

Albioma

It's time to
change energy!

SUSTAINABLE
DEVELOPMENT
REPORT

2019

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Message from **Frédéric Moyne,** Chairman and Chief Executive Officer



At the time of going to press, the spectre of the public health emergency is gradually receding, although still a serious threat in Mayotte, French Guiana and Brazil.

Our Group has successfully coped with the crisis, speedily implementing appropriate measures to guarantee the health and safety of our employees, in a constructive dialogue with labour representatives. Our employees demonstrated the necessary professionalism to ensure that power generation continued uninterrupted, enabling our communities' essential services to operate smoothly.

The health emergency underscored the value of controllable renewable energy production, vindicating and strengthening Albioma's positioning.

In 2019, we kicked off our ambitious programme of energy conversion works at our thermal power plants in the French Overseas Departments, breaking ground on the project to build a biomass storage dome in Guadeloupe, which will accelerate the effort to decarbonise our production mix.

Our major investment campaign to renovate our fume treatment systems is nearing completion. Other highlights illustrating our renewable energy expertise included the commissioning of the world's first bioethanol-fuelled combustion turbine, in Saint-Pierre, and the ongoing roll-out of our solar power business. The French President singled out these achievements for praise at the "Choose La Réunion" event held to promote the local economy.

Our strong non-financial performance was acknowledged with a Vigeo Eiris ESG rating of 59/100; this rating has increased by a remarkable nine points in two years, earning us a place among the Top 20 companies in our sector. This improvement is a testament to our employees' commitment to achieving all the goals in our CSR roadmap. In 2020, we will be continuing to implement this roadmap, which is now more relevant than ever!

May 2020



Albioma, an independent renewable energy producer



Albioma is an independent renewable energy producer, supporting the energy transition with biomass and photovoltaic energy.

The Group, which operates in Overseas France, Mauritius and Brazil, has developed a unique partnership with the sugar industry over the past 25 years, producing renewable energy from bagasse, a fibrous residue of sugar cane.

Albioma is also the leading producer of photovoltaic energy in Overseas France, where we build and operate innovative projects with integrated storage capabilities, and we have recently strengthened our position in solar power in metropolitan France.



Sainte-Rose photovoltaic power plant in Guadeloupe

Covid-19 public health emergency

In response to the exceptional Covid-19 public health emergency, we have activated our business continuity plans at our facilities in France and abroad.

Our priority is to keep our employees safe and well. To this end, we strictly enforce appropriate preventive measures and have shifted to remote working wherever possible.

We admire the commitment, discipline and professionalism of the employees at our thermal and photovoltaic plants, who work tirelessly to maintain a continuous supply of electric power to hospitals, essential businesses and the general population in the regions where we operate.

Our strategic vision

servicing our communities

Our strategy, supported by three pillars, aims to decarbonise our production mix.

1 – Powering the energy transition in Overseas France

As a well-established energy producer in Overseas France, we have taken on the mission of accelerating the energy transition in these regions.

To achieve this, we have drawn up a proactive plan to convert our four existing thermal power plants in the French Overseas Departments, discontinuing the use of coal in favour of all-biomass operation.

In addition to providing a stable supply of energy derived from biomass, Albioma is committed to innovative energy storage projects to compensate for the intermittent nature of other forms of renewable production.

2 – International roll-out of Albioma's expertise

We have successfully exported our bagasse recovery expertise, especially in Mauritius, where we supply almost 40% of all electricity generated on the island, and in Brazil, the world's leading sugar cane producer. We are continuing to grow our business in Brazil, where our fourth plant will be commissioned in the near future.

3 – Accelerating development in solar power

Already the leading producer of photovoltaic energy in Overseas France, we build and operate innovative projects with integrated storage capabilities in these regions. We have recently strengthened our position in this sector in metropolitan France.

Key figures:

567
experts (excluding
Mauritius)

~ 1 GW
installed capacity

2.6 m
people supplied
with electricity

€506 m
in revenue



Our CSR policy is central to the Group's activities

Our CSR policy

Albioma's sustainable development policy sets out a clear, ambitious approach in support of the Group's strategy.

This policy is presented in the form of a five-year roadmap, organised around the three themes of corporate social responsibility. This approach, applicable to all our activities worldwide, is a powerful transformative tool for the Group.



