

2023 JUST TRANSITION NOTEBOOK

The ENGIE logo is positioned at the bottom center of the page. It features a white, curved line above the word "ENGIE" in a bold, white, sans-serif font. The background of the entire page is a photograph of a rural landscape with rolling green hills, a cluster of houses with red-tiled roofs, and several tall, white wind turbines with red-tipped blades against a blue sky with scattered clouds.



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without a just transition

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THERE WILL BE NO TRANSITION WITHOUT A JUST TRANSITION

While today it is understood, accepted and even, in some ways, anticipated, the transition to a Net Zero Carbon economy implies meeting a number of major challenges for its perfect implementation, including the challenge of ensuring that such transition is just.

A TRANSITION THAT ASKS QUESTIONS

How to move from one world to the other? How to support each person in the ecological and energy transition? How to meet the societal and human challenges of a decarbonized world?

Even if the energy transition brings positive results, it must, however, be implemented with care. If not, it risks not only exacerbating existing societal challenges, but also weakening the most exposed employees, supply chains, communities and consumers, slowing the zero-carbon transition and exacerbating environmental problems.

ENGIE is convinced that the success of the energy transition is much more than a technological adventure. This idea is recalled in its purpose: *“To act to accelerate the transition to a carbon-neutral economy [...] and reconcile economic performance with a positive impact on people and the planet.”* It is also based on the preamble of the Paris Agreement (December 2015) and on the reflections of the International Labour Organization on the just transition, defined as a strategy to mitigate the negative consequences of the transition to sustainable economic models, while maximizing its positive effects.

A JUST AND AMBITIOUS TRANSITION PLAN

The plan to transition toward Net Zero Carbon by 2045 presented by ENGIE in 2021 is based on a well-below 2°C certified trajectory. In line with the Paris Agreement and the guidance of the International Labour Organization, it was designed in its societal dimension for its customers and for the Group to lay the foundations for long-term sustainable growth. The Group’s objectives for an affordable, reliable and sustainable energy transition resonate with the challenges facing society, climatic challenges, energy market challenges and those of its stakeholders.

The current energy price volatility and the war in the European continent, underpinned by the climate emergency, proves the relevance of ENGIE’s strategy to offer a balanced, resilient and affordable energy mix. This plan aims, in particular, to:

- **ensure** that customers, and in particular low-income customers, have access to affordable and sustainable energy thanks to innovative offers;
- **commit** to territorial projects with the involvement of local communities;
- **guarantee** quality social dialog at all levels, offer social protection to all employees worldwide, guarantee their employability through training and retraining and through providing support during restructuring;
- **establish** stringent standards in terms of labor law, human rights and sustainability throughout the supply chain, promote inclusive procurement and engage with suppliers in their own transition.

To achieve this, ENGIE relies on its approach of transparency and co-construction with civil society. This plan was presented at the end of 2022 to encourage discussions with a Stakeholders’ Committee composed of associations, responsible investors, economists, institutions and activists. The Group has given itself one year to develop and present indicators that are in line with its ambitions to the Committee.

“The strategy implemented aims to mitigate the negative consequences of the transition to sustainable economic models while maximizing its positive effects.”



OFFER AFFORDABLE ENERGY TO AS MANY PEOPLE AS POSSIBLE

For customers, the just transition becomes a reality through the roll-out of affordable energy initiatives to preserve household purchasing power and contribute to maintaining the competitiveness of companies.

GIVE CONSUMERS CONTROL

For ENGIE, it is essential to offer its consumers, located primarily in France and Belgium, clear and transparent information on the energy transition, the energy savings and on the issue of energy efficiency.

The challenge is to ensure that consumers have all the tools they need to control their consumption and the amount of their bill.

With this in mind, the Group launched **“Mon programme pour agir” (My Program to Act)**, a solution that encourages French customers by rewarding their energy savings actions. The points earned when they complete eco-responsible challenges are then reinvested, if they wish, in environmental or social initiatives.

At the same time, the Group marketed in France three connected and smart services designed for individuals to help them mitigate the escalation in energy costs and raw materials. These solutions allow them to receive personalized advice, manage a target budget, and monitor and control their consumption and comfort remotely.

