

Sustainability at ENGIE

July 2021

CSR at the heart of ENGIE strategy

**A recognized integrated report,
attentive to stakeholders**



**Committed to Net Zero by 2045, across all
scopes, and following a “well below 2°C”
trajectory**



**A leader on the corporate
green bond market worldwide**
€12.75bn collected to date



Leading CSR ratings



MEMBER OF
**Dow Jones
Sustainability Indices**

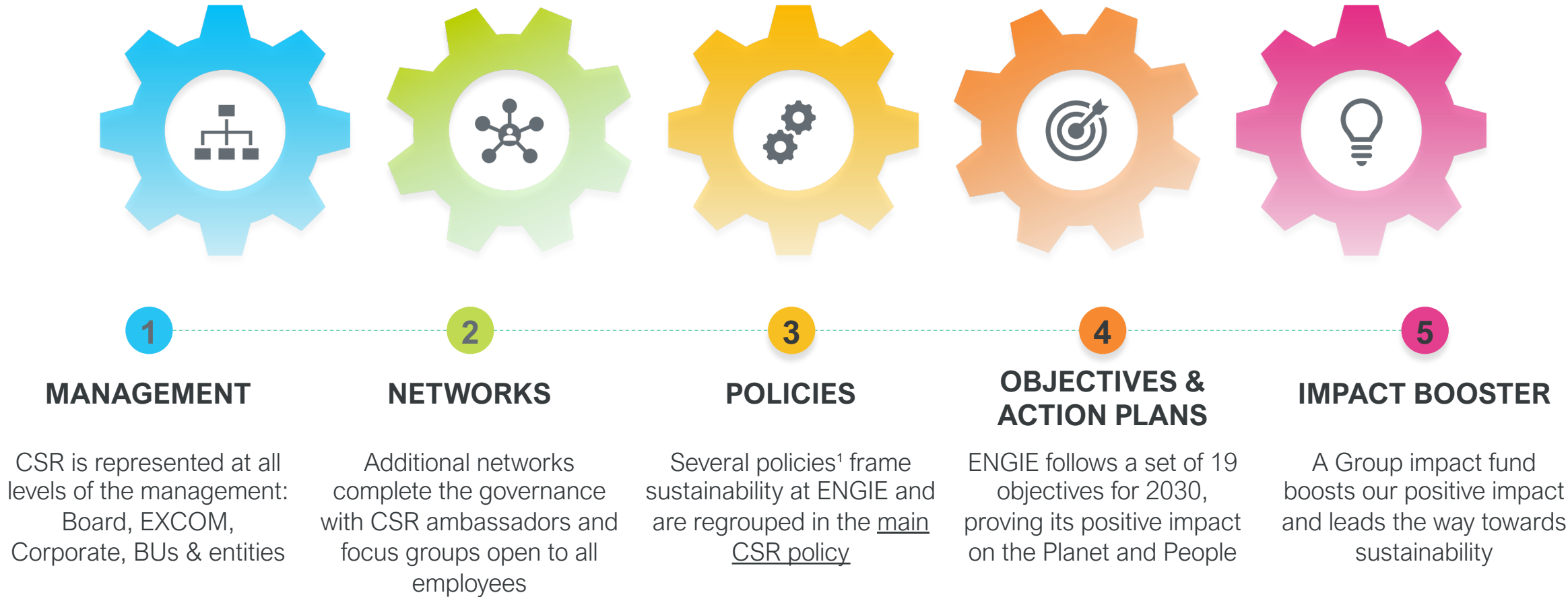


In collaboration with a RobecoSAM brand

**A certified impact fund,
purpose driven**



CSR fully integrated in the governance of the Group



¹ Environmental policy; Societal policy; HR and Health and Safety development policy; Purchasing and Supply Policy; Ethics Policy; Social Responsibility Policy; Tax policy

OUR POSITIVE IMPACT

A purpose added in ENGIE bylaws in 2020



ENGIE's purpose

Act to accelerate the transition towards a carbon-neutral economy, through reduced energy consumption and more environmentally-friendly solutions.

The purpose rings 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.

ENGIE strengths to deliver an integrated performance

2020 figures

INTELLECTUAL

- 900 researchers
- €190 million allocated to R&D
- €50 million invested in start-ups in 2020
- €180 million invested in ENGIE New Ventures

INDUSTRIAL

- €4 billion growth Capex
- €2.4 billion maintenance Capex
- €1.3 billion in financing of nuclear provisions

FINANCIAL

- €34 billion in shareholders' equity
- €13.3 billion in net cash
- €22.5 billion in financial net debt
- 4.0x net economic debt/EBITDA
- Credit rating *Baa1* (Moody's) ; *BBB+* (S&P) ; *A-* (Fitch) (26/03/2021)

HUMAN

- 172,703 employees, of whom 21.5% are women & 24.1% of managers are women
- 29,481 hires
- 70.1% of employees trained