Our values are shared by all employees, and underpin our decisions and routine activities.

OUR SOCIAL RESPONSIBILITY

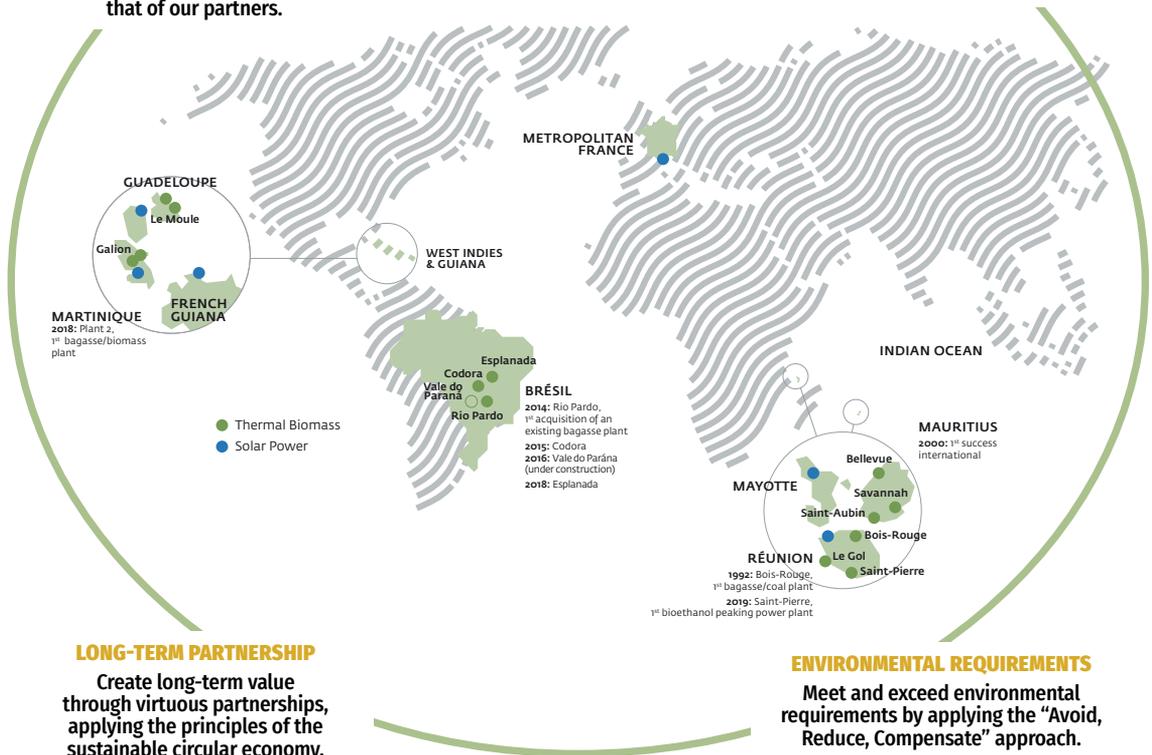
Put our social responsibility into practice, through an ecosystem of partners.

EXPERTISE

Leverage our employees' skills to consolidate our know-how by continuously improving our own performance and that of our partners.

LOCAL ROOTS

Maximise the positive socio-economic impact of our plants by developing innovative projects with local partners.



Our responsibility to our employees

Among the highlights of 2019 was the introduction of a Group-wide Code of Ethics. This document, applicable to all employees and partners, establishes a baseline for responsible business dealings and an exemplary business culture.

Ensuring occupational health and safety

An effective Safety Master Plan

The roll-out of our Safety Master Plan entered its second year, consolidating our occupational health and safety knowledge and best practices. The plan bore fruit in 2019, resulting in a 36% decrease in the number of accidents, as well as a reduction in their severity.

This plan is based on six commitments, in respect of which priorities are set each year, with the aim of keeping all our employees safe and well.

Work is continuing in 2020 to improve and standardise our safety management systems, and to further increase our suppliers' involvement in this effort.

SIX SAFETY COMMITMENTS

1. Increase and standardise our requirements
2. Strengthen commitment by our managers
3. Encourage involvement by all workers
4. Involve and coordinate our subcontractors
5. Acknowledge and promote our efforts and results
6. Learn from and capitalise on mistakes and shortcomings

Developing a shared safety culture

A sustained risk awareness effort aimed at our employees and subcontractors is an essential tool for preventing accidents. Each facility subscribes to the Ten Golden Rules adopted by the Group to effectively inform employees.