These solutions are:

- **“Mon Pilotage Elec” (My Elec Management)**: a connected solution to program and manage electric radiators.
- **“Ma Conso+” (My Consumption+)**: a solution to measure the consumption of electrical devices in real time designed in partnership with Netatmo (a company specializing in connected objects). Since October 2022, it has included an offering dedicated to customers in financial difficulties.
- **“Mon Pilotage Gaz” (My Gas Management)** for gas heating: a solution providing control so that individuals can find the right balance between budget and comfort, designed in partnership with Netatmo.

ENGIE Belgium also works with its customers to help them reduce their energy consumption. In fact, the Group allows customers who live in the Flanders to monitor the change in their daily consumption using the website and a mobile app.

ENGIE has also strengthened its call centers with an additional 200 employees to ensure better accessibility to the information and handle the soaring number of calls, which has tripled to 120,000 per week.

FIGHT FUEL POVERTY

The Group's social commitment has been the heart of its concerns for many years. Every year since 2010, ENGIE has contributed €6 million to the **Fonds de Solidarité Logement (French solidarity housing fund)**. In 2022, this donation was doubled for that year. The Group also decided to grant **additional assistance** of €100 on average per household to its 880,000 financially insecure individual customers, who are beneficiaries of the energy check granted by the government and hold an energy contract, assistance totaling €90 million.



In addition, ENGIE Belgium offers its customers **payment facilities** without cost and collaborates with several social assistance centers to manage the debt of customers in serious financial difficulties.

ENGIE doesn't forget its industrial and tertiary customers thanks to a **fund of €60 million** that will be used to exempt them from the guaranties required to contract their energy supply in 2022.

In this way, the Group strengthens its role of facilitating access to controlled and optimized energy consumption.

PROVIDING SUSTAINABLE ENERGY TO UNCONNECTED CUSTOMERS

Because more than a billion people around the world still lack access to electricity, ENGIE has invested in companies providing access to clean, affordable and reliable energy to populations far from any grid.

Thus, in 2011, ENGIE created the "ENGIE Rassembleurs d'Énergies" social impact fund, which invests minority shares in social enterprises that offer innovative and sustainable energy solutions to these populations. By the end of 2022, RDE had committed more than €38 million to 22 companies. These companies have provided access to clean and affordable energy to 7.8 million beneficiaries worldwide and generated over 32,000 jobs.

880,000

financially fragile individual customers have benefited from additional financial assistance

3
connected services rolled out to manage gas and electricity consumption

DEVELOPING AND SUSTAINABLY SUPPORTING THE COMMUNITIES

A just transition is based on the creation of local and sustainable value and the development of new industrial divisions without forgetting local stakeholders.

By controlling the local context and challenges, ENGIE intends to develop projects best adapted to each community and thus obtain positive benefits that contribute to their resiliency. The development of projects such as biomethane, renewable hydrogen or offshore wind farms impact the economy, industrial excellence and local dynamism. These projects can succeed only with perfect cooperation with the public authorities, municipalities, local economic players and civil society.

Between 2021 and 2023, the Group has made considerable investments to support territorial development within regions, with €15 billion-€16 billion in growth capex, 90% of which was for transition-related activities. Activities that benefit from the roll-out of ENGIE's **TED label** (*Transition Énergétique Durable - Sustainable Energy Transition*), dedicated to **renewable energy**, that guarantees the preservation of nature, the involvement of operators and the contribution to the fight against climate change.

HAZELWOOD, A REHABILITATION PROJECT LED BY THE STAKEHOLDERS

As a responsible operator, ENGIE has set out a **transformation plan** which focuses only on low-carbon projects for electricity production, in renewables and natural gas. The 2017 closing of the Hazelwood coal-fired power plant and its adjoining mine in the Australian state of Victoria is in line with this strategy of a gradual exit from the coal assets in its portfolio.

This decision followed the terrible natural fires in 2014 that lasted 45 days. These fires, which were not the Group's responsibility, affected the Hazelwood plant, which was commissioned in 1964 and had reached its operational life span.

As ENGIE had decided to abandon coal-based electricity production and given that compliance had become impossible under the current standards, the Group made the decision to close the plant and the mine in March 2017.

