

# 2021 Integrated Report



\* J'agis avec ENGIE.

**#Act  
With  
ENGIE\***

# ABOUT THIS REPORT

ENGIE's Integrated Report provides a comprehensive, forward-looking vision of the Group, its purpose, ambition, strategy, objectives, governance and value creation. Modeled on the reference framework of the International Integrated Reporting Council (IIRC), the Integrated Report forms part of an approach that aims to explain how the company creates value by reconciling financial and CSR performance indicators. The report was drafted by the CSR Department and produced with the active involvement of the functional departments and BUs that worked throughout the process. The 2021 Integrated Report has been approved by the Executive Committee and the Ethics, Environment and Sustainable Development Committee of the Board of Directors of the Group. It has been reviewed by the Statutory Auditors, who have validated the compliance of some of its indicators.

Since 2014, the Group has highlighted its strategic developments and presented, through integrated thinking, the value creation generated by the Group for its stakeholders. The inclusion of a purpose in the Group's bylaws in 2020 marks a major shift. The 2021 report provides examples of how our activities align with this purpose.

## Targeted communication for each of our stakeholders

- Investors and analysts ● Individual shareholders ● Key accounts (industrial and public authorities) and individual customers ● Industrial partners and suppliers ● Employees
- Public authorities ● NGOs and civil society



**Integrated Report**

Targets:



**Universal Registration Document**

Targets:



**Annual results for 2020**

Targets:



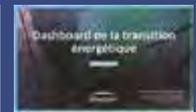
**Sustainability Book**

Targets:



**Climate Report**

Targets:

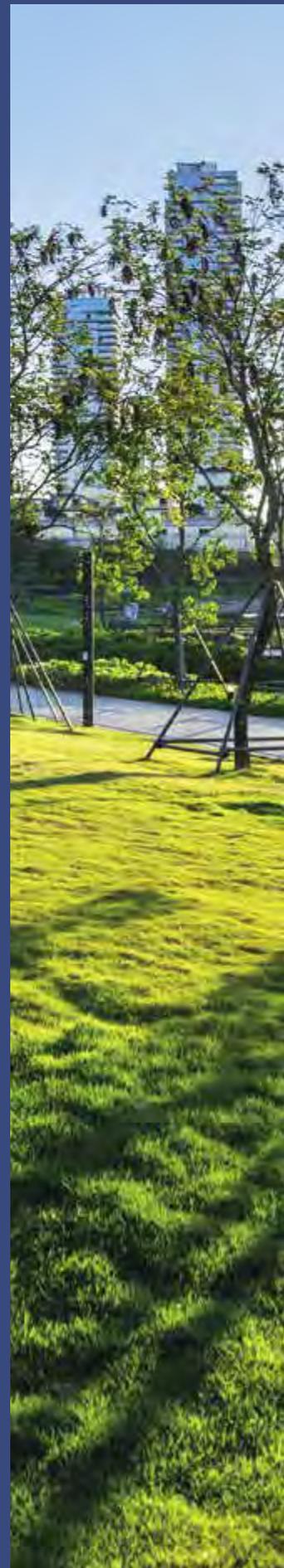


**Energy transition dashboard**

Targets:



This report is ENGIE's Communication on Progress in implementing the principles of the UN Global Compact



# SUMMARY

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## INTRODUCTION

As a global leader in energy transition, ENGIE is working to accelerate the transition to a carbon-neutral economy.

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## A REFOCUSING OF ACTIVITIES

The Group redefined its strategic priorities in 2020 to focus on renewables and energy networks. This strategy is easier for all our stakeholders to understand and should help us accelerate our growth in the key drivers of the energy transition.

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## A SIMPLIFIED ORGANIZATION

In 2021, the Group welcomed a new Chief Executive Officer and appointed a new Executive Committee organized around its core businesses. The Board of Directors and this new team work in close collaboration to ensure the Group's alignment with its purpose.

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## A PURPOSE IN ACTIONS

Adopted by over 99% of the shareholders, ENGIE's purpose defines the Group's mission.

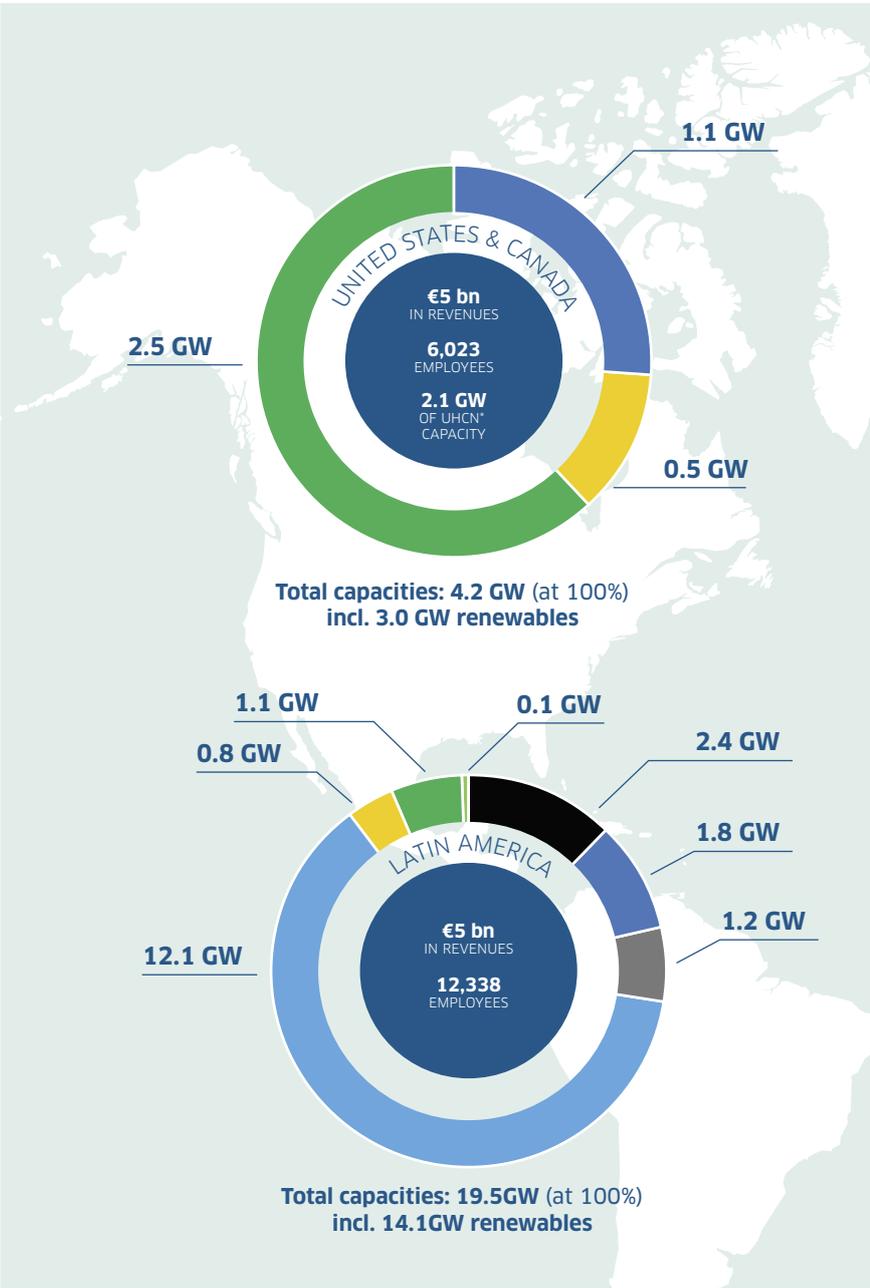
# A GLOBAL LEADER IN ENERGY TRANSITION

ENGIE is a world leader in low-carbon electricity production, centralized and decentralized energy networks, and associated energy efficiency services. The Group relies on its key businesses (renewables, energy solutions, networks, thermal, supply) to help its customers meet their decarbonization goals.

## Our purpose

is to act to accelerate the transition towards a carbon-neutral economy, through reduced energy consumption and more environmentally friendly solutions. The purpose brings together the company, its employees, its customers and its shareholders, and reconciles economic performance with a positive impact on people and the planet. ENGIE's actions are assessed in their entirety and over time.

Built through interaction with a large number of internal and external stakeholders, ENGIE's purpose was presented by the Board of Directors in February 2020 for a vote at the General Shareholders' Meeting in May 2020. The text was adopted with 99% of the vote and is now included in ENGIE's bylaws. The purpose defines the Group's mission, guides all of its actions and applies to its activities and to its value chain and the use of its products and services. It is an important milestone towards a greater recognition of our societal mission, as well as an extension of existing achievements.



**Breakdown of electricity generation capacity by technology**

- Nuclear
- Coal
- Natural gas
- Other source non-renewables
- Biomass and biogas



**68 mt**  
of greenhouse gas emissions (scopes 1 & 3) from energy production at end-2020



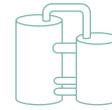
**31%** renewable energy in electricity production capacity at end-2020



**24.1%** of managers were women at end-2020



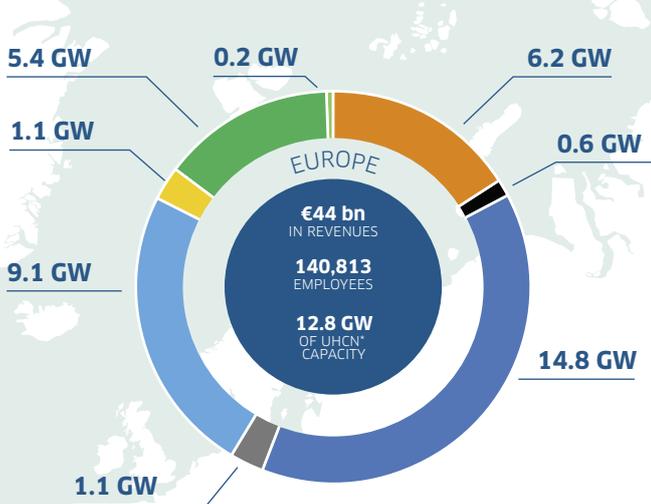
**No. 1** in wind and solar in France



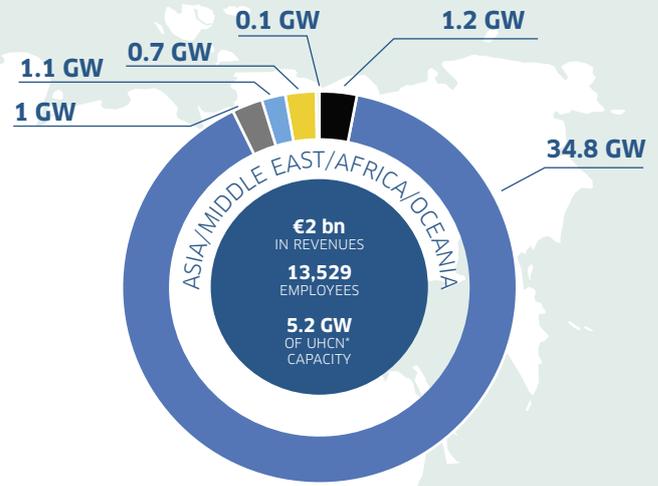
**No. 1** in distribution in Europe and  
**No. 2** in natural gas transmission in Europe



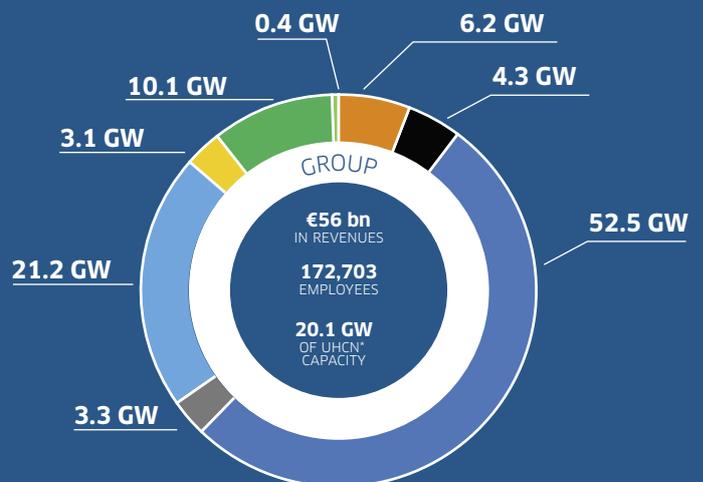
**No. 1** worldwide in urban cooling networks and  
**No. 3** worldwide in urban heating networks



**Total capacities: 38.4 GW (at 100%)**  
incl. 12.5 GW renewables (excl. pumped storage)



**Total capacities: 38.9 GW (at 100%)**  
incl. 1.9 GW renewables



**Total capacities of electricity generation: 101 GW (at 100%)**  
of which 31 GW renewables

254,000 km gas distribution network  
40,600 km gas transmission network  
3,300 km electricity transmission network and 4,000 km in development

- Hydropower
- Solar
- Wind offshore & onshore
- Other renewables

\* Urban heating and cooling networks

# JOINT EDITORIAL



Catherine MacGregor • Chief Executive Officer

**ENGIE has published an integrated report since 2014. Why is this an important publication for the Group?**

**Catherine MacGregor:** The integrated report aims to present, in a succinct and straightforward way, our business model and its associated economic, social and environmental value creation. It also gives us an opportunity to provide an overview of the major trends in the energy sector as well as the Group's strategic ambitions and priorities in that context. We believe this publication is particularly important during this health crisis, which has highlighted the interconnectedness of our ecosystems.

**Jean-Pierre Clamadieu:** In 2020, after a unanimous shareholder vote, the Group included its purpose in its bylaws. Like north on a compass, it is now a touchstone for our strategic choices. We also adopted our 2030 CSR objectives, which reflect our long-term commitments to our employees and our broader environment. These objectives also confirm ENGIE's adherence to the Ten Principles of the UN Global Compact.

**This report includes ENGIE's latest strategic directions and its new General Management. What do they mean for the Group?**

**Jean-Pierre Clamadieu:** The urgency of climate change has propelled our sector into a new growth cycle. The strategic directions presented in July 2020 aim to accelerate our development in key energy transition activities while boosting our value creation. They involve refocusing the Group and accelerating our growth on two of our core businesses, namely renewables and energy solutions. In this context of tremendous transformation, I am very pleased to have welcomed Catherine MacGregor as Executive Director as of January 1, 2021.

**Jean-Pierre Clamadieu** • *Chairman of the Board of Directors*

**Catherine MacGregor:** As soon as I joined the Group, a new Executive Committee, whose scope of responsibilities is aligned with our strategic priorities, was established and we launched our plan to simplify the organization. In line with our strategic directions, the installation and multi-technical maintenance activities, which have very few synergies with our core businesses, will be consolidated into a single entity with independent governance in order to create a leading global player. I am committed to carrying out this ambitious project while engaging in a sustained and transparent dialogue with all our stakeholders, including employee representatives.

**ENGIE has set certain CSR objectives for 2030. What are the major shorter-term CSR issues?**

**Catherine MacGregor:** The Group is of course very much involved in the discussions at the European level on the transition to a carbon-neutral economy (Green Deal, EU taxonomy, etc.). In the last year or so, awareness of the urgency of promoting biodiversity has also increased. This year we wanted to focus on this issue more specifically.

**Jean-Pierre Clamadieu:** CSR performance and financial performance are two sides of the same overall performance, to which we are fully committed. We invite you to read and share this 2021 integrated report, which is the product of an extensive effort by our teams as well as our stakeholders.



# A REFOCUS OF ACTIVITIES

THE GROUP REDEFINED ITS STRATEGIC PRIORITIES IN 2020 TO FOCUS ON RENEWABLES AND ENERGY SOLUTIONS. THIS STRATEGY IS EASIER FOR ALL OUR STAKEHOLDERS TO UNDERSTAND AND SHOULD HELP US ACCELERATE OUR GROWTH IN THE KEY DRIVERS OF THE ENERGY TRANSITION.



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# ENERGY MARKET TRENDS

## The energy sector at the center of the climate issue

The energy sector bears significant responsibility for global warming since 75% of greenhouse gas emissions come from energy combustion. But a large part of the solutions depend on it as well. The two avenues for reducing GHG emissions are the **reduction and decarbonization of energy consumption and the development of renewable energy**. **Energy efficiency has the potential to reduce global energy consumption by more than a third. Renewable energies**, both electrical and gaseous (biomethane, green hydrogen) have seen their capacity increase by 50% in 2020, or an additional 260 GW. They can enable a near-total decarbonization of electricity production and tackle the points of resistance that are mobility and energy-intensive industries, while promoting short circuits.

## Despite the health crisis, the transition to a decarbonized world is accelerating

The Covid-19 health crisis, with its lockdown measures and their economic fallout, caused a 6% decline in energy consumption, a 20% reduction in investments and a collapse in energy prices in 2020. It also caused CO<sub>2</sub> emissions to fall by a record 9% and return to their 2010 levels.

**The decline in CO<sub>2</sub> emissions is the combined result of the economic slowdown and the climate policies** implemented over the last decade, which set off a downward trend in Europe, the United States and Japan. Taking a closer look, **the health crisis had a greater adverse impact on carbon-based energy and demonstrated the resilience of sustainable technologies**: while oil demand fell by 9%, coal demand by 8% and electricity production by 5%, electrical renewable energy grew by 5% due to low marginal costs. Similarly, investments in green technologies and energy efficiency have been relatively unscathed (-6%) compared with investments in fossil fuels (-30%).

## The energy transition is central to the stimulus plans

Due to their exceptional scale, far greater than the cost of the energy transition, stimulus packages could be **a historic opportunity to make the leap to a decarbonized world**; this is all the more true since “green” recovery offers higher potential than traditional recoveries. Green stimulus relies on the economic growth potential of green investments, which are facilitated by near-zero interest rates, short-term job creation, the building of resilient systems, and the higher cost of doing nothing.

**The EU has been one of the first economies to respond to calls for a green stimulus**. Through its commitment to colossal stimulus plans, it has made the granting of its aid subject to environmental conditions – **green investments will have to represent at least 37% of funds paid to Member States** – and has prioritized the development of renewable electricity and hydrogen production capacity, building renovation, railways, and electric and hydrogen vehicle charging, as well as the circular economy.

**France announced in September that 30% of its stimulus package would be earmarked for the energy transition** (thermal renovation of buildings, aid for industrial decarbonization, environmental bonus, trade-in incentives for the purchase of clean vehicles, and transformation of the agricultural sector).

**The new US administration has also made the fight against global warming central to its stimulus plan**, alongside the fight against social inequality.

## The acceleration of decarbonization in 2020 was also driven by the stimulus plans

The pandemic led to stimulus plans that prioritized sustainable climate investments. The proposals of the “Citizens’ Convention” (*Convention Citoyenne*) in France showed that there is a desire for our societies to take decisive steps toward energy efficiency, sustainable technologies, and green mobility or to encourage changes in behavior and consumption.

## The emergence of a consensus around carbon neutrality for the middle of the century.

Despite the Covid-19 crisis, the international community was also able to adhere to its climate agenda. **Carbon neutrality by 2050 has been announced as an official target by nearly 70 countries** (EU, United Kingdom, Norway, Japan, etc.), joined in September by China by 2060 (Joe Biden put the US back in the Paris Agreement and has said he is in favor of carbon neutrality by 2050 or earlier), as well as by a hundred or so cities and as many companies that are structuring this approach around labels such as the Science-Based Targets (SBTs).

In order to be on this trajectory, the EU has set itself an emissions reduction target of 55% by 2030 (vs 1990).

# A LEADER IN ENERGY TRANSITION WITH AN INDUSTRIAL APPROACH

ENGIE has refocused its growth priorities around renewables and decentralized energy infrastructures. In line with its strategy, the Group has set clear objectives and in particular operational excellence.

