

Synthesis on ENGIE lobbying referring to climate issues

ENGIE wishes to be active on the evolution of its environment by helping, in its fields of competence, its clients to implement the sustainable development objectives of the United Nations. In particular, as part of its Raison d'Être (Purpose), ENGIE proposes to its clients to decarbonize their activities.

This action also involves the Group taking positions on changes to the conditions affecting its activities, and more particularly on changes in regulations. These positions are expressed either directly through the various communication channels used by ENGIE, or indirectly through associations to which the Group belongs.

The engagement of ENGIE on climate issues

The Group has sharply reduced its emissions over the past five years. Aware of its responsibility with regard to climate change, the Group sees the reduction of its CO₂ emissions as a major challenge, which has led it to implement an early action plan, supplemented by international objectives and commitments and to a detailed reporting:

- promotion of the most efficient and virtuous technologies (energy efficiency, condensing boilers, heat pumps, renewable energies, etc.)
- Involvement in the construction and global support of the international framework for the fight against climate change through joining initiatives such as the World Bank's Prototype Carbon Fund, Caring for Climate (United Nations Global Compact) or the Task-force on Climate related Financial Disclosures (TCFD). ENGIE supports the UNFCCC process, including the acceleration of NDCs to achieve the Paris Agreement goal of limiting global warming to well below 2°C and towards 1.5°C.
- Support for initiatives to develop carbon prices (Carbon Pricing Leadership Coalition, WEF Climate Leaders, Strengthening the ETS price signal, Quinet Commission in France, etc.) and adoption in 2015 of an internal carbon price that facilitated the phasing-out of coal activities.
- Improved reporting quality and transparency and adoption of the TCFD recommendations.
- Adoption in 2014 of an ambitious objective to reduce the carbon intensity of our electricity production by 20% by 2020.
- Continuous attention paid to the control of methane emissions, through reduction actions in our own infrastructures and sites and the demand for guarantees in this area from our suppliers.
- Continued long-standing climate dialogue with NGOs and dialogue with investors. Speaking of public authorities and governments, ENGIE gives its support to economy-wide net zero GHG emission targets by 2050 (e.g. E.U.) and to increased but shared climate regulation in order to avoid windfall effects, and has been a signatory of the call signed by several European companies to set the European GHG reduction target to -55% by 2030

Ambitious targets for 2030

ENGIE is determined to be aligned with the Paris Agreement and is drastically reducing emissions related to its industrial activities. It has obtained SBT validation at the beginning of 2020 for its strengthened emissions reductions 2030 targets, a step toward the Group's carbon neutrality:

- reduce by 52% the rate of emissions per kWh of energy production between 2017 and 2030
- reduce by 34% the emissions linked to the use of the Group's products sold between 2017 and 2030

These reductions cover 95% of our overall emissions.

The Group also acts on emissions related to its entire value chain. Its action includes defining with all its entities neutrality trajectories for emissions related to the ways of working (building, IT, business travel and commuting, professional catering, etc.) and the definition of action plans on the various supply chains. With regard to its customers, ENGIE develops consultancy offers and decarbonization solutions in order to become the leader in decarbonization services.

The Board of Directors has set four objectives for 2030: two GHG emission reduction objectives for our energy production (target of 43 Mt CO₂) and for the use of products sold (target of 52 Mt CO₂), in line with our SBT commitments, supplemented by systematic decarbonization offers to all our customers and the prioritization of SBT-certified suppliers for all our preferred suppliers.

Climate-focused R&D

The challenge for R&D is to continue guaranteeing access to energy, vital for human activities, without impacting the climate or ecosystems. The fastest, cheapest and most reliable way to achieve carbon neutrality is through a mix of low-carbon electricity and fuels and energy efficiency. The numerous research topics include low-carbon electricity generation from wind, solar and geothermal energy, and the production of low-carbon gases such as biomethane, synthetic methane, hydrogen and hydrogen carriers (ammonia, formic acid and methanol). Other important levers are being investigated such as technologies that reduce the amount of CO₂ in the atmosphere through carbon sequestration, direct air capture and soil carbon sequestration. In addition, the use of such tools as drones, robots, sensors and artificial intelligence is being studied. Lastly, intelligent and efficient uses of energy through energy storage, smart devices and user education can be relied upon to change behavior and habits.

At ENGIE, the programs carried out by our researchers are organized around these topics, alongside our scientific and academic partners, and aim to facilitate the deployment of these alternatives, notably by reducing their cost, so that research can help accelerate the transition toward sustainable solutions that preserve biodiversity, the climate and social inclusion.

Lobbying activities

The industry associations ENGIE is a member of, are numerous and diverse. Some are dedicated to a specific object linked to the climatic challenge, others are embracing broader issues. Some are clearly oriented to lobbying and influence activities, some are closer to “think tank” institutes allowing common understanding and expertise with, from time to time, the elaboration of standards or common commitments. The Group takes part in the European Union's and in the French Transparency Registers respectively.