ENGIE's commitment to the energy transition in the communities includes the construction of a **150 MW battery storage project (HBESS)** on the former Hazelwood site, which should be operational early in 2023. It has the capacity to store the equivalent of one hour of energy production from the rooftop solar systems of 30,000 Victoria homes, thus playing an essential role in the increase of the state's energy capacity and the stability of the grid.

At the same time, the Group launched a large project to dismantle and rehabilitate the site in cooperation with the stakeholders. It plans to transform the site into a mining lake. This will create a safe, stable and sustainable landform and fill the existing mining hole with water to manage land movements and fires. ENGIE is currently preparing an Environmental Effects Statement (EES) on this proposal. The technical studies and impact management plans will be made available to the public to collect comments from stakeholders and the community, which will be reviewed by an independent committee and by the Minister of Planning for the state of Victoria.



“Most of the investments made by the Group in the communities focus on activities that support the acceleration of the energy transition.”



ENGIE BRAZIL'S SOCIAL INITIATIVES

Another relevant contribution to sustainable projects in the communities is ENGIE Brazil's social initiatives, which promote the well-being of local populations living close to its sites. The purpose of the arts and sustainability centers, created in 2011, is to promote local customs and traditions, social and digital inclusion, etc. They are managed by the communities themselves near ENGIE's production sites and facilitate the social, cultural and environmental development of small local authorities in several regions in Brazil. **Six centers** are currently in operation and three are under construction.

The launch of the wind farm complex in Trairi (State of Ceara in northeastern Brazil) with a capacity of 213 MW was

also the occasion for ENGIE Brazil to work with the local community and contribute to the improvement of the health and access to education of its population. The different initiatives developed include the contribution to the *Criança Saudável, Futuro Saudável* (Healthy Children, Healthy Future) program run by the NGO Instituto Melhores Dias, which has benefited 5,000 children in local public schools and which promises health and environmental education and medical care, and the *Femme dans Notre Quartier* (Woman in our Neighborhood) program that assists women in socially vulnerable situations.

For the Group, these provide a positive contribution to territorial development, while respecting local communities.



CONSIDER THE SOCIAL IMPACTS OF THE ENERGY TRANSITION

In line with its purpose, ENGIE is developing the principles of a just transition to anticipate the social consequences inevitably caused by the transition to a decarbonized economy.

INCLUDE EMPLOYEES IN THE TRANSITION PROCESS

At ENGIE, employee dialog includes **consultation practices** to allow employee representatives to influence decisions at each stage of the Group's reorganization. This innovative process is implemented over the entire territory with the unions and regional public authorities.

In accordance with its commitments, **in 2022 ENGIE signed an agreement** with three world union federations and four of the Group's union organizations. In this way, it reaffirmed its commitment to respect international standards on labor and human rights.

THERMAL BUSINESS LINE

The Flex Gen & Retail GBU has defined an ambitious roadmap to a greener portfolio. A process is under way, thanks to the "ExpAND"⁽¹⁾ program, to identify experts in the thermal sector internally in order to train them in the challenges of energy storage using hydrogen or batteries.

(1) ExpAND: Group community of experts program

ENSURE A COMMON SOCIAL PROTECTION BASE

In 2020, the Group rolled out the world social protection program "**ENGIE Care.**" Designed with the international union federations, it protects employees against the hazards of life. "ENGIE Care" will be expanded in 2023 (14-week maternity leave, minimum four-week paternity leave, payment of a minimum benefit of 12 months of salary in the event of total disability).

DEFINE A TRAINING AND DEVELOPMENT PLAN FOR ALL

The Group's reorganization involves abandoning certain sectors as well as the appearance of new industries; this implies a **profound change in its business lines** and the appearance of personnel shortages in some activities. This is why ENGIE is pursuing **a strategy to transfer expertise** along three vectors: early management of skills; stronger internal mobility; and professional training goals for all employees. Different training programs are developed by ENGIE University to meet this need.

"ENGIE CARE" – FOUR COMPONENTS

Hospitalization	Life cover
Disability (permanent and total)	Maternity and paternity leave and co-parenting

RESPONSIBLY MANAGE RESTRUCTURING

ENGIE has set a goal of withdrawing from coal in 2025 in continental Europe and in 2027 worldwide. Committed to a just transition, the Group prioritizes the closing and reconversion of the power plants with assistance in the transition from all stakeholders. If this is impossible, ENGIE then plans their sale and potential relocation of the employees.