## A alignment of our strategy with the expectations of our markets

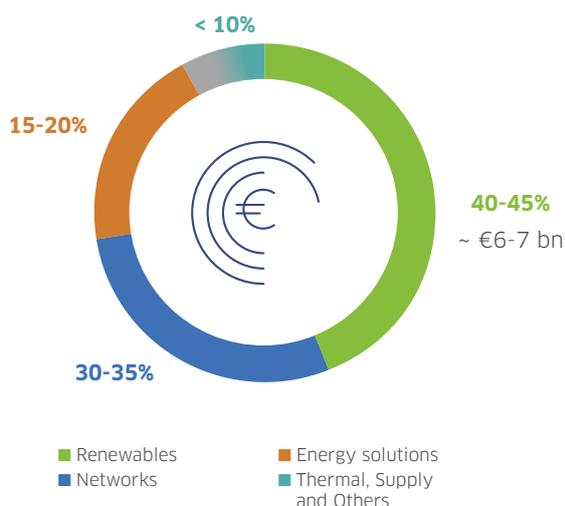
The increasingly ambitious climate commitments made by territories and companies continue to strengthen the alignment between our core businesses and our clients' needs. This is particularly true in our most mature markets, such as Western Europe and the United States. In this context, the strategic directions taken in 2020 appear all the more relevant:

- Growth in renewable energies and decentralized infrastructures, now grouped within the Energy Solutions GBU;
- Selective rebalancing of our exposure to gas and electricity infrastructures in France and internationally;
- Refocusing our services activities and our geographical footprint.

## Accelerate in Renewables to reach a capacity of 50 GW by 2025

The Group plans to increase the share of its growth investments in renewables to more than 40% over the period 2021-2023. ENGIE will thus increase from 3 GW over 2019-2021 to 4 GW through 2025 and 6 GW over 2026-2030 of additional annual capacity.

## Breakdown of €15-16 bn in growth investments in 2021-2023 by GBU



## Refocusing to create two customer solution leaders

ENGIE has launched a strategic review of its Client Solutions activities, with the objective of focusing on **developing decentralized energy networks and associated services** (urban heating and cooling networks, decentralized power and on-site utilities production, energy efficiency). The Group's ambition is to increase its distributed infrastructure capacity by 8 GW by 2025 to reach 32 GW. In addition, ENGIE is creating a new entity, a leader in multi-technical services, which is intended to become autonomous on July 1, 2021.

## Relying on our Infrastructure and Thermal businesses to accelerate the development of green gas

Biomethane and renewable hydrogen contribute to the greening of uses that are highly dependent on fossil fuels and will eventually play a role in **balancing a decarbonized electricity system at a lower cost**.

The efficient operation of gas networks and thermal power plants as well as their adaptation to the development of green gas will be a priority for the Group in the coming years. ENGIE aims to produce 4 TWh of biomethane in France by 2030.

Regarding hydrogen, ENGIE is committed to installing around 4 GW of electrolyser capacity by 2030, to commissioning 700 km of dedicated hydrogen network and 1 TWh of storage capacity. In addition, by 2030, the Group aims to integrate 30 TWh of hydrogen into its centralized energy management portfolio and operate more than 100 refueling stations.

# + 49 GW

OF ADDITIONAL RENEWABLES CAPACITY IN 2030 VS 2020

**80 GW** OF RENEWABLES CAPACITY IN 2030

# MOVING TOWARD NET ZERO CARBON BY 2045

In line with its purpose and its strategy, the Group announced a tougher climate target in the first half of the year.

## Achieving carbon neutrality by 2045

The Group is committed to achieving **Net Zero Carbon by 2045** for all its emissions scopes. Net Zero Carbon will be reached by means of a well-below 2°C trajectory, which the SBT initiative will be asked to certify. The Group is involved in the Business ambition 1.5°C coalition which is part of the COP 26 Race to Zero campaign. ENGIE will only invest in projects and regions consistent with its long-term goal of reducing its GHG emissions. This will, in particular, result in the inclusion of fugitive emissions from gas networks, all emissions from purchases, and emissions from the Group's working methods.

The Group will continue to allocate **carbon budgets** to each of its activities and to take carbon pricing into account in all its short-, medium- and long-term investment decisions.

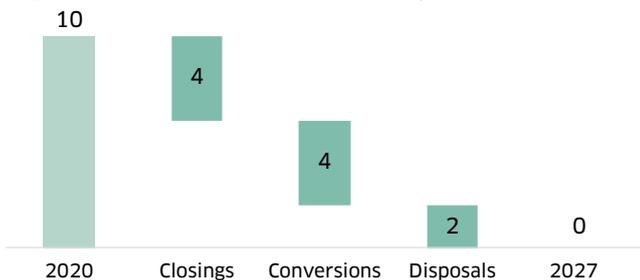
## Aligning with a well-below 2°C trajectory

This trajectory relies on interim targets for the two highest-contributing categories: **GHG emissions from energy production** and **GHG emissions from the use of products sold**. It is based on the planned withdrawal from coal by 2025 in Europe and by 2027 in the rest of the world.

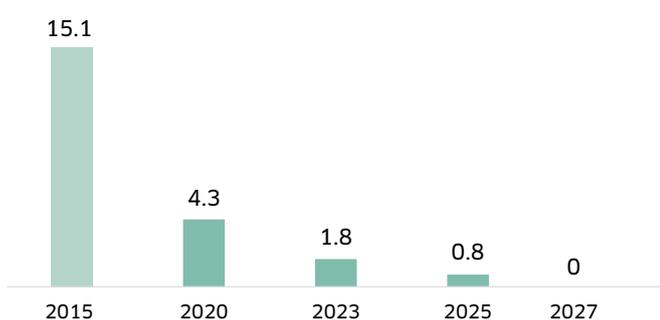
## Withdrawing from coal-fired electricity production

The Group presented its **plan to withdraw from coal by 2027**. To deliver on this plan, ENGIE will first prioritize the **closure** of these sites, then their **conversion** to low-carbon energy, and will lastly **disposed** of them, if it is impossible to close or convert them due to local restrictions. The Group is committed to disclosing these exit strategies on a basis in an effort to lead a just transition.

**Number of coal-fired power plants**  
(under baseline scenario of coal exit plan)



**Coal power generation (GW @100%)**



## Helping our customers to decarbonize

The Group announced a new target for 2030: helping its customers avoid 45 mt of CO<sub>2</sub> eq emissions. In 2021, this indicator will replace the previous indicator expressed as the proportion of our offers proposing an alternative option contributing to decarbonization. This objective is grounded in a methodology developed with external partners (WBCSD, ISO, ADEME (French Agency for the Environment and Energy Management), Saint Gobain, Suez, Solar Impulse, Net Zero Initiative). This offer is based on a dozen ENGIE products and services, such as green energy production, decentralized energy networks and associated services, the sale of energy saving certificates, carbon certificates and the purchase or resale of green energy.



**Jean-Pierre Clamadieu**  
Chairman of the Board of Directors



*ENGIE is back on the offensive and will become a leader in energy and climate transition. ”*

## A refocused Group

The Group's refocusing on its strategic activities is also reflected in:

- **The acceleration of the program to rotate assets** that are no longer in line with strategic trajectories: the Group's shares in SUEZ (most of which were sold in October 2020), strategic review of ENDEL and GTT, and the announced partial disengagement from EV Box and total in ENGIE EPS.
- **The creation of a new entity**, provisionally named Bright, which will become more autonomous and be a leader in multi-technical services in Europe and worldwide. A new phase of social dialogue has begun with the starting of the European Works Council consultation in mid-February.
- **The refocusing of the geographic presence in less than thirty countries**: the aim is to be one of the three leading groups in the geographical areas where ENGIE intends to remain and to densify its operations in those regions.



## MEDIUM- AND LONG-TERM VALUE CREATION

Because value creation has several dimensions, ENGIE set new objectives in three categories: **people**, the **planet** and **economic prosperity**.

To achieve its mission, the Group “reconciles economic performance with a positive impact on people and the planet.” These positive impacts have been structured in relation to the United Nations Sustainable Development Goals (SDGs), using the Stockholm Resilience Centre planetary boundaries (which define the ecosystems necessary for life on Earth) and founding texts such as Human Rights or ILO Framework

Conventions; and in relation to strong current challenges such as reducing inequality. The Group already has a number of indicators for monitoring these impacts, which were chosen in consultation with the Departments affected: Purchasing, France Institutions and Territories Department, Ethics & Compliance, Human Resources, Global Care and CSR.

### People - long-term objectives

Impact	Theme	Indicator	2019 Results	2020 Results	Objectives 2030	SDGs
Supporting and assisting human development in our company	Gender diversity	● Percentage of women in Group management	23.5%	24.1%	50%	
		Gender Equity Index	France: 72 Rest of world: 72	France: 87 Rest of world: 80	100/100	
<b>Action plan established to achieve objectives:</b> <ul style="list-style-type: none"> <li>• Development of remediation action plans in all Group entities in 2020</li> <li>• Process reviews</li> <li>• Implementation of a monitoring tool</li> </ul>						
	Health and safety	●●● Lost time injury frequency rate for Group employees and subcontractors on closed sites	3.3	2.7	≤ 2.9	 
		<b>Action plan established to achieve objectives:</b> <ul style="list-style-type: none"> <li>• Managerial safety inspections</li> <li>• Identification of potentially serious situations and events</li> <li>• Annual communication campaign</li> </ul>				

● Incorporated in the Vigilance Plan ● Incorporated in the Commitments Committee reviews (CSR matrix) ● Incorporated in the compensation criteria for the CEO and top managers ● Actions vis-a-vis suppliers

### Even more ambitious decarbonization targets for 2030

ENGIE's first decarbonization targets were certified by the SBTi (Science Based Targets initiative) in February 2020, making the Group one of the first multi-energy companies to receive this certification.

These targets are a reduction between 2017 and 2030 of:

- 52% in the rate of emissions per kWh from the Group's energy production
- 34% in emissions related to the Group's use of products sold.

These two greenhouse gas emissions reduction targets concern more than 90% of the Group's 2017 emissions. They demonstrate ENGIE's commitment to respecting the Paris Agreement and constitute a step towards the Group's Net Zero Carbon. **As of May 2021, the Group is working on new and even more ambitious decarbonization targets with a view to well-below 2°C certification.**



## Planet - Long-term objectives

Impact	Theme	Indicator	2019 Results	2020 Results	Objectives 2030	SDGs
Being exemplary in deploying our own carbon-neutral transition	GHG emissions	<ul style="list-style-type: none"> <li>● ● ● ● GHG emissions (scopes 1 and 3) related to energy production (mt CO<sub>2</sub> eq)</li> </ul> In line with commitments 	75*	68	43	
		<ul style="list-style-type: none"> <li>● ● GHG emissions related to the use of products sold (in mt CO<sub>2</sub> eq)</li> </ul> In line with commitments 	60	62	52	
	Development of renewables	<ul style="list-style-type: none"> <li>● Share of renewable energy in the electricity production capacity mix</li> </ul>	28%	31%	58%	
<p><b>Action plan established to achieve objectives:</b></p> <ul style="list-style-type: none"> <li>• Finalization of the plan to withdraw from coal in 2027, in Europe starting in 2025</li> <li>• Acceleration of the development plan in renewable energy, focusing on all technologies, whether mature or innovative, in view of the challenges associated with Net Zero Carbon</li> </ul>						
Decarbonization	Making our customers and suppliers players in their transition to carbon neutrality	Offer an alternative that contributes to decarbonization (indicator replaced in 2021 by the indicator below)	nd	51%	100%	
		Helping our customers to decarbonize: emissions avoided by using ENGIE's products and services (mt CO <sub>2</sub> eq)	NA	21 Mt	45 Mt	
		<ul style="list-style-type: none"> <li>● Share of preferred suppliers (excluding energy purchasing) SBT certified or aligned</li> </ul>	NA	15%	100%	
<p><b>Action plan established to achieve objectives:</b></p> <ul style="list-style-type: none"> <li>• <b>Customers:</b> Implementation of monitoring in the CRM (Customer Relationship Management) tool</li> <li>• <b>Suppliers:</b> Raising awareness among preferred suppliers, launching supplier interviews to approve their level of maturity and encouraging them to define reduction targets in line with those of ENGIE</li> </ul>						

● Incorporated in the Vigilance Plan ● Incorporated in the Commitments Committee reviews (CSR matrix) ● Incorporated in the compensation criteria for the CEO and top managers ● Actions vis-a-vis suppliers

\* The 2019 data have been restated for GHG emissions from steel gases, as indicated in the URD (§3.5.3 - page 99)



# Economic prosperity - short and medium-term objectives



Impact	Indicator	2019 Results	2020 Results	Financial outlook	Deadline
Creating sustainable value	Growth investments	€7.2 bn	€4 bn	€15 bn-€16 bn	2021-2023
	Asset rotation program (disposals)	€2.8 bn	€4.2 bn	€9-10bn	2021-2023
	Performance program	€330 m	€670 m	€600 m	2021-2023
	EBITDA	€10.4 bn	€9.3 bn	€9.9 - 10.3 bn €10.3-10.7 bn	2021 2023
	● EBIT	€5.8 bn	€4.6 bn	€5.2 - 5.6 bn €5.7-6.1 bn	2021 2023
	● Net economic debt/EBITDA ratio	4,0x	4,0x	≤ 4,0x	2021-2023
	● Net recurring income, Group share (NRIGs)	€2.7 bn	€1.7 bn	€2.3 - 2.5 bn €2.7-2.9 bn	2021 2023
	Dividend payout rate/Net recurring income, Group share	0 %	75 %	65-75 % with €0,65 floor dividend	2021-2023
	Credit rating		Strong investment grade		2021-2023

● Incorporated in the Vigilance Plan ● Incorporated in the Commitments Committee reviews (CSR matrix) ● Incorporated in the compensation criteria for the CEO and top managers ● Actions vis-a-vis suppliers

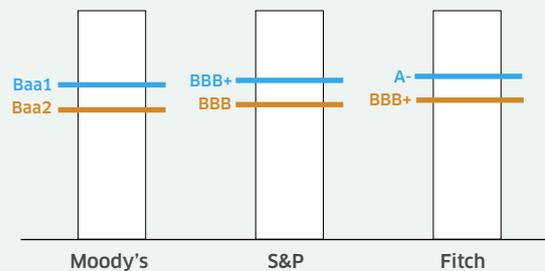
The 2021-2023 financial guidance aims to ensure sustainable Group growth shared with its stakeholders, including its shareholders, while guaranteeing its ability to invest in its future.

## Recognition of ENGIE by international indices and rating agencies

### Main indices

The Group is present on the main financial indices (CAC 40, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100 and MSCI Europe) and non-financial indices (DJSI World, DJSI Europe, Euronext Vigeo Eiris - Eurozone 120/Europe 120/France 20, MSCI EMU ESG, MSCI Europe ESG, EuroStoxx 50 ESG, Stoxx Europe 600 ESG, Stoxx Global 1800 ESG, and CAC40 ESG).

### Credit rating at March 26, 2021

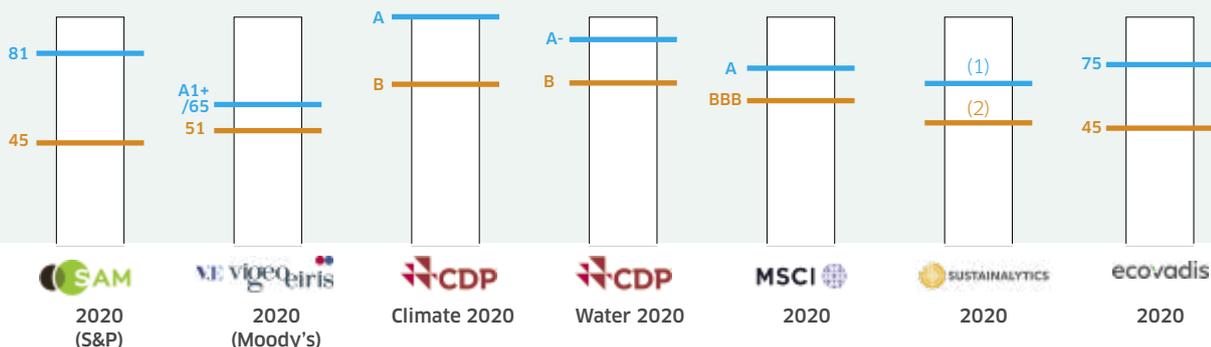


Sector: EnBw, EDF, ENEL, Iberdrola, Orsted, SSE, EON, Fortum, Naturgy, EDP (+ Vattenfall for S&P) , (+ Vattenfall + RWE for Moody's) , (+ RWE for Fitch)

— ENGIE — Sector average

### CSR rating

ENGIE favors rating agencies with which the Group can undertake and develop constructive relationships to improve its CSR performance. The ratings from five agencies - SAM, VE, CDP Climat, MSCI and Sustainalytics - are included in the compensation criteria for the Chief Executive Officer's 2021 variable component.



(1) Ranking of 21 out of 55 in the multi-utility sector

(2) Median of multi-utility sector

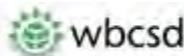
## The Group's key commitments

ENGIE informs its collective approach by listening to its stakeholders in order to ensure long-term shared value creation.

### Societal commitments

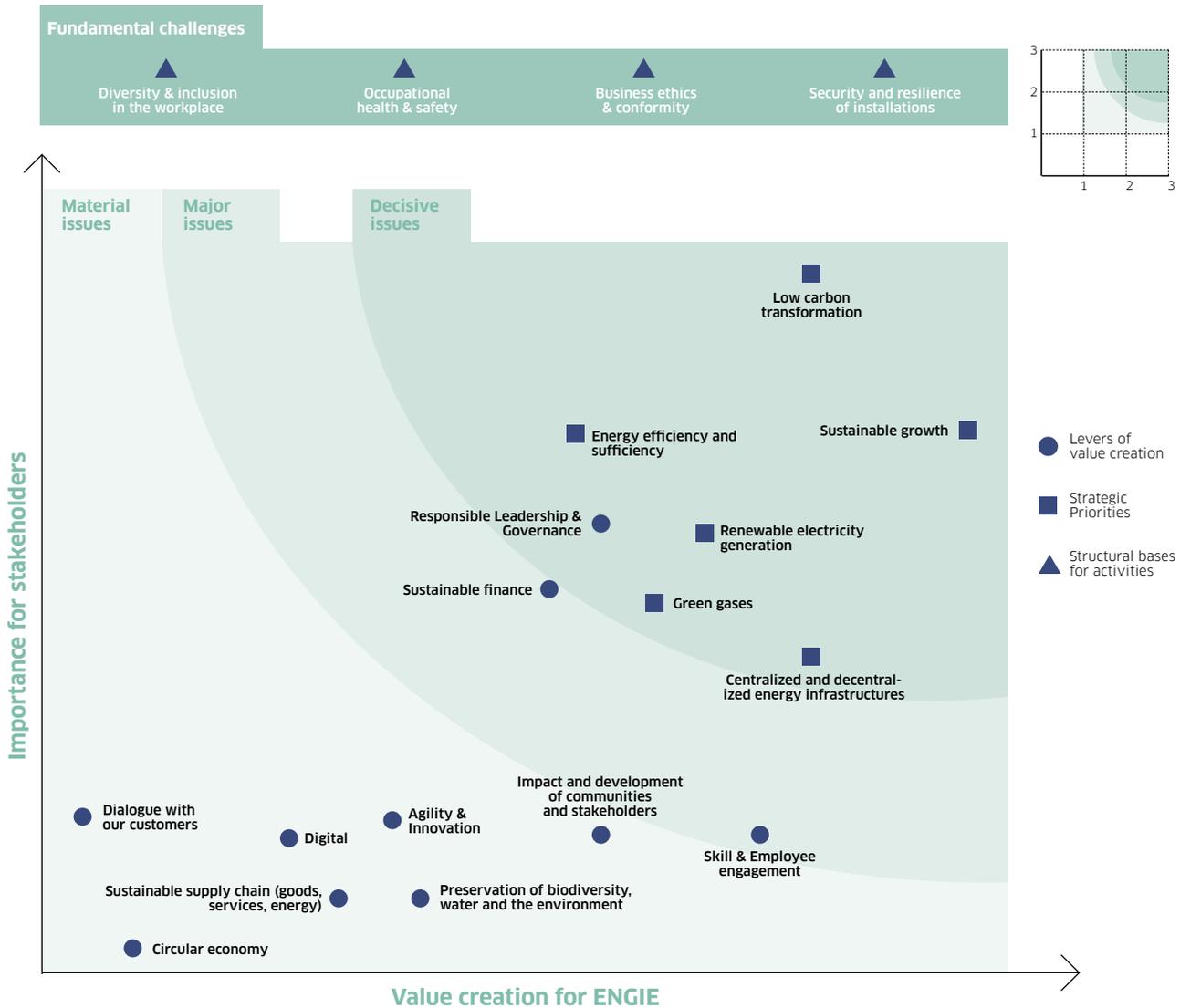
Diversity	▶	   
Anti-discrimination and harassment	▶	 
Youth employability	▶	  
Taxation	▶	

### Environmental commitments

General commitments	▶	  
Climate	▶	  
Greenhouse gas emissions	▶	    
Carbon pricing	▶	
Biodiversity	▶	    
Water	▶	 

# CHALLENGES SHARED BY EVERYONE

ENGIE surveyed its stakeholders on their perception of our challenges.



