



2015 Integrated Report



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Group Profile

ENGIE develops its businesses (power, natural gas, energy services) around a model based on responsible growth to take on the major challenges of energy's transition to a low-carbon economy: access to sustainable energy, climate-change mitigation and adaptation, security of supply and the rational use of resources.

The Group provides individuals, cities and businesses with highly efficient and innovative solutions largely based on its expertise in four key sectors: renewable energy, energy efficiency, liquefied natural gas and digital technology.

ENGIE employs 152,900 people worldwide and achieved revenues of €74.7 billion in 2014. The Group is listed on the Paris and Brussels stock exchanges (GSZ) and is represented in the main international indices: CAC 40, BEL 20, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe and Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20).

Operates in

70 countries

152,900

employees globally

€74.7 billion

revenues in 2014

115.3 GW

of installed electricity capacity

A supply portfolio of

1,296 TWh

230

urban heating and cooling networks managed across the world

In this Report, ENGIE refers to GDF SUEZ SA, a company incorporated in France, with a share capital of 2,435,285,011 euros, registered with the Nanterre Commerce and Companies Registry under number 542 107 651, whose head office is located at Tour T1, 1 Place Samuel Champlain, Faubourg de l'Arche, 92400 Courbevoie, France, and, if the context so requires, the group formed by GDF SUEZ and the companies in its consolidation scope. Moreover, all the information provided in this report are in line with ENGIE Registration Document 2014, published in April 2015



Editorial



Gérard Mestrallet

Chairman and Chief Executive Officer

use of natural resources and guaranteeing access to energy for everyone: these are the challenges that ENGIE must help to address.

In light of these challenges, the Group intends to speed up the rollout of its know-how at the international level, strengthen its position within the natural gas value chain and further develop its renewable energy capacities and energy efficiency solutions. To this end, employees are called on to contribute to innovating and transforming the company.

In order to achieve these goals and position itself as an energy architect for its customers, in April 2015, ENGIE decided to launch an ambitious corporate project. This project has three goals: to step up ENGIE's development, to ensure that the Group is working for people and to build a project which staff becomes the architects and ambassadors of their company.

By providing an integrated overview of our activities and setting out the company's future outlook, this report is an integral part of this project.

ENGIE provides goods that are essential to the lives of millions of people across the world. In order to meet constantly changing expectations and strength its current position as a global industrial leader, the Group has focused on listening more broadly to its stakeholders.

Since 2014, we have been publishing an integrated report, which sets out how ENGIE is preparing to meet its challenges and create value in the short, medium and long term. This report, which draws on the framework established by the *International Integrated Reporting Council* (IIRC), reflects the Group's long history, which is underpinned by a vision of integrated performance.

Since the creation of the *Compagnie Universelle du Canal Maritime de Suez* in 1858 through ENGIE, the new name of the current industrial Group, our company has gained the trust of regions and countries in which it performs a number of public service missions.

ENGIE continues to look to the long-term future. In this respect, all Group employees, together with their partners, have a shared responsibility to prepare for tomorrow's world and to transform the Group at all levels. In an evolving world, it is not enough to arbitrate opportunistically in favour of one market or another. It is important to understand its ecosystem and adjust to it, including in terms of our working methods.

That is why I firmly believe that our company's performance cannot be limited to its financial results alone: our ability to meet this century's social, societal and environmental challenges is an integral part of our performance.

Meeting energy needs in societies that are in constant evolution, ensuring security of supply in an unstable geopolitical environment, tackling climate change and its impacts on people, optimising the

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Isabelle Kocher

Deputy Chief Executive Officer
and Chief Operating Officer

an exercise in transparency and a tool of dialogue that will enable us to bolster and maintain trust in our current and future activities. It must continue to exist and elicit, as happened during this year's consultation, productive discussions on how, together, we can meet tomorrow's energy and environmental challenges.

With operations in 70 countries spread across all continents, ENGIE has built strong and lasting ties with a large number of stakeholders. In each of these countries, we want to become an energy architect working for society and capable of helping States, regions, towns and cities, industries, individuals – in a nutshell, all stakeholders within society – to meet the sizeable energy challenges confronting us. Our ability to serve society will depend on the quality of our dialogue with stakeholders.

In 2014, we decided to hold a consultation on ENGIE's first integrated report. This consultation was held in the same constructive spirit as that underpinning our relations with all of the Group's stakeholders. In addition to investors – who are the first recipients of the integrated report under the standards established by the International Integrated Reporting Council (IIRC) –, we also exchanged views with NGOs, key account customers, local authorities, suppliers, individual shareholders and staff.

Over 400 proposals were submitted and taken into account in order to improve the report. They enabled us to adapt the way in which we communicate with our partners, as well as better understand their expectations and make further progress towards integrating financial and non-financial performance.

ENGIE is experiencing a period of transformation due to the changing global energy sector. In light of these specific circumstances, it is even more important than usual to keep up and further constructive dialogue with our internal and external stakeholders. This dialogue will enable us to successfully adjust to changes in the sector and evolve as necessary so that we can continue to achieve our goal of working "for people".

This dialogue will have to be held wherever ENGIE is active and as close as possible to operations. As an energy architect, the Group is expected to create shared value locally. The integrated report is

A handwritten signature in black ink, appearing to be 'Isabelle Kocher', written in a cursive style.

About the report



ENGIE's integrated report sets out the Group's strategy, governance structure and performance, as well as the environment within which it operates, from the perspective of short-, medium- and long-term value creation.

Methodology

This report learns from the reference framework published by the International Integrated Reporting Council (IIRC) and is part of the Group's voluntary approach to achieving long-term progress.

An internal working group, which is headed by the Environment and Societal Responsibility Division and brings together representatives from several functional departments, has been active in structuring information throughout this process.

It was decided to focus the integrated report on ENGIE's strategy and to select the information most relevant to this strategy – with pedagogical approach rather than exhaustive information.

Changes to the provisional version of the report

An initial "provisional" version of the report was published at the end of 2014 and submitted to certain stakeholders for consultation. In January 2015, some fifty representatives of these stakeholders

were asked to express their expectations and opinion on this provisional version: individual shareholders, socially responsible investors (SRIs) and analysts, geant customers, local authorities, suppliers, subcontractors, NGOs and Group staff.

The consultation highlighted the usefulness of the report, in that it provides a global and concise overview of the Group and its strategy. It also pinpointed areas where the presentation of the information could be improved as well as where more details or more explanations were required.

Based on the conclusions of the consultation, ENGIE identified some specific changes to be made to the 2014 report. In particular, it was decided to place greater emphasis on the change dynamic within the Group – particularly innovation, as well as the structure of stakeholder dialogue – and to enhance the connectivity of the information.

Scope

The report covers the 2014 financial year (from January 1, 2014 to December 31, 2014). It recalls the goals set for 2015 and includes medium- and long-term forecasts, thus providing a forward-looking vision of the Group within its environment.

Links between ENGIE publications



Publication



Target groups



Content



Integrated report 2015

Shareholder/credit investors, SRIs, individual shareholders, NGOs, key accounts, industrial partners, suppliers and subcontractors, local authorities

Integrated summary presentation of the Group's performance and its ability to generate short-, medium- and long-term value



Registration document 2014

Shareholder/credit investors, SRIs, individual shareholders, NGOs, national authorities

The document complies with French and European legislation. It includes the annual financial report, the Board's management report, as well as the accounts and social, environmental, societal and corporate governance information relating to ENGIE



Activity report 2014

Individual shareholders, key accounts, individual customers, general public

ENGIE's activities in 2014



A World of Energy, 2014 edition

Business customers and the general public

Main benchmarks and key figures in the energy field



Corporate Responsibility 2014

SRIs, NGOs and key accounts

Description of ENGIE's environmental and societal responsibility policy, illustrated by specific examples

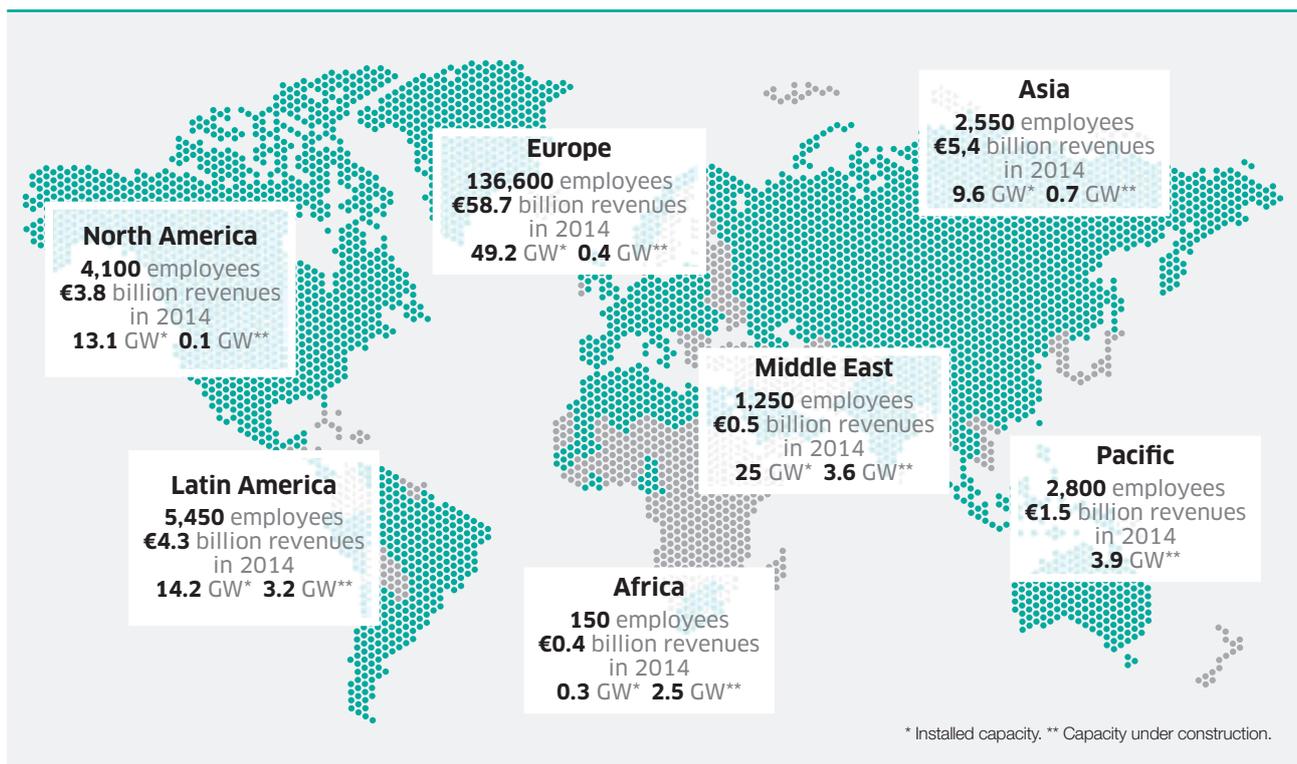


2014 Communication on progress Global Compact

SRIs and NGOs

Communication on progress achieved in incorporating the principles of the Global Compact

An international presence



5 Business Lines

The Energy International Business Line is organised into five geographical regions (Latin America; North America; United Kingdom and Turkey; South Asia, Middle East and Africa; Asia – Pacific). It is active in electricity generation, as well as LNG regasification, gas distribution, seawater desalination and international retail sales outside continental Europe.

The Energy Europe Business Line is in charge of electricity production, energy management and electricity and gas sales (all segments) in continental Europe. It is also in charge of natural gas distribution and storage in part of Europe.

The Global Gas & LNG Business Line is in charge of the exploration and production of gas and oil, and of the supply, transport and sale of liquefied natural gas (LNG).

The Infrastructures Business Line pools the activities of gas networks and infrastructures, mainly in France: transmission of natural gas, regasification of LNG, storage and distribution of natural gas.

The Energy Services Business Line offers its customers – industrial and tertiary companies and local authorities – sustainable energy and environmental efficiency solutions in engineering, installation and maintenance and energy services.

A new Group enterprise project was presented in April 2015. The project entails the creation of 24 Business Units (BUs) along geographical lines – with each representing one country or group of countries. The current organisational structure will remain in place throughout this year, with a view to launching the new organisational set-up at the start of 2016.

→ **To find out more:**
 “Journalists Area”, at engie.com, press release of April 1, 2015

ENGIE: key figures

	2013	2014	Goals (timeframe)
Operational figures			
Installed capacity (in GW)	113.7	115.3	-
Capacity under construction (in GW)	10.0	10.5	-
Renewable energies (as a share of installed capacity)	15%	17%	-
Increase in installed renewables capacity since 2009	+27%	+42%	+50% (2015 vs. 2009)
LNG supply portfolio (in millions of tons)	16.0	16.4	20 (2020)
Financial figures⁽¹⁾			
Revenues (in billions of euro)	80.0	74.7	-
EBITDA (in billions of euro)	13.0	12.1	11.7 -12.3 (2015)
Net Recurring Income, group share ⁽²⁾ (in billions of euro)	3.4	3.1	3.0 -3.3 (2015)
Dividend (in euro per share)	1.50	1.00	≥ 1,00 (2014-2016)
Net investments (in billions of euro)	3.2	3.9	6.0 -7.0 (2014-2016) ⁽³⁾
Net debt/EBITDA	2.21	2.27	≤ 2.5 (2014-2016)
Environmental and social figures			
Average rate of CO ₂ emissions – energy generation (in kg CO ₂ eq./MWh _{eq})	425	434.2	-10% (-2%) (2020 vs. 2012)
Biodiversity (% of sensitive sites in the EU with a biodiversity action plan)	36%	72.4%	100% (2015)
Number of employees	147,199	152,882	-
Health and Safety (occupational accident frequency rate)	4.4	4.1	< 4.0 (2015)
Diversity (proportion of women in managerial posts)	21.9%	21.9%	25.0% (2015)
Training (% of employees trained)	68.5%	68.1%	> 2/3 (2015)
Employee shareholding (% of ENGIE's capital held by employees)	2.4%	3.2%	3.0% (2015)

(1) 2013 restated pro forma. Targets assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, restart of Doel 3 and Tihange 2 as of July 1, 2015, no significant regulatory and macroeconomic changes, commodity price assumptions based on market conditions as of December 31, 2014 for the non-hedged part of the production, and average foreign exchange rates as follows for 2015: €/\$: 1.22, €/BRL: 3.23.

(2) Excluding restructuring costs, MtM, impairment of current assets, transfers, other non-recurring elements and related fiscal impacts and the nuclear contribution in Belgium.

(3) in average, over the period.



Vision

Being a key player in the energy transition

For more than 150 years now, ENGIE has been anticipating and supporting fundamental transformations in society. The Group is contributing actively to the energy transition across the globe in order to make energy a source of progress and sustainable development, accessible to many safer, consumed better and more respectful of humans and their environment.

Providing innovative energy solutions

ENGIE's industrial project entails providing energy solutions that are tailored to needs, resources and the regions in which it operates. In light of the changing energy ecosystem, the Group wishes to make its range of know-how available to its customers. As a company with a balanced and diversified profile, ENGIE is enhancing its innovation culture with a view to winning new markets and inventing "tomorrow's energy".

Supporting sustainable and shared growth

ENGIE's industrial project goes hand in hand with its social and human project. ENGIE's goal is to provide goods and services that are essential to life, economic growth and social progress. In addition to supplying energy, this entails inventing and offering energy solutions that are tailored to the needs of societies; foster sustainable growth; and open up access to energy for everyone. This is why ENGIE has set itself the goal of changing man's relationship to energy by enabling people to consume better and less.

The Group's activities have many different, far reaching economic, societal and environmental repercussions in the regions in which it operates. ENGIE has placed responsible growth – based on creating value that is shared with its stakeholders – at the heart of its development model.

Four founding values

ENGIE's identity is based on four values, which reflect what the Group stands for today and what it wants to be in the future:

Drive: Guaranteeing performance over the long term for our Group and all our stakeholders

Commitment: Ensuring the Group's development whilst caring for the planet

Daring: Developing new, ever more competitive and innovative energy solutions

Cohesion: Mobilising all the Group's strengths in order to make energy a sustainable source of progress and development

2

Challenges A new energy landscape

According to the International Energy Agency (IEA), primary energy demand is set to increase by a third by 2035, and will be driven by non-OECD countries. For ENGIE, the shake-up of the energy

landscape is part of the transition towards a lower carbon and increasingly digitalised and decentralised energy system.

2.1 A matrix to map the Group's challenges

In 2014, ENGIE developed a **challenges matrix ("materiality matrix")**, which maps and compares the environmental, social, societal, economic, financial and governance priorities of the Group and those of its stakeholders. Having initially focused on Europe, the matrix was complemented at the start of 2015 by an analysis of the challenges faced in all of the regions in which the Group operates. This helped identify the challenges that are deemed to have a significant impact on the Group's ability to create short-, medium- and long-term value.

