



## Green Bond Framework

**ENGIE is committed to successfully addressing the energy challenges of coming decades by producing energy that emits low CO<sub>2</sub>. The environment, universal access to energy and the quest for innovation are all key commitments for the Group. ENGIE strategic ambition is to lead the energy transition.**

### Introduction

ENGIE develops its businesses - (i) low CO<sub>2</sub> power generation, (ii) global networks, and (iii) customer solutions - around a model based on responsible growth to take on the major challenges of the transition to a low-carbon economy: access to sustainable energy, climate-change mitigation and adaptation and responsible use of resources. The Group provides individuals, cities and businesses with highly efficient and innovative solutions largely based on its expertise in key sectors: renewable energy, energy efficiency and preservation of natural resources. As a global energy player, ENGIE operates in close to 70 countries on 5 continents.

ENGIE has developed a management approach designed to limit its environmental impact. By developing renewable energies, optimizing its production facilities' energy efficiency and preserving natural resources, ENGIE contributes to the fight against climate change and to the preservation of natural resources.

In this regard, ENGIE has identified a number of "Sustainable Development Goals" (SDGs), as defined in September 2015 by the United Nations for the period 2015-2030 that are particularly relevant for the Group:

- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 6: Ensure availability and sustainable management of water and sanitation for all
- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12: Ensure sustainable consumption and production patterns
- Goal 13: Take urgent action to combat climate change and its impacts
- Goal 14: Conserve and sustainably use of the oceans, seas and marine resources for sustainable development
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation, and halt biodiversity loss
- Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

To support its strategic ambition, and to demonstrate its impacts on society, the Group committed in 2016 to six new ambitious Corporate Social Responsibility ("CSR") objectives to be achieved by 2020:

1. a customer satisfaction score of 85% among its B2C customers;
2. a production portfolio containing 25% renewable energy;
3. a 20% reduction in the ratio of CO<sub>2</sub> emissions per energy produced, in g/kWh, as compared with 2012;

4. 100% coverage of the Group's industrial activities by an appropriate mechanism for dialogue and consultation with its stakeholders;
5. a workforce comprising at least 25% of women;
6. a work-related internal accident frequency rate of less than 3.

**2016 CSR achievements confirm that the Group is on track and fully committed to implementing its sustainable growth strategy.**

## **1. Objectives of the Green Bond Framework**

ENGIE is committed to playing an important role in the development of the Green Bond market as an important mean to channel more investments towards climate change mitigation.

This Green Bond Framework has been created to facilitate transparency, disclosure, and integrity of ENGIE's Green Bond issuances as recommended in the Green Bond Principles 2016. Published by the International Capital Markets Association ("ICMA"), the Green Bond Principles introduce voluntary process guidelines for best practices when issuing Green Bonds. In alignment with the Green Bond Principles, of which ENGIE is currently an Executive Committee member, ENGIE Green Bond Framework is presented through four pillars: (i) use of proceeds, (ii) process for project selection, (iii) management of proceeds and (iv) reporting. Information about the external assessment is also provided.

This framework will apply to any Green Bond issued by ENGIE after its publication.

## **2. Use of Proceeds**

The net proceeds of the issuance of each Green Bond ("the Notes") will be used to fund - in whole or in part – the following **Eligible Green Projects**.

### **1. Eligible Renewable Energy Projects**

This includes the financing of, or investments in, the conception, construction and installation of renewable energy production units. It covers energy produced from renewable non-fossil sources. It includes hydro, geothermal, wind, solar, biogas, biomass and any other renewable sources of energy. It may include additional types of projects to be included in future updates of the Green Bond Principles' renewable energy category. Biomass projects may be included subject to local production and lack of conflicting utilization of the resources. Large hydroelectricity production may be included, subject to the development of a recognized international standard for Green Bonds, including inter alia Climate Bonds Initiative, UNFCCC Clean Development Mechanism, IFC Reference Standards for hydro projects or equivalent, and the conformity of ENGIE projects to such international standards.

