Climate Action Plan

Roadmap to Carbon Neutrality

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About This Roadmap[1]

In this report EnerSys outlines our plans for achieving Scope 1 and Scope 2 decarbonization, demonstrating our commitment to reducing our direct and indirect greenhouse gas emissions. Recognizing that full decarbonization also encompasses our entire value chain, we have also measured and reported our **Scope 3 emissions in our Sustainability Report.**

Central to understanding the role EnerSys plays in the decarbonization of the global economy is our range of energy storage products, which are pivotal in the transition to electrification—a key driver of decarbonization. Our products play a significant role in replacing internal combustion engines, particularly in applications such as forklift trucks. When powered by carbon-neutral electricity—a goal many of our customers and suppliers have achieved or are striving towards—this transition leads to complete decarbonization of all electrically powered operations.

In an analysis conducted by EnerSys in 2024, we determined that the positive climate impact of our energy storage solutions far exceeds our total Scope 1, 2, and 3 greenhouse gas footprint. These results make clear that our products play a significant role in mitigating climate change.

Furthermore, batteries, especially those with lead chemistry, exemplify the principles of the circular economy. In our primary markets, over 99% of all batteries are recycled, with lead batteries boasting a 97% recyclability rate. Moreover, most of the recycled components of lead batteries can be repurposed into new batteries, reducing waste and conserving resources.

EnerSys is unwavering in our dedication to collaborating with our customers and suppliers to decarbonize our value chain. Through innovation and partnership, we aim to achieve a more sustainable future, reinforcing our leadership in energy storage solutions and our commitment to environmental stewardship.

We see this Roadmap as a living document. As we adapt to new circumstances and innovations, we will consistently update our decarbonization plan. By staying responsive to evolving conditions and emerging technologies, we ensure that our strategies remain effective and aligned with our sustainability goals and the imperatives of tackling the climate challenge.

Climate Action Plan Roadmap

EnerSys

OUR COMMITMENT

SCOPE 1
NEUTRALITY BY 2040

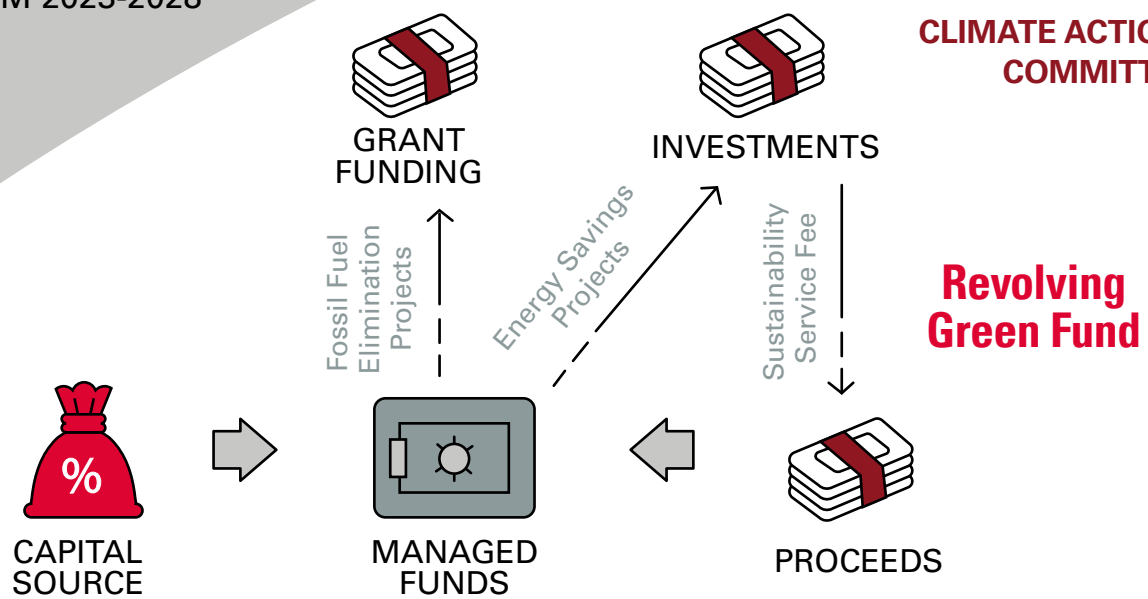
SCOPE 2
NEUTRALITY BY 2050

FOSSIL FUELS ↓ CLEAN ENERGY
TRANSITION BY 2040
CARBON-NEUTRAL ELECTRICITY BY 2050

$20M
Investment in Sustainability Initiatives
FROM 2023-2028

OUR ENABLEMENT PROGRAM

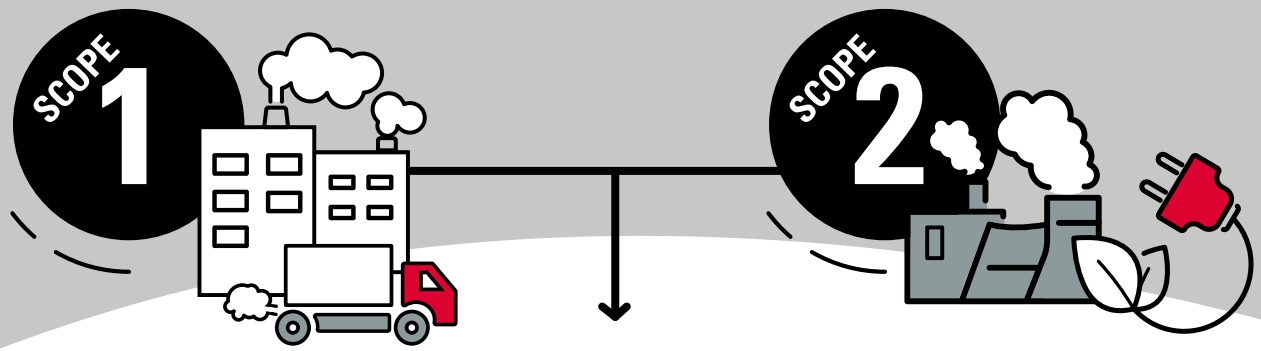
Established by
CLIMATE ACTION PLAN COMMITTEE



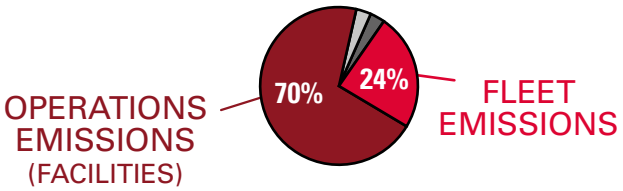
Revolving Green Fund

Internal Carbon Pricing System

Supplier Innovation Council



CURRENT FOOTPRINT



~454 GWh
of electricity produced
as of 2023

~276,200 tons of CO2e
a decrease of 4.6%
from 2021

STRATEGIC REDUCTION EFFORTS

Facilities

Increase Efficiency of Equipment

Eliminate Fossil Fuels through Change in Process and Leveraging Technology

Fleet

Enhance Fuel Efficiency and Driving Practices

Embrace Adaptive Strategies and Regulatory Compliance

OPPORTUNITIES IN TRANSITION

- Employee Comfort & Safety
- Operational Expense Reductions
- Low Carbon Transition Leadership
- Infrastructure Renewal

Grid Stability & Resilience

BATTERIES are our core product and key enabler of renewable energy integration into the grid

85% of our electricity
was sourced from areas with
net-zero targets
by 2050

NET ZERO

TRANSITION PLAN

ENERGY EFFICIENCY & ELECTRIFICATION PROJECTS

80%

SHORT-TERM (Before 2028)

4,500 mtCO2e
Scope 1 Reduced

24,000,000 kWh
Overall Energy Efficiency

ENERGY EFFICIENCY & CLEAN INFRASTRUCTURE RENEWAL

50%

MEDIUM-TERM (2028- 2035)

15,700 mtCO2e
Scope 1 Reduced

55,000,000 kWh
Overall Energy Efficiency

CLEAN INFRASTRUCTURE RENEWAL & CLEAN ENERGY INVESTMENT

0%

LONG-TERM (Beyond 2035)

13,600 mtCO2e
Scope 1 Reduced

Renewable Energy

$mtCO_2e$ = metric tons of carbon dioxide equivalent

Executive Summary

In August 2022, EnerSys made a public commitment to achieve Scope 1 greenhouse gas neutrality by 2040 and Scope 2 neutrality by 2050. As part of that commitment, we highlighted that a comprehensive plan would be provided to detail how we would focus investments to achieve our bold ambition. This Roadmap outlines our comprehensive plan and provides our stakeholders with a transparent and detailed view of the opportunities and barriers in front of us in a Company-wide transition away from fossil fuels by 2040 and source carbon neutral electricity by 2050.

Since our commitment to carbon neutrality, EnerSys has continued to take significant action to drive near-term decarbonization outcomes and establish a foundation to enable a fossil fuel-free future. Our fossil fuel consumption has continued to decrease for six consecutive years resulting from a Company-wide focus on energy efficiency, conservation and recent investments in electrification. Both energy efficiency and electrification initiatives have been bolstered by the Company's commitment of $20 million of capital earmarked for investment in sustainability initiatives between 2023 and 2028.

> *The investment and focus on operational decarbonization have already created breakthrough innovations that have broad and significant benefits to our Company.*

The investment and focus on operational decarbonization have already created breakthrough innovations that have broad and significant benefits to our Company. As an example, we have introduced the Sovema Cold Cube cutting system, which replaced the traditional, natural gas fired lead melting process with a more efficient and consistent electrified process. This initiative alone reduced the Scope 1 emissions per battery produced by nearly 20%. The project won a 2024 U.S. Department of Energy Better Project Award and highlights the opportunity we have to adapt our operations to align with and benefit from a low-carbon economy.

We will continue to drive decarbonization and reduction in fossil fuel usage through an approach that balances energy efficiency and a full fuel transition to clean energy sources.

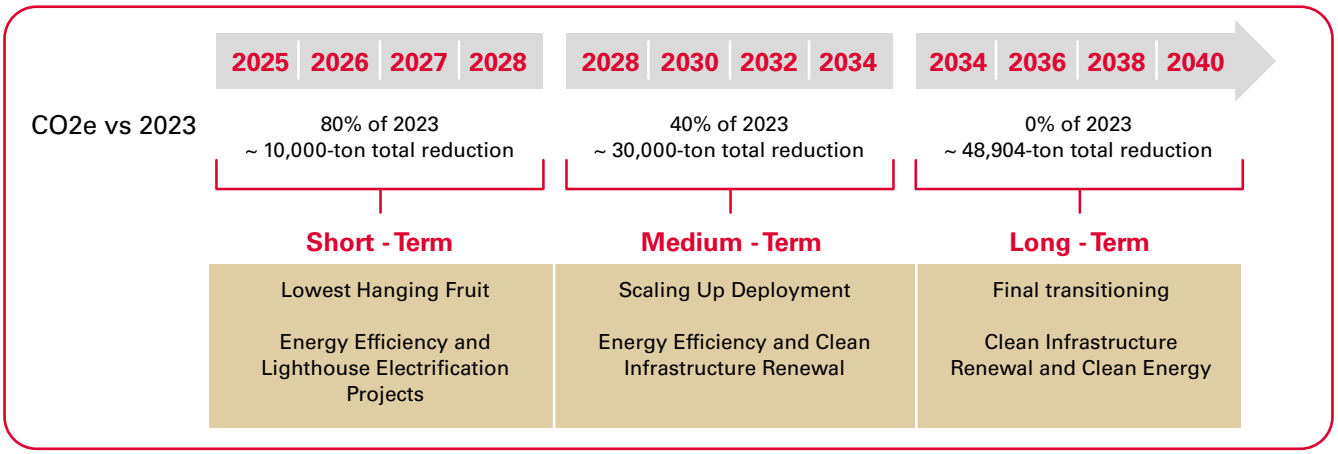
Energy Efficiency will be prioritized at a site and asset level to capture financially attractive optimization opportunities that reduce fossil fuel and electricity consumption.

Fuel Transition will be accomplished by identifying process and technology changes that allow us to transition from fossil fuels to clean energy sources while renewing our infrastructure.

In this Roadmap, we outline a Transition Plan that enables us to achieve our bold sustainability commitments in a measured and programmatic fashion. Our Transition Plan is broken into the following target periods, with associated focus:

Near-Term	**Before 2028:**	Energy Efficiency and Lighthouse Electrification Projects
Mid-Term	**2028 - 2034:**	Energy Efficiency and Clean Infrastructure Renewal
Long-Term	**2034 - 2040:**	Clean Infrastructure Renewal and Clean Energy Investment

Overall Scope 1 Decarbonization Timeline



This Transition Plan is supported by an Enablement Program, facilitated by our Climate Action Plan Committee, which includes the establishment of:

1. Revolving Green Fund
2. Internal Carbon Price
3. Supplier Innovation Council

The outcomes from this transition go beyond environmental sustainability goal achievement and will have Enterprise-wide impact. We highlight key opportunities to impact:

1. Employee Comfort and Safety
2. Operational Expense Reductions
3. Infrastructure Renewal
4. Low Carbon Transition Leadership

This communication of our Roadmap reflects our dedication to transparency and accountability. We believe it is essential to keep our stakeholders informed about our evaluation process, considerations, and the priorities we have identified. By sharing this information, we emphasize our commitment to continuous improvement and our intention to make data-driven decisions that align with our sustainability goals.

As we move forward, we will continue to engage with our stakeholders to share updates on our progress and provide a clear understanding of the measures we are taking to transition towards a more sustainable and carbon-neutral future. We remain committed to communicating our progress and fostering a culture of transparency as we work towards reducing our reliance on fossil fuels.

Review of Ambition

As part of our industry-leading Environmental, Social, and Governance (ESG) program, EnerSys continuously evaluates our potential to provide leadership and drive transformative change in our industry through our environmental sustainability commitments.

In 2021, we set initial targets to reduce Energy Use Intensity per kWh of storage produced by 25% from a 2020 baseline by 2030, aligning with the U.S. Department of Energy's Better Plants Initiative.

> **Key Concept:** *These ambitions are aligned to the EnerSys philosophy that sustainability cannot be a parallel path to business operations, but rather an integrated competency and commitment.*

In 2022, we established a bold environmental ambition to achieve Scope 1 carbon neutrality by 2040 and Scope 2 by 2050. This commitment places EnerSys at the forefront among enterprises striving to eliminate fossil fuels from their operations.

These ambitions are aligned with the EnerSys philosophy that sustainability cannot be a parallel path to business operations, but rather an integrated competency and commitment. The products we manufacture and market are, at their core, climate technology that will enable a secure energy transition. Our ability to achieve operational carbon neutrality through electrification of the built environment where we manufacture these products will blaze a trail for industrial and corporate peers on their own decarbonization journey. Electrification is both an essential and complex part of decarbonization; however, a fully electrified economy is one that will leverage our best-in-class electrical storage infrastructure at the utility, building and asset level to ensure resilience and electrification are simultaneously achieved.

What is Scope 1 Carbon Neutrality?

The U.S. Environmental Protection Agency (EPA) defines a Scope 1 emission as direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).

Carbon neutrality means that there is a balance between GHG emissions and the absorption of greenhouse gas emissions from the atmosphere.

In our Scope 1 carbon neutrality journey, we prioritize efficiency of resource use and a full transition of Scope 1 fossil fuel usage to clean energy alternatives.

What is Scope 2 Carbon Neutrality?

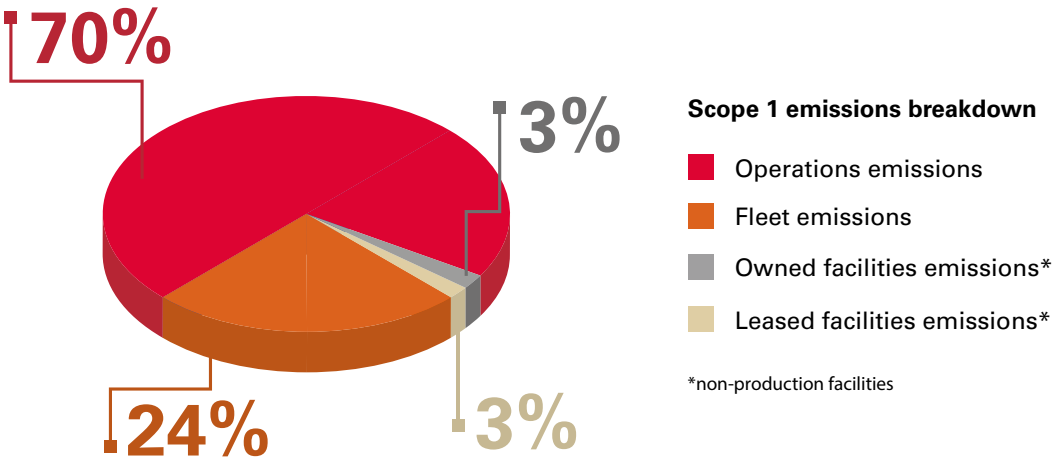
Per the EPA, Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. These emissions are generated at the facility where the energy is produced but are included in the company's GHG inventory because they are a result of the company's energy use. Examples of Scope 2 emissions include: electricity, steam, heating, cooling, and emissions from electric vehicles.