The Le Gol plant on Reunion Island held its first "safety day" event in 2019, promoting awareness about everyday hazards and organising fun team-building activities.



Safety poster designed by Albioma employees

Key target: "No serious accidents"

1 year with no accidents: More than half of our thermal and solar power plants have achieved the milestone of 360 accident-free days. La Baraque thermal power plant in Mauritius celebrated 365 accident-free days in 2019.

Actively promoting equal opportunities

In tandem to the Code of Ethics, Albioma operates a proactive policy to increase the share of female employees recruited by the Group. Similarly, each plant runs initiatives to help young people into work and to have apprentices and interns make up at least 5% of their total headcount. Efforts are also made to promote the inclusion of workers coping with disabilities.

Gender equality

Our commitment to equal recruitment, recognition and career development opportunities for men and women is here to stay. It is reflected in the equal pay rating, for which the Group scored 75/100.

Employment initiatives for young workers...

In 2019, the Group attended the inaugural “Responsible Engineers Forum” organised by Centrale Supélec at its Paris-Saclay campus, and took part in the São Paulo Career Fair. These two events provided a great opportunity to discuss our business model and the range of professions associated with the energy transition.

...and people with disabilities

We are adjusting our practices at head office, using the services of a sheltered workshop to produce, prepare and pack our office supplies.



Supporting employees

Albioma considers the career development of Group employees to be a key factor in our good performance. In recent years, the Group has set the ambitious goal of achieving an average of 35 hours of training per employee per year.

In 2019, all operational employees at the Le Gol plant on Reunion Island received boiler operation refresher training, regardless of their profession or seniority. The aim was to establish a shared knowledge baseline in preparation for the plant's forthcoming energy conversion.

Low-carbon economy

At Albioma, we marshal our full range of expertise and innovation capability to uphold the commitments of the 2017 Climate Plan issued by the French government, and those of the international community more generally. As an energy sector stakeholder, our strategy focusses on an objective directly linked to the fight against climate change: increasing the share of renewable energy in our production mix to 80% by 2023.

Supporting the energy transition in the French Overseas Departments

Our bagasse/biomass model is one of the alternatives to fossil energy suitable for regions that are remote from Continental power grids; in addition to

supporting the energy transition in such regions, it preserves local industries and employment, and will offer a solution to the challenge of recovering waste in the years to come. One key aspect of our decarbonisation strategy consists in replacing coal with biomass at our existing power plants in the French Overseas Departments. The conversion process is already underway in Guadeloupe, where a biomass storage dome has been built in the port of Jarry.

