

Update of ENGIE climate strategy

As a company in the energy sector, the climate strategy cannot be dissociated from the Group's raison d'être, its global strategy and its performance. This document presents a synthesis of ENGIE's updated climate strategy comprising the following 3 elements:

- Climate change mitigation at ENGIE and with its customers,
- Adaptation to climate change,
- Governance and steering processes to ensure implementation.

A detailed description can be found in the 2024 Sustainability statement and in the dedicated "ESG at ENGIE" document, which will shortly be available on the Group's website.

Climate change mitigation at ENGIE and its customers

Group objectives

Since 2017, the Group has already reduced its greenhouse gas emissions by more than 40% across its entire carbon footprint. With the update of the climate strategy, the Group renews and increases its medium- and long-term external targets, including:

- Confirmation of the Group's commitment of being "Net Zero Carbon" by 2045, on all scopes (1, 2 and 3). This target implies a minimum reduction of 90% in emissions between 2017 and 2045, and the neutralization of residual emissions through internal carbon absorption activities and the use of carbon removals credits. It should be noted that achieving this objective depends on the decarbonization of the Group's supply chain.
- Enhancement of all 2030 decarbonization targets and new milestones for 2035 and 2040. In particular, the Group has set a new target of a 55% reduction in its total greenhouse gas emissions (scopes 1, 2 and 3) compared with 2017, with a commitment to achieve total greenhouse gas (GHG) emissions of between 120 and 140 Mt CO₂e in 2030.

The main objectives are:

Mt CO ₂ e	2017	2024	Old 2030	2030	2035	2040
 Total GHG emissions , scopes 1, 2 & 3	265	157	<i>n.a.</i>	120 / 140	80 / 110	40 / 70
GHG emissions from energy generation, scope 1 & 3.15	107	48	43	26 / 36	16 / 26	7 / 17
 GHG emissions from commodity sales (energy and fuels), scope 3.3.D. & 3.11	104	82	<i>n.a.</i>	63 / 83	37 / 57	12 / 32
Including fuel sales, scope 3.11	78	53	52	36 / 46	22 / 32	7 / 17

↑ Reduction of methane emissions from gas infrastructures: -50% en 2030 vs 2017 (-30% formerly)

↑ Avoided emissions through low carbon products: between 65 and 85 MtCO₂ in 2030 (45 MtCO₂e formerly)

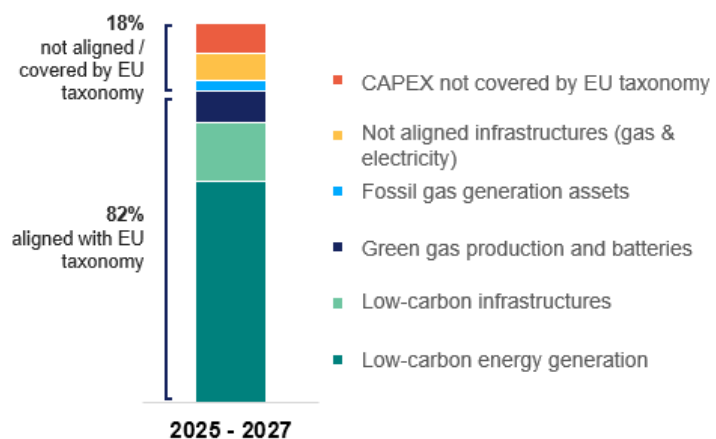
To reflect the volatility of the energy sector and the resulting CO₂ impacts, the Group has chosen to present its targets in the form of ranges. The most ambitious part of the range represents the best level that seems possible to reach if market conditions allow it, mainly sobriety and temperature effect. The other part of the range represents the maximum level of emissions that the Group commits not to exceed.

Action plan and financing

In order to achieve these climate change mitigation objectives, both in terms of reducing its own GHG emissions and helping its customers to decarbonize, the Group is implementing the following action plan:

- Coal phase-out by 2025 in continental Europe and 2027 worldwide,
- 95 GW of renewable and storage capacity by 2030,
- 20 TWh of local green energy production by 2030
- 10 TWh of biomethane production by 2030,
- 4 GW of hydrogen production by 2035,
- 50 TWh of biomethane capacity connected to French networks by 2030,
- 10,000 km of electricity transmission network by 2030,
- 300 TWh of electricity sales in 2030 (B2B and B2C).

Regarding the means to implement this action plan, ENGIE is committed to aligning its CAPEX with its decarbonization strategy. The Group anticipates 21 to 24 billion euros of growth CAPEX between 2025 and 2027, among which 82% are expected to be aligned with the EU taxonomy.



