



## Industry Association Climate Review

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### Overview:

As an energy and services provider that primarily operates in competitive markets, public policy can significantly affect our business and industry. Accordingly, NRG, like most businesses, belongs to organizations and trade associations that may engage in lobbying activities. While we annually review our membership in such organizations and our corporate political contributions, 2021 marks the first time that we conducted detailed analysis of these organizations' climate positions, as they relate to NRG's. The purpose of this report is to disclose certain trade and membership associations to which NRG belongs, and their positions on climate policy. We include organizations: (1) for whom our annual dues in 2021 were greater than or equal to \$25,000; and (2) who were registered to lobby at the state or federal levels or who did, in fact, engage in such lobbying. For these organizations, we evaluated their climate-related policy position, to the extent they had one.

At NRG, we have long recognized the urgency of climate change and have worked to harness market-driven solutions to help address the challenge. We also believe in the importance of providing greater transparency on our approach to managing climate-related impacts across our business and operations. NRG has a longstanding commitment to sustainability, transparency, and disclosure. We follow the leading globally accepted frameworks and standards to provide key information to our stakeholders. In 2017, we were one of the first companies to publicly support recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), and in late 2021 published our inaugural [TCFD](#) Report. In addition, 2021 marked the fifth year we disclosed non-financial data using the Sustainability Accounting Standards Board (SASB) standards. NRG has had a certified science-based greenhouse gas emissions reduction target since 2015, certified by the Science Based Targets initiative (SBTi), and in early 2021 our accelerated carbon reduction goals were declared to be 1.5 degrees Celsius-aligned. NRG was the first power company in North America to achieve this designation.<sup>1</sup>

### Our Climate Change Principles:

We reference key tenets of our [Climate Change Principles](#), published first in 2018, below. Climate change is an economic, social, and environmental challenge. Addressing this challenge also creates many opportunities, as responding to climate change can unleash innovative and transformative solutions. NRG's efforts to combat climate change are aligned with our vision to create a sustainable energy future by safely providing reliable, cleaner power that enhances people's lives and delivers value to our stakeholders. To that end, we are committed to:

- Deploying sustainable energy products and solutions that meet customer needs and expectations
- Ensuring our Board of Directors remains well-versed in leading climate competency and governance practices
- Engaging proactively with investors and other key stakeholders on topics such as governance and disclosure expectations
- Advancing resilience through assessing and planning for potential climate change impacts to our business
- Reporting our impact and progress using leading disclosure frameworks and standards (i.e., CDP, GRI, SASB, and TCFD)

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<sup>1</sup> NRG's goal is to achieve a 50% reduction in absolute greenhouse gas (GHG) emissions by 2025 from its current 2014 baseline on scopes 1, 2 and 3 (business travel), and net zero by 2050.

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- Supporting policies on climate change that align with the current ambitions of the Paris Agreement to limit the average rise in global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C

### Approach:

To ensure that the trade associations to which we contributed in 2021 align with NRG's Climate Change Principles, which in turn include alignment with the ambitions of the 2015 Paris Climate Agreement as noted above, we followed the process below:

- Determined scope of the review through cross-functional discussions among NRG's Legal, Government Affairs, Regulatory Affairs, Sustainability, and Investor Relations teams.
- Reviewed NRG's internal records and held discussions with senior management to compile a list of membership organizations, trade associations and social welfare organizations to which (1) we paid annual dues in 2021 of \$25,000 or more; and (2) which were registered to lobby at the state or federal levels or who did, in fact, engage in such lobbying.
- For the resulting list, reviewed current policy statements and publicly available information such as reports, websites, policy submissions or other media sources to determine each trade association's climate positions<sup>2</sup>.
- Compared each trade association's climate positions against NRG's Climate Change Principles to determine whether sufficient alignment exists.
  - Decisions on alignment were made by the same internal multi-department team including representatives of Legal, Regulatory and Governmental Affairs, Investor Relations, and Sustainability.
- Reviewed output of this process with members of our executive team and the Board's Governance and Nominating Committee, which has oversight responsibility for sustainability at NRG.

The views and conclusions in this review are those of NRG and, where written climate policy positions were not publicly available, we made reasonable interpretations and judgments to arrive at our conclusions.

### Review of Groups/Memberships/Trade Associations:

#### Review Methodology

Explicitly Aligned: The association's climate positions align with, or are more ambitious than, the objectives of the Paris Agreement as evidenced by written, publicly available materials.