NATURAL

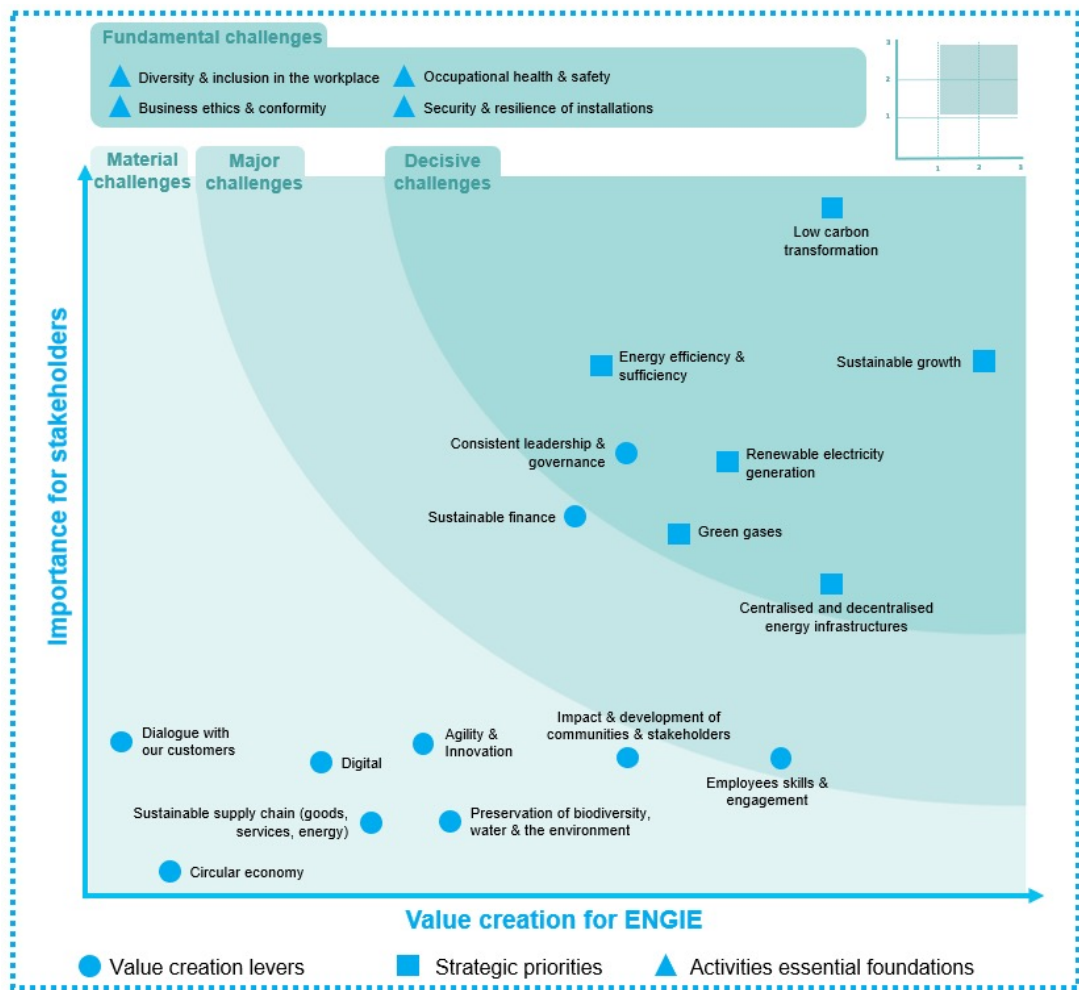
- 76.8 million m³ of water consumed
- €553 million in environmental expenses (investments and recurring expenses related to environmental protection)
- 285 TWh of primary energy consumption

SOCIETAL

- ISO37001 certified anti-corruption process
- 25.1% of senior managers of nationalities other than Belgian or French
- €35 million invested by Rassembleurs d'Énergies
- €7.8 million annual endowment for the ENGIE Foundation

ENGIE
CAPITALS

Materiality matrix aligned with ENGIE's strategic priorities & ENGIE's contribution to the UN Sustainable Development Goals (SDGs)



6 Key SDGs



7 Relevant SDGs



2030 CSR objectives & 2021-23 financial objectives contributing to the global performance of the Group

Planet

Respecting planetary limits by acting in particular for the Paris Agreement

- 43 Mt CO₂ eq from production of electricity (regardless of asset ownership), aligned with the SBT trajectory by 2030
- 52 Mt CO₂ eq from gas sales, in line with the SBT trajectory by 2030
- 58% of renewable energy in the electric capacity mix
- Helping its customers reduce their carbon emissions by 45 mt by 2030
- 100% of our preferred suppliers (except energy purchase) certified SBT or SBT aligned by 2030

Other indicators followed

- GHG emissions from our ways of working
- Share of activities, projects and dismantling sites with an environmental plan
- Share of industrial sites with an ecological management
- Water consumption from industrial activities compared to 2019



People

Building a new and more inclusive world of energy together

- Frequency rate of accident (including suppliers on closed sites) limited to 2.9 by 2030
- 50% women in the management of the Group by 2030
- Score of 100 of the gender equity index at Group level by 2030

Other indicators followed

- Parity objective in the Executive Committee
- Health & safety prevention rate
- Share of apprentices in Europe
- Share of employees with annual training
- Training of the staff most exposed to the risk of corruption
- Number of beneficiaries with access to clean and reliable energy
- Share of activities, projects and dismantling sites with a societal plan
- Responsible purchasing index score¹



Profit

Ensuring responsible and profitable performance

- 2021 NRIGs² guidance reaffirmed: € 2.3bn to 2.5bn (*'BRIGHT' fully contributing*)
- 2023 NRIGs² guidance³: € 2.7bn to 2.9bn (*No contribution from 'BRIGHT'*)
- Maintain commitment to “Strong investment grade” rating
- Dividend policy: 65-75% payout on NRIGs² + €0.65 floor for 2021-23
- Growth Capex € 15 – 16 bn for 2021-23
- €9-10 bn of disposals for 2021-23

2. Net Recurring Income group share

3. Main assumptions for these targets and indications: average weather in France, full pass through of supply costs in French regulated gas tariffs, no major regulatory or macro-economic changes, no change in Group accounting policies, market commodity prices as of 12/31/2020, average forex rates as follows: €/£: 1.23 for 2021, 1.25 for 2022 and 1.26 for 2023; €/BRL: 6.27 for 2021-2023. No additional stringent lockdowns and a gradual easing of restrictions over 2021.

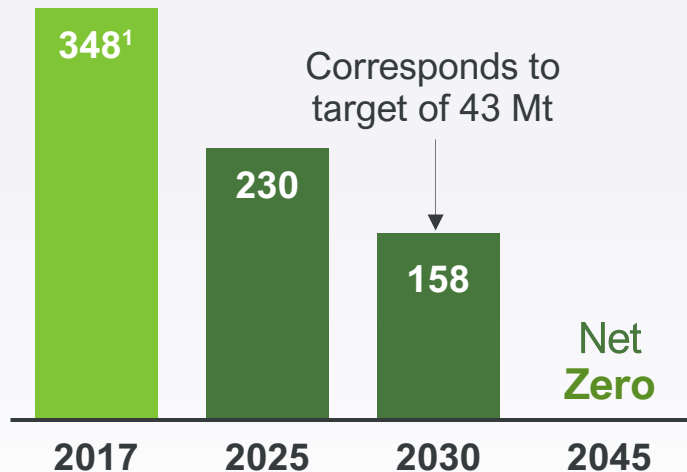


¹ Index includes CSR evaluation, payment delays and inclusive purchasing

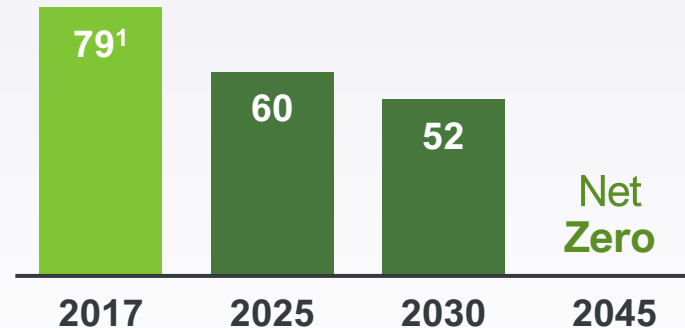
Net Zero by 2045 across all scopes, and following “well below 2°C” 2030 targets



