



DECISION ENGIE

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Environmental Policy

Summary

This ENGIE Group environmental policy specifies:

- the Group's environmental challenges;
- the methods implemented by the Group to address its challenges and improve its performance;
- the governance that plays a part in its implementation.

It is supplemented by policies on four topics (Climate, Biodiversity, Water and the Circular Economy) which detail the commitments and objectives made in those specific areas and are attached to this policy.

This decision will take effect on June 17, 2020 and will apply to activities carried out by ENGIE on its own behalf and by its controlled subsidiaries worldwide. This policy has been developed taking into account the CSR standards and commitments from bodies such as the United Nations, the ILO or the OECD to which the Group adheres. It is applicable within the limits of the laws and regulations that apply to regulated companies.

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Preamble

The Group's new purpose statement, as set out in its bylaws, puts the environment at the heart of its concerns as measured by two objectives: a transition to a carbon-neutral economy and a positive impact on the planet. ENGIE therefore considers its performance over the long term and as a whole (combining financial and CSR criteria).

For this reason, the Group has specified an environmental policy as part of its corporate social responsibility policy more generally. This policy has been developed in line with the Group's other interconnected policies: health and safety, human resources, ethics, risk, purchasing, industrial safety, etc. Together, these policies allow the Group to ensure the operational implementation of its purpose statement, ambition and strategy.

The environment is an important issue for ENGIE and a key asset for creating value with its stakeholders. Preserving it, and even improving it where possible, makes it possible to maintain the availability and richness of the natural resources that the Group uses for its activities and makes available to its customers.

The Group adheres to and shows its support for the main international principles for protecting the environment: the UN Global Compact and Sustainable Development Goals, the OECD Guiding Principles and the Paris Climate Agreement.

As well as meeting the regulatory requirements in force – which are increasing in this field – the Group has set itself a series of ambitious targets for 2030.

Today, ENGIE encourages proactive action that aims to:

- reduce the negative impacts of its activities on the environment, and whenever possible, increase their positive impacts;
- take advantage of the opportunities associated with protecting the environment in the services it offers and in its stakeholder relationships.

In some cases, the Group's internal standards are proving more ambitious than local regulations.

ENGIE is also pursuing a continuous improvement approach based on:

- sharing best practices on all environmental issues;
- contributing to improving the environmental performance of those within its sphere of influence, more specifically, its customers, suppliers and subcontractors;
- regular communication on its environmental performance, with an ongoing concern for transparency.

This environmental policy therefore specifies:

- the Group's environmental challenges;
- the methods implemented by the Group to address its challenges and improve its performance;
- the elements of governance that play a part in its implementation.

It is supplemented by the Climate, Biodiversity, Water and Circular Economy Policies which detail the commitments and objectives made in those specific areas. The policies on those issues are attached to this policy.

1. The Group's environmental challenges

Environmental issues are multiplying and being increasingly better understood by the Company. The risks associated with climate change, the overexploitation of natural resources, the erosion of biodiversity and pollution are key concerns.



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For ENGIE, meeting the environmental challenges is a key element in the viability of its business model in the long term, given that economic prosperity and environmental performance are inextricably linked.

The environmental policy is evolving to support the Group's new strategic priorities and the transformation of its activities.

1.1. Climate change

The fight against climate change caused by an increase in the concentration of greenhouse gases (GHGs) in the atmosphere, is recognized by our societies as one of the major challenges of this century. The Paris Agreement, which was signed at COP21 in 2015, is testament to the rise in power of a global dynamic that prioritizes accelerating the development of concrete solutions to deal with these threats.

The Group plays an active role in the fight against climate change and has set itself ambitious emission reduction targets, both in the short term (2030) and the long term (2050) in terms of direct and indirect emissions. The Group was granted SBT certification in early 2020, confirming the compliance of its development plans for 2030 with the Paris Agreement.

For the Group, it is also important to support customers and suppliers in reducing their emissions by offering suitable solutions. Reducing greenhouse gas (GHG) emissions is also an opportunity for the Group to penetrate new markets and to prioritize certain actions and investments that move in the direction of reducing emissions.

Since 2000, the Group has been committed to supporting projects to reduce emissions in emerging and developing countries (Prototype Carbon Fund). The Group has also developed know-how on compensation, allowing it to develop a process for neutralizing those emissions it is unable to reduce further in the long term and to offer offsetting solutions to its customers.

