



2016 Integrated Report

A new vision
of the energy world



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Group Profile

ENGIE has put responsible growth at the heart of its electricity, natural gas and energy services businesses to rise to the major challenges of the energy transition to a low-carbon economy: access to sustainable energy, alleviating and adapting to climate change and the rational use of resources.

The Group develops effective and innovative solutions for private customers, towns and businesses, particularly drawing on its expertise in four key sectors: renewable energies, energy efficiency, liquefied natural gas, and digital technologies.

ENGIE has 154,950 employees worldwide and generated revenues of €69.9 billion in 2015. ENGIE is listed on the Paris and Brussels stock exchanges (ENGI), and is included in the main international indices: CAC 40, BEL 20, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe, DJSI World, DJSI Europe and Euronext Vigeo (Eurozone 120, Europe 120 and France 20).

Activities in

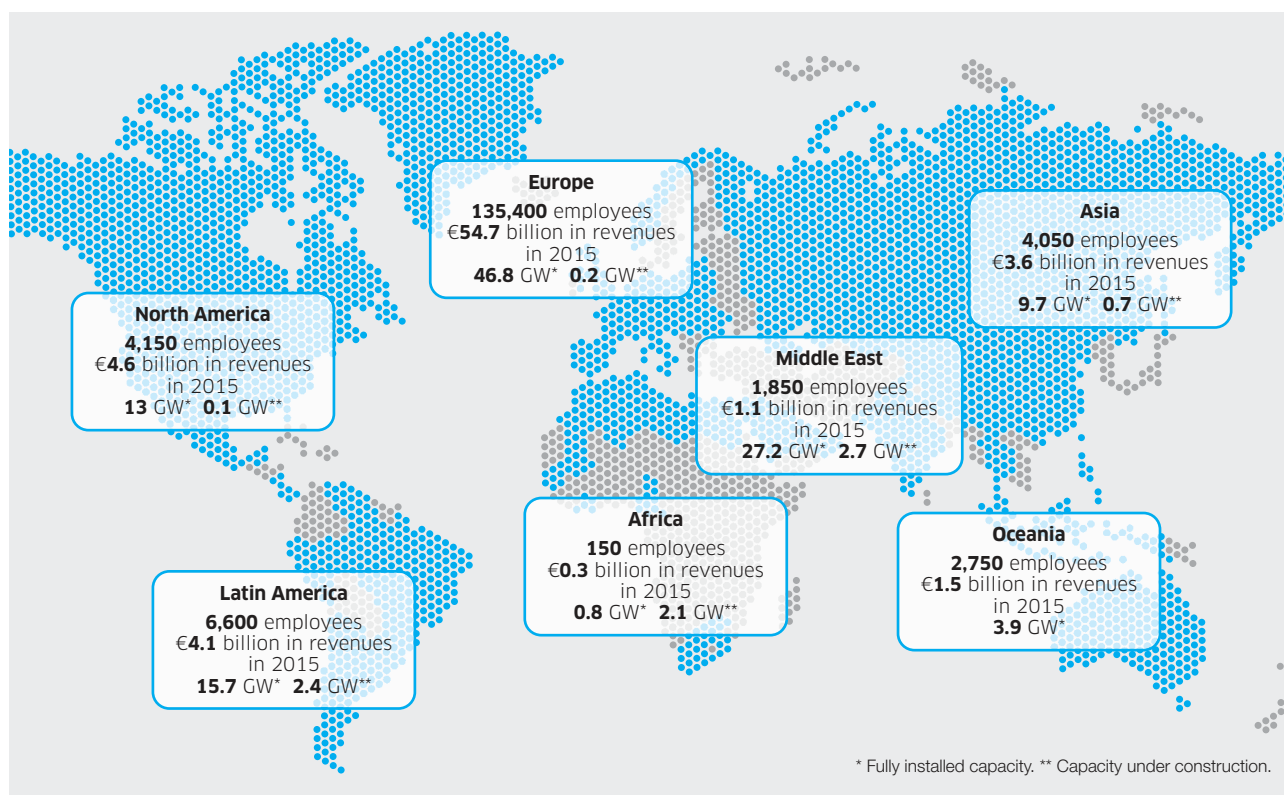
70 countries

154,950
employees worldwide

€69.9 billion
in revenues in 2015

€22 billion
in CAPEX between
2016 and 2018

1,000
researchers and experts
in 11 R&D centers



Editorial



Gérard Mestrallet

Chairman of the Board of Directors⁽²⁾

“The Group has succeeded in defining a new vision of the energy world”

The energy world is experiencing an unprecedented transformation phase, marked by the drastic slump in oil, gas, LNG⁽¹⁾ and electricity prices. Over and above the drop in prices, the energy transition is without doubt the most profound disruption. It is not just a transition but a veritable revolution. It is a technological revolution driven by renewable energy and digital technology, as well as a social and cultural revolution because the relationship between customers and energy is changing radically. To meet the expectations of its stakeholders, ENGIE is currently developing local, innovative and collaborative solutions to help combat climate change.

The historic agreement signed during the COP21 is fully in line with the strategy of the Group, which was able to anticipate these upheavals and define a new vision of the energy world. This commitment is put into practice at a European level with the Magritte Group, and internationally through ENGIE's commitment to the Business Dialogue for COP21, which was tasked with collecting climate-related proposals from the world's 50 largest companies. Today, our ambition is to step up our actions in favor of the energy revolution. In 2015, we already took a number of steps in this direction, such as the acquisition of SolaireDirect, which has moved to the forefront of solar energy providers in France or the increase of nearly 400 MW of our renewable energy capacity in Europe. We continue our transformation thanks to a new organization that will make ENGIE an architect serving the energy needs of our customers and the global leader in the energy transition.

(1) LNG: Liquefied Natural Gas.

(2) Subject to the approval of the resolutions by the General Shareholders' Meeting on May 3, 2016 and the decisions of the meeting of the Board of Directors held after this General Meeting.



