

An aerial photograph of a dense, vibrant green forest. A river or stream flows through the center of the forest, creating white rapids and small waterfalls as it moves over rocks. The forest is composed of various types of trees, including tall evergreens and some palm trees. The overall scene is a lush, natural landscape.

# **Industry Associations Climate Review 2021**





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## Executive Summary

Convinced that we are facing a climate emergency and fully aware of the importance of the role that we play, our Group has given itself the ambition of contributing to a transition to a carbon-neutral world by considering the reduction of its greenhouse gas emissions as a major challenge.

Since 2015, we have been firmly committed to aligning ourselves with the Paris Agreement. After obtaining the SBT 2 degrees certification in February 2020, ENGIE made new commitments in May 2021 to be Net Zero across all 3 scopes by 2045, following a « well below 2 degrees » trajectory. The certification process for this is ongoing.

In this respect, we aim to ensure our participation in industry associations is consistent with our views on climate action and that our memberships strengthen our support of the goals of the Paris Agreement as well as our climate-related policy positions.

This is the first time we report on our industry associations' alignment with the Paris Agreement and our climate-related policy positions.

For this review, we have selected 37 associations, based on their relationship with the energy sector, their particular relevance in relation to climate change, their active involvement in policy discussions as well as their influence on climate-related public policy. The scope of action of these associations is mainly at international level or in Europe and France where ENGIE has significant business and commercial operations.

A vast majority of these associations have been assessed – through a rigorous process – to be supportive of both the Paris Agreement and our positions.

We will perform this assessment on an annual basis and publish an updated version every two years on our corporate website, or sooner in the event of changes that would warrant earlier publication.



## Introduction

At ENGIE, we are convinced of the climate emergency and are fully aware of the importance of our role. In May 2020, ENGIE's Shareholders' General Meeting amended the articles of association to introduce a statutory purpose for ENGIE which is to act to accelerate the transition to a carbon-neutral economy, through low-energy solutions that are more respectful of the environment.

In May 2021, in coherence with ENGIE's statutory purpose, we have updated our strategy to put these commitments at the forefront: to decarbonize our business and operations with a "Net Zero Carbon" objective across all 3 scopes by 2045, in line with a "well below 2°C" trajectory.

The energy transition will only be possible through collective action. We are committed to trustworthy, reliable and transparent relationships with all our stakeholders, i.e. investors, customers, governments and elected representatives, as well as NGOs.

When tackling climate change, ENGIE also takes into account the impact of its decisions on people. Its actions aim at ensuring a just transition in accordance with the Paris Agreement on Climate Change.

ENGIE sees the promotion of the energy transition as part of a collaborative, comprehensive effort, fueled by discussions with numerous non-profit groups and task forces. Dedicated exclusively to issues related to climate change or involved in broader topics, such as lobbying or responsible taxation, these bodies provide the Group with a more thorough understanding of shared issues and can, in some cases, lead to concrete results in the form of the development of standards or shared commitments.

In this context and taking into consideration the constructive dialogue with Climate Action 100+, ENGIE has decided to conduct a more in-depth Industry Associations Climate Review in 2021.

In this report, we assess our memberships with industry associations, which are instrumental in sharing our climate-related positions, towards ensuring that our participation in industry associations is consistent with our views on climate action.

By communicating our advocacy positions and by encouraging our industry associations to be more transparent, our Group will play a role in the collective effort of reaching the climate objectives.

*The purpose of ENGIE is to act to accelerate the transition to a carbon-neutral economy, through low-energy solutions that are more respectful of the environment.*

*This purpose brings together the company, its employees, customers and shareholders and reconciles economic performance and positive impact on people and the planet. ENGIE's action is assessed in its entirety and over time.*

*With our purpose, we are committing to a long-term strategy and the transition towards carbon neutrality.*