CHILE

In Chile, ENGIE has implemented a plan to transform its operations in consultation with the Chilean government, unions and local organizations. It provides for the development of 2 GW of renewable energy capacities and the end of the coal-based electrical production units by 2025. The closing of the six coal-fired plants is scheduled for 2025 with the conversion of the three newest sites to gas or biomass. The first two units were converted without any complication.



ENSURE THE POSITIVE IMPACT OF SUPPLIERS ON PEOPLE AND THE PLANET

Guided by its purpose, ENGIE ensures respect for human rights in its supply chains, supports its suppliers in their decarbonization trajectory and takes into account solidarity in its purchasing strategy.

RIGOROUS SUPPLIER SELECTION

To succeed in ENGIE's just transition project, Purchasing contributes to risk reduction in the supply chain through rigorous supplier management as part of the Group's vigilance plan.

They must **apply ENGIE's ethics and CSR requirements**: respect the right to work and human rights, offer equitable and decent compensation, and provide a safe working environment. They must also participate in sector initiatives (for example: SolarPower Europe), and undertake training to understand ethics and CSR imperatives.

Evaluations are conducted to monitor priority suppliers via the EcoVadis platform. Suppliers that receive less than 45 points must set up a corrective action plan monitored by EcoVadis.

INDISPENSABLE DECARBONIZATION

The **greenhouse gas emissions reduction criterion** is clearly identified and quantified in the **selection** of suppliers. This is why ENGIE engages them and supports them in their path

to decarbonization, particularly the smallest businesses. Thus, ENGIE Peru offers its suppliers an annual training plan consisting of five sessions on sustainable development.

SOLIDARITY PURCHASES IN THE PURCHASING STRATEGY

Strongly tied to national regulations and culture, the **notion of inclusive or responsible purchasing** is specific to each country. In France, it is directed toward suppliers who allow access to employment and sustainable income for **disabled persons**, the **long-time unemployed**, or to **persons without training**, as well as for businesses located in **disadvantaged areas** and to independent SMEs. Inclusive purchasing meets the French government's high expectations for businesses in terms of hiring people in financial difficulty, the expectations of customers in the public and private sectors, the willingness to diversify purchasing sources, and the willingness of ENGIE to act as a responsible operator.

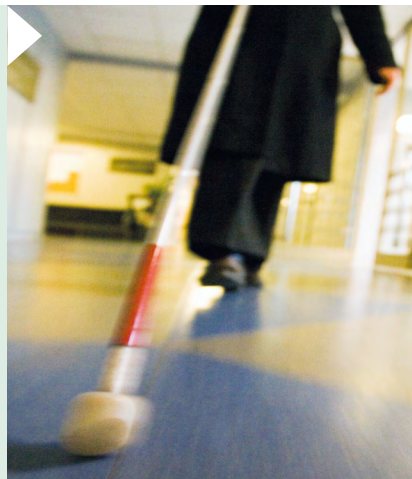
THE SEVEN PRINCIPLES FOR RELATIONS WITH SUPPLIERS:

- 1 **Respect the laws, regulations, external standards, Group commitments and internal procedures;**
- 2 **Act towards suppliers with equity, transparency and impartiality;**
- 3 **Respect and ensure compliance with mutual commitments;**
- 4 **Protect personal data and the confidentiality of all information exchanged;**
- 5 **Communicate and respect the Group's commitments in ethics and personal data protection, sustainable development and social responsibility;**
- 6 **Prohibit any conflict of interest that could alter objectivity and independent judgment;**
- 7 **Raise an alert in the event of situations against these rules.**

PARTNERSHIP WITH THE PROTECTED AND ADAPTED WORK SECTOR

On October 3, 2022, Catherine MacGregor, ENGIE Chief Executive Officer, signed a national agreement with the GESAT Network (the national network of companies in the sector for employment protection and adaptation for people with disabilities), which is composed in France of 2,250 ESAT and adapted companies.

This agreement means all our entities in France, their buyers and suppliers are now able to access the services of the GESAT Network and thus promote access to employment for persons with disabilities.





1 Place Samuel de Champlain, Fbg de l'Arche
92930 Paris la Défense Cedex

France

www.engie.fr