### **2. Eligible Energy Efficiency Projects**

This includes the financing of, or investments in, projects that contribute to a reduction of energy consumption per unit of output, such as – for instance – heating and cooling network (which recover heat sources that would otherwise be lost), co-generation, optimization of buildings or plant efficiency, systems for energy management (Smart Grids, Smart Metering), and more generally energy and facility management solutions. It may include additional types of project to be included in future updates of the Green Bond Principles' energy efficiency category.

### **3. Eligible Natural Resources Preservation Projects**

Financing of, or investments in, projects that contribute to a reduction of natural resources consumption, such as – for instance – water and/or waste management. It may include additional types of project to be included in future updates of the Green Bond Principles' pollution prevention and control and sustainable water management categories.

**Eligible Green Projects** include:

- financing of, and investments in Eligible Renewable Energy Projects, Eligible Energy Efficiency Projects, and Eligible Natural Resources Preservation Projects ;
- majority acquisitions of companies and minority equity participations in entities specialized in any of the 3 above categories (e.g. participations into the “Rassembleurs d’Energies” fund);
- research and development (“R&D”) investments which aim at developing new products and solutions in renewable energy, energy efficiency and/or natural resources preservation projects.

**Eligible Green Projects** shall:

- except for R&D investments, meet a set of environmental and social criteria (“**ESG Criteria**”), and
- be committed after the issuance of the Notes, and/or before the issuance of the Notes but funded or disbursed after the issuance of the Notes, and/or be funded or disbursed during the last calendar year prior to the issuance of the Notes.

**ESG Criteria** include:

1. Fight climate change and/or contributing to natural resources preservation
2. Environmental management
3. Biodiversity and natural resources
4. Stakeholder dialogue and community involvement
5. Business ethics
6. Responsible purchases
7. Human and labour rights
8. Health and safety

The grid of eligibility questionnaire and commitments associated with each of these ESG Criteria is detailed in Appendix.

In the case of majority acquisitions of companies, for which processes and procedures may need to be adapted and/or aligned with the ones of ENGIE, an up-to-18 months period (from the date of acquisition) may be required to ensure full compliance with the eligibility questionnaire evaluated by Vigeo Eiris, as detailed in the Appendix.

### **3. Process for evaluation and selection of projects**

Projects, acquisitions, and R&D investments that are aligned with the Use of Proceeds will be considered eligible for Green Bond proceeds allocation.

When a project or an acquisition or an R&D investment is approved, committed or confirmed for development, each business unit may propose such project, acquisition or R&D investment to be considered as eligible to Green Bond financing.

ENGIE will establish a Green Bond Committee to be chaired by the Head of the CSR Department. The Green Bond Committee will comprise representatives of the Corporate Finance Department, the

CSR Department, Business Units developing Eligible Green Projects and other ENGIE Group qualified persons. The Green Bond Committee will validate the selection of projects, acquisitions and R&D investments and will review their allocation.

For the selected projects and/or acquisition, the business units are responsible for verifying the compliance with Use of Proceeds requirements including the ESG criteria, as evaluated by Vigeo Eiris, preparing audit trails and collection of necessary evidence, to facilitate external auditor's verification.

The "Ethics, Environment and Sustainable Development Committee" of the Board of ENGIE will be informed on a periodic basis of the progress of the bond proceeds allocation, and the nature of the projects selected.

#### 4. Management of proceeds before allocation

At the end of each calendar year, the net proceeds of the issuance will be reduced by the amounts invested in Eligible Green Projects in such annual period. Pending the full allocation to Eligible Green Projects, the issuer will hold the balance of net proceeds not already allocated to Eligible Green Projects within the treasury of the Group, invested in cash, cash equivalent and/or money market instruments. The Issuer has established systems to monitor and account for the allocation of the proceeds.

ENGIE intends to allocate the proceeds of a given Green Bond issuance within a two-year period from the issue date of each Green Bond issuance.