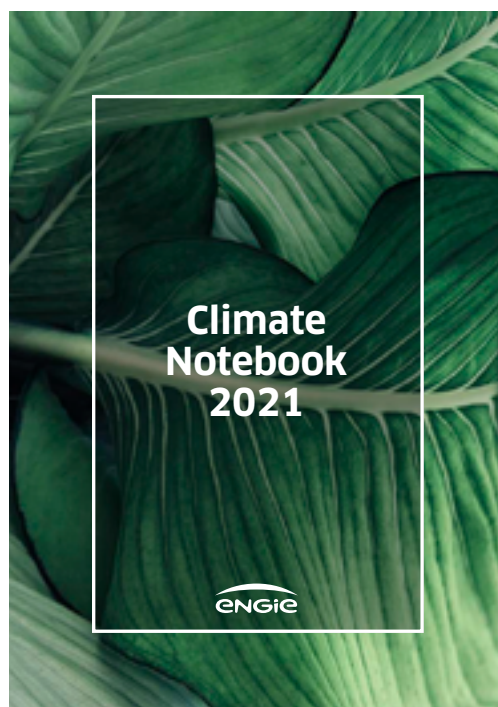
*In line with our commitment to tackle climate change and accelerate the transition to a carbon-neutral economy, ENGIE strives to ensure that its lobbying activities and the industry associations in which the Group takes part are aligned with the Paris Agreement and the company's climate strategy.*



# ENGIE's climate-related policy positions

While it had already been certified as a 2 degrees trajectory by SBTi in February 2020, ENGIE announced in May 2021 a goal of Net Zero Emissions by 2045, applied to the direct and indirect emissions (scopes 1, 2 and 3) of all its operations. To this end, the Group will follow a “well-below 2°C” trajectory, a new ambition which has recently been submitted to SBTi for certification.

ENGIE is committed to a complete exit from coal in Europe by 2025 and worldwide by 2027 together with significant acceleration in the development of renewable energy. We are also assisting customers towards carbon neutral operations, and engaging with our suppliers for them to commit to a low carbon world. In 2021, a comprehensive view of ENGIE's climate-related strategy has been published in our [Climate Notebook](#).



In addition to the Group's positions on emission trajectories compatible with the Paris Agreement, the interest of putting a price on carbon and strengthening R&D on zero-carbon technologies, ENGIE is convinced that gas - which will progressively be greened - has a key role to play in accelerating the energy transition. This is key for both, the rapid removal of coal as well as the resilience of the electricity system powered by intermittent renewable energies. The greening of

gas to switch from fossil fuels to biogas and green hydrogen will play a pivotal role in the energy transition in the next decades.

The climate-related policy and advocacy positions below provide the basis for assessing the level of alignment between ENGIE and the industry initiatives and associations in which it participates. These considerations will also be key for the company when deciding to participate in these associations.

## ENGIE CLIMATE-RELATED POLICY AND ADVOCACY POSITIONS

**Scientific Position** - ENGIE recognizes the relationship between human activity and climate change as a fact, and the Intergovernmental Panel on Climate Change (IPCC) as the primary source of information on climate change.

**Paris Agreement** - ENGIE supports the Paris Agreement's objective of limiting average global temperature increases. For ENGIE, this trajectory relies on 2 objectives for 2030 on GhG emissions reduction relating to both energy production and the use of sold products. ENGIE's climate strategy includes a commitment to reach Net Zero GHG emissions, by 2045, across all 3 scopes, and in compliance with a "well below 2°C" trajectory.

**Role of Natural Gas** - ENGIE recognizes natural gas as a "transition fuel" and a key enabler of the transition to a low-emissions future. ENGIE believes that natural gas is critical to the energy transition's affordability, energy system flexibility & security, its role to facilitate the penetration of renewable electricity, therefore contributing to energy decarbonization and security of energy supply on a global scale. ENGIE strongly advocates for the development of biogas and green hydrogen to accelerate the path to net-zero carbon and decarbonize gas assets.

**Development of renewable energies** - ENGIE is strongly committed to developing renewable energies (electricity and gases) and works to increase their share in the energy mix to facilitate the transition towards low-emissions economies.

**Distributed energy infrastructure and related energy efficient services** - ENGIE promotes the role of sustainable district heating and cooling, distributed generation, low-carbon mobility, low-carbon cities and public lighting in order to foster reductions in energy consumption, energy efficiency and the greening of customers' energy mix.

