

# BIODIVERSITY NOTEBOOK 2022



  
ENGIE

# EDITORIAL

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**O**ur businesses and projects integrate biodiversity protection from the investment decision to operations for two simple reasons: the loss of biodiversity reduces the performance of ecosystem services and has an impact on climate change. If we fail to halt the loss of biodiversity, we lose the fight against climate change. The deployment of the technologies needed to decarbonize our energy mix must take into account the expectations of local stakeholders with regard to biodiversity. For this reason, at ENGIE, we have strong commitments in terms of both the climate and biodiversity. Our strength lies in our ability to combine a global approach to the energy system with a local approach to biodiversity and stakeholder engagement. We have set ambitious objectives for biodiversity, through act4nature international: in particular, we undertake to have implemented action plans in coordination with stakeholders for 100% of sites near a protected area by 2030 and to implement nature-based solutions to combine climate change adaptation of assets with the preservation of biodiversity.

**Pierre-François Riolacci**

Executive Vice President in charge of Finance,  
Corporate Social Responsibility and Purchasing

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# GOVERNANCE THAT MEETS THE CHALLENGES

As climate and biodiversity challenges are intrinsically connected, they are subject to rigorous attention and management at the highest level of the Group.

## A governance process based on demanding benchmarks

ENGIE's biodiversity strategy is broken down into objectives **monitored by the Executive Committee and the Board of Directors** (via the Ethics, Environment and Sustainable Development Committee) and validated externally by a third party such as the steering committee act4nature international. Performance progress is measured at least **once a year** and published in official documents (website, Universal Registration Document and Integrated Report). All results are **verified each year** by external auditors.

ENGIE wishes to incorporate the future recommendations of the **Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets for Nature (SBTN) as soon as possible**. The Group monitors work in progress and participates in the pilot phase of the SBTN, as these are two relevant tools for their **in-depth analysis of the risks and opportunities concerning nature** and for incorporating the financial aspect of biodiversity-related impacts into the strategy.

## A collaborative approach

Believing that a **collaborative approach is essential** to increase its impact, and keen to share its commitment and experience, in 2021 ENGIE took part in major events aimed at accelerating collective engagement in favor of biodiversity: the One Planet Summit, the first part of COP 15, the European Business and Nature Summit and the World Nature Congress. We have also signed up to Business for Nature's Call to Action to defend biodiversity at the highest level.

## Integrating biodiversity into project analysis

ENGIE does not develop any projects without assessing their impact on biodiversity and systematically strives to make a positive impact. The Group implements a four-stage process:

- 1. Avoid any negative impact;**
- 2. If this is not 100% achievable: reduce negative impacts** as much as possible;
- 3. Offset those** which cannot be reduced;
- 4. If the residual impact cannot be offset: abandon the project.**

When the potential impact cannot be avoided or offset, the Group does not hesitate to abandon projects. This was the case for two projects in the Grand Est region of France due to the potential impact on species and habitats, particularly on Red kites, a species classified as vulnerable on the IUCN Red List. This was also the case in the United States, where a solar farm project would have disturbed gopher tortoises.

The Marseille Manifesto adopted on this occasion was based on three major themes:

- adopting a global framework for biodiversity – transformative, effective and ambitious – at COP 15 in May 2022;
- incorporating the protection of nature into the global post-Covid recovery; and
- taking coordinated action against the interconnected crises of climate and biodiversity.



**Eva Zabey,**  
Executive Director, Business For Nature

We need to shift our relationship with nature. The upcoming COP15 Biodiversity Conference is our best chance to secure a healthy future for people and the planet. Businesses are part of the solution; they must rapidly scale and speed up action and raise their voice for nature publicly. For example, by calling on governments to adopt a mission to halt and reverse biodiversity loss by 2030 and to redirect subsidies that are harmful to biodiversity. Companies can take 'no regret' actions today like ensuring their supply chains are deforestation free and investing in the protection and restoration of ecosystems. We must act now and work together to deliver an equitable, nature-positive and net-zero future. ”

 BUSINESS  
FOR NATURE



# BIODIVERSITY AT THE HEART OF ENGIE'S STRATEGY AND ACTIVITIES

To contribute to the fight against the global erosion of biodiversity, remedy its impact, and continue to benefit from ecosystem services, since 2010, the Group has been committed to integrating biodiversity into its strategy with a global approach: from project conception to a site's end of life.

