

JUST TRANSITION POLICY

The ENGIE logo is positioned at the bottom center of the page. It features a white, curved, swoosh-like shape above the word "ENGIE" in a bold, white, sans-serif font. The background of the entire page is a photograph of a wind farm at sunset or sunrise, with several wind turbines silhouetted against a warm, orange and yellow sky. The turbines are arranged in a line across the landscape, with the most prominent one on the right side of the frame.

ENGIE

PUTTING PEOPLE AT THE HEART OF THE ENERGY TRANSITION

The notion of 'Just Transition' stems from the belief that a transition to a more low-carbon and sustainable economy must be conducted in a way that is fair to all stakeholders: workers, consumers, local communities and suppliers.

In line with the Paris Agreement on climate change, ENGIE is committed to an ambitious decarbonisation trajectory while ensuring a just transition through:

- an employee support approach that focuses on training and retraining,
- its contribution to economic and social development territories,
- offers for its customers to help them reduce their environmental impacts by consuming less and better,
- a partner in the field of integration through economic activity.

These principles are implemented through a transparent and open dialogue and consultation process with all the Group's stakeholders in the territories where it operates.

INTRODUCTION

ENGIE is committed to achieving Net Zero Carbon by 2045 for all its direct and indirect emissions by following a «well below 2° C» trajectory. To achieve this objective, the Group aims to massively reduce its emissions notably by decarbonizing its energy production with the aim of limiting the residual emissions to be offset as much as possible. This trajectory is based on intermediate objectives for greenhouse gas (GHG) emissions from energy production and GHG emissions from the use of products sold (gas sales). Two levers will ensure this trajectory. The first lever is the exit from coal by 2025 in continental Europe and 2027 in the rest of the world. In line with its coal phase-out plan, the Group will first prioritise the closure of its sites, then their conversion to less carbon-intensive energy and finally the sale if it is impossible to close or convert due to local constraints. The second lever is based on accelerating the development of renewables and the greening of gas. The development in renewables will take place by adding 4 GW of solar capacity and wind turbines on average per year over the period 2022-25 and 6 GW on average per year over the period 2026-30. ENGIE will only invest

in projects and regions consistent with its long-term GHG emission reduction objective and has chosen to allocate carbon budgets to each of its activities and to factor carbon pricing into its short, medium and long-term investment decisions.

The transition to a carbon-neutral economy also has important social implications, particularly in the energy sector. The notion of «Just Transition¹» stems from the belief that a transition to a lower carbon economy and sustainable development must be conducted in a way that is fair to all stakeholders: workers, consumers, local communities and suppliers and should aim to minimise the negative effects of the transition while maximising its positive effects.

This policy specifies the prerequisites for a successful just transition and the main principles implemented by ENGIE to address it.

The means implemented to respond to this will be the subject of a just transition plan which will supplement the present policy with concrete illustrations.

¹ As defined in the Paris Agreement or the ILO Guidelines for a Just Transition to Environmentally Sustainable Economies and Societies for All: https://www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang--en/index.htm

PREREQUISITES FOR A JUST TRANSITION

Collaboration

No single actor can achieve a just transition: governments have a leading role in coordinating all policies and planning, while businesses have a direct role in guiding the just transition, whether through international business-to-business collaborations or at the local level, in collaboration with trade unions, local authorities, NGOs.

ENGIE has also set up a transparent and open dialogue and consultation process with the territories for each new project and throughout the life of the project. ENGIE's stakeholder engagement policy specifies the internal tools for engagement with stakeholders.

Tax justice

ENGIE has adhered to the B team's responsible tax principles and encourages the emergence of responsible taxation around the world.

ENGIE's tax policy meets a renewed requirement to reconcile economic performance with the fair application of the law in all the countries where it operates.

Contribution to the economic and social development of the territories

Building territorial projects

It is essential to take account of the challenges faced by if the transition is to be fair, i.e. chosen, equitable and not suffered by the majority. Given the economic, social and environmental disparities at local level, some territories will be more affected than others. To be fair, the transition must therefore focus on its consequences for each territory, in order to take advantage of its geography, its economic and social assets and its specificities to create new opportunities where current jobs are threatened.

Knowledge of the territories and their specific issues enables ENGIE to make investments adapted to their needs. In this way, ENGIE makes a lasting contribution to the economic and social progress of the host regions by aiming at optimizing the local economic benefits of its industrial projects: local investments, policy of promoting local employment, taking into account the impact of restructuring on the local employment area.

ENGIE also participates in the structuring of new industrial sectors (biomethane, renewable hydrogen, offshore wind power, etc.) which have positive benefits for the territories not only in economic terms but also in terms of intangible assets (dissemination/publication of scientific results, development of new skills via training) and the circular economy with the development of biomethane.

Providing affordable energy

Affordable energy, i.e. energy at a cost that is acceptable to individuals and businesses, is essential to limit the impact on the purchasing power of households and the competitiveness of companies. ENGIE proposes offers allowing to consume less but also numerous offers integrating an energy performance dimension. Consumers can thus monitor their consumption, receive personalised advice, manage their energy consumption and comfort remotely, according to their needs or a target budget or control their consumption and comfort remotely.

ENGIE is also working on the ground to fight against fuel poverty: use of social assistance such as the energy voucher, training on eco-actions to consume less and better, preventive solutions to renew consumers' equipment with more efficient material. In France, ENGIE has been contributing to the FSL with €6 million per year since 2010.

In 2021, 63,900 ENGIE customer households were helped in this way, with an average aid of €230. Exceptionally, this allocation to the FSL doubled in 2022 (€12 million).