**Anne Chassagnette**  
Group Director of CSR and CEO of the Rassembleurs d'Énergies impact investment fund

“For ENGIE, the materiality analysis is a real strategic exercise used to identify the impact of sustainable development issues on our businesses and our strategy. This year we have therefore made a distinction between issues that are fundamental for us, but shared across multiple business sectors, and strategic issues that have consequences for the Group’s transformation and its business model. That is the case for the low-carbon transformation and sustainable growth issues, as well as issues associated with our strategic priorities: renewable energy and gas, energy networks and energy efficiency and sufficiency. Employee engagement and responsible governance, as well as sustainable finance, will of course also be essential levers for ensuring that ENGIE’s actions are consistent with its purpose.”

# → A SIMPLIFIED BUSINESS MODEL

REFOCUSSED ON ITS CORE ACTIVITIES, THE GROUP'S BUSINESS MODEL DEMONSTRATES ITS ABILITY TO CAPITALIZE ON ITS STRENGTHS TO IMPLEMENT ITS STRATEGY.

## RESOURCES

### Financial capital

- €34 billion in shareholders' equity
- €13.3 billion in cash
- €22.5 billion in financial net debt
- 4.0x economic net economic debt/EBITDA

### Industrial capital

- €4 billion growth Capex
- €2.4 billion maintenance Capex
- €1.3 billion in financing of nuclear provisions

### Intellectual capital

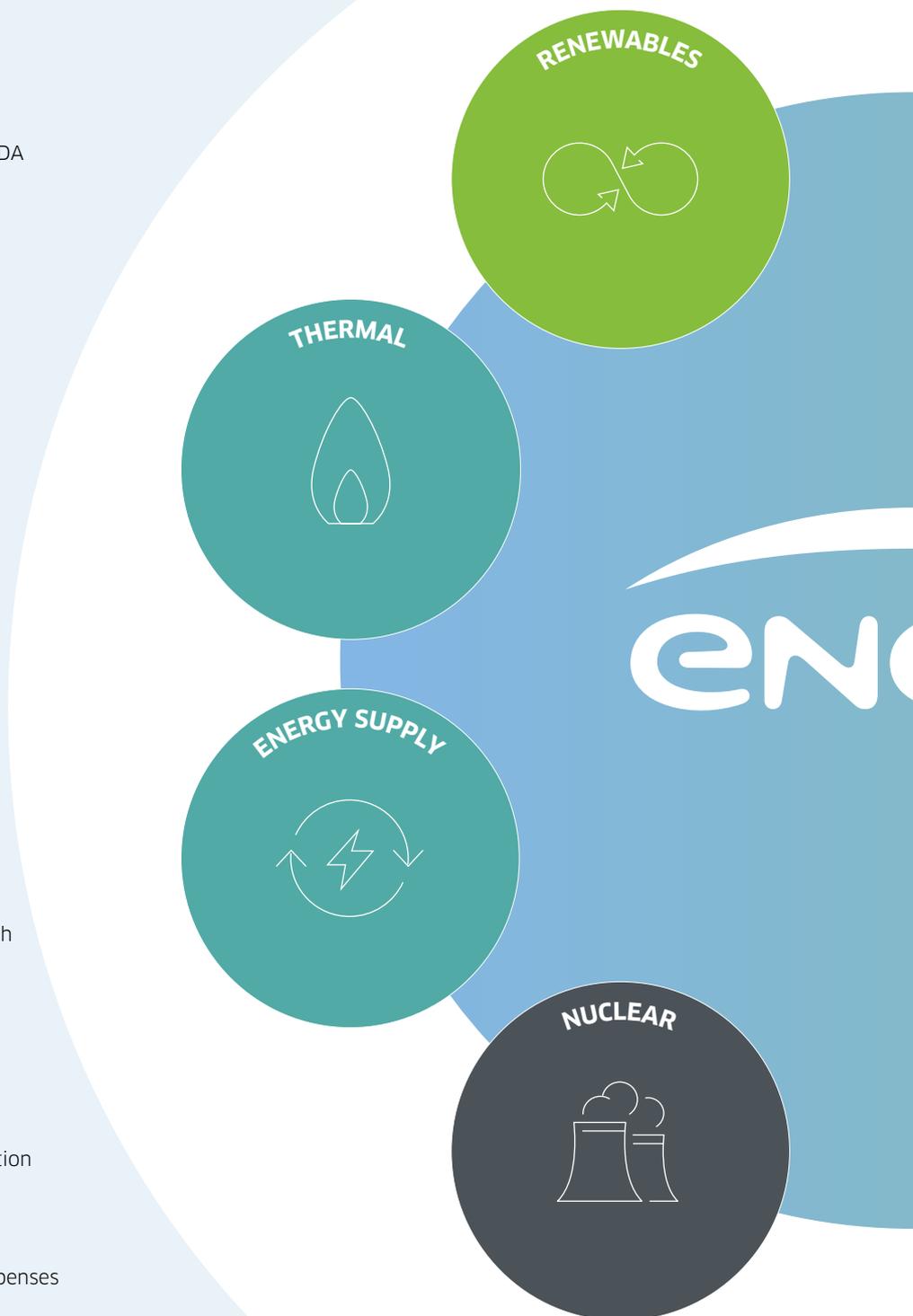
- 900 researchers
- €190 million allocated to R&D
- €50 million invested in start-ups in 2020
- €180 million invested in ENGIE New Ventures

### Human and societal capital

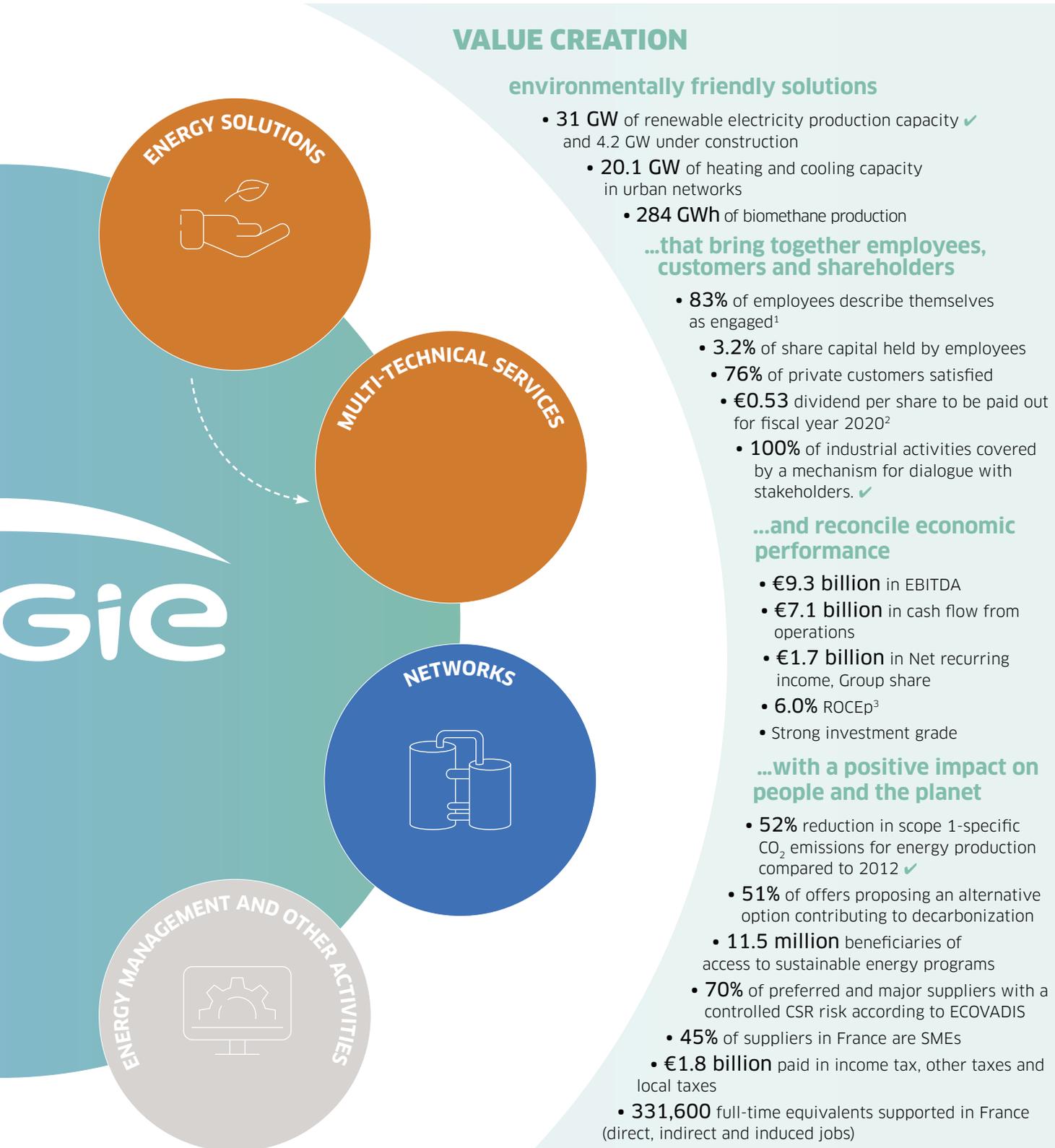
- 172,703 employees, of whom 21.5% are women, and 24.1% of managers are women
- 29,481 hires
- 70.1% of employees trained
- 3.5% on work-study programs
- 25.1% of senior managers of nationalities other than Belgian or French
- €35 million invested by Rassembleurs d'Energies
- €7.8 million annual endowment for the ENGIE Foundation

### Natural capital

- 285 TWh of primary energy consumption (excluding own consumption)
- 76.8 million m<sup>3</sup> of water consumed
- €553 million in environmental expenses (investments and recurring expenses related to environmental protection)



Acting to accelerate the transition toward a carbon-neutral economy, through reduced energy consumption and more environmentally friendly solutions. The purpose brings together the company, its employees, its customers and its shareholders, and reconciles economic performance with a positive impact on people and the planet. ENGIE's actions are assessed in their entirety and over time.



✓ 2020 target achieved

## A CORE ACTIVITY FOR A **LOW-CARBON WORLD**

The Group relies on its **activities** to offer its customers competitive, high value-added solutions that enable them to achieve their carbon-neutrality targets.


RENEWABLE ENERGY



4,032  
employees



€2.5 bn  
in revenues  
in 2020



€1.6 bn  
EBITDA

- The Group's growth driver
- World leader in renewable electricity production
- No. 1 independent hydroelectric producer in Brazil, and No. 2 hydropower operator in France
- Robust development platforms in Europe, Latin America and North America
- Pioneer in floating offshore wind

**BUSINESS CASE:**

**In 2021, ENGIE will supply the University of Flinders (Australia) with 100% renewable energy.**

The five-year power purchase agreement (PPA) will provide 92 GWh of electricity sourced from the ENGIE Willogoleche wind farm. This PPA is in line with the City of Springfield's net zero carbon energy road map. It aims to explore the possibility of rolling out local green energy production solutions and energy efficiency actions in line with the ambitions of the 2025 sustainable development plan set by the university.


ENERGY SOLUTIONS



120,967  
employees



€20.1 bn  
in revenues  
in 2020



€1.2 bn  
EBITDA

- The Group's growth driver
- ENGIE is the world leader in cooling networks and No. 3 in heating networks
- Activities simplified and refocused around distributed energy networks and associated energy efficiency services
- Networks that distribute low-carbon energy based on a long-term contractual model
- Energy efficiency services to provide customers with comprehensive support and help them meet their decarbonization targets
- Ambitious growth targets in line with the positive market outlook

**BUSINESS CASE:**

**Orange joins forces with ENGIE for its renewable energy supply**

The power purchase agreement (PPA) signed between Orange and ENGIE for a 15-year term will make it possible to develop two new solar projects totaling 102 MWh in France. The two solar farms will be commissioned no later than January 1, 2023.



## NETWORKS



**22,171**  
employees



**€6.7 bn**  
in revenues  
in 2020



**€3.9 bn**  
EBITDA

- The Group's traditional core business
- No. 1 natural gas distribution network in Europe, No. 1 natural gas transmission network in France and No. 2 in Europe, No. 1 storage and terminal operator in France and No. 2 storage operator in Europe
- Our goal: to be recognized as a leading player in energy transmission and storage in France and internationally
- In France, the development of green gases (biomethane and hydrogen), the upgrades to our networks and our operational performance are our activity's three priorities

### BUSINESS CASE:

**A cutting-edge technological innovation, the GRHYD project is the first Power-to-Gas demonstration in France.**

It allows the transformation of surplus renewable electricity into hydrogen through electrolysis of water, thus making it possible to store and use it. This project, for which a pilot has been launched in the Urban Community of Dunkirk, will supply 100 homes and a boiler plant. Ultimately, a fleet of about 50 NGV buses adapted to the hydrogen-natural gas mix will run on this energy. Offering a new method to recover and store renewable energy, this technology constitutes an alternative with lower CO<sub>2</sub> emissions than natural gas.



## THERMAL



**5,092**  
employees



**€3.2 bn**  
in revenues  
in 2020



**€1.6 bn**  
EBITDA

- The production of thermal energy, which complements renewable electrical energy, is a key lever for a competitive energy transition
- The Group's traditional core business
- In addition to its plan for withdrawing from coal, the Group has developed a road map to decarbonize its gas-fueled power plants, in line with its 2045 Net Zero Carbon objective.

### BUSINESS CASE:

**ENGIE confirms its leading position in electricity production in the Middle East**

In March 2020, the Group commissioned the Fadhili gas power plant (1.5 GW), a cogeneration plant in Saudi Arabia in which it holds a 40% stake. It will produce the equivalent of the electricity consumption of 1.4 million people.



## ENERGY SUPPLY



**12,700**  
employees



**€20.9 bn**  
in revenues  
in 2020



**€0.4 bn**  
EBITDA

- Develop new decarbonized energy supply and consumption management offers for private customers
- Develop comprehensive green energy supply solutions with a local component for business customers, combined with long-term contracts and energy efficiency commitments

### BUSINESS CASE:

**Green electricity and gas for private customers who want to deepen their commitment to a local and environmental approach**

Élec Vert+ and Gaz Vert+ are packages compatible with ENGIE's electricity and gas offers. They supply, respectively, electricity that is 100% from hydropower or wind power and gas that is 5% to 100% in the form of biomethane, all from production sites located exclusively in France.

P. **22**

| An involved Board of Directors

P. **24**

| A new Management team

P. **26**

| Appointments, Compensation and Governance Committee

**P.27** Manager compensation

P. **28**

| Ethics, Environment and Sustainable Development Committee

**P.29** Climate challenges

P. **30**

| Audit Committee

**P.31** Risk management

P. **32**

| Strategy, Investment and Technology Committee

**P.33** Research and development

IN 2021, THE GROUP WELCOMED A NEW CHIEF EXECUTIVE OFFICER AND APPOINTED A NEW EXECUTIVE COMMITTEE ORGANIZED AROUND ITS CORE BUSINESSES. THE BOARD OF DIRECTORS AND THIS NEW TEAM WORK IN CLOSE COLLABORATION TO ENSURE THE GROUP'S ALIGNMENT WITH ITS PURPOSE.

# ORGANIZATION



# A SIMPLIFIED ORGANIZATION

# AN INVOLVED BOARD OF DIRECTORS

At the end of the General Shareholders' Meeting of May 20, 2021, the Board of Directors will be composed of 14 members with various forms of expertise: these complementary profiles allow it to determine the Group's strategic directions and oversee their implementation, in accordance with its purpose and the expectations of its stakeholders.



**Jean-Pierre Clamadieu**  
Chairman of the Board of Directors

- Seniority on the Board<sup>1</sup>: 2 years
- Number of offices held<sup>2</sup>: 2
- Attendance rate at meetings in 2020: 100%

**Catherine MacGregor**

Chief Executive Officer Director subject to her appointment by the General Shareholders' Meeting of May 20, 2021

**Fabrice Brégier**

- Seniority on the Board<sup>1</sup>: 4 years
- Number of offices held<sup>2</sup>: 1
- Attendance rate at meetings in 2020: 100%

**Françoise Malrieu**

- Seniority on the Board<sup>1</sup>: 9 years
- Number of offices held<sup>2</sup>: 1
- Attendance rate at meetings in 2020: 100%

**Ross McInnes**

- Seniority on the Board<sup>1</sup>: 2 years
- Number of offices held<sup>2</sup>: 2
- Attendance rate at meetings in 2020: 100%

**Marie-José Nadeau**

- Seniority on the Board<sup>1</sup>: 5 years
- No offices held<sup>2</sup>
- Attendance rate at meetings in 2020: 100%

**Lord Peter Ricketts of Shortlands**

- Seniority on the Board<sup>1</sup>: 4 years
- No offices held<sup>2</sup>
- Attendance rate at meetings in 2020: 100%



**Isabelle Bui**

- Seniority on the Board<sup>1</sup>: 1 year
- Number of offices held<sup>2</sup>: 1
- Attendance rate at meetings in 2020: 100%

**Patrice Durand**

- Seniority on the Board<sup>1</sup>: 4 years
- No offices held<sup>2</sup>
- Attendance rate at meetings in 2020: 100%

**Mari-Noëlle Jégo-Laveissière**

- Seniority on the Board<sup>1</sup>: 5 years
- Number of offices held<sup>2</sup>: 1
- Attendance rate at meetings in 2020: 94%

**Christophe Agogué**

- Seniority on the Board<sup>1</sup>: 2 years
- No offices held<sup>2</sup>
- Attendance rate at meetings in 2020: 100%

**Alain Beutlier**

- Seniority on the Board<sup>1</sup>: 12 years
- No offices held<sup>2</sup>
- Attendance rate at meetings in 2020: 94%

**Philippe Lepage**

- Seniority on the Board<sup>1</sup>: 6 years
- No offices held<sup>2</sup>
- Attendance rate at meetings in 2020: 94%

- Director representing employee shareholders: to be appointed by the General Shareholders' Meeting of May 20, 2021

<sup>1</sup> Seniority in the year elapsed at February 25, 2021

<sup>2</sup> At February 25, 2021, in listed companies outside ENGIE

## A Board that guides the Group's strategic vision

To better support its transformation, ENGIE regularly organizes **training sessions or specific information sessions** at the request of the members of the Board of Directors. The Group also offers all new directors **training tailored to their profile and needs**.

Each year, the members of the Board meet at a **strategic planning seminar** during which they discuss sector developments and the expectations of the Group's stakeholders. In 2020, the Board reviewed the strategic plan to identify opportunities and challenges on

a business-by-business basis. This review confirmed the new strategic directions and the financial information to be used as a basis for future decisions made by the Board.

ENGIE is in **regular dialogue** with its shareholders, main institutional investors, and voting consultants as part of **governance roadshows** and at other times. This dialogue enables the Chairman of the Board to understand their expectations and explain the Group's strategic directions.