As a manufacturer of energy storage, which is vital to the further inclusion of intermittent renewables on the electric grid, EnerSys products and services play a key role in the transition to zero-carbon electricity generation. Within this context we aim to achieve Scope 2 neutrality by 2050, in large part by supporting the decarbonization of the grid with our energy storage products. EnerSys will also invest in on-site renewable generation as appropriate.

Scope 1 Decarbonization of Operations

At EnerSys, we recognize the historical reliance on fossil fuels, particularly natural gas, in our facilities. This reliance has been driven by the high temperature requirements for production and the energy density needed to meet those demands. Additionally, the cost-effectiveness of natural gas compared to alternative energy sources has been a significant factor in our operational decisions.

Through our ongoing commitment to sustainability, health and safety, we have undertaken a thorough analysis of our fossil fuel usage at various levels within our organization. This analysis encompasses an enterprise-level examination, as well as a site-level and asset-level evaluation. By understanding these different perspectives, we can identify short-term (2024 – 2028) medium-term (2028 - 2034), and long-term (2034 - 2040) priorities that account for the unique variables associated with individual assets and sites.



This comprehensive approach enables us to create a Roadmap that sets clear targets and identifies specific actions to reduce our reliance on fossil fuels and transition to more sustainable energy sources. As we embark on this journey, we aim to meet the ongoing need for high-temperature requirements and energy density with solutions that prioritize our commitment to environmental stewardship.

As pictured in the chart to the right, the overwhelming majority of our Scope 1 emissions come from our operations. Thereafter, emissions from our fleet represent the second largest share. Combined these two areas are ~94% of our Scope 1 emissions and therefore constitute the largest area of focus for this section.

Sources of Scope 1 emissions outside this lens, covered elsewhere include:

- Fleet Vehicles
- Space and Hot Water Heating in Office and Warehouses
- Refrigerant Fugitive Emissions
- Lawn mowing, outdoor maintenance equipment
- Cooking equipment and kitchen appliances[2]

[2] *Whereas gas powered cooking appliances constitute such a tiny portion of our total Scope 1 emissions they are not covered in detail in this document. We nevertheless intend to include them in our electrification efforts.*

Enterprise Level

Across the Enterprise, EnerSys used just over 200,000,000 kWh of natural gas and propane (LPG) in 2023 in our manufacturing operations, which is equivalent to 35,491 mtCO2e of Scope 1 emissions. This is a nearly a 30% reduction from our baseline year, 2019 and 32% since 2018.

Operations Neutrality Timeline

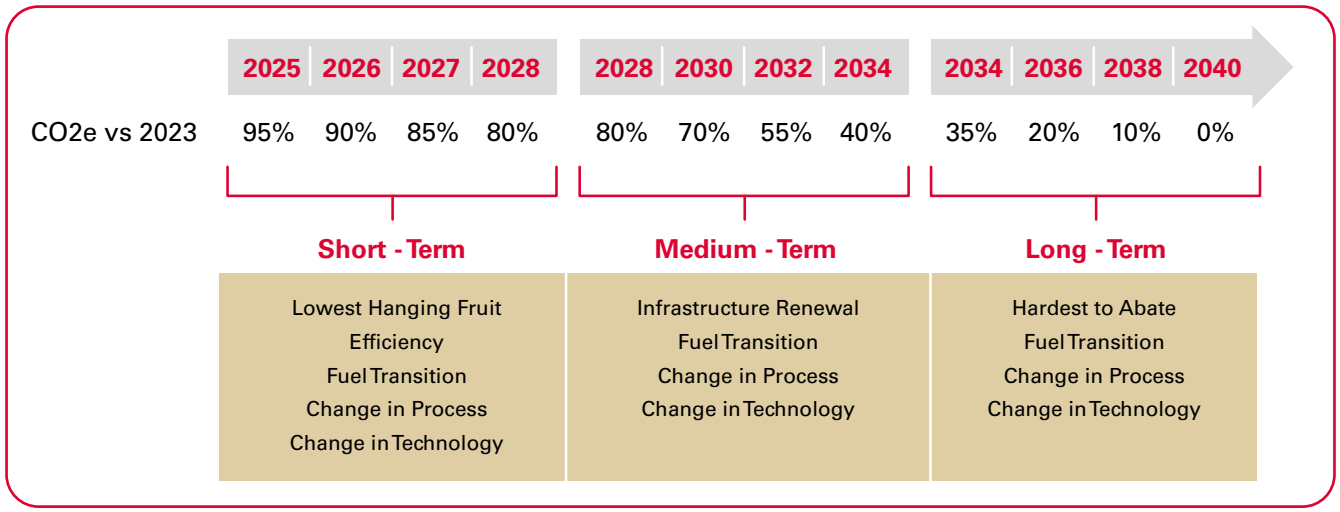
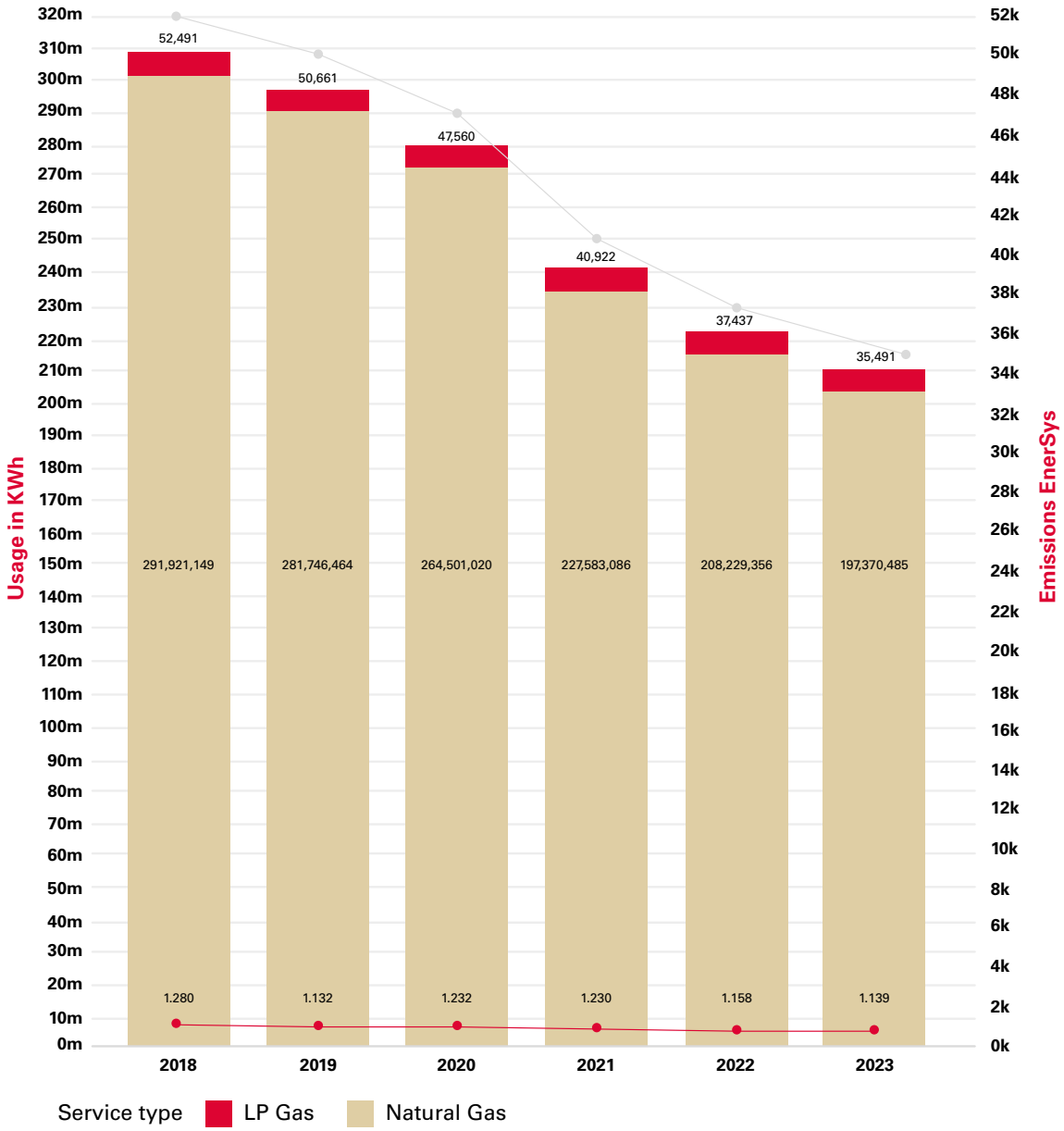


Chart: EnerSys Fossil Fuel Usage 2018 – 2023

Reviews annual usage of natural gas (beige) and liquified petroleum gas (red) and associated Scope 1 emissions across its operations and facilities.



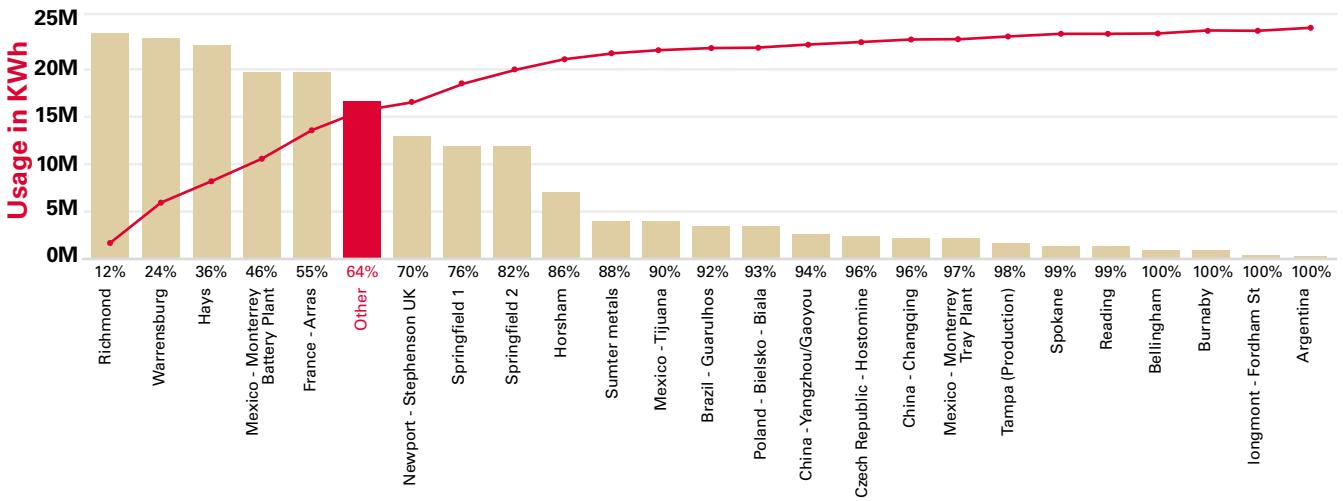
Key Takeaway: *Fossil fuel usage has continued to decline for six consecutive years as a result of our energy efficiency and sustainability program*

Site Level

At the end of calendar year 2023, EnerSys owned and operated 24 manufacturing sites globally. These sites differ in terms of fossil fuel consumption and the resulting Scope 1 emissions, which are directly associated with the specific processes carried out at each facility. It is important to note that these 24 sites account for approximately 90% of the overall fossil fuel use in our buildings.

Chart: Manufacturing Site Fossil Fuel Usage Pareto

Analysis of the percentage of Enterprise fossil fuel usage attributable to each of the owned manufacturing locations across the Enterprise.



Out of the above 24 sites, five manufacturing campuses contribute a majority of our enterprise-level fossil fuel usage. These plants are in the following locations:

1. Richmond, KY
2. Warrensburg, MO
3. Hays, KS
4. Monterrey, Mexico
5. Arras, France

As of 2023, these five plants represent 55% of our enterprise-level fossil fuel consumption. We recognize the importance of focusing on these specific locations to drive significant reductions in our carbon emissions. By targeting these high-impact areas, we can make tangible progress towards our goal of achieving Scope 1 carbon neutrality by 2040, while driving decarbonization at a faster pace to maximize the environmental impact of our efforts.

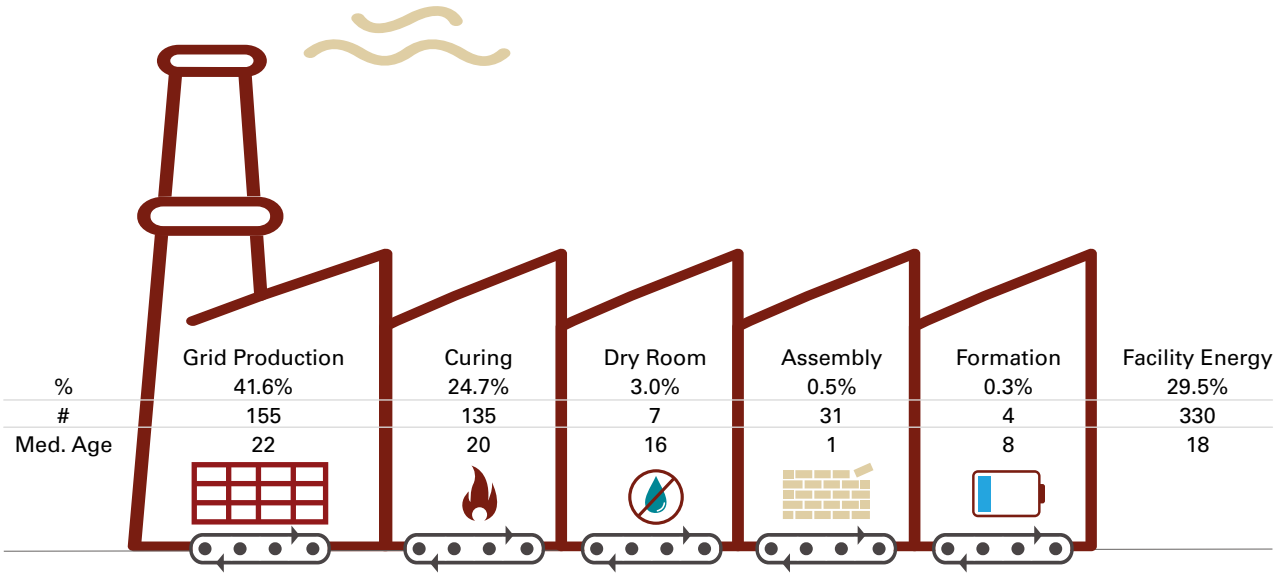
Asset Level

In 2024, EnerSys completed an asset inventory of all equipment in our manufacturing operations that consume fossil fuels. In total, there were 665 actively used pieces of equipment identified that utilized fossil fuels.

The asset inventory included detailed insights on equipment burner size, run-hours and date of installation. In addition, pieces of equipment were grouped into asset classes to contextualize emissions within the manufacturing process.