Carbon intensity of energy production (gCO₂e / kWh)



Greenhouse gas emissions on use of sold products (MtCO₂e)



Path to Net Zero

- Coal exit
- Capex alignment : investments in projects and regions compatible with our targets
- Carbon budgets assignment & carbon price integration
- Carbon objectives to top management incentives



RACE TO ZERO

¹ 2017 being the reference for existing SBT 2°C trajectory certified 2030 targets

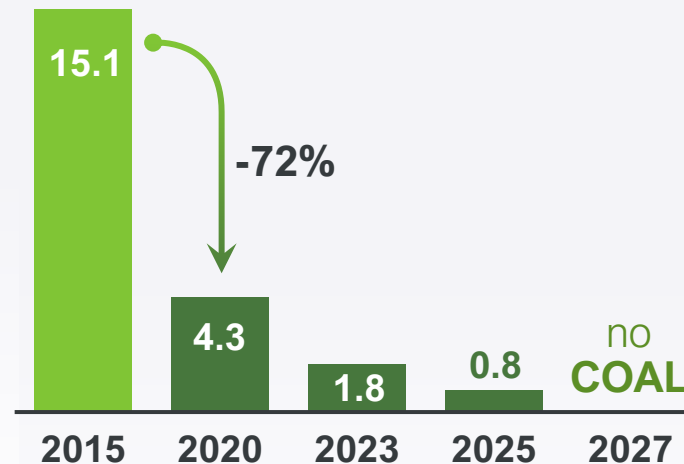
Commitment to phase out coal by 2025 in Europe and 2027 globally



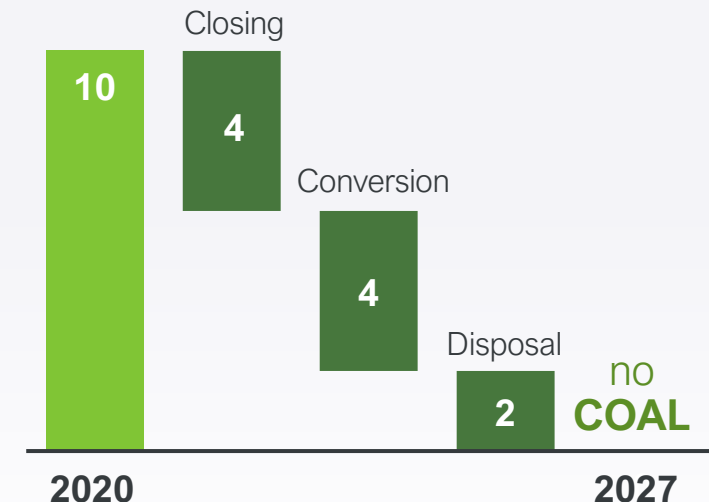
Merit order for a 'just transition' that benefits all stakeholders

1. Closing
2. Conversion
3. Disposal

Coal power generation
(GW@100%¹)



Coal power generation
(# plants^{1,2})



¹ As of 31 December
² Base case of the coal exit route

ENGIE's commitment for just transition



Taking into account the social impacts of the transition to a low-carbon economy

Employment

Processes and initiatives to boost:

- job opportunities,
- skills development
- and employee retention,

along with measures to support employees

Regional benefits

Initiatives to create economic value for the regions and benefits for the communities

Stakeholder inclusion

Stakeholder inclusion to promote just transition in a co-constructive way

Seeking cooperation-based solutions between the company, government and civil society

Our coal phase-out plan in action - Chile



Transformation of the ENGIE's generation portfolio



1. Conversion also includes the coal asset commissioned in 2019

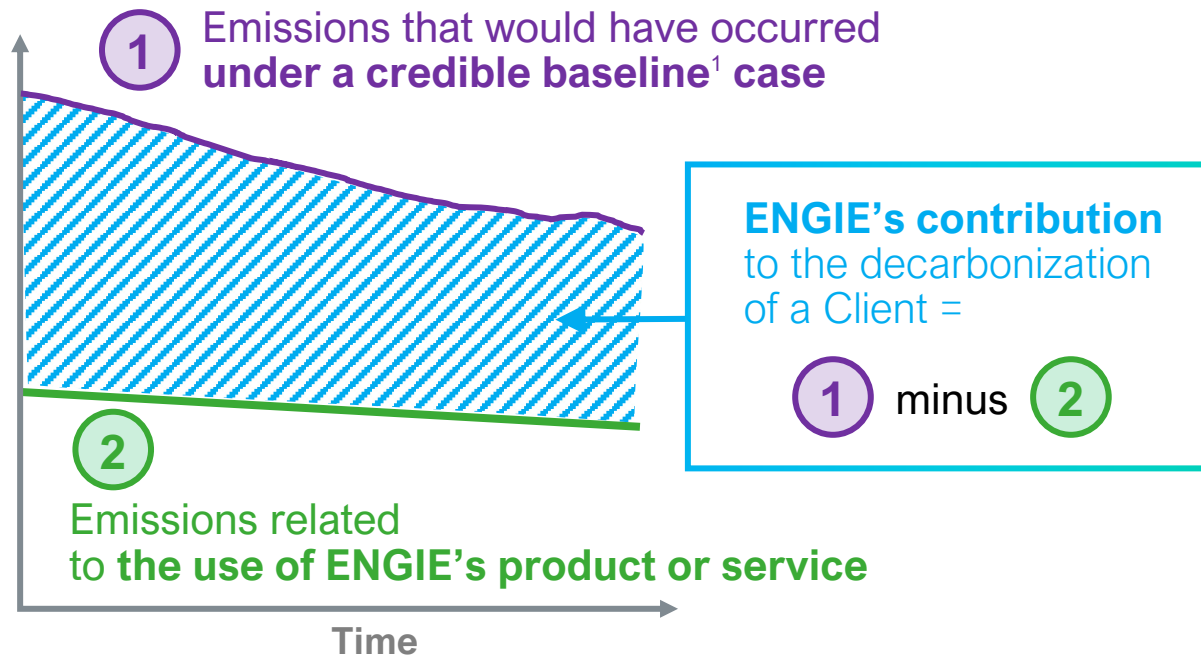
Decarbonization of Clients emissions through ENGIE products and services

Helping clients incrementally reduce their carbon emissions with a robust methodology