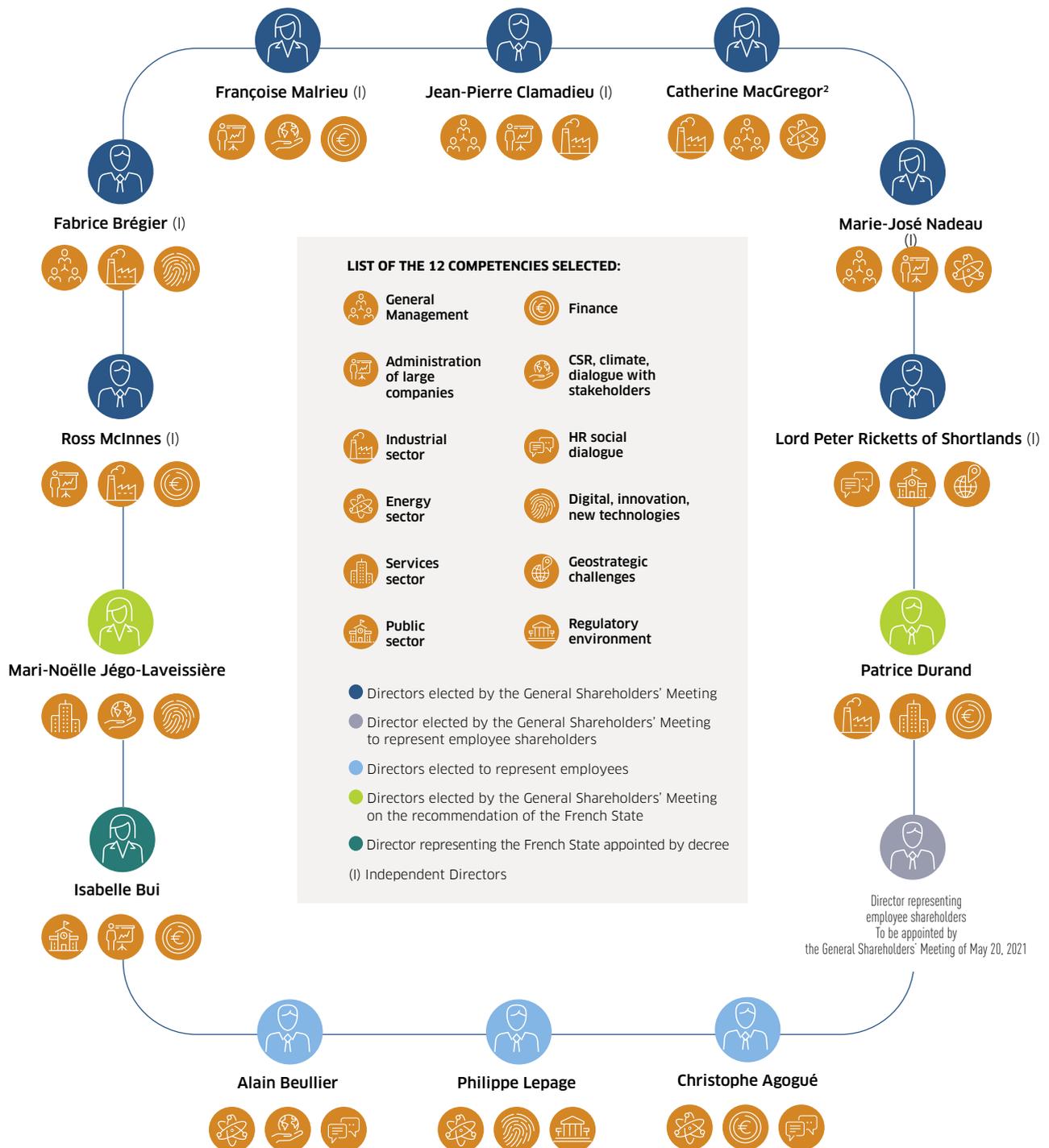
For **98%**  
**PARTICIPATION RATE**  
AT BOARD OF DIRECTORS  
MEETINGS

**16**   
**MEETINGS**  
IN 2020

## A Board with various forms of expertise

The Board of Directors has six independent members. The appointment of Catherine MacGregor, Chief Executive Officer, as a director of the Group will be proposed at the General Shareholders' Meeting of May 20, 2021.

At the end of the General Shareholders' Meeting, the Board of Directors will have an independence rate of 60% and 50% women membership<sup>1</sup>. ENGIE also ensures that its Board is internationally representative - there are four nationalities on the Board - and that the individual skills of the directors are diverse and complementary. The diagram below presents the 3 key competencies of each director out of the 12 competencies selected.



<sup>1</sup> In accordance with the Afep-Medef Code, the four directors representing employees or employee shareholders are not taken into account when calculating the ratio of independent directors for the Board of Directors and its Committees or when calculating the ratio of women to men on the Board of Directors.

<sup>2</sup> Subject to her appointment by the General Shareholders' Meeting of May 20, 2021

# A NEW MANAGEMENT TEAM

A new Executive Committee has been established, organized around the Group's core businesses.



**Catherine MacGregor**  
Chief Executive Officer

**Paulo Almirante**  
Executive Vice President in charge of Renewables activities  
Head of global energy management and nuclear production activities

**Sébastien Arbola**  
Executive Vice President in charge of Thermal Generation and Energy Supply activities

**Jean-Sébastien Blanc**  
Executive Vice President in charge of Human Resources

**Frank Demaille**  
Executive Vice President in charge of Transformation and Geographies

**Judith Hartmann**  
Executive Vice President in charge of Finance, Corporate Social Responsibility and Procurement



**Yves Le Gélard**  
Executive Vice President in charge of Digital and Information Systems

**Cécile Prévieu**  
Executive Vice President in charge of Energy Solutions activities

**Edouard Sauvage**  
Executive Vice President in charge of Networks activities

**Jérôme Stubler**  
Executive Vice President, project manager reporting to the CEO, for the multi-technical services organizational project

**Claire Waysand**  
Executive Vice President in charge of the General Secretariat, Strategy, Research & Innovation, Communication

## A new Chief Executive Officer to lead the Group's transformation and achieve its goals

After a transitional period of collective governance, a **recruitment process** was initiated, led by the Appointments, Compensation and Governance Committee, with the support of the Chairman of the Board of Directors, Jean-Pierre Clamadiou.

On October 2, 2020, the Board of Directors decided to appoint **Catherine MacGregor** as Chief Executive Officer starting January 1, 2021. In the three months leading up to her official arrival, Catherine MacGregor had the opportunity to learn more about the Group's environment and activities through interviews, site visits and meetings with customers.

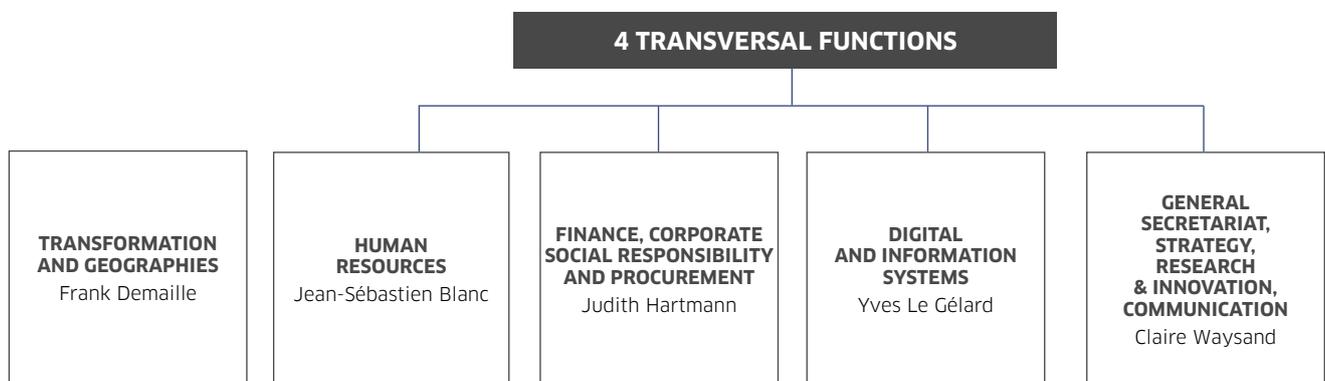
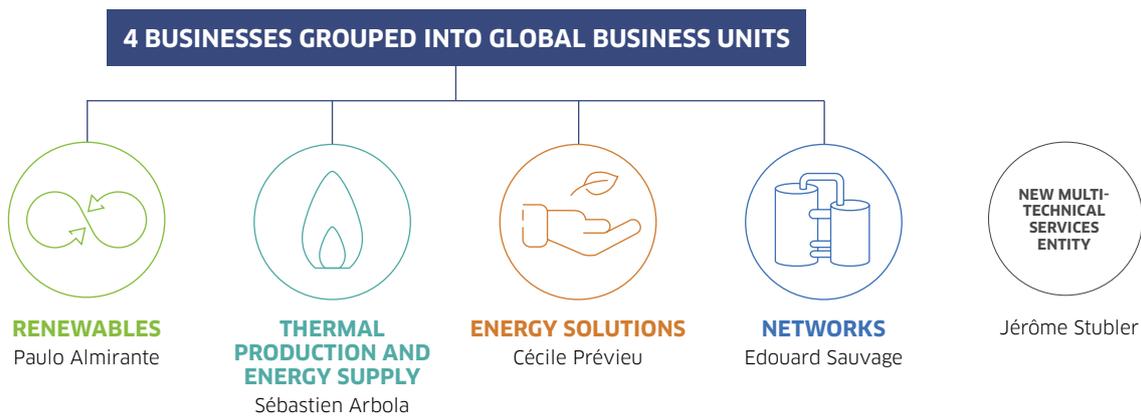
## A diverse Executive Committee

On the recommendation of General Management, the Board of Directors set a target of at least 40% women and at least 40% men on the Executive Committee by 2025. The current gender diversity rate is 36%.



**Scope of responsibilities of Executive Committee members aligned with strategic priorities**

ENGIE's strategic priorities are: growth ambitions in renewables and particularly decentralized networks, increased geographic selectiveness and simplification of the Group. These priorities also include the creation of a future entity for multi-technical services activities whose shareholding structure is in development.



**Catherine MacGregor**  
Chief Executive Officer



*All of Management is committed to making our strategy operational and increasing our performance culture to support the Group's growth. I am pleased to be able to rely on the professionalism and expertise of our teams to write a new page in ENGIE's history together and continue our efforts to make a carbon-neutral world a reality. ”*

# APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

Your Committee oversaw the formulation of the purpose. What is the status of its implementation?

**Françoise Malrieu:** The purpose was directly applicable to the Committee's work on the compensation policy. For example, 15% of the Chief Executive Officer's long-term incentive compensation is now subject to the achievement of the Group's targets for greenhouse gas emissions from energy production and for the increase in the share of renewables capacity in our energy mix. This is new, since long-term incentive compensation had previously been subject only to financial criteria.

Was there one issue in particular that drew the Committee's attention as part of its work in 2020?

**Jean-Pierre Clamadieu:** The recruitment of the Chief Executive Officer required a great deal of effort on the Committee's part. It was the result of an extensive search process involving two recruitment firms, and the timing allowed us to make sure that Catherine MacGregor would support the Group's purpose and the new strategic directions decided on by the Board over the summer.

## MAIN WORK IN 2020 AND EARLY 2021

- Purpose
- Terms of departure for the previous Chief Executive Officer and establishment of a transitional collective management team
- Recruitment process for the new Chief Executive Officer
- Compensation of the corporate officers
- Composition, diversity policy and assessment of the functioning of the Board and its Committees; independence and skills of directors
- Employee shareholding and the process of appointing the director representing employee shareholders
- Changes in the composition of the Executive Committee and the ENGIE 50 and gender balance goal
- Equity ratios

## MISSIONS

Reviews and makes recommendations regarding the composition and operations of the Board, the selection of the Chief Executive Officer, the succession plans and the compensation of the corporate officers.

**Committee Chair:**  
Françoise Malrieu



### 2 women

- Françoise Malrieu
- Isabelle Bui



### 3 men

- Alain Beullier
- Fabrice Brégier
- Lord Peter Ricketts of Shortlands



### 11 meetings

**100%**

Attendance rate

**75%**

Independence rate

## Most represented skills:



Finance



Administration of large companies



Public sector

# MANAGER COMPENSATION

## Compensation that accounts for long-term performance targets

The Group offers everyone compensation that is **personalized, fair and competitive** and which reflects the performance and level of responsibility of each person. Compensation of ENGIE's senior managers is set according to strict **quantitative and qualitative** performance criteria, which reflect the implementation of the strategy. Each year,

the compensation policy for managers and corporate officers is reviewed by the Board of Directors, based on the recommendation of the Appointments, Compensation and Governance Committee. It is subject to the approval of the Ordinary General Shareholders' Meeting.

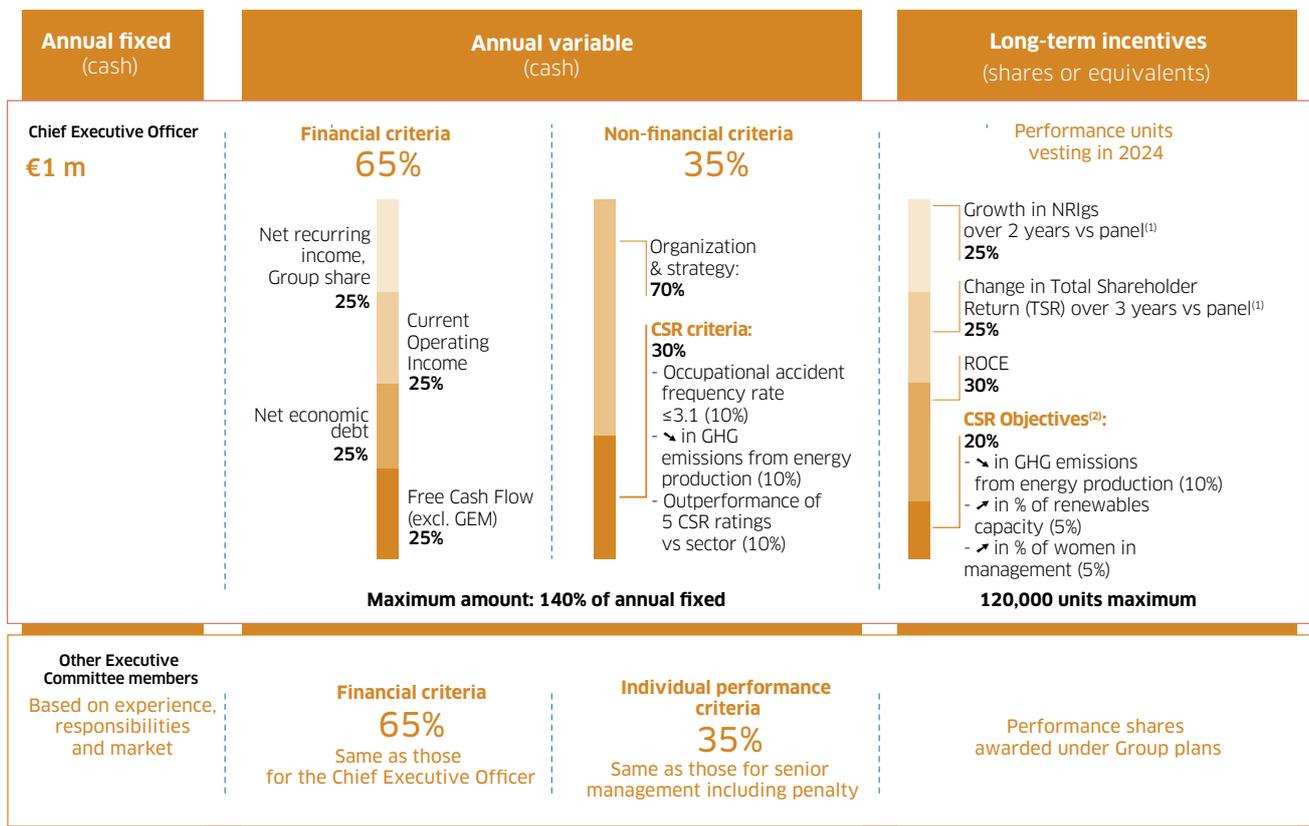
## Manager compensation

In 2020, the **Chairman's** compensation amounted to a fixed fee of €0.45 million. The Interim Chief Executive Officer received fixed compensation of €0.46 million in 2020, supplemented in 2021 by variable compensation of €0.72 million and 60,000 performance shares subject to approval by the General Shareholders' Meeting of May 20, 2021.

In 2020, the ratio of the compensation for each corporate

officer to the compensation of employees in France was 9.6x for the Chairman and 27.5x for the Interim Chief Executive Officer. As the equity ratio related to the Interim Chief Executive Officer, it was not considered representative insofar as it was a transition year.

For 2021, **the compensation of the Chief Executive Officer** is set out in the table below, subject to approval by the General Shareholders' Meeting of May 20, 2021.



(1) Panel: EDP, ENEL, Iberdrola, Naturgy, Snam and RWE - (2) based on the end-2023 target

The members of the Executive Committee are bound by a shareholding target of 2 years of fixed compensation for the Chief Executive Officer and 1.5 years for the other members.

## Senior manager compensation

To become players in the transformation of the Group and its long-term performance, the Group's 600 senior managers received **variable compensation** through the Leadership Deal program. They have a stake in the financial and economic

performance of the Group and their Business Unit, as well as in their individual performance relating to management and transformation.



# ETHICS, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT COMMITTEE

## How does climate fit into your Committee's work?

**Ross McInnes:** The Committee is in charge of monitoring the risks and opportunities related to climate change, which are central to the CSR objectives defined a year ago in line with our purpose. We just added the objective of Net Zero Carbon by 2045, covering all activities, direct and indirect emissions (scopes 1, 2 and 3) and a carbon trajectory compatible with the well-below 2°C target in the SBT methodology. Regarding the full withdrawal from coal no later than 2025 in Europe and 2027 worldwide, ENGIE has made it a priority to close or convert coal-fired power plants when this approach is an option. Disposals will be made to carry out the withdrawal only when necessary due to local restrictions.

## What about the objective of reducing the carbon footprint of ENGIE's customers?

**Claire Waysand:** We have set our sights higher in this area. Until now, the 2030 objective has been to make available to all our customers an offer that contributes to decarbonization. To better assess our impact, we worked with partners, such as ADEME, WBCSD, ISO, Saint-Gobain, Suez, Solar Impulse, and Net Zero Initiative, to develop a robust and verifiable methodology to measure CO<sub>2</sub> emissions avoided by our customers through the products and services offered by ENGIE. The objective, which will be measured using this methodology, is to be able to help our customers avoid emitting 45 million metric tons of CO<sub>2</sub> in 2030 versus 21 million metric tons in 2020.

## MAIN WORK IN 2020 AND EARLY 2021

- Carbon ambition (trajectory, customer decarbonization, etc.)
- Review of the Group's CSR performance; CSR objectives and their roll-out
- Analysis and actions taken in the context of the priority "climate change" risk, Science Based Targets certification and the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures
- Annual health and safety report, review of every fatal accident and development of the 2021-2025 health and safety action plan
- Annual ethics and compliance report
- Changes in the policy for business consultants
- Monitoring of the HR priority risk related to transformation challenges
- Professional and salary equity policy and index

## MISSIONS

Ensures the Group has the right level of commitment with regard to ethics, CSR compliance, and corporate, social and environmental responsibility Reviews human resources policies and ensures that a corruption prevention and detection system is in place. Ensures that the Group takes into account CSR issues and long-term perspectives.

**Committee Chair:**  
Ross McInnes



### 2 women

- Mari-Noëlle Jégo-Laveissière
- Françoise Malrieu



### 2 men

- Ross McInnes
- Christophe Agogué



### 4 meetings

**100%**

Attendance rate

**67%**

Independence rate

## Most represented skills:



Administration of large companies



CSR, climate, dialogue with stakeholders



Finance

# CLIMATE ISSUES

## Climate: a strategic issue for ENGIE

Faced with the magnitude of the impact of climate change<sup>1</sup>, ENGIE has made the climate a **major issue** for Corporate Social and Environmental Responsibility. The Group is committed to a trajectory **in line with the Paris Agreement**. It is drastically reducing its emissions from its industrial activities and has obtained **Science Based Targets (SBT)**

**certification** for its first 2030 decarbonization targets. In 2021, the Group toughened its climate objective by committing to Net Zero Carbon by 2045 for all its activities. This commitment is based on a *well-below 2°C* trajectory with the goal of an additional SBT certification.

**1** Identification of the specific **vulnerability** to climate change of each type of asset

**2** Partnership with the Institut Pierre Simon Laplace to evaluate the **consequences** of climate change at the regional level according to needs

**3** Measurement of the **potential impacts** of climate change on assets and development of site-specific **adaptation plans**

## A proactive climate strategy

ENGIE is implementing the TCFD<sup>2</sup> recommendations. It is currently assessing the financial risks of climate change on its networks before designing adaptation plans to reduce its vulnerability. The Group makes a distinction between:

- **Transition risks**, which are risks linked to social, economic, regulatory, technological and financial changes
- **Physical risks**, which are the result of damage directly and indirectly caused by meteorological and climatic phenomena.