Isabelle Kocher

Chief Executive Vice President⁽¹⁾

“ENGIE has become more agile and connected to its stakeholders”

GDF SUEZ became ENGIE in 2015. The change in name is the symbol of our Group's renewal in the global energy revolution. ENGIE has become more agile and more connected to its stakeholders, in order to invent tomorrow's solutions together. ENGIE is developing its regional integration because energy strategies are increasingly being designed at local level. ENGIE has gone digital because this technology is a formidable catalyst that redesigns the way we function and the way we think. ENGIE has become low-carbon and renewable, because we are convinced that the future has to be sustainable.

This is a fundamental change for ENGIE. I am convinced that our uniqueness, our unparalleled role as a leading service provider, and our high international standing will be the reasons for our success in inventing the world of tomorrow. We are resolutely committed to this transformation: we have decided that we will no longer build coal-fired power plants and we have invested massively in solar energy. And since the beginning of 2016, we have reorganized all our activities around local Business Units, which are closer to our customers and encourage innovation on a daily basis.

We have defined an ambitious road map for the next three years, which will enable us to prepare for the future without losing sight of current challenges. In simplifying how we work, this transformation will enable us to redesign our business portfolio and to be more efficient. We're planning to invest massively in tomorrow's technologies including digital technology. In this new energy world, we need agility, responsiveness, a cross-cutting approach, opening up to progress, and above all the harnessing of the expertise and skills of all ENGIE employees.

(1) Subject to the approval of the resolutions by the General Shareholders' Meeting on May 3, 2016 and the decisions of the meeting of the Board of Directors held after this General Meeting.

Customers at the heart of our activities

Market positions

Energy Services

1st

Energy efficiency services provider worldwide

3rd

seller of natural gas in Europe

7th

electricity supplier in Europe

Electricity

1st

independent electricity producer in the world

Natural Gas/LNG ⁽¹⁾

1st

seller of gas storage capacity in Europe

2nd

gas transmission network in Europe

1st

gas distribution network in Europe

5th

LNG portfolio in the world

1st

importer of LNG in Europe

2nd

largest gas terminal operator in Europe

ENGIE is **present throughout the entire energy value chain**: from the production of a low-carbon energy mix to the supply of solutions and services aimed at helping customers to manage energy more responsibly and sustainably.

228

urban heating and cooling networks in **13** countries

375,000

energy contracts, companies and services

140 million

m² managed in the services sector

22 million

private and professional contracts

117.1 GW

of installed electricity production capacity

21.5 GW

of installed renewable energy production capacity, i.e.