The **materiality matrix** highlights a number of very high and convergent expectations shared by ENGIE and its stakeholders as regards the Group's **"basic principles"**: business practices, local acceptance, health and safety, security of installations, greenhouse gas emissions and reputation – which are all challenges that are inherent to ENGIE's activities.

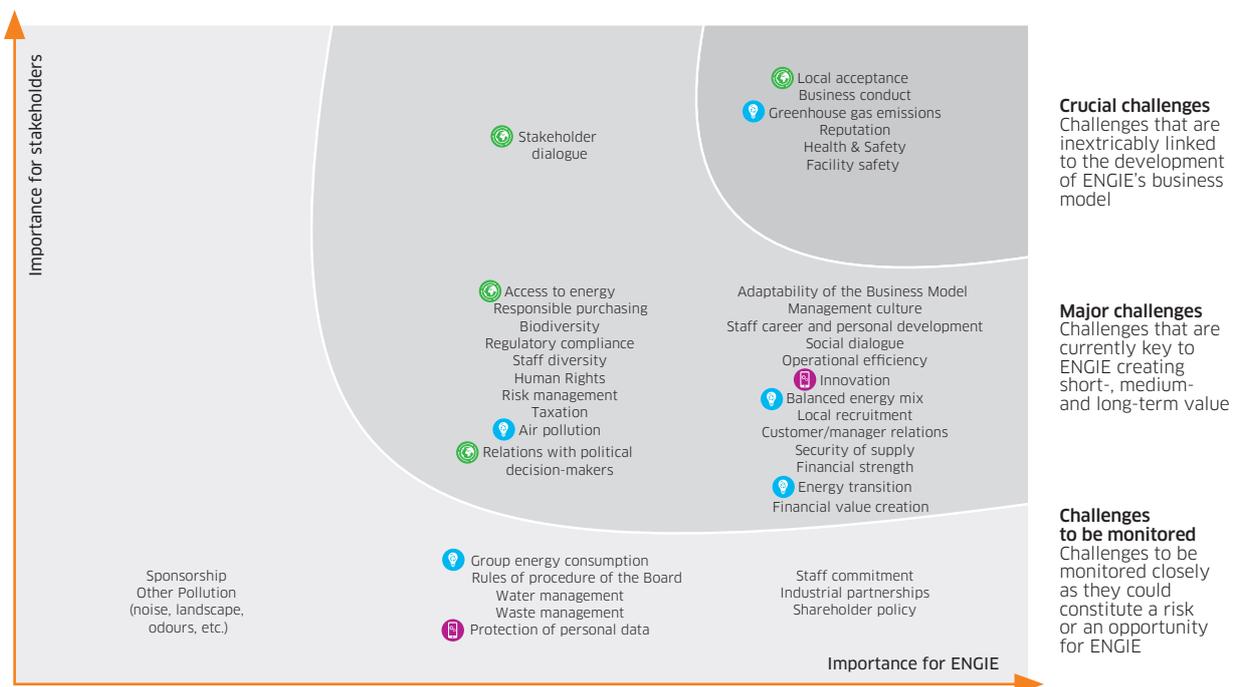
The matrix also highlights high expectations relating to **ENGIE's ambitions** and their implementation: energy transition, balanced energy mix, customer relations, staff personal and career

development, amongst others. These challenges are key to short-, medium- and long-term value creation. ENGIE notes the strong desire for dialogue with stakeholders, which lends weight to the Group action plans that have already been established.

Finally, expectations were identified in respect of **challenges relating specifically** to certain stakeholders or **more future-oriented challenges**, such as water, waste, and data protection, among others.

This exercise contributes to the analysis of the market in which ENGIE operates and feeds into its strategy. Some challenges thus reflect the **macro-trends** identified by the Group: the global move towards an **energy transition** is characterised by the **decarbonisation, digitalisation and decentralisation** of the energy system

→ **To find out more:**
"Materiality matrix" section at engie.com



Challenges directly linked to the three trends identified on page 10 of the report

🔍 **Towards Decarbonization of the energy mix**

📡 **Technological and digital revolution**

🌐 **Decentralising energy management**

2

2.2 Macro-trends identified by ENGIE

Background



Towards Decarbonization of the energy mix

Against the backdrop of a shake-up in the energy landscape, a multi-speed world is starting to appear:

- On the one hand, energy consumption – and CO₂ emissions – in emerging countries are increasing massively and rapidly as they further develop
- On the other hand, in Europe and North America, energy demand is tending to level off as a combined result of energy efficiency efforts and weak or moderate economic growth
- Finally, 18% of the world population, mainly in Africa and Asia, still has no access to energy

Forecasts

Even though coal is set to remain the main energy in the mix, all energies will have to contribute to meeting the massive needs in emerging countries. By 2035, 93% of the increase in primary energy consumption, 80% of additional gas demand and 60% of renewables growth will come from non-OECD countries (IEA World Energy Outlook 2013). Natural gas is playing an enhanced role with a huge increase in production of non-conventional gases and the prospect of new uses still to be developed (retail sales of LNG).



A technological and digital revolution

The energy sector is faced with an unprecedented technological revolution, with the emergence of digital technologies – particularly connected objects – and rapidly evolving renewable generation and storage technologies.

Digital technologies are becoming increasingly important: 4.9 billion connected objects globally. This figure could increase to 25 billion by 2020 (source: Gartner). In the energy sector, some 240 million smart meters will be sold globally between now and 2020 (Bloomberg New Energy Finance 2014). At the same time, progress is helping to make disruptive technologies competitive, as is the case with photovoltaic energy, which could become the most competitive energy by 2030. Lower battery production costs could bring about a transformation in the management of electricity grids and help integrate intermittent renewable energies.



Decentralising energy management

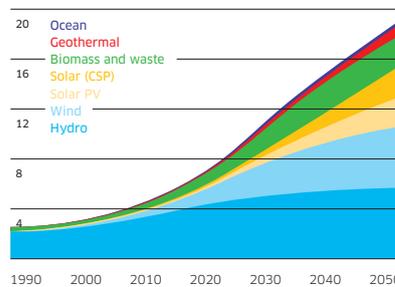
All countries across the world have decided to make use of renewable technologies, as they enable them to tap into local resources whilst protecting the environment. Energy production is becoming increasingly decentralised, being performed by local authorities or even individuals.

Production modes are changing with a move towards the existence of centralised and decentralised systems in parallel. At the same time, these systems are becoming increasingly smart, efficient and flexible. By 2025, smart cities could constitute a 1,500-billion dollar market, half of which would be located in Europe and North America (source: Forbes).

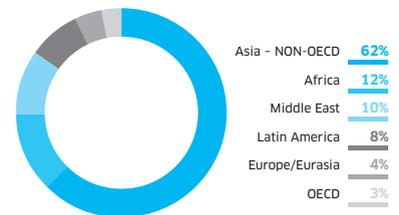
Opportunities and risks for ENGIE

Aspiring to a greener, more competitive and accessible production model is now a global reality. An increasing number of emerging countries are establishing incentives to support renewables plants and energy efficiency or to limit CO₂ emissions. Natural gas, renewable energies and energy services will be at the heart of the Group's contribution to the global energy transition.

Evolution of the Renewable Production (PWH) (IEA-WEO 2014)



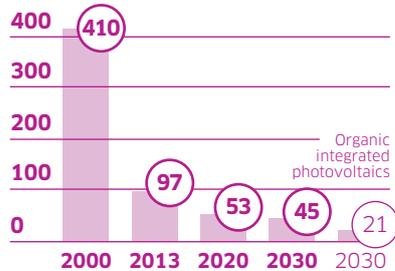
Geographical distribution of the growth in total primary energy demand 2012-2040 (IEA-WEO 2014)



x2 Demand for gas is expected to double in Latin America and Africa and triple in Asia between now and 2040

New behaviours and new expectations are emerging and we are progressively witnessing the emergence of customers who have become "prosumers". Tomorrow's customer will be increasingly connected and, thus, increasingly independent and will require more sophisticated energy services, all of which will be highly renewables and digital-oriented.

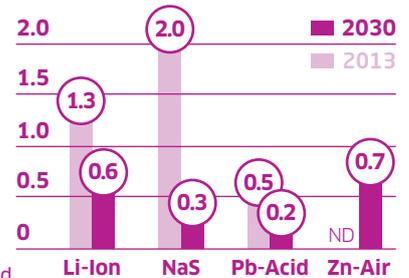
Price trends for solar roof panels (€/MWh)



60% of European households equipped with smart meters by 2019

Sources: ENGIE Research and Technology Division study and BCG.

Electricity storage investment cost by battery technology* (€/k₂₀₁₃/kWh)

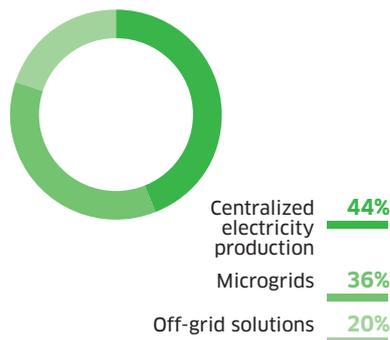


* Ratio Energy/Power over 3 hours.

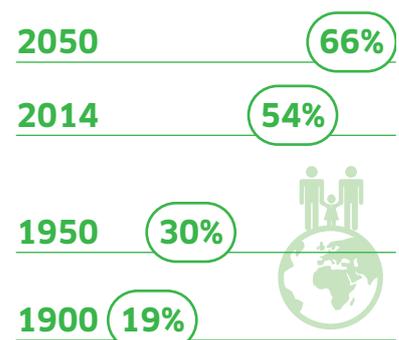
Source: ENGIE Distrigen and ISEA Aachen RWTH.

Working in tandem with digitalisation, decentralisation is paving the way for a new customer-centred energy generation and consumption model. Although the energy transition is a global reality, its implementation will vary greatly from region to region. There is therefore a need to rethink the energy system in order to take account of the specific nature of each country and each customer. Public authorities are now looking for partners rather than service providers. They expect to receive help to develop their projects and their energy and environmental strategy. This need for multiple services and partnerships is felt by businesses and industrial customers, which are increasingly looking for global offers.

IEA Scenario "Energy for all" (IEA-WEO 2011)



Share of the world's population living in towns and cities



Source: UN World Urbanization Prospects 2014.

3

Strategy and objectives

Becoming an energy architect for our customers

In light of the transformations to the global energy landscape, ENGIE is stepping up implementation of its industrial strategy, which is based on two pillars: **to be the benchmark energy player in fast growing markets** and **to be leader in the energy transition in Europe**.

In fast growing markets, ENGIE aims to strengthen its positions in independent power generation, developing its business all along

the gas value chain, particularly in the liquefied natural gas sector, and develop its energy services activities. In Europe, ENGIE is targeting three priority areas of activity: renewables, energy efficiency and new businesses.

ENGIE has set itself quantifiable targets for the purposes of steering implementation of its strategy, as well as its financial and non-financial performance.

A strategy tailored to the energy context			
Macro-trends	Strategy	Strategic drivers	Indicators
 Towards Decarbonization of the energy mix	To be the benchmark energy player in fast growing markets	Leveraging on strong Group positions in the independent power generation	Installed capacity Capacity under construction
		Developing positions along the gas value chain	LNG supply portfolio Transmission and distribution capacity Exploration-Production
 A technological and digital revolution	To be leader in the energy transition in Europe	Strengthening its leadership in the international energy services sector and being an energy partner to our customers in Europe	Increase in revenues from energy services and efficiency in Europe and globally
		Being a driver of energy decarbonisation through renewables	Renewable energies as a share of installed capacity and capacity under construction Reduction in specific CO ₂ emissions
		Developing and strengthening its footing in the digital sector	Projects in incubation or being screened by ENGIE <i>New Ventures</i> fund Number of initiatives entered for the Initiative Innovation Awards or the Innovation Week
 Decentralising energy management			

3.1 Strategic drivers

Leveraging on strong Group positions in independent electricity generation

ENGIE is the leading independent power producer in the world and - at the end of 2014 - 58% of its total installed capacity (115 GW) was located outside of Europe. The Group is consolidating its activities in countries in which it has recently established itself: Mongolia, South Africa or India, which, over the next ten years, will become the world's biggest consumer of electricity ahead of China.

In 2014, ENGIE was awarded an energy supply tender in Chile to build a new power station (375 MW) and a power transmission line over 600 km in length. The Group also secured new power purchase agreements in Brazil (535 MW) in relation to three thermal, wind and biomass power projects. These successes mark a new stage in ENGIE's goal to become the leading private power producer in Latin America within the next three years.

This goal is part of the **development of its international activities**, where the Group has a long-standing tradition, which was stepped up in 2011 after it acquired International Power. ENGIE has thus increased the share of its installed capacity in emerging countries from 32% in 2011 to 45% in 2014. Of its 10.5 GW of projects under construction, 96% are located in Asia, Africa or Latin America.



Developing positions along the gas value chain

In order to strengthen its positions along the gas value chain, ENGIE is drawing on its expertise in the field of **infrastructure** and developing synergies between its activities. The Group performs a broad range of activities in the gas sector, from exploration-production through to commercial services. In Mexico, ENGIE was selected to operate and maintain the Ramones Phase II South gas pipeline (291 km), which will bring gas to the country from the United States.

In the **liquefied natural gas** sector, ENGIE continues to focus its portfolio of contracts on emerging countries, particularly in Asia, as shown by its cooperation with China National Offshore Oil Corporation (CNOOC), which is the biggest importer of LNG in China. The Group also received permission from the United States in 2014 to export LNG from the Cameron terminal in Louisiana.

Currently the biggest importer of LNG in Europe and the third biggest globally, ENGIE will be in a position, thanks to this project, to diversify and be more flexible when supplying its current and future partners with LNG in fast growing areas. This new source of LNG will help increase the size of its portfolio and achieve its goal of 20 million tons per year by 2020.



Strengthening the leadership in the international energy services sector and being an energy partner to our customers in Europe

In the energy services sector, ENGIE aims to be the preferred partner of its customers, companies, public authorities and individuals. The Group has set itself the goal of increasing its revenues from energy efficiency activities by 40% between 2013 and 2018 and, outside Europe, to double it between 2013 and 2019. It is expanding its range of services and positioning itself in the "smart" grids sector.

In Europe, the acquisition of Balfour Beatty WorkPlace means that ENGIE is the leader in energy and, technical services and facility management in the United Kingdom.

ENGIE is capitalising on its **international** footing to develop its services activities. The Group laid the first foundations in 2013 when it acquired the Brazilian company EMAC, which specialises in the maintenance of air conditioning systems and multi-technical services, thereby giving it a firm footing to enable it to meet demand on the South American market. A further step was taken in China in March 2014 when a cooperation agreement was concluded with the Beijing Enterprises Group with a view to developing gas and energy efficiency projects. The Group has also made a number of acquisitions, which will enable it to consolidate its position as the leading provider of energy services internationally. These acquisitions include: Ecova, a company that provides smart energy management services to business customers, industrial customers and utilities in North America; Lahmeyer, an engineering consultancy firm specialising in energy and hydraulic infrastructure; and Keppel FMO, which is one of the leading global facility and real estate management players in Singapore.



Being a driver of energy decarbonisation through renewables

With a view to achieving a **diversified, balanced and low carbon energy mix**, **ENGIE aims to increase its renewables production as a share of its global installed capacity by 50% between 2009 and 2015 and to double its renewables capacity in Europe between 2015 and 2025.**

The Group is developing the most mature renewables technologies – particularly onshore wind energy, solar or biomass energy – and is focusing on new high potential projects, such as off-shore wind energy and biogas.

On fast growing markets, the Group is developing renewables projects in all countries in which it operates: wind energy in Morocco, solar energy in Chile, geothermal energy in Indonesia, to name but a few. In 2014, the Tarfaya wind farm (301 MW) – which is the biggest in Africa – was commissioned in Morocco. It will supply power to 1.5 million households thus contributing significantly to the country's goal of 42% of renewables as a share of installed capacity by 2020. The Kathu solar energy farm project in South Africa has been chosen as the "preferred bidder" by the South African Energy Department.



→ **To find out more:**
2014 registration document, section 1.1

29%

of capacity under-construction end 2014 in renewables

Mobilising ENGIE in the run up to COP 21

ENGIE is aware of its responsibility and the major role it has to play in the energy transition and thereby agrees that there is a need for a **fair global agreement to limit global warming** to 2°C between now and 2050. In the opinion of the Group, this agreement must:

- allow countries to pursue their economic development, whilst encouraging them to contribute equitably to the global greenhouse gas reduction effort;
- be based on the widespread use of carbon prices, with precedence given to carbon markets;
- be based on comparable calculation methods, transparent and reliable emissions and emissions reduction monitoring, reporting and inspection systems in order to gain the trust of investors. Mechanisms must exist to correct imperfections and distortions that are not conducive to encouraging investments in emissions reduction;
- incorporate suitable financing mechanisms, such as the Green Bonds, in order to foster the rollout of low carbon technologies. The role of the Green Climate Fund is of paramount importance in this respect, as is that of the multilateral development banks.

