

## **ESB Annual General Meeting – Wednesday 26 April 2023**

### ***Statement by ESB ESOP Trustee Limited on behalf of the 7,000 participants in the ESB Employee Share Ownership Plan (ESOP)***

Chairman, thank you for inviting me to address the meeting on behalf of the ESOP, representing 7,000 participants who comprise both current and former ESB staff. Unlike the situation in recent years, these are now overwhelmingly current members of staff.

To begin, I would like to congratulate Michael Barry on his appointment to the Board in January 2023 and to recognise the contributions of Anne Butler and Andrew Hastings over their respective periods on the Board. In a similar vein, I would also like to congratulate Karen Halpenny, Owen Kilmurray, Grainne O'Shea and Trevor Walsh on their appointments to the Board as Worker Directors and to thank the former Worker Directors - Dave Byrne, Stephen Carrig, Sean Kelly and Tony Merriman. Tony was for many years a member of the ESOP Trustee Board. We pass on our best wishes to each of them.

Before moving on, I would also like to congratulate Paul Stapleton on his appointment to the Executive Team in October 2022.

Last year was yet another of extraordinary global uncertainty - particularly so in energy markets. Whilst recognising the difficulties faced by the general public as a result of high energy prices, ESB is to be commended in navigating the challenging market conditions – no small feat as has been shown by the serious difficulties faced by others operating in the energy sector.

As has come to be expected, the ESB, its Board, management and staff responded to and adapted to the many and varied challenges faced.

Turning to the financial performance of the ESB Group in 2022, an operating profit before exceptional items of €847m was delivered, with record capital expenditure of €1.4bn in energy infrastructure. The ESOP congratulates the Board, management and staff on this strong performance. While a large part of the profits derived from generation and the impact of the current pricing structure, nevertheless it is a creditable result given the challenges regarding fuel sourcing and general market volatility.

The extraordinary circumstances of 2022 have led to what we are told is a proposed once-off enhanced dividend of €327 million. As a stockholder in ESB, the ESOP and its participants are of course pleased to benefit from this dividend if it is approved by this meeting. However, as a long-term investor in ESB, we would make the point that if it is to deliver continued investment in energy infrastructure and achieve the stated net zero carbon emissions target

by 2040, ESB must maintain a strong, stable financial position. This requires long term planning and there are no quick fixes in an industry where short-term thinking is invariably punished. The Group's significantly increased level of debt, combined with the greatly increased dividend and threats of a windfall tax, combined with ongoing instability in energy markets and regulatory uncertainty here and in the UK makes an already challenging position even more so and gives any shareholder some cause for concern. Specifically in relation to the proposed windfall tax, we were most concerned to read reports of a statement attributed to the Minister that this tax could be applied retrospectively to last year. If those reports are accurate this would represent a very dangerous precedent that could certainly be challenged on constitutional grounds.

The ESB Group's operating environment will remain extremely difficult and uncertain for the foreseeable future and will undoubtedly further challenge the Company and its staff in the year ahead.

We thank you, the Board, Chief Executive, management and staff for the continued commitment to maintaining ESB's strength in these demanding times.

Turning briefly to the ESOP's own business, the tenth internal market in ESB stock was successfully held in September 2022 – and as I mentioned at the beginning, saw the final departure of ESOP participants who had left employment with the Group many years ago. We are currently preparing for this year's market.

The performance of the market is kept under review and, on behalf of the ESOP, I would like to again recognise and thank those involved from the Company and the Group of Unions for their support and engagement with us.

Finally, I would remind the meeting that as the ESOP Trustee votes certain of the stock at its own discretion and also represents at the meeting those participants who have the right to decide how to vote their ESB stock, I will be voting in accordance with those directions as well as at the direction of the ESOP Trustee Board. This, as has happened before, will result in a mix of abstentions and votes both for and against the motions and resolutions put to the meeting.

Thank you.

David Beattie  
ESOP Chairman  
26 April 2023