Finally, climate change is a key issue for ENGIE, in that the Group's supply chains, infrastructure and activities will be affected by the consequences of climate change. Repercussions from the climate (droughts, fires, storms, extreme rains and floods, etc.) are at risk of increasing while more gradual changes (increasing temperatures, sea level rises, ocean acidification, etc.) are changing the environment in which the economic players are evolving. The Group is mobilizing to adapt to climate change by increasing the resilience of its infrastructure and services and mobilizing its innovative capacity.

1.2. Conserving natural resources and preserving biodiversity

1.2.1. Conserving natural resources

The overexploitation of natural resources poses a real danger to humanity. At present, what we extract from the earth far exceeds its capacity to regenerate its resources and absorb waste. Preserving natural resources, such as the water and raw materials we need in order to carry out our activities or produce our energy is therefore a priority.

For the Group, the need to conserve resources is reflected in two key priorities:

- Conserving water resources.

Water is an indispensable resource for our societies and for the performance of the Group's activities. The Group therefore attaches a very specific importance to its use and to the possible impact of waste on the natural environment. To counter these challenges, the Group's entities must work to better understand the water footprint left by their activities, confine areas of water stress and establish action plans for the corresponding sites, for example, through changing water reuse.

Contributing to the protection of the oceans is also a challenge that the Group is working to face, particularly in terms of the potential indirect impacts.

- The circular economy

The Group considers that integrating its activities into a more circular economy is an essential factor in its economic and environmental performance. The actions are carried out at various levels: the reuse of organic waste (biomethane production), the end-of-life management of materials (wind turbines, solar panels, etc.),



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and even the sustainable use of resources. The circular economy often leads to reduced production costs, greater added value and increased consumer loyalty.

By combining its flows of materials, waste and energy with those of its neighboring partners, for example, the Group can contribute to the implementation of an “industrial ecology” that is both resource-efficient and cost-efficient and adopt a win-win approach with its stakeholders.

1.2.2. Preserving biodiversity and ecosystems

Biodiversity is both:

- a resource that is necessary for the Group’s activities (e.g., biomass) and one that is to be preserved;
- and an asset that the Group shares with its stakeholders.

ENGIE is aware of its interdependence with biodiversity and aims to preserve biodiversity and even develop it by integrating it into its strategy and businesses. The commitments made under the act4nature programs are testament to this aim.

The Group is helping to reduce the pressures weighing down on biodiversity by:

- making use of entities’ soil footprints. ENGIE’s sites can contribute to restoring ecological continuity, preserving normal biodiversity and reducing invasive exotic species whether they are in the cities or in the countryside;
- contributing to the reduction of the pressure exerted by climate change by implementing its strategy, making ENGIE a major player in decarbonization;
- reducing impact throughout the value chain. In its risk and opportunity analyses, the Group incorporates the potential impact of own activities as well as those of its supply chain.

2. The methods implemented by the Group to address its challenges

ENGIE implements methods to address its environmental challenges based on the following two principles:

- a systemic approach which aims to link all the environmental challenges in order to promote synergies in this area and prevent potential rebound effects;
- a collaboration with its stakeholders to develop solutions that best incorporate the considerations of each player and seek to have a positive impact.

In addition to these principles, the elements of the environmental policy are deployed in the Group’s different processes.

2.1. An approach of continuously improving environmental performance

The improvement of the Group’s environmental performance is based on three types of actions:

2.1.1. Understanding and anticipating our impact on the environment

In order to provide the most relevant responses, it is worth studying these interactions which are not always direct or immediately observable. The Group therefore surrounds itself with the (internal and external) skills required for this work and collaborates with various bodies conducting research into environmental issues. It also promotes the use of environmental evaluation and LCA (life cycle assessment) tools in order to conduct as full a review as possible.



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In order to anticipate these interactions, the Group carries out impact studies and introduces environmental elements, including internal carbon pricing, in its new investment projects and cases. It also maps all its environmental risks.

Anticipating also means understanding the ways in which the environment – which is changing especially as a result of climate change – can affect the execution of the Group's activities and business model. To this end, for example, the Group is developing a methodology for adapting to climate change that allows it to better understand the impact of changes in climate on its activities and will support the implementation of local adaptation plans.

2.1.2. Committing to make our impact on the environment a positive one

The Group's environmental policy is broken down into specific texts on each of its main challenges. In general, the Group's impacts are managed according to the principle of the "prevent > reduce > offset" sequence recommended for biodiversity. Whether that is in relation to our greenhouse gas emissions or our impact on resources and biodiversity, we therefore always strive to prevent any impact before reducing it, offsetting it as a last resort where possible. In the context of climate, for example, this takes the form of the following method: restraint > efficiency > renewables (electricity and gas) > offsetting.