In the run-up to the 21st United Nations Climate Conference, to be held in Paris at the end of 2015, ENGIE has joined forces with the *Comité 21* and the *Club France Développement Durable* with a view to putting forward tangible solutions to mitigate climate change and its effects within the framework of the "COP21 Solutions" action programme.

→ **To find out more:**
"Climat et environnement" section at engie.com

Developing new businesses and strengthening its footing in the digital sector

In order to foster innovation within the Group and to tap into new sources of growth, ENGIE created the “Innovation, Marketing and New Business” entity in 2014. In keeping with the Group’s development strategy within the framework of the energy transition, three priority areas of action have been identified:

- Energy management, aggregation, decentralised generation and energy storage;
- Towns and cities, countries and mobility;
- Energy efficiency and home comfort.

An in-house social network, “innov@GDFSUEZ”, was launched in 2014 to foster collaborative innovation within the Group. By the end of 2014, it had 7,000 members and 55 communities of practices. The Group also established an incubation process for employee projects, designed to enable such projects to mature and give rise to new business. By the end of 2014, five teams of employees were developing their projects in external incubators created from partnerships with organisations such as Paris & Co (France), Le Village (France) and AGORANNOV (Belgium). This process enriches existing initiatives, such as the *Trophées de l’Innovation* (Innovation Awards), an in-house competition held each year for innovative projects submitted by Group employees.

To strengthen its links with the innovation eco-system in regions where it operates, the Group has launched several calls for projects to start-ups. ENGIE has also launched a number of events, such as a “Hackathon” on customer relations, an “innovation mornings” cycle’ and an “Innovation Day” in Lille. A New Ventures investment fund with a €100 million endowment was also launched by the Group in 2014 to back innovative start-ups in the field of the energy transition. This fund is designed to take (minority) stakes in start-ups linked to the Group’s activities by offering them dual leverage: financial leverage through investment and operational leverage with the Group’s subsidiaries. By the end of 2014, it had made its first investment in a company called Powerdale, which is a young Belgian business specialising in energy monitoring and electrical mobility. Since then, ENGIE has purchased stakes in the American company Tendril, which specialises in energy consumption data, as well as the French companies, Sigfox, a low bandwidth network operator for connected objects, and Redbird, which operates drones for the purpose of infrastructure management.

The “Innovation, Marketing and New Business” entity, which has the task of rapidly developing new activities, works closely with the **Research and Technologies Department**, whose mission is to improve the operational performance of the various businesses, as well as to anticipate medium-term developments and manage and bring to maturity tomorrow’s technologies, which will make all the difference in setting apart the offers and activities of the Group’s businesses. This Department manages ENGIE’s prospective research programmes on: renewable energies, offshore LNG and tomorrow’s gas value chains, smart energy and the environment, towns and buildings of the future, carbon capture, transportation and storage. In 2014, the Research and Technologies Department expanded internationally with the setting up of laboratories in Chile and another in Singapore. It has also created new centres of expertise within its laboratories in the field of batteries, 3D printing and drones.

Cities of tomorrow

Given that, by 2025, over 65% of the world’s population is likely to live in urban areas, ENGIE is devoting its expertise to developing cities of tomorrow (“Smart Cities”) and to energy transition in the regions. The Group is assisting local authorities in all stages of their urban planning projects and is developing **innovative services** designed to enhance the well-being of inhabitants, such as positive energy, eco-districts, smart grids, green mobility, the security and sharing of urban areas, and real-time management of connected cities.

In 2014, Cit’Ease™, the optimised city management solution developed by ENGIE and SUEZ Environnement, was tested in France and Belgium. This collaborative tool, which is intended for public authorities and municipal services, is designed to provide better knowledge of the many data generated by a town or city, so as to be able to better understand the dynamics of a local authority, optimise investments and anticipate major risks.

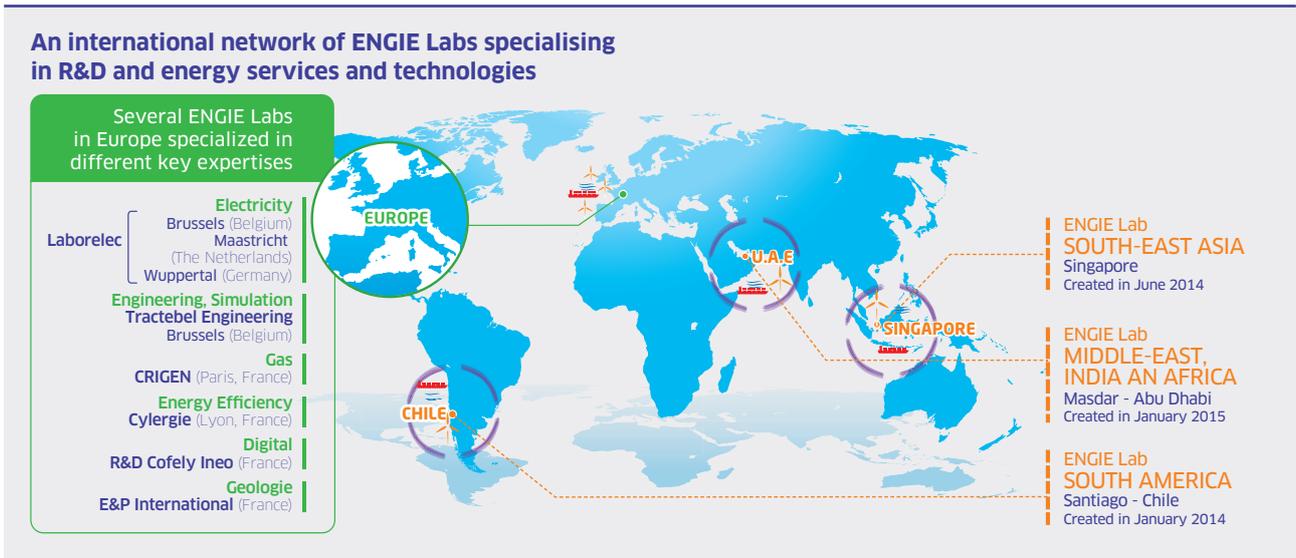
➔ **To find out more:**
 “Innovation and energy transition” section
 at engie.com

€100 M
 endowment for the
 ENGIE New Ventures
 investment fund

900
 researchers working
 in the Group’s research
 centres and entities

€189 M
 allocated to research and
 technological development
 in 2014 (compared to
 €161 million in 2013)

3



3.2 Operational and human drivers

Industrial development supported by targeted investments

In order to implement its strategy, ENGIE has significantly bolstered its **investment programme**. Net investments (1) have increased from €3 billion in 2013 to €6-7 billion per year on average for the period 2014-2016.

In order to finance this growth, ENGIE draws on its significant financial strength. The Group enjoys the best rating of all private companies in the sector, as well as considerable cash flow generation, and achieved good results under its operational efficiency improvement plan (**Perform 2015**). In light of the recent significant fall in oil and gas prices, which has had a considerable short-term impact on the Groups businesses (2), ENGIE decided to establish a **quick reaction plan** to run in parallel to the Perform 2015 plan, and which will focus on making targeted operational cost reductions whilst postponing certain growth investments.

Exposure to “commodities” prices

Business line	Main exposures in terms of EBITDA
Energy International	<ul style="list-style-type: none"> Electricity production in fast growing countries (mainly long-term contracted) Electricity price (North America, United Kingdom, Australia) Inter-regional LNG spreads, mainly to Asia
Energy Europe	<ul style="list-style-type: none"> Electricity price in Europe European gas/oil spreads Inter-regional LNG spreads, mainly to Asia
Global Gas & LNG	<ul style="list-style-type: none"> Oil and gas price in Exploration & Production Inter-regional LNG spreads, mainly to Asia Oil-indexed LNG sourcing
Energy Services Infrastructures	<ul style="list-style-type: none"> Limited exposure to oil/gas price Limited exposure to oil/gas price

(1) Net capex = gross capex – disposals (cash and net debt impact).

(2) Estimated at around – €900 million in terms of EBITDA in 2015 and – €350 million in terms of the Net Recurring Income, Group share, at market conditions as at December 31, 2014.

This plan has enabled the Group to be able to forecast, for 2015, a Net Recurring Income, Group share, (1) of between €3 and 3.3 billion, under average weather conditions for France, which is in line with the forecast published for the financial year 2014. This target is based on estimated EBITDA and current operating income (2) amounting to between €11.7 and €12.3 billion and €6.8 and €7.4 billion respectively.

In order to support the development of its renewable energies and energy efficiency activities, ENGIE issued its **first Green Bond** in May 2014 for a total amount of €2.5 billion- the biggest to date – with an average coupon rate of 1.895% and an average maturity of 9.1 years. This issuance was very popular among French, German and British institutional investors. The projects financed will have to meet a certain number of environmental, social and societal criteria determined in conjunction with the rating agency Vigeo.

Selected investment criteria

Investments are subject to financial conditions and clear assessment criteria: compatibility with strategic priorities and the Group’s desire to acquire the skills and technologies needed for its businesses of the future, as well as making a swift contribution to results.

Ten environmental, social and societal criteria are presented, analysed and assessed for each new investment project exceeding €50 million. These criteria relate to ethical considerations, CO2 emissions, carbon credit generation, energy efficiency, green management of ecosystems, human resources, health & safety, local procurement, social impacts and stakeholder cooperation.

Net Recurring Income, Group share ⁽¹⁾ (in € billion)	2013	2014
In 2015, achieve a net recurring income, group share, of between €3 and €3.3 billion, under average weather conditions for France, in line with the forecast published for the financial year 2014 ⁽¹⁾	3.4	3.1

EBITDA (in € billion)	2013	2014
In 2015, achieve an EBITDA of between €11.7 and €12.3 billion	13.0	12.1

Dividend per share (in €)	2013	2014
For the period 2014-2016, pay-out ratio of 65-75% of Recurring Net Income Group Share with a minimum of 1 € per share	1.5	1.0

Net capex (in € billion)	2013	2014
For the period 2014-2016, make net capex of between €6 and €7 billion ⁽³⁾ per year on average	3.2	3.9

➔ **To find out more:**
 Section 6.1 of the report: “A growth and development strategy based on a solid financial foundation”

(1) Excluding restructuring costs, MtM, impairment of current assets, transfers, other non-recurring elements and related fiscal impacts and the nuclear contribution in Belgium.
 (2) After share in net income of entities accounted for using the equity method.
 (3) Net capex = gross capex – disposals (cash and net debt impact).



Transformation achieved through stakeholder cooperation

ENGIE's goals are predicated upon industrial and economic excellence, as well as – increasingly – on its ability to involve its stakeholders and create shared value.

The Group's transformation is guided by **listening to customers, and more broadly speaking, to civil society**, so as to anticipate their expectations and better understand the impact of its activities. This renewed vision of the relationship between a company and consumers is at the heart of ENGIE's strategy. The Group defines itself as an energy partner of its customers: it is no longer merely about supplying gas or electricity, but about helping them to manage and reduce their consumption by developing innovative solutions for everyday life.

To become more agile and adapt to the trends in its environment, ENGIE has been implementing a far-reaching action plan that places **human beings at the heart of its transformation** in three main areas: developing and advancing our employees, animating the Group and spreading its values, enhancing performance to serve our customers.

Within ENGIE, **environmental and societal responsibility** plays an integral role in drawing up business strategy, through the development of sustainable business, which involves identifying environmental and societal issues and transforming them into opportunities for the Group. This integration also depends on the management of non-financial risks related to the environment, local and international acceptability, health, safety, human resources management, ethics and governance.

→ **To find out more:**

Subsequent sections of the report:

"5.6 Stakeholder dialogue",

"6.2 Protecting the environment, a strategic necessity",

"6.3 Helping employees to transform the Group"

"6.4 Ensuring the Group's regional footing"

CO ₂ ⁽¹⁾ emissions <i>(in kg eqCO₂/MWh)</i>	2013	2014
Between 2012 and 2020, reduce specific CO ₂ emissions by 10%	425.0	434.2 <small>(-2% vs 2012)</small>

Biodiversity	2013	2014
By 2015, implement a biodiversity action plan at each sensitive site in the European Union	36.0%	72.4%

Health & Safety	2013	2014
In 2015, achieve an occupational accident frequency rate of less than 4	4.4	4.1

Diversity	2013	2014
In 2015:		
33.3% of newly appointed executives to be women	26.2%	32.6%
35% of high potential managers to be women	27.7%	28.4%
25% of women in managerial staff	21.9%	21.9%
30% of new hires to be women	19.5%	22.4%

Training	2013	2014
Ensure that 2/3 of employees continue to attend at least one training course per year	68.5%	68.1%

Employee shareholding	2013	2014
By 2015, achieve a level of employee shareholding in the company's share capital of 3%	2.4%	3.2%

(1) Emissions as a share of related electricity and energy generation.

4

Risk analysis

Better managing our risks in order to enhance our performance

Owing to the diversity of its activities and its site locations, ENGIE is exposed to **financial, industrial, commercial, environmental, social and reputational risks**. The occurrence of such risks could have a significant impact on the Group’s activity, its financial

situation and results, as well as on its image, outlook and share price. ENGIE has defined a global risk management policy in order to ensure **implementation of its strategy** and, ultimately, of **its long-term performance**.

4.1 Risk management

Monitored by the Board of Directors, risks are handled by the General Management Committee and the Entities Management Committee, in which are decided the actions to be taken to manage the risks. The Risk Officers oversee the risk management at each level (Centre, Business Line, Business Unit). Each year, they run the ERM (Enterprise Risk Management) process, which aims at identifying the risks and their interactions, and to define the required action plans. All of the Group’s businesses and functional lines contribute to the risk management. The annual risk review is run by the Management Committees. For some specific risks, such as market risks, a policy and a specific Committee may be set up.

As part of its risk assessment, the Group takes into consideration studies on macroeconomic and sectoral risks conducted by external observers. At the highest level of the company, ENGIE has created bodies with external stakeholders’ participation to anticipate technical and societal trends. These bodies include the Sustainable Housing Observatory, the City of Tomorrow Committee, the Observatory on Energy and Water Scarcity and the "ENGIE – HEC Chair Business and Sustainability".

→ *To find out more:*
[Registration document, section 2.1](#)

4.2 Main Group risks

The implementation of ENGIE’s strategy comes with the evaluation and the management of sectoral risks, related with the external environment and the conduct of its business. The risks highlighted

in this report are those which are the most sensitive in respect of the Group’s strategy. Other risks not mentioned or not currently known could also affect the Group.

	★ Strategic risks relating to sectoral transformation	★ Strategic risks relating to the external environment	★ Operational risks relating to the conduct of business
Priority risks	<ul style="list-style-type: none"> ✓ Trends in the gas sector ✓ Transformation of the electricity sector 	<ul style="list-style-type: none"> ✓ Country-risk and regulatory risks 	<ul style="list-style-type: none"> ✓ Projects ✓ Industrial safety ✓ Human resources ✓ Procurement and supply chain ✓ Values, ethics and reputation
Other risks	<ul style="list-style-type: none"> ✓ Trends in the service sector 	<ul style="list-style-type: none"> ✓ Economic situation ✓ Climate change ✓ Financial risks 	<ul style="list-style-type: none"> ✓ Information systems and digital transformation
	Page 20	Page 21	Pages 22 and 23



★ Strategic risks relating to sectoral transformation

Risk	Description of the risk	Action taken by ENGIE	To find out more:
Trends in the gas sector Priority risk	<p>Mass production of shale gas in the United States has led to sharp decline in coal prices, lowering gas demand in Europe for power generation.</p> <p>Besides, certain geopolitical situations could give rise to risks of supply shortages.</p>	<p>The Group regularly renegotiates its long-term supply contracts in Europe in order to remain competitive and to adapt them to a changing demand.</p> <p>The flexibility of its activity in the liquefied natural gas and its position in the exploration & production adds up to its capacities to handle this risk and strengthen its income in the gas chain.</p> <p>This risk is managed thanks to ENGIE's diverse range of assets (storage, regasification) and its market or long-term contracts.</p>	<p>2014 registration document Section 2.3.1.1</p>
Transformation of the electricity sector Priority risk	<p>The fall in demand combined with the emergence of decentralised renewable energy generation have led to the mothballing of flexible gas-powered stations. This shake-up increases the risk of supply interruptions.</p>	<p>The development of renewables is a strong trend that ENGIE is keeping up with by diversifying its partnerships and by adjusting to local conditions and changing technologies.</p> <p>The Group is also involved in low carbon nuclear power generation projects in Belgium, the United Kingdom and Turkey. It manages its nuclear projects transparently and anticipates changes in safety regulations.</p>	<p>2014 registration document Section 2.3.1.2</p>
Trends in the service sector	<p>Services are one of the areas in which the Group is seeking to develop its activities within a context where changing demand and regulations are contributing to mitigating climate change.</p> <p>The related short-term risks pertain to difficulties for customers to invest in energy efficiency systems. In the medium term, competition from new players could foster innovation of offers and limit margins.</p>	<p>The signature of new types of contracts with performance-related goals provides ENGIE with development opportunities. This type of contract enables customers to make energy savings.</p>	<p>2014 registration document Section 2.2.1</p>