Chart: Asset Inventory by Operational Use

Estimated breakdown of percentage of overall fossil fuel usage for asset classes aligning to the manufacturing process



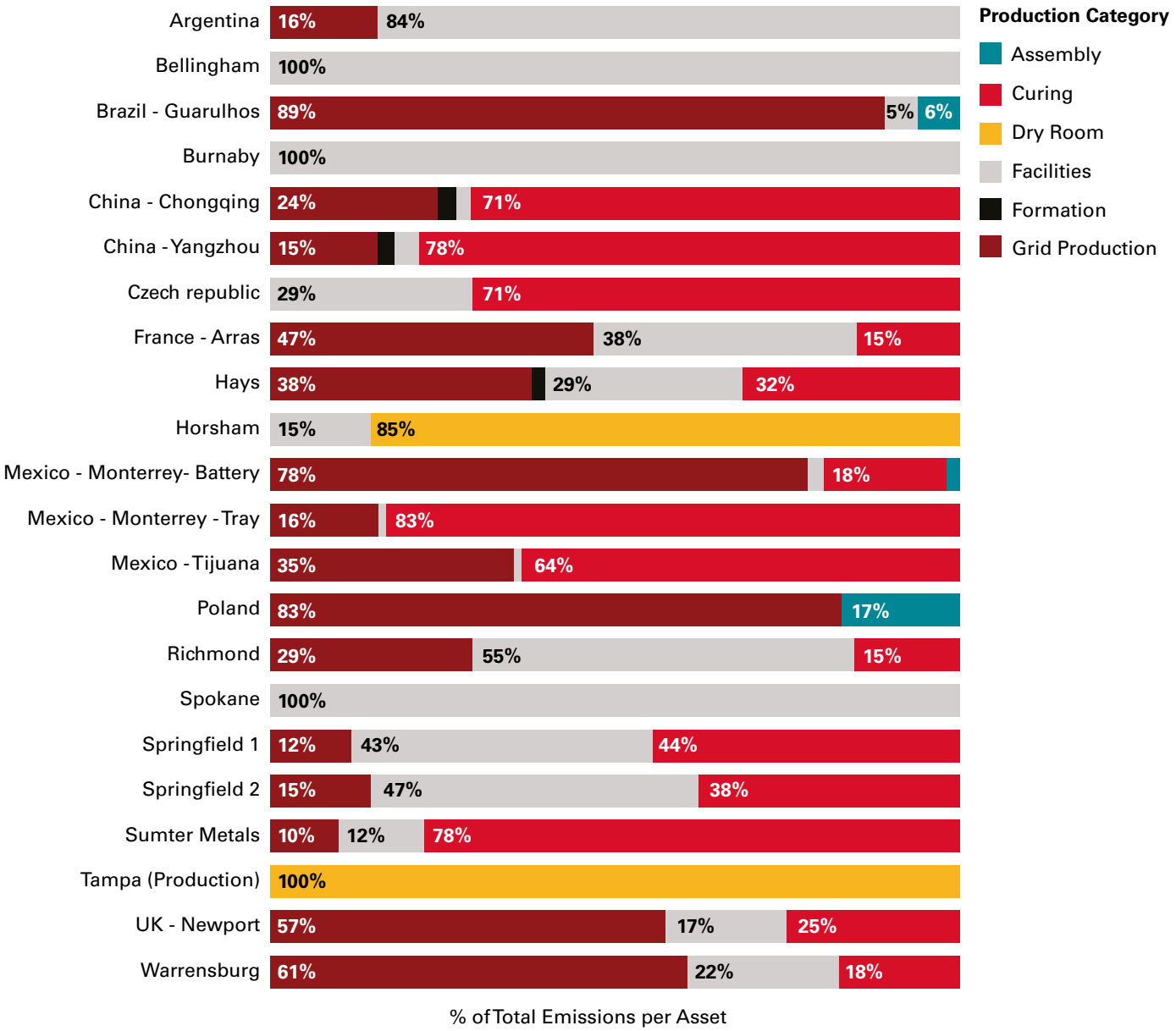
This analysis identified three key operational systems where 96% of fossil fuel consumption exists:

- Grid Production
- Curing
- Facility Energy

Investment in and innovation within these asset classes will have the greatest impact on our ability to achieve Scope 1 carbon neutrality by 2040.

Chart: Fossil Fuel Usage Percentage Breakdown by Site

Site level breakdown of fossil fuel usage by operational requirement.



Key Takeaway: *Our sites have varied manufacturing processes, but there are technology commonalities around which we can align solutions.*

Fossil Fuel Abatement Approaches

Within our operations at EnerSys, we employ two primary methods for abating the use of fossil fuels: elimination and efficiency. Over the past five years, we have effectively demonstrated the potential and impact of both approaches through various projects that have reduced our Scope 1 emissions by 25% from a 2019 baseline. As we strive towards achieving Scope 1 carbon neutrality, we continue to leverage these strategies, recognizing that the ultimate objective is the complete elimination of fossil fuel usage.

Efficiency

At EnerSys, we recognize a significant opportunity to diminish our reliance on fossil fuels by enhancing the efficiency of our current equipment. This strategy holds particular importance for assets with a useful lifespan of five years or more. It is not only financially compelling but also offers potential returns on investment in the near term, primarily driven by energy savings. By optimizing our existing infrastructure instead of replacing it, we can minimize capital requirements.

Some fundamental approaches to efficiency include:

- Component retrofit to increase burner-efficiency
- Advanced automation and controls
- Operator education and behavioral changes
- Regular maintenance of equipment

Efficiency in Action

The **Warrensburg** plant completed a major building automation system upgrade in 2023 that utilized modern controls and optimization sequencing to significantly reduce the amount of natural gas required for space heating. The project was supported by a local utility incentive in excess of $300,000 and saved greater than 2,000 mtCO2e while reducing annual operating costs by an estimated $240,000 annually.

Fuel Transition

Our ultimate commitment and primary focus is to completely eliminate the use of fossil fuels in our manufacturing sites. We have already made progress toward this endeavor, and we remain dedicated to exploring and evaluating opportunities to further fulfill this commitment through two distinct strategies for fossil fuel elimination: change in process and change in technology.

Process Change

Multiple Global Manufacturing Sites have transitioned from traditional lead heating, melting and cooling process to a cold cube cutting system installed in partnership with Sovema. This electrically driven technology reduced Scope 1 emissions per battery produced by 20%, while significantly reducing energy costs and improving worker safety.

Change in process

We continuously evaluate our manufacturing processes with a keen eye for opportunities to implement changes that reduce or eliminate the need for fossil fuel usage. By reimagining and optimizing our processes, we can minimize or eliminate reliance on these non-renewable resources.

Technology Change

Multiple Global Manufacturing Sites have transitioned from direct-fired natural gas lead melting pots used in casting and production to electrically heated pots. In addition to eliminating Scope 1 emissions, this approach also has equally mission-aligned impacts of improving employee safety and process efficiency.

Change in Technology

EnerSys also recognizes the importance of staying at the forefront of technological advancements. We actively explore and invest in innovative technologies that can replace fossil fuel-dependent equipment and systems, enabling us to transition to more sustainable and renewable alternatives.

By pursuing both a change in process and change in technology strategies, we aim to achieve our goal of complete fossil fuel elimination at our manufacturing sites. This unwavering commitment aligns with our broader vision of environmental sustainability and our responsibility to contribute to a greener future.

Opportunities in Transition

Our mission to achieve Scope 1 carbon neutrality by 2040 is intrinsically tied to other Enterprise-wide initiatives and priorities. Achievement of our sustainability targets will have compounding effects that enable EnerSys to be a leading employer and climate technology solutions provider in a low-carbon economy. A thorough review of the complementary opportunities to elevate our Enterprise while delivering on our Scope 1 carbon neutrality commitments, highlighted the following four (4) opportunities:

1. Employee Comfort and Safety
2. Operational Expense Reductions
3. Infrastructure Renewal
4. Low Carbon Transition Leadership

Viewing all fossil fuel reduction and transition opportunities with a lens considering comprehensive impact will unlock further value along the journey.

Employee Comfort Health and Safety

Our commitment to employee comfort and safety remains unwavering as we undertake the transition to a more sustainable, fossil fuel-free operation. We understand our employees, who are at the heart of our organization, are our greatest asset.

As we embark on this transition, we see an opportunity to leverage new technologies and process optimizations to not only minimize environmental impact but also enhance employee well-being. By adopting sustainable technologies and practices, we can create a manufacturing space that not only mitigates safety risks but also improves overall comfort, health, and productivity.

We recognize that investing in advanced technologies and systems that promote a comfortable workplace environment is not only beneficial for our employees but also contributes to their satisfaction and success. Examples include shower stations with readily available hot water from clean energy sources, improving indoor air quality through proper ventilation systems, and implementing energy-efficient heating and cooling solutions. Through these measures, we aim to foster a positive and supportive atmosphere that encourages collaboration, creativity, and personal growth.

The safety of our employees is our most important priority. We remain dedicated to upholding the highest safety standards across all our facilities and operations. We have robust training programs so that our employees are well-prepared and equipped to handle any potential risks or hazards. Regular safety inspections, protocols, and reporting systems enable us to quickly identify and address any safety concerns that arise. By taking proactive measures to mitigate workplace hazards, we safeguard the well-being of our employees.

Operational Expense Reductions

Numerous opportunities exist to reduce operating expenses while reducing and eliminating fossil fuel usage. The following four (4) stand out as the most significant opportunities for EnerSys:

1. Energy Cost Savings
2. Maintenance Cost Savings
3. Operational Efficiencies
4. Regulatory Considerations

Each of these will be considered when evaluating the financial benefits of a sustainability mission-aligned project.

1. **Energy Cost Savings**

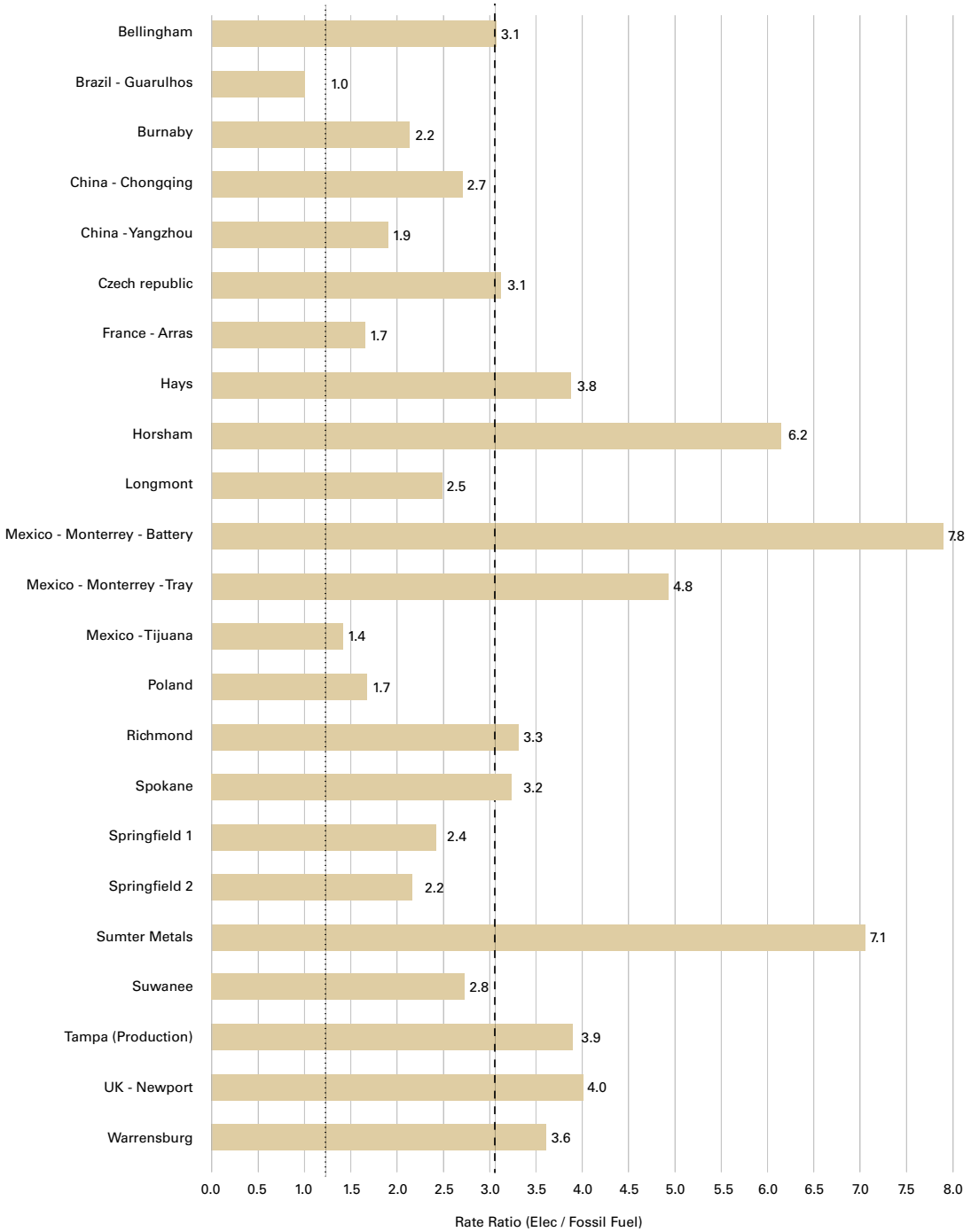
   Investing in energy efficiency measures and optimizing our operational processes can decrease our reliance on fossil fuels and reduce our annual energy expenditure. By adopting energy-saving technologies, implementing smart energy management systems, and optimizing resource utilization, we can significantly reduce our operational expenses associated with energy consumption. These cost savings can be redirected towards other strategic initiatives or reinvested in sustainable practices.

   Analysis of our portfolio of sites and energy spend points to an opportunity to reduce our annual energy expenditures by 15% – 25% (or around $2 million) from our 2023 levels by optimizing existing assets. We can accomplish this reduction through automation and controls, which will ensure the satisfaction of our operational needs while driving system efficiency.

   Moreover, as we transition to alternative energy sources, such as renewables, we can mitigate the impact of fluctuating fossil fuel prices. Renewable energy sources have the potential for long-term stability and reduced exposure to the volatility of energy markets. This can provide EnerSys with a more predictable and stable energy cost base, leading to greater financial predictability and reduced risks associated with energy price fluctuations.

Chart: 2023 Analysis of Cost Beneficial Electrification by Site

Analysis of the cost difference between electricity and fossil fuels in 2023. The dotted line represents the breakeven point for electric resistance technology and the dashed line respresents the breakeven point for heat pump technology (based on average system efficiencies).



Key Takeaway: *With select sites and technologies, electrification will reduce our annual energy expense.*

2. **Maintenance Savings**

   Aged infrastructure often requires frequent and costly maintenance. By investing in new, more efficient and sustainable infrastructure, we can minimize the need for routine repairs and replacements. Upgrading to energy-efficient equipment and systems can lead to improved reliability and reduced maintenance requirements, resulting in long-term cost savings.

   Additional maintenance cost savings comes from reduced repair and downtime expenses. With newer, more resilient, and efficient infrastructure that aligns with our carbon neutrality goals, the likelihood of breakdowns and unforeseen maintenance issues decreases. This translates into lower repair and downtime costs, allowing us to operate more efficiently and minimize disruptions to our operations.

   Additionally, by adopting digital building management systems and other advanced technologies, we can optimize the maintenance process and improve cost-efficiency. Continuous monitoring and off-site diagnostics enabled by these systems help identify maintenance needs early on, allowing for proactive maintenance planning. This reduces the need for costly reactive repairs and avoids potential operational downtime.

3. **Operational Efficiency**

   Operational expense reduction can also be achieved through improved operational efficiency that goes beyond energy savings. By embracing sustainable practices and technologies, we can optimize our processes, streamline operations, and minimize waste production. As an example, the Sovema Cold Cube cutting system referenced earlier as an electrification initiative executed at scale, has reduced lead scrap by 20,000 kilograms resulting in $15,000 in annual cost savings. Initiatives like this reduce the need for costly waste management processes and materials, leading to significant cost savings. Additionally, increased efficiency in resource utilization can lead to lower operational expenses, as we optimize the use of raw materials, reduce water consumption, and minimize the overall environmental footprint of our operations.

4. **Regulatory Considerations**

   Reduction of GHG emissions can contribute to regulatory compliance and potential financial incentives. As governments and regulatory bodies worldwide establish stricter emissions standards, achieving lower emissions can enable us to avoid penalties and potential non-compliance costs. Additionally, by demonstrating our commitment to sustainability and environmental stewardship, we can position ourselves to access various governmental incentives, grants, or tax benefits that promote cleaner and greener operations.

Overall, the opportunities for operational expense reduction stemming from the reduction and elimination of Scope 1 emissions by 2040 are substantial. By investing in energy efficiency measures, transitioning to alternative energy sources, optimizing operational processes, and capitalizing on potential financial incentives, we can achieve cost savings, improve operational efficiency, and strengthen our financial standing while contributing to sustainability and a low-carbon future.

Infrastructure Renewal

Reducing Scope 1 emissions by 2040 presents significant opportunities for infrastructure renewal at EnerSys. As we transition towards fossil fuel-free operations, upgrading and renewing our infrastructure will ensure we can meet growing production demand while aligning to our sustainability commitments.

Infrastructure renewal is particularly compelling and critical at plants in the U.S. where EnerSys receives an Advanced Manufacturing Production Credit as outlined in Section 45X of the Internal Revenue Code. Section 45X provides Advanced Manufacturing Production Credits ("Credit(s)") for battery cells and battery modules produced in the United States (U.S.) with an energy density of no less than 100 watt-hours per liter.

EnerSys produces products eligible for these tax credits at plants across the U.S. and published a guidance document in December 2023 indicating expected annual credits tied to production range from $120 - $160 million based on forecasted production levels. Credits from this program are expected to continue through 2032, with certain phase-outs occurring in 2030, 2031, and 2032.

Investment in infrastructure renewal at these facilities will ensure operational and labor resilience to maximize production to meet the market demand for Section 45X eligible products.

> **Enterprise Insight:** *EnerSys forecasts $120 million - $160 million in annual tax credits from the Advanced Manufacturing Tax Credit available for select energy storage technology manufactured in the United States.*

Low Carbon Transition Leadership

Leading by example and becoming Scope 1 carbon neutral by 2040 brings numerous benefits to EnerSys. As pioneers in sustainability, we set a powerful precedent for the industry, our stakeholders, and the wider community, inspiring others to follow suit. Here are some of the key benefits that come from leading by example:

1. **Reputation and Brand Enhancement**

   By achieving carbon neutrality, we demonstrate our unwavering commitment to environmental stewardship and corporate responsibility. This commitment strengthens our reputation as a sustainability leader, enhancing our brand image and distinguishing us from competitors. Customers, investors, and partners are increasingly aligning with companies that prioritize sustainable practices, making EnerSys an attractive choice for collaboration and investment opportunities.