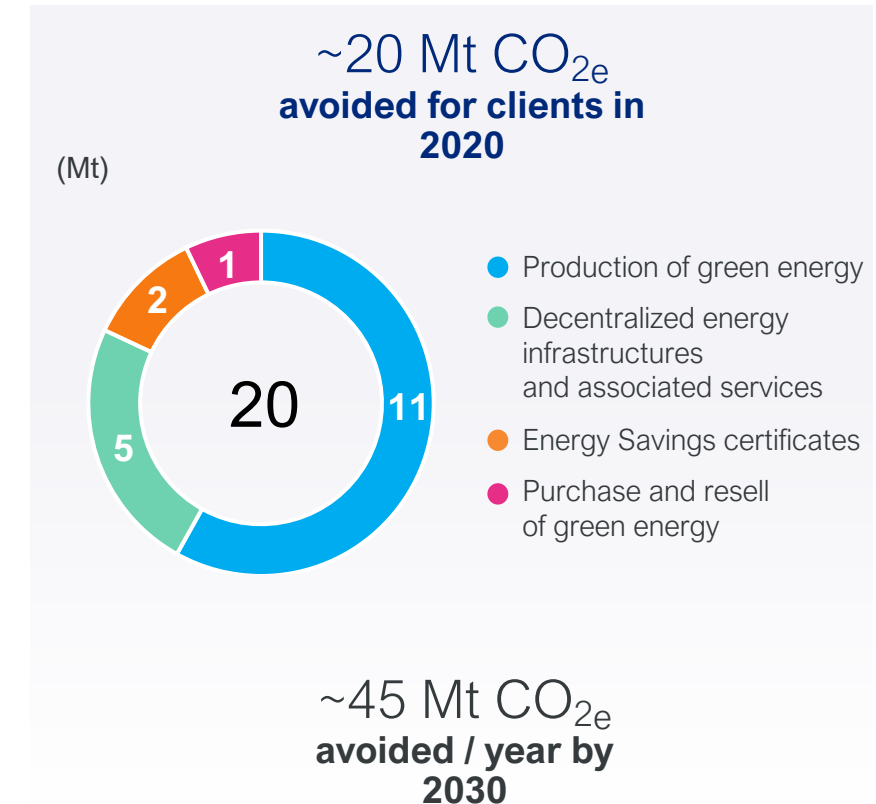


GHG emissions

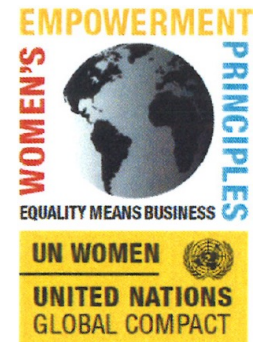
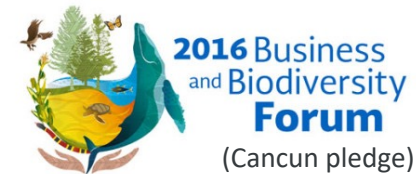
(ton CO_{2e})



1. The baseline is the most likely alternative in the absence of the product or service provided by ENGIE



Our main Corporate commitments



THE B TEAM

UNSG Summit Pledge letter
Business commitment to a just
transition and green, decent jobs



ENGIE's renews its commitment on biodiversity



Avoid Reduce Compensate

100% of the files submitted to the Group's CDE in 2022



Application of the "avoid-reduce-compensate" sequence on development projects presented to the Committee on Commitments (CDE), throughout the world, in concertation with stakeholders.

To act simultaneously on the challenges of climate change and biodiversity, contribution to the implementation of nature-based solutions (NbS) in territories



Nature-based solutions

10 projects identified that meet the IUCN NbS standard by 2022

Ecological site management

2025: 50% sites



Implementation of an ecological site management for all of the Group's industrial activities, with a minimum of 0 phytosanitary products and maintenance of green spaces that respects nature.

Continued development of action plans for sites located in or near a biodiversity hotspot by applying the new definition of priority sites, throughout the world.



Priority sites for biodiversity

2025: 50% priority sites with an action plan established with relevant stakeholders

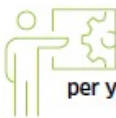
Supply chain

Analysis at least 2 activities per year by 2025



Integrating biodiversity criteria into life cycle assessments to carry out an in-depth analysis of the impacts and dependencies with regard to biodiversity for the Group's activities throughout the value chain, in order to identify the challenges and the appropriate solutions to meet them.

- Delivery of biodiversity awareness modules for all employees
- Creation of a platform for sharing good practices