**Networks** - ENGIE supports investments in energy infrastructures that facilitate the transportation and distribution of biogas and hydrogen, and natural gas as a "transition fuel" needed to achieve climate and energy objectives.

**Energy system integration** - ENGIE recognizes the energy system integration as a key instrument for energy systems optimization and decarbonization. ENGIE strongly supports the homogenization of cross-industry technical standards to unlock the full potential of the energy system integration.

**Carbon Pricing** - ENGIE advocates for robust carbon pricing policies and mechanisms that promote investments in low-emissions technology, reduction of energy consumption and energy efficiency.

**Reliable and affordable energy** - ENGIE supports an affordable and resilient approach of the decarbonization, without compromising on targets. ENGIE supports the access-to-energy industry framing and standards in terms of quality and customer protection.

## BUSINESS CASES

### Carbon pricing

For a long time, ENGIE has advocated for a strong carbon price signal worldwide and especially at European level. In our opinion, such a signal would be decisive to accelerate the coal phasing out and to increase the competitiveness of emerging, renewable and low carbon solutions (e.g. green hydrogen, biomethane, floating offshore, etc.). We also believe – sharing here the same opinion as the DG Climate of the European Commission – that a market solution is better than having plenty of sectorial regulations, leading to fragmenting the decarbonization efforts and potentially multiplying, by redundancy, negative impacts on end-users, especially citizens. One single and efficient carbon price signal would be simple and “readable” by everybody.

For these reasons, we are in favor of an ambitious revision of the European ETS directive, a wise and fair creation of a dedicated ETS for road transport and buildings, and a progressive set up of the Carbon Border Adjustment Mechanism (CBAM). This position has been expressed in the public answers ENGIE has made to the consultations launched by the European Commission on the “Fit for 55%” package, has been presented to Members of the European Parliament, Member States representatives and to the European Commission, and exposed in several public events (Bruegel, Friends of Europe, etc.) by ENGIE’s top management representatives.

### Hydrogen

ENGIE is in favor of creating the conditions for the rapid ramping up of the renewable hydrogen sector in Europe. It will be a key vector of the European energy system and should massively contribute to the decarbonization of the European economy. That’s why we have defended a dedicated support to renewable H<sub>2</sub> in the “Fit for 55%” package, especially in the revision of the Directive on renewable Energy (so-called RED), stressing also that the perimeter of RED (only renewable energy) had to be respected; low carbon Hydrogen would have to be covered by the “Gas” package (adopted in December 2021). On these two points, the European Commission has adopted propositions aligned with ENGIE’s position. We are now working on consolidating these positions in the frame of the negotiations between the decision-makers from the European Parliament and the Council of European Union.

### Biomethane

In France, ENGIE has strongly advocated in favor of the implementation of an extra-budgetary financing mechanism to support the development of biomethane production. The Climate and Resilience Law (Loi “Climat et Résilience”) of August 22, 2021 has introduced this novel mechanism. It creates an obligation for natural gas suppliers to return “biogas production certificates” to the French State. To fulfill this obligation, suppliers can either produce biogas that is injected into a natural gas network or acquire certificates from biogas producers.

This mechanism will have a positive impact in accelerating the development of biomethane in local territories and reaching the objective of 10% of renewable gas in the networks by 2030.





## COALITIONS AND PARTNERSHIPS

ENGIE's strategy involves partnering with other actors to reduce carbon emissions. Alongside its participation in industry associations, ENGIE is involved in several partnerships and coalitions that allow us to broaden the impact of the positions we hold and to accelerate towards carbon-neutrality.

### "European Union Green Consumption Pledge Initiative"

ENGIE has made several "green commitments" to reduce both its own carbon footprint and its customers' and consumers' footprints. As an example, in June 2021, ENGIE responded to the European Commission's "European Union Green Consumption Pledge Initiative", which aims to encourage companies to make voluntary commitments that facilitate sustainable production and consumption.



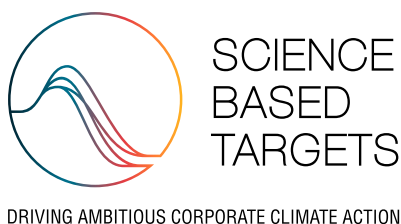
### We mean Business Coalition

ENGIE is an active member in the "We mean business coalition", which aims to catalyze business and policy action to halve emissions by 2030 and accelerate an inclusive transition to a net-zero economy.



