



JOINT REQUEST FOR THE INCLUSION OF AN ITEM ON THE AGENDA SUBMITTED BY SEVERAL SHAREHOLDERS

This item on the agenda was submitted by the following shareholders:

- **APG**, domiciled at Basisweg 10, 1043 AP Amsterdam, The Netherlands
- **CANDRIAM**, domiciled at Avenue des Arts 58, B-1000 Brussels, Belgium
- **DEGROOF PETERCAM ASSET MANAGEMENT**, domiciled at Rue Guimard 18, 1040 Brussels, Belgium
- **ECOFI**, domiciled at 12 Boulevard de Pesaro, CS 10002, 92024 Nanterre Cedex, France
- **MESSIEURS HOTTINGUER & CIE -GESTION PRIVEE**, domiciled at 63 Rue de la Victoire, 75009 Paris, France
- **LA BANQUE POSTALE ASSET MANAGEMENT and TOCQUEVILLE FINANCE**, domiciled at 36 quai Henri IV, 75004 Paris, France
- **LA FINANCIÈRE DE L'ECHIQUIER**, domiciled at 53 Avenue d'Iéna, 75116 Paris, France
- **MANDARINE GESTION**, domiciled at 40 Avenue. Georges V, 75008 Paris, France
- **MN**, domiciled Prinses Beatrixlaan 15, 2595 AK, Den Haag, The Netherlands
- **IRCANTEC**, domiciled at 131 av. de Choisy, 75013 Paris, France
- **MEESCHAERT ASSET MANAGEMENT**, domiciled at Tour Maine Montparnasse, 33 Avenue du Maine, 75755 Paris Cedex 15, France
- **OFI INVEST ASSET MANAGEMENT**, domiciled at 14 Rue Roquépine 75008 Paris, France
- **MIROVA US**, domiciled at 888 Boylston Street, Boston, MA 02199-8197, USA
- **PGGM**, domiciled at P.O. Box 117 3700 AC Zeist, The Netherlands
- **SYCOMORE ASSET MANAGEMENT**, domiciled at 14 Avenue Hoche 75008 Paris, France

Item to the General Meeting agenda on the content of the company's climate plan

The general meeting requests the directors to add an item on the agenda in order to, after having taken note of the information contained in the explanatory memorandum accompanying this request, discuss possible means to strengthening shareholder information on climate-related issues by implementing the following provisions:

At the close of each financial year, starting this year, the board of directors should publish the following indicators to enable the shareholders to assess the company's climate plan against a climate scenario limiting global warming to 1.5°C above pre-industrial levels, with low or no overshoot and with limited use of negative emission technologies (also called carbon dioxide removal):

- a. Short- and medium-term greenhouse gas emissions reduction targets on Scopes 1, 2 and 3, expressed in intensity and/or absolute terms, encompassing all its activities;
- b. Short- and medium-term capital expenditure (Capex) plans disaggregated by activity, type of energy (with a split between fossil and green gases) and by orientation between maintenance and development of the company's assets;
- c. Targeted sales energy mix and production volume evolution for the short-, medium- and long-term;
- d. Energy storage targets for the short-, medium- and long-term;
- e. An indication of the percentage of current and developed gas infrastructures that are likely to be used for green gases, considering chemical differences as well as geographies;



- f. Baseline scenario used to set the abovementioned targets and the explanation on how it considers the best available scientific knowledge;
- g. Volume and cost assumptions for nascent technologies such as biomethane, hydrogen, carbon capture, utilization and storage;
- h. Third-party estimated greenhouse gas emissions relating to Liquefied Natural Gas imports;
- i. Possible contribution of captured greenhouse gas volumes to achieving each of the greenhouse gas emissions reduction targets;
- j. Carbon offsetting approaches that may be implemented to complement the greenhouses gas emissions reduction targets.

Explanatory Memorandum

I. Introduction

a. The decisive role of the power sector in achieving the objectives of the Paris Agreement

The Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) converge on the need for a massive reduction in fossil fuel consumption in order to keep global emissions within a carbon budget that limits global temperature increase to 1.5°C above pre-industrial levels.

In particular, the IPCC identifies the need for a reduction of 45% in CO₂ emissions by 2030 compared to 2010 levels, in order to reach net zero emissions by 2050¹ and points out that, “projected cumulative future CO₂ emissions over the lifetime of existing and currently planned fossil fuel infrastructure [the majority of which is in the power sector] without additional abatement exceed the total cumulative net CO₂ emissions in pathways that limit warming to 1.5°C (>50%) with no or limited overshoot”.²

In parallel, the IEA Net Zero Emission scenario states that “the global use of unabated fossil fuels in electricity generation is sharply reduced” in the years to come: unabated coal-fired generation is phased out by 2030 in advanced economies and by 2040 in all other regions, and “generation using natural gas without carbon capture [...] starts falling by 2030 and is 90% lower by 2040 compared with 2020”.³ The IEA NZE scenario entails a decline of fossil gas use in the global power sector of 25% of 2021 levels by 2030 and 93% by 2040, making it the fastest declining sector for gas use.⁴ and “by 2035, unabated natural gas represents below 5% of electricity generation”⁵. Furthermore, in the IEA’s NZE scenario, 40% of electricity generation comes from wind and solar by 2030 when annual capacity additions of all renewables reach 1,200 GW compared to the 290 GW renewables capacity installed in 2021.