★ Risks relating to the external environment

Risk	Description of the risk	Action taken by ENGIE	To find out more:
<p>Country-risk and regulatory risks</p> <p>Priority risk</p>	<p>The Group's activities are exposed to changing regulations and legislation, particularly CO₂ market mechanisms, support for renewables and the regulation of sale or purchase prices. In the longer term, energy policies are designed to restructure the organisation of the sector through climate and renewables targets, particularly in Europe.</p> <p>As a result of its international presence, the Group is exposed to country-specific risks arising from unforeseen changing economic situations and political and legislative stability.</p>	<p>ENGIE protects its interests in its dealings with legislators and regulators whilst taking into account of the interests of its stakeholders.</p> <p>The Group safeguards the diversity of its power generation facilities and natural gas supply within the framework partnership policy, allowing the Group to work along with local stakeholders.</p>	<p>2014 registration document Section 2.2.2</p>
<p>Economic situation</p>	<p>The prevailing economic situation has an impact on demand for electricity, natural gas and services. Weak growth in Europe and uncertainties about the growth prospects in emerging countries imply a risk of a fall in revenues and profit margins for the Group.</p>	<p>In order to limit these uncertainties, ENGIE is diversifying its project and customer portfolio in each of its areas of activity.</p>	<p>2014 registration document Section 2.2.1</p>
<p>Climate change</p>	<p>In the short term, climate phenomena will have an impact on energy generation, as well as on demand for gas and electricity.</p> <p>In the longer term, climate change could have a broader impact on the Group's activities: changing energy needs, CO₂ emissions reduction, increasing scarcity of water resources, etc.</p>	<p>In order to manage fluctuating annual demand, ENGIE is actively balancing out supply and demand by optimising its portfolio of assets, gas resources and power generation.</p> <p>Increasing its renewable energy capacities and developing services, in particular in the area of energy efficiency, are key aspects of ENGIE's strategy toward energy transition.</p>	<p>2014 registration document Section 2.2.3</p>
<p>Financial risks</p>	<p>Falling demand leads to a fall in electricity prices and the profitability of generation assets, particularly in Europe. The economic environment also has an impact on monetary policies and exchange rates, as well as on the solvency of counterparties.</p>	<p>The Group's risk policies cover risks such as commodity, counterparty, credit and interest rate and currency risks.</p>	<p>2014 registration document Section 2.5</p>



★ Operational risks relating to the conduct of business

Risk	Description of the risk	Action taken by ENGIE	To find out more:
<p>Projects</p> <p>Priority risk</p>	<p>ENGIE's growth relies on various projects of acquisition or construction of industrial assets, such as gas and electricity plants or dams where it acts as owner and/or operator. The service life of these assets is several decades.</p> <p>The profitability of these assets depends particularly on the construction management, operational performance, natural phenomena, regulatory and fiscal changes and changes in the competitive environment over the long term. These different factors could reduce the profitability of the asset or lead to an impairment.</p>	<p>The Group has strengthened the follow up of its portfolio of projects and the way it reacts to risks, for example, by developing its facilities in partnership with local partners so as to secure acceptance and profitability.</p> <p>Besides, ENGIE takes into account environmental and societal criteria from the initial phase of its projects when answering tender bids and when choosing its strategic suppliers. Suppliers are encouraged to comply with the 10 principles of the Global Compact.</p>	<p>2014 registration document Section 2.3.2</p> <p>Section 5.6 of the report "Stakeholder dialogue"</p> <p>Section 6.4 of the report "The Group's footing in the regions"</p>
<p>Industrial safety</p> <p>Priority risk</p>	<p>As a player in the energy sector, the Group operates, or is active at, industrial sites where accidents can cause injuries or loss of life, or major property or environmental damage, as well as activity interruptions and operating losses (Seveso sites, oil and gas operating facilities, customers' sites operated by the Group on their behalf, etc.).</p>	<p>For the most part, these risks are covered by insurance policies, but, in the event of a major claim, the Group may be held liable for amounts above the maximum ceilings covered or for events not covered by the policies.</p> <p>The Group carries out its industrial activities in compliance with the safety regulations, using a safety management system that is based on the principle of prevention and continuous improvement. Nuclear risks are managed separately under the supervision of the Safety Authorities and under the scrutiny of international associations, such as the World Association of Nuclear Operators (WANO).</p>	<p>2014 registration document, Section 2.4</p> <p>Section 6.2 of the report "Protecting the environment, a strategic necessity"</p>
<p>Human resources</p> <p>Priority risk</p>	<p>The Group's transformation entails human resource challenges: evolution of its businesses and skills, staff commitment and motivation, prevention of psycho-social risks, change management, high quality social dialogue, compliance with social commitments.</p>	<p>Particular attention is paid to local management, which is responsible for conveying the Group's messages and implementing change. The Group's vision and strategy are communicated, with a specific focus on transformation projects and their smooth rollout.</p>	<p>2014 registration document Section 2.3.5</p> <p>Section 6.3 of the report "Helping employees to transform the Group"</p>

Risk	Description of the risk	Action taken by ENGIE	To find out more:
<p>Procurement and supply chain (excluding energy)</p> <p>Priority risk</p>	<p>Procurement (excluding energy) and the related supply chains underpin the performance of ENGIE's businesses. Some of the Group's companies are dependent on a limited number of specific suppliers.</p> <p>Moreover, the Group might be exposed to the risk of failure of a supplier or to non-compliance with the terms of a contract (including quality, ethics and CSR).</p>	<p>The process for selecting suppliers has been strengthened and alternative solutions have been identified, with a specific focus on critical suppliers.</p> <p>The Purchasing functional line is also of the Group's values responsible toward its suppliers and is a key player in ensuring that the Group conducts its business responsibly. ENGIE has started to use ACESIA, a platform provided by AFNOR. It allows the Group to assess environmental, social and societal performance of its suppliers based on ISO standard ISO 26000 and helps them with their continuous improvement processes.</p>	<p>2014 registration document Section 2.3.1.4</p> <p>Section of the report "Developing responsible purchasing"</p>
<p>Values, ethics and reputation</p> <p>Priority risk</p>	<p>Reputation is one of ENGIE's intangible assets, which can be undermined in the event of non-compliance with its values, failure to deliver operational excellence or questioning of its legitimacy as an operator.</p>	<p>Through its policies, organisation, procedures and governance, the Group endeavours to prevent operational risks and smear campaigns that could affect its reputation. The Group is, for example, developing a responsible purchasing policy, fighting fraud and corruption and working with its stakeholders to ensure local acceptance of its activities.</p>	<p>2014 registration document Sections 2.3.4 and 2.2.4</p>
<p>Information systems and digital transformation</p>	<p>New information technologies and the new digital uses of the internet are hotbeds for development and innovation, but they also expose ENGIE to new risks. Cyber-attacks and hacking attempts are increasingly targeted and could result in information losses or leaks, delays and extra costs that could be detrimental to the Group.</p> <p>The emergence of big data, the strengthening of personal data protection and the development of decentralised management of energy generation have brought new risks to light.</p>	<p>Security measures are regularly strengthened and are subject to annual reviews.</p> <p>The Group anticipates emerging risks through monitoring, so that it can continuously adjust its action plans.</p>	<p>2014 registration document Section 2.3.7</p>

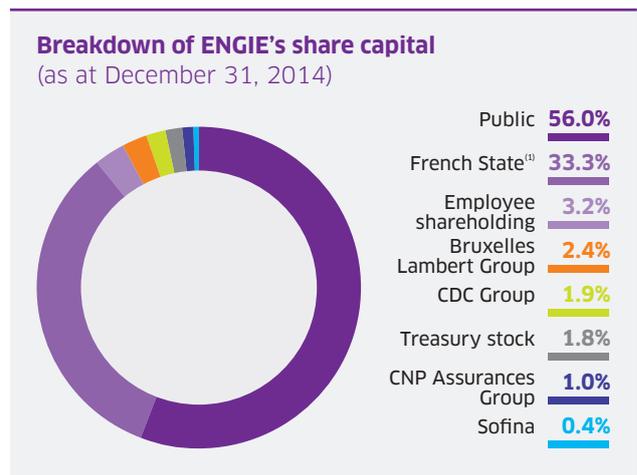
5

Governance and decision-making processes

Defining and steering strategy

For ENGIE, **compliance with good governance codes and systems** plays a key role in strategic decision-making. The Group's governance structures and processes are regularly reviewed in order to **tailor them to its strategy** and reflect best national and international practices in the field, particularly the Code of Corporate Governance for Listed Companies published jointly by AFEP (French Association of Private Enterprises) and the MEDEF (Movement of French Enterprises). With a corporate culture underpinned by its values and Ethics Charter, the Group is committed to applying high standards of integrity and ethical standards in all its activities.

ENGIE's governing bodies are the Board of Directors, the four Committees of the Board of Directors, the General Management Committee and the Executive Committee with due regard for the prerogatives of the General Meeting of Shareholders.



5.1 The Board of Directors, the guardian of the Group's commitments

Independence and experience of its Directors

The Board of Directors determines ENGIE's **strategic aims** and oversees their **implementation** in the long-term interest of the Group and its subsidiaries. The Board's tasks include supervising financial policy and its commitments in the field of environmental, social and societal responsibility. It submits to the General Meeting the decisions fall within the latter's remit. The rights and duties of the Directors, as well as the rules governing how they exercise their duties, are described in the Code of Conduct and ENGIE's Directors' Charter.

At the date of the present document, the Board of Directors of ENGIE comprises 19 members, including three Directors representing the employees, one Director representing the employee shareholders and five Directors representing the French State. The Board is composed of men and women with

experience of company management and/or expertise in a specific field (particularly in finance, human resources and industrial sectors). In accordance with the AFEP-MEDEF Code, 8 Directors are deemed to be independent, i.e., 53% of the Directors⁽²⁾. ENGIE also ensures compliance with the principle of a **balanced representation** of men and women on the Board: 11 of its elected members are women, i.e. 63%⁽²⁾ of the Board, which is above the minimum requirement under French law.

The Board meetings are also attended by the French Government's commissioner and the representative of the Central Works Council, each of which has an advisory vote, as well as the Executive Vice-President and Chief Financial Officer, The General Secretary and the Secretary of the Board of Directors.

The term of office of the Directors is **four years**.

63%
of women on the Board of Directors⁽²⁾

5
different nationalities

53%
of the Directors are independent⁽²⁾

(1) Upon the sale by the French State of 1.36 million ENGIE shares to the Group's employees on February 27, 2015 pursuant to applicable rules, the State's stake in the share capital as of that date was 33.2%.

(2) Pursuant to the AFEP-MEDEF Code, the number of Directors representing employees and employee shareholders is not taken into account when calculating the percentage of independent Directors. Moreover, in accordance with the law, the number of Directors representing employees is not taken into account when calculating the percentage of women Board members

A balanced and diverse Board of Directors

Director	Age	Nationality	Date of initial appointment	Date of expiry of term of office	Independent Director
Directors elected by the General Shareholders' Meeting					
Mr Gérard Mestrallet Chairman and Chief Executive Officer	66	French	2008	2016	
Ms Isabelle Kocher Deputy Chief Executive Officer	48	French	2014	2016	
Ms. Ann-Kristin Achleitner	49	German	2012	2019	✓
Mr Edmond Alphandéry	71	French	2008	2019	✓
Mr Jean-Louis Beffa	73	French	2004	2016	✓
Mr Aldo Cardoso	59	French	2004	2019	✓
Ms Barbara Kux	61	Swiss	2015	2019	✓
Ms Françoise Malrieu	69	French	2011	2019	✓
Ms Marie-José Nadeau	61	Canadian	2015	2019	✓
Lord Simon of Highbury	75	British	2008	2016	✓
Directors elected by the General Shareholders' Meeting on a proposal of the State					
Mr Bruno Bézard	51	French	2014	2019	
Ms Catherine Guillouard	50	French	2015	2019	
Ms Mari-Noëlle Jégo-Laveissière	47	French	2015	2019	
Ms Stéphane Pallez	54	French	2012	2019	
Directors representing the State					
Ms Astrid Milsan	43	French	2013	2016	
Directors elected by the employees					
Mr Alain Beullier	51	French	2009	2018	
Mr Philippe Lepage	50	French	2014	2018	
Ms Anne-Marie Mourer	56	French	2009	2018	
Director elected by the General Shareholders' Meeting and representing the employee shareholders					
Ms Caroline Simon	46	French	2013	2017	

→ To find out more:

Biographies of the members of the Board of Directors can be found under the "Governance" section at engie.com
Code of Conduct and Directors' Charter can be found under the "Governance" section at engie.com



Regular and well-attended meetings

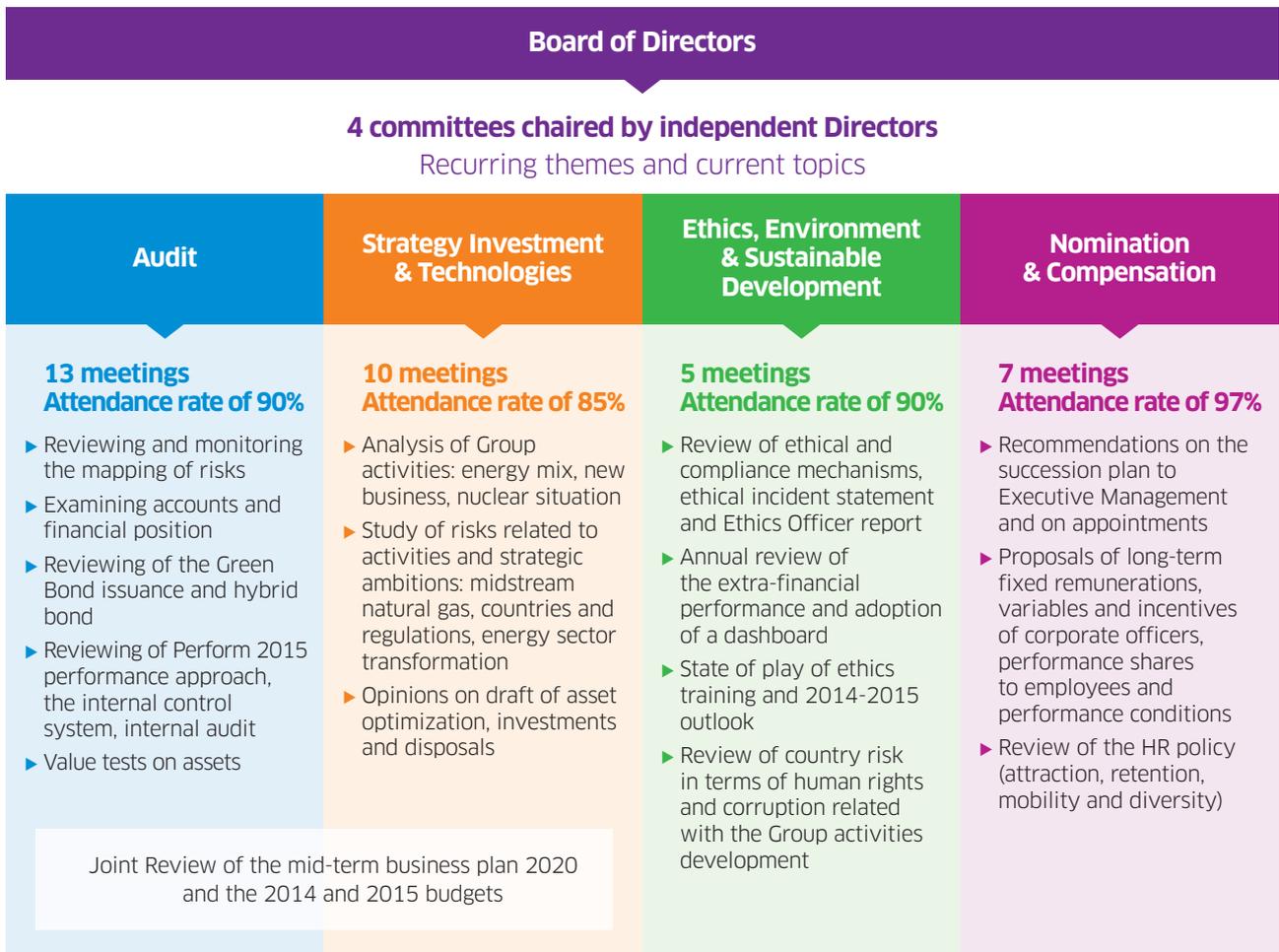
In 2014, the Board of Directors met 12 times with an average attendance rate of 83%. The Directors examined and discussed the activities and strategy of the Group, the related risks and opportunities, the medium-term business plan for the period through to 2020, financial issues, corporate governance, the nuclear situation in Belgium, the health & safety record for 2013 and the professional equality and wage policies. The **strategy seminar** held in 2014 was devoted to the development of strategic partnerships as well as implementation of Group strategy, particularly in energy services, nuclear power and renewable energy sources in Europe and new activities and infrastructures.