To demonstrate its commitment and mobilize its teams, the Group has set itself a collection of CSR targets for 2030 (see Section 4). To meet these, it sets out action plans and implements tools to evaluate the risks and impacts or to identify action plans.

In accordance with the two principles that inform its environmental policy, the Group implements an integrated and concerted environmental management policy. For all its activities, ENGIE:

- encourages action plans that take into account all the environmental challenges and their possible interactions (for example, one action may be a response to a water problem as well as an adaptation problem);
- develops these action plans in consultation with its stakeholders;
- takes into account the environmental health challenges.

2.1.3. Managing our impact over time

In order to manage the improvement of its environmental performance, the Group has defined indicators in particularly challenging areas. These indicators make it possible to compare its performance over time, as well as its performance in comparison with other comparable organizations.

In addition, ENGIE evaluates its environmental actions through the development of competitive benchmarks and encourages the sharing of good practices.

As the Group's environmental performance is evaluated by ratings agencies, ENGIE also relies on this information in order to identify its ways forward.

2.2. Listening, raising awareness and forming sustainable partnerships with our stakeholders

ENGIE focuses on dialogue with stakeholders so that it can understand and integrate its expectations and observations in the best way possible, whether at the local or the global level. This dialogue is supported by the Group's regular communication regarding its environmental performance and its open, friendly attitude in order to respond to any controversies that may appear in this area.

2.2.1. Employees

ENGIE's environmental performance is achieved in part through better employee awareness of environmental issues. The Group implements a number of methods to achieve this: conferences and internal training, networks, intranet. It encourages the sharing of good practices, innovation and field initiatives via internal skills networks and these contribute to the general raising of awareness.



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On specific topics, such as individual carbon footprints, green mobility, waste recycling, low-carbon behavior, or Green IT, the Group is launching discussions and actions aimed at employees to encourage behaviors to change. ENGIE encourages its employees to become involved in developing and implementing environmentally-friendly practices.

2.2.2. Suppliers

Suppliers are an essential stakeholder in the ENGIE value chain. The duty of vigilance also makes the Group responsible for the actions of its suppliers. For a number of years now, the Group's purchasing policy has incorporated preserving the environment into its requirements. To this end, and in addition to the contractual provisions of the requirement specifications, the Group has initiated an external CSR appraisal of its suppliers. A new milestone was recently reached when the Group adopted the target of having all our preferential suppliers SBT certified by 2030 at the latest.

2.2.3. Customers

The Group helps to change behaviors by developing offers with environmental components directed at its customers, such as the green offer for electricity, solar self-consumption, etc.

ENGIE co-organizes joint creativity workshops with its main customers to find innovative, environmentally-friendly solutions and charts the impact of its offers.

2.2.4. Public authorities

The Group involves itself in projects to develop environmental regulations, participating in them from the earliest possible stage. For example, the Group is supporting public authorities' need to set general carbon prices to speed up the transition to a low-carbon economy, as well as the need to develop incentives to promote renewable energies, including thermal energies (biomass, green gas, etc.).

2.2.5. NGOs

ENGIE develops partnerships with environmental NGOs whose expertise and capacity for dialogue benefit the Group in its search for performance. This collaboration is exercised both in the policy guidelines studied by the Group and in actions in the field.

2.2.6. Investors

ENGIE regularly communicates with investors to inform them of its continuous efforts in the area of environmental performance. The Group improves the transparency of its reporting and promotes initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD).

2.3. Mobilization within the Group to adopt and promote the environmental policy

This environmental policy and the Group's commitments and objectives are promoted by:

- a decentralized managerial structure founded on the principle of subsidiarity with clearly defined responsibilities (see the next chapter);
- integration into the Group's strategic development process and in the financial processes;
- a global environmental management system founded on the principle "prevent, reduce, offset" (see previous point);
- taking into account environmental criteria in the allocation of CAPEX as well as in the risk management and control policies;
- training and providing information to employees and management;
- working with suppliers to help them increasingly integrate respect for the environment;



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- participating in initiatives, ratings and international indices with regard to CSR and the environment.

2.4. Developing new business opportunities

The environmental dimensions represent strong criteria for differentiation, and therefore for business opportunities. The environmental policy supports the new activities and services developed by the Group to demonstrate how taking the environment into account can be a differentiating element and how it could make it possible to penetrate new markets.