### GOVERNANCE

- **Responsibility of the Board of Directors in climate matters included in its internal rules**
- **EESDC**: decides on climate-related issues, decarbonization targets, climate policy
- **Internal oversight committee for the Group's decarbonization objectives**
- **Internal oversight committee for the implementation of TCFD recommendations**
- **Use of an internal carbon price and carbon budgets to meet the climate trajectory**

### STRATEGY

#### Decarbonization of the economy is essential to our strategy

- In the medium term: a GHG emissions trajectory compatible with the Paris Agreement (SBT certification reinforced by new 2030 objectives announced in 2021)
- Announcement of the plan for the complete termination of coal use in 2027, in Europe starting in 2025
- Analysis of business model resilience to decarbonization scenarios
- Development of adaptation plans in progress
- Commitment to a new objective of helping our customers reduce their GHG emissions

### RISKS AND THEIR MANAGEMENT

#### Transition risk: changes in regulations, market behavior, consumer behavior, technological developments

- Collaboration with Authorities for the implementation of energy transition, development of renewable gases and renewable energies for electricity production
- Transformation of the Group: place of Renewables and green gas production, development of services and decarbonized activities
- Creation of an R&D plan to reduce exposure to technological risks

#### Physical risks: rising temperatures, floods, droughts, winds, heat waves:

- Verification of the insurability of projects from their development phase
- Integration of specific measures to deal with the risks of heat and cold waves
- Development of business continuity plans
- Identification of at-risk suppliers and supply areas

<sup>1</sup> Between the 1970s and the 2010s, the number of natural disasters has increased fourfold and the average cost associated with them 22-fold. Source: Swiss-Re  
<sup>2</sup> Task Force on Climate-related Financial Disclosures



# AUDIT COMMITTEE

**What measures has the Audit Committee taken to limit the economic impact of Covid-19 on the Group?**

**Marie-José Nadeau:** The Committee implemented monitoring by country and by activity, encouraged the reduction of expenses and postponed non-priority investments. It made sure to maintain economic capacities for an optimal resumption of activities. The Committee met as many times as necessary to carry out its missions with the same quality standards as in previous years.

**What measures has the Group taken to limit the financial impact of this crisis?**

**Judith Hartmann:** Although the environment was hit hard by the crisis, we were able to maintain a very healthy balance sheet and high level of liquidity throughout the year. With targeted action plans, particularly on the cost-cutting and cash management sides, we were able to keep our debt level in line with expectations.

## MAIN WORK IN 2020 AND EARLY 2021

- Group's position in relation to the Covid-19 health crisis
- Consolidated and parent company financial statements and their press releases
- Options, assumptions and forecasts at close of period, and forward-looking management reports
- 2020 dividend policy and guidance; 2020 cash flow policy
- Evolution of operational KPIs communicated to the market
- Activity reports from the internal audit, follow-up of the audit recommendations, 2020 and 2021 annual internal audit plans and update of the 2020 annual audit plan relating to the Covid-19 health crisis
- Review of Group internal control
- Financial resolutions submitted to the General Shareholders' Meeting
- Review of priority risks: cybersecurity, industrial safety, nuclear safety, HR related to the transformation challenges, climate change, position of gas in the energy mix
- Group insurance review
- Group's new tax policy
- Signature of a €2.5 billion syndicated credit line (club deal)
- Issue of hybrid bonds

## MISSIONS

Reviews the financial statements and financial position, and reviews internal and external controls and mapping of significant risks for the Group.

**Committee Chair:**  
Marie-José Nadeau



### 3 women

- Marie-José Nadeau
- Isabelle Bui
- Françoise Malrieu



### 2 men

- Christophe Aubert
- Ross McInnes



### 9 meetings,

including 2 joint meetings with the SITC

**100%**

Attendance rate

**75%**

Independence rate

## Most represented skills:

€ Finance



Administration of large companies

# RISK MANAGEMENT

## A global risk management policy

The diversity of its activities and locations exposes the Group to various risks. To limit their occurrence, minimize their impact and anticipate them, ENGIE has a **global risk management policy**. This policy confirms that every manager

is a risk manager and promotes **reasonable risk-taking from a legal perspective, acceptable to generally held opinion and economically viable**. The annual risk assessment process is organized as follows:



## A robust and scalable crisis management system

ENGIE has established a **global crisis management system** to deal effectively with the occurrence of all types of crises. The Group has set up a **whistle-blowing and alert system** based on the reporting and analysis of major incidents and the organization of a decision-making process to manage the crisis at the appropriate level. To test the robustness of the organization and as part of a continuous improvement process, each Business Unit must conduct one exercise per year and provide the Group with feedback.

In response to the **Covid-19 health crisis**, ENGIE has set up **several committees**: a Group steering committee and three geographical committees (France-Belgium-International), in addition to the country committees. The purpose of this system was to facilitate the resumption of the Group's activities and supplies in the event of disruption while protecting the health of employees. In addition, Cluster meetings focused on feedback on how the different BUs managed the crisis were facilitated by the Group's Chief Risk Officer, who is the Risk Management Director.

## Major risks for the Group

The **significant specific risks** to which the Group believes it is exposed are presented in the Universal Registration Document. They have been assessed and prioritized on the basis of "net risk" after the control resources put in place are taken into account. The three high criticality risks identified in 2020 are: the risk of change in the regulatory framework and in the amount of provisions set aside for the decommissioning of Belgian nuclear power plants and the management of spent fuel, market risks for commodities and currency risk.

Each year, the Board of Directors selects a few **risks it sees as priorities** to be monitored by a designated member of the

Executive Committee and reviewed throughout the year on a priority basis by the Board's Committees. Most of these risks are reviewed by the Audit Committee, but it should be noted that the "climate change" and "HR transformation" priority risks are reviewed by the EESDC and the "position of gas in the energy mix" priority risk is reviewed by the SITC.

In the context of a complementary approach formalized in its statement on non-financial performance and the monitoring of its duty of vigilance, the Group has also identified certain gross **CSR risks** that require the implementation of specific medium-, short- and long-term policies and action plans.

# STRATEGY, INVESTMENT AND TECHNOLOGY COMMITTEE

**What is the impact of the new strategic direction as it relates to geographic presence?**

**Jean-Pierre Clamadiou:** ENGIE has begun to simplify its geographic presence with the goal of being among the top three energy companies in those territories.

This geographic refocusing in less than thirty countries by 2023 is accompanied by a refocusing of our activities on renewables and centralized and decentralized networks.

**What are your investment priorities?**

**Judith Hartmann:** In 2020, we were able to make major progress on the strategic component while working to limit the impacts of the Covid crisis: we invested around €8 billion in the company's future. In 2021, we will carry on with the work underway to simplify the Group and will continue to invest in growing the activities – mainly renewables and networks – that will accelerate the low-carbon transition toward a carbon-neutral economy.

## MAIN WORK IN 2020

- Strategic challenges
- Geographical selectiveness
- Strategic review of Client Solutions activities
- Operational management in the period of the Covid-19 health crisis, impact and perspectives on peers
- Feedback on acquisitions and look-back on a series of completed projects
- Preparation of the Board of Directors' annual strategy seminar
- Investment and disposal projects in progress

## WORK OF JOINT MEETINGS OF THE AUDIT COMMITTEE AND THE SITC

- Operational management in the period of the Covid-19 health crisis
  - CAPEX action plan
  - Resilience of the financial information production processes
  - Liquidity/financing status
  - Reforecasting process
- Budget and medium-term business plan

## MISSIONS

Gives its opinion on major strategic directions, in particular for the strategic plan. Examines projects for external or internal growth or disposal, strategic agreements, alliances or partnerships. Also examines strategic choices with regard to technological developments, modernization of industrial equipment or procurement policy and significant real estate projects.

### Committee Chair:

Jean-Pierre Clamadiou



### 2 women

- Isabelle Bui
- Marie-José Nadeau



### 4 men

- Jean-Pierre Clamadiou
- Patrice Durand
- Philippe Lepage
- Ross McInnes



### 8 meetings,

incl. 2 joint meetings with the Audit Committee

**96%**

Attendance rate

**60%**

Independence rate

### Most represented skills:



Administration of large companies



Industrial sector



Finance

# RESEARCH AND DEVELOPMENT

## New technologies: a key axis of transformation

In 2020, Engie invested €190 million in **research and development**. The Group's Research and Innovation network handles all aspects of detection, testing and development of new technologies, helping the Business Units (BUs) to remain competitive and prepare for the future. Its activities address the needs of entities to ensure their future growth over three time horizons: current activities, new opportunities and suggestions for future growth.

## An R&D network dedicated to new energy sources

Essential to the decarbonization of the energy system, **renewable gases and renewable electricity production technologies** are priorities for the R&D centers. Each of these technologies is seen as a comprehensive, reliable, sustainable and cost-effective energy solution.

The Group is thus conducting flagship projects involving new energy sources.

- For example, ENGIE has committed to mobilizing €800 million between 2018 and 2023 for **biomethane**. This amount will be increased to €2 billion by 2030. Among the projects developed through these investments, the GAYA platform produced renewable gas from non-recyclable solid waste for the first time in 2020.
- The still-developing technology, in particular for **floating wind**, of **offshore wind** has an increasingly important role in ENGIE's energy mix. As the first wind farms begin to appear, the Group is now a key player in the sector with Ocean Winds, its joint venture operating in Europe and shortly in the United States.

## REIDS-SPORE research platform

At the end of 2020, ENGIE inaugurated a SPORE (Sustainable Power for Offgrid REgions) platform off the coast of Singapore. In collaboration with Nanyang Technological University's Energy Research Institute and Schneider Electric, the site is intended to become a **living laboratory** used to test various renewable technologies, including renewable hydrogen, provide training and prove that a 100% renewable micro-grid is possible. The platform is **energy self-sufficient** thanks to various renewable energy sources and integrated storage solutions.

It has the largest wind turbine installed in Singapore and a complete hydrogen chain dedicated to electricity and mobility.

This priority given to innovation is reflected in the Group's structure. All of the Group's R&D entities and BUs that conduct R&D research, as well as the 23 thematic labs of the R&D teams whose efforts are dedicated to developing new technologies, are grouped together in the **Research & Technologies network**. The network, which is led and managed by ENGIE Research, comprises 900 employees.

- Finally, massive investments are being made in **renewable hydrogen** to improve production techniques and establish an industrial sector. ENGIE is involved in over 30 projects in ten countries. The new partnership signed with ArianeGroup aims to develop and test hydrogen liquefaction technology and then develop a range of products and services to decarbonize heavy and long-distance transport. This illustrates the Group's determination to make the use of liquid hydrogen viable and offer innovative and integrated solutions to its customers.



# 75%

OF THE EFFORT  
TO REDUCE  
GREENHOUSE GASES WILL  
HAVE TO COME FROM  
NON-MATURE  
TECHNOLOGIES<sup>1</sup>

<sup>1</sup> IEP, Energy Technology Perspective 2020



# A PURPOSE

ADOPTED BY OVER 99% OF THE SHAREHOLDERS, ENGIE'S PURPOSE DEFINES THE GROUP'S MISSION. THIS SECTION IS STRUCTURED AROUND THE **3 COMPONENTS OF THE PURPOSE.**



# IN ACTION



**P. 36**  
| A purpose for taking action

**P. 38**  
| Contributing to the Sustainable Development Goals

**P. 40**  
| Mobilizing for the energy transition

**P. 42**  
| Biodiversity, a key issue for the company

**P. 46**  
| Uniting all our stakeholders around a shared vision

**P. 50**  
| Promoting sustainable and responsible finance



- 1** *Acting to accelerate the transition towards a carbon-neutral economy, through reduced energy consumption and more environmentally friendly solutions.*
- 2** *This purpose brings together the company, its employees, its customers and its shareholders...*
- 3** *... and reconciles economic performance with a positive impact on people and the planet*

# A PURPOSE FOR TAKING ACTION

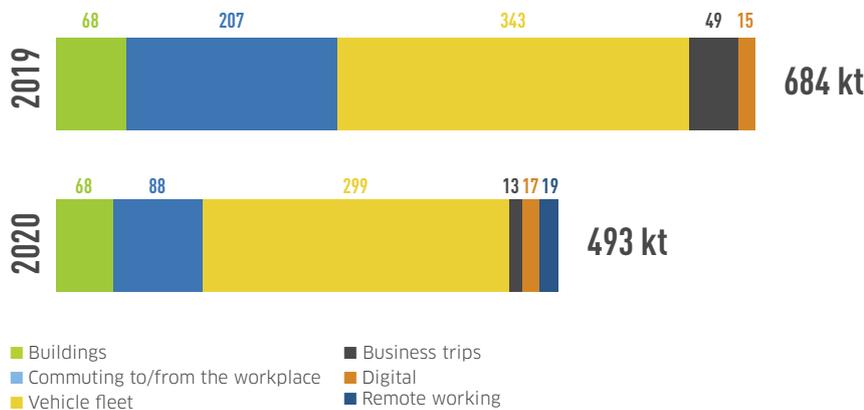
The purpose is reflected in both the transformation of all our employees' working methods and support for our customers.

## Transforming working methods

Raising awareness, creating movement, taking action and adopting more environmentally friendly working methods are also a key part of the Group's transformation. In 2019, greenhouse gas emissions related to the working methods of the operating entities represented 684 kt of CO<sub>2</sub>. To reduce them, ENGIE has set an ambitious

target: **achieving Net Zero Carbon in its working methods by 2030**. It encourages its employees to adopt responsible practices in five areas - business travel, digital, buildings, commuting and the vehicle fleet - with quantified targets.

Change in the Group's CO<sub>2</sub> emissions by area between 2019 and 2020



In 2020 and against the backdrop of the global health crisis, emissions fell by 28% to 493 kt. To more accurately reflect emissions from our workplaces, the decision was made to

account for emissions from remote working for the first time.

## Energy consumption reduction targets

### Reducing the electricity consumption of buildings



### Share of green vehicles in the vehicle fleet



**Clothilde Poplineau**  
Director of employee engagement



*Thanks to this objective, all employees feel like stakeholders in the Group's purpose and are asked to work toward it on a daily basis. ENGIE is also committed to redefining its key policies on working methods. The combination of these two commitments will allow us to achieve Net Zero Carbon. ”*

### Supporting industrial customers in their transition

ENGIE has developed a three-stage approach to support its industrial customers and prospects in reducing their carbon footprint:

- 1** **Creation of a scope 1 & 2 CO<sub>2</sub> emissions report at global level**, broken down by site according to the energy consumed, with an **achievable decarbonization target** according to the solutions available and their budgetary impact.  
 Report created with the aid of the **Greenway** digital tool developed by ENGIE
- 2** **Definition by ENGIE's experts of a precise road map**, site-by-site technical solutions and associated costs, to achieve **the decarbonization goal**.
- 3** **Issue of an implementation proposal for the solutions chosen**.



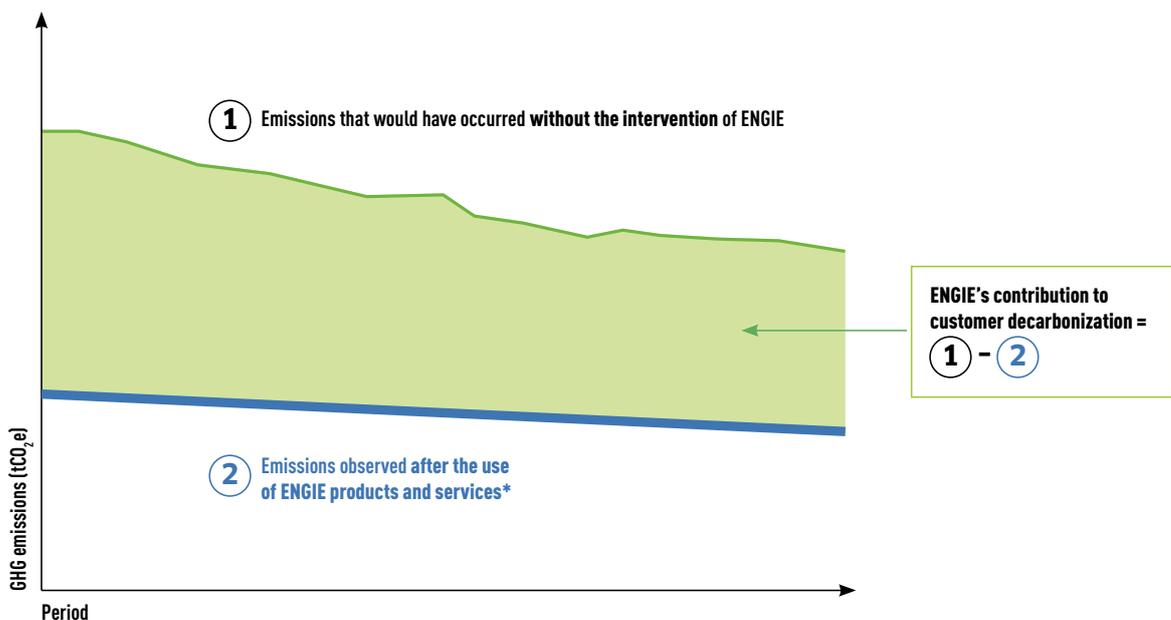
**Jean-Christophe Tourel**  
Greenway project head

*When they commit to reducing CO<sub>2</sub>, most companies do not know how to actually meet their targets! We use the Greenway approach and the digital tools that support it to point them to the best technical and most cost-effective options to achieve their goals. In two years, we have helped dozens of customers for a volume of 25 mt of CO<sub>2</sub>eq. ”*

### Helping customers to decarbonize

To step up its actions to promote the energy transition, ENGIE has set a new target of helping **its customers reduce their carbon emissions** by 45 mt by 2030. The Group can act through its range of products and services, which includes

green energy production, decentralized energy networks and associated services, marketed energy savings, carbon certificates and the purchase or resale of green energy.



\* The ENGIE products and services concerned are green energy production, decentralized energy networks and associated services, marketed energy savings, carbon certificates and the purchase or resale of green energy.

# CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

ENGIE’s CSR objectives, as well as its environmental and societal commitments, help it fulfill its purpose and meet the sustainable growth challenges set out in the United Nations’ 17 SDGs. The issues in the Group’s materiality matrix, as revised in 2020 (see page 15), show that ENGIE makes key contributions to the targets of six SDGs and significant contributions to the targets of seven SDGs.