#### 5. Reporting

Until the net proceeds are allocated in full to Eligible Green Projects and later in the case of any material change in the list of Eligible Green Projects, the issuer will provide annually to the investors:

- i. the amount of proceeds allocated to Eligible Green Projects, and the list of Eligible Green Bond Projects, with their related description, in ENGIE's Registration Document;
- ii. information on the environmental outcomes of the Eligible Green Projects, to be available on its website [www.engie.com](http://www.engie.com), on or about the same date of the publication of the Registration Document; and
- iii. part of refinancing.

In addition, in case of a major controversy on an Eligible Green Project, ENGIE will provide investors with information on key issues at stake and actions put in place by ENGIE.

##### **Information will include the following impact indicators up to complete allocation :**

- 1) Impact indicators for Renewable Energy Eligible Green Projects will be provided per technology and per geographic zone. They will include:
  - Installed capacity in MW;
  - Annual GHG emissions avoided in tons of CO<sub>2</sub> equivalent; and
  - Annual renewable energy production in MWh.
- 2) Impact indicators for Energy Efficiency Eligible Green Projects will be provided per geographic zone. They will include:
  - Annual reduction of energy consumption in % and in MWh ; and

- Annual GHG emissions reduced in tons of CO<sub>2</sub> equivalent.
- 3) Impact indicators for Natural Resources Preservation Green Projects will be provided per geographic zone. They will include:
- Annual reduction of natural resources consumption in Mt; or
  - Annual reduction of waste in Mt.

Methodology applied on impact indicators will be detailed on ENGIE website for each reporting.

## 6. External Review

1) Second Party opinion

ENGIE has appointed Vigeo Eiris to assess the green sustainability of its Green Bond Framework and its alignment with the Green Bonds Principles. Vigeo Eiris applies its own methodology in line with international standards and Green Bond Principles guidelines to carry out this assessment. The results are documented in Vigeo Eiris' Second Party Opinion which is available on ENGIE website [www.engie.com](http://www.engie.com).

The Second Party Opinion refers to the whole Green Bond Framework.

2) Annual Assurance Report

Until the net proceeds are allocated in full to Eligible Green Projects and later in the case of any material change in the list of Eligible Green Projects, one of the external auditors of the Issuer, is expected to issue a report on (i) the compliance, in all material respects, of the Eligible Green Projects with the set of environmental and social criteria set and approved both by ENGIE and Vigeo Eiris, and (ii) whether the amount of the Green Bond proceeds allocated to Eligible Projects is consistent with data underlying the accounting records .