2. **Increased Market Share**

   As sustainability becomes an integral factor in consumer decision-making, our leadership in carbon neutrality positions us as a preferred choice among environmentally conscious consumers. By demonstrating real action towards carbon neutrality, we gain a competitive edge and can capture a larger market share from customers who value a supplier partner with a bold sustainability commitment and a low embodied carbon product. This provides growth potential and creates new business opportunities. It is noteworthy that key markets for our business – such as data centers and government agencies – are among the most forward thinking in making buying decisions around sustainability metrics.

> **Key Concept:** *Key markets for our business – such as data centers and government agencies – are among the most forward thinking in making buying decisions around sustainability metrics.*

3. **Attraction and Retention of Talent**

   Talented professionals are increasingly seeking opportunities with companies that prioritize sustainability. By leading by example and making clear and continuous progress toward carbon neutrality, we attract and retain top talent who are passionate about making a positive impact on the environment. Our commitment to sustainability becomes a key differentiator in the recruitment process and fosters a sense of pride and purpose among our workforce.

4. **Regulatory Compliance and Risk Mitigation**

   By being proactive, transparent, and forward-thinking with our emissions reduction efforts, we position ourselves ahead of changing regulations and legal obligations. Anticipating and addressing environmental challenges not only ensures compliance but also minimizes the legal and financial risks associated with potential penalties or reputational damage. Leading by example demonstrates our commitment to sustainable business practices, safeguarding us against future liabilities.

By leading by example and becoming carbon neutral, EnerSys gains a multitude of benefits. These include enhanced reputation, increased market share, attraction and retention of talent, regulatory compliance, collaboration opportunities, and most importantly, a positive environmental impact that aligns with the positive climate impact of our products. Carbon neutrality for EnerSys is aligned with our mindset of "walking the walk, so we can talk the talk." Our commitment to sustainability positions us as leaders in the industry, inspiring others to join us in the pursuit of a low-carbon and sustainable future.

Limiting Factors to Transition

EnerSys acknowledges that the goal of fossil fuel elimination by 2040 is accompanied by significant challenges and uncertainties that could have a notable impact on our approach. We have identified the following factors as the most substantial limitations to our transition:

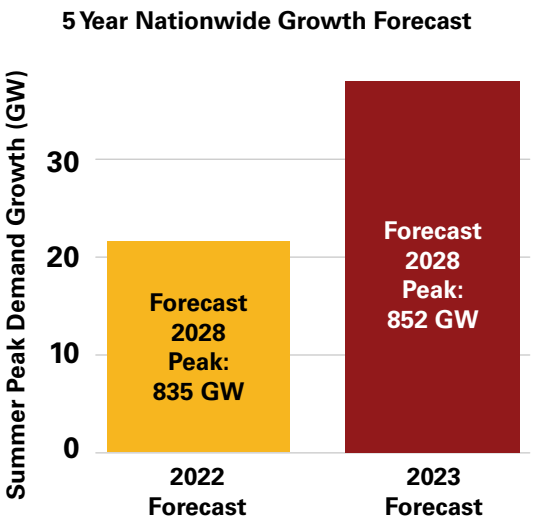
1. Available Electrical Capacity
2. Technology Advancements
3. Current Useful Life of Assets
4. Low Cost of Natural Gas
5. Evolving Climate

Addressing these material limiting factors requires careful planning, continuous evaluation, and a proactive approach to overcoming hurdles. EnerSys remains committed to navigating these challenges, leveraging partnerships and expertise, and adapting our strategies as necessary to ensure a successful transition towards Enterprise fossil fuel elimination by 2040.

Available Electrical Capacity

As EnerSys embarks on our journey to transition away from fossil fuels, the availability of electrical capacity emerges as a critical consideration and potential limiting factor. In order to achieve our ambitious goals of fossil fuel elimination, EnerSys will require an increased supply of electrical energy to power our operations. However, the existing electrical infrastructure, maintained by utility providers, may not have the capacity to accommodate the heightened demand. This limitation poses significant challenges and necessitates strategic planning, collaboration with utility providers, and proactive measures to address and overcome the constraints of available electrical capacity. By understanding and navigating these limitations, we can successfully navigate a transition towards a sustainable and green future.

Industry Insight:



Source: Grid Strategies, Canary Media

1. **Utility Ability to Serve**

   Transitioning from fossil fuel-dependent operations to electrically-powered systems typically results in a significant increase in electrical consumption and demand. This poses a potential limitation as the existing electrical infrastructure, maintained by utility providers, may not have the capacity to meet the heightened requirements. As EnerSys aims to achieve Scope 1 elimination by 2040, it becomes crucial to assess the current capabilities of the utility grid and collaborate closely with utility providers to ensure sufficient electrical capacity is available to support our transition.

2. **Supply Chain of Infrastructure**

   Expanding electrical capacity necessitates the availability of physical infrastructure, such as transmission lines, substations, distribution networks and site level electrical upgrades. However, the availability and accessibility of such infrastructure has been dealing with setbacks due to supply chain constraints[3]. In areas where the necessary infrastructure is limited or non-existent, it could become a roadblock to achieving sufficient electrical capacity for our operations. Collaboration with relevant stakeholders, including electrical infrastructure suppliers and utility companies, becomes imperative to address infrastructure gaps and ensure the availability of critical electrical infrastructure.

3. **Cost to Upgrade**

   Upgrading electrical infrastructure to accommodate increased capacity can involve substantial investments. The capital expenditure required to bolster the utility infrastructure may present financial challenges to both EnerSys and utility providers. This cost becomes a limiting factor, particularly for regions with limited funding or competing priorities. Evaluating the economic feasibility and exploring potential funding mechanisms, such as public-private partnerships or government incentives, becomes essential to mitigate the financial barriers associated with infrastructure upgrades.

Technology Advancements

In order to achieve our ambition, EnerSys will rely on advancements in industrial heating technologies, particularly in the areas of ovens and melting, which together represent over 50% of our current fossil fuel consumption.

Technological advancements hold immense potential for core energy consuming equipment like ovens. EnerSys relies on ovens for various applications, including curing, drying, and thermal processing. As such, we aim to adopt cutting-edge, electric oven technologies that offer superior temperature control, uniform heating distribution, and improved energy efficiency. By integrating advanced sensing and control mechanisms, we can optimize the heating performance, reduce heat loss, and ensure precise heat delivery to maximize production efficiency while minimizing energy waste.

[3] *https://www.iea.org/news/lack-of-ambition-and-attention-risks-making-electricity-grids-the-weak-link-in-clean-energy-transitions*

EnerSys also seeks advancements that improve the efficiency and reliability of the melting processes, which are a crucial step in our manufacturing operations. Optimizing this stage can have a significant impact on our overall energy consumption and productivity. We are actively exploring and investing in advanced melting technologies, such as induction heating or state-of-the-art furnaces, which offer improved temperature control, faster heat-up times, and higher energy efficiency. These innovations not only enhance our melting processes but also contribute to reducing emissions and minimizing the carbon footprint associated with heating operations.

Current Useful Life of Assets

Our commitment to Scope 1 carbon neutrality, made in 2022, marked a significant milestone in our sustainability journey. With this commitment, we began implementing governance mechanisms to support the achievement of our goal while also taking proactive steps to limit the purchase of assets that rely on fossil fuels. Prior to this commitment, fossil fuel-fired assets were typically included in our capital infrastructure renewal plans, resulting in a substantial number of assets with a useful life that will extend to or even surpass 2040.

Recognizing the need for a transition away from fossil fuels, we understand that these existing assets pose challenges in aligning with our Scope 1 carbon neutrality commitment. While these assets serve their purpose within the conventional framework at the time of acquisition, their longer lifespan presents a unique hurdle to overcome.

Of the 650 major fossil fuel consuming assets identified, 9% (61 assets) have a useful life of > 10 years left and 5% (34 assets) have a useful life beyond our 2040 commitment.

These assets will initially be prioritized for energy efficiency solutions but will remain options for innovations that could create a business case for early replacement.

> **Industry Insight:** *Heat Pump technology is nearly 3x more efficient than natural gas and can help overcome CapEx and OpEx barriers with electrification.*

Low Cost of Natural Gas

Natural gas is a volatile commodity, which has experienced significant price variances over the last three years. This volatility is difficult to plan for and uncertainty in future natural gas prices impacts the ability to quantify the financial outcomes of energy efficiency and fossil fuel elimination.

Volatility notwithstanding, natural gas generally provides an energy equivalency at about one-third the cost of electricity. This ratio, or "spark spread," is different for every location and creates an operational cost hurdle to overcome.

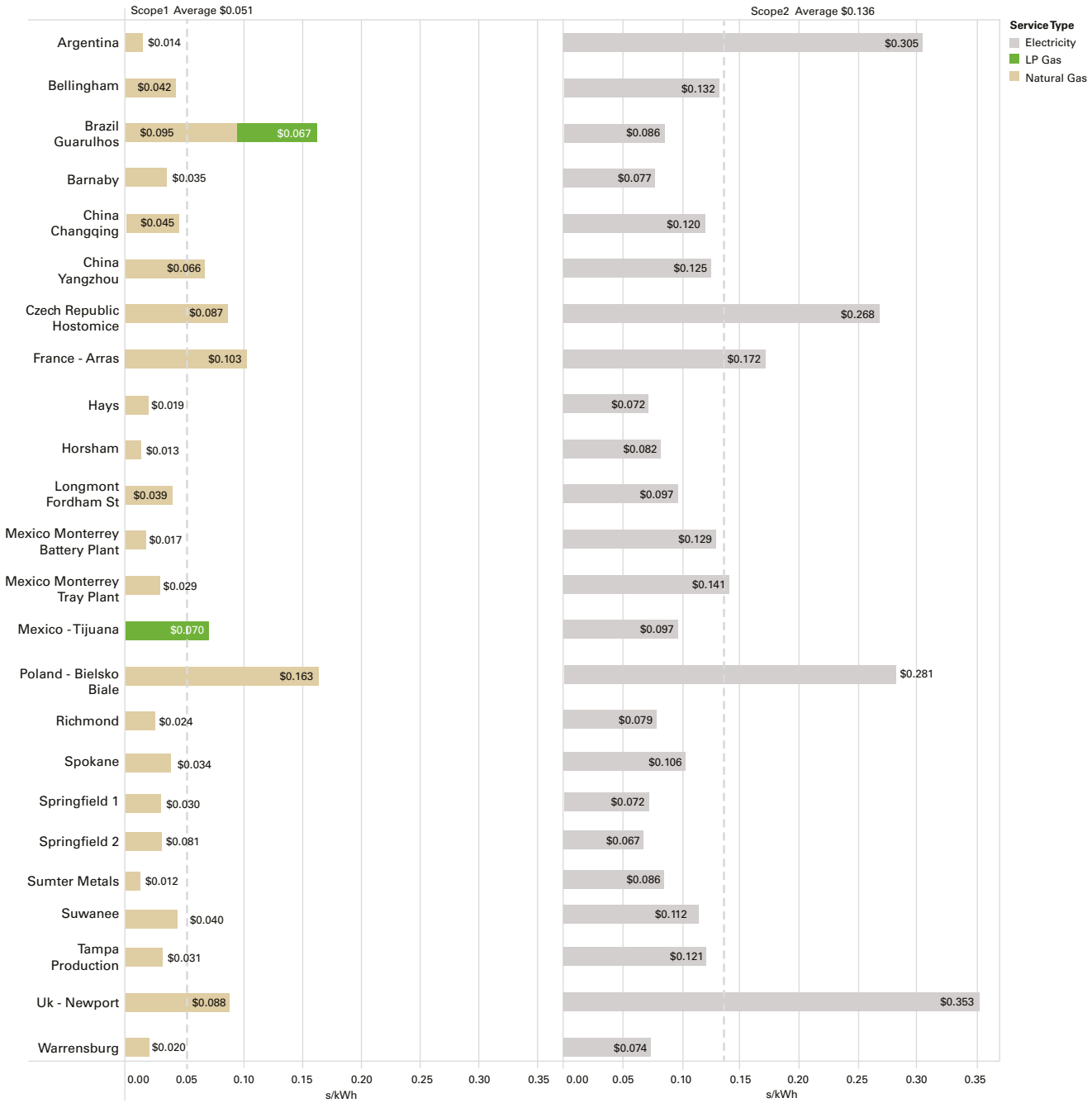
Conversely, a high and rising cost for electricity is a compelling reason to invest in energy efficiency and renewable energy generation.

	$/kWh Fossil Fuels	$/kWh Electricity	Electricity vs. Fossil Fuel
2018	$0.028	$0.087	3.11x
2019	$0.028	$0.085	3.03x
2020	$0.026	$0.084	3.23x
2021	$0.030	$0.084	2.80x
2022	$0.045	$0.111	2.47x
2023	$0.061	$0.137	2.24x

> **Key takeaway:** *While it varies at each site, fossil fuels (namely natural gas) are historically 2 – 4x less expensive than an electric alternative.*

Chart: 2023 Cost Comparison of Fossil Fuels and Electricity by Site

Site level cost comparison of the cost of electricity (grey) and fossil fuels (beige and green) in 2023. All costs are expressed in units of $/kWh.



Key Takeaway: *The spark spread, which is the rate differential between fossil fuels and electricity, will drive our site level solution strategy*

Evolving Climate

Employee health and safety is the paramount priority for our Enterprise. In our 2022 Task Force on Climate Related Financial Disclosures, we highlighted our U.S.-based locations that are susceptible to increasing weather extremes. According to the EPA Climate Resilience Evaluation and Awareness Tool (CREAT), 10 EnerSys locations in the U.S. are located in regions expected to experience more than 10 days over 100 degrees Fahrenheit per year by 2035 (under the "central" scenario, which reflects the middle distribution of projections from five climate models). Five of these locations are predicted to experience more than 20 extreme heat days, and one location may see more than 90 days over 100 degrees. Three of the five locations predicted to see more than 20 extreme heat days are Supply and Distribution Center (SC/DC) locations, and two are production facilities. According to the same model, 16 EnerSys locations in the U.S. are in regions expected to see more than a 2% decrease in annual precipitation by 2035 with four locations expecting more than a 5% decrease.

> **Key Concept:** *Two of the manufacturing sites highlighted in this Roadmap are forecast to see 20 extreme heat days (100 degree Fahrenheit) by 2035.*

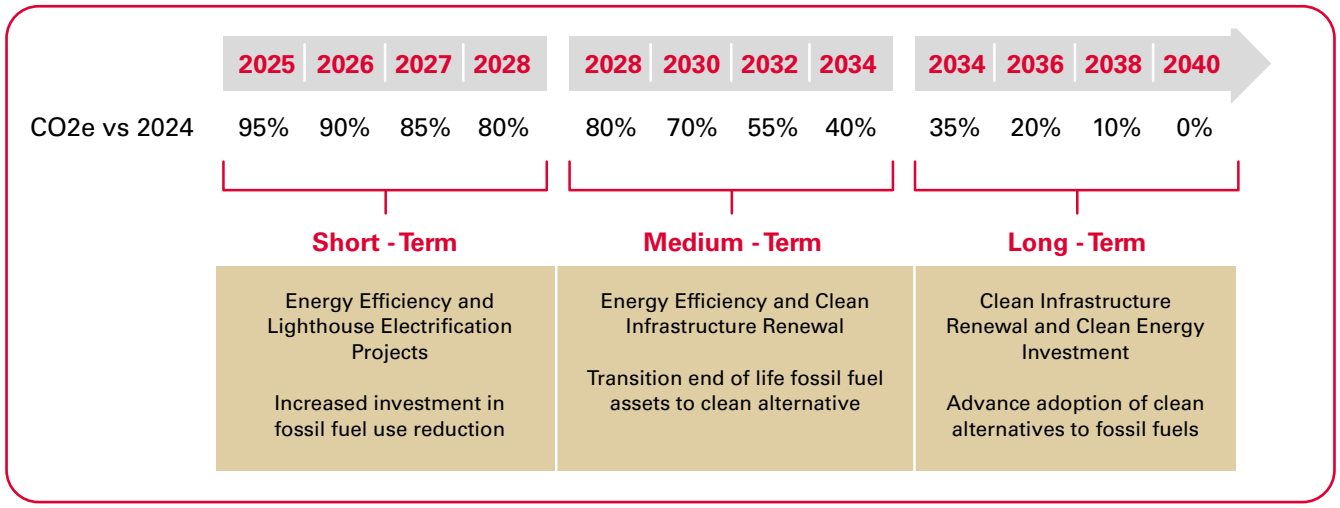
With this evolving climate, we recognize that we will need to make continued investment to improve employee safety and comfort and remain an employer of choice in the communities where we operate. The technologies required to improve indoor air quality and temperature will likely lead to an increase in energy use, expenditure and associated emissions.

As a best practice, when EnerSys looks to invest in climate controlling technology, we will evaluate opportunities for broader system and site level upgrades, which could potentially offset the cost impacts of creating a healthier work environment.

EnerSys has established a glidepath that enables achievement of our bold sustainability commitments with alignment to the current operations. The transition is broken into the following prioritization eras, with associated carbon and efficiency outcomes.