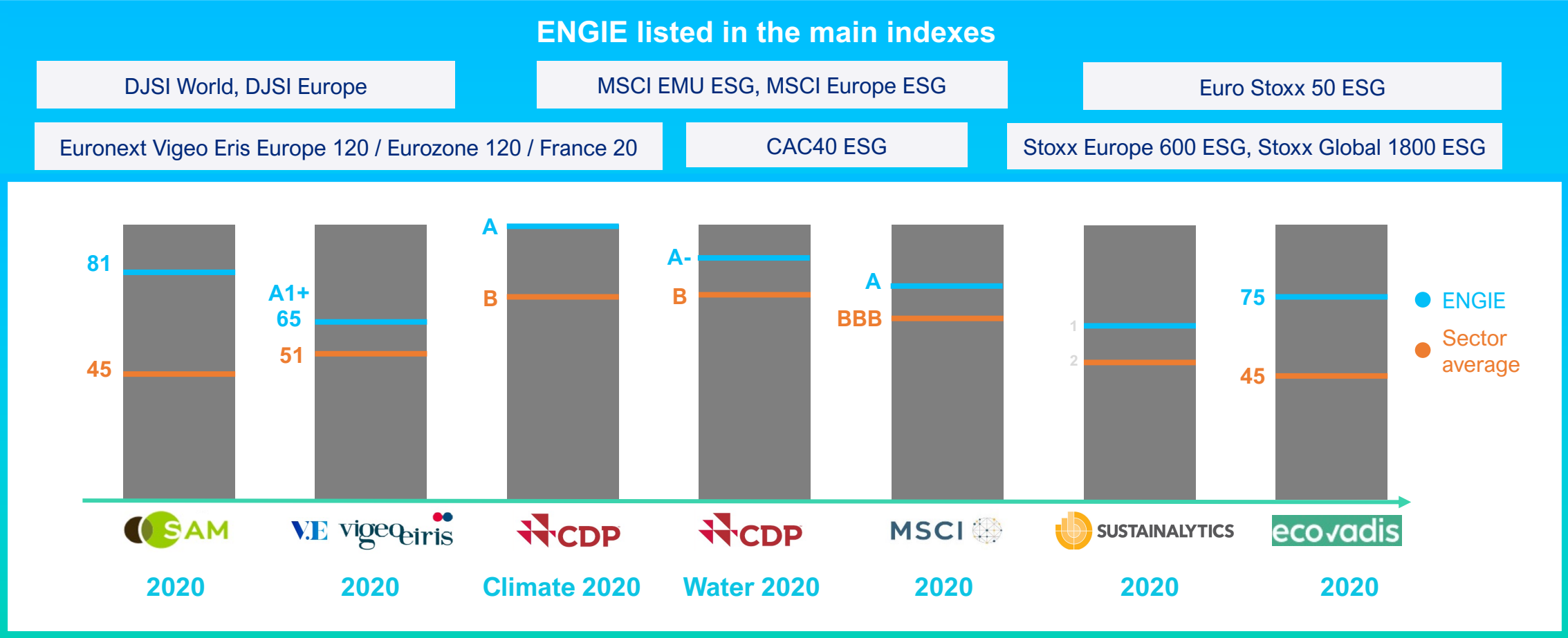


Awareness-raising and sharing good practices

2 modules minimum per year by 2025 - 2022 - 2023: 3000 employees/year

OUR CSR PERFORMANCE

Leading position in CSR ratings and indexes

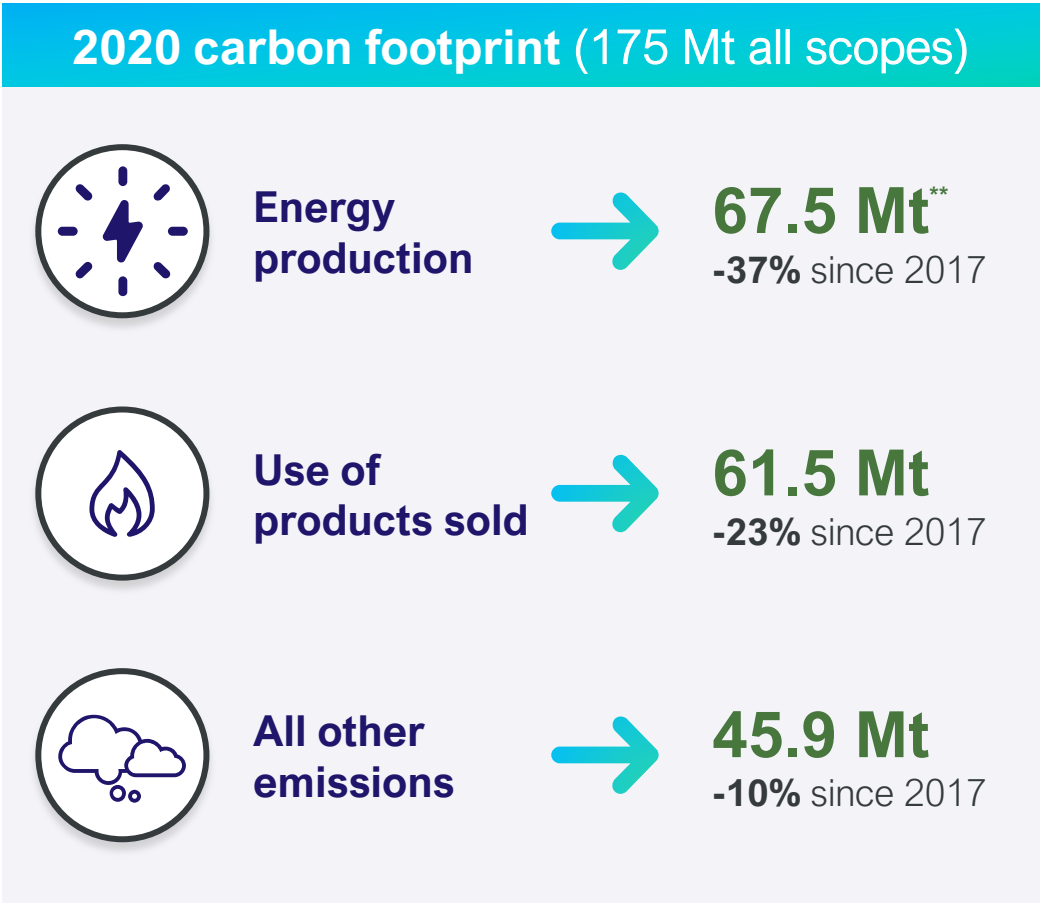
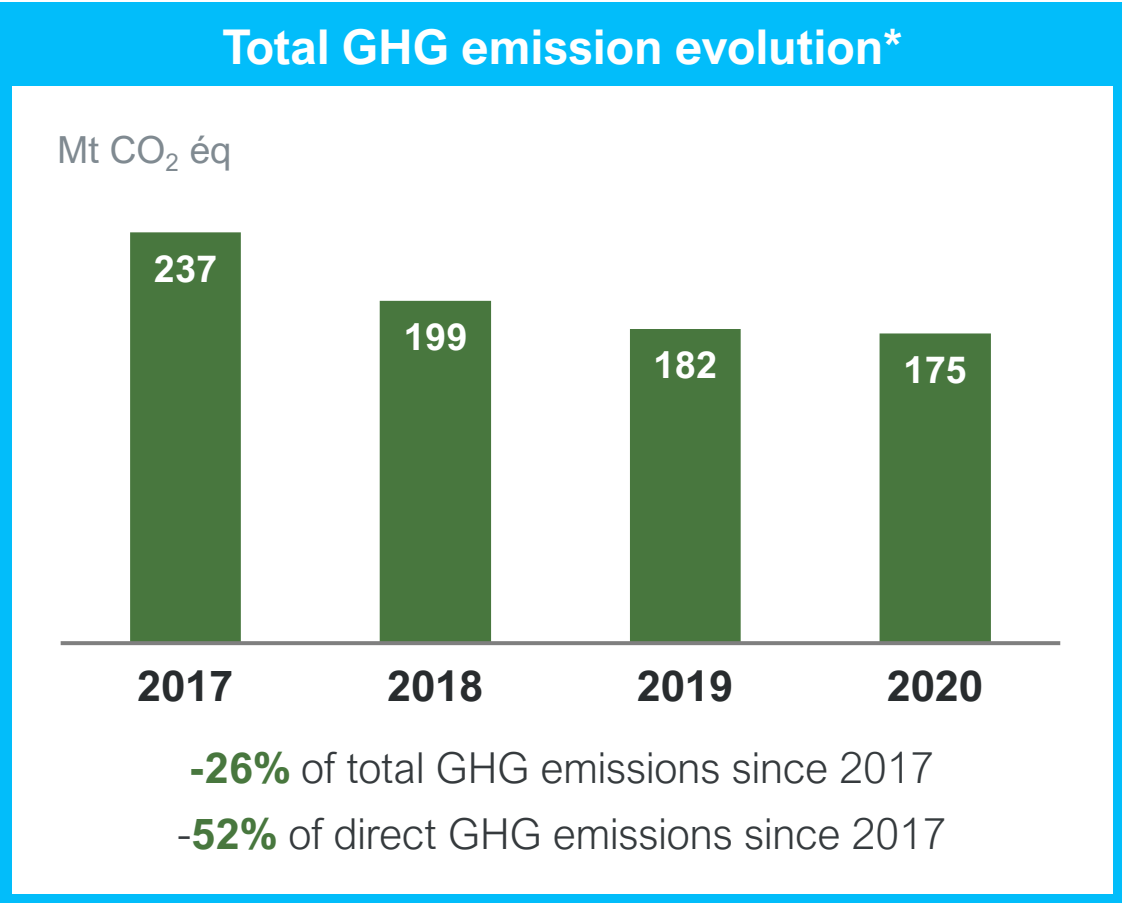