## Appendix : ESG Criteria (as determined by Engie and reviewed and assessed by Vigeo)

| ESG Criteria assessed by VIGEO-EIRIS to be met for Green Bond funding                                                                                      |                                                                                                                                                                                                                                                                                                             | Eligibility questionnaire |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Criteria                                                                                                                                                   | Commitments                                                                                                                                                                                                                                                                                                 |                           | Eligibility questionnaire                                                                                                                                                                                                                                                                                                | Examples of proof for future verification                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Fighting climate change and/or contributing to natural resources preservation</b>                                                                       | The project or the acquisition is not linked to energy production by fossil or nuclear fuels.                                                                                                                                                                                                               | A                         | Does the project or the acquisition aim at producing energy from renewable sources ?                                                                                                                                                                                                                                     | Installed capacity in MW in full operation, specifying the nature of the energy produced (electricity, heat or cold)                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                                                                                            | The project or the acquisition deals with one of the three types of following projects :<br>A) the production of energy by renewable energy or<br>B) the reduction of energy consumption or<br>C) the preservation of natural resources.                                                                    | B                         | Does the project or the acquisition aim at reducing energy consumption, i.e. using less energy to provide the same service, relative to the existing situation or compared to a standard ?                                                                                                                               | Annual reduction of energy consumption expressed in % and in energy (MWh) in full operation                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                                                                                            | Projects A and B contribute to fight climate change via the reduction of Green House Gases.                                                                                                                                                                                                                 | C                         | Does the project or the acquisition contribute at reducing consumption of natural resources (water, wood, raw materials, etc.) or production of waste, in particular through the implementation of mechanisms of circular economy ?                                                                                      | Annual reduction of natural resources consumption (in Mt) or annual reduction of waste (in Mt) in full operation                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Environmental Management</b><br><br>(applicable only to projects A or projects C)                                                                       | The project has an environmental impact assessment and corrective measures to these impacts, for construction and operating phase and, if possible, for dismantling phase                                                                                                                                   |                           | Has an assessment of the impact of the project on the environment, including corrective measures, for construction and operating phases and, if possible for dismantling phase, been or will be implemented ?                                                                                                            | <ul style="list-style-type: none"> <li>- EIA (Environmental Impact Assessment) or</li> <li>- ESIA (Environmental Social Impact Assessment) or</li> <li>- concrete elements of obtaining this study (specifications, order, ...) or otherwise,</li> <li>- letter of commitment from the project manager to carry it out within 12 months</li> </ul>                                                                                                                                                                  |
| <b>Biodiversity and natural resources</b><br><br>(applicable only to projects A or projects C on sites located near protected natural areas <sup>1</sup> ) | The project, located near protected natural areas, has an impact assessment on biodiversity, natural resources and corrective measures to these impacts, both during construction and operating phases                                                                                                      |                           | Have the impacts of the project on biodiversity and natural resources been or will be identified?                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>- Biodiversity and natural resources impact assessment (if not included in EIA / ESIA) or</li> <li>- concrete elements of obtaining this study (specifications, order, ...) or otherwise,</li> <li>- letter of commitment of the project manager to carry it out within 12 months</li> </ul>                                                                                                                                                                                 |
| <b>Stakeholder dialogue and community involvement</b><br><br>(not applicable for an acquisition)                                                           | All life long, the project implements consultation, dialogue or concertation actions with local stakeholders, that include action plans as eventual social impact assessment, or at the minimum, satisfaction surveys for low impact projects                                                               |                           | Has the project set up and monitored or will it set up and monitor the method of dialogue and consultation used for the Group's industrial activities (or equivalent) with all its stakeholders or if not, has it implemented at minimum a questionnaire of satisfaction for local stakeholders for low impact project ? | <ul style="list-style-type: none"> <li>- Matrix reporting of the Group's method of dialogue and consultation with all stakeholders for industrial activities (or equivalent), or</li> <li>- Letter of commitment from the project manager attesting to the implementation and monitoring, effective or within 18 months, or</li> <li>- Attestation to the effective implementation of a local stakeholder satisfaction questionnaire for low impact project</li> </ul>                                              |
| <b>Business ethics</b>                                                                                                                                     | <p>The project or acquisition has trained its senior executives in business ethics (responsibilities, competition rules and anti-corruption measures).</p> <p>In case of minority equity participation, ENGIE commits to send "the Ethics Charter" and the "Practical Guide to Ethics" to its partners.</p> |                           | <p>Has a training in business ethics been followed or planned to be monitored by project or acquisition for senior executives ?</p> <p>Does ENGIE send "the Ethics Charter" or "Practical Guide to Ethics" to its partners, in case of minority equity participation ?</p>                                               | <ul style="list-style-type: none"> <li>- Certification of the follow-up by the senior executives of the project or the acquisition of a training in business ethics or if not,</li> <li>- Letter of commitment of the CEO of the relevant BU to forward within 12 months, a training in business ethics to the senior executives of the project.</li> <li>Attestation of sending "the Ethics Charter" and the "Practical Guide to Ethics" to ENGIE's partners, in case of minority equity participation.</li> </ul> |