8.1 GW

of electricity production capacity under construction

18.3%

of Group facilities

A supply portfolio of

1,132 TWh

343

exploration and/or production licences in **13** countries

A supply portfolio of

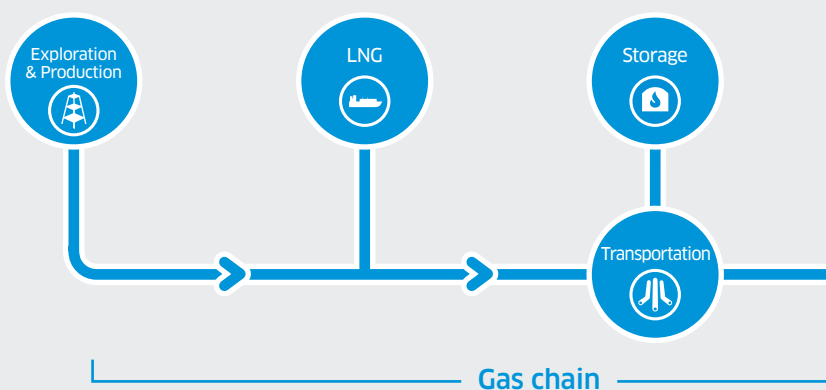
245 TWh

from **6** countries

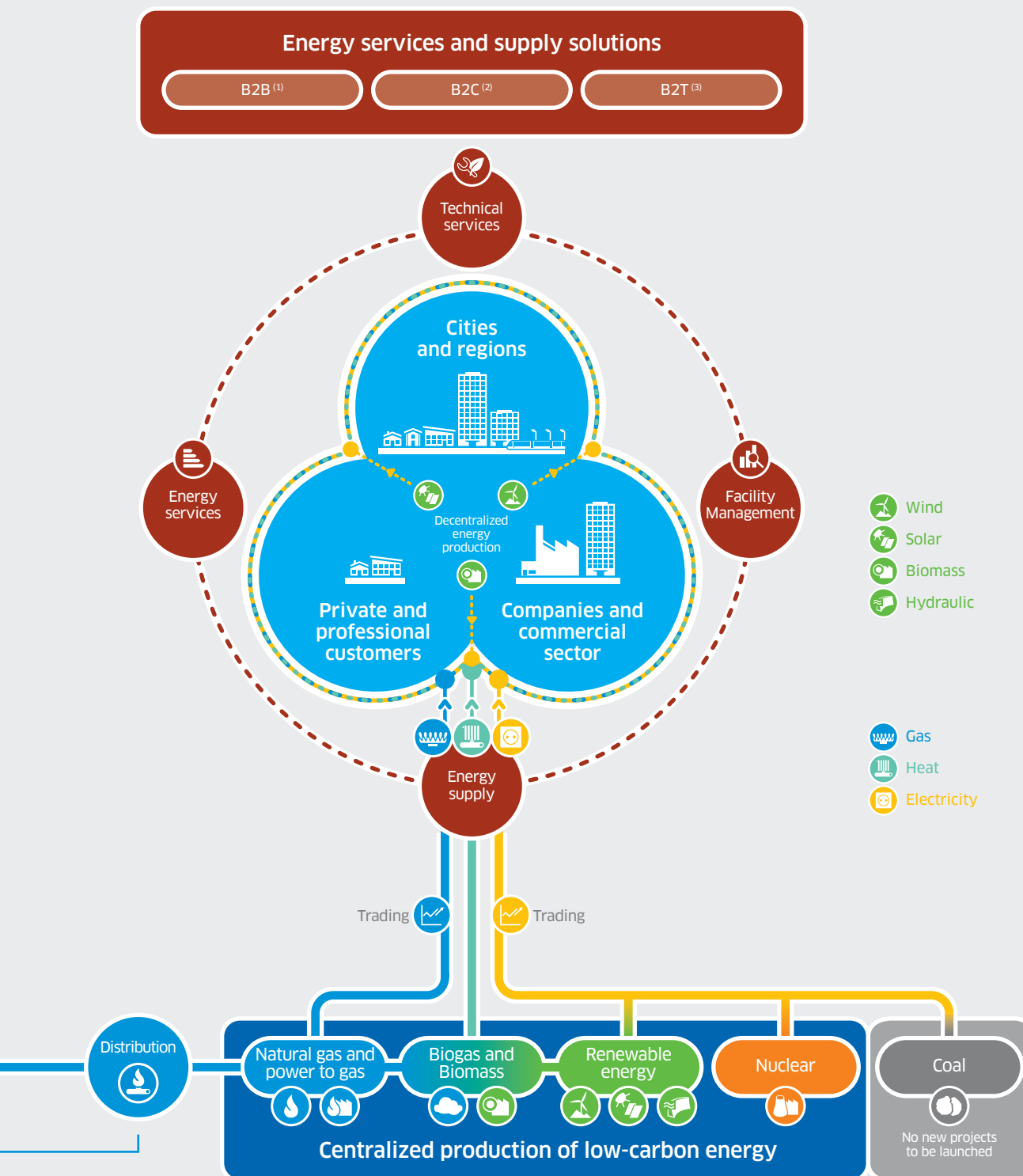
A fleet of

14 gas terminals

including **2** regasification vessels



(1) LNG: Liquefied Natural Gas.



(1) B2B : Business to Business. (2) B2C : Business to Consumer. (3) Business to Territory.



Our vision of the market

The energy revolution is gaining momentum and has become global

The energy industry is experiencing an unprecedented period of upheaval. Historically low oil prices, a decline in gas and electricity prices on organized markets: commodity prices slumped in 2015. Over and above these economic factors, the structural change is the result of the acceleration and globalization of the energy transition, which has been at the heart of ENGIE's strategy since 2013.

From energy transition to the energy revolution

The global energy landscape has changed significantly in recent years. Faced with global warming, the increasing scarcity of raw materials and the inequality in sources of supply, the energy transition has gradually become a necessity to reduce the energy-related environmental impact and to support growing energy needs.

Today, these trends have been confirmed and are gaining momentum. This is not just an energy transition, but also a veritable energy revolution, driven by several challenges: transition to a more low-carbon, more decentralized and more digitized system, where the intensity of demand drops thanks to energy efficiency services. This is an **in-depth transformation of energy production and consumption procedures**.

Launched in Europe, energy transition has become a global concern. The drop in production costs and technological breakthroughs have made renewable energy – especially solar energy – more competitive and increased the number of energy efficiency solutions available.

This technological revolution is coupled with a **digital** revolution in all sectors, especially the energy sector, where it is combined with a **social and cultural** transformation. The relationship to energy has changed drastically with a global awareness of social and environmental challenges.

The four trends that are shaping the energy revolution



New reality

These transformations prefigure a **dual world**, faster and more technological, that associates large energy infrastructures with small-sized, local structures, combining renewable energy, energy storage and micro-networks.

The globalization of the energy transition has also generated a new geopolitical reality since renewable resources are spread more evenly across the planet than fossil energies. It is represented differently depending on geographical and economic contexts: stable or even lower consumption, energy production overcapacities and strong awareness of climate

challenges in OECD countries⁽¹⁾; increased consumption, need for infrastructure, major concerns relating to local resources and access to energy outside the OECD.

The stepping up of the energy transition **has shifted the value of the sector** to more environmentally-friendly activities and services that are closer to the end customer. It also calls for the need to provide **answers that are suited to each region** and based on a good grasp of local situations and resources.

(1) OECD: Organisation for Economic Co-operation and Development.

Decarbonization of the energy mix

Background

Renewable electricity capacities are growing at a faster pace than other resources, despite a sharp drop in the cost of fossil energies, sustained by the drop in production costs, as well as by sustainable development constraints. The share of renewable energy in global electricity production reached 45% of net additional capacities in 2014. Renewable energies today account **for nearly one-third of global electricity production capacities**.

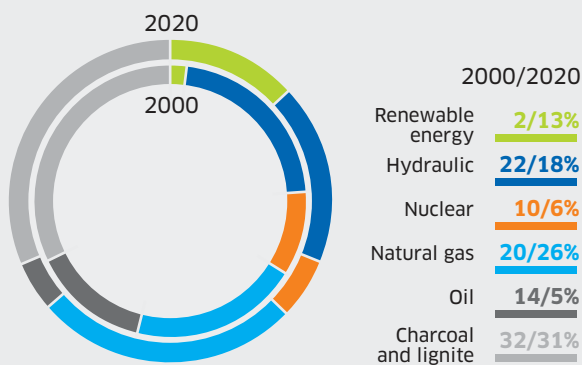
Growth drivers for ENGIE

The International Energy Agency (IEA) projects an **even greater increase** in renewable capacities worldwide between 2014 and 2020 (+5.8% per year), even if this pace should drop compared with the last three years (+8% per year).

Figures

Change in the energy mix in terms of global production capacities between 2000 and 2020

(source: Enerdata, 2015)



Digitization of customer offerings

Background

The energy sector is facing an **unprecedented technological upheaval** with the emergence of the digital age. 41% of the world population is connected to the Internet. Digital technologies are completely changing the way things are used, particularly energy.

Growth drivers for ENGIE

The number of **connected objects** worldwide will have quadrupled by 2020. By that time, 240 million **smart meters** will have been installed. Smart technology will transform energy production and consumption methods in cities and homes. Tomorrow's "consum'actor" will be connected, more independent, and will look for developed energy services, with a strong component of renewable energy and digital services.

Figures

The global connected object market in 2020

(source: Usine Digitale, January 2015)

50 billion objects will be connected, representing 15% of all objects

This market should reach **\$7,100 billion**

Expenditure will grow **3 times faster** than for information technologies



Decentralization of energy production

Background

Since 2010, the **cost of photovoltaic energy has dropped 80%** and the cost of batteries has been cut in half. Energy production **is being decentralized** at the level of local authorities and private customers who are becoming aware of the challenges of the energy transition. Some cities have succeeded in attaining full energy self-sufficiency: Schönau (Germany), Varese Ligure (Italy) or El Hierro (Spain – Canary Islands).