Short-Term - 2024 - 2028:	Energy Efficiency and Lighthouse Electrification Projects
Medium-Term -2028 - 2034:	Energy Efficiency and Clean Infrastructure Renewal
Long-Term - 2034 - 2040:	Clean Infrastructure Renewal and Clean Energy Investment

Production Facilities Scope 1 Neutrality



Short-Term – 2024 - 2028 *Energy Efficiency and Lighthouse Electrification Projects*

EnerSys will seek to increase investment in energy efficiency projects that reduce the use, cost and associated emissions from all utilities. In addition, EnerSys will work closely with utilities to leverage available incentives to support these projects.

Target Short - Term Objectives

- ~10,000 mtCO2e Scope 1 reduced (20% of 2023 levels)
- ~30,000,000 kWh in overall energy efficiency (4% of 2023 levels)

The identification of energy efficiency projects will be supported by EnerSys' award-winning Lean Management Initiative, the EnerSys Operating System (EOS). The EOS program is a Lean Management initiative designed to identify, reduce, or eliminate waste within EnerSys' operations. The program was implemented using a framework for continuous improvement to do the right things for its employees, customers and shareholders.

By using the EOS program, EnerSys plants across the globe have been able to more efficiently implement safety, health, comfort, environmental, quality and sustainability improvements, including scrap, water and gas reductions, energy savings and more.

Beyond scaled energy efficiency investment, EnerSys will also look to implement a set of Lighthouse Electrification Projects. These Projects will be all-electric installations of technologies that have the ability to scale across our operations and can be installed at a facility that manufacturers our market-leading products. Our new Gigafactory in Greenville, SC, which is slated for completion in this timeframe, is being designed to be a fully electric to align with our Scope 1 goals.

Medium-Term - 2028 - 2034 *Energy Efficiency and Clean Infrastructure Renewal*

EnerSys is dedicated to scaling its energy efficiency efforts while leveraging new technologies that have entered the marketplace and collaborating with our employees to identify opportunities for energy use efficiency through EOS. We anticipate continued opportunities to reduce our utility consumption and drive down cost and emissions while upgrading infrastructure at our facilities.

Target Medium-Term Objectives

- Total ~30,000 mtCO2e Scope 1 reduced (60% of 2023 levels)
- ~75,000,000 kWh in overall energy efficiency (10% of 2023 levels)

Additionally, we will initiate the transition of all fossil fuel-consuming assets to low-carbon alternatives where market-proven technologies are available. We recognize that this transition will not only involve replacing equipment but will also necessitate substantial upgrades to the electrical infrastructure at several of our sites to ensure a secure and sufficient power supply to meet our operational needs.

Long-Term – Beyond 2035: *Clean Infrastructure Renewal and Clean Energy Investment*

EnerSys is committed to finalizing our transition away from fossil fuel usage by 2040. This ambitious goal will be achieved by converting all remaining equipment that currently relies on fossil fuels to clean energy alternatives. However, we remain aware and optimistic about emerging technologies that could enable us to achieve Scope 1 carbon neutrality without complete electrification. Three promising technologies in this regard are Direct Air Capture, Hydrogen, and Renewable Natural Gas. We will continue to closely monitor advancements in these areas to determine the most appropriate, science-aligned solutions to meet our 2040 Scope 1 Carbon Neutrality commitment.

Target Long - Term Objectives

- Full Scope 1 neutrality (100% of 2023 levels)
- Renewable Energy to address local grids that don't meet clean energy commitments

Lastly, if technological, infrastructure or economic circumstances do not allow for a complete phase out of Scope 1 emissions, EnerSys remains open to the purchase of high-quality CO2 offsets. Whereas carbon credits do not currently play a role in our plans, we nevertheless see the emergence of direct air capture and similar technologies as potential alternatives to offset any remaining marginal direct CO2 emissions that may prove either impossible or prohibitively expensive to eliminate.

Operations Enablement Program

EnerSys is committed to establishing a Climate Action Plan Enablement Program, which provides the necessary governance and support mechanisms to effectively achieve our Transition Plan. The Enablement Program, which will be overseen by the Climate Action Plan Committee, will initially consist of three key elements:

1. Revolving Green Fund
2. Internal Carbon Pricing System
3. Supplier Innovation Council

Revolving Green Fund

EnerSys recognizes the value of a Revolving Green Fund, which supports and finances sustainable initiatives in a circular fashion. A Revolving Green Fund is an internal pool of capital that is earmarked for sustainability initiatives. The Revolving Green Fund prioritizes projects that have a high return on investment through energy cost savings and/or utility incentives. By capturing these savings, the Fund is able to replenish and expand to drive further sustainability outcomes.

EnerSys views a Revolving Green Fund favorably, because it enables the following:

1. **Operational Expense Reduction Prioritization**

   The Revolving Green Fund is successful by identifying and implementing sustainability projects which result in meaningful operational expense reductions.

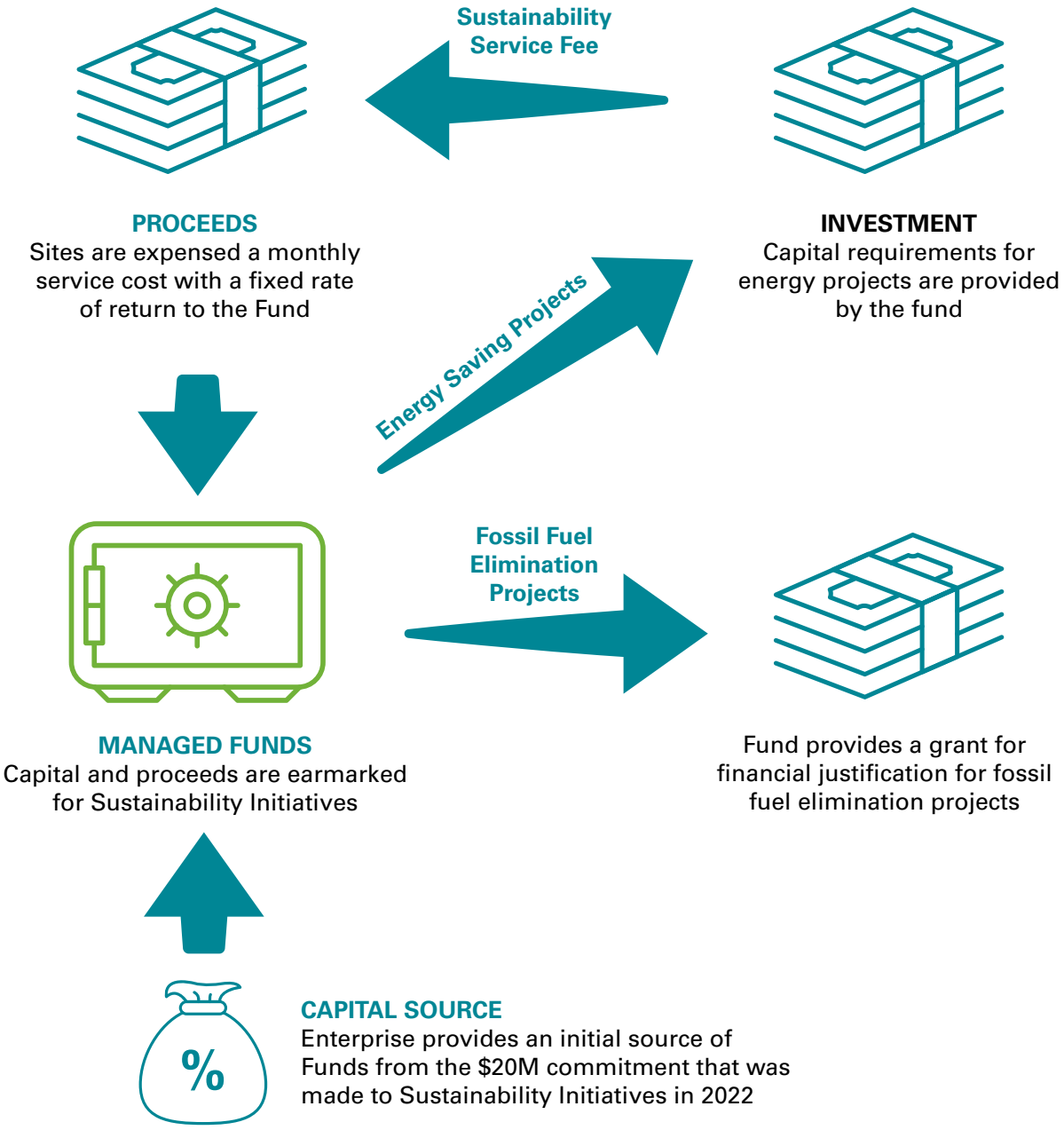
2. **Governance of Sustainability Investment**

   The Revolving Green Fund creates clearly defined metrics for our operations to meet in order to secure investment for sustainability projects. This is critical for managing internal resource allocation.

3. **Funding for Fossil Fuel Transition Projects**

   The success of the Revolving Green Fund will enable the development of proceeds to support fossil fuel transition projects.

Here is a visual representation of the mechanics of the Revolving Green Fund for EnerSys:



Internal Carbon Pricing System

EnerSys acknowledges the significance of internal carbon pricing (also known as "shadow carbon pricing") as an economic instrument that internalizes the environmental costs of greenhouse gas emissions. By incorporating the cost of carbon emissions into our financial calculations, EnerSys can make more informed decisions and prioritize low-carbon investments as well as everyday decisions, such as those related to travel. Carbon pricing encourages the adoption of cleaner technologies and incentivizes emission reductions, thereby aligning financial decision-making with environmental goals.

As a preliminary Internal Carbon Pricing System, EnerSys is establishing an initial price of carbon of ~$200 / mtCO2e for Scope 1 emissions. This internal price of carbon will be applied to projects where EnerSys is evaluating a transition away from fossil fuels within our operations. The initial Internal Price of Carbon will be used to determine the Project Grants given by the Revolving Green Fund.

EnerSys will continue to evaluate different ways to evolve our Internal Carbon Pricing system, with specific consideration for the following:

- Cost dynamics of science-based alternatives for Scope 1 abatement
- Funding available from Revolving Green Fund
- Current glidepath to sustainability commitments
- Opportunities to utilize carbon pricing to support other decision-making frameworks

Supplier Innovation Council

EnerSys recognizes industry and technology advancements are crucial to the achievement of our sustainability commitments. There is existing precedent for EnerSys collaborating with key suppliers to create breakthrough outcomes that are aligned to our sustainability commitments, but also benefitting other key business imperatives. EnerSys sees value in creating structure and cadence for supplier collaboration with the specific intent of creating a clearer pathway to our sustainability commitments.

The Supplier Innovation Council will bring together key suppliers who manufacture products used by EnerSys in our operations that currently utilize fossil fuels or are key to electrification of our facilities. This will include:

- Casting
- Dehumidification
- Electrical Infrastructure
- Melting
- HVAC
- Ovens / Drying

The Council will reinforce EnerSys' sustainability commitments and priorities to suppliers and create a collaborative environment, that demonstrates:

- **Market Demand:** Showcasing the need and potential market for all-electric solutions to encourage supplier investment and innovation.
- **Hurdles to Adoption:** Identifying and addressing technical, financial, and logistical barriers to the adoption of sustainable technologies.
- **Pilot Opportunities:** Collaborating on early pilot projects to test and validate new technologies, providing real-world data and insights.

EnerSys Fleet Decarbonization

Introduction: Driving Towards Sustainability

Above, we have outlined how EnerSys plans to achieve Scope 1 neutrality in our facilities by 2040. Our purchase of transportation fuels to power our fleet of vehicles, currently constituting the 24% percent, nevertheless remains a significant portion of our Scope 1 greenhouse gas emissions that must also be addressed. We have therefore developed a plan to phase out fossil fuel-powered vehicles from our fleet by 2040[4], marking a pivotal step towards a more sustainable future.

2023 Scope 1 Greenhouse Gas Emissions

	Production Facilities	Non-Production	Transportation Fuels	Totals
Tons CO2e	33,547	3,644	11,713	48,936
%	69%	7%	24%	100%

Our journey towards sustainability is underpinned by our strategic Roadmap that outlines our approach to transitioning our vehicle fleet initially to hybrid or fully electric alternatives and eventually to fully electric.

At the heart of our strategy is a commitment to leveraging emerging technologies and advancements in infrastructure to drive meaningful change. Recognizing the diverse nature of our fleet, comprising various vehicle types, and serving different purposes across regions, we have tailored our approach to prioritize conversions based on business feasibility and technological readiness.

At a Glance: Our phased approach

Fleet Composition

Our fleet consists of various vehicle types serving different purposes across regions with approximately[5] 2000 vehicles in total. In North America, we have approximately[3] 1,000 vehicles, while South America, EMEA, and Asia-Pacific each have 200, 500, and 300 vehicles, respectively. These vehicles include sedans and SUVs for executives and salespeople, as well as light-duty, medium-duty, and heavy-duty service vehicles.

From sedans and SUVs to light-duty, medium-duty, and heavy-duty service vehicles, each vehicle type presents unique opportunities and challenges on the path to net-zero.

[4] *Assumes technical feasibility and infrastructure are in place. Otherwise, EnerSys may choose to rely on a small number of high quality CO2e offsets.*

[5] *We have chosen to use a rounded number as the exact numbers vary frequently and would only constitute a snapshot in time. These figures will be revised accordingly with updates to this Climate Action Plan.*

Short-Term 2024 - 2028

In the short-term, we will focus on converting all sedans and SUVs to hybrid or fully electric alternatives. We intend to prioritize fully electric vehicles where charging infrastructure is available and feasible. This approach aligns with our commitment to reducing greenhouse gas emissions and transitioning to cleaner energy sources. For other vehicle types, such as light-duty service vehicles, we will carefully monitor technology developments and infrastructure advancements to determine the most appropriate time for conversion. We will consider initiating pilots in regions that are considered ready.

Medium-Term 2028 - 2034

In the medium-term, we anticipate the conversion of light-duty and medium-duty service vehicles to hybrid or full electric alternatives. As technology continues to evolve and charging infrastructure expands, we will closely monitor market trends and assess the business case for transitioning these vehicles. Our goal is to leverage emerging technologies to optimize the efficiency and sustainability of our fleet operations.

Initiating Change

EnerSys placed an order to switch 62 more internal combustion engine vehicles to hybrid models at the start of 2025, saving an approximately 9,000 gallons

Long-Term 2034 - 2040

In the long-term, we will phase out all hybrids that remain in the fleet from the short and medium-term plan. We also anticipate addressing the challenge of phasing out heavy-duty and other specialized vehicles. Given current trends and technological advancements, we expect full electrification or replacement with carbon-neutral fuels, such as hydrogen, to be viable options by 2040. Therefore, our long-term strategy will focus on monitoring advancements in heavy-duty vehicle technology and alternative fuels, as well as infrastructure developments to support their deployment. By staying informed and proactive, we will be well-positioned to transition our entire fleet to sustainable alternatives by the target date.

Collaboration and Optimization

We recognize the importance of collaboration with partners[6], to optimize our fleet management practices and reduce our carbon footprint. We will work closely with partners to monitor our service fleet and identify opportunities to optimize miles driven, improve route efficiency, and reduce emissions. By leveraging data analytics to identify and prioritize opportunities in confluence with innovative technologies, we can streamline operations and minimize the environmental impact of our fleet.

[6] *Examples include logistics firms, fleet management organizations, other companies with similar or complimentary goals as well as communities who may wish to support and benefit from infrastructure improvements.*

Monitoring and Adaptation

Our plan includes a robust monitoring and adaptation framework to respond to changing business and regulatory landscapes. We will carefully monitor technological advancements, infrastructure developments, and regulatory changes related to electric vehicles and alternative fuels. This proactive approach will enable us to adapt our fleet strategy accordingly and capitalize on emerging opportunities.

Continued Emphasis on Fuel Efficiency

Even as we transition to hybrid or electric vehicles, we will continue to emphasize fuel efficiency across our entire fleet. This includes implementing fuel-efficient driving practices, vehicle maintenance protocols, and driver training programs to maximize fuel economy and minimize emissions. By incorporating fuel efficiency measures into our fleet management strategy, we can further reduce our environmental footprint and enhance operational sustainability.

Our commitment extends beyond mere vehicle conversion; it encompasses a holistic approach to fleet management that emphasizes optimization, efficiency, and continuous improvement. Through collaboration with partners, data-driven insights, and ongoing monitoring, we seek to optimize our fleet operations and minimize our environmental impact.

As we embark on this transformative journey, we acknowledge the inherent complexities and uncertainties that accompany such an undertaking. From technological advancements to regulatory changes and evolving market dynamics, the landscape of sustainable transportation is ever-evolving. Yet, it is precisely within this dynamic environment that we find opportunities for innovation and growth.