### Business Ambition for 1.5°C

ENGIE joined the Business Ambition for 1.5°C which is a call to action from a global coalition of UN agencies, business and industry leaders (We Mean Business, SBTi...), in partnership with the Race to Zero campaign launched by the UN.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



# Our Approach

ENGIE, as a leader of the energy transition, believes it is its duty to be proactive and takes part in the public decision-making process in the regions and countries where it operates. The Group is committed to carry out its lobbying activities in accordance with its fundamental principles: act responsibly and accordingly with law and regulations, promote a culture of integrity, and respect other opinions.

ENGIE defines lobbying activity as promoting and defending the interests of its entities by informing the stakeholders concerned in the technical, economic, environmental and social fields. ENGIE wishes to share its vision of the energy system and its technical expertise with institutional bodies, in particular with members of government and parliament, central administrations and local authorities, and to inform them about the Group and promote its values, businesses and services.

These positions, whilst taking into account the general interest, aim to inform the various actors' public decision-making. To this end, ENGIE acts directly with its institutional contacts and/or contributes to the work of professional associations which also carry out lobbying activities.

## **PARTICIPATION IN THE CLIMATE DEBATE**

ENGIE intends to take part in open and well-informed discussions and actively contribute to debates in society, public decision-making and regulations, as part of a constructive dialogue with public authorities and in partnership with its peers. We are committed to fostering a good level of dialogue with all of our stakeholders including governments, regulators, investors, academic institutions, international institutions, non-governmental associations, other companies, and local communities.

Industry associations exist as a way for businesses to share best practices, develop standards and new technologies, and inform policy debate.

Through our participation, we aim to share our knowledge, expertise and best practice with others, define industry standards, keep abreast of the latest developments and up-to-date views on debates within the industry, and provide input to regulatory authorities on different aspects of sustainable development. These include climate change, decarbonization, preservation of the environment, safety, innovation, responsible taxation, and people.

We value the relationship with our industry associations and seek to reinforce the positive role that the associations should play through ongoing engagement and transparent efforts. We cooperate in these associations or coalitions to promote a sustainable, affordable, and secure pathway to achieve decarbonization goals by paying membership fees and by supporting and participating in the working groups and events they organize.





## TRANSPARENCY & ETHICS

At ENGIE, we have committed ourselves to ensure transparency and integrity of information is made through reliable communication, and that the Group's actions are consistent with its purpose.

Before joining a voluntary association of any type, ENGIE looks at several questions related to ethics, the interests of the businesses, the allocation of resources, and the alignment of mutual positions, in particular as regards to the fight against climate change.

ENGIE gives itself the means to put in place a high standard of ethical criteria to govern association-related activities so that they are fully in line with the Group's global policy on ethics and environmental and social responsibility whose governance structure is placed under the auspices of the Board of Directors, through its Committee on Ethics, Environment and Sustainable Development.

These principles have been defined in our [Ethics Charter](#), and through its [Practical Guide to Ethics](#), ENGIE condemns influence peddling and corruption in all its forms. The Group also refuses to fund political activities, including in countries where these donations are legally allowed. ENGIE is also strongly committed to upholding internationally agreed human rights in all of its relations with public authorities.

## COMPLIANCE & LOBBY REGISTER

Each lobbyist acting for ENGIE is committed to carry out his/her lobbying activities in accordance with ENGIE's fundamental ethical principles stated in its [Code of conduct on Lobbying](#). He/she shall appear on lobbyists' register of national and international organizations where he/she carries out lobbying activities and shall abide by the codes of conduct and regulations of these same organizations.

In France, ENGIE publishes its annual report of its lobbying actions and performs the registration of its lobbying activities carried out during the year on the digital [register of Haute Autorité pour la Transparence de la Vie Publique \(HATVP\)](#) in accordance with the Sapin 2 Law in order to provide transparent information and fight against corruption. Moreover, during its specific ethics and compliance annual reporting campaign, the Group's Ethics Compliance and Privacy Department assesses yearly the correct application by all ENGIE's entities of these principles and relevant code of conduct on lobbying.

