

## 4.3 Vigilance plan

This section provides a summary of the vigilance plan<sup>(1)</sup> of the ENGIE Group and the report on its operational implementation (the elements of this report for 2018 are identified and included in each sub-section of this document). In addition, the Group has developed an online site dedicated<sup>(2)</sup> to more detailed and regular information about its vigilance plan and its implementation.

The vigilance plan covers all the measures established by ENGIE SA to prevent for its activities and those of its controlled subsidiaries serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment according to its ethical and

social responsibility commitments. The Group's adherence to international standards on human rights, including the health and safety of persons and the environment is the foundation of the commitments that the Group intends to apply wherever it operates.

The plan is based on the different processes to identify and prevent the Group's risks specific to each issue or scope of vigilance, and which have already been deployed over several years, and on a common alert system<sup>(2)</sup>. Completely backed by the ethics organization, it benefits from steering, governance and dedicated monitoring<sup>(3)</sup>.

### 4.3.1 Identification and management of the risks of serious harm to individuals and the environment

The Group exercises vigilance through different policies that cover all the issues described in the plan, and regular procedures to identify and assess risks, determine goals and follow-up processes and evaluate their effectiveness.

#### Prevent and manage the risks related to human rights

The major risks of negative impacts on the human rights of any individual due to the Group's activities are related to the fundamental rights of workers (health and safety at work, freedom of association, non-discrimination, interdiction of forced labor and child labor, working hours, housing conditions for workers), the rights of local communities (consequences for health and living conditions of local communities, displacement and rehousing of populations), the security of employees and sites (practices of private and public security forces, safety of employees in at-risk countries) and the practices of partners and suppliers (as conditions of energy supply or practices of commercial partners in the projects).

In 2018 questions relating to risk factors (such as the country, type of workforce, presence of vulnerable populations) were added as part of the annual review of the Group's "human rights infringement" risk. This strengthening of the annual risk review process should allow entities to better identify their own specific risks and target actions to control and monitor risks.

The Group's human rights policy, adopted in 2014, sets up a due diligence process in order to identify and manage the risks for individuals related to the Group's operations. It specifies the Group's commitments and provides for regular processes to identify and manage risks so that each entity ensures compliance in their activities and commercial relations<sup>(3)</sup>. The requirements of this human rights policy are fully incorporated into the Group's centralized ethics compliance processes<sup>(4)</sup>.

In 2018, the ethics and vigilance clause, which is intended to be inserted in all contracts, was updated in 2018, along with all policies on due diligence (investment projects, corporate patronage, charitable giving, suppliers and subcontractors, commercial consultants) to include the challenges related to the duty of vigilance. The revision of the human rights policy was initiated, after three years of application, as well as the updating of face-to-face and e-learning training modules.

#### Prevent and manage the risks related to the health, safety and security of individuals

The health, safety and security risks mapping includes, on the one hand, the risks of damage to the health, safety and security of individuals working for the Group, employees, temporary workers and subcontractors and, on the other hand, the risks related to the Group's industrial assets or those which the Group maintains and/or operates on behalf of customers, which could generate risks for individuals working for the Group or for residents living near these industrial assets.

The Group's health and safety policy,<sup>(5)</sup> a specific agreement signed with all employee representatives, is completed by specific Group health and safety rules and by five-year action plans (currently 2016-2020). The Group Rules on health and safety are implemented at the operational level by the Business Units (BUs) and subsidiaries of the Group. The identification of the risks induced by the activities, their evaluation as well as the follow-up of the action plans of treatment are the subject of annual reviews. The ENGIE Group has developed control processes to ensure the implementation of actions and the achievement of objectives<sup>(6)</sup> and a comprehensive health and safety report is presented annually to the Executive Committee and the Ethics, Environment and Sustainable Development Committee of the Board of Directors (EESDC).

In 2018, actions aimed at reducing the Lost-Time Injury Frequency Rate were continued. A specific "No Life At Risk" program was deployed within the Group to strengthen the culture of safety among employees and subcontractors, and the commitment to implement the Group's

(1) Compliance with the law n° 2017-399 of March 27th, 2017 concerning the duty of vigilance of parent companies and ordering companies

(2) <https://engie/ethique-compliance/plan-vigilance>

(3) Such as the annual review of activities, the assessment of new projects, due diligence regarding commercial partners, the incorporation of human rights-related criteria into the purchasing process, the implementation of grievance mechanism, etc.