2.5. The development of green finance

In order to respond to environmental challenges, it is necessary for the finance sector to acknowledge as part of its operating procedures, the value for our societies of preserving the environment.

Today, the movement is well underway and an increasing number of financial players are becoming interested in these issues. ENGIE encourages this development in the financial sector, as shown by:

- its use of Green Bonds to finance the energy transition;
- its development of innovative financial products, such as participative finance at the regional level, crowdfunding, loans or credit lines indexed to environmental goals;
- its support for the generalization of carbon prices to integrate external climate effects with financial logic and the earmarking of investments for the low-carbon economy;
- its analysis of the environmental, social and economic impacts of its activities at regional level.

3. Scope and governance in terms of environmental responsibility

3.1. Scope of application

This policy applies to all Group companies. For each of the companies, the policy applies as far as possible to contractors acting on the company's behalf as well as to joint ventures and other equivalent associations if they are managed by the company.

3.2. Decentralized governance

The environmental policy, which is fully integrated into the Group's governance, is driven by every one of its entities.

Within the Group, the environmental sector consists of a network of environmental contacts (one for each Business Unit). These contacts are tasked with supporting the line management in implementing and monitoring the environmental policy. The contacts are also tasked with coordinating the network within their own entity and disseminating information and good practices. This sector is also present in the Group's R&D activities, with a dedicated entity: the Environmental and Social Lab.

The network of contacts is coordinated by the CSR Department, which is also tasked with:

1. facilitating regular meetings within the sector. The aim is to facilitate exchange regarding the terms of the environmental policy, the difficulties encountered when implementing it, the application of action plans on specific topics and the recommendations made during the audits and on good practices;
2. ensuring the operational implementation of the environmental policy and its commitments. For this purpose, it drives and supervises working groups, studies and tools on subjects linked to the environment. It also supports the use of Group goals; alongside this, the Business Units can use their own objectives;

3. measuring the impact of the Group's activities on the environment. Environmental reporting is based on a data collection tool that can be accessed by the Business Units, subsidiaries and facilities. It is verified by the statutory auditors. At the end of the annual reporting season, each Business Unit director undertakes, by means of a letter of compliance, to ensure the quality of the information reported and the implementation of the Group's environmental policy;

4. informing the top management (Executive Committee and Ethics, Environment and Sustainable Development Committee of the Board of Directors) about the Group's environmental performance in order to identify potential improvements for the proposal of future action plans. The CSR Department therefore draws up an annual balance sheet accompanied by a plan and supplemented by a report supplied by the Business Units and the results of the environmental audits commissioned by the Executive Committee.

4. Our commitments and environmental targets

Our environmental aim is to respect the planet's limits, in particular, by acting in line with the Paris Agreement

Commitment #1: To set an example in deploying our own transition to carbon neutrality

GHG emissions associated with energy, heat and cooling production (regardless of the equity interest of the assets) in line with the SBT trajectory by 2030 <i>i.e., -52% at 180 g/kWh by 2030 compared to 2017, scopes 1 and 3</i>	43 Mt
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GHG emissions associated with the sale of gas and other energy products in line with the SBT trajectory by 2030 <i>i.e., -34% on the use of products sold in 2030 compared to 2017</i>	52 Mt
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GHG emissions associated with working practices by 2030	0 Mt
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Proportion of renewable energies in the electrical production capacity mix, in line with the SBT trajectory by 2030	58%
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Commitment #2: To involve our customers and suppliers in their own transition to carbon neutrality

Including in our offers an alternative that contributes to decarbonization by 2030	100%
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Proportion of preferential suppliers (excluding energy procurement) to be SBT certified by 2030	100%
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Commitment #3: To limit the impact of our activities on the environment and the living world

Proportion of activities, projects and sites being dismantled with an environmental plan in consultation with stakeholders by 2030	100%
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Proportion of industrial sites to have established ecological management by 2030	100%
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Water consumption by industrial activities by 2030	-30%
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The Group is committed to complying with the environmental laws and regulations that apply in the countries in which it operates and, as far as possible, to anticipating the application of any new, stricter legal provisions.

As far as possible, the Group also incorporates the following principles and recommendations: the UN Global Compact, the GHG Protocol, the Global Reporting Initiative, and the Task Force on Climate-related Financial Disclosures (TCFD).