The **annual evaluation** of the Board of Directors was conducted by the Ethics, Environment and Sustainable Development Committee under the supervision of its Chairman and with the help of an **independent expert**.

Four specialised and complementary committees

Four Committees with complementary expertise assist the Board of Directors: the Audit Committee, the Strategy, Investment and Technology Committee, the Nomination and Compensation Committee and the Ethics, Environment and Sustainable Development Committee.

Committees of the Board of Directors



→ **To find out more:**
 2014 registration document, section 4.1
 Committees of the Board of Directors in "Governance" section at engie.com

5.2 A General Management that embodies the Group's vision

A smooth anticipated succession

In the run-up to the end of the term of office of the Chairman and CEO, Gérard Mestrallet, which expires in 2016, the Nomination and Compensation Committee examined the issue of his successor at the helm of the General Management. After a rigorous and collective process, it was decided to co-opt Isabelle Kocher as Director and appoint her as Deputy Chief Executive Officer and Chief Operating Officer. These decisions took effect on November 12, 2014.

General Management

The Chairman of the Board of Directors of ENGIE, Gérard Mestrallet, is the Chief Executive Officer and is assisted by his Deputy Chief Executive Officer, Isabelle Kocher. Their respective powers are governed by the Board's internal regulations. The two executive corporate officers thus lead ENGIE's General Management and are members of the Board of Directors of ENGIE.

The General Management Committee and oversight of strategic decisions

The General Management Committee of ENGIE, which has 12 members at the date of the present document, is responsible for steering the Group. It meets every week and implements the strategic decisions of ENGIE according to the guidelines set out by the Board of Directors.

Member Position	Year of birth	Nationality	Year of appointment to the General Management Committee
Mr Gérard Mestrallet Chairman and Chief Executive Officer	1949	French	2008
Ms Isabelle Kocher Deputy Chief Executive Officer and Chief Operating Officer	1966	French	2011
Mr Dirk Beeuwsaert Executive Vice-President in charge of the Energy Europe Business Line	1948	Belgian	2009 and 2014
Ms Valérie Bernis Executive Vice-President, Communications, Marketing and Environmental and Societal Responsibility	1958	French	2011
Mr Alain Chaigneau Executive Vice-President, General Secretary (up until June 30, 2015)	1951	French	2015
Mr Jean-Marie Dauger Executive Vice-President in charge of the Global Gas & LNG Business Line	1952	French	2008
Mr Jean-Claude Depail Executive Vice-President in charge of the Infrastructures Business Line	1949	French	2011
Mr Henri Ducreé Executive Vice-President in charge of Group Human Resources	1956	French	2011 and 2013
Ms Judith Hartmann Executive Vice-President, Chief Financial Officer	1969	Austrian	2015
Mr Pierre Mongin Executive Vice-President (on May 1, 2015 and General Secretary on July 1, 2015)	1954	French	2015
Mr Jérôme Tolot Executive Vice-President in charge of the Energy Services Business Line	1952	French	2011
Mr Willem Van Twembeke Executive Vice-President in charge of the Energy International Business Line	1965	Belgian	2013

→ **To find out more:**

Presentation of the General Management Committee under the "Governance" section at engie.com



The Executive Committee at the heart of strategy and operations

As a think-tank and a forum for discussion and decision-making relating to the company's main strategic aims, the Executive Committee reviews the long-term strategy and outlook of ENGIE and ensures that the short-term goals are achieved. It has 21 members at the date of the present document, including the members of the General Management Committee and the heads of some functional departments:

- Jean-Louis Blanc, Commercial Director, Innovation and Group New Business;
- Claire Brabec-Lagrange, Director of Group Purchasing;
- Marc Florette, Director of Digital;

- Philippe Jeunet, Advisor to the Chairman and Chief Executive Officer in charge of the City of Energy and Environment project;
- Yves Le Gélard, Director of Information Systems;
- Didier Rétaï, Director of Audit and Risks;
- Paul Rorive, Director of Nuclear Development;
- Édouard Sauvage, Director of Strategy;
- Raphaël Schoentgen, Director of Research and Technology;
- Denis Simonneau, Director of European and International Relations.

→ **To find out more:**
[2014 Registration document, section 4.3 Presentation of the General Management Committee under the "Governance" section at engie.com](#)

5.3 Structured short-, medium- and long-term compensation

Balanced, performance-related compensation

The compensation of corporate officers, which is determined by the Board of Directors, is linked to the short-, medium- and long-term performance of the Group, thereby acting as an incentive to achieve its strategic goals. In accordance with the recommendations of the AFEP-MEDEF Code, their compensation includes a fixed portion, a variable portion and a long-term incentive based on demanding quantitative and qualitative performance criteria and in

line with the practices of comparable major international groups. The Appointments and Compensation Committee periodically reviews and adjusts the respective weighting of the criteria in order to bring them into line with Group strategy and its sustainable development commitments.

For the financial year 2014, the different portions of the compensation of the corporate officers form a balanced short- and long-term package, and can be broken down as follows:

	Fixed	Variable	Performance Units
Objectives	Short term Reflect the responsibilities, experience and skills of the executive officer	Short term Reflect the personal contribution of the executive officer to Group development and to improvements in its economic, financial, environmental, social and societal results	Long term Encourage sustainable value creation in line with the interests of the shareholders, compensation proportionate to total compensation
Criteria		Quantitative criteria (70%) Net Recurring Income, Group share (NRIGs) per share: 50% Free Cash Flow: 16.7% ROCE: 16.7% Net debt: 16.7% Qualitative criteria (30%) Social and environmental responsibility, R&D, innovation and new business policy, organisation in the renewables field, Services strategy, etc. Gérard Mestrallet: target variable portion = 130% of fixed portion, capped at 150%	Quantitative criteria TSR/Eurostoxx Utilities 33,33% NRIGs: 33.33% ROCE 33.33% Compensation subject to performance conditions and a 3-year vesting period, followed by a 3-year exercise period. Upon exercise, obligation to reinvest, in ENGIE shares, 2/3 of the net amount paid (until reaching the shareholding target, equal to two years' fixed compensation).

(cont.)	Fixed	Variable	Performance Units
Compensation changes	Unchanged since 2009	In light of the difficult situation in the European energy sector and its impacts on shareholders: waiver of 30% of target compensation for 2014, with this amount being deducted in first instance from the variable portion	Performance conditions identical to units granted for 2013

1) Compensation of executive corporate officers

Compensation for 2014	Gérard Mestrallet	Jean-François Cirelli ⁽¹⁾
Fixed	€1,400,000	€864,032
Benefits in kind	€4,533	€2,883
Variable	€379,830	€125,160
Total	€1,784,363	€992,075
Performance Units	150,000 (valuation: €1,672,500)	None

(1) Until November 11, 2014.

Following the appointment of Isabelle Kocher as Deputy Chief Executive Officer and Chief Operating Officer on November 12, 2014, the Board decided to maintain the compensation and benefits package awarded to her as Chief Financial Officer until the end of the year. Her compensation was therefore not changed and her employment contract remained in force through December 31, 2014. For 2014, the compensation awarded to Isabelle Kocher for the full year was as follows:

Compensation for 2014	Isabelle Kocher
Fixed	€600,000
Benefits in kind	€1,708
Variable	€690,000
Total	€1,291,708
Performance shares	35,000 (valuation: €414,400)

Compensation of members of the General Management Committee and of the other members of the Executive Committee is composed of a fixed portion, based on the responsibilities and experience of each executive, and a variable portion, which reflects their contribution to the Group's results. The variable portion paid in 2014 for 2013 was based 50% on economic

criteria (recurring net income, group share per share, ROCE, free cash flow and achievement of the cost savings programme) and 50% on qualitative criteria. A long-term incentive element was added in the form of performance share allocation plans, which are subject to strict performance criteria, which are awarded to a larger proportion of Group employees. ENGIE includes a health & safety target in its evaluation of its managers and executives. In 2014, it decided to include an environmental, social and societal responsibility target in its evaluation of its 600 executives employed across the world.

2) Total compensation of non-executive Directors

	2013	2014
Members ⁽¹⁾	21.1	19.7
Fixed	€8,542,432	€7,007,822
Variable	€7,785,250	€7,121,667
Total	€16,327,682	€14,129,489

(1) Full time equivalent.

3) Directors' fees subject to a predominant variable portion

Upon motion of the Board of Directors, the Shareholders' Meeting sets the total annual amount of Directors' fees. This amount (1.4 million euro) is distributed in line with an individual distribution system determined by the Board, combining a fixed portion and a variable portion based on the attendance of Directors at Board and Committee meetings. In accordance with the AFEP-MEDEF Code, with effect from January 1, 2014, the allocation of Directors' fees includes a predominant variable portion. It is stipulated that the corporate executive officers do not receive Directors' fees for attending the meetings of ENGIE's Board of Directors.

→ **To find out more:**
[2014 registration document, section 4.5 "Governance" section at engie.com](#)



5.4 A sound internal control system

ENGIE's internal control objectives – underpinned by the Internal Control Management and Efficiency (INCOME) programme, approved by the General Management Committee and submitted to the Audit Committee – are to **provide reasonable assurance of the control of operations** with regard to the following objectives:

- Compliance with the applicable laws and regulations;
- Reliability of the accounting and financial information;
- Effectiveness and optimisation of operations.

This system – which is based on the model promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is consistent with the principles described in the AMF's January 2007 reference framework – is part of a **continuous improvement process** and is based on:

- Steering a programme established in synergy with the other activity improvement processes;
- Around 60 internal control frameworks available to all stakeholders;
- Annual assessments of the control environment and the accounting, financial and operational processes;
- An annual review of internal control, which is submitted to the General Management Committee and the Audit Committee.

→ **To find out more:**
[2014 registration document, section 4.1.8](#)

5.5 An ambitious ethical commitment under the spotlight

ENGIE's ethical goal is to **act, in all circumstances, in accordance with the Group's values and commitments** and in compliance with laws and regulations. ENGIE thus constantly strives to further mainstream ethical considerations into its strategy, management and professional practices and ensures it has the means to measure compliance with its commitments.

A strict framework for each employee

The **Ethics Charter** sets the general framework for the behaviour of every employee and defines the principles and governance system. It is flanked by "Ethics in Practice Guidelines", which specify the implementation procedures for ethics in business situations on a daily basis, and an "Integrity Referential", which is dedicated to the prevention of fraud and corruption and which describes the way in which the Group is structured to manage risks from breaches of integrity. ENGIE has reiterated its commitment to ethics by signing, in 2011, the global agreement on fundamental rights, social dialogue and sustainable development with several trade union federations (ICEM, BWI and PSJ). This agreement, which applies to all the Group's entities, reaffirms its culture of integrity, trust and honesty and the principle of zero tolerance towards fraud and corruption within the Group and in respect of external parties. In May 2014, the Group bolstered this system by adopting a **Human Rights Referential**, which formally lays down ethical commitments in terms of respect for human rights and provides for the establishment of appropriate operational processes in response to the changing international context. ENGIE has also committed to respect competition rules in all of its activities.

In parallel, ENGIE is also involved in several multilateral international anti-corruption initiatives, such as the UN Convention against Corruption (UNCAC) and the OECD anti-corruption initiative, and is a member of Transparency International France and the EITI (Extractive Industries Transparency Initiative).

A in-depth compliance system

The ethics policy is covered by a compliance and control system run by the Group's Ethics and Compliance Division, which is accountable to the General Secretariat and works under the supervision of the Chairman and Chief Executive Officer. The system is overseen by a network of over 150 ethics officers and involves:

- monitoring implementation of the Group's ethics policy using an annual compliance procedure and a dashboard of 15 indicators (including: distribution of ethics documentation, training, establishment of ethics procedures). The resulting annual compliance report is submitted to the General Management Committee and the Ethics, Environment and Sustainable Development Committee of the Board of Directors;
- a confidential failures reporting tool, INFORM'ethics, for use by the ethics officers and certain other authorised personnel, who have an obligation to report any suspected ethical incidents via this tool, and the incorporation of the compliance with ethics principles into the INCOME internal control programme and the risk review;
- a "whistleblowing" ethics email box, which enables any employee to report any ethical breach anonymously;

- training and awareness-raising of some 13,000 staff in 2014, including web conferences, e-learning programmes and a specific training course attended by 82% of senior executives at ENGIE since 2012;
- The involvement at senior executive level by including ethics in their annual appraisal process.

A constantly evolving system

The Group has developed a policy under which all stakeholders in its investment projects are subject to an in-depth and integrated due diligence procedure (entry into force on April 1, 2015).

→ **To find out more:**
Sections on “Ethics and Compliance”
and “Governance and Ethics” at engie.com

5.6 Constructive stakeholder dialogue

ENGIE’s responsible growth strategy is based on the progressive inclusion of stakeholder dialogue in Group governance in order to create shared value over the short, medium and long term.

Developing a trusting relationship

In order to develop solutions that are tailored to the specific features of the regions and customer needs, and to manage risks and identify new innovation drivers, ENGIE ensures that it listens to its stakeholders and develops a trusting relationship with them. The Group assesses the social and environmental impacts of its projects and activities in order to better optimise integration of these impacts into their business environment.

In 2014, ENGIE developed a **materiality matrix**, which maps and compares the environmental, social, societal, economic, financial and governance priorities of the Group and its stakeholders. This materiality analysis serves to structure ENGIE’s reporting, especially the integrated report, and will also feed into discussions about the Group’s future targets.

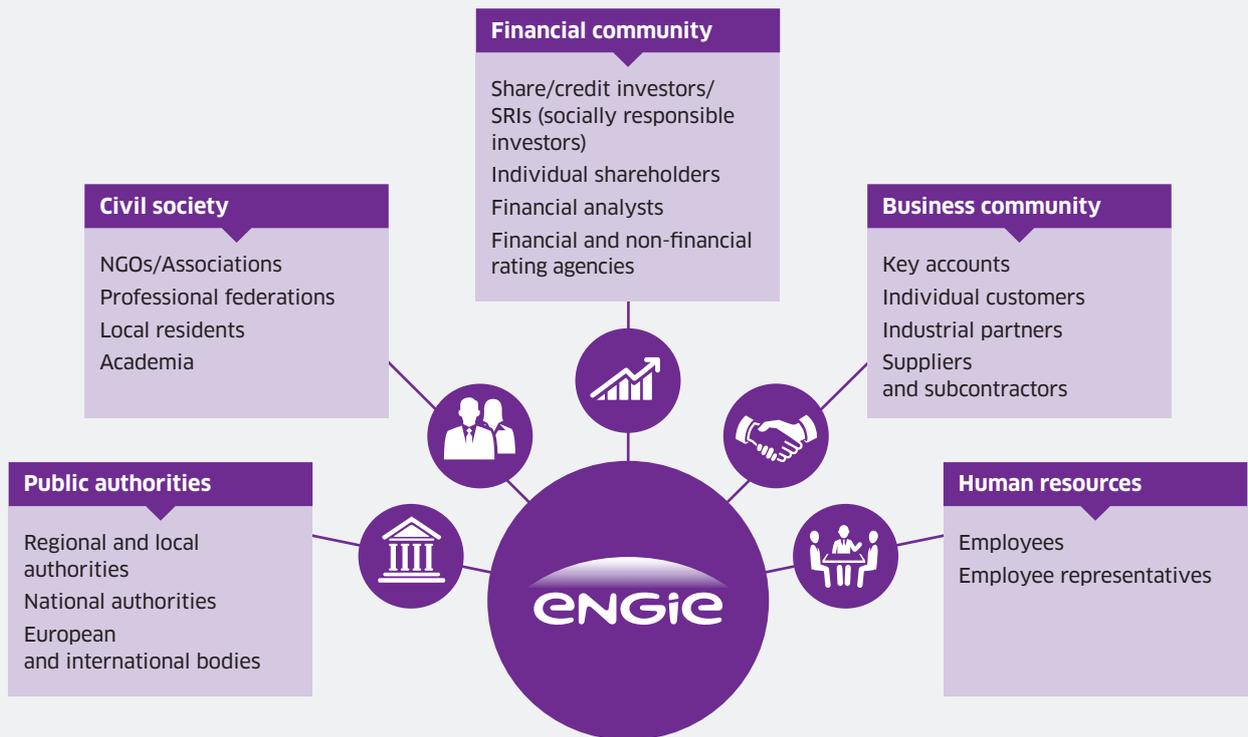
This collaborative approach will be bolstered in 2015 by the establishment of a Group-level **stakeholder panel** with a view to effectively organising the dialogue process and better assessing the stakeholders’ expectations of the Group. This body will be headed up by an independent body specialising in company/stakeholder relations.

Stakeholder dialogue is held in the Group’s entities and the regions in which it operates. In 2013, ENGIE launched a **community of practices** with the aim of encouraging its businesses to use tools designed to help them take account of societal dimensions and to disseminate best practices.