Regarding the increase of carbon sinks, ENGIE will implement carbon absorption actions within its own value chain and will use carbon removal credits. These credits will be used solely to neutralize the residual emissions of the Group's Net Zero objectives and will comply with the 10 key principles defined by the *Integrity Council for the Voluntary Carbon Market*, and notably transparency, additionality and permanence.

Adapting to climate change

For the first time, an integration at the heart of the Group's climate strategy

In 2024, global warming exceeded +1.5°C above pre-industrial levels for the first time. So, in parallel with efforts to mitigate climate change, ENGIE's climate strategy now also covers adaptation to climate change.

Since 2019, the Group has been working to make climate projections as operational as possible, and they have now reached a sufficient level of maturity. ENGIE is deploying processes at Group level to ensure the resilience of its existing sites and its new projects to the key impacts of climate change.

The main climate risks covered are:

Impact	Climate risks covered by ENGIE
Integrity of assets	 Heat waves  Extreme winds  Floods  Water stress  Landslides  Wildfires  Coastal erosion
Energy production and demand	 Solar production  Wind production  Hydro production  Thermal production  Hot/Cold demand
People health and safety	Impact of climate change on the health and safety of employees and subcontractors (particularly through heat stress)
Supply chain	Impact of extreme events (cf. 1 st line) on the global fuel and product supply chain and the local environment of sites (e.g. access roads, etc.)

Governance and steering processes to ensure implementation

Climate governance by the Board of Directors

To ensure that, in line with its raison d'être, climate strategy is at the heart of the company's overall strategy, the Board of Directors sets the climate transition strategy and its associated objectives. This topic plays a central role in the Board's strategic discussion, notably at the Board strategy seminar, and in its investment decisions, which are prepared by the Investment and Technology Committee.

The Board also relies on the work of the Ethics, Environment and Sustainable Development Committee, which is specifically in charge of examining the risks and opportunities associated to climate change and making recommendations to the Board.

Since 2021, the Environmental, Social and Governance (ESG) Department, which drives the climate strategy, has been placed under the responsibility of the Executive Vice President in charge of Finance, ESG and Procurement. He is therefore responsible for measuring the Group's overall financial and non-financial performance.

Executive compensation aligned with climate targets

Remuneration policies for the Chief Executive Officer, the Executive Committee and senior managers include criteria linked to the Group's climate objectives.

The variable remuneration of the Chief Executive Officer and the members of the Executive Committee is conditional on a reduction in GHG emissions from energy production and commodity sales.

In addition, the Group's performance shares (long-term incentives), which are awarded to the Chief Executive Officer, senior executives and 5,000 employees, include a performance criteria bases on the Group's overall carbon footprint.

Integration into all Group processes

In addition, ENGIE's management has set limits that must not be exceeded for the main GHG emissions from the Group's activities. Specific milestones cover the Group's entire Net Zero trajectory involving each Global Business Unit (GBU). The GBUs develop their operational decarbonisation strategies in order not to exceed the limits set.

The Group has also incorporated non-financial elements into its medium-term plan (MTP) in the form of CO₂ budgets. The monitoring of CO₂ budgets is an integral part of the management dialogue through the performance analysis processes carried out at the closing of the consolidated accounts and during forecasting exercises.

The investment decision-making process takes into account the CO₂ impact of projects and their consequences on GHG emission trajectories. The internal process in place aims to favour projects with a low CO₂ impact. The physical risks associated with climate change are also included in the analysis of new projects. The latter depends on the project's technology and location and is essential for anticipating climate impacts and incorporating the necessary adaptation measures right from the start of the project design phase (change of location, reinforcement of equipment, etc.).

All the Group's existing sites are also subject to an annual climate risk resilience analysis as part of the Adaptation Enterprise Risk Management process. Following an initial review of sites at GBU level, sites identified as potentially vulnerable to climate change are required to carry out a more in-depth local analysis of the risk, including a financial quantification, and to put in place an adaptation plan to reduce the risk.

Lobbying activities aligned with the Paris Agreement

In line with its commitment to tackling climate change and accelerating the transition to a carbon-neutral economy, ENGIE is committed to ensure that its lobbying activities and industry association memberships are aligned with the objectives of the Paris Agreement and the company's climate strategy. ENGIE regularly reviews its memberships in professional and industry associations to assess this alignment. The assessment document is available on the Group's website.