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To substantiate its aims, the Group has also made commitments to international players, including the Science-based Targets initiative and the Business Pledge for Just Transition and Decent Green Jobs (The B Team) on climate, the 2016 Business and Biodiversity Pledge and act4nature on biodiversity and the BAFWAC on water.

Appendix 1: Climate Policy



4.1. Background: the energy sector is at the heart of the climate challenge

Energy consumption is responsible for 60% of global GHG emissions. While energy is a major source of emissions, it is also the main driving force towards the solution. The transition initiated by the energy sector is the first of the responses to the climate issue.

In December 2015, the Paris Agreement set out the principles for a new international framework and a **high level of ambition for both the long and the short term**: keeping the rise in temperature below 2°C; achieving carbon neutrality within the second half of the century.

Climate change is a major challenge for the Group and is at the heart of its transformation strategy: **ENGIE has committed to reducing its emissions significantly, particularly by developing activities that contribute to the energy transition, while consulting and respecting local partners, and establishing measures to build resilience to climate change.**

This determined commitment to reducing our emissions by 2030 is a step towards neutrality in the longer term, a neutrality that we are studying both in our own activities and in the behavior of our employees and value chain, and to support our clients in their decarbonization.

Action against climate change is enshrined in our broader policy of response to environmental challenges and works, in particular, with our actions to protect biodiversity.

4.2. Our approach to reducing emissions

- **Monitoring, anticipating, informing and preparing the Group for national and international regulatory changes related to climate change.**
 - being involved in and supporting international negotiations by joining and supporting initiatives unprompted, such as the World Bank's Prototype Carbon Fund, Caring for Climate (UNGC), or Task Force Bloomberg (TCFD).
- **Having an internal carbon price: since 2015, we have had an internal carbon price in place to facilitate the scaling back of coal activities.** Support for carbon pricing development initiatives (Carbon Pricing Leadership Coalition, WEF Climate Leaders, ETS strengthening for a better price signal, Quinet Commission in France, etc.).
 - developing and disseminating common wording on the topic;
 - taking part in the dynamics of commitments via business institutions/associations.
- **Developing renewable energies and promoting the most efficient technologies (energy efficiency, condensing boilers, heat pumps, etc.).**
- **Supporting R&D and innovation within the Group.**
- **Defining targets and proposing action plans to put ourselves on a decarbonization trajectory in line with the Paris Agreement.**
- **Increasing the transparency of reporting on the changes in the Group's GHG emissions.**
- **Preparing/sharing the Group's positions by coordinating the internal climate network.**
- **Developing a systematic dialogue with our stakeholders** in order to share our approaches, analyses and positions, e.g., with investors as part of Climate Action 100+, with local partners to ensure a just transition, with Ademe in terms of a method for greener gas, etc.
- **Developing partnerships and collaborating with numerous associations** CPLC (Carbon Pricing Leadership Coalition), We Mean Business, The B Team, WEF, WBCSD, IETA, ICC, CEPS, AFEP, MEDEF, EPE.
- **Defining a strategy and an offsetting mechanism that incorporates qualitative and quantitative criteria for making use of offsetting for the needs of the company and its customers.**

4.3. Our objectives and actions to reduce GHG emissions

We have obtained SBT certification for our emissions reduction targets covering 96% of our scope 1 emissions and 83% of our scope 3 emissions.

These targets are a step towards carbon neutrality.

- Reducing our rate of emissions per kWh of energy production by 52% to 180 g/kWh between 2017 and 2030.
- Reducing emissions linked to the use of the products we sell by 34%.
- Raising our renewables development to 58% by 2030 in terms of both electricity production and the production and use of green gas (biomethane, pyrogasification, hydrogen); continuity of energy supply, regional development and regional independence are linked to the development of green gas and contribute to reducing emissions.

As well as its SBT commitment, the Group is mobilizing by:

- encouraging all the Group's employees to play an active part in reducing and neutralizing their carbon footprint (ways of working);
- deploying support for customers and offering decarbonized solutions.

