

3.1.3 Climate trajectory (related to the recommendations of the TCFD: Task Force on Climate-related Financial Disclosures)

3.1.3.1 Governance

The Ethics, Environment and Sustainable Development Committee (EESDC) studies and decides on climate-related issues and in particular points concerning the implementation of TCFD recommendations, decarbonization objectives and climate policy. This role was confirmed by its inclusion in the Internal Regulations of the Board of Directors in 2019.

In order to fulfill this mission, the EESDC relies on an annual climate assessment, an analysis of climate-related risks and opportunities, as well as other more specific elements (e.g. progress on the adaptation plan). These reports are prepared by the CSR Department, which also includes a chapter dedicated to climate change in its CSR reporting to the EESDC.

The CSR Department leads a committee to monitor and manage the Group's decarbonization objectives, and a committee to monitor and implement TCFD recommendations.

The Group has also set up training modules for directors so that they can ensure that they have sufficient skills to fulfill their roles. The climate is one of the training topics.

The CSR Department also makes proposals to the Appointments, Compensation and Governance Committee on the criteria for compensating the Chief Executive Officer in relation to ENGIE's main non-financial challenges. The Group's GHG performance is one of these.

3.1.3.2 Strategy

In line with its purpose, contributing to the decarbonation of the economy is at the heart of the Group's strategy.

It also takes the form of medium- to long-term commitments to a GHG emissions trajectory compatible with the Paris Agreement (SBT certification) (see Section 3.1.4). In order to define its commitments, the Group has studied the resilience of its business model by comparing it to different decarbonation scenarios (work undertaken as part of the ENGIE adaptation process), and by varying the assumptions for the development of its activities.

These commitments are already reflected in the Group's processes: for example, the allocation of a carbon budget to the main businesses as well as a revision of the investment framework memorandum.

Moreover, climate change brings new opportunities: it strongly encourages the development of new technologies and solutions, which also are opportunities for the Group, particularly in terms of:

- strong development of renewable power and gas that is more energy efficient (e.g. heating and cooling networks);
- more offers of decarbonization support and solutions for our customers.

3.1.3.3 Risk management

Climate change entails risks for the Group:

- **The transition risks** to which the Group is exposed mainly result from the strengthening of emissions regulations and decarbonization policies, changes in market and consumer behavior, and technological developments.

The Group has been setting itself greenhouse gas emissions targets since 2012. Since the Paris Climate Agreement was signed in 2015, the Group has reduced its direct emissions by almost 60%. It has set ambitious new goals for 2030 – certified by SBTi.

As well as the emissions of its own industrial assets, the Group acts throughout its value chain, including suppliers, work practices, and support for customers as they decarbonize their footprint.

- **Physical risks** are inherent in the assets and activities of the Group that might be exposed to the impacts of climate change. The collaboration of the CSR Department with the Group's operating entities has made it possible to identify the climate indicators that affect our activities (rising temperatures, floods, droughts, wind, and heat waves). The Group has also forged a partnership with the Pierre Simon Laplace Institute to obtain climate change data for the periods to 2030 and 2050.

In addition to risk management, insurance coverage and short-term continuity plans, a plan to adapt our high-risk assets for 2030 and 2050 is being drafted.

3.1.3.4 Indicators and targets

ENGIE has a robust panel of KPIs that enable it to measure its carbon footprint with all the desired level of detail. These indicators allow it to very precisely control changes in its GHG emissions.

The results of the decarbonization targets are shown in Section