ENGIE, a CSR world leader

A RECOGNIZED INTEGRATED REPORT, COBUILT WITH STAKEHOLDERS

2ND GREEN BOND ISSUER WORLDWIDE
11.15 Bn€ collected to date

LEADING CSR RATINGS

FIRST MULTI-ENERGY COMPANY CERTIFIED SBT

A CERTIFIED IMPACT FUND

MEMBER OF Dow Jones Sustainability Indices

In collaboration with

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A CSR policy to address business trends

- Placing the environment at the heart of our activities
- Acting like a responsible community
- Giving meaning to our action
- Promoting a different way of consuming
CSR fully integrated in the governance of the Group

1. MANAGEMENT
CSR is represented at all levels of the management: board, EXCOM, Corporate, BUs & entities

2. NETWORKS
Additional networks complete the governance with CSR ambassadors and focus groups open to all employees

3. POLICIES
Several policies\(^{(1)}\) frame sustainability at ENGIE and are regrouped in the main CSR policy

4. OBJECTIVES
ENGIE follows a set of 19 objectives for 2030, proving its positive impact on the Planet and People

5. IMPACT BOOSTER
A Group impact fund boosts our positive impact and leads the way towards sustainability

\(^{(1)}\) Environmental policy; Societal policy; HR and Health and Safety development policy; Purchasing and Supply Policy; Ethics Policy; Social Responsibility Policy; Tax policy
A purpose to be added\(^{(1)}\) in ENGIE bylaws

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.

(1) To be proposed to shareholders
ENGIE capitals to deliver an integrated performance

**INTELLIGENT**
- 900 researchers
- €189 million allocated to R&D
- 105 calls for projects issued to start-ups
- €182 million invested in ENGIE New Ventures

**FINANCIAL**
- €38 billion in shareholders’ equity
- €10.5 billion in net cash
- €25.9 billion in net debt
- 2.5x net financial debt/EBITDA
- 4.0x net economic debt/EBITDA
- 2.5% debt on EBITDA
- Credit rating A-/A3

**INDUSTRIAL**
- €3.9 billion industrial Capex
- €2.6 billion maintenance Capex
- €4.0 billion financial Capex

**HUMAN**
- 171,103 employees, of whom 20.9% are women
- More than 37,100 hires
- 69.2% of employees trained

**SOCIETAL**
- ISO37001 certified anti-corruption process
- 25.5% of Senior Managers of nationalities other than Belgian or French
- 20 active companies and €25 million invested by Rassembleurs d’Énergies
- 117 projects pursued by the ENGIE Foundation

**NATURAL**
- 93 million m³ of water consumed
- €466 million in environmental expenses (investments and recurring expenses related to environmental protection)

**CAPITALS**
- €3.9 billion industrial Capex
- €2.6 billion maintenance Capex
- €4.0 billion financial Capex
Respecting planetary limits by acting in particular for the Paris Agreement
- 43 Mt CO₂ eq from production of electricity (regardless of asset ownership), line 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 by 2030
- 100% of our offers with an alternative that contribute to decarbonation by 2030
- 100% of our preferred suppliers (except energy purchase) certified SBT 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

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
- 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 score (1)

Ensuring responsible performance shared between employees, shareholders and stakeholders
- 6 - 8% 2019-22 NRIGS CAGR
- Economic net debt to EBITDA ratio below 4.0
- Dividend policy of a 65 - 75% pay out ratio
- €22bn Capex plan over 2019-22, of which ~€10bn for growth

(1) Index includes CSR evaluation, payment delays and inclusive purchasing
SBT, a step toward carbon neutrality
Commitments covering 95% of scope 1 and 90% of scope 3 emissions in 2017

Reduce the intensity of emissions of its power generation activities by 52% to 180 gCO$_2$/kWh (2030 on 2017)

Reduce Scope 3 emissions on use of sold products by 34% by 2030 on 2017

To achieve our goals: we will drastically reduce emissions related to our generation activities (full exit of coal activities, massively develop renewable generation, improve efficiency), and also act steeply on indirect emissions related to our sales (greening of the gas-biogas and hydrogen-, efficiency of solutions)

Date of certification: 6th February 2020
Our main Corporate commitments

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

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**THE B TEAM**

UNSG Summit Pledge letter
Business commitment to a just transition and green, decent jobs
OUR CSR PERFORMANCE
Leading position in CSR ratings and indexes