4.4. Assessing the risks associated with climate change and drawing up an adaptation plan

- **Monitoring and executing the TCFD's recommendations by drawing up a five-year plan.** Working with internal experts and the Institut Pierre Simon Laplace research laboratories on meteorological indices for sensitivity to the climate impact on our assets and activities, studying 2°C and 4°C climate impact scenarios.
- **Assessing the financial impact** of climate change on our industrial tools and our activity plan, collaborating with external working groups of national and international issuer-investors.
- **Increasing knowledge and internal expertise** via a methodology for classifying and prioritizing risks and working groups across the business lines (climate, adaptation, water).
- **Strengthening the resilience of our infrastructure and activities** (identifying priority sites, identifying local adaptation options).
 - **Anticipating the impact associated with climate change:** incorporating a risk analysis (non-financial criteria) for new projects, isolating and incorporating elements of climate change into the Group scenarios.
- **Developing external partnerships:** the Group is a partner of IPSL (the Institut Pierre Simon Laplace) which allows it to work on climate index projections that are significant for assessing the impact of the Group's activities.
- **Communicating on actions** (observing and anticipating regulatory requirements for publishing risks, positioning the Group as a committed player: CDP, RobecoSAM, etc.).

The storm intensification risks increase by 1-4% for every 1°C rise in global warming (US EPA/IPCC AR5)

Possible impacts: Strong winds can directly or indirectly (flying materials) damage solar panels, wind turbines, or power lines depending on their type and resistance, and/or cause downtime.

Initiatives: A maintenance and consideration campaign starting from when the projects are developed, for the use of more resistant materials and taking into account the exposure analyses of the facilities.

Contingency plans for ensuring the continuity of service have been developed for our production assets. They cover operating failures, including in relation to difficulties in the supply chain. The Group's operational entities may benefit from insurance cover.

With regard to humidity, scientists are announcing less rain in certain areas, but, for the most part, a greater intensity of rain (IPCC AR5)

Possible impacts: Heavy rains will increase the risk of flash floods and affect dam flows, triggering downtime and affecting their production capacity.



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The operation of certain other types of assets may also be affected (cogeneration, gas storage, gas transportation networks, heat and cooling networks).

Landslides can also damage gas networks.

Initiatives: We are permanently monitoring our assets and this allows us to precisely assess their degree of exposure as well as adapt their insurance cover for natural disasters.

We are developing nature-based solutions allowing us to better manage flooding.

The frequency and magnitude **of periods of heat and drought** are forecast to increase substantially for a global temperature rise of 2°C compared to +1.5°C in the Mediterranean regions and in the south of Africa (IPCC, Global Warming of 1.5°C)

Possible impacts: Water capacity affected, with risks of reduced production in certain regions in a +4°C scenario.

Certain thermal and nuclear power plants that use river water for cooling may need to reduce their operations if the temperature of their waste water becomes too high.

Some equipment may not support excessively high temperatures.

Initiatives: Contingency plans for ensuring the continuity of service have been developed for our production assets.

We are studying the integration of alternative production technologies to compensate for the lack of production.

We are developing nature-based solutions to better conserve water resources and reduce evaporation.

Sea level rise: between +0.26 m and +0.82 m by 2100

Possible impacts: Sensitivity studies with rises of more than +1 m will be conducted for assets located on exposed coastlines.

Forest fires: increased frequency

Possible impacts: Assets in South Africa, Australia, North America and Europe may be exposed.

Initiatives: Contingency plans have been developed to ensure continuity of service. A policy for the systematic clearance of the surroundings is in place.



5. Appendix 2: Biodiversity Policy

5.1. Background: Biodiversity lies at the heart of the company's challenges

The planet has been facing an unprecedented erosion of biodiversity since the arrival of humanity. Human activities are the cause of this sixth mass extinction that has been predicted. The fact is that all human activity is dependent on nature which contributes directly and indirectly to quality of life by supplying material goods and regulating environmental conditions, and through non-material contributions. To respond to this challenge to the planet, each public or private player can act at their own level based on the biodiversity impact and dependencies associated with their activities.

The Group's activities are constantly working with biodiversity: on the one hand, they benefit from some of the services provided by nature (biomass, watercourses, climate regulation), whereas on the other, the soil footprints of industrial sites have an impact on ecosystems.

Whether it is in cities or in the countryside, ENGIE's sites can contribute to the restoring ecological continuity and the preserving normal biodiversity. Similarly, as impacts are spread across the value chain, the Group is also striving to identify challenges and reduce risks within the supply chain.

In line with its environmental policy, the Group works to avoid having a direct or indirect impact on biodiversity and, failing that, to reduce it or even to offset it as a last resort.

ENGIE has been committed to preserving biodiversity since 2011, first through its commitments under the National Biodiversity Strategy, then by signing the Cancún pledge in 2016, and finally through its commitments within the international act4nature and "Entreprises engagées pour la nature – act4nature France" initiative in 2020.

For more than 10 years, ENGIE has benefited from the expertise of two partners: the IUCN French Committee and France Nature Environnement. Some of the Group's subsidiaries also have partnerships with France's National Museum of Natural History, the French Bird Protection League (LPO), or Birdlife.