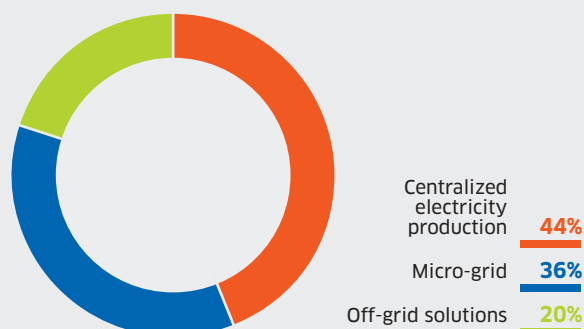
Growth drivers for ENGIE

The revolution of renewable energy storage and production technologies facilitates the development of a new generation of infrastructure that is smaller, competitive and decentralized, like photovoltaic panels or fuel cells. These technological breakthroughs have changed **business models** and require the adaptation of infrastructure and offerings to the coexistence of centralized and decentralized production systems.

Figures

Breakdown between centralized and decentralized generation of additional energy in the "Electricity access for all in 2030" scenario

(source IEA - WEO 2011)



Development of energy efficiency

Background

According to the IPCC ⁽¹⁾, in order to avoid exceeding the 2°C ceiling on global warming, global greenhouse gas emissions (GHG) should be reduced by 40 to 70% in 2050 compared to 2010. Energy efficiency has **major positive impacts** on consumption and the climate. If the current energy intensity was the same as in 1990, primary energy consumption would be 32% higher and CO₂ emissions would have increased by 28%.

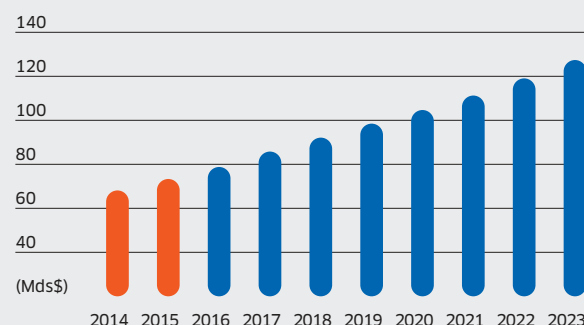
Growth drivers for ENGIE

Climate change is a crucial challenge for the energy sector, which produces two thirds of greenhouse gas emissions and is faced with new environmental regulations as well as new customer expectations. By 2030, **57% of greenhouse gas global emission reduction** will be generated by energy-efficiency solutions.

Figures

Expenditure related to the energy-efficiency retrofit of public and commercial buildings worldwide

(source: Navigant Research, 2015)



To find out more

engie.com

Publication "A world of energy 2015"

(1) IPCC: Intergovernmental Panel on Climate Change.

2 Expectations of our customers and stakeholders

A locally-driven energy revolution

The world is changing and the relationship to energy has evolved. Our customers – private, corporate, local authorities – are changing their use of energy as they become aware of the urgency of environmental challenges. They have a more responsible and more proactive approach to their energy consumption. Faced with this energy revolution, ENGIE has to develop its local approach to offer solutions that are adapted to specific local needs.

Customers at the heart of a new business model

The profile and expectations of consumers – and therefore the relationship with customers – are undergoing a complete transformation in all economic sectors. Customers play an active role, and expect personalized and innovative services. In the energy sector and its related services, they want to control their future with a participatory rationale: co-define, co-design and co-manage innovative solutions. Faced with climate change and the increasing scarcity of resources, “**consum’actors**” are looking for ways of saving money and are expecting personalized solutions to cut down on their CO₂ emissions, sometimes becoming producers of green energy themselves. They are therefore looking for energy products and services that are in line with their **lifestyle** and **values**.

With the gradual distribution of investments between centralized infrastructure (heavily regulated by the State) and decentralized infrastructure (managed by local authorities, manufacturers and even private individuals), it is becoming indispensable to **involve customers** by raising their awareness and working with them to achieve the energy revolution.

At a time when new players from the digital sector want to enter the market, it is essential that ENGIE places its customers at the heart of its business model, by redefining its strategic position: moving from the historic status of energy supplier to that of a **provider of integrated solutions** and, more broadly, innovative services in the fields of comfort and energy management/production. More than security of supply, today the added value of ENGIE’s offering is structured around the customer experience, ENGIE’s ability to help them control their energy consumption and price competitiveness. ENGIE also strives to help its customers to face the challenges of the growth and increasing complexity of the urban phenomenon.