Before joining these associations, ENGIE considers several issues related to ethics, to business interest, to resources allocation and to reciprocal positions alignment. In the event that the positions of these associations are in opposition to those defended by the Group, with regard to the fight against climate change among other issues, ENGIE may decide not to join. This has happened in the past, for example, with an association refusing to promote non-electric renewable energies. The membership decision is submitted to the Executive Committee and the internal alignment for positions to be expressed in these associations meetings are coordinated by the ExCom with the help of a dedicated team reporting to the General Secretary and, when relevant, a French institutions relations team reporting to the CEO.

The Group elaborated and adopted a Code of Conduct dedicated to lobbying activities in order to set out its expectations for working with its business partners and lobbying associations: https://www.engie.com/sites/default/files/assets/documents/2020-02/Codeofconductlobbying_ENGIE.pdf

Associations in Scope of the Review

Association Française des Entreprises Privées (AFEP) (France)

Association Française du Gaz (AFGAZ) (France)

Bioenergy Europe (Europe)

BTeam (International)

Business Europe (Europe)

Business for nature (International)

Carbon Pricing Leadership Coalition (CPLC) (International)

Cedigaz (International)

Cogeneration (COGEN - Europe)

Comité stratégique de filière – Nouveaux systèmes énergétiques (France)

Conseil National de l'Hydrogène (France)

CSR Europe (Europe)

Eurelectric (Europe)

Eurogas (Europe)

European Association for Storage of Energy (EASE) (Europe)

European Biogas Association (EBA) (Europe)

European Clean Hydrogen Alliance (Europe)

European Federation of Intelligent Energy Efficiency Services (EFIESS - Europe)

European Geothermal Energy Council (EGEC - Europe)

European Round Table (ERT) (Europe)

European Solar Thermal Electricity Association (ESTELA - Europe)

Evolen (France)

France Hydrogène (France)

France Industrie (France)

France Nature Environnement (FNE) (France) – NGO Partnership

Gas Infrastructure Europe (GIE) (Europe)

Global Compact (UNGC) (International)

Global Gaz Centre (International)

Hydrogen Europe (Europe)

International Chamber of Commerce (ICC) (International)

International Emissions Trading Association (IETA) (International)

International Gas Union (International)

International Union for Conservation of Nature (IUCN) (International) – NGO Partnership

MEDEF (France) via AFGAZ membership

MEDEF International (International)

Natural and bio Gas Vehicle Association (Europe)

Net Zero Initiative (International)

Observatoire Méditerranéen de l'Energie (International)

SolarPower Europe (Europe)

Surfrider (France) – NGO Partnership

Sustainable Biomass Partnership (SBP) (International)

Syndicat des Energies Renouvelables (SER) (France)

Union Française de l'Electricité (UFE) (France)

Union Professionnelle des Industries Privées du Gaz (UPRIGAZ) (France)

World Business Council for Sustainable Development (WBCSD) (International)

We mean business (International)

WindEurope (Europe)

World Biogas Association (International)

World Energy Council (WEC) (International)

World Economic Forum (WEF) (International)

ENGIE deploys its lobbying activity in professional associations of which it is a member. ENGIE works to bring the positions of these associations into line with its own positions, which may nevertheless be different even though it is a member. **When an association of which the Group is a member takes a position that differs significantly from that of ENGIE, this disagreement is discussed between the various internal departments concerned within the Group. When the topic is climate-related, the CSR Department is systematically consulted. The discussion is then submitted to the CEO for arbitration.**

The majority of the Group's lobbying activities take place in France, in Belgium and at the European level . They are all declared in the public registers provided for that purpose in France and Europe. Lobbying expenditure amounts to approximately €2 million each year.

In terms of content, in addition to universal positions about the need to commit to emission trajectories compatible with the Paris Agreement, and the resulting International, European and National Climate policies, the interest of putting a price on carbon and strengthening R&D on zero-carbon technologies, the need for clear climate policies coming from national and local governments, ENGIE defends the role of gas in accelerating the energy transition, which is essential for the rapid removal of coal and the resilience of the electricity system powered by intermittent renewable energies, a gas that will be required to switch from fossil fuels to biogas and hydrogen in the next decades. ENGIE is also supporting the concept of Just Transition, putting it into action in real cases (See 2020 ENGIE Integrated report p60).

The Group strives to ensure that all its lobbying actions are aligned with its "Raison d'Être" (*Purpose*) adopted in 2020 at its general meeting and included in its bylaws: **ENGIE's purpose is to act to accelerate the transition towards a carbon-neutral economy, through reduced energy consumption and more environmentally-friendly solutions. The purpose brings together the company, its employees, its clients and its shareholders, and reconciles economic performance with a positive impact on people and the planet. ENGIE's actions are assessed in their entirety and over time.**

For this reason, and through the means previously mentioned, the Group monitors that the lobbying organizations to which it belongs lobby in line with the objectives of the Paris Climate Agreement.