, EnBW is committed to ensuring that its suppliers continuously reduce their own emissions and do so in a clear and transparent manner – by formulating their own clear reduction targets, for example, and documenting them. In addition, EnBW is working to increase transparency and data availability regarding product-related greenhouse gas emissions, which is essential for targeted emission reductions.

EnBW's key business partners should be able to systematically pursue these goals and provide proof by means of a certified environmental management system. This applies in particular to business partners with their own production sites. If the company does not have a certified environmental management system, it should appoint someone who is entrusted with the task of setting environmental targets and implementing programs at the company.

2.2 Specific targets


In order to monitor and improve the aforementioned targets, the following key performance indicators (KPIs) are collected and reported:

- Carbon intensity of electricity generation (g/kWh)
- Share of the generation capacity accounted for by renewable energies (%)

In order to meet its climate change mitigation obligations, the EnBW Group pursues externally validated, science-based reduction targets in line with the Paris Agreement. EnBW has set ambitious targets for reducing Scope 1, 2 and 3 emissions.

In addition to these physical reduction targets, EnBW aims to counteract the climate impact of remaining emissions. This may be done by supporting climate mitigation measures outside the company's value chain, for example. Individual Group companies are already offsetting their entire carbon footprint. Where certificates from the voluntary carbon offsetting market are used for these offsetting measures, only high-quality certificates based on recognized standards are used.

The EnBW Group regularly publishes reports on the progress made in achieving these targets, in particular in its climate transition plan. Interim targets on the way to achieving them are also formulated in the Annual Report. Some are available as KPIs for determining the variable remuneration, among other things, with information in this regard also provided in the climate transition plan.

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Specific targets and results are summarized and published on our website and in the EnBW Group's Annual Report.

3 Scope of application

This policy is binding for EnBW Energie Baden-Württemberg AG (EnBW AG) as well as for all domestic and foreign majority shareholdings that can be instructed by EnBW AG by means of a domination agreement or in another legal manner. The other majority shareholdings of EnBW AG, which are de facto controlled, have agreed to the direct or analogous application of the policy. The policy does not apply to TransnetBW GmbH, terranets bw GmbH and Ontras Gastransport GmbH. These companies are requested to apply this accordingly.

4 Responsibility

4.1 Responsibility at board and individual company level

In its Business Allocation Plan, the Board of Management of EnBW AG has delegated responsibility for the universal task of "environmental protection" to the Chairman of the Board of Management. The Chairman of the Board of Management represents EnBW's interests concerning overarching environmental issues within the Group, creating the conditions for the introduction and maintenance of environmental management systems at Group level and appointing a management officer to deal with environmental protection matters within the Group.

Responsibility for setting the strategic focus and coordinating the Group's activities in the area of climate change mitigation lies with the sustainability department and thus also with the Chairman of the Board of Management, who establishes the basis for continuously monitoring activities and submitting regular progress reports to the sustainability committee, which is made up of the Chairman of the Board of Management, Deputy Chairman of the Board of Management and relevant divisional heads.

It is the responsibility of the individual Group companies to organize suitable measures for identifying, mitigating and reporting environmental incidents and carrying out risk assessments in this regard, based on their business activities and the laws and requirements that apply to them. They are further responsible for systematically recording and reducing greenhouse gas emissions in accordance with Group targets and, where applicable, directly issued Group specifications. Group companies are required to promptly report information on serious environmental incidents, including those of subsidiaries, to the Group's environmental management officer.

Group companies with environmentally relevant business activities appoint management officers for climate action and environmental protection matters.

4.2 Responsibility in the various specialist departments

The management officer for environmental protection matters within the Group reports directly to the member of the Board of Management with responsibility for the environment. In terms of matters concerning environmental protection and climate action, the environmental protection officer is particularly tasked with ensuring Group-wide reporting of key performance indicators and reporting on the achievement of the targets. The officer is also responsible for promoting Group-wide knowledge transfer on environmental management matters and reporting information on serious environmental incidents within the EnBW Group to the Board of Management.