To find out more

IR 2016

A more agile Group that is resolutely connected to its customers: p. 14 and 15

Main ENGIE stakeholders

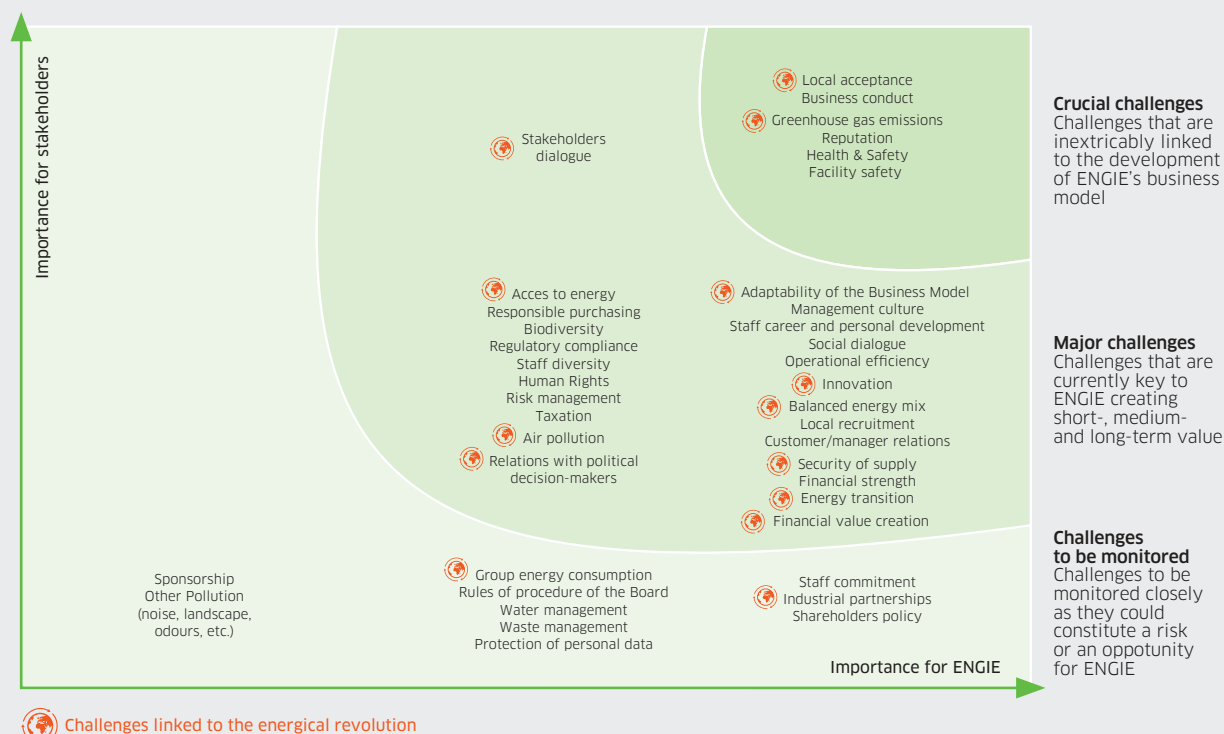


Local roots

The company's ability to **connect with its local ecosystem** in all the regions where it operates is a fundamental competitive advantage. As an acceptability lever for the Group's activities, **a long-term commitment to stakeholders** is essential in supporting the energy transition. This commitment is expressed through the close attention paid to the company's diverse range of partners – customers, local authorities, employees, suppliers, civil society and shareholders – and the co-construction of solutions that meet their expectations.

The **map of challenges** (materiality matrix) drawn up by ENGIE in 2015 identified the challenges considered as priorities by the Group and its stakeholders. In particular, it showed strong, convergent expectations concerning ENGIE's ambitions about the energy transition and their implementation: balanced energy mix, greenhouse gas emissions, innovation, access to energy, dialogue with stakeholders and political decision-makers. The exercise is currently completed with an analysis of the expectations of local stakeholders. This dialogue contributes to the analysis of the market in which ENGIE operates and is used to develop the Group's strategy, including its local adaptation.

Map of the challenges of ENGIE and its stakeholders (materiality matrix)



To find out more

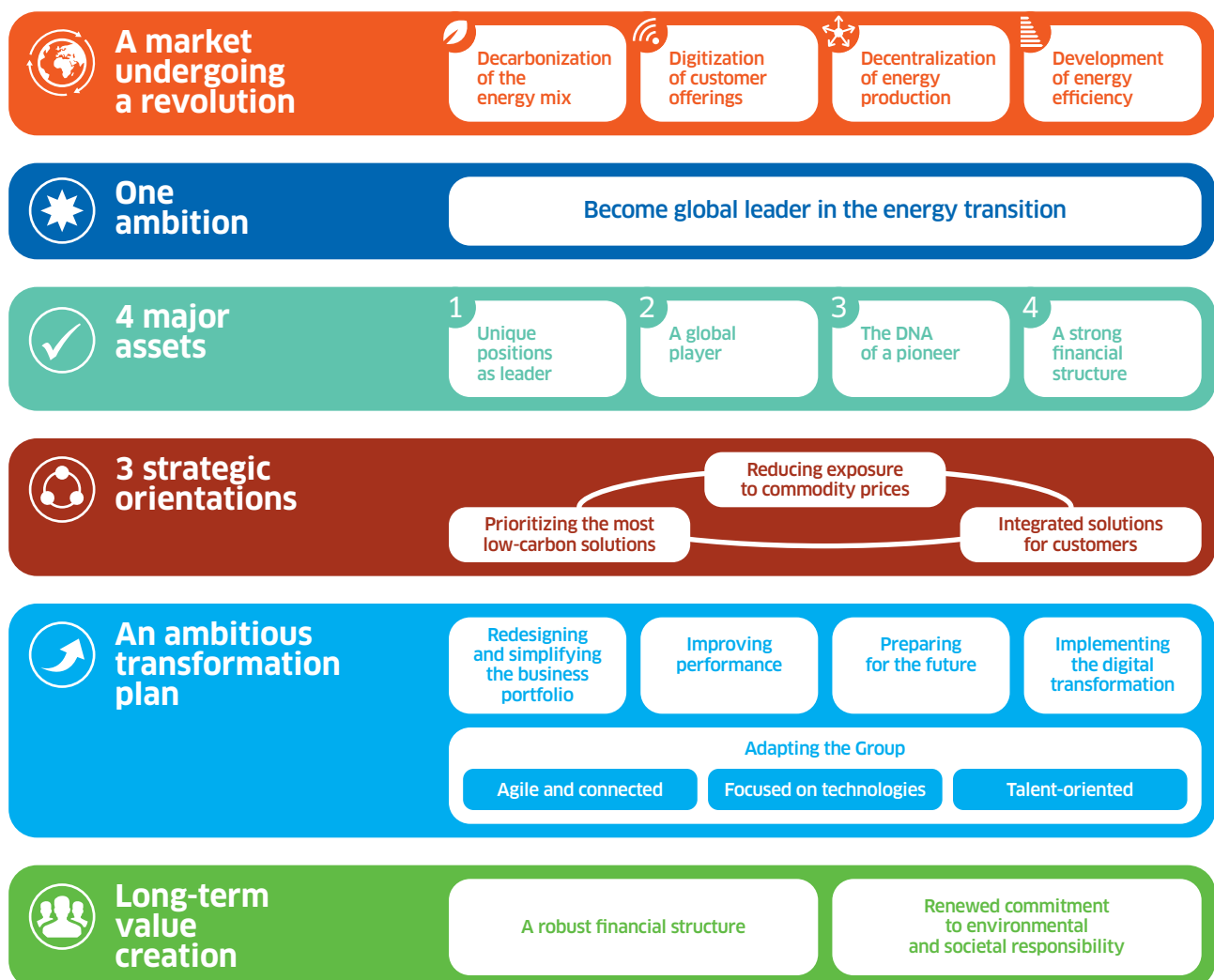
engie.com "Materiality matrix" section

3 Our strategy

Step up ENGIE's transformation to drive the energy transition

The energy transition is a profound transformation that is positive for the planet and its inhabitants. It is also a formidable challenge for ENGIE, which had anticipated these changes. With the 2016-2018 transformation plan, the Group is stepping up its strategic shift to become global leader in the energy transition.