ENGIE listed in the main indexes

DJSI World, DJSI Europe, Industry Leader

- 2019: SAM 82, Sustainalytics 75, Vigeo Eiris 73

MSCI 2019: A, BBB

Climat 2019: A, A-

Water 2019: BB

Euronext Vigeo Eiris World 120, Europe 120, Eurozone 120 and France 20

- 2019: SAM 68, Vigeo Eiris 52

(1) Sector CDP (EDF, EON, RWE, ENEL, IBERDROLA, ENGIE)
-39% of total GHG emissions since 2015

GHG evolution of ENGIE

- 2012: 301 Mt
- 2015: 261 Mt
- 2016: 239 Mt
- 2017: 202 Mt
- 2018: 183 Mt

(1) Include all power production units, regardless of ownership (scope 1 & 3)

2019 carbon footprint (all scopes)

- Power production (1): 80 Mt (-50% since 2015)
- Use of products sold: 61 Mt (-47% since 2015)
- All other emissions: 42 Mt

Scope 3 - Other indirect emissions (Mt CO2 eq)
Scope 2 - Indirect emissions related to energy (Mt CO2 eq)
Scope 1 - Direct GHG emissions (Mt CO2 eq)
## Our commitments to mitigate our impact on climate

### Decarbonizing our customers

At the core of our strategy, we are actively building a methodology to measure our customers’ avoided emissions we enable.

100% of our offers will have an alternative that contribute to decarbonation by 2030

This objective shall be replaced once our methodology and processes to calculate avoided emissions for our clients are defined and operational.

### Decarbonizing our activities

Despite strong reductions of GHG emissions, the Group remains a large emitter. Our trajectory is in line with the Paris Agreement (SBT certified).

- Reduce the intensity of emissions of its power generation activities by 52% to 180 gCO₂ / kWh by 2030 from 2017
- Reduce Scope 3 emissions on use of sold products by 34% by 2030 from 2017

### Decarbonizing our ways of working and purchasing

Walking the talk - it is important to act on our ways of working to shift the company culture to align it with a carbon neutral world.

- 100% of our preferred suppliers (except energy purchase) will be certified SBT by 2030
- Achieve net zero emissions on our ways of working by 2030
ENGIE supported the Task Force on Climate-related Financial Disclosures work and is implementing its recommendations. We are now currently:

- Assessing financial risks of climate change on our infrastructures before
- Designing Group adaptation plans to reduce our vulnerability to climate impacts

### In details

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<td><strong>1</strong></td>
<td>We identified the specific vulnerability to climate change of each type of assets own by the Group</td>
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Our social responsibility focused on the safety of our employees and attraction of new talents

Health & Safety
- Continued efforts on health & safety at all levels
  - Frequency rate of accident (including suppliers on closed sites) limited to 2.9 by 2030
  - Specific indicator on the prevention of accidents

Formation
- Education is key to prepare tomorrow’s competencies, with focus on new generations and current employees
  - 10% of apprentices in Europe by 2025
  - 100% of employees with an annual training by 2030

Equal chances on gender
- Strong focus and efforts to provide additional gender diversity
  - 50% of women managers by 2030
  - Score of 100 of the gender equity index at Group level by 2030
Proactive stakeholders engagement

PARTNERSHIPS WITH CIVIL SOCIETY

INTEGRATED INDUSTRIAL PROCESS
CSR performance objective; criteria in investment process

METHODOLOGY AND TOOLS
Stakeholder mapping and Engagement Framework

DEDICATED TRAINING
For business developers and project managers
More than 1 million jobs supported worldwide

- **Direct jobs**: supported by the region in the global supplier chain (FTE, except Group energy purchases)
- **Indirect jobs**: supported worldwide by the region through household consumption and the costs of public bodies for personnel and taxation paid by ENGIE and its supplier chain (FTE)
- **Jobs generated**: supported worldwide by the region through household consumption and the costs of public bodies for personnel and taxation paid by ENGIE and its supplier chain (FTE)
- **Total jobs supported by the region worldwide (FTE)**
- **Multiplying coefficient for the region** (ratio of jobs supported by the region to direct jobs)
- **Local presence** (% of jobs supported in the region relative to the total number of jobs supported worldwide)

**Year 2017**

- **World**: 1,195,040
  - **North America**: 30,540
    - **United States**: 112,190
  - **Europe**: 942,240
    - **France**: 78,620
    - **United Kingdom**: 45,280
    - **Belgium**: 18,190
  - **Asia**: 64,410
    - **China**: 1.360
    - **India**: 22,040
    - **Japan**: 39,010
  - **Middle East**: 19,990
    - **United Arab Emirates**: 18.5
  - **Africa**: 3,580
    - **Morocco**: 11.9
    - **South Africa**: 8.0
  - **South America**: 15,810
    - **Brazil**: 15,810

