

## Environmental, Social, Governance Strategy. Naked Energy Ltd.

This document summarises the ESG (Environmental, Social, and Governance) strategy for Naked Energy. Our primary goal is to integrate sustainability and responsible business practices into the core of our operations, reflecting our commitment to making a positive impact. In the coming year, our ESG strategy will focus on several key objectives:

- 1. Diversity, Equity, and Inclusion (DEI):** We are dedicated to fostering a workplace that values diversity, ensures equity, and promotes inclusion. Our long-term DEI initiatives will encompass recruitment, training, and an inclusive work culture, with the aim of creating a team that reflects the diversity of our community.
- 2. Carbon Abatement:** Environmental responsibility is paramount. Our primary focus during the upcoming financial year would be increasing the tonnage of CO<sub>2</sub> that our customers save by installing Virtu products. Further to that, we will work diligently at quantifying the Scope 1,2,3 carbon footprint from our business operations and make informed sustainability-conscious decisions subsequently.
- 3. Community Engagement:** Social engagement is a core component of our ESG strategy. We are committed to giving back to the communities where we operate. We will encourage and support volunteering efforts among our employees, seeking to make a positive difference through community involvement.
- 4. Governance:** Strong governance is the foundation of our ESG approach. We will maintain the highest ethical standards, transparency, and accountability in our operations. Our governance framework will prioritize stakeholder interests and executive board compliance with relevant regulations.
- 5. Supply Chain Traceability:** In pursuit of responsible sourcing, we will enhance our supply chain traceability efforts. This will involve tracking the origins and impacts of our products and services, ensuring that they align with our sustainability objectives. We will monitor our key suppliers against the standards set out in the *UN Guiding Principles on Business and Human Rights (UNGPs)* and the *OECD Guidelines for Responsible Business Conduct* and require them to make continuous improvement towards meeting these guidelines.

## *Diversity, Equity and Inclusion*

Naked Energy is committed to the comprehensive exploration of Diversity, Equity, and Inclusion (DEI) practices and priorities tailored to the distinctive context of a startup organization. In pursuit of this goal, a dedicated Purpose Team has been established within the company, entrusted with the vital mission of scrutinizing the existing DEI provisions and conducting a thorough assessment of the current requirements of our valued employees.

This influences a range of critical DEI practices, including but not limited to:

- Enhancement of Naked Energy's hiring practices and role advertisements to embed DEI principles.
- Implementation of customized on-the-job training and skills management initiatives with a DEI focus.
- Promotion and cultivation of inclusive leadership, fostering an environment of respect and belonging.
- Commitment to Equity in Pay and Promotion, ensuring fairness and opportunity for all.
- Encouragement and facilitation of community engagement, amplifying our dedication to social responsibility and employee engagement.

## *Carbon Abatement*

In alignment with the United Nations' Sustainable Development Goals (SDGs), specifically SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action), Naked Energy is dedicated to tracking the quantifiable reduction in CO<sub>2</sub> equivalent emissions achieved through the installation of our Virtu technology.

In Fiscal Year 2024, Naked Energy delivered Virtu technology to clients, contributing to the cumulative abatement of 1,500 metric tonnes of CO<sub>2</sub> per annum. This achievement underscores our relentless pursuit of environmentally sustainable practices and our unwavering dedication to addressing global climate challenges.

## *Environmental focus and Supply Chain ESG*

During 2023 and 2024, the Operations Team at Naked Energy conducted a review of the supply chain associated with Virtu products. ESG questionnaires were sent to all suppliers and the responses used to prioritise suppliers for further ESG assessment.

A shortlist of Chinese suppliers was compiled and a local audit partner identified to support in-person factory inspections by Naked Energy staff, to complete ESG audits of these suppliers. Four suppliers were visited in 2024 and reviewed across ESG categories including Sustainability, Human Capital Development and DEI, Environmental Impact, Health and Wellbeing (of employees) and

Governance and Accountability. These audits were used to prioritise actions during 2025, both at these four suppliers and also in identifying new suppliers and increasing supply chain resilience.

Additionally, Naked Energy has started monitoring the company's Scope 1, 2, and 3 emissions. This assessment will provide a vital baseline for our future ambition to reduce emissions, contributing to our vision of a sustainable and eco-conscious future.

## *Social focus*

Apart from our core commitment to Diversity, Equity, and Inclusion (DEI), Naked Energy recognizes the profound social responsibilities inherent in our business activities. This encompasses our impact on both our internal and external spheres of influence.

Internally, Naked Energy is resolute in its dedication to fostering a positive working environment. We continuously nurture our employees' motivation to pursue additional professional development through Continuing Professional Development (CPD). This investment in our team's growth materializes through various avenues, including on-the-job training, access to external courses, and the attainment of professional qualifications. Naked Energy has started to track the training hours committed by our personnel, establishing a baseline for future years and reinforcing our commitment to nurturing professional growth.

Furthermore, our aspiration extends to the creation of a robust volunteering framework within the organization, affording every employee the opportunity to contribute their time to meaningful causes. We have allocated a volunteering allowance of 20 hours per annum per employee, providing an avenue for our team to actively participate in giving back to our community.

Externally, Naked Energy is poised to engage our customers and stakeholders in the development of a thorough feedback mechanism. This mechanism will be instrumental in enhancing the quality of our product offerings and services, ensuring that our commitments to excellence and responsibility are upheld.

## *Governance focus*

At Naked Energy, we hold a steadfast commitment to transparency in governance. In appointing and promoting to our senior management team and our Board, we strive to achieve an enhanced diversity and inclusivity. We track DEI metrics both for our employees and our Board members, with the aim that our Board's composition reflects our values of fairness and equal representation. Moreover, we recognize the paramount importance of thorough due diligence when welcoming new Board members and investors into our organization.

In a significant stride toward accountability, we will ensure that all C-Suite employees receive an annual review and that these encompass the critical ESG (Environmental, Social, and Governance) metrics outlined in this strategic document. These metrics will be intrinsically linked to the performance evaluation process, emphasizing our dedication to responsible and ethical leadership.