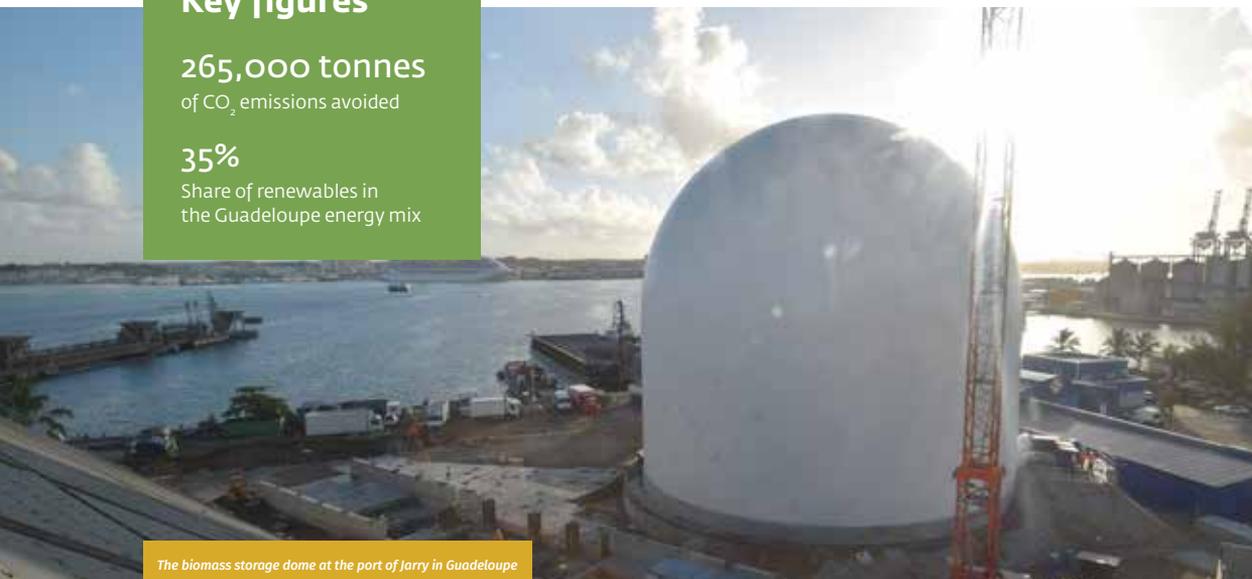
Galion 2 – An all-renewable plant

In Martinique in July 2019, the Group inaugurated the first all-bagasse/biomass power plant in Overseas France: Galion 2. During the sugar harvest, the plant is supplied with bagasse by the neighbouring sugar refinery. The rest of the year, it operates using other forms of locally-sourced biomass, including cane straw, chipped green waste and lagging waste, as well as wood pellets imported from the United States.

Key figures

265,000 tonnes
of CO₂ emissions avoided

35%
Share of renewables in
the Guadeloupe energy mix



The biomass storage dome at the port of Jarry in Guadeloupe

Photovoltaic energy for our communities

As well as our biomass plants, we build and operate innovative solar projects that support the energy transition and enhance regional energy independence. In 2019, following an initial call for projects by the French energy regulator (Commission de régulation de l'énergie – CRE), Albioma was awarded a project for a 7.4 MW battery storage facility in Mayotte.

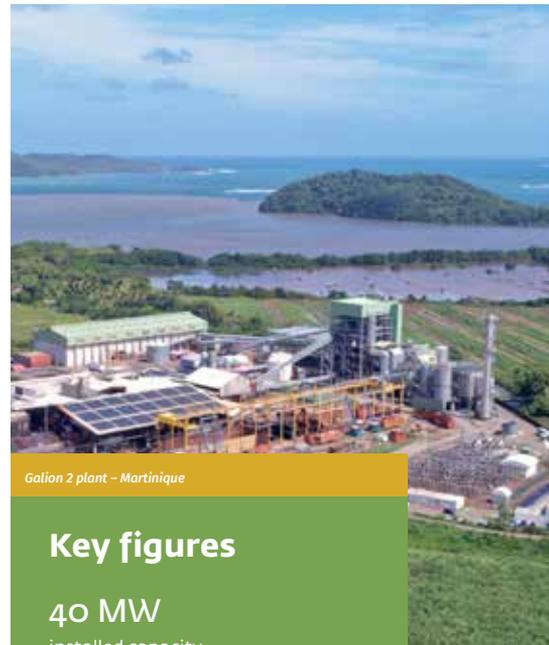
Enhancing energy efficiency to enable sustainable resource use

In 2016, Albioma began working on a project to renovate its condensing turbines. These systems are essential for power generation, as they harness the energy contained in steam to operate the generator that in turn converts mechanical energy to electricity. The four cogeneration turbines at the Le Gol plant on Reunion Island and the Le Moule unit in Guadeloupe were replaced as part of this project. The new turbines enhance the reliability and service life of our facilities while also decreasing fuel consumption.

A united front in the fight against climate change

Responding to an invitation from the French environment and energy management agency (ADEME), Albioma took part in the 2019 Virtual Climate Summit, and more specifically the web-conference entitled "ACT®: Assessing climate strategies in the context of the Paris Agreement objectives". This presentation followed on from our voluntary participation in the "Assessing low Carbon Transition" (ACT2.0) experimentation project run by ADEME and CDP, the carbon disclosure NGO. Based on modelling projections for 2023, this experimental programme confirmed that our low-carbon transition strategy is compatible with the 2.0 trajectory defined at the COP21 conference.

Albioma is a founding member of CO₂ Value Europe, and continued to support the organisation in 2019. The aim of this non-profit is to promote the development of technologies to capture, store and recover carbon dioxide emissions from industrial smokestacks. Through our commitment as a member of this organisation, we are able to closely monitor the latest research and developments in this area, and adopt related best practices.



