'GREEN' MULTINATIONALS EXPOSED

ENGIE SA

HEADQUARTERS

La Défense, France

MAIN SHAREHOLDERS[1]

- Government of France — 23.64%
- Caisse Des Dépôts & Consignations (Investment Management) — 4.61%
- Norges Bank Investment Management — 1.98%
- Capital Research & Management Co. (World Investors) — 1.50%
- Wellington Management Co. LLP — 0.62%
- ENGIE — 0.60%
- Capital International Ltd — 0.59%
- MFS International Singapore Pte. Ltd — 0.54%
- ARGA Investment Management LP — 0.35%
- J.P. Morgan Asset Management (UK) Ltd — 0.32%

PROFITS

- US$0.23 billion in 2022
- US$6.21 billion between 2016 and 2022

TOP SALARIES AND BONUSES

US$3.33 million for CEO Catherine McGregor (2022)[2]

DIVIDEND PAY-OUTS AND SHARE BUYBACKS

- US$3.58 billion in dividend payouts in 2022; US$15.10 billion between 2016 and 2022
- US$0.00 in share buybacks in 2022; US$1.37 billion in share buybacks between 2016 and 2022

RENEWABLE GENERATION

37.90 GW installed renewable capacity, including hydro, as of 2023[3]

	2022	2021	2020	2019	2018	2017	2016
NET PROFIT (€ BILLION)	0.22	3.66	− 1.54	0.98	1.03	1.42	− 0.42
NET PROFIT (US$ BILLION)	0.23	4.32	− 1.75	1.10	1.22	1.54	− 0.44
DIVIDENDS (€ BILLION)	3.41	2.07	1.29	0.00	2.72	1.70	2.42
DIVIDENDS (US$ BILLION)	3.58	2.44	1.47	0.00	3.21	1.84	2.57
SHARE BUYBACKS (€ BILLION) [4]	0.00	0.00	0.00	0.00	1.03	0.14	0.00
SHARE BUYBACKS (US$ BILLION)	0.00	0.00	0.00	0.00	1.22	0.15	0.00

* Exchange rate based on IRS annual values: https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates

Engie originated in the nationalisation of the French energy sector in 1946, following the Second World War.[4] The French government nationalised and consolidated multiple energy producers and providers into two integrated companies: Électricité de France (EDF) for electricity and Gaz de France (GDF) for gas.[5] These utilities were charged with responsibility for all stages of production, transmission, distribution and supply.[6]

This system ended in the 1990s and 2000s with EU directives imposing the liberalisation of energy markets.[7] Gaz de France was corporatised, partly privatised and, in 2006/2007, merged with Suez, a French-Belgian holding company that was active in the water and waste sector and held energy assets in Belgium.[8] The result of the merger, GDF Suez, was renamed Engie in 2015.[9]

The recent history of Engie has been one of unpredictable strategy changes, with the only consistent trend being regular payouts to shareholders to the tune of billions of euros (see financial data above). At the turn of the 2010s, GDF Suez, in a bid to expand internationally, acquired International Power,[10] a British-based company that owned multiple old polluting assets, including many coal plants.[11] Yet in 2015, as the French hosts of the Paris Climate Conference were facing criticism for accepting sponsorship from Engie and other big carbon emitters,[12] Engie changed its approach completely and decided to focus on renewable energy.[13] It began divesting from the coal assets it had recently acquired, in most cases selling them to third parties.[14] This meant there was no benefit for the climate, only for Engie's public image. In 2019, Engie offloaded some of its liquefied natural gas assets to Total and was preparing to sell its stake in GRTgaz, the French gas network operator.[15] This, however, did not happen. In yet another strategy turn, the company chose to renew its focus on gas, while selling off its energy services to French construction giant Bouygues (under the name Equans) and selling its stake in Suez to Veolia.[16]

The French state's share in the company has been progressively reduced to 23.6%.[17] Before the COVID-19 crisis, the government was actively looking to sell its remaining shares in Engie, but this plan seems to have been put on hold while Engie undergoes yet another significant restructuring.[18]

While Engie's public communication is almost 100% focused on renewable energy, gas remains central to its business, as evidenced by the recent leadership changes — chairman of the board Jean-Pierre Clamadieu is an ardent supporter of fracking and used to be the CEO of petrochemical company Solvay, while CEO Catherine McGregor comes from the oil services sector.[19] Even before the war in Ukraine, Engie was a major player in the import of fracked gas from the US.[20] The company is now advocating for more gas investments in France and Europe.[21]

At the end of 2022, Engie owned around 38GW capacity in renewables, but more than half of this came from large hydro, mainly in South America.[22] These investments date from the end of the 2000s, when the company tried to cash in on the dam-building spree in the Amazon. **Engie is responsible for the infamous Brazilian Jirau dam, close to the border with Bolivia, the site of workers' revolts, numerous allegations of human and Indigenous rights abuse and catastrophic flooding.**[23] The company's close relationships with Brazilian authorities are now being used to build large-scale wind projects in the country, using the same financing model as its hydro operations.[24]