1 Ranked 21 on 55 within the multi-utilities sector
 2 Median of the multi-utilities sector



United Nations Communication on progress:
 Global Compact Advanced level

-26% of total GHG emissions since 2017



* Emissions likely to be revised from one year to the other by the introduction of new items or ex-post corrections of existing items

** Including 36,4 Mt in scope 1 et 31,1 Mt in scope 3

Following highest standards on climate reporting and governance



Climate governance

- Climate under the responsibility of the Board (as per internal regulation of the Board)
- Priority risks reviewed every year by the board
- Internal carbon prices and carbon budget to comply with Group's climate targets
- CSR targets on CO2eq emissions covering the whole value chain
- Publication of a climate lobbying policy

A Climate Notebook disclosing our commitments in the fight against climate change



TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- Reporting following TCFD recommendations in the URD and integrated report
- Extensive work on activities and assets of the Group to assess impact of major climate events
- Adaptation plans under construction to ensure resilience of our business

Adapting to future climatic changes



ENGIE supported the Task Force on Climate-related Financial Disclosures work and is implementing its recommendations. We are now currently:

- Assessing physical risks of climate change on our assets and activities
- Designing Group adaptation plans to reduce our vulnerability to climate change events

In details

1

We identified the specific vulnerability to climate change of each type of assets own by the Group

2

We built a partnership with IPSL (Institut Pierre Simon Laplace) to get the projections to 2030 and 2050 of the 4 main climate change events relevant for the needs previously defined

3

Based on the elements, we shall rate and measure the potential impacts of climate change on our assets/activities. Assets with high vulnerabilities will elaborate its adaptation actions plan.

4 climate change vulnerability events



Heatwave



Water Stress



Flood



Extreme wind event

ENGIE committed to social improvements



Diversity

Gender Equality Index

- France: 87¹ ; International: 80¹
- Target 2030: 100 globally

Gender Diversity

- 24.1%¹ of women in management
- Target 2030 : 50% of women in management

Afnor diversity
label extended to
October 2022 in France



Hiring, Training, Engagement

Apprenticeship³

- ~ 6,000 FTE¹
- Target 2030: $\geq 10\%$ of workforce
- Apprenticeship training center dedicated to energy transition and climate occupations

Training

- ~70%¹ of employees trained
- Target 2030: 100%

Employee commitment²

- 90%¹ proud to work for ENGIE
- > 84% fully committed

Health & Safety

Safety

- “No life at risk” program
- Injury frequency rate = 3.2^{1,4}
- Target: ≤ 2.9 by 2030

Mental health

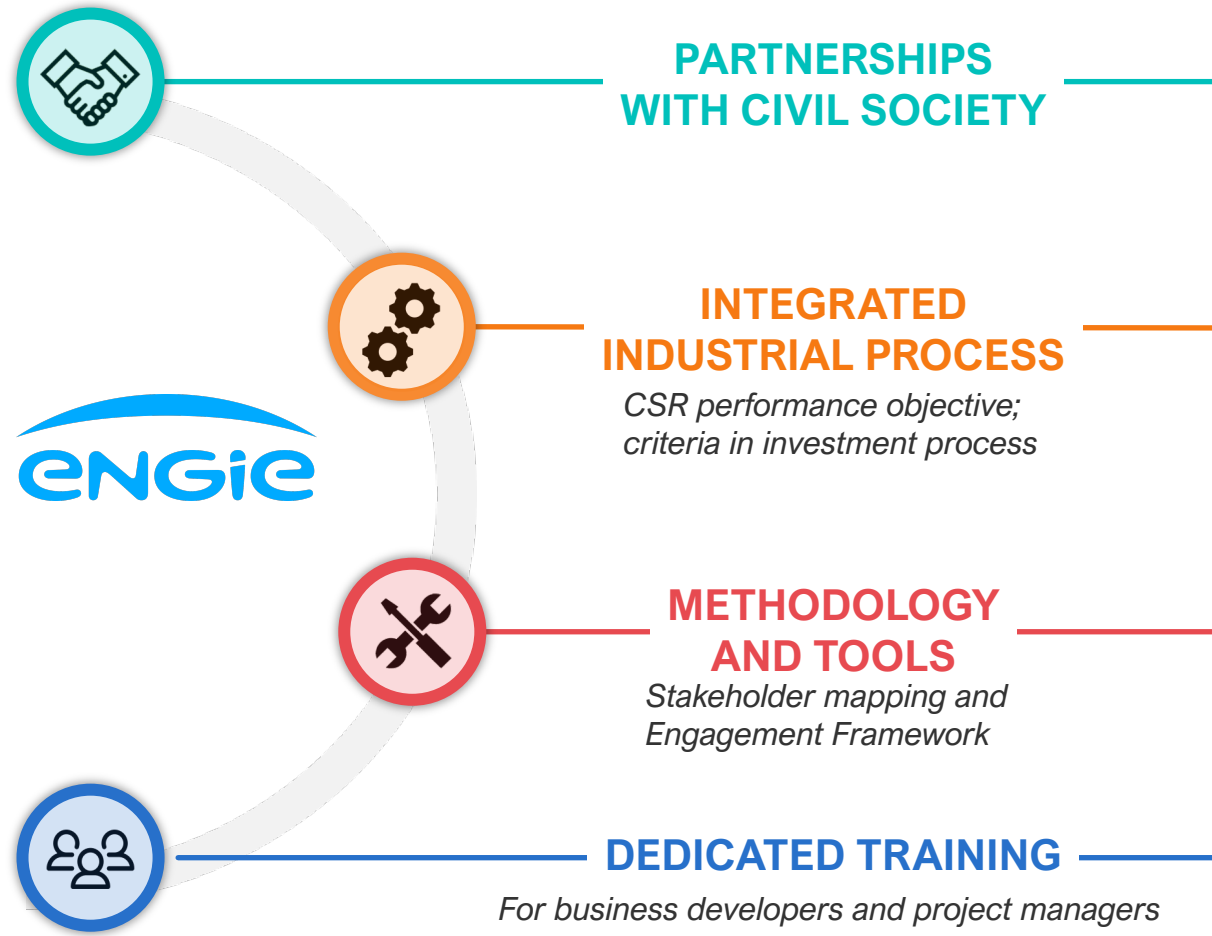
- “No mind at risk” program
- 9 commitments for workplace wellbeing