ENGIE's strategy to build the energy revolution with customers



This pictogram, which represents the Group's strategic ambitions, will be reproduced throughout this report in order to visualize the link between the information presented and one of the six components of ENGIE's strategy.

One ambition

Faced with a fast-changing energy market that is shifting towards a more environmentally friendly production model, ENGIE factored in the challenges of energy transition in its strategy right from the start. Up until 2015, the Group's ambition was based on two main pillars: to be the benchmark energy provider in high-growth markets and to be leader in the energy transition in Europe.

Today, the energy revolution has become global and the Group has stepped up its strategic shift to a single ambition: **to become global leader in the energy transition.**

4 major assets

The Group has fundamental assets for succeeding in this transformation. It is the player that is best positioned to meet the challenges of the new energy world.

ENGIE has established **long-standing positions as a major player** in the management of centralized major infrastructures and in the provision of decentralized energy solutions and services, tailored to each type of customer.

As a **global player** with operations in 70 countries, ENGIE covers the entire knowledge chain of the energy business. Ingrained in the Group's **DNA is a pioneering** spirit based on anticipation and rapid decision-taking. The Group also relies on a **strong financial structure** which enables it to invest.

Key assets for supporting the energy revolution

UNIQUE
POSITIONS
AS LEADER

THE DNA
OF A PIONEER

A GLOBAL
PLAYER

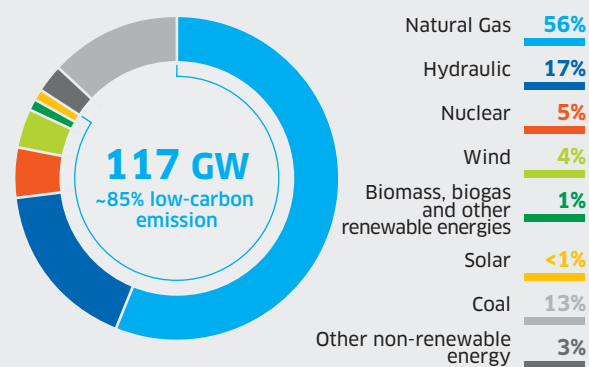
A STRONG
FINANCIAL
STRUCTURE

3 strategic orientations

ENGIE's strategy is to deploy its industrial activities in line with the energy revolution. To this end, the Group focuses its new developments in three directions: low-carbon activities, integrated solutions for its customers, and activities that are not exposed to commodity prices.

The Group will give **priority to low-carbon options**. The fight against climate change is an ambition driven by societal as well as economic concerns. By 2018, low-carbon activities will represent more than 90% of Group EBITDA.

Breakdown of electrical capacity by sector



In an increasingly decentralized world, the Group wishes to strengthen its activities upstream of the value chain. The contribution to EBITDA of **integrated solutions for customers** will increase by over 50% by 2018.

Lastly, in an environment that will continue to be volatile, the Group is going to turn to **activities that are no longer as exposed to wholesale market prices**, to ensure more stable performance. By 2018, the contribution of regulated activities or activities under contract to EBITDA will increase by over 85%.

To
find
out
more

IR 2016

Objectives and monitoring indicators
of the 3 strategic orientations: p. 18
2015 actions and results: p. 20 and 21



An ambitious transformation plan

To step up its strategic shift, adapt its business portfolio to its long-term vision and implement its areas for development, in 2016, ENGIE launched an ambitious three-year transformation plan.

The aim of the **first pillar** of this plan is to redesign and simplify the portfolio. It is based on:

- a €15 billion **asset rotation program** to reduce the Group's exposure to activities that are sensitive to commodity prices through disposals, partnerships and/or site closures;
- a €22 billion **CAPEX program**, including €7 billion for maintenance expenditure for activities that emit little or no CO₂ and integrated solutions for customers.

ENGIE's operational efficiency and competitiveness are at the heart of the **second pillar** of the transformation plan. The aim of Lean 2018, the new **performance program**, is to obtain recurring OPEX savings with a net aggregate impact of €1 billion on EBITDA by 2018.

The **third pillar** consists in investing in a new generation of solutions, in order to improve the Group's growth potential. To this end, the aim will be to prepare for the future according to three levers: investment in innovation, structuring of a positive internal ecosystem, and creation of a strategic partnership portfolio with the main global technological players.

Fourth pillar: digital technology. This is designed as the catalyst of the Group's transformation. ENGIE is planning to invest €1.5 billion by 2018 in emerging technologies – decentralized in particular – and digital technologies.

On the whole, this plan is based on a profound internal transformation of the Group, its technology, its mentality and its operating methods. This is the purpose of the **fifth and final pillar** of the transformation plan. To turn ENGIE into a Group that is more agile and more connected, it has to attract tomorrow's talents and create an environment conducive to the development of employees in this new context.

To find out more

IR 2016 Objectives and monitoring indicators of the transformation plan: p. 18
2015 actions and results: p. 20 to 23



Long-term value creation

ENGIE is targeting **three value creation levers** with its transformation plan. First of all, ENGIE is going to re-design and simplify its activity portfolio, thus improving its risk profile. The Group will, at the same time, improve its profitability and return on capital invested. It will optimize its growth potential thanks to investments in emerging and digital technologies.

Despite a constrained market environment, hard-hit by the significant and persistent drop in oil, gas and electricity prices – which will continue to affect its profits – in 2016, ENGIE is projecting that **recurring attributable net income will be resilient** compared with 2015 at between €2.4 billion and €2.7 billion ⁽¹⁾. For the period between 2016 and 2018, the Group is also projecting a net debt/EBITDA ratio not exceeding 2.5 and the maintenance of the "A" credit rating.