Galion 2 plant – Martinique

Key figures

40 MW

installed capacity

92%

availability

X 3

share of renewable energy production in Martinique (from 7% to 22%)

Circular economy

Albioma's strategy is entirely consistent with a "circular economy" philosophy, with an emphasis on strong local roots and long-term job creation.

Our model is powering the circular economy

Albioma has been developing a virtuous partnership with the sugar industry for the past 25 years. Our thermal plants recover bagasse, a by-product obtained when cane is crushed during sugar harvests. In exchange, we supply our partners with the steam and electricity they need for their sugar production process. By this means, we help to preserve the sugar cane industry, which represents several thousand jobs in the regions in which we operate, and promote the recognition of sugar cane as an energy source via a bagasse premium paid to cane growers in the French Overseas Departments.

More generally, this unique model is based on a three-way partnership between Albioma, sugar refiners and electricity utilities. Simultaneous production of steam and electricity, in a process known as cogeneration, significantly increases bagasse combustion yields.

Recovering distillery by-products

In 2019, we commissioned the world's first peaking combustion turbine to run partly on bioethanol, produced by distilling molasses from sugar cane grown on Reunion Island.

The 41 MW combustion turbine plant, located in Saint-Pierre, is designed to operate during peak electricity consumption periods, and to provide back-up capacity for the electricity network, with a start-up time of only 7 minutes.

Operating in partnership with the Rivière du Mât distillery, this ground-breaking plant provides a local commercial outlet for surplus molasses not used to produce industrial alcohol.





Combustion turbine – Saint-Pierre, Reunion Island

Decreasing, recycling and recovering our waste

The Group has set a goal of increasing the share of waste reused. Combustion by-products account for most of the solid waste generated by our thermal power plants. Each year, more than 115,000 tonnes of bagasse ash are spread onto fields, in accordance with local regulations. This practice is recognised by ANSES, the French Agency for Food, Environmental and Occupational Health & Safety, as ameliorating the soil's physical and chemical properties, avoiding the need for other inputs.

Working with an R&D lab at INSA Toulouse, we took this approach to the next level in 2019, in preparation for the conversion of our plants in the French Overseas Departments. Together, we are trialling the reuse of wood and bagasse ash as a substitute raw material in the construction industry.

Increasing the share of renewable energy around the world

Albioma began expanding internationally from a very early stage, focusing on territories with growing energy needs and recoverable sources of biomass.

The Group moved into Mauritius first, and later went on to successfully take over several thermal plants in Brazil. Albioma also generates added value through proposals that improve the operational performance of sugar-making processes by decreasing energy consumption and equipment failures.

We are also fostering a promising new industry in the French Overseas Departments: the waste-to-energy conversion of solid recovered fuel, which consists of the ultimate waste from our dustbins after sorting and separating out the recyclable materials. In terms of responding to the challenge of waste treatment in island regions, this effort offers an effective alternative to landfill dumping and the development of recycling industries.



Partnership with PV-Cycle relating to the management of our used solar panel voluntary collection centre for private-sector customers and the general public

Responsible economy

It is our responsibility as an electricity producer to provide a service without jeopardising resources for future generations, while also strengthening the social fabric.

Monitoring and awareness-raising for more effective conservation

Because you can only manage what you can measure, in 2019 we stepped up our commitments to partners engaged in initiatives to survey, measure and analyse biodiversity preservation challenges in the regions where we operate.

In particular, we supported the 2019 Sarg'expo international conference organised in Guadeloupe in 2019 by the Regional Authority in partnership with the French Ministry of the Overseas. This conference was part of a broader Caribbean campaign to control sargasso seaweed, which is responsible for eutrophication of the marine environment.

Our partnership with the Foundation for Research on Biodiversity, via an "action club" devoted to Overseas France, led to the emergence in 2019 of a joint scientific project involving the Office français de la biodiversité, UICN and CNRS, among other partners. This project, which will be carried out over the course of 2020, aims to map biodiversity pressures, as defined by IPBES, and the intensity of their impact on biodiversity in each overseas territory.



Secondary school teachers learn about our activities as part of an energy transition awareness initiative in partnership with the Cgénéal foundation



Using the 'Climate Collage' game to teach employees about climate change issues and biodiversity impacts

Through our support for two NGOs – Crazy Bee on Reunion Island and Scea O Miel in Guadeloupe - we are helping to make beekeeping sustainable by sponsoring the installation of hives. The partnership in the West Indies is also providing us with an opportunity to innovate by introducing bee-based biomonitoring of our environmental impacts.



