

Biodiversity Notebook 2021



EDITORIAL



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Preservation of biodiversity is a major challenge for humanity and is certainly of the same magnitude as climate change. Moreover the two are linked. Diverse forests for example store more CO₂ than monocultures. Numerous international reports have shown the urgency of taking action in the face of declining natural resources, whatever the species involved and wherever in the world they are threatened.

But there is still time : by combining our efforts, we will manage to reverse the trend. Along with its commitment to energy transition, ENGIE has chosen to join the fight against biodiversity loss and has done so for ten years now. The dominant role played by land in most of the Group's business operations gives us an advantage in helping to restore nature and allow species what they need to develop harmoniously. Reconciling economic activity and natural preservation is in no way a contradiction in terms. On the contrary, it's a necessity.

The Group also depends on nature for such businesses as hydroelectricity and energy production from biomass, and we interact continuously with nature in all our renewable energy development projects.

It is entirely feasible to combine the fight against climate change with the fight against biodiversity loss. We are therefore careful to develop projects that fit into society's trajectory towards a carbon-neutral future in harmony with nature.

BIODIVERSITY, A KEY ISSUE FOR THE COMPANY

The Group attaches major importance to the preservation of biodiversity. As its activities are in constant interaction with natural ecosystems, it implements a proactive policy to reduce and control its footprint. It updated this strategy in 2020, in accordance with its purpose.

Long-term commitments to protecting biodiversity

While ENGIE benefits from the services provided by nature (biomass, watercourses, etc.), the activity of its industrial sites – the operation and extent of sites on the ground, the supply chain, etc. – is likely to interact with ecosystems and to change them. Since 2012, the Group has made external commitments to preserve biodiversity on a global scale, thus confirming the importance of biodiversity in its strategy and helping to achieve global targets in this area. In addition to its long-term commitment to the French National Biodiversity Strategy (Stratégie Nationale française pour la

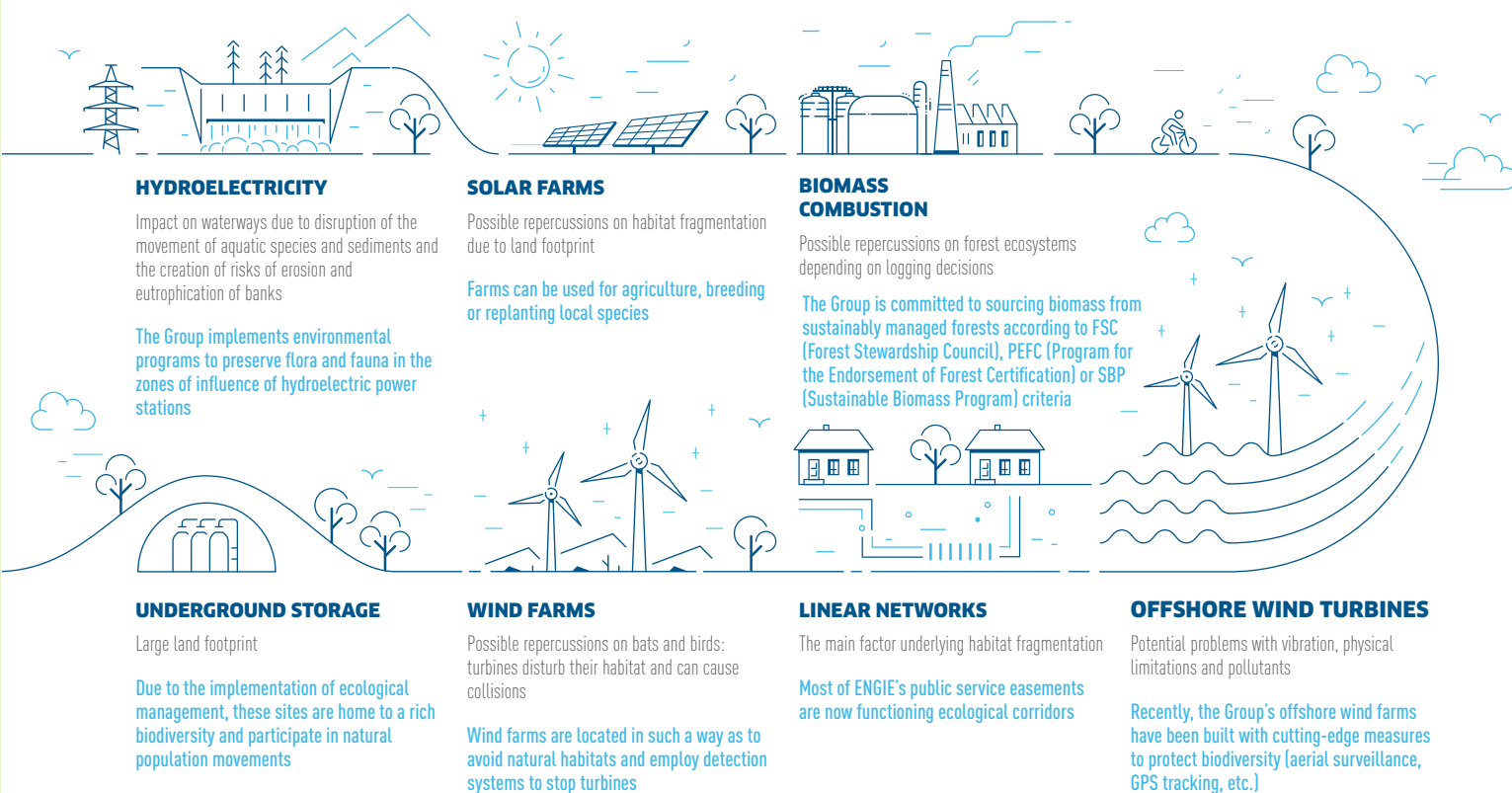
Biodiversité or SNB), the Group recently became involved in several French and international initiatives: the Business and Biodiversity Pledge (Convention on Biological Diversity) in 2016, act4nature in 2018, with UNESCO in 2019 and act4nature International and Entreprises Engagées pour la Nature-act4nature France in 2020/2021. For the past decade, the Group has also been supported by the French Committee of the International Union for Conservation of Nature (IUCN) and France Nature Environnement (FNE).