Implementing this scenario requires a significant reorientation of capital expenditures (capex). For every one dollar spent globally on fossil fuels by 2030, at least nine dollars must be invested in what the IEA classifies as “clean energy and efficiency investments” (energy efficiency, clean fuels and clean power, network and storage).⁶

¹ IPCC, [Sixth Assessment report. Climate Change 2022: Mitigation of Climate Change](#), Summary for Policymakers, p. 12, 2022

² Intergovernmental Panel on Climate Change, [Sixth Assessment report. Climate Change 2022: Mitigation of Climate Change](#), Summary for Policymakers, p. 16, 2022

³ International Energy Agency, Net Zero by 2050: A Roadmap for the Global Energy Sector, p.116, May 2021

⁴ International Energy Agency, [World Energy Outlook 2022](#), p.133-134, October 2022

⁵ International Energy Agency, [World Energy Outlook 2022](#), p.137, October 2022

⁶ International Energy Agency, [World Energy Outlook 2022](#), p.62, October 2022



This transition may create “transition risks “. Carbon Tracker estimates that 66% of the global coal operating fleet may be made unprofitable by 2040 (from 27% today) based on current pollution regulations and climate policies.⁷ Even with a “below 2°C” scenario, investors and governments will likely face over USD 267 billion in stranded assets⁸. However, climate inaction implies very high costs that are out of proportion with the investments required for the zero-carbon transition. Swiss Re Foundation⁹ showed that the current trajectory of increasing GHG emissions and associated climate change could result in a contraction of the global economy by 18% in 2050, well above the cost of the transition.

b. The need for detailed transition plans

To establish and deploy their climate commitments and manage climate risk exposure¹⁰, investors be provided with climate disclosures from the companies they invest that enable them to assess the alignment of their transition plans with the objectives of the Paris Agreement.

The Corporate Sustainability Reporting Directive (CSRD)¹¹ requires companies to communicate from 2025 on "the plans [. ..] to ensure that [their] business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement [. ..] and the objective of achieving climate neutrality by 2050.

" This reporting will be further specified in ESRS E1 and further sectoral frameworks being currently developed by EFRAG. Meanwhile, the French Autorité des Marchés Financiers (AMF) states that “with a view to the entry into force of the new European non-financial reporting framework and in particular the new reporting standards based on the CSRD, the AMF as of now calls on listed companies to take these new requirements into account, insofar as possible, in the preparation of their non-financial reporting and their climate strategy. For this purpose, the AMF calls on issuers to enhance their shareholder dialogue on their climate strategy in the context of their annual general meeting”.¹²

II. Despite Engie’s ongoing progress on disclosure further transparency on several key indicators is needed

Engie has gradually improved both its disclosure and its climate ambitions, encapsulated in its net zero emissions goal by 2045, and its purpose or “raison d’être” stating that the company "acts to accelerate the transition to a carbon-neutral economy through low-energy solutions that are more respectful of the environment".

In 2022, Engie consulted its shareholders through a Say on Climate resolution. The resolution was approved at close to 97%, however, the company had yet to clarify important aspects of its plan in order to answer several requests brought to the attention of the company and its Board of Directors over the past few years.

⁷ Carbon Tracker, [Do Not Revive Coal: Planned Asia coal plants a danger to Paris](#), p. 15, June 2021

⁸ Carbon Tracker, [Powering Down Coal: Navigating the economic and financial risks in the last years of coal power](#), November 2018

⁹ Swiss Re Institute, [The economics of climate change risk](#), 2021

¹⁰ In France for instance, the Decree of the Article 29 of the Energy-Climate Law on non-financial reporting by market players¹⁰ requires investors to set “a quantitative goal between now and 2030 which will be reviewed every five years up to 2050. [. ..] The goal shall include direct and indirect greenhouse gas emissions in absolute value or in value of intensity in relation to a reference scenario and a reference year. It may be expressed by measuring the implicit rise in temperature or by the volume of greenhouse gas emissions". Moreover, since 2020, a growing number of investors have made a voluntary commitment to align their investments with a decarbonization trajectory that will result in net zero emissions by 2050.

¹¹ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

¹² AMF, [Shareholder dialogue on environmental and climate issues](#), March 2023.