6 SDGS FOR WHICH ENGIE'S CONTRIBUTION IS KEY		
 <p><b>5.1 - Anti-discrimination</b> <b>5.5 - Participation and access to leadership</b></p>	<p>ENGIE has stepped up its actions to promote gender equality, through its commitments to the full participation of women in decision-making and by strengthening access without discrimination to executive and managerial positions. This helps to enhance its image and its attractiveness as an employer.</p>	
 <p><b>7.1 - Access to energy</b> <b>7.2 - Renewable energy</b> <b>7.3 - Energy efficiency</b></p>	<p>Through its activities, ENGIE actively contributes to universal access to clean energy, the development of renewable energy and improved energy efficiency. Through green financing, it is working to accelerate the transition to a low-carbon economy.</p>	
 <p><b>8.2 - Economic productivity</b> <b>8.5 - Full employment and decent work</b> <b>8.8 - Rights &amp; safety at work</b></p>	<p>ENGIE maintains a close relationship with the regions and contributes to their social and economic development by practicing responsible taxation. Due to its industrial activity, ENGIE has prioritized the safety and protection of its employees and subcontractors all over the world.</p>	
 <p><b>9.2 - Socio-economically sustainable industrialization</b> <b>9.4 - Upgrades to and sustainability of industrial sectors</b> <b>9.5 - Innovation, research and development</b></p>	<p>ENGIE has mobilized a significant part of its R&amp;D and innovation efforts to modernizing and greening its networks. The Group is positioned as a fair and innovative player in the low-carbon transition, which works to truly share value with its stakeholders.</p>	
 <p><b>11.3 - Sustainable urbanization</b> <b>11.6 - Environmental impact</b></p>	<p>As a privileged player in the regions, ENGIE contributes to the future city by setting up urban planning systems such as energy networks and low-carbon mobility, and through its clean energy offers and services such as flow management, heating networks and connected networks, not forgetting air quality.</p>	
 <p><b>13.1 - Resilience and adaptation</b> <b>13.3 - Education and capacity for action</b></p>	<p>Due to its purpose and its aim of accelerating the low-carbon transition, ENGIE makes a major contribution to this SDG on its value chain. Its actions target its entire value chain by promoting technologies for controlling demand, energy efficiency and renewable power generation and heat and cold production, including green gases.</p>	
7 SDGS FOR WHICH ENGIE'S CONTRIBUTION IS SIGNIFICANT		
 <p><b>3.8 - Universal health coverage</b> <b>3.9 - Health and environment</b></p>	<p>ENGIE’s aim of increasing its clean energy production contributes to improvements in local living conditions and the environment as a whole. ENGIE provides global access to occupational safety and health programs (ENGIE Care).</p>	
 <p><b>6.4 - Sustainable water resource management</b></p>	<p>Access to, and preservation and rationalized use of this shared asset are incorporated into the Group’s water management strategy. They concern local populations affected by water stress and enable the continuation of the activities of sites dependent on access to fresh water.</p>	
 <p><b>10.3 - Equal opportunity</b></p>	<p>ENGIE contributes to local economic development by participating in a just transition and providing access to decent jobs without discrimination (Alliance For Youth, Global Compact). This inclusive contribution allows it to develop talented individuals while making equal opportunities a reality.</p>	
 <p><b>12.5 - Waste reduction</b> <b>12.6 - Corporate social responsibility</b></p>	<p>The optimized use of its resources and waste, as well as the promotion of sustainable and viable practices in its value chain, enables ENGIE to demonstrate its purpose and to involve its sphere of influence while working for responsible consumption and production worldwide.</p>	
 <p><b>15.1 - Conservation of terrestrial ecosystems</b></p>	<p>ENGIE is committed to mitigating its impact on life on earth by working to preserve ecosystems through strong partnerships (Act4nature) and through the development of new organic matter (biomass) recovery activities.</p>	
 <p><b>16.5 - Anti-corruption</b> <b>16.10 - Information and protection of freedoms</b></p>	<p>By working for exemplary governance that excludes all forms of corruption and by deploying forums for dialogue in order to improve transparency through its communication, ENGIE makes a positive contribution to this SDG. It is also committed to conducting its activities while respecting internationally recognized human rights.</p>	
 <p><b>17.17 - Multi-player partnerships</b></p>	<p>Thanks to its activity, ENGIE has forged solid relationships with a broad panel of different partners and is now a recognized player in the regions. By capitalizing and strengthening its relationships, ENGIE can increase its business and its social utility.</p>	

■ Key contribution of the challenge to the SDG and its targets

■ Significant contribution of the challenge to the SDG and its targets

### CHALLENGES

FUNDAMENTAL				DECISIVE							MAJOR		MATERIAL						
Diversity	Ethics & Compliance	Health & Safety	Safety of facilities	Sustainable growth	Energy efficiency	Green gases	Networks	Governance	Renewables	Low-carbon transformation	Expertise & engagement	Sustainable finance	Agility	Supply chain	Customers	Digital	Circular economy	Stakeholders	Biodiv., water & environment
■								■			■			■					
				■	■	■	■	■	■	■		■		■	■	■		■	
■	■	■		■							■			■					
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# MOBILIZING FOR THE ENERGY TRANSITION

Present across the entire energy value chain, the Group has a diversified and low-carbon energy mix. It constantly adapts its networks to new energy sources and supports its customers, businesses and individuals in controlling their consumption.

## Diversifying and decarbonizing the energy mix

ENGIE believes in the essential role of renewable energy in accelerating the reduction of greenhouse gas emissions and relies on its diversity and complementarity. It has invested massively in R&D – €190 million in 2020 – in emerging renewable energy and is involved in numerous projects and partnerships. The objective is to commission 4 GW per year

of renewables capacity in the world over 2022-2025 and 6 GW for 2026-2030 to reach 80 GW of renewables capacity in 2030. To achieve this, ENGIE's growth CAPEX, which is €4 billion (of which 39% renewables) in 2020, will increase to €15 to 16 billion over the period 2021-2023 (of which 40-45% renewables).

	<b>Definition item</b>	<b>Production capacity for ENGIE</b> <i>(at 100% at December 31, 2020)</i>	<b>Capacity under construction or in development at December 31, 2020</b>
 <p><b>WIND</b></p>	A wind turbine is a device that converts kinetic wind energy into mechanical energy, which is then transformed into electricity	<b>10.1 GW</b> of electricity production capacity from installed wind power worldwide	Commissioning of 1.75 GW of which 0.3 GW of offshore wind in 2021
 <p><b>SOLAR POWER</b></p>	Electricity produced from sunlight and transformed by photovoltaic panels through the conversion of photons into electrons	<b>3.1 GW</b> of installed electricity production capacity from solar power	Commissioning of 1.2 GW in 2021
 <p><b>BIOGAS AND BIOMETHANE</b></p>	Biogas is obtained by fermenting organic residues. Once purified, it becomes biomethane, a gas with the same properties as natural gas. The development of biomethane irrigates an entire local ecosystem. It allows farmers to diversify their activity and manufacturers to reduce their environmental footprint by recovering their organic waste.	<b>306 MW</b> of annual installed biomethane production capacity in France at end-2020	+ 700 GWh of additional biomethane production capacity in France by 2023 The Group is committed to earmarking €800 million for biomethane between 2018 and 2023. This amount will be increased to €2 billion by 2030
 <p><b>HYDRO-ELECTRICITY</b></p>	Hydroelectric generation uses the kinetic energy of water, which it converts into mechanical energy by means of turbines, then into electricity by means of alternators	<b>17.9 GW</b> (excluding pumped storage) of installed power generation capacity worldwide	
 <p><b>GEOHERMAL ENERGY</b></p>	Geothermal energy consists of recovering the heat or cold contained in the subsoil, the underground water tables or deep waters at sea to produce electricity, heat or cold that can be used in multiple industrial applications	<b>85 MW</b> of heat generation capacity through geothermal energy	Commissioning of 91MW in 2021
 <p><b>BIOMASS</b></p>	Biomass refers to all degradable organic matter that can be transformed into energy through energy recovery in the form of heat, electricity, biogas or bio-fuel	<b>2.5 mt</b> of biomass sold each year	

### To become a major renewable hydrogen player

**Renewable hydrogen**, which makes it possible to store and release renewable energy, to develop more sustainable mobility and to decarbonize industrial uses, is one of the future levers for acceleration of the transition to Net Zero Carbon. ENGIE is present throughout the entire value chain and has around 100 experts entirely dedicated to this source of energy. Thus, ENGIE and TOTAL teamed up in 2021 in the **Masshylia Project** to produce renewable hydrogen from solar power to fuel the Total refinery at Fos-sur-Mer.

### Adapting networks to green energy distribution

The energy transition generates technological challenges and **transformation** needs for the various sectors: integration of intermittent energies, increased storage needs and adaptation of networks to the era of smart grids. ENGIE is thus developing, through its subsidiary Storengy, power to gas, which, after storage of hydrogen or synthetic methane produced from surplus renewable electricity, **re-injects it into the natural gas network**. It is also helping to develop **new industrial sectors** to gradually replace imported gas with locally produced gas.

## BUSINESS CASE

### First production in the world of renewable gas from non-recyclable waste

The GAYA platform, which was launched in 2017, is designed to test and optimize **biomethane production** from **dry biomass** collected **locally** and to develop a production chain for biomethane produced from renewable resources. ENGIE's researchers achieved a world first by producing the first cubic meters of renewable gas from Solid Recovered Fuels (SRF). SRFs, made of wood, paper, cardboard or even plastics from waste from economic activities, are not recycled and are therefore incinerated or landfilled. **This major scientific breakthrough** will be rolled out through the creation of an industrial unit for biogas production in Le Havre. Named Salamander, this project should make it possible to produce 150 GWh of renewable gas, i.e. the annual consumption of 676 urban buses, from 2026, by recovering 70,000 ton of non-recyclable waste each year.

## BUSINESS CASE

### ENGIE signs its first renewable energy contracts on an industrial scale with Amazon

These power purchase agreements (PPAs) relate to a portfolio of **wind** and **solar** projects in the **United States, Italy** and **France** totaling **650 MW**. They rely exclusively on the new renewable electricity capacity developed by ENGIE, and thus highlight the Group's know-how across the entire value chain of green energy, from the construction and operation of renewable power plants to energy sales to industries. This transaction – which for ENGIE constitutes **the largest portfolio of contracts** ever signed by a single company – meets Amazon's objective of supplying its sites with **100% renewable energy by 2030** and achieving carbon neutrality by 2040.

### Greening uses and supporting customers

ENGIE associates its customers – businesses, local authorities and individuals – with its actions to promote a more sustainable world. The support **is global**, as demonstrated by contracts such as those entered into with the universities of **Ohio, Howard** (Washington DC), **Flinders** (Australia) and that granted by the City of **Philadelphia**. The city authorities, which have undertaken to provide **100% renewable electricity by 2030**, will purchase the energy generated by the Adams County solar farm managed by ENGIE. The project will supply 22% of the electricity of the municipal buildings and will create 150 local jobs. **In Italy**, ENGIE seeks to reduce carbon emissions from district heating systems by including renewable or industrial sources in each city where it operates. Since 2014, ENGIE Italy **has been recovering cooling energy from a steelworks** in Aoste, with a project based on a heat pump, which now supplies 40% of the city's heating. This decarbonization continues with increasingly innovative partnerships, **based on direct recovery systems**, such as the Lonato del Garda heating network (Lombardy) which is powered almost exclusively by the Feralpi steelworks. Its approach and expertise are deployed in several areas: **charging networks for electric vehicles**, for example in the **Eurometropolis of Strasbourg** (1,000 charging stations installed on roads within 15 years) and the development of **refueling infrastructure** for other alternative fuels such as (bio) CNG and hydrogen. At the end of 2020, a four-year partnership was signed between ENGIE, EVBox and Scania to offer a complete and tailor-made electro-mobility solution to transport operators (buses and trucks) in 13 European countries.

**For individuals**, the Group has rolled out **“Mon Programme pour Agir” (“My Program of Action”)**, a series of actions to promote energy transition and energy bill management services.



**Ovarith Troeung**  
Director of Green Mobility

*A quarter of GHG emissions derive from mobility. ENGIE offers mobility decarbonization solutions for cities and local authorities by acting as an on-road recharging operator and for operators that transport goods and people using biogas and hydrogen. ”*

# BIODIVERSITY, A KEY ISSUE FOR THE COMPANY

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

## Long-term commitments to protecting biodiversity

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

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



## Solutions to reduce the impact of sites and production processes

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

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

### HYDROELECTRICITY

Impact on waterways due to disruption of the movement of aquatic species and sediments and the creation of risks of erosion and eutrophication of banks

The Group implements environmental programs to preserve flora and fauna in the zones of influence of hydroelectric power stations

### SOLAR FARMS

Possible repercussions on habitat fragmentation due to land footprint

Farms can be used for agriculture, breeding or replanting local species

### BIOMASS COMBUSTION

Possible repercussions on forest ecosystems depending on logging decisions

The Group is committed to sourcing biomass from sustainably managed forests according to FSC (Forest Stewardship Council), PEFC (Program for the Endorsement of Forest Certification) or SBP (Sustainable Biomass Program) criteria

### UNDERGROUND STORAGE

Large land footprint

Due to the implementation of ecological management, these sites are home to a rich biodiversity and participate in natural population movements

### WIND FARMS

Possible repercussions on bats and birds: turbines disturb their habitat and can cause collisions

Wind farms are located in such a way as to avoid natural habitats and employ detection systems to stop turbines

### LINEAR NETWORKS

The main factor underlying habitat fragmentation

Most of ENGIE's public service easements are now functioning ecological corridors

### OFFSHORE WIND TURBINES

Potential problems with vibration, physical limitations and pollutants

Recently, the Group's offshore wind farms have been built with cutting-edge measures to protect biodiversity (aerial surveillance, GPS tracking, etc.)

### Challenges that bring opportunities

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



#### Reliance on nature

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



#### Regulatory changes

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



#### Dialogue with local stakeholders

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



#### Market risks

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



#### Financial risks

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



#### Philippe Zaouati

CEO of Mirova, Management Company dedicated to sustainable investment



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



## BUSINESS CASE

### Green solar farms in the United States

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

### Strengthening of strategy in 2020

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

In 2020, ENGIE **updated its policy** following various observations and recommendations: the major pressures on the environment identified by the IPBES<sup>1</sup>, the SDGs<sup>2</sup> and the shared commitments made as part of the Group's participation in act4nature international and EEN-act4nature France. Several targets were set as a result:

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

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

## BUSINESS CASE

### Ecological site management at Storengy

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



**Denis Leca**  
Head of Biodiversity at Storengy



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

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

<sup>1</sup> Intergovernmental science and policy platform on biodiversity and ecosystem services

<sup>2</sup> Sustainable Development Goals



**Interview with Sébastien Moncorps**

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



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

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

**What are the main biodiversity challenges faced by companies?**

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

For **100%**

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

For **21%**

2020 RESULT

**BUSINESS CASE**



**Middle East: A groundbreaking initiative in Abu Dhabi**

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



**Florence Fontani**

Director Communication and Corporate Social Responsibility Middle East



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

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

# UNITING ALL OUR STAKEHOLDERS AROUND A SHARED VISION

ENGIE has mobilized its entire ecosystem – customers, shareholders, employees, partners – to implement its strategy. In particular, the Group has rolled out a human resources policy aligned with its aims and is committed to fostering a good level of dialogue with all of its stakeholders.

## Making employees the driver of the energy transition

### Developing key skills for the Group

**Attracting talented individuals** and increasing their skills – particularly in new occupations – are a priority for ENGIE's successful transformation. For example, the Group has launched the **Graduate Program**, a career development program for young graduates entirely dedicated to renewable energy. It has also initiated numerous **partnerships** in Renewables with laboratories and engineering or business schools. Certified training with the ESCP European Business School and in particular the universities of Shanghai and Beijing, or

"NETEXPLO Smart Cities", for example, enables project managers to update their skills and manage their relations with local communities more effectively. Nearly 100 people have already taken part.

**Apprenticeships** are also the subject of a proactive policy accompanied by digital communication campaigns adapted to new generations of candidates. The Group has set itself the target of achieving **10% work-study internships in its French workforce** by the end of 2021 and **in its European workforce** by the end of 2030. It aims to convert **50% of its apprenticeship contracts in France in the technical occupations into permanent or fixed-term hires** by the end of 2021. To train its future employees, in 2020 it launched an Apprentice Training Center in France, the Academy of Energy and Climate Transition Occupations, and an ENGIE Academy in Ghent for the Benelux region.

ENGIE believes that it is essential to **support employees throughout their careers**, to enable them to adapt to a constantly changing labor market.

The Group aims to be delivering **at least one training session per year to 100% of its employees** by 2030 (80% in 2020). Based on distance learning methods, **ENGIE University** offers a variety of programs, mainly focusing on the challenges of energy transition. In October 2020, the first 100% digital **Global Learning Festival** brought together more than 2,300 managers around new energy technologies, the Group's strategy and soft skills.

### ENGIE University launches a Sustainability Academy

It offers nearly 50 training courses for the appropriation of the Group's mission and strategy, the professionalization of the occupations and the managerial and leadership skills necessary for its implementation. More recently, ENGIE University launched the **Sustainability Academy**. One aim of this initiative is to highlight the **expertise** and **commitment** of Group employees in taking **sustainability issues** into account in their occupations. Another objective is to **share this expertise** with the entire company and its ecosystem. The Sustainability Academy will offer several levels of training, ranging from acculturation to expertise, and will be based on various formats.

## BUSINESS CASE

### A new Academy for energy transition and climate occupations

In November 2020, ENGIE opened an apprenticeship training center dedicated to **energy transition and climate occupations**. Thanks to partnerships with the Lycée Raspail and the AFORP apprenticeship training center, the new center aims to make work-study programs the **path of excellence** for accessing the Group's future occupations and accelerating its strategy towards **Net Zero Carbon**. Future technicians are trained on two-year courses for **16-30 year olds** and **adults undergoing retraining**, in the areas of maintenance of heating and cooling networks, industrial energy efficiency solutions and renewable energy.



**Nicolas Rolland**

Director of ENGIE University and Group Transformation

*With the Sustainability Academy, ENGIE's employees will be invited to learn, experiment and share their knowledge and know-how, to act together and to nurture the transition journey. Our goal is to develop and empower people to understand and lead the Group's transformation by incorporating the shift towards sustainable development. ”*

### A commitment to diversity

For ENGIE, diversity is an **undeniably valuable asset**, as evidenced by its commitments and partnerships. As such, the Group in particular reaffirmed the need for collective corporate action by signing, alongside 130 large companies, the “Manifesto for the Inclusion of People with Disabilities in Economic Life.”

The Group is implementing a number of initiatives to create environments that promote diversity within its teams. The role of women in business, in particular, requires its full attention. ENGIE has set itself a target of **50% female managers by 2030** (compared with 24.1% in December 2020). Entitled **Fifty-Fifty**, this program has the broader aim of creating an **inclusive culture** that promotes all forms of diversity within the Group and enables the **cultural shift** necessary **at all levels** to achieve lasting results over time.

In terms of **professional and pay equality**, in 2020, ENGIE extended the obligation to calculate the **equality index** annually in each of its entities in **France** and **internationally**. The improvement has been significant, with a score of 89/100 for France (+17 points versus 2019) and 84/100 for the Group index (+12 points versus 2019).

### Health and safety: combining prevention, ambition and resilience

Over the past five years, the Group has achieved tangible results in terms of the health and safety of its employees and subcontractors: the average rate of fatal accidents is **almost half** the level recorded in the 2011-2015 period, while the frequency of occupational accidents continues to decrease, **reaching the annual objectives** that the Group has set for itself. These are the solid foundations on which the **new action plan for the period 2021-2025** will be based, with the aim of continuing to reduce all occupational accidents and to preserve the health of all. In particular, the Group will measure the **frequency rate as well as the prevention rate**, a new indicator designed to assess the dynamics of action and the capacity for prevention. Efforts will focus on preventing three types of risk: risks directly linked to the performance of activities (“No life at risk” prevention area), those relating to quality of life at work including psycho-social risks (“No mind at risk” prevention area), and finally risks relating to industrial processes (“No asset at risk” prevention area).

The company’s commitment translated into reality during the unprecedented **health crisis** of 2020. In this unprecedented context, the Group set up an **evolving management system** consisting of a Group steering committee supplemented by geographic committees and crisis units in BUs.

A pandemic impact score was calculated for each country. Spread over the three levels of low impact, medium impact and high impact, it takes into account the effects of the pandemic on local health and safety (internal mitigation measures, trend curve of cases, access to adequate care and restrictions on domestic travel). On the occasion of the pandemic, the Group and its BUs were able to demonstrate their strong resilience, to the benefit of their customers and their employees, in both industrial and service activities.

The Group also rolled out employee protection measures with the launch of a global social coverage program, which provides coverage in four key areas all over the world.

# 100%

OF PREFERRED SUPPLIERS SBT ALIGNED OR CERTIFIED IN 2030

OF PREFERRED AND MAJOR SUPPLIERS WITH AN ECOVADIS RATING HIGHER THAN THE “MANAGED CSR RISK” LEVEL IN 2030

### Guiding suppliers toward a sustainable and low-carbon economy

The Group relies on its Purchasing Policy to communicate the commitments required of its suppliers in terms of health and safety, business ethics (anti-corruption) and innovative, sustainable and competitive offers. It encourages its preferred and major suppliers to **broaden their CSR approach** by having it evaluated by ECOVADIS. It also asks its preferred suppliers to **commit to decarbonization** by adopting a trajectory aligned with or certified by the Science Based Targets initiative.

### ENGIE Care, a global social protection program to be launched by 2023

This program, which is being created with the international union federations, aims to provide **each employee, everywhere in the world**, with social protection based on 4 key areas:

- **Hospitalization**
- **Death coverage**
- **Disability** (permanent and total)
- **Parental leave** (paternity and maternity)

The Group rolled out **the first two pillars of its hospitalization and death cover program early, in April 2020**, to respond to **the urgency of the health crisis** and to protect its employees against these major risks. Each affected employee can now benefit from health coverage guaranteeing reimbursement of at least **75% of costs in the event of hospitalization**. ENGIE also protects family or loved ones in the event of **death** with the payment of a **minimum benefit of 12 months’ salary**.