(4) See Section 4.2.6 "Controls and certifications"

(5) See Section 3.5.6 "Health and safety policy"

(6) Such as health and safety discussions held at each Comex meeting, a reporting system of indicators dedicated to the health and safety of its employees and that of the subcontractors working on its sites, annual performance reviews with the Groupe's various BUs



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basic rules intended to prevent serious or fatal accidents, particularly compliance with the Group's Life-Saving Rules, the identification and control of risks, the identification and treatment of situations and events with high potential severity, work shutdowns if safety conditions are not met. During this same year, a specific action plan designed to prevent accidents in which subcontractors may be the victims, particularly the most serious accidents, was defined and implemented by the BUs under the joint leadership of the "Purchasing" and "Global Care (health-safety-security)" Group functional lines.

The Group has a policy to protect individuals from malicious acts, whether they are employees or subcontractors at the sites at which they normally work, or employees on a mission or expatriates. The prevention and protection measures are adopted on the basis of the criticality of the geographic region in which the individual is located. This criticality is continually assessed in collaboration with local authorities.

#### Prevent and manage environmental risks

The environmental risks analyzed by the Group are Water (scarcity of the resource and pollution in the event of discharge), Biodiversity (degradation of ecosystems), Air (emission of atmospheric pollutants), Soil (soil pollution) and Waste (pollution and waste treatment). These local environmental risks are identified annually at the sites level and allow to establish a list of sites "at risk". In addition to these local risks, ENGIE has taken into account global risks related to climate risk. The social risks analyzed are the activities' impact on local communities, and the social consequences of closing any facilities.

The Group's CSR Policy<sup>(1)</sup> directs the vigilance process with regard to environmental and social matters. Environmental and social risks are analyzed periodically at every level of the company. CSR analysis criteria make it possible to identify risks, such as climate change, biodiversity, air, water, and soil and take them into account before starting projects. In collaboration with the local stakeholders, each industrial site identified as being "at risk" draws up an action plan that includes all of these environmental aspects. The social risks analyzed are the activities' impact on local communities, and the social consequences of closing any facilities. The Group's CSR policy aims to institute action plans at various levels to avoid, reduce, and if necessary, offset the environmental and social impacts of the Group's activities. This policy is deployed in each BU, subsidiary, and site. Its implementation is monitored through goals and action plans that are reviewed every year. This review process enables us to make sure our obligations, with respect to environmental and social vigilance, are properly satisfied.

In 2018, the monitoring of the implementation of the action plans at sites presenting a potential environmental risk was included in the environmental reporting. The BUs that have industrial sites all contributed. Approximately 20% of the sites are covered by action plans.

(1) see Section 3.6 " Societal information "

(2) The Group Purchasing Policy applies to suppliers with whom ENGIE has a direct contractual relationship (see Section 3.7 "Purchasing, Subcontracting and suppliers").

#### Prevent and manage risks related to energy supply

The social and environmental risks related to the Group's energy supply (coal, biomass, natural gas and LNG) have been identified as a specific issue of vigilance for the Group. They are managed directly by the Global Energy Management (GEM) BU, which has partially identified the risks specific to each of its activities (by energy source, by country, etc.) as well as the relevant players and the responses to address these risks, particularly through existing sector initiatives. A CSR strategy was formalized to meet these challenges, with specific action plans per energy source.

Within the GEM BU, the governance structure was strengthened in 2018 to ensure that the duty of vigilance is included in decision-making processes and the supply chain risk assessment approach was systematized. A new strategy focused on the social and environmental aspects was also developed.

#### Prevent and manage the risks related to non-energy purchases

At the beginning of 2018, each purchasing category and each of the Group's 250 preferred suppliers were evaluated (low, medium or high risk) by the *category managers* of the Group Strategic Sourcing and Purchasing department compared to the intrinsic risks related to seven aspects of CSR (Organization & Governance, environment, social, human rights, development & human resources, hygiene, Health & Safety, ethics & anti-corruption). These risk mapping made it possible to establish that six purchasing categories were as high risk, all areas combined: engineering and turnkey installation, wind power, lighting, construction and civil engineering, industrial piping and steel structure, mechanical equipment and services. This exercise facilitated the definition of selection criteria for new preferred suppliers and the assessment of existing suppliers. At the end of the year, an evaluation with an external service provider (ECOVADIS) was initiated to validate and amend this internal assessment.