Ensuring that our supply chain is traceable and sustainable

In the French Overseas Departments, drawing on the example of the Galion 2 plant, wherever possible we supplement our bagasse supplies by recovering locally-available biomass resources free from conflicts of use.

Where wood pellets are also imported, we apply a strict traceability system covering the full supply chain, from collection of the wood waste to its subsequent shipping and unloading in ports in Overseas France. This system offers the necessary guarantees to ensure compliance with the European Union Timber Regulation, in particular regarding the origin of the supplied materials. As well as addressing this issue, we systematically work with suppliers that are certified under FSC®, PEFC™ and SBP standards.

Boosting regional economies

Our activities are one link in a longer chain helping to preserve or enhance the added value generated in the regions where we operate. For more than 25 years, our bagasse-to-energy solutions have been supporting the sugar cane industry, which is a defining feature of the French Overseas Departments' heritage.

More recently, we worked extensively with local contractors for the fume treatment upgrades at our three long-established plants in Overseas France. The planned conversion of our facilities to biomass will sustain this trend, not least by fostering new local biomass collection and processing industries.



Presentation of initial trials in the wood-to-energy sector on Reunion Island, as part of the European sustainable development week, in partnership with the French national forestry office (ONF)



Albioma demonstrated its commitment with the CEO's participation at the 'Choose La Réunion' summit attended by the French President. The purpose of this summit was to reaffirm the island's place at the heart of the Indo-Pacific region, and was attended by elected representatives, business leaders and investors from Asia and Africa.

Governance

Board of Directors

Complementary expertise supporting our strategy

The membership of the Board of Directors reflects the search for a balanced mix of expertise (in industrial, technical, financial, scientific and managerial fields, sustainable development, human resources, etc.), experience, age (with an average age of 56 in 2019) and gender (with three women among the eight Directors in 2019), enabling this essential body to efficiently perform its oversight and administrative functions in support of the corporate strategy, which it approves and defines in partnership with General Management.

Key figures

75%

independents

9

board meetings

3/8

female Directors

95%

attendance rate

56 years

average age

12

specialised
Committee
meetings

Key strengths of Albioma's governance

High degree of independence

No fewer than 75% of the members of Albioma's Board of Directors are considered to be 'independent directors' according to the criteria in the AFEP-MEDEF code. The high degree of independence of Albioma's Board of Directors is a key factor in its ability to provide oversight of the actions of General Management, in the interests of the company and all shareholders.

Dedicated Directors

The high attendance rates at Board meetings (95% in 2019) reflect the dedication of all Directors to the work of the Board. The Board of Directors is particularly active (holding nine Board meetings and 12 specialised Committee meetings in 2019), and regularly verifies that each Director devotes the necessary time to his or her duties.

Lead Independent Director

The position of Lead Independent Director was introduced in 2016, with a brief to ensure that the governing bodies function smoothly and maintain the balance of powers. This role was significantly strengthened when the functions of Chairman and Chief Executive Officer were combined in 2019.



Bagasse storage shed at the Le Moule plant in Guadeloupe



CSR governance

For a number of years, Albioma has been operating a dedicated Corporate Social Responsibility Committee, which reports to the Board of Directors. This committee is consulted in advance of deliberations by the Board of Directors on all matters relating to ESG performance assessment and the sustainable development aspects of strategic issues. More generally, it ensures that the environmental, industrial relations and social policy adopted in the 2018-2023 CSR roadmap is aligned with current social issues, and that these policies are backed by successful implementation measures.

Acting in tandem with the Nominations, Remuneration and Governance Committee, the CSR Committee sets ESG performance targets for executive corporate officers, based on the progress achieved implementing the roadmap, with a view to determining their variable compensation. In 2019, the quantitative targets

focused on improvements in occupational health and safety performance, characterised by a reduction in the number and severity of accidents, and on achieving a higher Vigeo Eiris rating than that obtained for the 2017 financial year.

Increasing the share of renewables in the Group's energy mix was among the criteria for determining the allocation of performance shares.