Fleet Electrification in Action

A small fleet of Texas-based EnerSys Hawker® battery sales reps and service technicians are currently piloting electric vehicles. The move has helped lower fuel and maintenance expenses and provides service technicians with additional resources that traditional gas-powered trucks do not offer – like the ability to lock equipment in a truck bed, and accessible high-voltage outlets to power service equipment right from the EV truck. Read more here.

Overview of the EnerSys Fleet

EnerSys operates a diverse fleet of vehicles tailored to meet the unique needs of our operations across different regions. With a comprehensive understanding of our fleet composition, we have developed targeted strategies for transitioning to sustainable transportation solutions and reducing our carbon footprint. The overwhelming majority of our fleet consists of leased vehicles most of which are under three years. As such we can quickly transition to new and/or more efficient technologies.

Global Fleet

Vehicle Type	Passenger Vehicle	Service Van	Service Pickup Truck & Large Transport Vehicle
Vehicle #	624	483	422

In North America, our largest market, we maintain approximately 1,000 vehicles to support our operations. These vehicles play a crucial role in facilitating business activities, from executive travel to sales and service operations. Within this region, our fleet includes a mix of sedans and SUVs utilized by executives and salespeople, as well as a range of service vehicles designed to meet various operational requirements. These vehicles are essential for maintaining our presence in key markets and serving our customers effectively.

North American Fleet

Vehicle Type	Passenger Vehicle	Service Van	Service Pickup Truck
Vehicle #	269	290	413

In South America, we operate a modest fleet of around 18 vehicles to support our business activities in the region. While significantly smaller in scale compared to North America, our South American fleet is strategically deployed to meet local demand and operational needs.

South American Fleet

Vehicle Type	Passenger Vehicle	Service Van	Service Pickup Truck
Vehicle #	10	3	5

In the Europe, Middle East, and Africa (EMEA) region, our fleet is comprised of approximately 503 vehicles, reflecting the diverse nature of our operations across this expansive territory. With a significant presence in multiple countries and markets, our fleet in EMEA plays a vital role in supporting our global operations. From bustling urban centers to remote rural areas, our vehicles are equipped to navigate various terrain and climate conditions, ensuring seamless delivery of products and services.

Europe, Middle East and African (EMEA) Fleet

Vehicle Type	Passenger Vehicle	Service Van or Truck	Large Transport Vehicle
Vehicle #	335	165	3

Our Asia-Pacific region business is not structured to require a significant fleet. As such, we there are only 21 vehicles primarily used by EnerSys executives and a small number of service vehicles. As of the publication of this report, there is a single large transport vehicle in the Philippines.

Asia- Pacific Fleet

Vehicle Type	Passenger Vehicle	Service Van	Service Pickup Truck
Vehicle #	12	8	1

Across all regions, our fleet includes a diverse range of vehicle types to accommodate different purposes and operational requirements. This includes passenger vehicles used by executives and salespeople for client meetings and business travel, as well as light-duty, medium-duty, and heavy-duty service vehicles used for maintenance, repairs, and logistics.

By understanding the composition of our fleet and the specific requirements of each region, we are developing dynamic, targeted strategies for transitioning to hybrid or electric vehicles and reducing our reliance on fossil fuels.

Short-Term Strategy for Converting Sedans and SUVs to Hybrid or Electric Alternatives 2024 - 2028

In the short-term, our primary focus is on accelerating the conversion of all sedans and SUVs in the EnerSys fleet to hybrid or fully electric alternatives. This strategic approach is rooted in our commitment to reducing greenhouse gas emissions and transitioning to cleaner energy sources, aligning with our broader sustainability objectives.

Prioritizing Electrification

As we embark on the transition to a more sustainable fleet, we prioritize the adoption of fully electric vehicles wherever charging infrastructure is available and feasible. Fully electric vehicles offer significant environmental benefits, emitting zero tailpipe emissions and reducing our overall carbon footprint. To this end, we have adjusted our policies for executive and other corporate vehicles to incentivize the selection of these models.

Investing in Charging Infrastructure

To support the widespread adoption of electric vehicles in our fleet, we recognize the importance of investing in charging infrastructure. In regions where charging infrastructure is already in place, we will prioritize the deployment of fully electric vehicles, leveraging existing infrastructure to facilitate seamless integration into our operations. Where charging infrastructure is lacking, we will work collaboratively with stakeholders to identify opportunities for infrastructure development, whether at our facilities, in the homes of our employees or elsewhere, ensuring that our transition to electric vehicles is supported by robust charging networks. In the circumstances where adoption of a fully electric vehicle is not

determined most appropriate, we are developing incentives to encourage the selection of hybrid vehicles, or the most efficient internal combustion alternatives to meet needs and requirements.

Collaboration with Stakeholders

Our transition to low-to-no emissions vehicles requires collaboration with a diverse range of stakeholders, including government agencies, utility providers, infrastructure developers, local communities, technology providers and more. A collaborative approach fosters innovation, drives investment in charging infrastructure, and paves the way for widespread adoption of zero emission transportation across industries.

Monitoring Technology Developments

While our short-term strategy focuses on converting sedans and SUVs to hybrid or electric alternatives, we recognize the need to continuously monitor technology developments in the transportation industry. Rapid advancements in battery technology, vehicle efficiency, and charging infrastructure are transforming the landscape of electric mobility, presenting new opportunities and challenges for fleet operators. By staying informed about the latest innovations and breakthroughs, we can make informed decisions about the timing and implementation of our fleet conversion efforts. Moreover, we remain open to modal shift, including switching from road to rail or sea, when these alternatives offer an overall positive opportunity for lowering emissions without negatively impacting other key business objectives.

Employee Training and Education

Investing in employee training and education is already part of the EnerSys culture. As we transition to hybrid or electric vehicles, we will support employee learning to ensure successful adoption and integration into our operations. Training programs cover topics such as vehicle operation, charging procedures, and maintenance requirements, empowering employees with the knowledge and skills they need to effectively manage and operate electric vehicles as the Company transitions to electric mobility.

Assessing Business Viability

In addition to monitoring technology developments, we carefully assess the business viability of converting different vehicle types to hybrid or electric alternatives. While sedans and SUVs are well-suited for electrification due to their relatively predictable usage patterns and availability of charging infrastructure in many locations, other vehicle types, such as light-duty service vehicles, may require more careful consideration. We are conducting thorough cost-benefit analyses to determine the most appropriate timing for converting these vehicles, considering factors such as total cost of ownership, operational efficiency, and regulatory compliance.

Continuous Improvement and Evaluation

Throughout the short-term transition period, EnerSys remains committed to continuous improvement and evaluation of our fleet strategy. We will regularly assess the effectiveness of our initiatives, gather feedback from stakeholders, and identify opportunities for optimization. By embracing a culture of continuous improvement, we can adapt to evolving market dynamics, technological advancements, and regulatory requirements, ensuring that our fleet remains at the forefront of sustainability and innovation.

Medium-Term Strategy: Transitioning Light-Duty and Medium-Duty Service Vehicles to Hybrid or Electric Alternatives: 2028 - 2034[7]

In the medium-term, EnerSys is poised to embark on the next phase of its fleet electrification journey by focusing on the conversion of light-duty and medium-duty service vehicles to hybrid or full electric alternatives. As technology continues to evolve at a rapid pace and charging infrastructure expands, we are strategically positioned to capitalize on emerging opportunities and accelerate the transition to cleaner transportation solutions.

Technological Advancements and Market Trends

One of the key drivers of our medium-term strategy is the ongoing evolution of electric vehicle (EV) technology, especially for medium-duty vehicles. With advancements in battery technology, electric drivetrains, and vehicle efficiency, the performance and range of electric vehicles continue to improve, making them increasingly viable alternatives to traditional internal combustion engine vehicles. Moreover, the growing demand for EVs worldwide is driving innovation and competition among automakers, leading to a broader range of electric vehicle options and more competitive pricing. At EnerSys, we closely monitor these technological advancements and market trends to stay ahead of the curve and identify the most suitable electric vehicle solutions for our fleet. We collaborate with industry partners, engage with EV manufacturers, and leverage our internal research capabilities to assess the latest innovations and evaluate their applicability to our fleet requirements.

Expanding Charging Infrastructure

In parallel with technological advancements, the expansion of charging infrastructure is a critical enabler of our medium-term strategy. As the adoption of electric vehicles continues to grow, there is a concerted effort by governments, utilities, and private sector stakeholders to invest in charging infrastructure deployment and expansion. This includes the installation of public charging stations, workplace charging facilities, and depot charging infrastructure for fleet operations. Whereas we have customers across vast geographies, we recognize that this transition will be uneven, with certain regions far ahead of others, enabling EnerSys to accelerate its efforts in certain places, while causing delays in others.

Optimizing Efficiency and Sustainability

Central to our medium-term strategy is the overarching goal of optimizing the efficiency and sustainability of our fleet operations. By transitioning light-duty and medium-duty service vehicles to hybrid or electric alternatives (or, when not available, more fuel-efficient fossil fuel versions with a lifetime shorter than our deadline), we aim to reduce greenhouse gas emissions, minimize our environmental footprint, and enhance operational efficiency. Electric vehicles offer inherent benefits such as lower fuel costs, reduced maintenance requirements, and quieter, smoother operation, contributing to overall fleet performance and sustainability.

[7] *It is during this phase that we anticipate transitioning our lawncare and similar equipment as part of our broader decarbonization efforts. As electric options that meet the operational needs of our facilities and are cost-effective become available, we will prioritize their adoption. Although the related GHGs are modest in comparison to our transportation fleet, we are dedicated to ensuring that all of this equipment will no longer directly burn fossil fuels by or before our 2040 Scope 1 goal, aligning with our overarching commitment to sustainability and climate responsibility.*

In addition to vehicle electrification, we will implement data-driven fleet management practices and optimization strategies to further enhance efficiency and sustainability. This includes route optimization, driver behavior monitoring, vehicle telematics, and predictive maintenance, all aimed at maximizing vehicle uptime, reducing energy consumption, and minimizing emissions.

Assessing the Business Case

While technological advancements and charging infrastructure expansion create favorable conditions for fleet electrification, our medium-term strategy also emphasizes the importance of assessing the business case for transitioning light-duty and medium-duty service vehicles to hybrid or electric alternatives. This involves conducting comprehensive cost-benefit analyses, considering factors such as vehicle acquisition costs, operating expenses, fuel savings, maintenance costs, and total cost of ownership over the vehicle lifecycle.

To this end, we will leverage financial modeling tools and methodologies to evaluate the economic feasibility of transitioning our service vehicles to hybrid or electric alternatives. We factor in variables such as vehicle utilization rates, energy costs, charging infrastructure investments, and potential incentives or subsidies available for electric vehicle adoption. By conducting rigorous financial analyses, we ensure that our fleet electrification efforts align with our business objectives and deliver long-term value to the Company.

Long-Term Strategy: Addressing the Challenge of Heavy-Duty Vehicles 2034 - 2040

In envisioning our long-term strategy for transitioning our fleet to sustainable alternatives, we recognize the unique challenges posed by heavy-duty and other specialized vehicles[8]. These vehicles play a critical role in our operations, often requiring robust power sources and specialized infrastructure. However, we are optimistic about the prospects of achieving full electrification or replacing them with carbon-neutral fuels, such as hydrogen, by 2040.

Full Electrification or Carbon-Neutral Fuels:

The cornerstone of our long-term strategy is the exploration of full electrification and the adoption of carbon-neutral fuels for heavy-duty vehicles and all remaining vehicles in our fleet that have yet to be fully converted[9]. Given current trends and technological advancements, we anticipate that by 2040, the necessary technology and infrastructure will be in place to support these transitions. Electric heavy-duty vehicles are already gaining traction in the transportation industry, with advancements in battery technology and charging infrastructure expanding their feasibility. Additionally, the development of hydrogen fuel cell technology offers another promising avenue for decarbonizing heavy-duty transportation. By leveraging these innovations, we can significantly reduce our fleet's carbon footprint and contribute to a more sustainable future.

[8] *We also recognize that there may remain some regions that are lagging in terms of infrastructure delaying our transition for sedans, SUVs, light and medium-duty vehicles. We anticipate that this will be a small number of vehicles.*

[9] *We anticipate no longer permitting any fossil-fuel driven vehicle to be selected post-2040 as a matter of corporate policy. Should this not be technologically feasible, EnerSys will consider purchasing a limited number of high-quality carbon offsets.*

Monitoring Technological Advancements:

Central to our long-term strategy is the proactive monitoring of technological advancements. We will closely track developments in electric vehicle technology, including improvements in battery energy density, charging infrastructure, and vehicle performance. Similarly, we will stay informed about advancements in hydrogen fuel cell technology, such as increased efficiency and decreased costs. By staying abreast of these developments, we can assess the feasibility and viability of transitioning our heavy-duty vehicles to sustainable alternatives as they become available – sooner than planned in this document, if possible.

Infrastructure Development:

Our long-term strategy also includes a focus on infrastructure development to support the deployment of sustainable heavy-duty vehicles. This encompasses the expansion of charging infrastructure for electric vehicles, including fast-charging stations capable of accommodating heavy-duty vehicles' high energy demands. Similarly, we will advocate for the development of hydrogen refueling infrastructure to facilitate the adoption of hydrogen fuel cell vehicles. Collaborating with industry partners, policymakers, and infrastructure providers, we will work to ensure that the necessary infrastructure is in place to support the transition to sustainable heavy-duty transportation.

Collaboration and Advocacy:

Transitioning heavy-duty vehicles to sustainable alternatives will require collaboration and advocacy with multiple stakeholders. We will engage with vehicle manufacturers to express our interest in the development and commercialization of fossil-fuel free alternatives for heavy-duty vehicles. Additionally, we will advocate for supportive policies and incentives to accelerate the adoption of sustainable transportation solutions, as we currently do via our members in the U.S. Alliance to Save Energy. By fostering collaboration and advocating for supportive policies, we can create an enabling environment for the transition to sustainable heavy-duty transportation.

Pilot Programs and Demonstrations:

As part of our long-term strategy, we will implement pilot programs and demonstrations to evaluate the feasibility and performance of sustainable heavy-duty vehicles in real-world conditions. These initiatives will allow us to assess factors such as range, charging infrastructure availability, and operational costs, providing valuable insights into the viability of transitioning our fleet. Through this effort we will be able to gather data and feedback to inform our decision-making and ensure a smooth transition.

Overarching Strategies 2024 - 2040

Continued Emphasis on Fuel Efficiency

Even as we transition to hybrid or EVs for certain makes and models, we will continue to emphasize fuel efficiency across our entire fleet. This includes implementing fuel-efficient driving practices, vehicle maintenance protocols, and driver training programs to maximize fuel economy and minimize emissions. By further incorporating fuel efficiency measures and incentives into our fleet management strategy, we can further reduce our environmental footprint and enhance operational sustainability. As EnerSys continues its journey towards a more sustainable fleet, the importance of fuel efficiency remains paramount.

Fuel-Efficient Driving Practices

One of the key pillars of our fuel efficiency strategy is the implementation of fuel-efficient driving practices. This includes promoting eco-driving techniques among our drivers to optimize fuel consumption and reduce emissions. Eco-driving techniques encompass a range of behaviors such as smooth acceleration and braking, maintaining a steady speed, and avoiding excessive idling. By encouraging drivers to adopt these practices, we can significantly improve fuel efficiency and reduce our carbon footprint.

Furthermore, we will leverage technology to support fuel-efficient driving practices. Advanced telematics systems and fleet management software will enable us to monitor driver behavior in real-time, providing feedback and coaching to encourage eco-friendly driving habits. Additionally, we will explore the integration of driver assistance systems that promote fuel-efficient driving, such as adaptive cruise control and predictive gear shifting.

Optimizing Miles Driven

One key area of focus for collaboration and efficiency is the optimization of miles driven. We will work closely with our partners to develop strategies for reducing unnecessary mileage, such as optimizing route planning, minimizing idle time, and consolidating trips. By streamlining our logistics operations and reducing unnecessary mileage, we can minimize fuel consumption and emissions while improving overall fleet efficiency.

Improving Route Efficiency

In addition to optimizing miles driven, we aim to improve route efficiency. This includes leveraging advanced routing software and GPS technologies to identify the most efficient routes for our vehicles. By optimizing routes to minimize distance traveled and avoid traffic congestion, we can reduce fuel consumption, lower operating costs, and enhance the overall sustainability of our fleet operations.

Vehicle Maintenance Protocols

In addition to promoting fuel-efficient driving practices, we implement rigorous vehicle maintenance protocols to ensure optimal performance and fuel economy. Regular maintenance checks, including tune-ups, tire rotations, and oil changes, are essential for keeping vehicles operating efficiently. By adhering to consistent maintenance schedules and conducting proactive inspections, we identify and address issues that may impact fuel efficiency before they escalate.

Leveraging Data Analytics and Technology

At the heart of our optimization efforts is the use of data analytics and innovative technologies. We will leverage advanced data analytics tools to gather, analyze, and visualize fleet data in real-time. This includes monitoring vehicle performance metrics, tracking fuel consumption, and identifying areas for improvement.

