

Jean-Pierre Clamadieu
Chairman of the Board of Directors
ENGIE
1, place Samuel de Champlain
92400 Courbevoie

Paris, 20 March 2023

Subject: Investor letter to ENGIE regarding its climate plan

Dear Mr Clamadieu,

We are writing to you as twenty European investors of ENGIE, who share a common goal of decarbonising our investment portfolios in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by ENGIE in recent years to modify its business model and strategy to fully incorporate environmental and climate issues, including through the development of internal carbon budgets, investments in renewable energy, the greening of gas and the exit from coal. We appreciate the thorough presentation of your climate plan in 2022 and your openness to discuss additional disclosures and targets to our investor coalition on 14 March 2023.

Despite ENGIE's efforts to decarbonise its activities, the company is currently unable to commit to a 1.5°C scenario pathway, which is key to many of our institutions¹, particularly in light of ENGIE's purpose ("raison d'être") to "act to accelerate the transition towards a carbon-neutral economy".

Furthermore, as discussed at length over the past few years, investors need access to a significant range of specific information on companies' transition plans in order to assess the effectiveness of their climate strategies, and to anticipate the climate risks associated with the zero-carbon transition and the physical impacts of climate change.

Despite the information recently published in your 2023 Climate Notebook / TCFD Report², several key indicators and hypotheses are currently not disclosed by ENGIE³. For example, Engie has committed to an absolute decarbonisation target for emissions items 3.11 (Use of sold products - 61.3 Mt in 2022) and 3.15 (Investments - 32.1 Mt in 2022), but not for item 3.3 (Fuel- and energy-related activities - 42 Mt in 2022). In total, only 65% of scope 3 emissions are covered by targets in absolute terms.

We have therefore decided to engage collectively and in a constructive manner to further highlight additional disclosures that would enable investors to assess ENGIE's climate strategy against a 1.5°C scenario.

In line with the European Corporate Sustainability Reporting Directive (CSRD), the current recommendations of the European Financial Reporting Advisory Group (EFRAG)⁴ and with the French

¹ See for instance the expectations for Real-Economy Transition Plans of the Glasgow Financial Alliance for Net Zero: <https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf>

² See ENGIE's 2023 integrated report "[Accelerating the energy transition](#)", p:65-79, March 2023

³ See for instance Climate Action 100+ assessment of ENGIE: <https://www.climateaction100.org/company/ENGIE/>, and the various dialogues with signatory investors over the past couple of years

⁴ See ESRS E1, Climate Change, EFRAG, April 2022
https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FED_ESRS_E1.pdf&AspxAutoDetectCookieSupport=1

Autorité des Marchés Financiers (AMF) recent communiqué⁵, we invite ENGIE to publish the following information in its climate-related reporting and to discuss it at the upcoming general meeting on 26 April 2023:

1. Short- and medium-term greenhouse gas emissions reduction targets on Scopes 1, 2 and 3, expressed in intensity and/or absolute terms, encompassing all its activities;
2. Short- and medium-term capital expenditure (capex) plans disaggregated by activity, type of energy (with a split between fossil and green gases) and by orientation between maintenance and development of the company's assets;
3. Targeted sales energy mix and production volume evolution for the short-, medium- and long-term;
4. Energy storage targets for the short-, medium- and long-term;
5. An indication of the percentage of current and developed gas infrastructures that are likely to be used for green gases, considering chemical differences as well as geographies;
6. Baseline scenario used to set the abovementioned climate targets and how it considers the best available scientific knowledge;
7. Volume and costs assumptions for nascent technologies such as biomethane, hydrogen or carbon capture, utilisation, and storage;
8. Third-party estimated life-cycle greenhouse gas emissions relating to liquefied natural gas imports;
9. Possible contribution of captured greenhouse gas volumes to achieving each of the greenhouse gas emissions reduction targets;
10. Carbon offsetting approaches that may be implemented to complement the GHG emissions reduction targets.

In addition, we would welcome the disclosure of additional information that would enable us to analyse the gap between ENGIE's "well below 2°C" trajectory by 2030, as recently certified by the Science Based Targets initiative (SBTi) and different 1.5°C scenarios⁶ on all three scopes of emissions.

Last but not least, we are convinced that general meetings should be a venue for dialogue between shareholders and their investee company. Decisions taken during these general meetings are decisive in the company's life be they about capital allocation, approval of accounts, nomination of board members, executive compensation, climate issues or important changes to the articles of association. We would like companies' general meetings to recover their true purpose and be interactive venues for debate on where the company is heading, with shareholders actively involved in key decisions, including on environmental and social issues, rather than merely rubber stamping.

To enable a constructive dialogue on climate issues, we expect ENGIE's board to submit, each year, starting from the Annual General Meeting (AGM) of 2023, a consultative resolution relating to the progress report of the climate strategy. In addition, we expect you to submit a consultative resolution on ENGIE's climate strategy at least every three years, or more frequently in case of significant change.

To this end, a coalition of European investors has decided to submit to ENGIE's board of directors a resolution for the next general meeting requesting, on the one hand, the publication of climate objectives enabling shareholders to assess ENGIE's strategy against a climate scenario limiting global warming to

⁵ See the AMF "Shareholder dialogue on environmental and climate issues" press release on 8 March 2023: <https://www.amf-france.org/en/news-publications/news-releases/amf-news-releases/shareholder-dialogue-environmental-and-climate-issues>

⁶ See for instance the IPCC illustrative pathways P1, P2 and P3 limiting global warming to 1.5°C with no or limited overshoot (in "Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty") and the IEA Net Zero Emissions by 2050 Scenario (NZE).

1.5°C above pre-industrial levels, and on the other hand, the establishment of regular Say On Climate votes (on both strategy and progress).

Please accept, Mr Clamadieu, our most respectful regards.

List of signatories:

- APG
- Candriam
- Church of England
- Ecofi
- EGAMO
- ERAFP
- Ircantec
- La Banque Postale AM
- La Finanière de l'Échiquier
- La Française AM
- MAIF
- Mandarine Gestion
- Messieurs Hottinguer & Cie Gestion Privée
- Meeschaert AM
- Mirova
- MN
- OFI Invest AM
- PGGM
- Sycomore AM
- Vida Caixa