Solutions to reduce the impact of sites and production processes

According to the May 2019 IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) report, the main pressures on biodiversity relate to change of land use, overexploitation of resources, climate

change, pollution and invasive alien species. ENGIE's operations, like all industrial activities, have added to these pressures. The Group is applying solutions to mitigate the impact of each of them.



Challenges that bring opportunities

The degradation of biodiversity poses various risks for ENGIE's activities, the severity of which varies with the degree of reliance on natural ecosystems. However, biodiversity also represents an opportunity to create value for the Group.



Reliance on nature

All the energy production processes implemented by ENGIE rely on ecosystemic services, making them vulnerable to any disturbance to these. Understanding which ecosystem services underpin production processes helps the Group improve its performance by preventing natural hazards and by making its processes more resilient.



Regulatory changes

In addition to the existing conditions for operating permits and due diligence, regulations on biodiversity are intensifying. ENGIE has anticipated these developments and is committed to offering innovative solutions to reduce and offset its impacts.



Dialogue with local stakeholders

Good biodiversity management improves local integration with stakeholders and increases the acceptability of ENGIE's activities over the long term, including for the development of renewable energy.



Market risks

Changing consumer preferences for products with a reduced impact on biodiversity, or buyers' demands for the protection of biodiversity in the supply chain, can create market risks.



Financial risks

These include insurance, access to capital and the loss of investment opportunities, as investors increasingly incorporate the biodiversity footprint into their investment strategies.



Philippe Zaouati
CEO of Mirova



As the sixth mass extinction of biodiversity is in progress at an unprecedented rate, the financial system must play its part so that more investments are directed towards activities that protect and regenerate nature. In this context, Mirova, along with BNPP AM, Axa AM and Sycomore AM, has taken an innovative approach combining expertise in modeling Iceberg Data Lab data and the methodological development of I Care and Consult in order to develop a tool enabling investors to incorporate biodiversity into their investment decisions. The transparency of the chosen approach will positively contribute to the required convergence towards standardized indicators and may serve as a catalyst for action by businesses. This initiative constitutes a solid basis for the international work currently under way at the TNFD (Taskforce on Nature-related Financial Disclosures) and by the Finance for Biodiversity Pledge, to which we are contributing. ”

BUSINESS CASE

Green solar farms in the United States

Since 2016, the US subsidiary of ENGIE has incorporated the issue of biodiversity into the design of its solar parks. An assortment of 25 local floral and herbaceous species, providing an ecosystem conducive to wildlife, particularly pollinating insects, has thus been established over the entire surface area occupied by the farms. This technique also helps prevent soil erosion and degradation, absorb rainwater, and reduce airborne dust by 80%. Today, this system is in place at all of ENGIE's Distributed Renewables solar farms.



Strengthening of strategy in 2020

Since 2012, the Group's strategy has been based on a **cross-functional approach** – avoiding, reducing and offsetting – and **four major areas**: raising awareness of biodiversity and improving the Group's skills on the ground, strengthening its commitments to preserve biodiversity, developing innovative solutions to preserve biodiversity on sites and ensuring transparent practices for external stakeholders. This strategy is broken down into concrete actions: for example, leading a network of experts and in-house training courses on biodiversity, drafting a guide for ecological site management, developing nature-based solutions as much as possible, involving stakeholders and communicating and establishing progress reports.