5 Non-compliance

The reporting channels set up as part of EnBW AG's whistleblower system are available to (anonymously) report violations of the provisions contained in this policy as well as any other (potential) compliance violations that arise in connection with EnBW's business activities. The measures put in place by EnBW AG define clear responsibilities and processes for dealing with compliance violations, guarantee confidentiality and offer the greatest possible protection for all parties involved. The rules of procedure for the whistleblower system set out the responsibilities, the process and the underlying principles.

6 About this policy

This policy is the currently valid version. It is regularly reviewed to ascertain whether any changes need to be made and updated as necessary. Depending on the change made, approval will be given by the Board of Management or a body authorized by it.

No claims or other third-party rights may be asserted on the basis of this policy.

7 Definitions

EMAS	European Environmental Management Regulation, which, in addition to ISO 14001, lays down the requirements for an environmental management system in the latest version (Eco-Management and Audit Scheme, Regulation (EC) No. 1221/2009).
ESRS (European Sustainability Reporting Standards)	Detailed regulation of sustainability reporting by companies in the European Union. The European Financial Reporting Advisory Group (EFRAG) was tasked with drawing up the ESRS by the European Commission.
Fuel switch	In relation to generation in thermal power plants: Switching from coal as a fuel to more climate-friendly options such as natural gas and hydrogen.

IPCC (Intergovernmental Panel on Climate Change)	The Intergovernmental Panel on Climate Change is a body of the United Nations. Scientists around the world work on its behalf to regularly assess the latest knowledge on climate change and its consequences.
ISO 14001	The international environmental management standard, which specifies globally recognized requirements for an environmental management system, in the latest version (DIN EN ISO 14001:2015).
Climate transition plan	A climate transition plan is a comprehensive action plan drawn up by companies to reduce their greenhouse gas emissions and achieve net zero emissions in the long term. In addition to information on the science-based greenhouse gas reduction targets and the measures that will be used to achieve them, the plan also contains information on the approach to climate risks and the impact of climate risks as well as details on financing the measures and ensuring a just transition.
Mitigation hierarchy	<p>The mitigation hierarchy is a structured approach used by companies to systematically reduce their own greenhouse gas footprint. The hierarchy is based on four steps (in order of descending priority):</p> <p><i>Avoid:</i> Completely avoiding greenhouse gas emissions.</p> <p><i>Reduce:</i> Cutting the emissions produced by an activity or process through continuous optimization.</p> <p><i>Restore:</i> Restoring natural resources and environmental systems that are affected by the company's activities (insetting).</p> <p><i>Offset:</i> Any remaining impact caused by the company's own business activities after taking the previous steps is offset by measures and projects outside the company's own value chain.</p>
Physical climate risks / climate-related physical risks	Risks due to climate change, which can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Acute physical risks ensue from specific threats, especially extreme weather events such as storms, floods, fires or heat waves. Chronic physical risks ensue from longer-term changes to the climate, such as temperature changes and their impact on rising sea levels, water scarcity, biodiversity loss, and changes in land and soil productivity (ESRS, Delegated Regulation (EU) 2023/2772).
Serious environmental incidents	Incidents that have a negative environmental impact and are subject to fines or criminal penalties.
Task Force on Climate-related Financial Disclosure (TCFD)	The TCFD has drawn up recommendations on the kind of information that companies should disclose to help investors, lenders and insurers to appropriately assess and price climate-related risks.
Transition climate risks / climate-related transition risks	Risks arising from the transition to a low-carbon, climate-resilient economy. They generally include political risks, legal risks, technological risks, market risks and reputational risks (ESRS, Delegated Regulation (EU) 2023/2772).
Environmental management system	A management system for environmental protection with a documented organizational and operational structure. It plays a role in managing business processes taking into account

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	environmental aspects and helps to improve environmental performance.
Environmentally relevant business activities	Activities that have a significant environmental impact or carry environmental risks. These include for example activities at public gas and electricity grid sites and power generation using fossil fuel. Administrative, project planning and service activities and similar activities are not included here.
Vulnerability	A potential negative deviation in the form of damage to infrastructure or operation thereof – due to an acute weather event, for example, or a chronic shift in climate patterns.