Since 2012, this approach has been accompanied by external commitments to preserving global biodiversity, thereby reaffirming the importance of biodiversity in the Group's strategy and its desire to help achieve global biodiversity objectives. On this basis, for several years ENGIE has been committed to the Stratégie nationale française pour la biodiversité (French National Biodiversity Strategy, SNB), the Business and Biodiversity Pledge, and the preservation of UNESCO World Heritage sites. For over a 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).

In 2021, ENGIE renewed its worldwide act4nature international commitments and was involved in the French initiative "Entreprises engagées pour la nature" (Companies committed to nature). The Group also set out a new road map for 2020-2030 based on the major pressures on biodiversity identified by the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services), the United Nations SDGs (Sustainable Development Goals), joint act4nature commitments and issues specific to its activities. These individual commitments can be categorized into four areas, each associated with one or more objectives:

## Area 1 Footprint and ecological continuity

ENGIE can contribute to the preservation of biodiversity at its various sites by optimizing the use of its land footprint, restoring green corridors and reducing the presence of invasive non-native species.

## Area 2 Climate change

The preservation of biodiversity and the fight against climate change share strong ties. Reducing greenhouse gas emissions to combat global warming is one of the key requirements for preserving biodiversity. The reverse is also true: by preserving the ecological balance and functionalities of a habitat, climatic conditions are naturally regulated.



## Area 3 Value chain

Impacts on biodiversity are felt throughout the value chain. For this reason, the Group includes the potential impacts of its own activities, as well as those of its supply chain, in its risk and opportunities analyses and maintains an ongoing dialogue with its stakeholders throughout the value chain.

## Area 4 Awareness

The Group's commitments can only be achieved with the active involvement of its employees. To achieve this, ENGIE is developing resources for raising awareness and sharing good practices, making them accessible to all and disseminating these resources widely.

## Area 1 • Footprint and ecological continuity



### Priority sites for biodiversity\*

Continued development of action plans<sup>1</sup> for sites located in or near biodiversity hotspots using the new definition of a priority site and now including all sites located near a protected area<sup>2</sup>, with no exceptions.



### Ecological site management

Implementation of ecological site management<sup>3</sup> for all of the Group's industrial activities, with no phytosanitary products used and minimal maintenance of green spaces in harmony with nature.

### Our achievements in 2021

- 41% of action plans deployed by the end of 2021.

### Our objectives

**2025:** 50% of priority sites with action plans established in consultation with stakeholders.

**2030:** 100% of priority sites.

### Our achievements in 2021

- As of the end of 2021, 28% of sites are maintained without phytosanitary products and in compliance with local biodiversity programs.

### Our objectives

**2025:** 50% of sites. • **2030:** 100% of sites.

## Area 2 • Climate change



### Nature-based solutions

Contribution to the implementation of nature-based solutions (NbS) in the regions to combat both climate change and biodiversity issues.

### Our achievements in 2021

- Work with the IUCN French Committee and the internal biodiversity network to identify solutions that comply with the IUCN Standard.

### Our objectives

• **2022:** 10 projects identified that comply with the IUCN Standard for Nature-based Solutions. • **2025:** implementation of these projects.

## Area 3 • Value chain



### Avoid Reduce Offset

Implementation of the "avoid reduce offset" workflow in development projects submitted to the Commitments Committee (CDE) globally and in consultation with stakeholders.

### Our achievements in 2021

- Revised CSR matrix included in the files presented to the CDE to incorporate compliance with the "avoid reduce offset" workflow. Project files greater than or equal to €30 million reviewed by the Group CSR Department.
- Increased monitoring of matrix implementation scheduled for 2022 including the deployment of internal training.