Regulatory Changes / Monitoring

Regulatory frameworks play a significant role in shaping the adoption of EVs and alternative fuels. Government incentives, emissions regulations, and sustainability targets influence market dynamics and create opportunities for fleet electrification. Therefore, we will continue to closely monitor regulatory changes at the local, national, and international levels to anticipate shifts in the automotive landscape.

For example, stringent emissions standards and incentives for zero-emission vehicles can accelerate the adoption of electric vehicles and incentivize investment in charging infrastructure. Changes in fuel efficiency standards or taxation policies may impact the cost-effectiveness of conventional vehicles versus electric alternatives. By staying abreast of regulatory developments, we can proactively adjust our fleet strategy to remain compliant and capitalize on emerging opportunities.

Ongoing Awareness and Adaptation to Changing Conditions

The transportation landscape is rapidly evolving. Therefore, we do not expect that the plan outlined here to remain stagnant. The proactive monitoring of technological advancements, infrastructure developments, and regulatory changes enables us to adapt our fleet strategy accordingly and capitalize on emerging opportunities. This adaptive approach allows us to stay ahead of the curve, leveraging new technologies and market trends to enhance the sustainability and efficiency of our fleet operations.

For instance, if breakthroughs in battery technology leads to significant improvements in energy density and cost reduction, we may accelerate our transition to EVs across all vehicle types within our fleet. Similarly, if regulatory changes incentivize the adoption of alternative fuels such as hydrogen or biofuels, we may explore these options as part of our long-term fleet strategy.

Our robust monitoring and adaptation framework empowers us to respond effectively to changing business and regulatory landscapes in the transportation sector. By staying informed about technological advancements, infrastructure developments, and regulatory changes, we position ourselves to capitalize on emerging opportunities and drive meaningful progress towards our sustainability goals.

Conclusion: Our Journey to Sustainable Transportation

EnerSys is committed to reducing the environmental impact of our fleet operations while driving positive change in the transportation sector. Our phased approach to eliminating fossil fuel-powered vehicles by 2040 underscores our dedication to innovation, collaboration, and environmental stewardship. By prioritizing the conversion of sedans and SUVs to hybrid or electric alternatives in the short-term and closely monitoring technological advancements and infrastructure developments, we are strategically positioned to achieve our sustainability goals and pave the way for a cleaner, greener future.

Decarbonization of Non-Production Facilities

Introduction: Greening Every Corner

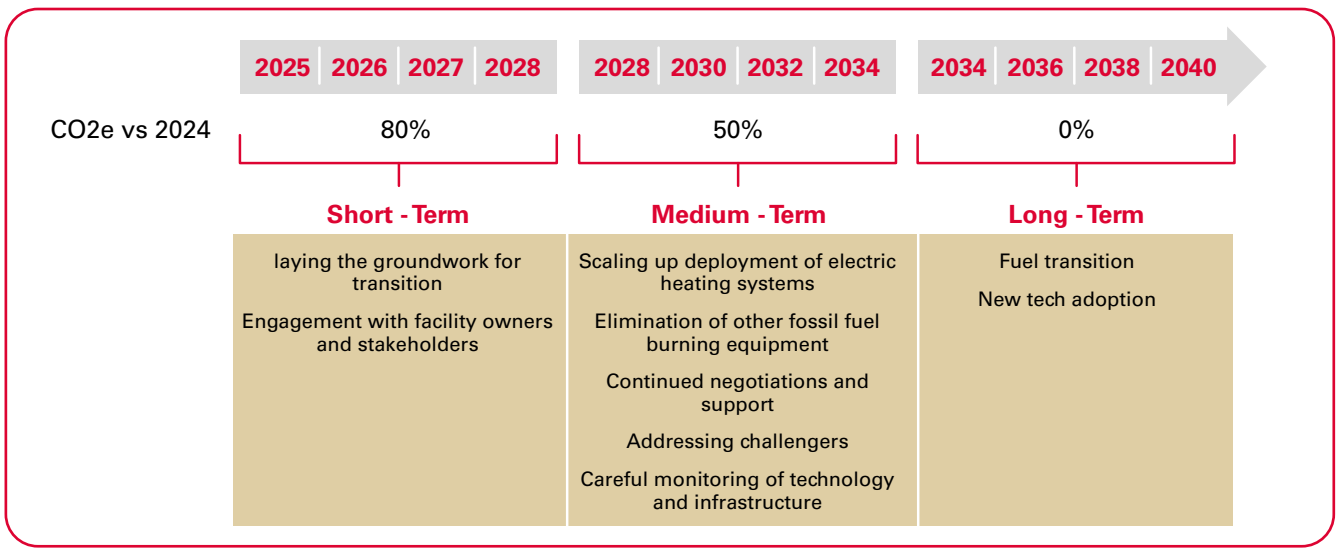
EnerSys is committed to addressing the urgent challenges posed by climate change large and small. The previous chapters provided details on how we intend to reduce our greenhouse gas emissions in our primary production facilities and fleet. While production currently constitutes the majority of our Scope 1 emissions, we recognize the critical need to transition away from the direct burning of fossil fuels in all our non-production facilities as well. Generally fossil fuels in these offices, assembly facilities, warehouses, and distribution centers are used for Heating, Ventilation and Air Conditioning (HVAC) and currently constitute around 3% of our total GHG emissions. Although, in most cases, the technology and infrastructure exists at non-production facilities to enable electrification, EnerSys currently owns less than 3% of these facilities, while the majority are leased. As a result, there are additional factors to consider in terms of the decision-making process and timing that are not fully within the control of the company. We also recognize that our current portfolio of non-production facilities is likely to change, growing in some regions and potentially consolidating in others. In all cases we intend to incorporate our climate targets into our decision-making process. We remain committed to our 2040 Scope 1 target and have outlined our plans for achieving it below.

Objectives

For our non-production facilities, our overarching objective is to achieve zero fossil fuel Scope 1 emissions by 2040. To realize this ambitious goal, we have established clear targets and timelines.

- For our owned facilities, we are fully committed to replacing all fossil fuel-burning equipment by 2040 or sooner.
- For our leased facilities we will require owners to replace all fossil fuel-burning equipment not owned by EnerSys by 2040 or sooner, aligning with our climate commitment.
- To ensure a structured transition, we have set interim targets, aiming for a 20% transition by 2028, 50% by 2034, and complete phase-out by 2040 for all facilities whether owned or leased.

Non Production Facilities



Strategies

1. **Deployment of Electric Heating Systems:**

   In our transition away from natural gas and other fossil fuels, the deployment of electric heating systems stands as a cornerstone strategy. We will prioritize the installation of electric heating systems, such as heat pumps and highly efficient HVAC, other appropriate technologies or a combination of alternatives, across all our non-production facility portfolio. Each owned facility will undergo an assessment to determine the most suitable electric heating technology based on factors such as building size, climate conditions, and energy requirements. Concurrently, the owners of our leased facilities will be requested to conduct similar assessments, as soon as appropriate but at the latest in advance of lease renewals. We also will explore integrating green lease principles[10] whenever possible and appropriate. By collaborating with industry experts and technology providers, we aim to stay at the forefront of advancements in electric heating technology, ensuring optimal performance and efficiency. EnerSys will also carefully monitor existing and new incentives for electrification, efficiency and decarbonization around the world and apply, or inform the facility owner, when potential opportunities arise.

2. **Engagement with Facility Owners and Stakeholders:**

   Central to the success of our transition plan is robust engagement with facility owners and stakeholders. We recognize the importance of open dialogue and collaboration to ensure alignment with our sustainability objectives. Therefore, EnerSys will work closely with owners of leased facilities to establish clear commitments and timelines for phasing out natural gas or other fossil fuel burning equipment. Furthermore, we are committed to transparent communication with stakeholders, including investors, climate change specialists, and community members. By fostering collaboration and garnering support for our initiatives, we can drive meaningful progress towards our sustainability goals.

3. **Investment in Renewable Energy Infrastructure:**

   In tandem with our transition to decarbonized climate control, we are committed to investing in renewable energy infrastructure to further reduce our carbon footprint and taking steps towards our Scope 2 neutrality by 2050 goal. This will encompass further exploring opportunities for on-site renewable energy generation and energy storage.

[10] https://www.boyesturner.com/news-and-insights/going-green-unlocking-sustainability-in-commercial-leases. *"A green lease essentially follows the form of a standard commercial lease, but with additional 'green' clauses. The function? To encourage landlords and tenants to work together to save money and reach building efficiency goals."*

EnerSys Facilities

	# of Properties	Leased	Owned
Americas	75	56	19
APAC	25	11	14
EMEA	41	26	15
	141	93	48

Near-term Implementation Plan (2024 - 2028)

In the immediate phase of our climate action plan implementation (2024 - 2028), our focus on laying the groundwork for transition will be paramount, particularly concerning our non-manufacturing properties. These properties encompass a significant portion of our real estate portfolio and play a crucial role in our overall sustainability efforts. It is essential to note that our approach to transitioning these properties differs based on ownership status, with distinct strategies for owned versus leased facilities.

With a total of 117 non-production properties under consideration, it's imperative to conduct thorough assessments to evaluate current fossil fuel usage and identify opportunities for transition. These assessments will involve detailed analysis of energy consumption patterns, building infrastructure, and heating systems across each property when possible[11]. By gaining a comprehensive understanding of the existing energy landscape, we can effectively develop tailored transition plans that maximize energy efficiency and minimize environmental impact.

Fuel Transition

Our owned building in Bellingham, Washington, as well as leased sites in Spokane, Washington; Suwanee, Georgia; Burnaby, Canada, recently switched from gas-powered compressed air tools to electric smart tools which has reduced Scope 1 emissions, improved energy efficiency, and allowed for nuanced calibration for specialized projects. The building also uses clean energy generated by a 32.4kW solar array. Since installation in 2015, it has generated over ~180,000 kWh.

Concurrently, we will initiate proactive discussions with facility owners to outline our phased transition plan and secure commitments for replacing fossil fuel-burning equipment. For the 27 properties that are both owned and not utilized for manufacturing purposes, we will leverage our internal resources and expertise to drive the transition process. This may involve investing in new heating technologies, retrofitting existing systems, or exploring alternative energy sources to facilitate the phase-out of natural gas.

For the remaining non-production properties that are leased, our approach will be collaborative and partnership-driven. We recognize that facility owners may have varying levels of familiarity and readiness regarding sustainability initiatives, so open dialogue and mutual commitment are essential. We will engage in transparent discussions with landlords to communicate our sustainability objectives and negotiate lease terms that align with our transition timeline. This may include clauses stipulating the replacement of fossil fuel-burning equipment by 2040 or earlier, depending on lease renewal cycles and feasibility assessments.

[11] *Some of our smaller facilities may be excluded as either they do not use fossil fuel or are portions of larger buildings not leased by EnerSys making an assessment not-viable. These facilities will nevertheless be required to eliminate Scope 1 GHGs aligned with our global goals and timelines.*

In parallel with these discussions, we will launch pilot projects to test electric HVAC[12] systems in select facilities. These pilot projects serve as valuable learning opportunities, allowing us to evaluate the performance, reliability, and cost-effectiveness of different electric heating technologies in real-world settings. By gathering feedback from facility managers, occupants, and maintenance personnel, we can identify challenges, address concerns, and refine our approach for broader implementation.

Throughout this immediate phase, our overarching goal is to establish a solid foundation for the transition away from natural gas and other fossil fuels in our non-production properties. By conducting thorough assessments, engaging with facility owners, and piloting innovative solutions, we lay the groundwork for meaningful progress towards our sustainability objectives. As we move forward, we remain committed to driving positive change, reducing our environmental footprint, and contributing to a more sustainable future for all. We are also committed to providing more detailed updates to this portion of our climate action plan as we gain additional clarity on timing and impact on our overall GHG footprint.

Medium-Term Actions (2028 - 2034): Scaling Up Deployment of Electric Heating Systems / Elimination of Other Fossil Fuel Burning Equipment

As we enter the medium-term phase of implementation, our focus shifts towards accelerating the deployment of electric and/or passive HVAC systems across our non-manufacturing properties. This phase is critical as we aim to achieve our targets of transitioning 20% of our properties away from natural gas heating by 2028, and 30% transitioned by 2034[13]. This period will include concerted efforts to scale up our initiatives and overcome any challenges encountered during the transition process. It should be noted that while the overwhelming majority of fossil fuel consumption at these facilities is for HVAC, we expect to determine that some additional equipment is responsible for some Scope 1 emissions. This equipment will also be included for transition as technologically appropriate alternatives become available[14].

[12] *It is understood that the replacement of fossil fuels with electricity may cause a temporary increase in our Scope 2 emissions. Please refer to our Scope 2 section for details on EnerSys' strategy for reducing Scope 2 emissions in the context of our role as an energy storage manufacturer.*

[13] *These percentages are viewed as achievable aspirations. Depending on potential incentives, or other unknown factors this timeline could either be accelerated or slowed. EnerSys intends to revise and report on any changes on at least an annual basis.*

[14] *We have already begun to make this transition in several facilities as noted in this article: BRINGING BENEFITS TO THE BOTTOM LINE AND ASSEMBLY LINE*

Different Approaches for Owned and Leased Properties

For the 48 owned properties within our portfolio, we have the advantage of direct control over the transition process. This allows us to independently implement changes, ensuring that our properties are equipped with electric HVAC and all other fossil fuel consumptions eliminated within the specified timelines. Our approach involves conducting detailed assessments of each property to determine the most suitable technologies and timing based on factors such as building size, energy requirements, climate conditions, local and regional incentives and other needs of the facility. We plan to leverage our expertise, partners and other resources to facilitate the procurement, installation, and commissioning of electric and/or passive HVAC systems, prioritizing properties with the highest energy cost where alternatives are economically viable and available.

In contrast, as a globally active company, the transition process for leased properties presents unique challenges due to varying ownership structures and contractual agreements across a wide variety of jurisdictions. Regardless, we remain committed to working closely with property owners and stakeholders to ensure alignment with our sustainability objectives. Our strategy involves engaging in ongoing negotiations to secure commitments from property owners for the replacement of fossil fuel powered heating systems with electric and/or passive alternatives. We will provide support and incentives as needed to facilitate the transition process, including technical expertise and collaborative investments.

Continued Negotiations and Support:

Throughout the medium-term phase, we will maintain open communication channels with property owners and stakeholders, fostering collaborative relationships built on transparency and mutual understanding. This will involve regular meetings, progress updates, and consultations to address any concerns or challenges encountered during the transition process. EnerSys recognizes that open dialogue includes both property owners and other stakeholders, such as nearby communities. We recognize that each property presents unique circumstances and requirements, and as such, our approach will be tailored to accommodate specific needs while staying aligned with our overarching goals.

Monitoring Progress and Addressing Challenges:

Central to our success during this phase is the diligent monitoring of progress and the proactive resolution of challenges. We will establish robust monitoring mechanisms to track the implementation of electric heating systems across our properties, ensuring that we remain on track towards achieving our transition targets, or otherwise transparently report on challenges and changes to our timelines. Additionally, we will conduct regular assessments to identify any obstacles or barriers to progress, promptly addressing them through strategic adjustments and resource reallocation. By remaining agile and responsive to changing conditions, we will mitigate risks and maintain momentum towards our goals.

Long-Term Actions (2034-2040): Final Transitioning of Non-Production Facilities

In the final phase of our implementation plan, spanning from 2034 to 2040, our primary focus will be on completing the electrification in all non-production facilities. This phase encompasses projects that have historically presented the greatest challenges, whether due to technological or infrastructure limitations, cost constraints or misalignment between EnerSys and the building owners' goals. As such, it demands a concerted effort to overcome barriers and drive meaningful progress towards our sustainability goals.

As per the above, it is important to note that within our portfolio of properties, there are distinct approaches for those that are owned versus those that are leased.

For owned non-production facilities, any fossil fuel consumption remaining in this phase is likely due to technological or infrastructure constraints. We recognize these properties as integral components of our sustainability strategy and are committed to ensuring their alignment with our long-term environmental objectives. As such, we commit to leveraging our resources to implement solutions and overcome technological hurdles in transitioning away from direct burning of fossil fuels.

Conversely, for leased properties, collaboration and engagement with facility owners are paramount. Our strategy revolves around incentivizing and supporting owners in their transition efforts. Along with guidance on our needs, technological alternatives and other support, we expect to have negotiated this transition as a condition of our continued presence. We are optimistic that this can be accomplished across our entire portfolio. We anticipate the ability to develop and report a detailed timeline on when we will achieve full Scope 1 neutrality in each facility. This also means that, in the circumstance that we are unable to align with a given property owner, we commit to finding alternative locations that enable EnerSys to achieve its climate goals.

Monitoring and Evaluation

Tracking and reporting on our progress towards achieving zero fossil fuel emissions will be a priority. We recognize the importance of transparency and accountability in driving meaningful change. Therefore, we will set and continue to monitor and report key performance indicators:

1. **Key Performance Indicators (KPIs):**

   To track our progress and ensure accountability, we have identified key performance indicators (KPIs) that will serve as benchmarks for success. These include:

- The annual, absolute reduction in GHG emissions associated with fossil fuel usage ;
- The percentage of non-production facilities transitioned to electric and/or passive HVAC systems;
- Return on invested capital;
- The number of commitments, timelines and actions of the owners of our leased facilities; and
- Compliance with phase-out timelines and commitments for both leased and owned facilities.