Chile is another key country for Engie. Here, the company is slowly divesting from its coal assets to invest in large-scale solar and hydrogen to provide energy for the mining sector and for export.[25] This same focus on large-scale renewables for industrial users can be found in many of its projects in Africa (Egypt and Morocco) and South America. **In Morocco, the company is closely allied with companies linked to the royal family,**[26] **and is allegedly involved in projects that encroach on occupied Western Sahara territory.**[27] In Mexico, Engie has recently been accused of land and resource grabbing for a solar project.[28]

In France, Engie has developed its renewable energy portfolio and expertise through the acquisition of smaller companies, particularly Solairedirect for solar and La Compagnie du Vent for wind.[29] Most of the French projects are small-scale, except large offshore wind farms which have been challenged by small-scale fishermen as a form of 'privatisation' of the sea.[30] Some of the largest onshore projects, including a large solar project in south west France, have been criticised for deforestation and for prioritising corporate interests.[31]

Alongside the two other French energy giants, EDF and Total, Engie has used its financial firepower to absorb or muscle out most potential competitors (see above, r.e. Solariredirect), with French legislation not allowing for the development of local, nonprofit, public or cooperative producers or distributors as was the case in Germany.[32] As a result, the three corporate giants wield considerable influence over the energy transition and its pace — and have secured considerable benefits in the process. **They have even taken over the renewable energy trade association & lobby, Syndicat des énergies renouvelables (SER).**[33]

Like Total and EDF, Engie offers many 'green energy' plans to its customers in France and Belgium. Yet these are largely based on certificates of origin, i.e. on purchasing certificates from others (mostly Scandinavian hydro producers).[34] These certificates put a green stamp on electricity that mostly comes, in the case of France, from nuclear reactors.[35]

In response to rising energy prices, Engie claims to participate in various measures and initiatives to ease the burden for consumers and small businesses, but these are mostly government-initiated programmes.[36] **In 2022, Engie's turnover reached €93.9 billion, an increase of over 60 per cent compared to 2021.** Moreover, its profit from energy sales surged from €2.9 billion in 2021 to €5.2 billion in 2022, but this was almost cancelled by significant losses due to the depreciation of its nuclear business in Belgium and its stake in the Nord Stream 2 pipeline project.[37] This is mostly due to its gas businesses in Europe, but also to some extent because of the higher prices charged for the renewable electricity it produces.[38] Engie may be affected by the 'solidarity contribution' announced by the EU Commission on nuclear and renewables producers,[39] but it is unclear to what extent the implementation of the contribution will vary between countries. The 'regulated gas prices' Engie offered, which continued in France post-liberalisation, were terminated on 1 July 2023, which means the gas market will be entirely liberalised and French consumers now take the full brunt of energy price increases.[40]

Engie's business model is highly dependent on public subsidies. As a developer of solar, wind and hydro projects, Engie benefits from the various schemes introduced by governments to accelerate the energy transition, guaranteed purchase prices and price support mechanisms (as in France) or other forms of subsidies.[41] Moreover, Engie often receives financing from public banks, such as BNDES in Brazil,[42] EIB[43] or EBRD[44] in Europe. In France, Engie has benefitted from several of the emergency support mechanisms put in place by the government in response to the COVID-19 crisis, particularly 'chômage partiel', a system by which the state paid up to 80 per cent of the wages of some workers.[45] During that time, it also received support from the European Central Bank through its emergency corporate bonds purchase programme.[46] Besides, it also received support for some projects through the European Central Bank recovery plan, both directly (for green gas and hydrogen) and indirectly (as a key beneficiary of some of the renovation schemes).[47]

CORE CONTROVERSIES

- Engie's priorities have constantly shifted throughout the privatisation era, while the focus on providing billions of euros to shareholders has remained consistent.
- Engie has begun to sell its coal and gas assets, meaning that the same amount of emissions will be produced but now by other companies.
- Engie uses greenwashing tactics, promoting itself as renewable despite fossil gas, including from fracking, being central to its operations.
- Engie's infamous Jirau dam in Brazil has been implicated in workers' revolts, allegations of Indigenous and other human rights abuse, and flooding.
- Engie's large-scale renewable projects prioritise industrial users (with limited local benefit) and are associated with resource grabbing and environmental destruction.
- Engie continues to benefit from public subsidies, eaching record profits while consumers struggle to pay their bills.

The company was invited to send factual corrections to these findings but did not respond to our inquiry.

ENDNOTES

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For over a century, energy multinationals have been wrecking the planet and exploiting people in pursuit of profit. Now, power producers and technology manufacturers are marketing themselves as 'green' to boost their reputation and benefit from public subsidies, grabbing lands, violating human rights and destroying communities along the way. Our investigation of fifteen 'green' multinationals conclusively shows that financial returns, not decarbonisation, is their primary business. 'Green' capital has taken over the energy transition, dictating its pace and blocking climate policies that hamper its profits. It is time to take on these greenwashing corporations and reclaim the entire energy sector through public ownership and democratic governance.

Download the full report and the 14 other company profiles on https://www.tni.org/GreenMultinationals.

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