### Our objectives

**2022:** 100% of files submitted to the Group CDE analyzed for biodiversity issues in consultation with stakeholders<sup>4</sup>.

**2025:** Review procedure gradually extended to include files with amounts below to the Group CDE's submission threshold.



### Supply chain

Integration of biodiversity criteria in life-cycle assessments in order to perform an in-depth analysis of the impacts and dependencies on biodiversity related to the Group's activities throughout the value chain with a view to identifying the issues and the appropriate solutions to tackle them.

### Our achievements in 2021

- Analysis of two activities via life-cycle assessment (solar and biomethane). The results will be compared against other methods used in the context of SBT for Nature.

### Our objectives

Review every year two Group activities until 2025.

## Area 4 • Awareness



### Awareness

Provision of biodiversity awareness modules for all employees (renewal of the 2018 objective).

### Our achievements in 2021

- October 2021: training modules created and made available online. Around 300 employees trained in 3 months.
- Group biodiversity workshop launched.

### Our objectives

At least 2 modules/year by 2025, offered in 3 languages.

• **2022-2023:** 3,000 employees trained/year.

• **2024-2025:** 5,000 employees trained/year.

### Sharing

Creation of a platform for sharing best practices.

### Our achievements in 2021

- The platform was launched in 2021.

### Our objectives

Platform in operation by the end of 2022.

\* This objective is included in the 2030 CSR objective of implementing environmental plans for all sites, activities and projects in consultation with stakeholders

1 - The action plans are part of a defined Group-level framework and are verified on site annually by auditors.

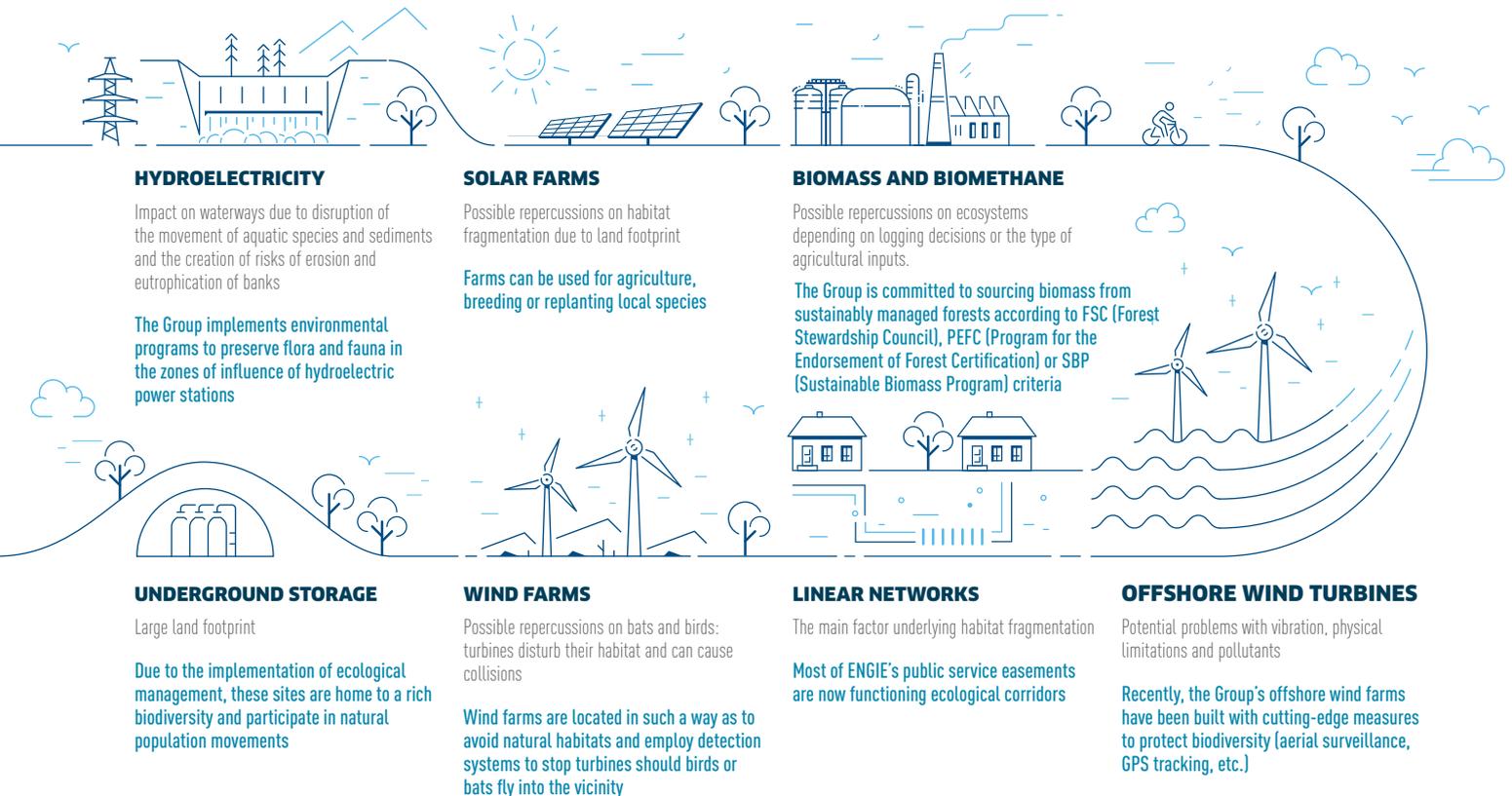
2 - Expand the type of areas included in the list of protected areas.