In 2020, ENGIE **updated its policy** following various observations and recommendations: the major pressures on the environment identified by the IPBES¹, the SDGs² and the shared commitments made as part of the Group's participation in act4nature international and EEN-act4nature France. Several targets were set as a result:

- By **2022**, all of the development projects submitted to the Group Commitments Committee will have to **follow the “avoid, reduce, offset” cross-functional approach**, in consultation with stakeholders. This approach will be expanded to all development projects by 2025.
- By **2030**, ENGIE is committed to having all its industrial sites **ecologically managed and all its industrial activities and major projects subject to environmental plans**.
- The identification of around ten nature-based solutions by 2022

ENGIE will also supplement its strategy by carrying out an in-depth analysis of the impacts and reliance of its activities on its value chain, raising employee awareness of biodiversity issues and setting up a platform for the exchange of good practices.

BUSINESS CASE

Ecological site management at Storengy

Storengy reinvented the classic Facility Management model (maintenance services for green spaces, cleaning and security), by developing a new concept, Ecological Facility Management (ECO-FM), which responds to a double paradigm: transforming the preservation of biodiversity into an opportunity to create value, and seeing its 14 French industrial sites, covering around 1,500 hectares, as links in a chain, helping to strengthen ecological continuity. ECO-FM, which has been in place since early 2018, constitutes a global tool for managing the general aspects of biodiversity, responding to the environmental, social, energy and economic challenges of the enterprise.



Denis Leca

Head of Biodiversity at Storengy



Nature has never stopped short at the gates of our industrial sites. It is at home there, and always has been.

Managing our sites in an environmentally friendly way is a lesson in humility and living together that reminds us every day that we are indivisible from Nature. ”

¹ Intergovernmental science and policy platform on biodiversity and ecosystem services

² Sustainable Development Goals



Interview with Sébastien Moncorps

Director of the French Committee of the International Union for Conservation of Nature (IUCN)



Can you describe the partnership between the French Committee of the IUCN and ENGIE?

The partnership has existed since 2008. It was born out of the company's desire to make a greater and lasting commitment to biodiversity and the desire of the French Committee of the IUCN to increase voluntary corporate involvement in biodiversity issues. Our partnership is based on three main areas. Firstly, we contribute our expertise to further incorporate biodiversity into ENGIE's strategy and activities. Secondly, we work with our other partner companies, our members and our experts on common issues (ecological offsetting, biodiversity reporting, raising employee awareness, etc.). Lastly, in the third area, ENGIE supports, through corporate sponsorship, our actions to create the Red List of endangered species in France and to enlist the support of local authorities in the area of biodiversity. Our partnership was expanded and strengthened with the involvement of Storengy.

What are the main biodiversity challenges faced by companies?

Companies have a major role to play by reducing their impacts on biodiversity, but can also go further by contributing more actively to the protection and restoration of ecosystems. The challenges vary according to the company's activities, and can be numerous. For ENGIE, they relate to the territorial scope of its facilities (industrial sites including power plants and gas storage facilities, gas transport pipelines, dams, and wind and solar farms), the impact of their operation and their dependence on natural resources. The analysis should take place throughout the entire value chain. This diagnostic testing makes it possible to adopt a long-term strategy, implemented with regularly updated and evaluated action plans. This is what we have been doing together since 2010, supporting ENGIE in the development and roll-out of its biodiversity policy.

For **100%**

OF SITES LOCATED CLOSE TO PROTECTED AREAS* THERE WILL BE AN ACTION PLAN IN PLACE WITH THE STAKEHOLDERS CONCERNED BY 2030.

For **21%**

2020 RESULT



Middle East: A groundbreaking initiative in Abu Dhabi

In 2020, ENGIE worked closely with the Abu Dhabi environmental agency to restore the mangrove forests in the coastal waters of the Emirate. Mangroves play a crucial role in storing blue carbon (carbon captured by coastal ocean ecosystems), provide good protection for the coastline against flooding and erosion and contribute to the vitality of the fishing industry. Drones were used to sow around 4,000 mangrove seeds near ENGIE's Mirfa site. Monitoring has been performed and data collected to assess the health of the plantations. The experiment may, where appropriate, be the subject of scientific publications.



Florence Fontani

Director Communication and Corporate Social Responsibility Middle East



This project is fully in line with ENGIE's commitment to address environmental issues in tandem with its local partners, with a shared vision of environmental preservation. ”

* Since 2020, an increase in the type of areas taken into account and the strengthening of the criteria. The analysis now covers: all IUCN (International Union for Conservation of Nature) categories I to VI, Ramsar sites, UNESCO World Heritage Sites (natural and mixed), Natura 2000 sites, Key Biodiversity Areas (KBA) and Man and the Biosphere (MAB) reserves

ENGIE RENEWS ITS COMMITMENT

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



Hervé Casterman
Environment Director



Convinced of the interaction between its activities and nature, ENGIE confirms its interest by renewing its commitment to act4nature. In order to achieve its ambitions in terms of preserving biodiversity, the Group is deploying actions throughout the world in consultation with local stakeholders, thus contributing to the restoration of ecological corridors on land and water. We follow with particular attention the international work in progress on measuring the implementation of Science Based Targets for Nature and the TNFD (Taskforce on Nature-related Financial Disclosures). ”

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