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|                                                                 | <p>The project or acquisition promotes ethical practices with its key suppliers and subcontractors via an ethical clause in its contracts.</p> <p>In case of minority equity participation, ENGIE commits to send "the Ethics Charter" and the "Practical Guide to Ethics" to its partners.</p>                                                                                              |  | <p>Has ENGIE's "Ethics and Environmental and Societal Responsibility" clause or a similar ethical clause been or will be incorporated into the key procurement contracts for the project or the acquisition?</p> <p>Does ENGIE send "the Ethics Charter" and "Practical Guide to Ethics" to its partners, in case of minority equity participation ?</p>                                                          | <p>- Example(s) of purchase signed contract(s) or general purchase conditions including the "Ethics and CSR" clause (or similar) or</p> <p>- Letter of commitment from the project manager attesting that ENGIE's "Ethics and CSR" clause or a similar clause is present or will be present within 18 months in the key signed purchase contracts by the project or the acquisition.</p> <p>Attestation of sending "the Ethics Charter" and the "Practical Guideline to Ethics" to ENGIE's partners, in case of minority equity participation.</p> |
| <b>Responsible purchases</b>                                    | <p>The project or acquisition ensures a traceability of its procurement processes, on the basis of tendering procedures (if a call for tenders is required) and takes into account CSR criteria in the qualification of the key suppliers of the project.</p> <p>In case of minority acquisition, ENGIE commits to send "the Guide to Ethics in the Supplier relations" to its partners.</p> |  | <p>Are the purchase or procurement processes for the project or the acquisition in line or will they be in line with the ENGIE Procurement Policy, particularly with respect to process traceability and the consideration of CSR criteria for the qualification of key suppliers ?</p> <p>Does ENGIE send "the Guide to Ethics in the Supplier relations" to its partners, in case of minority acquisition ?</p> | <p>- Example (s) of call for tenders and qualification grid for supplier(s) or</p> <p>- Letter of commitment from the project manager attesting that the purchase or procurement processes are in line with the ENGIE Procurement Policy or will be brought into compliance within 18 months, including traceability of process and integration of CSR criteria in the qualification of key suppliers.</p> <p>Attestation of sending "the Guide to Ethics in the Supplier relations" to ENGIE's partners, in case of minority acquisition.</p>     |
| <b>Human and labour rights</b>                                  | <p>The project or acquisition implemented dispositions (ethics check) to verify the respect of the international standards in human and labour rights, in particular the Universal Declaration of Human Rights, its associated Covenants and Conventions of the International Labor Organization.</p>                                                                                        |  | <p>Has the project or acquisition been verified by ENGIE for the respect of international standards in human and labour rights, in particular the Universal Declaration of Human Rights, its associated Covenants and Conventions of the International Labor Organization ?</p>                                                                                                                                   | <p>ENGIE assessment (ethics check) verifying the respect of international standards in human and labour rights, in particular the Universal Declaration of Human Rights, its associated Covenants and Conventions of the International Labor Organization, from its upstream or design phase, or letter of commitment from the project manager attesting its existence</p>                                                                                                                                                                         |
| <b>Health and Safety</b><br>(not applicable for an acquisition) | <p>Health &amp; Safety and process safety matters are taken into account during all phases of the project life cycle</p>                                                                                                                                                                                                                                                                     |  | <p>Does the project have an Health and Safety assessment with a risk analysis and a prevention plan (or equivalent) during its construction and operating phases ?</p> <p>Does the project have performed an Process Safety Design review (eg. HAZOP; ATEX or equivalent) of the installation during all pertinent phases of the project life cycle (e.g. development phase) ?</p>                                | <p>- Health and Safety assessment with a risk analysis and a prevention plan (or equivalent)</p> <p>- Process Safety Design (eg. HAZOP, ATEX or equivalent)</p>                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                 | <p>The project has appointed the needed Health and Safety resources linked with the concerned phase the project is (e.g. construction phase ; ...)</p>                                                                                                                                                                                                                                       |  | <p>Has an Health and Safety officer been designated on the project (responsibility included in the job description)?</p>                                                                                                                                                                                                                                                                                          | <p>- H&amp;S organization of the project (H&amp;S officer or H&amp;S coordinator or H&amp;S surveillant, ...) or</p> <p>- Letter from the project manager attesting to the appointment of a person in charge in particular of the Health &amp; Safety coordination of the project</p>                                                                                                                                                                                                                                                              |

<sup>1</sup> A site is considered to be a priority if it is positioned less than 15km from a protected area, for those facilities with a capacity of greater than 50MW or otherwise at a distance of 1km for facilities of less than 50MW.

## GREEN BOND FRAMEWORK 2017 - DISCLAIMER

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