During the 2016-2018 transformation phase, ENGIE wishes to provide shareholders with visibility by implementing a **clear dividend policy**. The Group has thus confirmed the distribution of a dividend of €1 per share and per year with respect to 2015 and 2016 profits, payable in cash. It has undertaken to pay a dividend of €0.70 per share per year for 2017 and 2018 profits, also payable in cash.

To find out more

IR 2016 Review of 2015 financial objectives: p. 17
New objectives and financial monitoring indicators: p. 18
2015 actions and results: p. 24 to 27

The Group's transformation is based on a **renewed ambition with respect to corporate social responsibility (CSR)**, in order to share the value created with its stakeholders. ENGIE has committed to six non-financial objectives to be achieved by 2020, in close relation with the Group's strategy and transformation plan. The CSR functional line has been structured to adapt to the reorganization and to manage the achievement of objectives with a direct impact on the Group's reputation and stakeholder trust.

To find out more

IR 2016 Review of 2015 environmental and social objectives: p. 17
New corporate social responsibility objectives and monitoring indicators: p. 18
2015 actions and results: p. 28 to 31

(1) This objective is based on assumptions of average temperatures in France, the full carry-over of supply costs on regulated gas prices in France, the absence of a substantial change in regulations and the macro-economic environment, commodity price assumptions based on market conditions at the end of December 2015 for the unhedged portion of production and the following average exchange rates for 2016: €/£: 1.10; €/BRL: 4.59.

4 Our organization

A more agile Group, resolutely connected to its customers

To take up the challenge of the global energy revolution and to be as close as possible to its customers, on January 1, 2016, ENGIE implemented a simplified organization based on a local, decentralized approach. The Group is now made up of 24 Business Units (BUs) and 5 métiers brought together around a single brand: ENGIE.

Local and regional network

In a constantly changing world, connection to the ecosystem is a critical challenge. In interaction with stakeholders, the Group understands and supports the local challenges of the energy transition.

ENGIE's transformation plan is based on a **simplified organization, which is closer to its customers** and geographies, with shorter hierarchical lines that strengthen local roots and the synergy of its métiers. The new organization thus adapts to the challenges of a world of decentralized energy.

The Group is now organized into **24 operational entities called Business Units (BUs)**, mostly created at the level of a country or group of countries depending on the density of activities identified in the geographical areas concerned. The BUs bring together the Group's activities that can meet customer expectations for a given area. **5 "métiers" (business lines) complete this geographical organization.** They are in charge of expertise in each area of activity and support in the development of BUs.

From a business organization to a local organization

Organization up until 2015

5 business lines
organized primarily
by *métier*

New organization since January 1, 2016

24 Business Units
organized
geographically

5 "métiers"
(business lines)
to support the
development of the BUs

"One Company, One Brand"



In 2015, GDF SUEZ became ENGIE. A strong, simple name that evokes energy for all and in every culture. A name that conveys a humane and positive vision of the energy that the Group wants to share. This change in name comes hand in hand with the streamlining and **simplification of the portfolio of all brands** around one clear principle "One Company, One Brand". ENGIE is therefore not just the Group's new name, but also its global brand, the banner that brings together all employees and expresses all our values and activities worldwide.

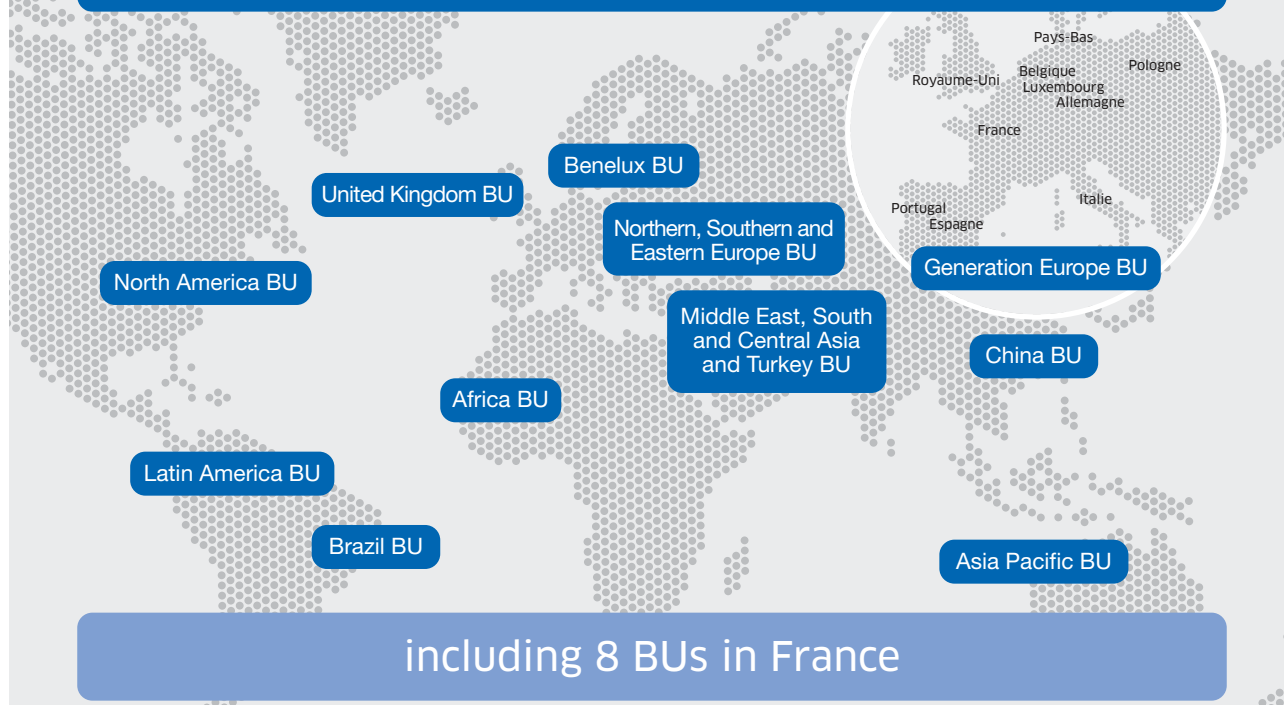
Objectives: to contribute to the acceleration of business development, increase legibility, clarity and consistency for our stakeholders and strengthen the Group's visibility, reputation and awareness.