In 2017, Albioma set up a CSR and Environment department to steer, lead and coordinate the various initiatives arising from the CSR roadmap. This department is staffed by a team of three at head office, supported by a network of local coordinators, typically Quality/Safety/Environment managers. More generally, all employees are encouraged to get involved in implementing this roadmap.

Solid CSR performance

In keeping with the Group's continuous improvement approach, Albioma has decided to submit its environmental, social and corporate governance (ESG) performance to third-party ratings agencies. Our approach is vindicated by the results achieved in 2019.

Vigeo Eiris assessment

Two years after confirming our CSR roadmap, our marked improvement in ESG performance has been rewarded with a nine-point increase in the Vigeo Eiris rating. With a score of 59/100, Albioma entered the Top 20 in the European 'gas and electricity' sector.

Our strong suits are environmental management and corporate governance. We made progress in the areas of occupational health and safety, biodiversity, industrial relations and the prevention of corruption.

The table below shows the strengths identified by the independent auditor Vigeo Eiris:

Key figures vigeo eiris

59/100
ESG score

Top 20
in European gas and electricity sector

Gaïa index

The Gaïa index evaluates the ESG performance of small and midcap companies listed on the Paris stock exchange.

Albioma has been one of a panel of 230 companies included in this index since 2016.

ENVIRONMENTAL	INDUSTRIAL RELATIONS	GOVERNANCE
<ul style="list-style-type: none"> ▶ Visible, ambitious commitments, with more than 67% renewables in the mix and a roadmap to achieve 80% by 2023 ▶ An ISO 14001-certified QSE management system covering activities accounting for 60% of Group revenue ▶ Investment project to renovate our fume treatment systems 	<ul style="list-style-type: none"> ▶ A Safety Master Plan that includes our subcontractors ▶ Significantly improved skills and career management ▶ Gradually increasing share of female recruits ▶ Introduction of our Code of Ethics, which sets out the Group's commitments to fight discrimination and corruption 	<ul style="list-style-type: none"> ▶ 75% of Board members are Independent Directors ▶ Formation of a CSR Committee tasked with assessing the Group's progress ▶ Transparent remuneration policy that includes short- and long-term ESG performance targets

Performance indicators

CONTRIBUTION TO ENERGY TRANSITION

RENEWABLE ENERGY	UNIT	2019	2018	2017	SCOPE
Renewables as a share of total production	%	67	62*	53	Fully-consolidated companies (excluding Mauritius)

EFFICIENT USE OF RESOURCES EFFICIENCY

EFFICIENCY	UNIT	2019	2018	2017	SCOPE
Quantity of recovered biomass	In millions of tons	3	2	2.3	Group
kWh exported per tonne of cane crushed	kWh per ton of cane	129	128	122	Thermal Biomass
Availability	%	88	87	91	Thermal Biomass excluding Brazil
Water intensity of produced energy	liters/kWh	1.8	2.2	2.0	Group

ENVIRONMENTAL IMPACT MANAGEMENT

RECOVERY & ENVIRONMENT	UNIT	2019	2018	2017	SCOPE
CO ₂ intensity of energy production	gCO ₂ /kWh	443	557	540	Group
Quantity of combustion by-products (coal and bagasse) generated	In thousands of tonnes	453	406	467	Thermal Biomass

SOCIAL AND CIVIC RESPONSIBILITY

SAFETY	UNIT	2019	2018	2017	SCOPE
Number of occupational accidents	#	10	14	26	Group
Occupational accident frequency rate	#	7.8	11.7	22.2	Group
Occupational accident severity rate	#	0.21	0.38	0.87	Group
INDUSTRIAL RELATIONS	UNIT	2019	2018	2017	SCOPE
Group workforce	#	746	674	651	Group
Group workforce excluding Mauritius	#	567	500	480	Fully-consolidated companies (excluding Mauritius)
Number of hours of training per employee	h/yr/employee	30	26	55	Group
Percentage of interns, volunteers and apprentices	%	5.7	4.0	4.2	Group
Percentage of female employees	%	15	14	14	Group
SOCIAL	UNIT	2019	2018	2017	SCOPE
Number of households supplied with electricity	thousand households	1,242	1,054	1,118	Group

* Pro forma full year Albioma Solaire France (formerly Eneco) and Albioma Esplanada (Jalles Machado) and excluding Methaneo, sold in 2018.

Read all our publications at www.albioma.com



**It's time to
change energy!**

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