ENGIE Care

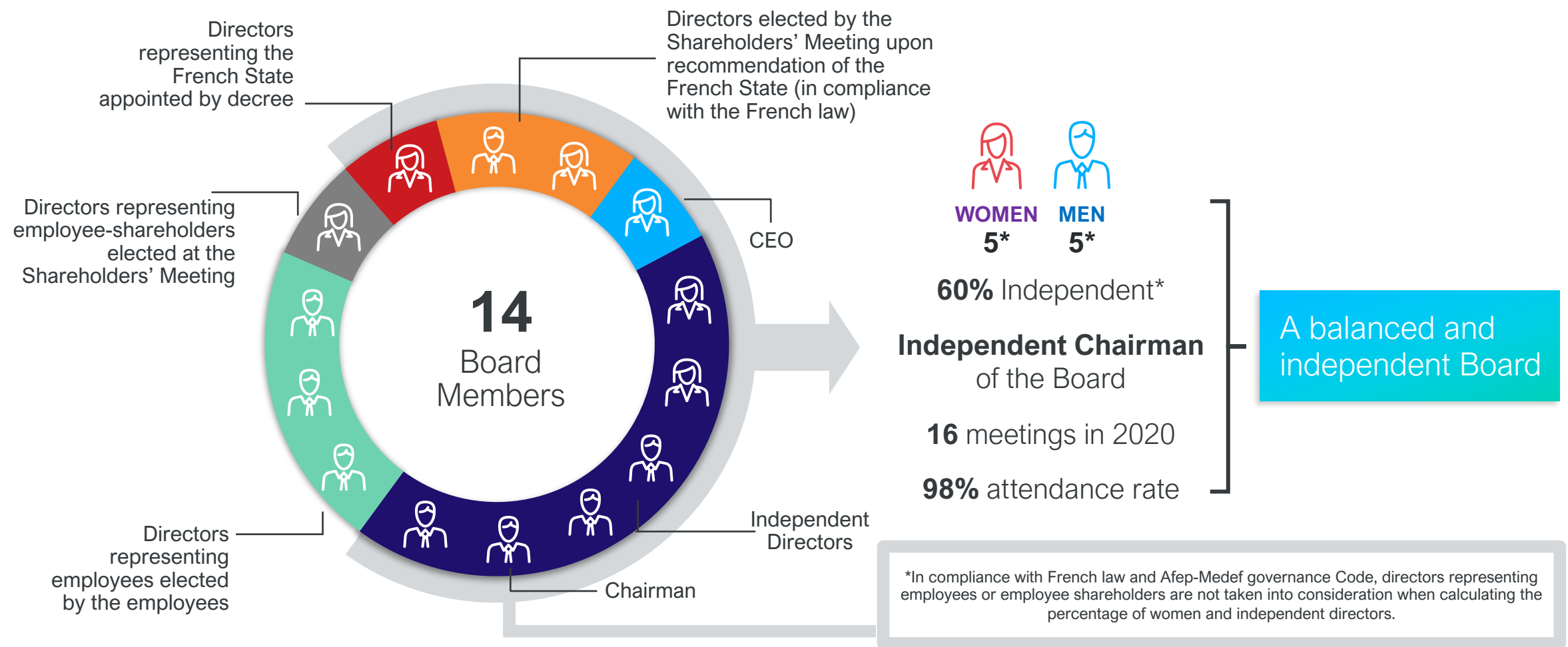
- Social protection for all Group employees worldwide by 2023