5.2. From managing the biodiversity footprint to positive impacts

The Group analyzes its impact and dependencies on biodiversity against **the five main pressures** weighing on biodiversity (the change in land use, resource depletion, climate, pollution and invasive exotic species) to identify the actions that will allow it to **contribute to reducing this impact and keep its dependencies under control** while complying with the **ten joint commitments** of the **act4nature** programs.

To reduce its soil footprint, contribute to the restoration of ecological corridors and reduce the presence of invasive exotic species, the Group:

- implements an **ecological site management** system wherever possible, i.e., at the very least, no use of chemical crop protection products and differentiated management of green spaces;
- identifies the **protected areas near its sites** and **works with stakeholders to determine actions** to either reduce the impact as far as possible or transform them into positive impacts. The protected areas currently under consideration are the Natura 2000 sites, the Ramsar sites, the UNESCO sites (both natural and mixed), and IUCN categories I to IV. From 2021, these categories will also include IUCN categories V and VI, as well as areas of importance for birds and key biodiversity areas;
- undertakes to **apply the sequential principle "prevent, reduce, offset"** throughout the world.

In order to help reduce climate pressure, the Group has put in place a climate policy not only aimed at substantially reducing greenhouse gas emissions from its own activities, but also from those of its customers and suppliers. As part of adapting to climate change, ENGIE is committed, where possible, to implementing **nature-based solutions** that make it possible to restore biodiversity while also adapting to the impacts of climate change.

The Group addresses biodiversity in its exchanges with stakeholders:

- **an in-depth study of the impacts and dependencies in the value chain** and discussions with its main suppliers and subcontractors;
- maintenance and development of **partnerships with biodiversity players**.

As part of its commitment to the fight against the loss of global biodiversity, the Group also undertakes to:

- helping to **develop knowledge** of biodiversity at the regional level;
- improve **awareness and training** among its employees.

5.3. Goals and commitments:

In accordance with the above guidelines and commitments, a number of goals have now been achieved, such as:

- the provision of a tool making it possible to identify the protected areas close to sites and projects;
- the identification of priority sites in Europe and around the world, and the establishment of action plans drawn up in consultation with stakeholders;
- the creation and coordination of an internal network of biodiversity experts;
- the publication of a brochure to raise awareness among employees.

The new goals and commitments have been defined for the period 2020-2030. These are reiterated in the Group's commitments under the act4nature programs.

	<i>Target</i>
Implementation of a system for the ecological management of industrial sites	50% of sites by 2025 100% of sites by 2030
Implementation of environmental plans for industrial activities (including action plans for sites located in or near a protected area)	80% of sites by 2025 100% of sites by 2030
	<i>Target</i>
Application of the "prevent, reduce, offset" sequence to development projects around the world in consultation with stakeholders	2022: 100% of cases submitted to the Group Commitments Committee 2025: gradual extension to cases that do not go through the Group Commitments Committee
Contribution to the implementation of nature-based solutions (SfN) in local communities	2022: ten nature-based solution opportunity/action sheets
Conducting an in-depth analysis of the impacts and dependencies for the Group's main activities throughout the value chain	At least two activities per year by 2025
Provision of modules for raising biodiversity awareness among employees	Two modules per year by 2025
Creation of a platform for sharing good practices	Operational by late 2022



6. Appendix 3: Water Policy

6.1. Background: a local challenge

Water is essential for life. But it is also a highly important resource for industrial activities, including energy production. In the face of the risk of water scarcity in a number of countries in terms of both quantity and quality, and in the face of the risks associated with conflicts of use, ENGIE aims to continuously improve its commitment to water management throughout the world.

ENGIE has been closely involved in improving water management for more than ten years. This process relies on ENGIE's membership of the CEO Water Mandate (a United Nations initiative) since it was founded in 2007, and on its contribution to the CDP Water Security questionnaire since it was initiated in 2011. The Group is also involved in the BAFWAC (Business Alliance for Water and Climate) initiative and supports the work of the OECD on water governance.

Each year, the Group publishes a progress report on its participation in the CEO Water Mandate and completes the CDP Water Security questionnaire.

6.2. From water management to having a positive impact

Significant work has now been carried out in the area of water management: measuring the water footprint of the Group's main activities, overhauling the indicators, assessing the water risk and setting up action plans, contributing to international work such as WULCA, the Water for Energy Framework, or the OECD Water Governance Initiative.