Implicitly Aligned: The association's climate positions can reasonably be judged as broadly aligned with the current objectives of the Paris Agreement based on the organization's written, publicly available materials, but the organization has not explicitly stated that it supports the Paris Agreement.

No Position: The association does not engage in political activities concerning climate issues and has made no statements with regard to the Paris Agreement.

Explicitly or Implicitly Not Aligned: The organization's climate positions can reasonably be judged as broadly not aligned with the objectives of the Paris Agreement based on the organization's written, publicly available materials.

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<sup>2</sup> Note that after we assessed an organization's climate positions, we did not do a detailed assessment of the nature of its specific climate-related activities.



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Below, we provide our assessment – against the above four categories – of the climate positions of each organization which engaged in lobbying activities on behalf of NRG in 2021. The summary table indicates the distribution of our assessments against these categories.

Number of Lobbying Organizations by Assessment Category			
Explicitly Aligned	Implicitly Aligned	No Position	Explicitly or Implicitly Not Aligned
8	9	7	0

### Advanced Energy Economy – Explicitly Aligned

Advanced Energy Economy (AEE) is a trade association of energy producers, and is on the record as a strong advocate of clean energy innovation in accordance with the Paris Agreement. For this reason we assess it as Explicitly Aligned.

### Advanced Energy Management Alliance – Implicitly Aligned

The Advanced Energy Management Alliance (AEMA) advocates for efficient, cost-effective, environmentally sustainable energy policies. Its primary focus is on the domestic energy grid and distributed energy solutions rather than implementation of international agreements, so for this reason we assess it as Implicitly Aligned.

### Allegheny Conference – Implicitly Aligned

The Allegheny Conference is a business association focused on improving economic development in the Greater Pittsburgh region. The Conference supports investments in more efficient and cleaner energy technology to address, among other concerns, the factors that contribute to climate change. For this reason we assess it as Implicitly Aligned.

### America Council on Renewable Energy – Explicitly Aligned

The American Council on Renewable Energy (ACORE) represents a broad cross section of the renewable energy industry and has been a long-time supporter of U.S. implementation of the Paris Agreement protocols. For this reason we assess it as Explicitly Aligned.

### Association of Electric Companies of Texas – Implicitly Aligned

The Association of Electric Companies of Texas (AECT) is comprised of Texas electricity companies. Its primary focus is on maintaining an efficient, reliable, and environmentally friendly Texas energy grid, rather than implementation of international agreements. For this reason we assess it as Implicitly Aligned.

### Business Roundtable – Explicitly Aligned

Business Roundtable is an organization of CEOs of some of the U.S.’s largest companies. It has come out in favor of implementation of GHG reductions consistent with the Paris Agreement, and for this reason we assess it as Explicitly Aligned.

### Ceres – Explicitly Aligned

Ceres is an investor-focused organization dedicated to advancing corporate environmental commitments consistent with the Paris Agreement. For this reason we assess it as Explicitly Aligned.

### Citizens Against Nuclear Bailouts / The Growth and Projects Fund – No Position

Citizens Against Nuclear Bailouts promotes technology-neutral energy solutions for the Commonwealth of Pennsylvania. Since its mission is narrowly tailored to this state-specific issue, we assess it as having No Position.

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### **Clean Energy Buyers Association (formerly, Renewable Energy Buyers Alliance) – Explicitly Aligned**

The Clean Energy Buyers Association (CEBA) is comprised of some of the largest companies in the United States, including not just energy providers, but also energy buyers and providers of related services. CEBA supports energy initiatives consistent with implementation of the Paris Agreement, and for this reason we assess it as Explicitly Aligned.

### **Electric Power Supply Association – Implicitly Aligned**

The Electric Power Supply Association (EPSA) is comprised of some of the largest energy producers in the United States. While EPSA is committed to reduction of carbon and other harmful emissions, it has not made a specific commitment to implementation of the Paris Agreement, and for this reason we assess it as Implicitly Aligned.

### **Greater Houston Partnership – Explicitly Aligned**

The Greater Houston Partnership (GHP) is a business association focused on improving the business climate in the Greater Houston region. GHP supports the reduction of GHG emissions in line with the Paris Agreement, and hopes that Houston will be a leader of the associated energy transition. For this reason we assess it as Explicitly Aligned.

### **Illinois Competitive Energy Association – No Position**

The Illinois Competitive Energy Association (ICEA) is a trade group focused on competition in Illinois' retail electricity and natural gas markets. Given its relatively narrow focus on state-level matters, we assess it as having No Position.