Contribution to territories' resilience

Preservation of natural resources and neighbouring communities

Any new infrastructure has both a general interest and impact for riparian communities and biodiversity. By taking this into account through its environmental plans, ENGIE contributes to the resilience of the territories.

Since 2016, ENGIE has implemented an integrated approach to managing environmental issues for its sites, activities or projects, framed by an appropriate dialogue with stakeholders. Thus, ENGIE carries out environmental impact studies and implements avoidance, reduction and compensation measures in order to preserve biodiversity in partnership with local stakeholders and environmental protection associations. Our goal is to provide 100% of our sites, activities and decommissioning sites with an environmental plan by 2030 and 100% of industrial sites with environmental management.

Contribution to the reduction of the vulnerability of territories

In order to better understand the impacts of climate change on its assets and activities, ENGIE has entered into a partnership with the Institut Pierre Simon Laplace to model as accurately as possible future energy production trends and the impact of extreme events on all of the Group's technologies in the various regions of the world. In 2021, the impact of climate change on the evolution of solar, wind and hydro power production has been mapped. In 2022, the Group concluded this analysis with the impact assessment for thermal activities, the biomass and biogas supply chain, and for heating and cooling networks.

ENGIE plans to share these adaptation plans with the stakeholders of the territory in order to contribute to reducing the vulnerability of the territories.

KEY ISSUES OF THE JUST TRANSITION FOR ENGIE

Controlled management of restructurings

The shift to a carbon neutral economy leads to changes in the energy asset management portfolio. The impact on workers can be positive (creation of new jobs) or negative depending on the sites concerned, and can even lead to job losses.

Support during site closures

In view of its commitment to be Net Zero Carbon by 2045, ENGIE is committed to phasing out coal in continental Europe by 2025 and by 2027 for the rest of the world. To this end, ENGIE has developed a plan to prioritise site closure, conversion and, as a last resort, sale, if it is impossible to close or convert the plant due to local constraints.

ENGIE's experience with the closure of coal-fired power plants - in the UK (1026 MW), in Italy (592 and 591 MW) or more recently in Portugal (576 MW) but also in Chile (159 MW) or Brazil (60 MW) - offers valuable lessons on the need to anticipate and collaborate with all stakeholders (government, workers, trade unions, municipalities) not only on the retraining and redeployment of workers but also on how to restructure the regional economic fabric (rehabilitation projects co-constructed with local communities, social contributions through partnerships).

Employability and skills

The shift towards a carbon neutral economy is leading to a profound transformation of skills. It is therefore essential to anticipate the skills of tomorrow in order to avoid tensions.

To this end, ENGIE is participating in work to identify the key skills of tomorrow's professions and is developing support programs through training, thanks to close ties with the university world and the national education system.

Common core of guarantees for all workers

ENGIE has developed a global policy of just transition for its employees around the world and recently renewed its agreement with the global trade union organisations IBB, IndustriALL and PSI as well as representative trade union organisations at Group level (CFDT, CFE-CGC, CGT and FO) on the fundamental social rights and social responsibility.

This agreement provides a common base of guarantees for all ENGIE employees around the world and reflects the importance the Group attaches to its social responsibility, in line with its purpose.

MAIN PRINCIPLES IMPLEMENTED BY ENGIE

Concerning the pre-requisites

- Cooperating with governments trade unions and municipalities to anticipate social impacts.
- Building partnerships
- Sharing knowledge and good practice
- Paying the right tax

Concerning the controlled management of restructurings

- Developing a responsible strategy of closure, conversion or sale of assets
- Anticipating the skills of tomorrow
- Creating decent jobs
- Designing innovative social protection systems measures

Contribution to economic and social development

- Creating shared value
- Contributing to competitive local supply chains
- Dialogue with communities
- Contributing to intangible heritage
- Providing affordable energy

Contributing to the resilience of territories

- Preserving biodiversity
- Helping to reduce vulnerability of territories to climate change

Taking these principles into account in all of ENGIE's projects and operations reinforces the feasibility, acceptability and profitability of these projects by avoiding controversies and blockages, which are sources of loss of value created by the projects.

The dimensions of just transition are numerous and their implementation is likely to vary from region to region. It will therefore be important to have both a regional and even a national master plan in order to be able to involve stakeholders in the process.

ANNEXES

- **International Labor Organization 2013.**
https://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_223785.pdf
- **International Labor Organization 2015.**
https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf
- **Just Transition Centre 2018. Just Transition. A Business Guide.**
<https://bteam.org/our-thinking/reports/just-transition-a-business-guide>
- **Just Transition Research Collaborative 2018**
Mapping Just Transition(s) to a Low-Carbon World
- **OECD 2017.**
<https://www.oecd.org/environment/cc/g20-climate/collapsecontents/Just-Transition-Centre-report-just-transition.pdf>
- **UNRISD 2018. Mapping Just Transitions to a Low-Carbon World. In**
<https://www.unrisd.org/80256B3C005BCCF9httpPublications/9B3F4F10301092C7C12583530035C2A5?OpenDocument>
- **European Commission 2020.**
https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2354
- **Climate Justice Alliance 2021.**
<https://climatejusticealliance.org/just-transition/>
- **Initiative for energy justice 2021**
Justice in 100 Metrics
- **Tools for Measuring Equity in 100% Renewable Energy Policy Implementation).**
<https://iejusa.org/wp-content/uploads/2021/03/Justice-in-100-Metrics-2021.pdf>
- **WBA 2021.**
<https://assets.worldbenchmarkingalliance.org/app/uploads/2021/07/Just-Transition-Methodology.pdf>
- **International Labor Organisation 2021. Towards a Just Transition for all – lessons from the pandemic.**
https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_810057.pdf

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