With the changes in the Group's portfolio of assets and increased stakeholder expectations, the problems of water management are evolving. While water consumption in hydroelectric plants remains the same, new commitment areas must be taken into account, particularly in terms of the water used in urban heating and cooling systems, hydrogen production, questions relating to water consumption in the supply chain (for the production of biomass resources, for example), or access to water for ENGIE's employees (WASH: Water, Sanitation and Hygiene).

Based on these developments and in accordance with the commitment areas of the CEO Water Mandate (Global Compact), the Group focuses on:

- identifying the industrial sites that are subject to water stress and drawing up action plans for all the sites located in areas of high and very high water stress;
- analyzing the risks and opportunities associated with water in the projects and putting the appropriate actions in place;
- contributing to the improvement of water management and governance in local communities and working on implementing actions in consultation with stakeholders at the watershed level;
- implementation of all available technologies to reduce its impact on waste (physical and chemical changes, disruptions to ecosystems);
- identifying the suppliers that pose a challenge to water, particularly on the basis of work conducted on the water footprint in previous years, and encouraging them to develop action plans;
- incorporating sustainable water management into the services offered to customers;
- initiating a procedure to provide access to water, sanitation and hygiene in the workplace.

6.3. Goals and commitments

Over the last ten years, various actions and objectives have been deployed within the Group:

- the water footprint of activities has been measured;
- the goal of reducing water extraction for energy production has been achieved;
- implementation of action plans for sites in areas of extreme and high water stress have been put in place in consultation with stakeholders;
- an internal water network has been created and coordinated;
- contributions have been made to the work of the CEO Water Mandate, the OECD and the CDP.



Environmental Policy

New goals and commitments have been defined for the period 2020-2030.

	<i>Targets</i>
Reduction of industrial water consumption for all the Group's industrial activities	-15% in 2025 -30% in 2030
Implementation of environmental plans for all industrial activities (including action plans for sites located in areas of extreme or high water stress)	80% of sites by 2025 100% of sites by 2030



7. Appendix 4: Circular Economy Policy

7.1. Background: proper management of the planet's resources

Every year, the planet's resources are consumed to an extent that lie well beyond sustainable limits, i.e., the limits that would permit these resources to be either renewed or else managed over the long term. The date on which more natural resources have been used up than the earth can renew in the same year is getting earlier and earlier (in 2019 it was July 29, two months earlier than in 1999, *source: WWF*).

The circular economy, an economic model that aims to produce goods and services in a sustainable manner by limiting consumption, wasted resources and waste production, is a response to this challenge. In the energy sector, the circular economy can be developed on the basis of three main topics: exploitation of natural resources for energy production, energy consumption by end users and recovery of residual heat.

7.2. The circular economy within the Group

For over 20 years, the Group has been measuring its resource footprint by means of life cycle analysis. It has also developed tools that allow it to analyze flows at the regional level to reduce the impact on resources and develop industrial ecology (the Group was a driving force behind the Ecopal experiments conducted in the north of France in the 2000s).

Each site or activity works to recover and/or recycle its waste. The Group works with designers, suppliers and recycling facilities to reduce the impact on resources, particularly through its research and development teams.

As a major player in the ecological transition, ENGIE implements the principles of the circular economy and therefore undertakes to:

- increase the recycling rate of the waste generated by industrial activities;
- reduce the use of fossil fuels;
- develop green gases such as biomethane and hydrogen;
- identify recycling facilities and thus reduce the impact on resources, particularly for solar and wind renewable energies;
- use resources sustainably through certified or accredited facilities (e.g., biomass);
- combat deforestation in the supply chain and only use biomass from sustainable forest management as defined by the SBP (Sustainable Biomass Program) standard;
- encourage the reuse of spare parts and the circulation of the stock within the Group through the use of a dedicated platform (BeeWe).

7.3. Goals and commitments

Since 2017, the Group has made commitments in relation to the circular economy:

- to promote renewable gases: biogas and first, second, and third generation biomethane;
- to develop energy recovery from industrial and tertiary processes;
- to provide innovative tools to assist in the decision-making process as regards the circular economy in industrial areas (BE CIRCLE tool).

New goals and commitments have been defined for the period 2020-2030.

	<i>Targets</i>
A study of the impact of the main activities on the planet's limits	2025
The quantity of biogas injected into the gas transportation or distribution networks controlled by the Group	> 1.5 TWh/year by 2023 > 5 TWh/year by 2030