The company since provided additional information in its [Market update 2023](#) and its [Climate/TCFD Report 2023](#)¹³ allowing a better assessment of the company's ability to accelerate its climate transition plan, notably the recent certification of its GHG targets as “ well-below 2°C” by the Science Based Targets Initiative (SBTi). It is notably the case regarding the quantifying of decarbonization levers (in particular the exit from coal), projected capital expenditures for biomethane and hydrogen by 2030, disclosure of an enhanced carbon intensity target for energy production and consumption for 2030, more detailed and ambitious targets for biomethane development by 2030, and a new target for batteries capacity by 2030.

Nevertheless, based on the Climate Action 100+ framework, Engie's disclosure remains incomplete¹⁴ and does not fully allow investors to assess the company's decarbonization trajectory, against a 1.5°C scenario. Engie currently meets three out of the 10 criteria assessed by CA100+, scoring less favourably than other European utilities. Areas where the company may provide additional information to enable a better understanding of its transition strategy include:

- Capex: Engie has published a commitment to decarbonize its capital expenditures (Capex) with growth capex planned to increase by 50% between 2023 and 2025, 75% of which will be aligned with the EU taxonomy. Investors still lack visibility regarding the breakdown of the remaining 25% and notably capex relating to fossil gas infrastructure.
- Global scope 3 targets: Engie has set several decarbonization targets for 2030 which are validated as well below 2°C trajectories by the SBT initiative, however these do not cover the full scope of Engie's activities. In particular, upstream scope 3 emissions are only covered by the target of the top 250 preferred suppliers (excluding energy) to be SBT certified or aligned; representing a small minority of the company's upstream scope 3 emissions.
- Regulatory hypothesis: the company relies on infrastructure conversion from fossil gas to renewable gas by 2045, without indicating what regulatory and market changes are needed to achieve it. The CA100+, based on Carbon Tracker analysis, finds that only 35% of Engie's operating and planned capacity are compatible with IEA's Beyond 2°C Scenario (B2DS)¹⁵.
- CCS : the company indicates that carbon capture and storage (CCS) plays a role in achieving its objective of 100% decarbonized gas by 2045, without any indication about CCS contribution to its 2025 and 2030 targets, or R&D and greenfield investments planned to match its objectives.

While the company is consulting its shareholders on its transition plan, it is important that such consultation occurs based on strengthened disclosure.

III. Item on the agenda

The purpose of this item is, in preparation of the entry into force of the European disclosure regulation, to strengthen shareholder dialogue and improve the quality of climate disclosure published by listed companies, particularly with regard to their transition strategy and its implementation. This follows the recommendations of the Autorité des marchés financiers (AMF)¹⁶ and many investors through the Forum pour l'investissement responsable (FIR).¹⁷

¹³ Engie, [Accelerating the energy transition](#), p. 65-79, March 2023

¹⁴ Climate Action 100+, [Company Assessment for Engie](#), October 2022.

¹⁵ Climate Action 100+, [Company Assessment for Engie](#), October 2022.

¹⁶ “More generally, with a view to the entry into force of the new European non-financial reporting framework and in particular the new reporting standards based on the CSRD, the AMF as of now calls on listed companies to take these new requirements into account, insofar as possible, in the preparation of their non-financial reporting and their climate strategy.” (AMF, [Shareholder dialogue on environmental and climate issues](#), March 2023).

¹⁷ 46 asset owners, asset managers, stakeholders of the financial industry and the French Sustainable Investment Forum (FIR), [Shareholder engagement can lead to real progress on climate](#), March 2023.



This item is aiming to generate a discussion between the company and its global shareholder base on the opportunity for the Board of Directors to publish the following indicators, with the aim to enable the shareholders to assess the company's climate plan against a climate scenario limiting global warming to 1.5°C above pre-industrial levels, with low or no overshoot and with limited use of negative emission technologies (also called carbon dioxide removal):

- a. Short- and medium-term greenhouse gas emissions reduction targets on Scopes 1, 2 and 3, expressed in intensity and/or absolute terms, encompassing all its activities;
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- e. An indication of the percentage of current and developed gas infrastructures that are likely to be used for green gases, considering chemical differences as well as geographies;
- f. Baseline scenario used to set the abovementioned targets and the explanation on how it considers the best available scientific knowledge;
- g. Volume and cost assumptions for nascent technologies such as biomethane, hydrogen, carbon capture, utilization and storage;
- h. Third-party estimated greenhouse gas emissions relating to Liquefied Natural Gas imports;
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Board of Directors' position

During the Shareholders' Meeting, the necessary clarifications will be made to respond to the specific item on the implementation of the climate strategy.

In this way, ENGIE complies with the AMF's press release inviting listed companies to reinforce their communications regarding their climate strategy and to present it during each Shareholders' Meeting in the form of an agenda item with discussion.