→ **To find out more:**
“CSR Experts Area” and “Materiality matrix” section
at engie.com

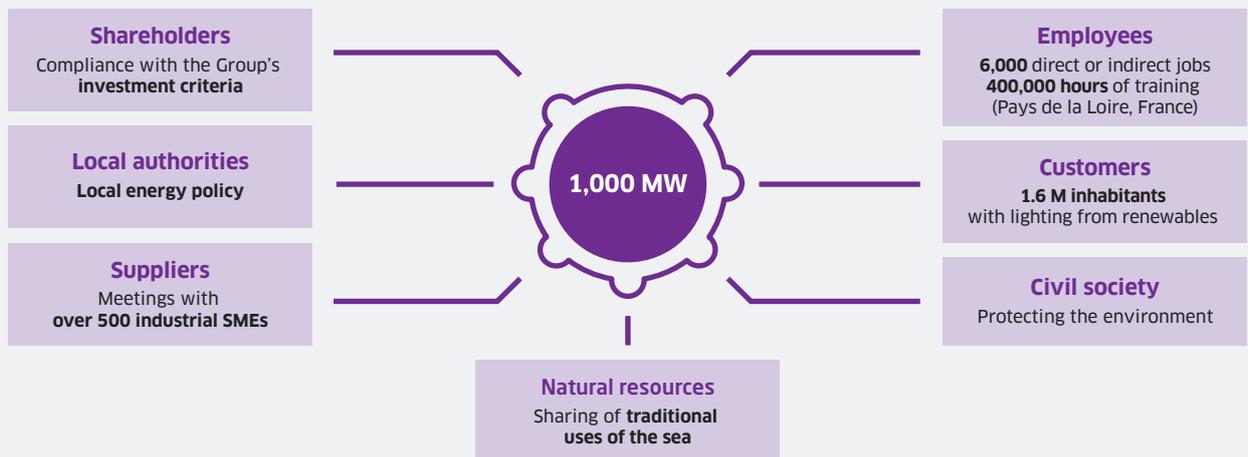
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Map of the main stakeholders



With the development of sustainable business and the optimal management of non-financial risks, ENGIE creates value in mutual benefit of the company and all its stakeholders.

Offshore wind energy: a major industrial project to create shared value



Gazpar: the first smart meter, enhanced stakeholder dialogue



The development of new renewable capacity and the deployment of the new meters have a strong impact on employment local, territorial organization and dynamism of the economic network.

Sustainable societal and environmental partnerships

The Group has also established sustainable partnerships to tackle social and environmental issues.

Internationally, ENGIE has been a member of the United National Global Compact since 2001 and the World Business Council for Sustainable Development (WBCSD), where it chairs the working group on “access to energy for all”.

At European level, the Group is a member of the CSR Europe Network and is one of the leaders on the collaborative platform for “new inclusive business models for the bottom of the Pyramid”.

In France, ENGIE has concluded structural partnerships to support its sustainable development efforts. Of note in this respect is its partnership with France Nature Environnement, which brings together 3,000 environmental protection associations, and with the French Committee of the IUCN (International Union for Conservation of Nature), which has been assisting the Group with its biodiversity protection programme since 2008. In order to combat energy poverty, ENGIE is a partner of Emmaüs France, with which it has concluded a third framework agreement for the period 2013-2015.

→ **To find out more:**
“Partnerships and Memberships” section at engie.com



Performance

Steering the Group's transformation

In light of the economic, financial, governance, environmental, social and societal transformation challenges relevant to implementation of the Group's strategy, assessment of ENGIE's performance goes beyond mere financial criteria. In this respect, it

is important to measure the Group's ability to steer its transformation project in conjunction with its internal and external stakeholders.

6.1 A growth and development strategy based on a solid financial foundation

Against a particularly difficult backdrop, the strength of ENGIE's economic model and its financial structure enabled the Group to achieve all of its targets in 2014. These good results highlight the resilience of ENGIE. In 2013, the Group was the first to take radical steps by effecting significant asset impairments in response to the shake-up of the energy landscape and by very clearly redefining its strategy: to be a leader in the energy transition in Europe and to be the benchmark energy player in fast growing markets. Thanks to these new strategic aims, ENGIE has continued to develop in Europe in the renewables and services sectors and, internationally, across all sectors.

Annual results for 2014: all financial targets hit

In 2014, the Group reaches its objectives at average weather in France thanks to its geographic diversity, its well balanced portfolio between regulated/contracted activities and merchant activities and the synergies and performance gains realized in the context of the Perform 2015 plan, despite unfavorable exogenous events (drought in Brazil and temporary outage of three nuclear units).

In addition, given its medium-term growth outlook and cash generation for 2015-2016, the Group has reaffirmed its capital allocation policy for the period 2014-2016 as follows:

- Net capex⁽¹⁾ between €6 and €7 billion per year on average;
- Net debt/EBITDA ratio below or equal to 2.5x and "A" category credit rating;
- And a stable dividend policy with a pay-out ratio⁽²⁾ of 65-75% and a minimum of 1 euro per share, payable in cash.

The capital allocation policy for 2014-2016 will enable ENGIE to implement its growth strategy, to pursue its selective and profitable development policy and to maintain an attractive dividend policy. The Group has also recognised the impact of the fall in gas and oil prices and established a quick reaction plan. In order to cope with the continued shake-up of the energy sector, ENGIE's main challenge is to speed up its transformation, which is why the Group has decided to bring forward changes to its governance.

Consolidated activity report

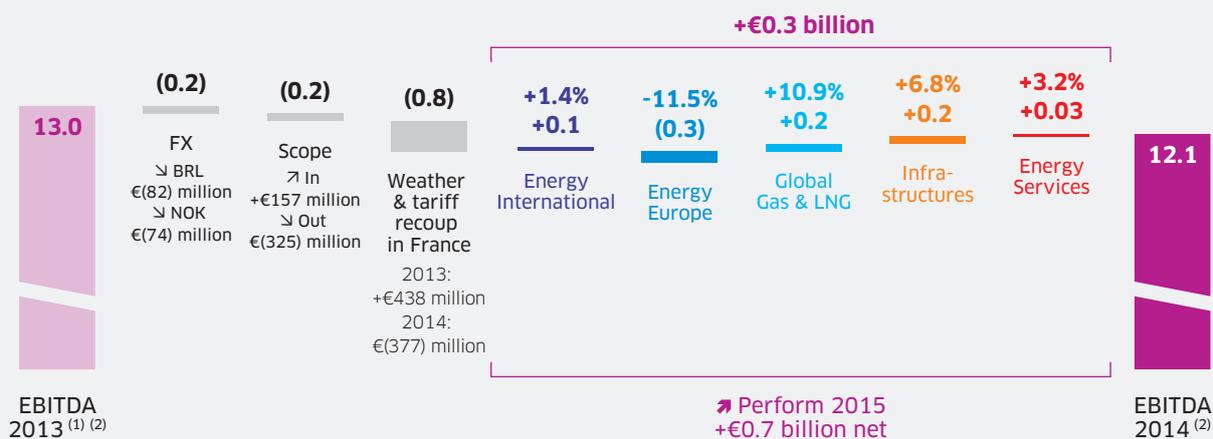
Revenues of €74,686 million are in decrease of -6.6% (gross) compared to 2013 and in organic decrease of -7.2%. This decrease is mainly due to the impact of climatic conditions on sales of natural gas in France (2014 was particularly mild) and lower electricity market prices in Europe. Adjusted for weather impact in France as well as the gas tariff recoup booked in 2013, which had a year-on-year total impact of close to €2.3 billion, the organic decrease is limited to -4.4%.

EBITDA, which amounted to €12,138 million, was down -6.7% (gross) and -4.2% (organic decrease). Adjusted for weather impact in France and the gas tariff recoup booked in 2013, which had a year-on-year total impact of €815 million, Ebitda was up by +2.4% on an organic basis. This indicator was boosted by the positive impact of the commissioning of new assets, a strong operational performance, the positive results of the Perform 2015 plan and the improvement in net additions to provisions, which were partially offset by outages at three nuclear power plants in Belgium, the fall in electricity market prices in Europe, and particularly adverse hydrological conditions in Brazil.

(1) Net capex = gross capex – disposals (cash and net debt impact).

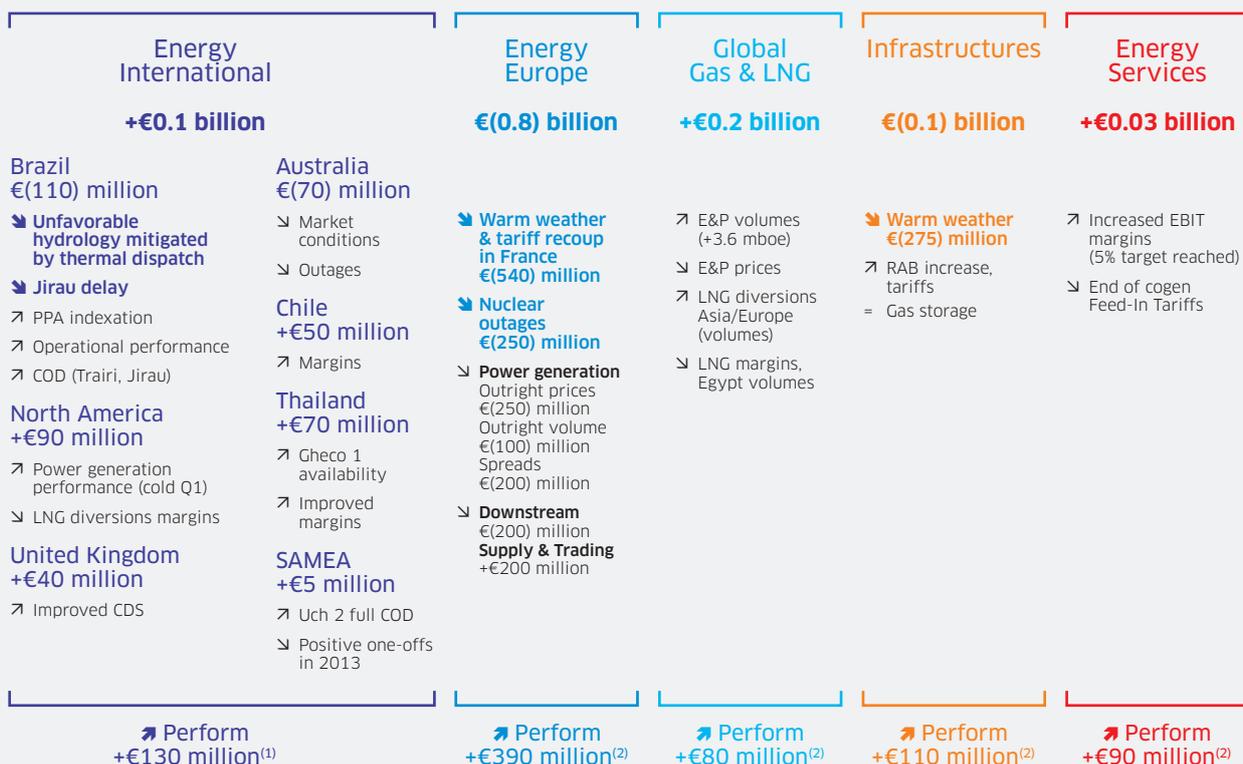
(2) Based on Net Recurring Income, Group share.

Breakdown of organic EBITDA by Business Line (in € billion)



(1) 2013 pro forma data new definitions of EBITDA and post IFRS 10-11.
 (2) Including Other €(0.3) billion in 2013 and €(0.2) billion in 2014.

EBITDA 2014 vs 2013: main organic drivers



(1) Gross EBITDA impact included in operational performance.
 (2) Gross EBITDA impact.
 Total gross EBITDA impact for Perform includes €100m in Others/Corporate.



Net recurring income, Group share⁽¹⁾ at €3.1 billion, is in decrease by €0.3 billion compared to December 31, 2013. The decline in current operating income after share in net income of entities accounted for using the equity method was largely offset by lower recurring financial expenses thanks to active debt management and also by lower recurring tax expenses.

Net income Group share totalled €2.4 billion, up €12.1 billion on a reported basis compared with 2013. 2013 was heavily impacted by impairment losses, which reduced net income Group share by €12.7 billion.

Net debt reached €27.5 billion at the end of December 2014, down by €1.3 billion compared to end December 2013, reflecting the following items: (i) cash generated from operations before income tax and working capital requirements for the year (€11.8 billion) and the issue of hybrid notes by GDF SUEZ SA at the beginning of June (€2 billion) (ii) decreased by the change in working capital requirements (€1.2 billion), net capex⁽²⁾ carried out by the Group (€3.9 billion) as well as dividends paid to GDF SUEZ SA shareholders (€2.8 billion) and to minority shareholders of certain subsidiaries (€0.8 billion). The change in working capital requirements is penalized to the extent of €-1.2 billion by the impact of commodity price evolution on margin calls, expected to be temporary and to reverse at the expiry of transactions between 2015 and 2016.

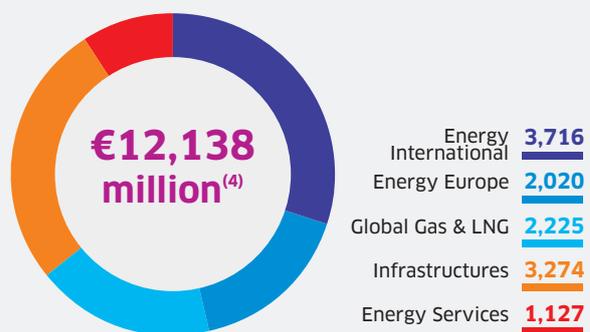
The **net debt/EBITDA ratio** stands at 2.3 x, which is still below the target of ≤ 2.5 x.

The Group has maintained its “A” **rating** with the rating agencies Standard & Poor’s and Moody’s (3).

→ **To find out more:**
“Investors Area” at engie.com

Revenues and earnings trends

Breakdown of EBITDA by Business Line (in millions of euro)



1) Energy International Business Line

Internationally, ENGIE consolidated its position as the world’s leading independent electricity producer by strengthening its positions in the countries in which it is present; by investing in attractive new markets; by developing opportunities in the renewables sector; finally, by exploring and extending its activities throughout the electricity and gas value chain, including in decentralised generation and infrastructure.

2014 was marked by a large number of operational and commercial successes, including:

- in Oman: inauguration of the Sohar 2 and Barka 3 power stations with a total installed capacity of 1,488 MW;
- in Abu Dhabi: financial close of the Mirfa power station (1,600 MW);
- in Morocco: financial close of the Safi power station (1,400 MW) and commissioning of the largest wind farm in Africa: Tarfaya (300 MW);
- in South Africa: the Kathu concentrated solar project (100 MW) has been nominated preferred bidder;
- in Brazil: commercial operation of 24x75 MW of hydro turbines at Jirau and of 115 MW of wind at Trairi and new power purchase agreements (535 MW) for three thermal, wind and biomass projects.

(1) Excluding restructuring costs, MtM, impairment of current assets, transfers, other non-recurring elements and related fiscal impacts and the nuclear contribution in Belgium.

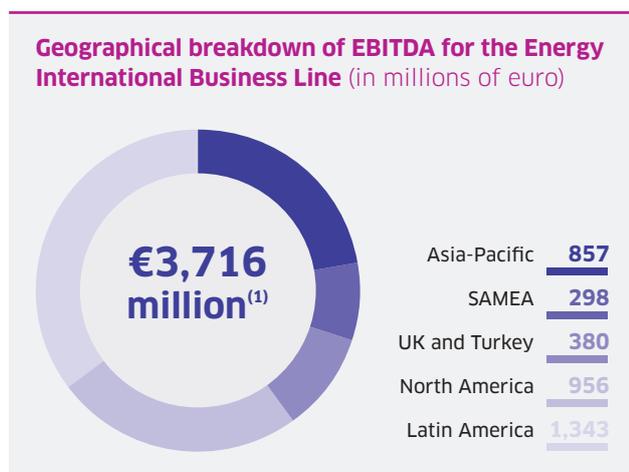
(2) Net capex = gross capex – disposals (cash and net debt impact).

(3) In April 2014, the rating agency Moody’s confirmed ENGIE’s A1 rating with a stable outlook. On July 30, 2014, the rating agency S&P confirmed ENGIE’s long-term A rating and upgraded the outlook from negative to stable.

(4) Including “Others”, amounting to -224 million euro.

- In Uruguay: chartering of the world's biggest floating LNG storage and regasification terminal within the framework of the del Plata LNG project;
- in Chile: award of the tender to build a new power station (375 MW) and an electricity transmission line (TEN), which will link the cities of Mejillones and Copiapó;
- in Pakistan: the inauguration of the Uch II gas power plant (375 MW);
- in the United Kingdom: acquisition of the company West Coast Energy, a wind energy developer.

In 2014, the **Energy International Business Line's** EBITDA was up +1.4% on an organic basis, to €3,716 million, impacted by severe hydrological conditions in Brazil (which had a full-year negative impact of around €0.2 billion), compensated by improved performances in the United States, in Thailand, in Chile, in Peru, in the United Kingdom and in Pakistan.