3 - Industrial sites included in the Group's environmental reporting scope totaled 792 in 2021.

4 - In 2020, ENGIE made investments (excluding acquisitions) of €2.3 billion, of which approximately 73% were approved by the CDE.

# MITIGATE RISKS, DEVELOP OPPORTUNITIES

Like all industrial activities, ENGIE's contribute to the pressure on biodiversity. The Group is applying solutions to mitigate the impact of each of them.



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.



## Dialog 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

# ACTING TOGETHER TO PRESERVE BIODIVERSITY

In order to breathe life into its project and achieve its target, ENGIE is supported by two key partners:



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

The partnership with the French Committee of the IUCN enables:

- The Group to use the Committee's expertise to further incorporate biodiversity into its strategy and activities;
- The conduct of joint discussions with members, experts and corporate partners of the French Committee;
- ENGIE to provide support and participate in initiatives and projects carried out by IUCN France.



## The France Nature Environnement (FNE) Federation

The partnership with France Nature Environnement is more focused on operations by supporting tangible achievements and networking with local associations.

- The development of tools that will allow us to adapt our strategies and indicators at the local and business level;
- Dialogue regarding areas of opportunity and making contact with local experts;
- The conduct of communication and awareness-raising actions.



### Cédric Barbary,

Head of the Biodiversity Division at ENGIE Green

Who best understands the ecological diversity of a region? Without question: those who live or work there on a daily basis, i.e. organizations, residents and elected representatives. That said, renewable energy also promises to preserve biodiversity. To deliver on this promise, I firmly believe that we, as solar- and wind-farm developers and operators, must draw as much as possible on local partners' wildlife knowledge and the many regional ecological initiatives. ”



### To rely on nature-based solutions to restore the mangroves

In the Middle East, some of the Group's power plants are at risk of long-term flooding and are already facing operational disruptions due to exhaustion of the marine ecosystem. In order to prevent and reduce these risks, ENGIE has developed the Blue Carbon project, which aims to rehabilitate mangroves in Abu Dhabi using drones to sow seeds with the help of airdrop technology. This action helps to reduce the vulnerability of the coast to rising sea levels as well as to repair the natural habitats of a number of species. The potential amount of carbon that could be stored by mangroves is very high. The first stage of this pilot project, which was launched in 2020 with 2,000 seeds airdropped via drone, came to a close with a success rate of over 30%. For this reason, the project continued in 2021 with more than 35,000 seeds airdropped – the success rate for this drop is projected to be even higher. In the wake of this success, it is possible that the project will be reproduced in other coastal regions.

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