1. 2020 figures
2. ENGIE internal survey
3. In Europe
4. Excl. Covid-19 effects

Proactive stakeholders engagement

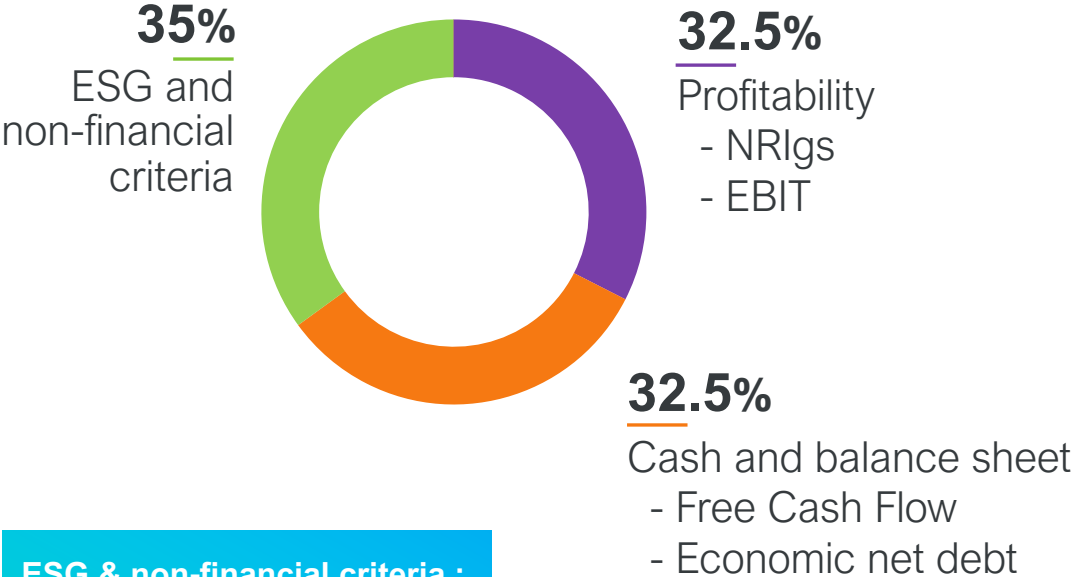


A mixed and independant board



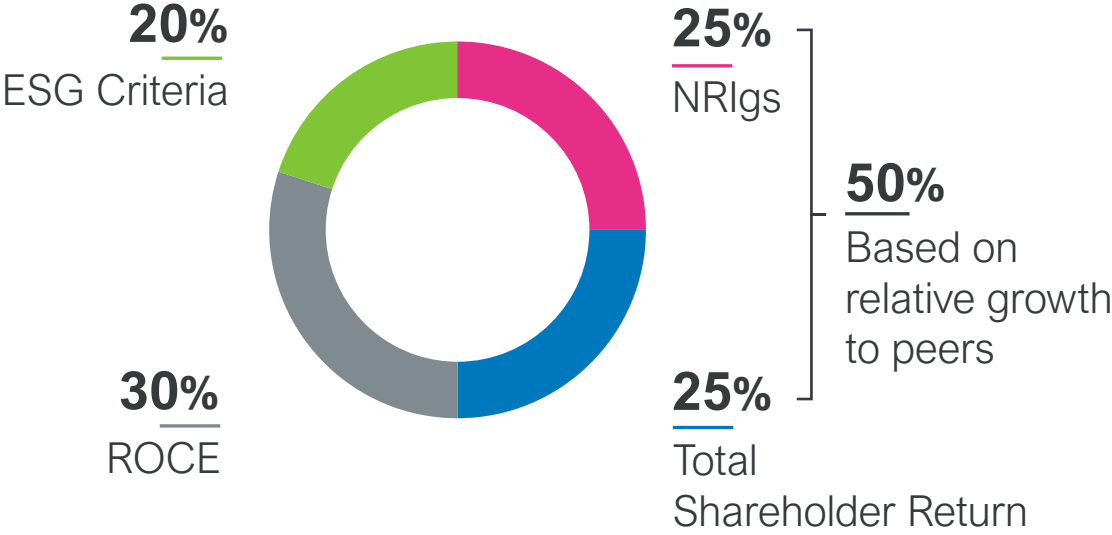
2021 CEO compensation policy including ESG criteria

Short-term incentives



- ESG & non-financial criteria :**
- 10% CO₂ emissions
 - 10% Injury rate
 - 10% CSR rating
 - 70% Other objectives

Long-term incentives



- ESG criteria :**
- 50% CO₂ emissions
 - 25% women in management position
 - 25% Renewable energy

Extensive and dynamic approach to risk management

ERM approach for endogenous risks

- Monitoring of main CSR risks on our activities: health & safety, climate change, water stresses, etc.

Controversies management

- Constant monitoring using external tool
- Examination at Board level



Duty of vigilance for exogenous risks

- Identify risks within the supply chain and prevent violations (French law)
- 4 main axis: human rights; health & safety; environmental and societal; purchasing

Dialogue to mitigate risks

- Participating in public debate, directly or via business associations
- Stakeholder engagement on each project
- CSR risk analysis available in the non-financial statement

A Group committed to increased transparency

Audited CSR performance

- Reasonable assurance notice covers 20 indicators (11 environmental and 9 social)
- Moderate insurance notice covers all CSR information based on an audit sample covering the most important information
- No reserve from the auditors

Referring to major international standards

- Communication on corresponding table with GRI
- Ongoing work on the implementation of TCFD recommendations



Committed to increase Group financing through sustainable finance tools



Member of the
CFO Taskforce for the SDGs



**A pioneer & leader
on the Green Bond market**

€12.75bn

of green bonds issued since 2014.
Green bonds represent 40% of bonds in effect and 31% of the Group's total gross debt at the end of 2020.

**Adherence to the
B Team
Responsible tax Principles**

THE B TEAM

€5bn

of Sustainable Revolving Credit Facility.
Margin index on
two climate change KPIs:
1) direct CO₂ émissions
2) renewable electricity capacities

≈ 20,000

employees invested in solidarity fund
Rassembleurs d'énergies

>75%

of assets funding pension liability
invested with asset managers
signatories of UN PRI

€2.5bn

of assets funding Group's French
pension liabilities
with **integrated ESG criteria**

€30m of investments
in **gender equality funds**

100% of Money Market funds
invested by Group's treasury
with ESG investment screening

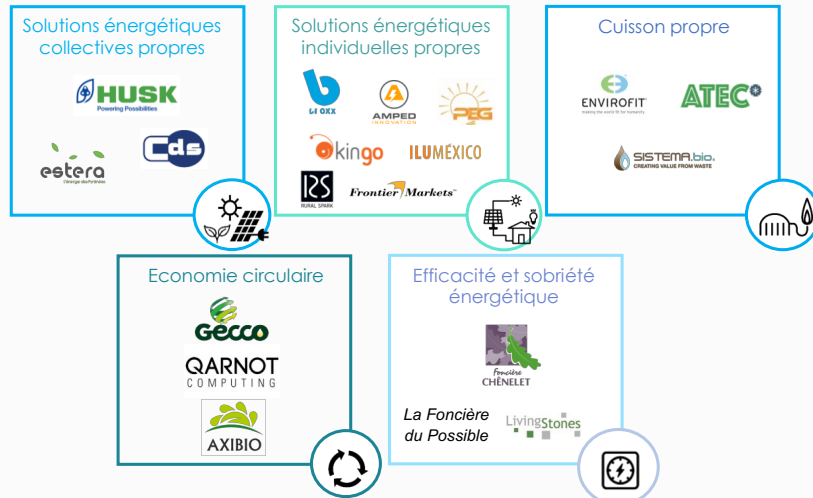
Rassembleurs d'Énergies at the forefront of ENGIE's positive impacts

A robust track record



A GLOBAL & DIVERSIFIED PORTFOLIO

- 19 active investments
- €35m invested as of end of 2020



EMPLOYEE ENGAGEMENT

≈20,000 employees
invested in Rassembleurs d'énergies solidarity fund

SOCIAL LEADERSHIP

B.Corp certification



French
'Société à Mission'
status

HIGH SOCIAL & ENVIRONMENTAL IMPACT

- 5.5 million beneficiaries for energy access
- 20,000 jobs created
- 4 women CEOs, a gender equality focus
- 2 MtCO₂eq avoided per year
- 3.9 Mt of waste processed per year

ENGIE supporting European initiatives & regulations

European Taxonomy

Committed to the EU goal of climate neutrality for 2050, ENGIE supports the expansion in the EU of sustainable finance of which the taxonomy – a classification system for economic activities viewed as sustainable – is an important element.



~80%

growth CAPEX* expected to be compatible with draft European Taxonomy.



Member of the
European Financial Reporting Advisory Group (EFRAG) Taskforce
on non financial reporting (CSRD).

* Over 2021-2023