In Europe, lobbying means deployed by ENGIE are registered in the [European Transparency Register](#) (n°: 90947457424-20). Our transparency number is pointed out in all our exchanges/communication with the European institutions. All our contributions to European public consultations are made public and mention our transparency number. Meetings with interest representatives are also made public by the European Commission.

# Assessment methodology

## IDENTIFICATION OF THE ASSOCIATIONS

ENGIE companies are members of hundreds of industry associations around the world.

We identified the most important initiatives and associations in which we participate, coming from different geographic areas and sectors, based on:

- Their relationship with the energy sector.
- Their particular relevance in relation to climate change.
- Their active involvement in policy discussions and/or their influence on climate-related public policy.
- Their scope of action at international level or in Europe and France where ENGIE has significant business and commercial operations.

We have excluded the associations that share only technical standards or share best practices in the industrial security, without significant activities to influence climate-related public policies, for instance the World Association of Nuclear Operators (WANO).

We have also excluded from the scope of this first industry associations climate assessment two trade associations, the MEDEF and the International Chamber of Commerce, due to the specific nature of our memberships.





- MEDEF, the leading network of entrepreneurs in France.

The MEDEF is comprised of territorial organisations, professional federations and associated organisations and partners. The scope of our direct membership is limited to MEDEF's territorial entities. We participate in national level committees only through other associations, namely the *Association Française du Gaz*, where we are committed to drive positive change concerning the energy transition, energy efficiency and the need to address climate change according to the Paris Agreement. ENGIE is also a partner of the MEDEF's two major annual meetings where we share our views on climate-related issues.

- International Chamber of Commerce, the institutional representative of more than 45 million companies in over 100 countries.  
ENGIE is a member of the French Committee (ICC France), which contributes to the elaboration of ICC global positions, and participates in the ICC France Environment and Energy Working Group. However, in 2021, ENGIE had no direct lobbying activities in the international governing body.

On this basis, 37 associations have been assessed in this review, following an objective and rigorous process.

## PROCESS FOR REVIEW

After the identification process, we have conducted the review according to the following process during the second half of 2021:

- A questionnaire assessing the associations' positions with respect to both the Paris Agreement and ENGIE's climate positions as described above in the report has been formulated.
- ENGIE representatives with in-scope associations gathered publicly available data such as publications, websites, public statements, and observations about the associations. The timeframe taken into consideration for data collection was years 2020 and 2021.
- On this basis, ENGIE teams have filled out the questionnaire. When the industry associations' positions were unclear or ambiguous, we decided to conduct further investigations through direct discussions with the associations, asking for relevant information regarding their level of alignment with the Paris Agreement and our climate positions.

- The assessment of alignment has been realized by a core project team using the available information and detailed findings.

- Once the assessment completed, the output was used to discuss the appropriate follow-up actions with the concerned associations.

The assessment was carried out internally within the Group, and involved the collaboration of several corporate departments (Regulation, International Affairs, CSR and Strategy), as well as different Global Business Units.

## ASSESSMENT OF ALIGNMENT

After an in-depth analysis of the information, we then categorized the associations as follow:

- **Aligned:** the association has a proven commitment to support - or a proven alignment with - the goals of the Paris Agreement and ENGIE's climate positions.

Concerning the position relating to the promotion of green hydrogen, we would like to highlight that some associations have lobbying activities on both green and low-carbon hydrogen. In this case, despite expressing a broader position than ENGIE, we have nevertheless decided to consider the said associations as aligned on this specific point.

- **Partially aligned:** the association does not explicitly or implicitly support the goals of the Paris Agreement or does not express proven alignment with ENGIE's main climate positions.

- **Non-aligned:** the association has public climate position that are contrary to the goals of the Paris Agreement and/or ENGIE's climate positions.