Operational indicators for the Energy International Business Line

	2013	2014
Electricity sales (TWh) ^(a)	210.2	202.7
Gas sales (TWh) ^(a)	78.3	80.0
Installed capacity (GW) ^(b)	72.9	73.9
Electricity generation (TWh) ^(b)	339.5	341.4

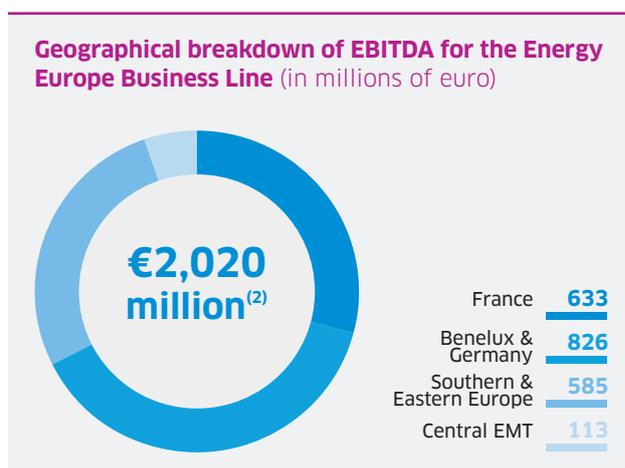
(a) Consolidated revenues. (b) At 100%.

2) Energy Europe Business Line

In Europe, the Group is adapting to the profound changes taking place in the energy sector and has increased the priority it gives to its customer approach. It has pursued its in-depth restructuring of its gas supply portfolio, which involves optimising its diversification and renegotiating long-term contracts with its suppliers. In power generation, the Group continues to optimise its fleet of thermal power plants in response to the crisis in thermal generation, and is advocating for improvements in European regulations, mainly through the Magritte Group. In renewable energy, the Group has pursued its development through partnerships in certain countries, with priority given to the more mature technologies: hydropower, onshore wind power and biomass for electricity and heat. Partnerships are being sought for these projects.

In 2014, the French government selected the consortium comprising ENGIE, EDP Renewables, Neoen Marine and AREVA to develop and build 1,000 MW of wind power in France by 2020 in the zones of Le Tréport and the Iles d'Yeu and Noirmoutier. In addition, ENGIE was awarded the contract for 10 photovoltaic solar power projects in France with a total power of 53.35 MWc, and inaugurated the Besse-sur-Issole solar energy farm (13,9 MWc). The Central Public Procurement Office (UGAP) awarded the Group a block purchase contract to supply natural gas to some 1,800 public organisations, administrations and local authorities (4.4 billion kWh of natural gas per year for two years).

In 2014, the **Energy Europe Business Line's** EBITDA was down -29.2% on an organic basis, to €2,020 million, due to exceptionally unfavorable weather conditions, the partial unavailability of three nuclear units in Belgium (Doel 3, Doel 4 and Tihange 2), the fall in prices on the electricity market and the gas tariff recoup in France booked in 2013. Adjusted for weather impact in France and the gas tariff recoup booked in 2013, the organic decrease in EBITDA was limited to -11.5%.



(1) Taking into account the "Other" heading, totalling -€117 million.
 (2) Taking into account the "Other" heading, totalling -€137 million.



Operational indicators for the Energy Europe Business Line

	2013	2014
Gas sales (TWh) ^(a)	686	606
Electricity sales ^(a) (TWh)	181	160
Installed capacity ^(b) (GW)	39.0	39.7
Electricity generation ^(b) (TWh)	133.9	125.2
Load factor for CCGT fleet ^(c)	25%	25%
Load factor for coal-fired power plant fleet	54%	48%
Availability of nuclear power plants	78%	62%

(a) Consolidated data. (b) At 100%. (c) Combined cycle gas turbine (CCGT).

3) Global Gas & LNG Business Line

In the gas chain, the Group aims to rely on its expertise to roll out its activities internationally, in an integrated way and with a focus on countries with rapidly growing gas markets: developing upstream gas activities to secure access to resources for the Group's downstream markets, including power generation.

Noteworthy events in 2014 within the Global Gas & LNG Business Line included the following:

- The start of construction of the Cameron LNG project in the United States, in which ENGIE has a 16.6% stake and 4 million tons per annum (mtpa) of liquefaction capacity;
- The signature of two 20-year LNG sales contract from Cameron LNG project: one with the Taiwanese company CPC for 0.8 mtpa and the other for 0.3 mtpa with the Japanese utility company Tohoku;
- In Japan: the signature of LNG sales contract with Chubu Electric of Japan (Chubu) representing ca. 1.2 mtpa for a duration of 27 months, starting the first quarter of 2015;
- The signature of an agreement with NYK and Mitsubishi to develop LNG as marine fuel worldwide.

EBITDA for the **Global Gas & LNG Business Line** of €2.2 billion was up 10.9% on an organic basis year-on-year, due mainly to the increase in total production recorded by the Exploration & Production business as a result of the commissioning of new assets, a strong performance in the LNG sector in Europe and Asia, partially offset by the fall in sales prices for Exploration & Production. External LNG sales were up 40 TWh to 119 TWh, representing 142 cargoes (of which 75 shipped to Asia) as at end of December 2014 compared to 79 TWh representing 87 cargoes (of which 39 shipped to Asia) at the same period in 2013.

Operational indicators for the Global Gas & LNG Business Line

	2013	2014
Brent (\$/bbl, average)	108.7	99.0
Gas NBP (€/MWh, average)	26.9	22.0
Hydrocarbon production (Mboe)	51.9	55.5
External LNG sales (TWh)	79.1	119.2

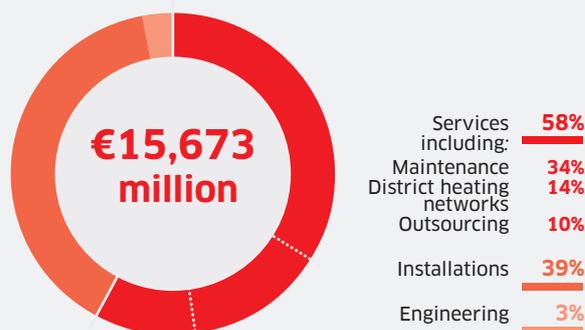
4) Energy Services Business Line

The Group aims to increase its international presence in energy services whilst retaining its position in Europe as the leading provider of BtB energy efficiency solutions. To meet this goal, ENGIE performed the following transactions in 2014:

- In Singapore: acquisition of SMP Pte, a company specialized in energy efficiency for data centers, and of Keppel FMO, one of the strongest providers of global facility management and property management;
- In France, start of construction of the first geothermal marine plant in the Euromed district in Marseille;
- Acquisition of the American company Ecova, which specialises in smart energy management;
- Acquisition of Lahmeyer, leading international consultancy engineering company specialized in energy and water infrastructures.

EBITDA for **Energy Services** rose 8.2% to €1.1 billion on a reported basis, due chiefly to the acquisitions made in the United Kingdom (Balfour Beatty Workplace and Lend Lease) and in the United States (Ecova). Organic growth came out at 3.2%.

Breakdown of turnover for the Energy Services Business Line by activity (as a percentage)



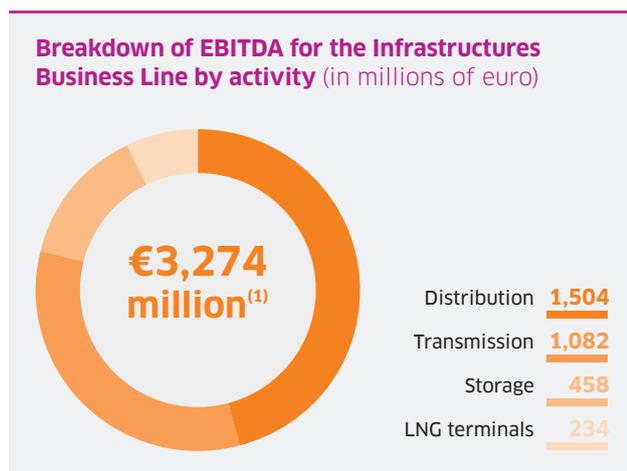
5) Infrastructures Business Line

In infrastructure activities, ENGIE aims to adapt to the energy transition context: by adapting infrastructures to changes in demand and new uses (mobility, smart grids); by preparing infrastructure and commercial offerings for gas being a vector for renewable energy (biomethane, power to gas, etc.).

2014 was a successful year for Infrastructures Business Line. These successes included the following:

- The promising development of injecting bio-methane into the French grid, with five sites connected so far;
- In the United Kingdom: inauguration of Stublach, a natural gas storage site;
- In Indonesia: signature of a cooperation agreement protocol related to a feasibility study for an on-shore LNG terminal;
- In Mexico: start of construction of the Ramones phase II South pipeline (291 km).

Ebitda for the **Infrastructures business line** came to €3,3 million reflecting an organic decrease of -1,7% compared with 2013, mainly due to the milder weather in France, which limit the positive impacts of tariffs increases and of the development in sales of transmission and storage capacities in Europe. Adjusted for weather impact in France, Ebitda is up +6.8% on an organic basis.



(1) Including "Others", amounting to -€3 million.

Operational indicators for the Infrastructures Business Line

	2013	2014
RAB distribution ^(a) (€ billion)	14.3	14.3
RAB transmission ^(a) (€ billion)	7.0	7.2
Storage capacity sold ^(b) (TWh)	96	99

(a) Regulated asset base as at 01/01. (b) Including France, 75 TWh in 2013 and 78 TWh in 2014.

Performance plan

All Business Lines contributed to the **Perform 2015** performance plan in order to support the deployment of the Group's strategy and improve its performance. In 2014, the Perform 2015 program had a gross positive impact of €0.9 billion on the P&L essentially associated with defined actions in terms of operational efficiency and in particular, on the improvement of margins and OPEX optimization. The portion affecting net recurring income, Group share stood at €0.4 billion. The year was marked by the optimisation of electricity generation assets in Europe, the introduction of mobile technologies designed to optimise the planning of activities at Cofely Services, a subsidiary of ENGIE, and the creation of the Shared Service Centres Division across all Business Lines. Efforts will continue in 2015, with a focus on OPEX, particularly in Europe and in the Purchasing sector.

➔ **To find out more:**
 "2014 Results" at engie.com



6.2 Protecting the environment, a strategic necessity

In light of the main energy challenges, ENGIE has placed environmental protection at the heart of its strategy. The **Group's transformation** and the long-term sustainability of its business model are based on the fight against climate change, the continued safety of its installations and the sustainable use of natural resources.

Tackling climate change

As a major player in the energy transition, the Group is playing an active role in international climate negotiations and supports the need for a balanced global agreement to limit global warming to 2°C by 2050, having publicly announced its position in 2014 in the run-up to the COP 21 Summit set to be held in Paris at the end of 2015. As regards its activities, ENGIE is active throughout the value chain – from production through to end use – seeking to limit greenhouse gas emissions and combating climate change. It is developing a diverse energy mix by fostering growth in renewables; it designs energy efficiency solutions, alerts its customers to the need for rational use of energy and invests in tomorrow's solutions, such as "smart grids". These challenges are also factored into the financing of its activities, as demonstrated by its issuance in 2014 of a Green Bond amounting to €2.5 billion.

As an energy supplier, ENGIE is adapting its own generation and transmission facilities, as well as its real estate assets. The Group has set itself the goal of **reducing its CO₂ emissions per kWh by 10% between 2012 and 2020**. This goal covers all its electricity generation infrastructure, whose emissions rate is already over 20% below the average rate for the global fleet. In 2014, the Group's greenhouse gas emissions (scope 1 excluding tertiary emissions) totalled 131 Mt CO₂ eq, down 7.6% year-on-year. In order to optimise its consumption of raw materials, the Group is improving the performance of its electricity generation facilities and, thus, its energy performance. By replacing existing, especially coal-powered, plants with new more efficient plants and by developing energy efficiency improvement projects, it is also contributing to optimising its existing fleet. In addition, ENGIE continued, in 2014, to diversify energy generation fleet through tidal energy – Raz Blanchard and Fromveur projects in France, in partnership with Alstom, onshore and offshore wind energy – Yeu and Noirmoutier offshore wind farm projects in partnership with EDP Renewables,

Neoen Marine and AREVA. ENGIE is currently rolling out the first phase of its green building policy in France and Belgium and has set itself the goal of reducing the energy consumption of its commercial real estate by 40% by 2020.

→ **To find out more:**
 "Climate and Environment" heading
 at engie.com

Guaranteeing health and environmental safety at installations

In order to ensure that energy is a source of progress and sustainable development, operational excellence in terms of process management and the safety of installations is a key factor of success. The safety of installations is covered by a structured and rigorous process based on an operational risk assessment, identification and monitoring of equipment operational parameters and key skills.

Audits are conducted regularly and the management of risks of industrial accidents is addressed by the internal control programme. The Group has updated its mapping of environmental and health risks.

The safe operation of nuclear power plants is and remains a top priority for ENGIE. In 2014, ENGIE took part in the stress tests conducted to re-evaluate the safety margins for nuclear power plants under extreme circumstances, with a view to ensuring the continued improvement of nuclear safety. In addition, ENGIE has developed an action plan, which sets out the investments required in order to extend the operating life of its nuclear power plants in Belgium by 10 years.

→ **To find out more:**
 2014 registration document 2014, section 2.4.3
 "Guaranteeing the industrial security and safety of installations" section at engie.com

In 2014, the number of complaints and convictions relating to the environment or a health issue totalled 478 and 1 respectively, with total compensation amounting to €27,900. ENGIE had set aside a

17%

of energy produced by the power generation fleet is renewable energy

€15.7 billion

revenues for the Energy Service Business Line in 2014

Group greenhouse gas emissions down

7.6%

compared to 2013

provision of €43 million for risks relating to environmental litigation. In 2014, environmental expenditure (capex and opex on environmental protection measures) totalled €1 billion.

€1 billion
spent on the environment
in 2014

Sustainable management of natural resources

In order to ensure the sustainability of its activities, ENGIE takes measures to better manage water resources and reduce the impacts of its activities on biodiversity.

As part of its efforts to optimise its energy production, ENGIE analyses the water-related risks that could affect its activities. In 2012, the first stage in this process entailed measuring the water footprint for the life cycle of 1 kWh of electricity. In 2012-2013, the Group conducted a water stress test for all its installations (achieved if the threshold of water availability per year and per inhabitant is less than 1,700 m³). In parallel, the Group is drafting a definition for a water performance indicator.

ENGIE is aware of the **impact of its businesses on biodiversity** and has thus set itself the goal of developing, by 2015, a targeted action plan for each of its priority sites in Europe, which is the historic scope of the Group's activities, and which will constitute the first stage in this process. The action plans, which will be accompanied by guidelines developed in conjunction with the Group's partners, FNE and IUCN France, will focus on species or habitats that are protected or affected by the Group's activities. The percentage of priority sites that have established an action plan increased from 35.6% to 72.4% between 2013 and 2014.

→ **To find out more:**
"Protecting the environment" section
at engie.com

Reducing air pollution and improving waste recovery

ENGIE also ensures that it limits its impact on air quality and is improving its waste management. These are both challenges that are inherent to its industrial activity.

ENGIE uses a wide range of techniques to further **reduce its emissions of air pollutants**: tailored energy mix, combustion optimisation and smoke treatment, filters or water injection to reduce particle emissions, installation of NOx burners or urea injection (secondary treatment) to control nitrogen oxides, use of low-sulphur fuels to reduce sulphur dioxide emissions. In 2014, the Group reduced its NOx (-3.8%) and SO₂ (-11.5%) emissions, but its particle emissions increased (+13.3%), chiefly due to a malfunction at the BLM power plant (Panama), which was sold in November 2014, and the commissioning of the new Ferrari biomass power plant (Brazil).

Following an internal audit, ENGIE pursued its efforts to reduce the quantities of waste produced and to increase waste recovery rates. As a result, in 2014, the Group improved its recovery rate for non-hazardous waste (89.2%, compared to 86.1% in 2013) and hazardous waste (13.6%, compared to 6.4% in 2013). The Group's industrial sites, both in France and internationally, make active use of local waste recovery firms. ENGIE's Purchasing functional line is preparing to implement a European framework agreement, as of 2015, working together with service providers that specialise in waste reduction and treatment.

→ **To find out more:**
[2014 registration document, section 3.3](#)



6.3 Helping employees to transform the Group

ENGIE's human resources policy aims to attract talent and retain all of the Group's employees, who are a key asset in achieving its strategy. The main social challenges linked to the Group's transformation relate to health & safety policy, the evolution of its activities, innovation development and the commitment of staff and managers.