- **Total jobs supported by the region worldwide (FTE)**
  - **Europe**: 134,510
  - **Asia**: 22,040
  - **Middle East**: 12,520
  - **Africa**: 3,580
  - **South America**: 15,810
  - **World**: 1,195,040

- **Multiplying coefficient for the region** (ratio of jobs supported by the region to direct jobs)
  - **Local presence** (% of jobs supported in the region relative to the total number of jobs supported worldwide)
A mixed and independent board

A MIXED AND INDEPENDENT BOARD

- Men (9)
- Women (4)

- M.N. Jégo-Laveissière
- P. Durand
- A. Beullier
- P. Lepage
- C. Agogué
- C. Aubert
- F. Malrieu
- M.J. Nadeau
- J.P. Clamadieu
- F. Brégier
- R. McInnes
- L. Ricketts of Shortlands

Independent Directors
Non-independent Directors

A REPRESENTATIVE BOARD

- I. Bui
- M.N. Jégo-Laveissière
- P. Durand
- A. Beullier
- P. Lepage
- C. Agogué
- L. Ricketts of Shortlands
- M.J. Nadeau
- F. Malrieu
- J.P. Clamadieu
- F. Brégier
- R. McInnes

- Directors elected by the General Shareholders’ Meeting
- Director elected by the General Shareholders’ Meeting to represent employee shareholders
- Directors elected to represent employees
- Directors elected by the General Shareholders’ Meeting on the recommendation of the French State
- Director representing the State appointed by order
2020 CEO compensation

Annual fixed component (cash)

- will be set by the Board of Directors retaining the moderation shown to date
- will be below the median fixed remuneration from the benchmark
- and will be appropriate for the role, experience and reference market of the future Chief Executive Officer

Chief Executive Officer

Annual variable component (cash)

Financial criteria 65%
- Net recurring income, Group share 50%
- Current Operating Income 25%
- Net economic debt 25%

Maximum amount: 150% annual fixed component

ESG criteria 35%
- including at least one significant criterion that reflects CSR objectives

Long-term incentive (shares or equivalent)

Performance units acquired post 2020
- At least one external criterion based on the relative performance of the Total Shareholder Return and one internal criterion based on value creation
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 dialogue on complex projects
- 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
- Study on compliance with SASB
Committed to increase Group financing through sustainable finance tools

- **11.15 bn€**: of green bonds since 2014. ENGIE is the leading issuer of green bonds worldwide.
- **>67%**: of assets funding pension liability invested with asset managers signatories of UN PRI.
- **5 bn€**: of Sustainable Revolving Credit Facility. Margin index (+/- 1.5 bp) on two climate change KPIs.
- **2.5 bn€**: of assets funding group’s French pension liabilities with integrated ESG criteria.
- **>3,000**: crowdfunders on renewable energy projects in France to increase project acceptability in a very inclusive way.
- **15 M€**: of investments in “gender equality” funds.
Rassembleurs d’Energies: at the forefront of ENGIE’s positive impacts

18 active companies and 34 M€ invested in 5 sectors
Offgrid clean collective energy,
Households clean energy solutions,
Circular Economy,
Energy efficiency and sobriety,
Clean cooking

- 4 M beneficiaries
- 1.3 M SHS* installed eq. to 33.4 MW

ELECTRIFICATION

- 6 000 jobs created
- among which > 3 000 are women

EMPLOYMENT

- 9 920 active biodigesters
- > 300 000 beneficiaries of clean cooking solutions

CLEAN COOKING

- 3 360 renovated houses, 11 960 beneficiaries
- 1 600€ saved yearly per households

ENERGY EFFICIENCY

- 11 000 tons of waste treated
- > 150 000 T of GHG avoided

ENVIRONMENT

- 3,000 women entrepreneurs in India
- 5 women CEO in our portfolio

GENDER EQUALITY
Sustainability is more than ever key to achieve business performance. The Group is actively engaged towards this path with a purpose and a strategy firmly set towards the reduction of our customers’ impacts.

We are committed to strengthen our positive interactions with all our stakeholders. ENGIE has a strong societal role to play due to the central position the energy sector holds in our society and the large ecosystems involved.