# Results of our review

ASSESSMENT STATUS	LIST OF ASSOCIATIONS
<b>ALIGNED ASSOCIATIONS</b>	Association Française des Entreprises Privées (AFEP) Association Française du Gaz (AFG) Association française du gaz naturel véhicule (AFGNV) Bioenergy Europe Business Europe Business for nature Carbon Pricing Leadership Coalition (CPLC) Cedigaz COGEN Europe Comité Stratégique de Filière Nouveaux Systèmes Energétiques CSR Europe Eurelectric Euroheat & Power (EHP) Eurogas European Association for Storage of Energy (EASE) European Biogas Association (EBA) European Federation of Intelligent Energy Efficiency Services (EFIEES) European Round Table (ERT) European Solar Thermal Electricity Association (ESTELA) EVOLEN France Hydrogène France Industrie Gas Infrastructure Europe (GIE) Global Gas Centre (GGC) Hydrogen Council Hydrogen Europe International Gas Union (IGU) Natural and bio Gas Vehicle Association (NGVA) Syndicat des Energies Renouvelables (SER) Union Française de l'Electricité (UFE) Union Professionnelle des Industries Privées du Gaz (UPRIGAZ) WindEurope World Biogas Association (WBA) World Business Council for Sustainable Development (WBCSD)
<b>PARTIALLY ALIGNED ASSOCIATIONS</b>	European Geothermal Energy Council (EGEC) SolarPower Europe World Energy Council (WEC)
<b>NON-ALIGNED ASSOCIATIONS</b>	None



For aligned associations, our policy with these associations is as follows:

- We will continue to engage with these associations and maintain our membership.
- We will work constructively with them on climate-related policies that support the goals of the Paris Agreement.
- We might even wish to reinforce our engagement with these associations in order to further strengthen their impact.
- We will continue to track alignment of our positions on climate-related policy and if we find misalignment in the future, we will report on our differences.

For partially aligned associations, our policy with these associations is as follows:

- We will continue to engage with these associations and maintain our membership.
- We might also increase the scale of our involvement in order to reinforce our position of internal leverage.
- In case the association does not explicitly or implicitly support the goals of the Paris Agreement, we will ask for an explicit commitment from their part.
- In case the association is aligned with the goals of the Paris Agreement but not with all ENGIE's climate-related positions, we will maintain an open and constructive dialogue to ensure that their actions show greater engagement and collaboration.
- We will re-assess the alignment status of the concerned associations within 12 months.

For non-aligned associations, our policy with these associations is as follows:

- We will terminate our memberships with these associations in 2022.
- However, we will leave the opportunity to renew our collaboration in the future should these associations change their climate-related policy positions.
- Between the time of our decision and the date of exit, we aim to monitor possible developments in the association's positions while reaffirming our own with the objective of applying influence to change.

Out of the industry associations assessed, we found that 34 are aligned with ENGIE's climate-related policy and advocacy positions and 3 are partially aligned. None were not aligned.



The 3 partially aligned associations are European Geothermal Energy Council, SolarPower Europe and the World Energy Council.

These 3 associations have a proven alignment with the goals of the Paris Agreement but are not fully aligned with ENGIE climate-related positions.

Indeed, they are electricity-focused and do not fully consider the role of natural gas in the energy transition.

ENGIE will continue to promote within these associations the transitional role of natural gas and the development of green gases (biomethane, syngas, green hydrogen) as part of the energy system integration, enabling a better integration of renewables in the European energy mix and accelerating the decarbonization of the European economy.



# Next Steps

*We will perform this assessment on an annual basis and publish an updated version every two years on our corporate website, or sooner in the event of changes that would warrant earlier publication.*

*This review will cover the initiatives and associations identified in this report, as well as others in the portfolio of associations of which we are members that may become more relevant and any new ones we might join.*

*The report is available on our website:  
[www.engie.com](http://www.engie.com)*

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## CAUTIONARY NOTE

The nature of a review of policy positions and activity necessarily involves interpretation and judgement. In designing the methodology for this review, we set out specific ENGIE positions and compared trade association positions to the latter. We took this approach for reasons of rigour, consistency and objectivity.

However, we have recognized that this approach has its limitations. Not every climate-related issue is necessarily covered by the positions we have set out; and some areas of potential alignment or misalignment may arise at a level of detail or nuance not readily captured by this approach.



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