2. **Regular Reporting and Accountability:**

   To facilitate transparent reporting and accountability, we will establish a robust reporting framework to track progress on a regular basis. This will involve compiling data on our KPIs and communicating updates internally[15] and externally. Additionally, we will hold regular meetings with stakeholders to review progress, discuss challenges, and solicit feedback for continuous improvement.

Conclusion

EnerSys is committed to leading the transition to a low-carbon economy and mitigating the impacts of climate change. Our detailed climate action plan outlines a strategic roadmap for phasing out natural gas in our non-production facilities, emphasizing collaboration, innovation, and accountability. By prioritizing the deployment of electric heating systems, investing in renewable energy infrastructure, and engaging with stakeholders, we are confident in our ability to achieve our goal of zero fossil fuel emissions by 2040. Through collective action and unwavering commitment, we are paving the way towards a lower-carbon economy.

[15] *EnerSys has a cross-functional Environmental, Social and Governance Steering Committee consisting of senior leadership that meets quarterly, receiving updates from the EnerSys Sustainability Department and aligning on key strategic decisions. The EnerSys Nominating and Corporate Governance Committee of the Board of Directors oversees Environmental, Social and Governance topics and is also updated quarterly.*

Scope 2 Decarbonization Plan

Introduction: Riding the Grid Down As We Drive Down The Grid

EnerSys, a global leader in energy storage solutions, is dedicated to spearheading transformative initiatives that reshape the energy landscape towards sustainability and innovation. Our commitment to environmental stewardship underscores the pivotal role of electrification in curbing carbon emissions and advancing towards a cleaner, greener future. As part of our comprehensive sustainability strategy, we have embarked on a strategic journey to electrify all facets of our operations, aligning with our vision for a sustainable energy transition that mitigates climate change.

85%

of our electricity in 2023 is purchased in locations where either the utility or government have net-zero grid-emissions targets on or before 2050

At the core of our electrification strategy lies the innovative principle of "riding the grid down as we drive down the grid." This approach acknowledges the evolving dynamics of energy systems globally and embraces the imperative of decarbonization. Grid operators, actors and regulators around the world are making short-, medium- and long-term commitments and intensifying efforts to integrate more renewable energy sources like wind and solar into their energy mixes with the ultimate goal of providing carbon-neutral electricity driving a net-zero economy.

Central to our electrification vision is the acknowledgment of our core product - batteries - as a key enabler of renewable energy integration into the grid. As a leading provider of energy storage solutions, EnerSys is positioned to drive grid decarbonization through the deployment of our battery technologies. By storing surplus renewable energy generated during peak production periods and discharging it during times of heightened demand or low renewable energy availability, our batteries can serve as indispensable catalysts for grid stability and resilience. In fact, our newest line of business, New Ventures, is committed to resiliency, providing energy storage and management systems for various applications including demand charge reduction, utility back up power, and dynamic fast charging for electric vehicles.

Government-Based Commitments	Countries Included	Percentage of EnerSys Sites Under Specified Net Zero Commitments	Percentage of Total Scope 2 Emissions (2023)
Net zero by 2040	Austria	2%	0.005%
Net zero by 2045	Sweden	2%	0.003%
Net zero by 2050	Argentina, Australia, Belgium, Brazil, Bulgaria, Canada, Chile, Czech Republic, Finland, France, Germany, Greece, Hungary, Italy, Japan, Luxembourg, Malaysia, Netherlands, New Zealand, Poland, Singapore. Slovakia. Spain, Sweden, Switzerland, UAE, UK, U.S.	86%	84.3%
Net zero beyond our 2050 goal*	China, India, Kazakhstan, Mexico, Morocco, Philippines, Turkey	10%	15.6%

Scope 2 Neutral by 2050: Supporting Grid Decarbonization

In 2023, EnerSys consumed approximately 454 Gigawatt hours of electricity producing an estimated 227,300 tons of CO2e, a decrease of 3.5% from 2021. This trend is the result of both efficiency measures and the decarbonization of electricity offered by our utilities. Looking forward, as we grow our business and electrify our operations[16], EnerSys intends to increase our use of electric power. This may result in the temporary increase in Scope 2 emissions, especially if our growth in electricity use outpaces factors that reduce the carbon intensity of the electricity we purchase. Nevertheless, we know that our core business of manufacturing energy storage, is one of the key components to global decarbonization efforts and therefore believe the strategy outlined below is the most appropriate for our business and for the climate.

EnerSys has set a goal of achieving Scope 2 Greenhouse Gas emission neutrality by 2050. This time horizon is 10 years longer than our Scope 1 goal as stated in previous chapters. We have set this goal because we determined that it aligns with the greatest possible positive impact EnerSys can have on the climate. Our approach is grounded on the research-backed understanding[17] that the integration of energy storage into our economy is likely to yield a more substantial climate benefit than the addition of another kilowatt of renewable energy or the procurement of renewable energy credits. As manufacturers of energy storage solutions, and providers of energy storage services, we recognize the pivotal role our business plays in facilitating the transition towards a decarbonized grid. Consequently, our Scope 2 strategy is intricately aligned with the expansion of our energy storage enterprise, which serves as a catalyst for grid decarbonization efforts.

Between 2022 and 2023, our Mielec Poland plant reduced electricity consumption by 26% by: 1) utilizing motion activated lighting and LED lighting; 2) optimizing IT infrastructure and PC usage; and 3) installing reflective foil on the building's windows to reduce air conditioning energy usage. Read more **here**.

Our research and go-forward business strategy indicate that directing our operational and capital expenditures towards bolstering our core business of energy storage will produce greater positive climate impact than extensive investments in renewable energy credits or renewable generation capacity. This stance is not rooted in a dismissal of the importance of renewable energy sources[18]; rather, it reflects a strategic alignment with our organizational strengths and market position. We recognize the dynamic nature of the energy landscape and remain committed to leveraging our expertise to contribute meaningfully to the global transition towards sustainable energy systems.

Our commitment to prioritizing energy storage solutions is not driven solely by business imperatives but also by a genuine belief in the transformative potential of these technologies. By championing the adoption of efficient and reliable energy storage for our customers, we aim to catalyze broader industry shifts towards renewable energy integration and grid modernization. Moreover, our approach underscores a pragmatic recognition of the evolving nature of climate action strategies, wherein adaptability and innovation are paramount.

[16] *It is widely understood that electrification is a key to industrial decarbonization. This is based on the idea that direct burning of fossil fuels for industrial purposes is unlikely to be decarbonized via carbon capture technology in a manner that is more economically feasible than a conversion to CO2 free electricity.*

[17] *https://www.sciencedirect.com/science/article/abs/pii/S1364032122000077#:~:text=When%20renewable%20sources%20generate%20more,electricity%20supply%20to%20meet%20demand.*

[18] *To the contrary, EnerSys has built one of the largest solar arrays in Pennsylvania at our Headquarters located in Reading, PA and we have constructed multiple smaller solar arrays at other locations (e.g., Bellingham, WA; Newport Wales, Arras, France etc.) and continue to explore these options when it is appropriate.*

In navigating the complex nexus of energy, climate, and business imperatives, we remain steadfast in our dedication to advancing solutions that offer tangible and scalable benefits. While we recognize the multifaceted nature of the challenges ahead, we approach them with humility, openness, and a commitment to continual improvement. As stewards of both environmental and economic sustainability, we pledge to remain at the forefront of innovation, driving positive change within our industry and beyond.

The Role of Energy Storage in Grid Decarbonization

Achieving deep decarbonization within the global energy system is a multifaceted endeavor, necessitating substantial reductions in emissions stemming from the power generation sector, which currently accounts for approximately 31% of total greenhouse gas emissions. Looking ahead, the electricity sector is poised to assume an increasingly pivotal role in the future energy landscape, largely owing to anticipated rises in electrification rates across various sectors. Efforts to decarbonize power systems typically revolve around two overarching strategies: firstly, enhancing the energy efficiency of existing infrastructure through measures such as upgrades to transmission and interconnection networks, as well as initiatives aimed at optimizing end-use energy consumption patterns. Secondly, a fundamental aspect involves the replacement of carbon-intensive generation sources with low- or zero-carbon alternatives, including renewables like solar and wind power, nuclear energy, and power plants equipped with carbon capture and storage (CCS) technology.

However, the integration of renewables into the power grid presents a unique set of challenges, primarily centered around the need to effectively balance supply and demand amidst the inherent variability of renewable energy generation. Unlike traditional fuel-based power plants, where electricity output can be readily adjusted by modulating the supply of fuel, renewable generation is contingent upon fluctuating factors such as sunlight availability and wind speeds. Consequently, ensuring grid stability and reliability in the face of such variability necessitates the deployment of innovative solutions.

Energy storage solutions are a vital enabler of grid flexibility, capable of mitigating the intermittency of renewable energy sources. By harnessing energy storage technologies, excess energy generated during periods of excess renewable output can be efficiently stored for subsequent use during periods of high demand or low renewable generation. With the correct systems in place, stored energy is seamlessly integrated into the grid to supplement electricity supply during periods of insufficient renewable generation, thereby bolstering grid resilience and facilitating higher penetration levels of renewables.

In essence, the successful integration of renewables into the power system hinges on a strategic combination of energy efficiency enhancements, the adoption of low- or zero-carbon generation sources, and the implementation of robust grid flexibility mechanisms such as energy storage. By embracing these multifaceted approaches, we can chart a course towards a more sustainable and resilient energy future, characterized by reduced greenhouse gas emissions and enhanced energy security.

Our Scope 2 Strategy

EnerSys has undertaken a comprehensive analysis of our global footprint to align our operations with ambitious decarbonization objectives. Through mapping of all our locations, we have assessed the prevailing energy landscape, considering utility-level, regional, and national decarbonization goals. This approach has revealed a promising trend: the vast majority of our facilities worldwide are situated in regions where there are clear, established targets aimed at achieving Scope 2 emissions neutrality by 2050.

Across the jurisdictions on the six continents where we operate, governments, utilities, and regional authorities have articulated robust commitments to transitioning towards low-carbon energy systems. These commitments encompass ambitious targets for reducing greenhouse gas emissions from electricity generation, thus aligning closely with our own corporate objectives of achieving Scope 2 emissions neutrality by 2050.

For instance, in regions where the transition to renewable energy sources is already well underway, such as parts of Europe and certain states in the U.S., utility-level initiatives and regional policies have set aggressive timelines for phasing out fossil fuel-based electricity generation. Similarly, at the national level, governments have enacted legislation and established frameworks to accelerate the deployment of renewable energy technologies and drive down emissions from the power sector. It should be noted that in many locations, notably in multiple European countries, Australia, California, New York and Texas, battery-storage is already playing a significant role the storage of intermittent renewables and ensuring grid stability.

Our analysis has revealed promising developments even in regions traditionally associated with high emissions intensity, such as China. While certain locations may present unique challenges due to the current energy landscape, we remain optimistic about the trajectory of decarbonization efforts in these regions. In China, for example, initiatives aimed at curbing air pollution and transitioning towards cleaner energy sources have gained significant momentum in recent years, with the government setting ambitious targets for renewable energy deployment and emissions reduction.

Despite the challenges posed by certain jurisdictions, our commitment to sustainability remains unwavering. Wherever our operations are situated, we are actively engaged in dialogue with local stakeholders, including policymakers, utilities, and community leaders, to advocate for policies and initiatives that accelerate the transition to clean energy. By collaborating with partners at all levels, we aim to overcome barriers to decarbonization and ensure that our global operations align with our ambitious Scope 2 emissions neutrality goal by 2050.

> **Enterprise Insight:** *EnerSys HQ hosts one of the largest solar arrays in the U.S. state of Pennsylvania. It consists of nearly 10,000 solar panels and produces around 7.5 GWh annually.*

In instances where regional or national decarbonization goals are not yet fully aligned with our objectives, we remain proactive in seeking opportunities to drive change. Whether through investments in renewable energy infrastructure, advocacy for policy reforms, or innovative partnerships with local stakeholders, we are committed to advancing the transition towards a sustainable energy future, one facility at a time[19]. Through our collective efforts and commitment to sustainability, we are confident that we can overcome challenges and realize our vision of a carbon-neutral future for EnerSys and the communities we serve.

Similar to our Scope 1 plans, we will continue to monitor, evaluate and report on our progress. EnerSys will adjust timelines, strategies and regional focus to maintain business and regulatory alignment, while ensuring needs and expectations of all our stakeholders are met.

As we embark on this transformative journey towards electrification and grid decarbonization, our commitment to sustainability, innovation, and corporate responsibility remains unwavering. By harnessing the potential of electrified energy systems and leveraging our expertise in energy storage solutions, we are poised to make substantial progress in reducing carbon emissions and fostering a more resilient and sustainable energy future. Together, we have the power to catalyze positive change and create a world where clean, renewable energy propels our collective journey towards a brighter tomorrow.

[19] *EnerSys understands that China, Mexico and a limited number of other locations do not yet have grid decarbonization goals aligned with our 2050 timeline. To this end we will consider the additional purchase of renewable energy credits and/or other direct or indirect purchase of carbon-free energy to ensure that our goal is met on or before the 2050 deadline.*

Conclusion

Our commitment to achieving Scope 1 greenhouse gas neutrality by 2040 and Scope 2 neutrality by 2050 is a testament to our dedication to a sustainable and environmentally responsible future. This Climate Action Plan Roadmap not only delineates our comprehensive roadmap but also underscores our unwavering commitment to transparency, accountability, and continuous improvement in our journey toward decarbonization.

As described in this Roadmap, our overarching aim is to transition away from fossil fuels, ensuring our operations are not only efficient but also aligned with global sustainability standards and the expectations of our investors, customers, employees, communities and other stakeholders. Our multifaceted approach focuses on both energy efficiency and a complete shift to clean energy sources, in a manner that aligns business with environmental priorities and recognizes the need to focus on the most impactful opportunities first. By prioritizing energy efficiency at the site and asset levels, we capture optimization opportunities that significantly reduce fossil fuel and electricity consumption. Concurrently, our fuel transition strategy involves identifying and implementing process and technology changes that facilitate the shift from fossil fuels to clean energy, coupled with the renewal of our infrastructure.

The substantial investments and commitments we have made, exemplified by the $20 million earmarked for sustainability initiatives from 2023 to 2028, reflect our commitment to fostering innovation and driving substantial decarbonization outcomes.

The outcomes of our transition extend beyond environmental sustainability, offering significant benefits to our entire enterprise. These include enhanced employee comfort and safety, operational expense reductions, infrastructure renewal, and establishing EnerSys as a leader in the low-carbon transition.

Our dedication to transparency is reflected in our commitment to keeping stakeholders informed about our progress and the measures we are taking to achieve our goals. By sharing updates and maintaining open communication, we reinforce our pledge to make data-driven decisions that align with our sustainability objectives. We will continue to engage with our stakeholders, providing regular updates on our progress and ensuring that our path forward is clear, accountable, and in alignment with our overarching aim of achieving comprehensive decarbonization.

As a leading manufacturer of energy storage solutions, EnerSys recognizes the pivotal role we play in the global decarbonization effort. Our products are essential in enabling renewable energy adoption and enhancing the efficiency of power grids, making us a crucial player in the transition to a low-carbon economy. This Climate Action Plan is not just about setting targets but about "walking the walk"—demonstrating our commitment to sustainability through concrete actions and measurable outcomes. By decarbonizing our operations, we not only reduce our own environmental impact but also lead by example, showing that it is possible to achieve ambitious sustainability goals while continuing to innovate and grow. Our dedication to reducing fossil fuel consumption and investing in clean energy technologies underscores our responsibility and commitment to contributing to a more sustainable future for all.

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This report, and oral statements made regarding the subjects of this report, contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, which may include, but are not limited to, statements regarding EnerSys' projections, plans, objectives, expectations and intentions to reduce emissions and emissions intensity, ability to influence, control and change the environmental impact of its business activities, the development of future technologies, business plans, and other statements contained in this report that are not historical facts, including statements identified by words such as "believe," "plan," "seek," "expect," "intend," "estimate," "anticipate," "will," and similar expressions. All statements addressing operating performance, events, or developments that EnerSys expects or anticipates will occur in the future, including statements relating to the Company's goals of achieving Scope 1 greenhouse gas neutrality by 2040 and Scope 2 neutrality by 2050 and ability to influence emissions related to its activities, as well as statements expressing optimism or pessimism about such plans are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are based on management's current views and assumptions regarding future events and operating performance, and are inherently subject to significant business, economic, and competitive uncertainties and contingencies and changes in circumstances, many of which are beyond the Company's control. The statements in this report are made as of the date of this report, even if subsequently made available by EnerSys on its website or otherwise. EnerSys does not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this report.

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