The program will expand starting in 2021 and again in 2023, by:

- allowing employees to receive minimum parental leaves for the birth of a child, with **maternity leave of 14 weeks** and **paternity leave of at least 4 weeks**, both fully paid, and
- protecting employees who have a total and permanent disability by paying a minimum **benefit of 12 months’ salary**.

ENGIE Care **protects employees**, improves their health, contributes to a better **work/life** balance and helps expand **equal opportunities** between men and women. This program contributes to the Group’s performance by increasing employee **engagement, making the Group more attractive** and retaining more of its talent.

## Being a responsible player

Taking society’s expectations into account is an opportunity to develop ENGIE’s activities. The Group relies on constructive dialogue to provide the best possible support for all of its stakeholders.

### Involving civil society

To respond to the emerging challenges of responsible consumption, access to energy and the social impacts of the energy transition, the Group is forging **close contacts with civil society**. It has rolled out to operational staff ad hoc tools such as the societal toolbox, designed to guide teams

in their dialogue actions. The implementation of the societal policy relies on the CSR Department and its dedicated sector rolled out within the entities. This sector is a source of **new occupations** in order to act as closely as possible with its stakeholders.



#### Interview with Elsa Decrette

Regional Relationship Manager in the Networks GBU



#### What challenges are associated with your job?

*First of all, it involves providing support to the site managers and directors to maintain or build relationships with the region on a daily basis. We have to ensure that our stakeholders – whether they come from the political, economic, charity or civil society world – know our historical activities,*

*understand the challenges of the energy transition for the sustainability of our facilities and identify us as a socially responsible company. Each region has its own needs and its own dynamic. It is therefore necessary to put tailor-made measures in place, in order to ensure their relevance.*

### Supporting a just transition

Withdrawing from certain historical activities, such as coal or nuclear, cannot take place without social impacts. ENGIE is establishing **comprehensive support plans** to

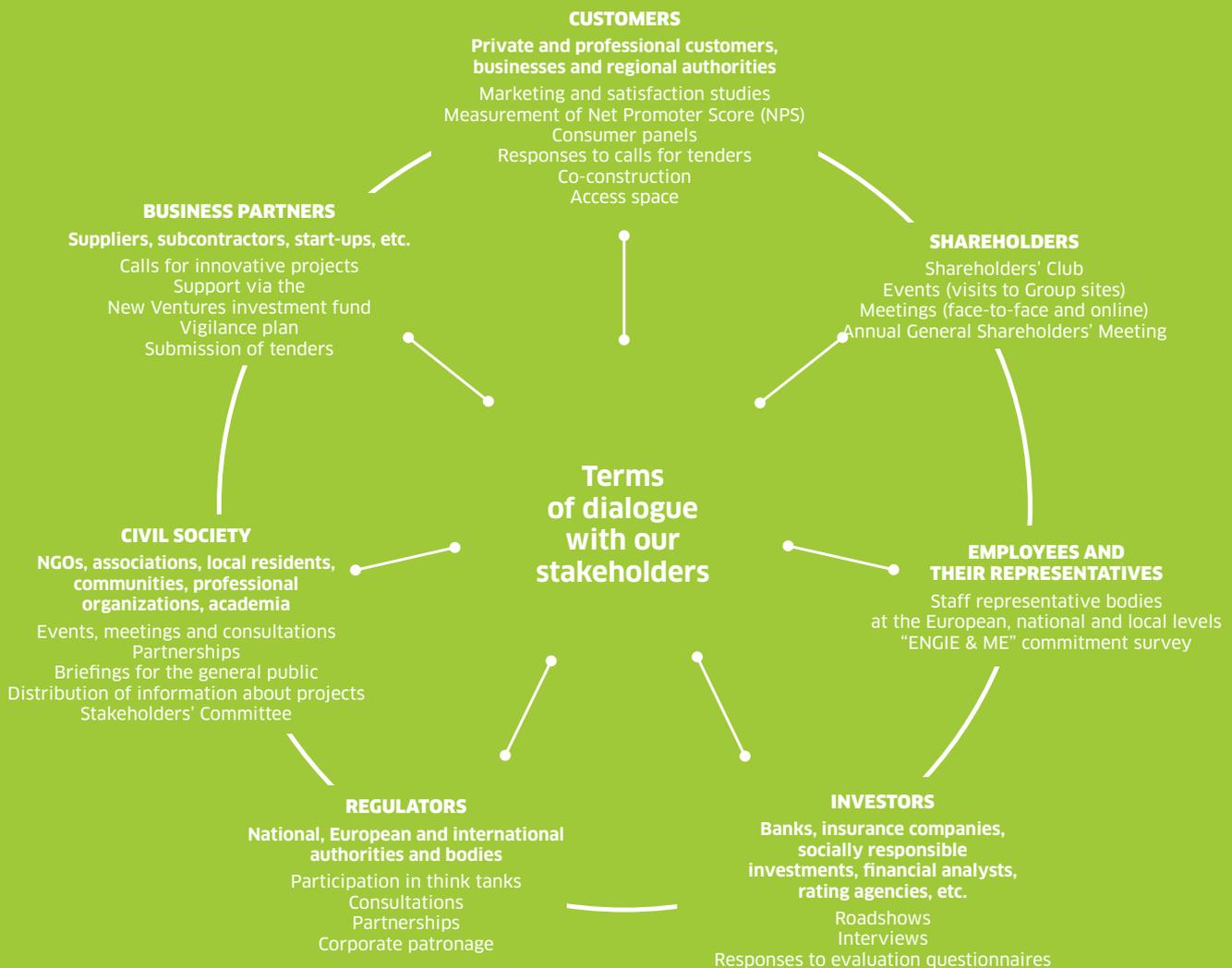
facilitate the transition, such as the transformation projects in Belgium and Chile.

	CONTEXT	SOCIAL AND SOCIETAL SUPPORT
<b>Withdrawal from nuclear in Belgium</b>	Belgium has decided to withdraw progressively from nuclear. ENGIE has announced that it will cease operating its 7 nuclear units between 2022 and 2025. This represents a social impact for ENGIE’s 2000 ENGIE Electrabel employees and suppliers and for the local population.	<ul style="list-style-type: none"> <li>• Launch of a societal plan in partnership with the CSR team, in order to identify concerns and find solutions. The first workshop took place in October 2020</li> <li>• Engagement with the employee representative bodies to ensure a transparent social dialogue and permanent jobs for all Nuclear BU staff until December 31, 2027</li> <li>• Working group on jobs affected by the decommissioning and employability initiatives</li> <li>• Development of training programs</li> </ul>
<b>Closure of coal-fired power plants in Chile</b>	Chile has decided to accelerate its energy transition to achieve a renewable energy target of 70% by 2030. Under this decarbonization plan, ENGIE Energia Chile is committed to phasing out coal in order to shift its energy portfolio towards renewables (2 GW). It therefore has to stop 800 MW of coal-based production capacity by 2024 <sup>1</sup> . These closures will require social support measures.	<ul style="list-style-type: none"> <li>• Social dialogue</li> <li>• Internal mobility measures, implementation of a voluntary retirement plan</li> <li>• Training plans</li> <li>• A study conducted with an Employment Observatory to measure social impacts and try out appropriate measures</li> <li>• A socialization plan bringing together the various stakeholders (fishermen, unions, neighborhood councils, Chamber of Commerce, etc.)</li> <li>• Tocopilla Entrepreneurship Round Table</li> </ul>

<sup>1</sup> 50% of the company’s installed capacity

## Maintaining dialogue with stakeholders

The Group is committed to building a sustained dialogue with each of its stakeholders in order to adapt its activities to their expectations and challenges. In 2021, Engie will set up a specific stakeholder dialogue body and an access space to support sensitive projects.



## A strong response to the Covid-19 crisis

The **unprecedented health** crisis that has hit the planet has caused the Group to adapt its services. ENGIE has provided **support to the emergency services and to vulnerable population groups**. The Group has applied its expertise in the health sector, including in air quality, medical gas distribution and the design and installation of production lines for the pharmaceutical industry. In the countries where it is present, the Group has offered its know-how to public authorities in order to **rapidly convert infrastructure or production tools into temporary healthcare centers**, intensive care units or production lines

for ventilators. In France, the Group has tested and made available free of charge **several service platforms for patients and seniors** to provide post-intensive care follow-up and/or to recreate social connections.

**Specific financial assistance** was provided at this time, such as support of €250 million for small businesses to speed up the payment of bills or two months of free electricity for the most vulnerable households.

# PROMOTING SUSTAINABLE AND RESPONSIBLE FINANCING

Although its 2020 results were impacted by the health crisis, the Group pursued its strategy of sustained value creation shared with its shareholders through the increased use of green finance and responsible investment

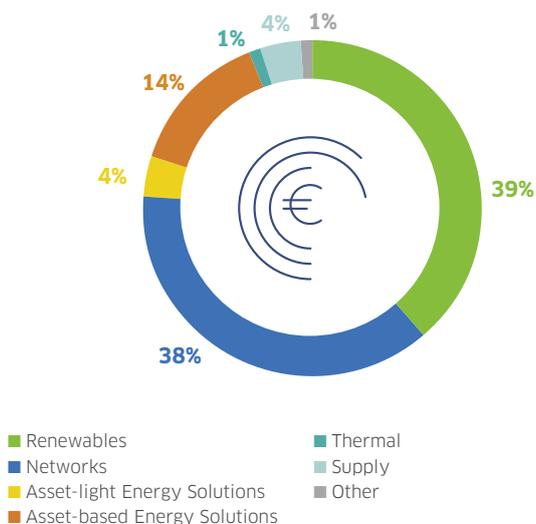
## The Group's financial performance

Throughout 2020, ENGIE worked actively to **limit the effects of the Covid-19 crisis**. After its first two quarters were substantially impacted, the Group made a **strong recovery in the third quarter**, allowing it to experience an organic performance in the second half that was similar to that of the previous year.

The Renewables, Networks, Thermal, Nuclear and "Other" activities demonstrated resilience in 2020. However, ENGIE's results fell sharply. Seventy-five percent of this decline relates to Client Solutions and Supply due to the health crisis. Conversely, Renewables achieved organic growth of 11%, repeating the operational performance of 2019.

Despite a difficult context, ENGIE ensured the **continuity of essential services** and, in line with its new strategy of accelerating its growth in Renewables and Networks, the Group made **growth investments** in its strategic activities. Out of €7.7 billion in total investments, growth investments stood at €4 billion of which 90% related to the strategic priorities.

Breakdown of the €4 billion in growth investments in 2020 by Business Line



## Dividend policy and shareholder announcements

For 2020, the Board of Directors is proposing a **pay-out ratio of 75%**, i.e. a dividend of €0.53 per share. This figure will be submitted to the shareholders for approval at the General Shareholders' Meeting on May 20, 2021.

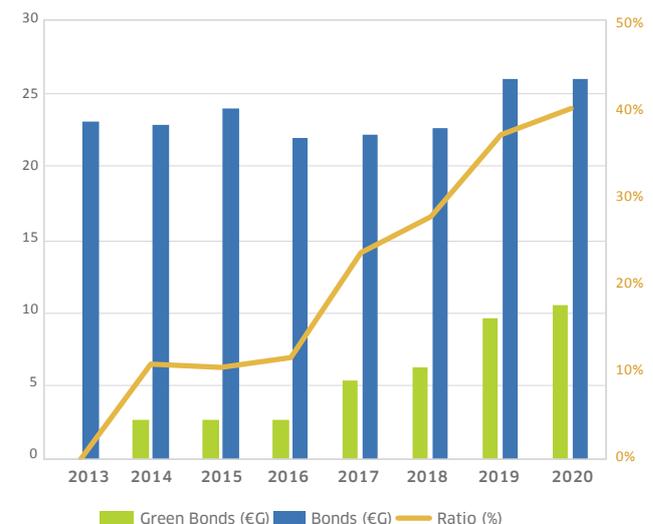
At the end of 2019, ENGIE won the Trophée d'Or for best shareholder relations on the CAC40, for the first time.

## Taking action to promote responsible investment

Based on the crowdfunding concept, the **I-DEAL platform** gives every employee the opportunity **to invest their savings in ENGIE's high-potential projects**: those that are aligned with the Group's strategy and can produce concrete, measurable results in the medium term.

ENGIE also acts through the **Rassembleurs d'Énergies** fund, which was created in 2011. This environmental and social impact fund aims to invest in social entrepreneurs who offer innovative and sustainable energy solutions to populations without access to energy. Rassembleurs d'Énergies obtained the **B Corp label in 2019**.

Share of green bonds in effect in bonds issued since 2014 by ENGIE

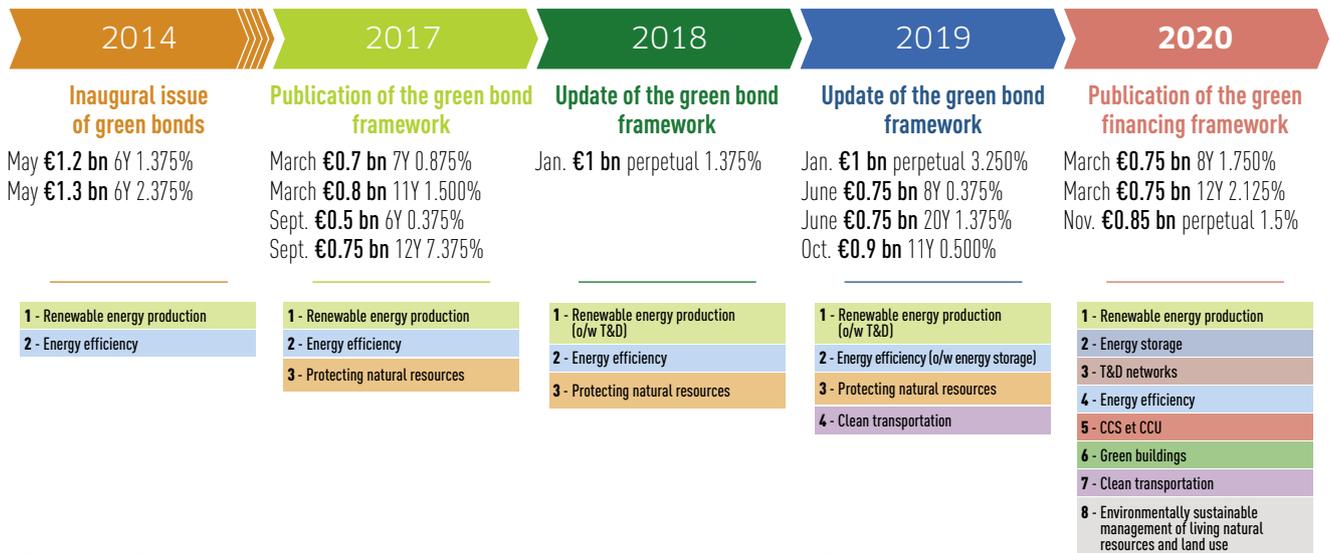


### Financing our activities with green bonds

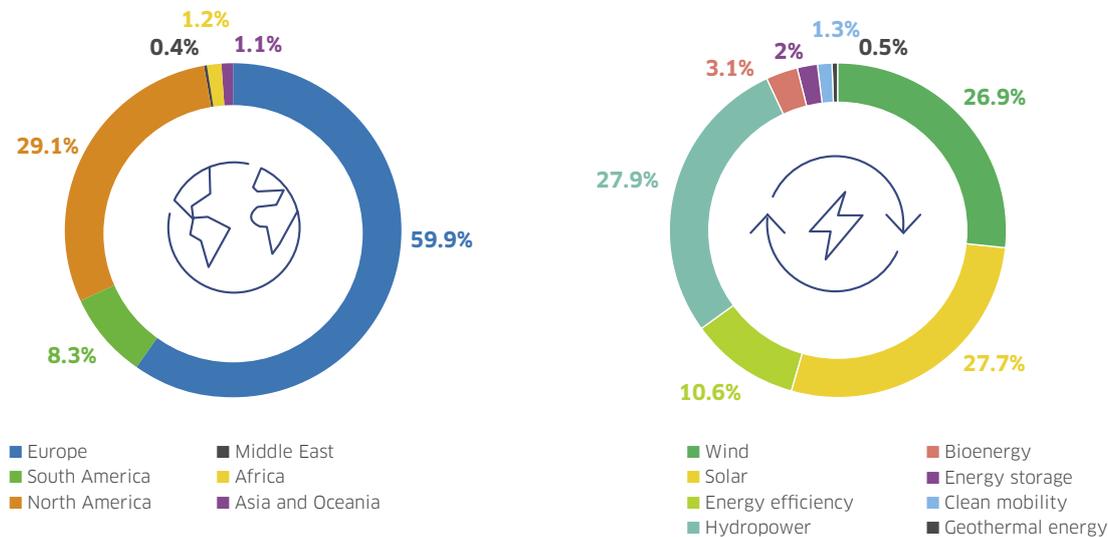
ENGIE believes that the green bond market is one of the investment options that will finance the future energy transition. This commitment translated into reality in 2014 with the **issuance of its first green bond**. In 2020, it is still one of the world's biggest issuers. Over this period, **€12 bn** have been issued of which €9.65 bn have already

been allocated to **150 green projects** around the world – in particular in Europe and America – in the fields of wind and solar energy and biomass, as well as clean transportation.

At the end of 2020, green bonds represent 31% of the Group's total gross debt.



Allocation of green bonds issued in June 2019 and October 2019 for a total of €2.4 bn



### Establishing a new green financing framework

In 2020, ENGIE implemented a **new, detailed green financing framework** in line with market best practices<sup>1</sup>. This framework lists all the categories of projects eligible for green financing<sup>2</sup>, the project evaluation and selection process, the management of operations (allocation of funds, rules relating to transparency, etc.), as well as the associated annual reports. The aim of this new step forward is to **increase the use of green financing** within the Group entities.

The Group has also broadened its approach through **new green financing tools** such as new lines of credit (RCF or revolving credit facilities) and new Green Loans used by the Group entities for their projects.

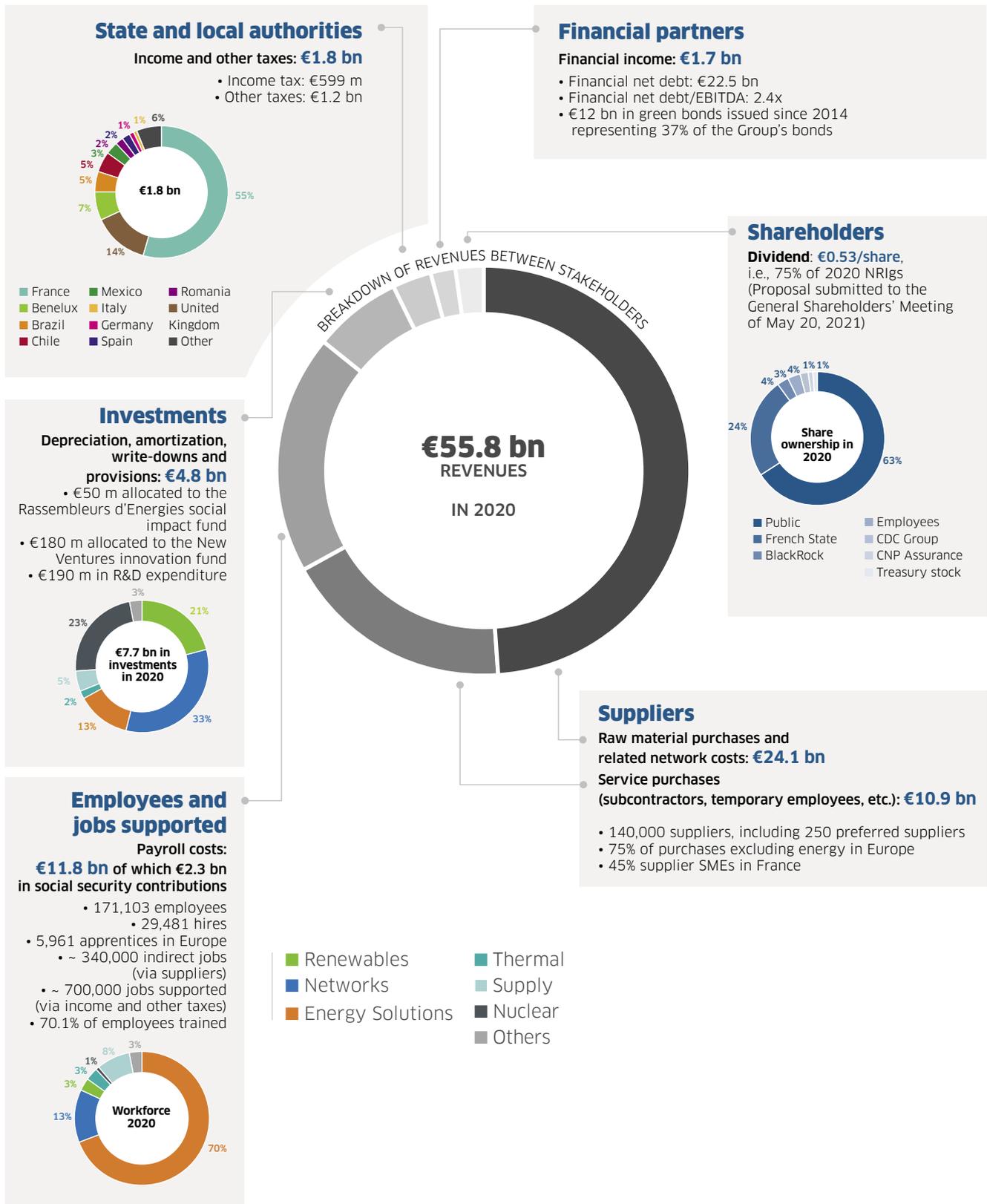
A **Green RCF** was negotiated based on two CSR performance indicators: direct CO<sub>2</sub> emissions and renewable electricity production capacity.