### **Illinois Energy Association – No Position**

The Illinois Energy Association represents competitive electric and natural gas utilities and power generators. Given its relatively narrow focus on state-level matters, we assess it as having No Position.

### **Independent Energy Producers Association – Implicitly Aligned**

The Independent Energy Producers Association represents California's independent energy developers and operators, and power marketers. Its members include many renewable energy producers in California, and for this reason we assess it as Implicitly Aligned.

### **Independent Power Producers of New York – Explicitly Aligned**

The Independent Power Producers of New York (IPPNY) represents New York's competitive power supply industry. IPPNY supports a state-wide commitment to a zero emission energy system by 2040, well before the Paris Agreement's ambition of achieving net zero by 2050, and for this reason we assess it as Explicitly Aligned.

### **Marcellus Shale Coalition – Implicitly Aligned**

The Marcellus Shale Coalition represents the interests of participants in the natural gas industry as it relates to the Marcellus and Utica Shale plays. The Marcellus Shale Coalition supports the reduction of GHG emissions by increased reliance on natural gas rather than more carbon-intensive fuel sources, and for this reason we assess it as Implicitly Aligned.

### **National Home Service Contract Association – No Position**

The National Home Service Contract Association represents participants in the home services contract industry. Given this narrowly-tailored mission, we assess it as having No Position.

### **New England Power Generators Association – Implicitly Aligned**

The New England Power Generators Association (NEPGA) represents participants in New England's competitive wholesale electricity markets. NEPGA is actively involved in helping the region's states meet their GHG reduction targets and, for this reason, we assess it as Implicitly Aligned.



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### **PJM Power Providers Group – Implicitly Aligned**

The PJM Power Providers Group represents the interests of participants in the PJM power region. The group supports efforts to achieve state carbon reduction objectives, and for this reason we assess it as Implicitly Aligned.

### **Regional Plan Association – Implicitly Aligned**

The Regional Plan Association focuses on development issues in the tri-state region. It is committed to reducing GHG emissions, and for this reason we assess it as Implicitly Aligned.

### **Texas Apartment Association – No Position**

The Texas Apartment Association represents the interests of participants in Texas' rental housing industry. Given this narrowly-tailored mission, we assess it as having No Position.

### **Texas Competitive Power Advocates – No Position**

The Texas Competitive Power Advocates (TCPA) represents the interests of Texas power generators and wholesale marketers within the state. TCPA has not taken a public position on the Paris Agreement and for this reason we assess it as having No Position.

### **Utility Solid Waste Activities Group – No Position**

The Utility Solid Waste Activities Group (USWAG) counts over 130 utility operating companies, power producers and energy companies, as well as industry associations, among its members. USWAG concerns itself with policies related exclusively to coal ash and solid waste issues and, therefore, we assess it as having No Position.

### **Zero Emission Transportation Association – Explicitly Aligned**

The Zero Emission Transportation Association advocates for 100% of vehicles sold in the United States by 2030 to be electric vehicles. For this reason we assess it as Explicitly Aligned.

## How We Resolve Identified Non-Alignment:

If we determine that an association or group to which NRG belongs has a position that is explicitly or implicitly not aligned with NRG's Climate Change Principles or the Paris Agreement, then we would engage the leadership of the group to ask it to reconsider its position or to accelerate its path towards implicit or explicit alignment. Should such a situation arise, we would evaluate whether to disassociate from the group, or to remain a member while pushing it to support climate policies in line with the Paris Agreement.

We understand that positions taken on any topic by an organization are often a compromise or majority view arrived at through individual decision-making processes, with the potential for widely differing views among membership. Consequently, although we may share our perspective and try to persuade others, we do not expect to dictate the positions our associations may take. We would be transparent about the progress we have made within associations or organizations where there may be differences in our policies and advocacy, and report updates on these dialogues in the annual publication of this report.

## Forward-Looking Statements:

This Industry Association Climate Review contains certain forward-looking statements that reflect NRG Energy, Inc.'s current views with respect to future events and the financial and operational performance of NRG Energy, Inc. These forward-looking statements are based on NRG Energy, Inc.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those



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expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of NRG Energy, Inc. to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in prices, and the impact of climate and other risks. For a list of important factors that could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements, please refer to NRG Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG Energy, Inc.'s actual results to differ materially from those contemplated in the forward-looking statements included in this presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG Energy, Inc.'s future results included in NRG Energy, Inc.'s filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this document. NRG Energy, Inc. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this document. The information contained in this Industry Association Climate Review does not purport to be comprehensive and has not been verified by any independent third party.