Improving health & safety at work

The health & safety policy, which is developed in conjunction with staff and managers and which is based on a Group agreement concluded with the trade union federations, aims to **preserve the integrity of individuals** (staff, service providers and third parties) and assets, as well as to foster quality of life at work. The policy is backed up by Group Health & Safety Rules, which set out the minimum requirements for all entities. A managerial process comprising an action plan for the period 2010-2015, training, internal controls and audits, external certifications, benchmarks and feedback has enabled ENGIE to reduce the frequency of occupational accidents (-45% since 2008). These results position the Group as one of the leaders in the sector, in line with the goal of achieving a frequency rate of less than four in 2015. In 2013, as part of its continuous improvement policy, the Group launched an innovative commitment process for all its staff and subcontractors aimed at eradicating all fatal accidents, centred around "Nine life-saving rules". Under this process, a review is conducted of the main managerial levers for ensuring compliance with these rules, which were identified on the basis of feedback relating to serious accidents that occurred between 2008 and 2012. In terms of occupational health, the absenteeism rate for medical reasons has fallen by 5% over 5 years and ENGIE now monitors the number of new cases of occupational diseases.

For several years now, the Group has been investing heavily in health & safety **training and awareness-raising among staff**. In 2014, some 1,100 managers completed the "Health & Safety Leadership" training course at ENGIE University, the concluding remarks to which are always given by a Group executive. The 2014 health and safety annual awareness campaign focused on musculoskeletal diseases, which account for 60% of new cases of occupational diseases.

In 2014, the Group signed a **global health and safety agreement**, which extends and reinforces the commitments made at European level since 2010. It specifically provides for the development of close partnerships with service providers and subcontractors, so that they can aspire to the same level of health and safety as the Group employees.

→ **To find out more:**
 "Health and Safety" section at engie.com

Preparing for the transformation of its businesses

ENGIE has developed a system for **managing and planning jobs and skills**, which is designed to adapt recruitment levels and to help staff to move into areas where the company will have need for them in the future. In 2014, 68.1% of staff attended a training course – exceeding the target of 2/3 of staff to be trained each year. There were over 5,000 instances of mobility and the Group recruited over 17,000 new staff across the world. ENGIE will soon be launching a professional observatory in order to increase its capacity for anticipating and taking action in respect of changes in its activities

ENGIE is developing its **employer brand** as an effective and innovative means of attracting targeted and relevant profiles. For example, in 2014, the Group launched a "ENGIE Careers" application, which publicises its business activities and job offers; it ran a LinkedIn group on the energy transition bringing together over 400 employees; and it held a live international "One Day With" Chat. ENGIE also expanded its recruitment targets to include technicians in order to best meet the needs of its business units. The Group anticipates its future skills needs through a trainee scheme, with over 4,000 trainees recruited in 2014. In addition, it runs a campaign to raise awareness among young people about the diversity of energy-related business activities and runs a specific action to introduce young women to technical occupations.

→ **To find out more:**
 "Management and Planning of Jobs and Skills" section at engie.com

10%

of business managers' variable compensation linked to their health and safety performance

28.5%

of staff training hours were devoted to quality, safety and the environment in 2014

Top 5 in the CAC 40

ENGIE among the most attractive French listed companies on Facebook and Twitter (HR IDEA 2014)

Disseminating innovation

ENGIE considers social innovation as a performance driver. The Group has positioned itself as a pioneer on societal issues, such as diversity, new management methods and technological developments. ENGIE is thus developing a policy to **promote diversity** both in Management bodies and management, as well as in technical posts, wherever the Group operates.

The Group's transformation requires importance to be attached to the **young generations** of employees, who are encouraged to become real drivers of proposals in order to create "tomorrow's Group". In this respect, the Young Professionals Network has been commissioned by the Group Executive Committee to think about new working methods, big data and the attractiveness of ENGIE as an employer. Similarly, the reverse mentoring launched in 2014 has enabled exchanges of views between these digital generations and the Group's executives. These actions are in keeping with the "Generation Contract" agreement signed in 2013, which aims to address the challenges of skill transfer.

Finally, importance is attached to **quality of life at work**, as shown by the European agreement signed in November 2014. This agreement is implemented via action plans for each of the Group's companies, working in close conjunction with social partners. One example is the launch of a telework experiment. The International Social Observatory, which is a laboratory of ideas, assists ENGIE with its approach to social innovation, particularly through its work on well-being at the workplace.

→ **To find out more:**
 "Committed to our employees" section
 at engie.com

Involving employees in the corporate project

Getting management on board is essential as ENGIE is to transform itself. An action plan was launched in 2014, following the commitment survey conducted with 30,000 managers in 2013. The Group has emphasised the "people leadership" dimension of the Management Way with a view to enhancing the role played by managers in developing collective intelligence and team employability. Experiments have been launched to spread collaborative management, to better incorporate staff expectations into managerial practices or to improve staff trust and commitment. Thus, some 1000 mentor/mentee pairs were set up in 2014 to strengthen managerial skills, transversality and the culture of innovation with the assistance of ENGIE managers. The Group has also developed its first in-house MOOC (Massive Open Online Course) for managers on the topic of the main transformation challenges faced by the company.

ENGIE also involves **all staff** in the Group's development and results through employee shareholding. As at the end of 2014, employee shareholders accounted for 3.2% of the Group's share capital, which is in line with its target of 3% by 2015. In 2014, the capital increase reserved for Group employees ("Link 2014") was subscribed to by over 32,000 staff from 32 different countries.

Social dialogue, which is key to getting the employees to buy into the transformation project, is organised within the Group at three levels – global, European and French (50% of staff) – and within each of the subsidiaries through the representation and collective bargaining bodies. This system comprises regular meetings with the representatives of international trade union federations, a European Works Council and a Group Committee. The strong social dimension at ENGIE is reflected by its signature of 5 global and European agreements since 2010.

→ **To find out more:**
 "Commitment and HT policies" and "Social dialogue"
 sections at engie.com

94%
 of new recruits were glad
 they joined the Group



6.4 The Group's footing in the regions

Sharing value with stakeholders chiefly entails contributing to local development, ethical management of relations with suppliers and combating energy poverty.

Contributing to local development

ENGIE contributes to the development of local economies through direct and indirect job creation and broad consultation prior to projects in order to give due consideration to local issues. Environmental and societal criteria, which chiefly comprise social and societal considerations, are taken into account when evaluating investments exceeding €50 million, which are submitted to the Commitments Committee.

Exporting LNG from Cameroon

ENGIE is currently working with the government of Cameroon to develop a natural liquefied gas export project within the framework of a partnership with the national oil company, SNH. The project includes an environmental and societal impact assessment based on structured dialogue with the local people. The consultation gave rise to the development of an environmental and social action plan, which addresses issues such as access to water, conservation of fauna, marine biodiversity and relocation. The project was also used as an opportunity to establish an access to education programme.

Guaranteeing that the Jirau dam will have a positive impact on the environment

Within the framework of the Jirau hydroelectric power plant (3,750 MW) in Brazil, ENGIE has developed and established 34 environmental and societal programmes. These have been approved by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA). These programmes are subject to regular external audits in order to check for compliance with the environmental and societal criteria of the IFC, the Equator Principles and the sustainability assessment protocol of the International Hydropower Association (IHA). Within the framework of the UNFCCC (United Nations Framework Convention on Climate Change), the Jirau project has been approved as a "Clean Development Mechanism" under the terms of the Kyoto Protocol.

ENGIE is continuing to **help people integrate and stay on the labour market**. In 2013, for example, the Mozaik RH partnership enabled 25 trainees from immigrant backgrounds in France and 125 from Belgium to be recruited, and 220 young people attended an insertion-through-sport programme run in partnership with FACE (Fondation Agir Contre l'Exclusion). Since its creation in 2013, €577,000 has been allocated, through the Fondation Agir pour l'Emploi (FAPE), to help finance 32 projects submitted by employment insertion bodies.

→ **To find out more:**
 "Employment related support" section
 at engie.com

Developing responsible purchasing

In 2014, external expenditure (excluding energy, duties and taxes) by ENGIE totalled €18.6 billion (compared to €19 billion in 2013). At the start of 2013, ENGIE's purchasing functional line launched a **transformation and professional development programme** designed to enhance its maturity with a view to improving economic and operational performance. This programme led to the overhaul of the governance structure and the internal control framework (INCOME), as well as to the establishment of a formal Group Purchasing Policy. The rules and principles to be followed by purchasers in the course of their duties are designed to help establish balanced relationships with suppliers, which are selected and accredited based on several criteria, including technical or competitiveness criteria or compliance with regulations. Particular importance is attached to the ability of suppliers and subcontractors to comply with the Group's ethics and societal and environmental commitments – particularly the health and safety aspects. The implementation of purchasing management by market is designed not only to make use of all the drivers and synergies within the Group, but also to develop long-term relations with a small number of suppliers, with which Group framework contracts are negotiated and implemented. In 2014, over 500 purchasers from across the different Business Lines and geographical zones completed the "Procurement Passport" training course, which is designed to support the functional line's transformation programme. In addition, over 400 purchasers completed the training course on responsible purchasing and/or ethical purchasing. Moreover, around hundred Group suppliers completed the CSR self-assessment questionnaire, which will be expanded to cover 500 suppliers in 2015.

In France, particular emphasis is placed on the level of commitment shown by suppliers to the Group (risk of dependence), as well as on the risk of sudden termination of business relations, the illicit supply of labour and improving payment deadlines.

→ **To find out more:**
 “Responsible purchasing” section
 at engie.com

Fostering access to energy

In all the geographical zones in which ENGIE operates, measures to **combat energy insecurity** and solutions to ensure universal and sustainable access to energy are implemented in conjunction with the authorities and local associations, as well as national NGOs (Codegaz and Energy Assistance) and the Group’s functional departments.

In December 2009, ENGIE set up an international observatory for energy and water insecurity designed to identify the Group’s practices and adapt its offers and services for customers living under insecure conditions. The Special Solidarity Rate (TSS), which is a statutory obligation for all gas suppliers in France, was applied to over 824,000 customers in 2014, an increase of over 50% in volume terms compared to 2013. Again in France, ENGIE has set up a network of mediation partners, which helps customers experiencing payment problems. In 2014, this network handled over 66,000 requests from ENGIE customers.

The Group supports social entrepreneurship via the **Rassembleurs d’Énergies** initiative, which was launched in 2011 in order to pool and step up action to promote access to energy and essential services. Since its creation, 11 investments have been contracted in France and internationally to the tune of €4.4 million. In 2014 alone, the Rassembleurs d’Énergies fund invested €3 million in France (Les Toits de l’Espoir), Belgium (LivingStones), Italy (SO LO Énergie), India (Green Village Ventures, Simpa Networks) and Uganda (Fenix). Its aim is to invest in energy access projects and to support their development, with the twin goal of having a strong social and controlled environmental impact.

→ **To find out more:**
 2014 registration document, section 3.4
 “The Rassembleurs d’Énergies Initiative” section
 at engie.com

7 Indicators

Operational indicators

	2013	2014	Variation
Installed capacity (in GW)	113.7	115.3	+1.4%
Renewable energies (as a share of installed capacity)	15%	17%	+13%
Increase in installed capacity in renewable energy	+27%	+42%	+56%
LNG supply (in millions of tons)	16.0	16.4	+2.5%

Financial indicators

	2013 restated pro forma	2014	Variation
Revenues (in billions of euro)	80.0	74.7	-6.6%
EBITDA (in billions of euro)	13.0	12.1	-6.7%
Current Operating Income, after share in net income of entities accounted for using the equity method (in billions of euro)	7.7	7.2	-6.6%
Net Recurring Income, Group share ⁽¹⁾ (in billions of euro)	3.4	3.1	-9.4%
Net debt (in billions of euro)	28.8	27.5	-4.5%
Net debt/EBITDA	2.21	2.27	+2.7%
Net investments (in billions of euro)	3.2	3.9	-30%
Gross investments (in billions of euro)	7.1	7.1	-0.2%
Cash flow from operations (CFFO) (in billions of euro)	10.3	7.9	-23.0%
Dividend (in euro per share)	1.50	1.00	-33%

(1) Excluding restructuring costs, MtM, impairment of current assets, transfers, other non-recurring elements and related fiscal impacts and the nuclear contribution in Belgium.

Environmental and social indicators

	2013	2014	Variation
Total direct GHG emissions – scope 1 (in t CO ₂ eq.) ⁽¹⁾	141,984,778	131,154,736	-7.6%
Average CO ₂ emissions rate – energy generation (in kg CO ₂ eq./MWh _{eq})	425	434.2	+2.2%
Primary energy consumption – total (excluding own consumption) (in GWh) ⁽¹⁾	509,353	468,866.8	-7.9%
Environmental expenditure (in thousands of euro)	1,153,062	1,008,105	-12.6%
Environment-related complaints	66	478	-
Environment-related convictions	8	1	-
Amount of compensation (in thousands of euro)	127	27.9	-
Industrial water – Total consumption ⁽¹⁾ (in million m ³)	23.5	13.8	-41.3%
Cooling and heating water – Total consumption (in million m ³)	132.6	121.7	-8.2%
Environmental risk prevention plan (% of relevant revenue)	86.4	85.1	-1.6%
NOx emissions (in t)	155,354	149,401	-3.8%
SO ₂ emissions (in t)	278,601	246,448	-11.5%
Fine particle emissions (in t)	12,947	14,672	+13.3%
Rate of non-hazardous waste recovery (%)	86.1	89.2	+3.6%
Rate of hazardous waste recovery (%)	6.4	13.6	+112.5%
Biodiversity (% of sensitive sites in the EU with a biodiversity action plan)	36%	72.4%	x2
Certified environmental management system (% of relevant revenue)	70.2	71.1	+1.3%
Number of employees	147,199	152,882	+3.9%
Frequency rate	4.4	4.1	-6.8%
Severity rate (ILO benchmark)	0.21	0.2	-9%
Absenteeism for medical reasons (in hours/employee/year)	63	63	-
Proportion of workforce trained ⁽²⁾	68.5	68.1	-0.6%
Total number of training hours	3,071,401	2,997,908	-2.4%
Proportion of women among senior executive appointments (%)	26.2	32.6	+24.4%
Proportion of high-potential women (%)	27.7	28.4	+2.5%
Proportion of women executives (%)	21.9	21.9	-
Proportion of women in recruitments (%)	19.5	22.4	+14.9%
Proportion of disabled employees (%)	2.1	2.0	-4.8%
Employee shareholding (% of ENGIE's share capital held by employees)	2.4	3.2	+33%
Proportion of apprenticeship workforce (%)	2.9	2.6	-10.3%
Number of customers benefitting from the Special Solidarity Rate (TSS)	540,000	824,000	+52.6%

(1) Baisse principalement due à des changements méthodologiques dans 3 entités.

(2) Vérifiés par les Commissaires aux comptes avec avis d'assurance "raisonnable" pour l'exercice 2014.



8 Outlook

The energy landscape is experiencing deep-rooted change and this transformation is accelerating. The world's desire for a more sustainable energy mix, the decentralisation of production, technological progress and the digital revolution constitute, along with energy efficiency, the foundations of the transition towards a low carbon economy.

In light of these changes, the Group's strategy – to be leader in energy transition in Europe and to become the benchmark energy player in fast-growing markets – is bearing fruits. As a leader in its three areas of business – gas, electricity and services – GDF SUEZ owns an extremely solid industrial assets base, which provides it with very long-term visibility and profitability. The Group has already developed key aspects of the large-scale energy transition by fostering synergies – renewable energies, the gas chain, energy efficiency and grid solutions – and by harnessing the digital revolution and innovation.

In order to speed up implementation of its growth strategy ENGIE introduced, early April 2015, its new enterprise project. This Project will be focused on three objectives: accelerating the Group's growth, making ENGIE more than ever a Group by and for people, making this enterprise project one of which our employees

will be the architects and the ambassadors. It will be based on the creation of twenty-four operational entities (Business Units – BU) according to a region-centered approach within a single country or a group of countries. More decentralized, these entities will help shorten response time and be more efficient.

In addition to this geographical approach, the planned organization will study the constitution of five strong business lines tasked with operating the Group's entities as a network and implementing its overall strategy within their spheres of influences: gas chain; centralized production of renewable and thermal electricity; decentralized solutions for cities and regions; solutions for businesses; and solutions for residential and professionals.

The current organisational structure will remain in place throughout this year. It is planned to launch the new organisational set-up at the start of 2016.

By anchoring more strongly ENGIE in the territories at the closest to its customers, this project will build a Group even more efficient, more entrepreneurial and innovative and also more reactive, that is also a showcase of the most modern technologies, open to dialogue with its customers and its stakeholders.

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This document contains forward-looking information and statements. These statements include financial forecasts and estimations, as well as the assumptions on which they are based, statements relating to projects, objectives and expectations relating to transactions, future products or services or future performance. Although ENGIE's Management considers these forward-looking statements to be reasonable, investors and holders of ENGIE shares are forewarned of the fact that these forward-looking data are subject to many risks and uncertainties, which are difficult to foresee and which are usually beyond ENGIE's control, and which could mean that the expected results and developments are significantly different from those expressed, inferred or predicted in the forward-looking statements and information. These risks include those that are set out or identified in the public documents deposited with the Financial Markets Authority (AMF), including those listed under the section entitled "Risk Factors" in the 2014 GDF SUEZ registration document, which was registered with the AMF on March 23, 2015 (under the number D. 15-0186).



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