<sup>1</sup> The Green Financing Framework complies with the Green Bond Principles 2018 (GBP) and the Green Loan Principles 2018 (GLP), as published by the International Capital Market Association (ICMA) and the Loan Market Association (LMA). ENGIE also intends to align this framework with the European Union Green Bond Standard, in order to follow the recommendations of the European Commission.

<sup>2</sup> Eligible project categories: Transmission and distribution networks, energy efficiency, carbon capture and storage (CCS) and carbon capture and utilization (CCU), ecological construction, clean transportation, environmentally sustainable management of living natural resources and land use, excluding other categories of projects including those relating to nuclear activities

## Sharing value

For ENGIE, a **balanced sharing of value** is a pre-requisite for sustainable growth. The Group distributes its revenues in such a way as to ensure the fair distribution of profits among its stakeholders while maintaining the **investments essential for its development**.



### Encouraging sustainable taxation

**Sustainable taxation** is one of the drivers for ensuring that the Group's business grows in a responsible way. As an extension of its commitment in this area, ENGIE adheres to the **B-Team principles**, with the objective of **promoting a more sustainable economy through responsible taxation**. Seven key areas are considered: corporate responsibility and governance, compliance, corporate organization, relations with tax authorities, research and application of tax incentives, support for effective tax systems and transparency.

ENGIE makes a substantial contribution to **the public finances** of governments through **tax and social security charges** which the Group sustains due to its economic activity. In 2020, ENGIE generated revenues of €55.8 billion and paid €4.1 billion in tax and social security charges.

### Supporting and improving the EU taxonomy for Sustainable Activities project

Committed to the goal of climate neutrality for 2050, ENGIE supports the expansion in the EU of sustainable finance of which the taxonomy - a classification system for economic activities viewed as sustainable - is an important element.

The Group is nevertheless suggesting ways in which the taxonomy, which is very positive for electricity production from renewables (wind, solar, geothermal energy, etc.), **could cover the entire spectrum of renewable energy**, in particular renewable gases (hydrogen, biomethane) for both electricity production and clean mobility. ENGIE is also suggesting that so-called transitional activities - including, for example, gas-fired power plants that enable the rapid decarbonization of coal-dependent countries and whose carbon content is expected to decline, mainly through the greening of gas - be fully **incorporated into the taxonomy**, in accordance with the EU Regulation adopted in 2020.

The Group also participates in the work done by the European Financial Reporting Advisory Group (EFRAG) towards advising the European Commission on non-financial reporting procedures.

# 80%

GROWTH CAPEX OVER 2021-2023 COMPATIBLE WITH WITH THE EUROPEAN TAXONOMY (UNAUDITED FIGURE)



## STATUTORY AUDITORS' ASSURANCE REPORT ON SELECTED SOCIAL AND ENVIRONMENTAL INFORMATION PUBLISHED IN THE 2021 ENGIE INTEGRATED REPORT

Pursuant to your request and in our capacity as Statutory Auditors of ENGIE (the "Company"), we performed a review with the aim of providing limited and reasonable assurance on a selection of environmental and social indicators identified by the symbols ■<sup>1</sup> and ■■<sup>2</sup> respectively in the 2021 integrated report for the fiscal year ended December 31, 2020 (the "Data").

### Responsibility of the company

The Data has been prepared under the responsibility of ENGIE General Management, in accordance with the criteria used by the company (hereinafter the "Reporting Criteria") for social and environmental reporting data, available upon request at the Company's head office from the Group Environmental and Social Responsibility Department, the Group Health and Safety Department and the Group Human Resources Department.

### Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as the provisions set forth in Article L.822-11-3 of the French Commercial Code (Code de commerce). Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with ethical rules, professional standards and the applicable legal texts and regulations.

### Responsibility of the Statutory Auditors

Based on our work, our responsibility is:

- to express a reasonable assurance on the fact that the Data selected by the Company has been prepared, in all material aspects, in accordance with the Reporting Criteria. The conclusions expressed here below cover only this Data and not all of the information set forth in the integrated report;
- to express a limited assurance on the fact that the Data selected by the Company has been prepared, in all material aspects, in accordance with the Reporting Criteria. The conclusions expressed here below cover only this Data and not all of the information set forth in the integrated report;

### Nature and scope of work

We have performed the procedures described below in accordance with the professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this operation and ISAE 3000<sup>3</sup>.

We carried out the work described below in order to obtain:

- a reasonable assurance that the Data selected by the Company and identified by the sign ■ ■ are fairly presented with no material anomaly in accordance with the Reporting Criteria, in all material respects.
- a limited assurance that the Data selected by the Group and identified by the sign ■ are fairly presented with no material anomaly in accordance with the Reporting Criteria, in all material respects. A higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense April 17, 2021  
The Statutory Auditors

#### DELOITTE & ASSOCIES

Olivier Broissand, Partner • Patrick E. Suissa, Partner

#### ERNST & YOUNG et Autres

Charles-Emmanuel Chosson, Partner • Stéphane Pédrion, Partner

We asked our experts in corporate social responsibility to assist us in the work described below:

- We have assessed the appropriateness of the Reporting Criteria with respect to their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, when relevant, the sector's best practices;
- We have verified the set-up of a process to collect, compile, process, and check the completeness and consistency of the Data;
- We have interviewed the relevant staff from the Group Environmental and Social Responsibility Department, the Group Health and Safety Department and the Group Human Resources Department at the head office and Business Units (hereinafter "BUs") in order to analyze the deployment and application of the Reporting Criteria;
- We have implemented analytical procedures on the Data and verified, using sampling techniques, the calculations as well as the consolidation of the Data;
- We have tested the Data for a representative sample of entities that we selected<sup>4</sup> based on their activity, their contribution to the consolidated Data, their location and a risk analysis. We have conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile the data with supporting evidence.
- The selected sample represented:
  - reasonable assurance: 52% of the workforce and between 37% and 67% of the environmental Data tested;
  - limited assurance: 18% of the workforce and between 33% and 94% of the environmental Data tested.

### Conclusion

#### Reasonable assurance

In our opinion, the Data selected by the Group and identified by the sign ■ ■ in the 2021 integrated report has been prepared, in all material aspects, in accordance with the Reporting Criteria.

#### Limited assurance

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Data selected by the Group and identified by the sign ■ in the 2021 integrated report is not presented fairly in accordance with the Reporting Criteria, in all material aspects.

#### Comment

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment: as indicated in the footnote to the environmental indicators table on page 55, GHG emissions from steel gases are now excluded from scope 1. The data for fiscal years 2018 and 2019 have been restated.

<sup>1</sup> **Social, health and safety, societal information:** Number of hours of training, Work-study trainees in the workforce, Employee engagement, Number of permanent contract and fixed-term hires, Level of resignations, Number of fatal accidents (employees), Accident severity rate, Senior managers/GMRs from abroad (outside France, Belgium), Women appointed to senior management.

**Environmental information:** Total water consumption - freshwater and non-freshwater, Non-hazardous waste recovery rate, NOx emissions, SO<sub>2</sub> emissions, Fine particle emissions, CO<sub>2</sub> emission ratio - Energy generation - scope 1.

<sup>2</sup> **Social, health and safety, societal information:** Total workforce, Internal occupational accident frequency rate, Women in the workforce, Women in management positions, Trained workforce, Managerial staff in the workforce, Workforce with permanent contracts.

**Environmental information:** Primary energy consumption - Total, Total GHG emissions (scope 1), Total GHG emissions (scope 2), Hazardous waste recovery rate.

<sup>3</sup> ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

<sup>4</sup> **Social, health and safety information:** Audits performed at BU level: France BtoC BU; North, South and Eastern Europe BU; Asia Pacific BU; Tractebel Engineering BU  
Audits performed at entities level: France Renewable Energy BU; Compagnie Nationale du Rhône (CNR); ENGIE Solutions: Engie Energie Service - Cofely Services Etablissement, Ineo; Generation

Europe BU: Electrabel; Benelux BU: Cofely Fabricom; UK BU: Engie Regeneration; North America BU: Engie North America, Conti Services; Latin America BU: CAM Colombia Multiservicios; Brazil BU: Engie Brasil Energia; Africa BU: Thermaire Investments and Ampair Ltd.; GRDF BU: GRDF; Other BU: ENGIE SA's Businesses and Local Authorities marketing activity, Engie Insight Services.

**Environmental information:** France Renewable Energy BU: Compagnie Nationale du Rhône (CNR), ENGIE Green France, Société Hydro-Electrique du Midi (SHEM); ENGIE Solutions: Installations Cofely du Territoire Est-Sud; France Networks BU: Celsius, Chalon/Energie, CORPO Energie, En'RnoV, ENERSUD, Cogénération Besançon, ERENA, Moncia, Roseo, Société de Distribution de Chaleur de Chambéry (SCDC), Dole, Lons le Saunier, Valaxion; Generation Europe BU: Cartagena, Combigofo, Coe, Amercoeur, Knippegroen, Zandvliet, Voghera, and Rodenhuize power plants; Nuclear BU: Doel power plant; UK BU: Cofely UK; North, South and Eastern Europe BU: all ENGIE facilities in Germany; Latin America BU: Chilca thermal power plant in Peru; Brazil BU: Estreito, Jorge Lacerda, Machadinho, Salto Osório, Pampa Sul, and Uburanas power plants; Africa BU: Engie Services Maroc; Asia Pacific BU: Kwinana power plant; Storengy BU: Gournay sur Aronde storage site; Middle East, South and Central Asia, and Turkey BU: Uch I and Uch II power plants in Pakistan.

## Operational Indicators

	2018	2019	2020
Installed electricity generation capacity (GW) <sup>(1)</sup>	104.3	96.8	101
Capacity under construction (GW) <sup>(1)</sup>	6.7	6.3	4.2
Installed renewables capacity (%) <sup>(1)</sup>	23.7	27.8	✓ 31.2
Installed renewables capacity (GW) <sup>(1)</sup>	24.0	27	31.1
- of which hydro (excl. pumped storage)	16.5	16.3	17.9
- of which wind	5.4	7.4	10.1
- of which solar	2.2	2.6	3.1
- of which biomass/biogas	0.7	0.6	0.4
Satisfaction rate of BtoC customers (%)	81	72	76
R&D expenditure (€ m)	182	189	190
Gas sales (TWh) <sup>(2)</sup>	496	550	556
Electricity sales (TWh) <sup>(2)</sup>	317	344	322
Electricity production (TWh) <sup>(1)</sup>	420	433	389
Load factor of gas stock (%)	53	57	56
Load factor of coal stock (%)	54	41	49
Availability of nuclear power plants (%)	52	79	63
RAB distribution France (€ bn) <sup>(3)</sup>	14.5	14.8	14.9
RAB transmission France (€ bn) <sup>(3)</sup>	8.3	8.9	8.8
RAB storage France (€ bn)	3.6	3.7	3.7
RAB LNG terminals France (€ bn)	1.1	1.0	0.9
Quantity of energy distributed by GRDF (TWh)	277.5	274.9	256.2
Storage capacity sold (TWh)	104.8	118.2	120
Length of gas distribution networks (km)	249,272	252,279	254,294
Length of GRDF network (km)	200,700	201,719	202,759
Length of gas transmission networks (km)	37,369	39,345	39,352
Length of GRTgaz network (km)	32,548	32,527	32,519
Services - Net business development (€ m/year)	858	3,648	2,116
Facilities - Order book (€ m)	6,935	10,347	10,726
Engineering - Order book (€ m)	778	786	941

## Financial indicators

	2018	2019	2020
Revenues (€ bn)	57.0	60.1	55.8
EBITDA (€ bn)	9.7	10.4	9.3
Current Operating Income (€ bn) <sup>(4)</sup>	5.2	5.8	4.6
Net recurring income, Group share (€ bn)	2.5	2.7	1.7
Gross investment (€ bn)	8.2	10.0	7.7
of which growth investments (€ bn)	5.4	7.2	4.0
of which maintenance investments (€ bn)	2.6	2.6	2.4
of which financing of Belgian nuclear provisions	0.2	0.2	1.3
Cash flow from operations (CFFO) <sup>(5)</sup>	7.7	7.6	7.1
Net economic debt (€ bn)	35.7	41.1	37.4
Net economic debt/EBITDA	4.0x	4.0x	4.0x
Ordinary dividend for year N paid in year N+1 (€/share) <sup>(6)</sup>	0.75	0	0.53

✓ 2020 target achieved

(1) Counted at 100% regardless of the ownership interest

(2) Sales figures are consolidated in accordance with accounting standards

(3) Regulated Asset Base as of January 1

(4) Current operating income after share in net income of equity method entities

(5) Cash Flow From Operations: Free cash flow before maintenance CAPEX

(6) Proposal submitted to the Shareholders' Meeting on May 20, 2021

## Environmental indicators

	2018	2019	2020
■ ■ ■ Total GHG emissions – Scope 1 (mt CO <sub>2</sub> eq)	57.2	46.2	<b>38.6</b>
of which emissions from energy production	54.7	43.7	<b>36.4</b>
of which CH <sub>4</sub> emissions	1.8	1.7	<b>1.5</b>
■ ■ ■ Total GHG emissions – Scope 2 (mt CO <sub>2</sub> eq)	2.9	2.5	<b>2.3</b>
Total GHG Emissions – Scope 3 (mt CO <sub>2</sub> eq)	139.2	133.6	<b>134.0</b>
of which use of products sold	62.0	60.9	<b>61.5</b>
■ CO <sub>2</sub> emission ratio – Energy generation – Scope 1 (kg CO <sub>2</sub> MWheq)	284.1	220.0	<b>212.5</b>
Reduction of CO <sub>2</sub> emission ratio for electricity production compared with 2012 (%)	-29	-44	<b>✓-52</b>
■ NOx emissions (kt)	60.4	52.8	<b>47.5</b>
■ SO <sub>2</sub> emissions (kt)	118.3	124.3	<b>119.6</b>
■ Fine particle emissions (kt)	4.8	4.7	<b>4.4</b>
■ ■ ■ Primary energy consumption – Total (excluding own consumption) (TWh)	330	343	<b>285</b>
■ Total consumption – freshwater and non-freshwater (mm <sup>3</sup> )	85.1	94.5	<b>76.8</b>
Rate of reduction in the water consumption of industrial activities compared with 2019 (%)	NA	0	<b>-19</b>
Reduction in ratio of freshwater withdrawals/MWh of electricity production compared with 2012 (%)	-39	-36	<b>✓-46</b>
Environmental risk prevention plan (% of relevant revenues)	87.6	81.2	<b>82.7</b>
Environmental expenditure (€ m)	406	466	<b>553</b>
Environment-related complaints (no.)	24	10	<b>6</b>
Environment-related convictions (no.)	0	1	<b>2</b>
Amount of compensation (€ k)	0	13	<b>14</b>
■ Non-hazardous waste recovery rate (%)	85	68	<b>76</b>
■ ■ ■ Hazardous waste recovery rate (%)	30	30	<b>30</b>
Certified environmental management system (% of relevant revenues)	80.3	72.4	<b>75.7</b>

## Social indicators

	2018	2019	2020
■ ■ ■ Number of employees	160,301	171,103	<b>172,703</b>
■ ■ ■ Managerial staff in the workforce (%)	25.0	25.1	<b>26.2</b>
■ ■ ■ Workforce with permanent contracts (%)	92.5	90.3	<b>90.4</b>
■ No. of permanent contract and fixed-term hires	29,754	37,189	<b>29,481</b>
■ Level of resignations (%)	5.8	7.1	<b>5.4</b>
■ ■ ■ Internal lost time injury frequency rate for employees	3.4	3.7	<b>✓ 3.0</b>
Lost time injury frequency rate for employees and subcontractors on sites with controlled access	NA	3.3	<b>2.7</b>
■ Accident severity rate	0.13	0.14	<b>0.11</b>
■ Number of fatal accidents (employees)	4	2	<b>3</b>
Health and safety prevention rate	nd	0.42	<b>0.59</b>
■ ■ ■ Women in the workforce (%)	21.1	20.9	<b>21.5</b>
■ ■ ■ Women in management positions (%)	23.3	23.5	<b>24.1</b>
■ Women appointed to senior management (%)	24	28	<b>28.7</b>
■ Gender equity index:			
- France	NA	72	<b>87</b>
- Rest of world	NA	72	<b>80</b>
■ ■ ■ Trained workforce (%)	66.1	69.2	<b>✓ 70.1</b>
■ Hours of training (no.)	3,069,973	3,271,154	<b>2,963,242</b>
■ Work-study trainees in the workforce (%)	3.0	3.3	<b>3.5</b>
Overall employment rate of employees with disabilities in France (%)	4.8	4.3	<b>3.7</b>
■ Employee engagement (%)	79	80	<b>✓ 83</b>
Employee shareholding (% of share capital held)	3.9	3.2	<b>3.2</b>
Women receiving performance shares (%)	26	27	

## Societal indicators

	2018	2019	2020
Industrial activities covered by an appropriate mechanism for dialogue and consultation with stakeholders (%)	53	74	✓ 100
Share of activities, projects and sites being dismantled with a societal plan (%)	NA	not communicated	10
Target sites with an integrated plan for environmental management developed in conjunction with their stakeholders (%)	75	86	✓ 100
Share of activities, projects and sites that are being decommissioned with an environmental plan in consultation with stakeholders (%)	NA	not communicated	21
Entities with a CSR process for managing their supply chain (%)	84	86	✓ 100
Responsible Purchasing Index (including CSR assessment and inclusive purchasing and excluding energy purchases)	NA	not communicated	18
Beneficiaries with access to affordable, reliable, and clean energy from 2018 (excluding the Rassembleurs d'Énergies fund) (m)	0	4	6

## Governance indicators

	2018	2019	2020
Number of directors (post-Shareholders' Meeting in year N+1)	18	13	14 <sup>7</sup>
Number of nationalities represented on the Board of Directors (post-Shareholders' Meeting in year N+1)	6	4	4 <sup>7</sup>
Attendance rate on the Board of Directors (%)	94	95	98 <sup>7</sup>
Independence rate of the Board of Directors (%) (post-Shareholders' Meeting in year N+1)	60	67	60 <sup>7</sup>
Gender diversity rate of the Board of Directors (%) (post-Shareholders' Meeting in year N+1)	50	40	50 <sup>7</sup>
■ Senior managers from abroad (outside France, Belgium) (%)	24	25.5	✓ 25
Senior managers trained in combating corruption (%)	91	91	86
Training of staff most exposed to the risk of corruption (%)	NA	25	21

✓ 2020 target achieved

(7) Subject to approval of the resolutions at the General Shareholders' Meeting of May 20, 2021

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