Through the implementation of three operational processes, "Manage Purchasing categories", "Buy & Supply" and "Manage the supplier panel", the management system<sup>(2)</sup> of the non-energy purchases incorporates the requirements related to human rights, health and safety at work, ethics and the environment. The prevention plan under the duty of vigilance is implemented through the Purchasing Process by following the following key steps:

- analysis of risks and opportunities by Purchasing category and by country (prioritization);
- related mitigation plan (qualification and selection criteria for preferred suppliers, need for an audit, due diligence, supplier data accessible via the Procurement Information Center, etc.);
- inclusion of contract clauses on ethics, GDPR, etc.;
- measurement of the performance delivered by the suppliers and related improvement plans.

### 4.3.2 Alert mechanism and collection

In the context of the application of the Sapin 2 law and the law on the duty of vigilance, in 2018 the Group deployed a new alert system common to the entire Group and defined a new policy on whistleblowers. This system is open to all employees, both permanent and temporary, and to all its external stakeholders, and covers all the challenges of vigilance. An alert can be issued, anonymously or not, via email or a free telephone call. It is received by an external service provider that transmits the report anonymously to ENGIE for processing.

At the end of 2018, information about this alert system was specifically communicated to all employees via a mailing, videoscribing and poster campaign, with particular visibility on the Group's website, and was presented to the employee representative bodies via the existing committees at Group level, such as the European Works Council. In addition to the website, external stakeholders will be informed about the system through specific communications (in particular posters) at work sites and around Group sites.

### 4.3.3 Steering, governance and follow-up of deployment of the plan

#### Steering and follow-up at the highest corporate level

While the contents of the vigilance plan are a compilation of different risk prevention policies, each with its own commitments, governance and process, the Group wanted to establish follow-up and comprehensive coordination at the highest corporate level to ensure an effective and coordinated response to the objectives of the law. The Group's vigilance plan was validated by the Group's Executive Committee on January 22, 2018, which entrusted management to the Ethics, Compliance & Privacy department, under the responsibility of the General Secretary. A report on the effective implementation of the plan is presented annually to the EESDC of the Board of Directors. Coordination and deployment of the plan is monitored by a specific, groupwide committee<sup>(1)</sup> whose mission is to ensure an effective ENGIE SA process for the Group, to successfully disseminate the plan and to increase awareness among the entities, as well as to facilitate the feedback of information for the legal reporting requirement.

In 2018 each entities were expressly asked to contribute, at their level and within their direct and indirect subsidiaries, to the ownership, dissemination and implementation of the vigilance plan. The monitoring of these actions by the entities is included in the annual compliance report.

#### Stakeholder relations

The plan and the progress made in its implementation were presented in 2018 and will be regularly presented to the employee representative bodies via the existing committees at Group level, such as the European Works Council, the EESDC, and the Board of Directors. The entities were also specifically asked to present the vigilance plan and the legal obligations to their employee representative organizations.

At the local level, ENGIE has set a goal for "100% of the Group's industrial operations to be covered by an appropriate stakeholder dialogue mechanism by 2020"<sup>(2)</sup>. In addition to this Group goal, the Group's policy of "dialogue with stakeholders", a component of the CSR policy, includes a self-assessment by the BUs, a tool box, a training program and operational support from the CSR Department. In 2018, 53% of industrial activities were covered by an appropriate mechanism for dialogue with stakeholders. And in collaboration with the departments responsible for major projects and training, the CSR Department trained business developers and project managers of 6 entities/business units to its methodology of dialogue with the stakeholders in their activities. In addition, the CSR Department supports the operational teams in their dialogue processes on a daily basis.

(1) The monitoring committee is composed of the four main sectors concerned by the operational implementation of the plan: Ethics, Compliance and Privacy Department and the Corporate Social Responsibility Department, which co-chair the committee, as well as the Global Care Department and the Sourcing Strategy and Purchasing Department; Support functions relating to the compliance process include: Internal, Internal Audit and the Legal Department; operationnel BUs considered to be the greatest risk with regard vigilance: MESCAT BU, Asia-Pacific BU, Latin America BU, GEM BU and UK BU

(2) See <https://www.engie.com/en/analysts/engie-and-society/stakeholder-engagements//>