Over and above the creation of a new global brand, the new name is that of a **new world vision** that is optimistic and new, which invites all participants to change their relationship with energy, to make energy accessible to all while ensuring environmental protection. With the name ENGIE, we are making the statement today that energy is everybody's business: employees, partners, customers, and shareholders.

This new name also embodies the transformation of the Group, which has set itself the goal of becoming a leader in the global energy transition. The challenges are considerable, while the expectations of consumers and collective responsibility towards future generations continue to grow. That is why ENGIE has committed to inventing the energies of tomorrow, to acting together to find the solutions that will change everyone's daily lives and to being an architect of energy in every region at the service of society.

New organization of ENGIE since January 1, 2016

24 BUs as close as possible to customers



France B to B
France B to C
France Renewables
France Networks



GRTgaz (natural gas transmission)
GRDF (distribution of natural gas)
Elengy (liquefied natural gas terminals, LNG)
Storengy
(storage of natural gas, geothermal power, etc.)

and 5 global BUs



accompanied by 5 “*métiers*” (business lines) with a structuring impact



Stakeholder dialogue

To reinforce the regional presence of its activities, ENGIE has set up a **structured system of dialogue** with its stakeholders, in accordance with the main international standards (AA1000, ISO 26000, Global Compact principles, OECD guidelines). This system is based on regular meetings with NGOs and associations, as well as the development of long-term partnerships consistent with ENGIE's activities.

Defined at Group level, dialogue is adapted in each Business Unit, according to specific local characteristics with respect to challenges, activities and regulations.

As part of its new non-financial objectives, ENGIE has set itself a target to cover all its industrial activities with an adapted dialogue and consultation mechanism by 2020.

Lasting societal and environmental partnerships

ENGIE has been a member of the United Nations Global Compact since 2001. The Group has set up defining partnerships to support its sustainable development approach. This is the case for example with France Nature Environnement, a federation that brings together 3,000 nature and environmental protection associations, and with the French Committee of the IUCN (International Union for Conservation of Nature), which has supported the Group since 2008 in its activities to protect biodiversity.

In 2016, ENGIE also established a partnership with the ONE Foundation (Ocean, Nature, Environment) aimed at increasing civic participation during consultations organized for marine renewable energy siting projects.

To
find
out
more

IR 2016
engie.com

Environmental conservation, p.28
"Partnerships and memberships" and
"ENGIE rallies to meet the climate challenge" sections

Two programs contribute to structuring and reinforcing stakeholder dialogue at all levels of the company:

- as from 2016, a **panel of experts and members of the Executive Board** will meet twice a year to explore new solutions to societal and environmental challenges;
- since 2013, a best **practices community** has proposed a methodology, tools and technical support to ENGIE entities (Bus and "métiers") to assist them in their dialogue with stakeholders, encourage the societal dimension to be taken into account and disseminate best practices.

Terrawatt Initiative: towards a new energy paradigm



At the end of 2015, ENGIE announced the launch of the Terrawatt Initiative (TWI), a global non-profit organization that will work with the International Solar Alliance (ISA) and its member states to establish the regulatory conditions necessary for the mass deployment of competitive solar generation. The ISA target is 1 terawatt (TW) of additional solar power capacity by 2030. In this context, the International Renewable Energy Agency (IRENA) and Terrawatt Initiative, chaired by Isabelle Kocher since the beginning of 2016, have pledged to cooperate and work on concrete ways of implementing the objectives of the Paris Agreement as soon as possible, with a specific focus on solar power generation.

ENGIE's involvement in the success of COP21



ENGIE played a very active role in the run-up to COP21 – organized in Paris at the end of 2015 – in favor of an ambitious international climate commitment to limit the global temperature rise to 2°C. It also pledged to support the more widespread application of regulations on carbon pricing. Gérard Mestrallet co-hosted the COP21 Business Dialogue working groups, which brought together business leaders from all sectors and negotiators from nearly 30 countries. Internally, the Group also organized a "Climate & Energy" debate with all its employees.

5 Our performance

Resilient results in 2015 to support the Group's growth

ENGIE in figures

2015 performance indicators

In 2015, ENGIE's performance was in line with its financial guidance as well as with its main operational and non-financial objectives. The review of the non-financial objectives for 2015 is provided on page 44.

	2013	2014	2015	Objective
Operational figures				
Installed capacity (in GW)	113.7	115.3	117.1	–
Capacity under construction (in GW)	10.0	10.5	8.1	–
Renewable energy (percentage of installed capacity)	15%	17%	18%	–
Increase of renewable installed capacity since 2009	+27%	+42%	+60%	+50% between 2009 and 2015
Financial figures				
Revenues (in € billions)	80.0	74.7	69.9	–
EBITDA (in € billions)	13.0	12.1	11.3	–
Net recurring income, Group share ^(a) (in € billions)	3.1	2.7	2.6 ^(b)	2.6 to 2.9 in 2015 ^(c)
Dividend (in € per share)	1.5	1.0	1.0	Minimum 1.00 between 2014 and 2016
Net Debt/EBITDA	2.2x	2.3x	2.5x	≤ 2.5 between 2014 and 2016
Gross CAPEX (in € billions)	7.1	7.1	7.2	–
Environmental and social figures				
Average CO ₂ emission rate – energy generation (in kg CO ₂ eq./MWh _{eq})	425.0	434.2	445.5	-10% between 2012 and 2020
Biodiversity (% of sensitive sites in the European Union with a biodiversity action plan)	36%	72.4%	98%	100% in 2015
Number of employees	147,199	152,882	154,935	–
Health and safety (internal occupational accident frequency rate)	4.4	4.1	3.6	< 4.0 in 2015
Diversity (percentage of women in management)	21.9%	21.9%	22.0%	25% in 2015
Training (% workforce trained)	68.5%	68.1%	66.0% ^(d)	> 2/3 in 2015
Employee shareholding (% of ENGIE's capital held by employees)	2.4%	3.2%	2.7%	3.0% in 2015

(a) Excluding restructuring costs, MtM, impairment losses, disposals, other non-recurring items and related tax impacts, and after the integration of the expense relating to the nuclear contribution resulting from the agreement between the Belgian government, ENGIE and Electrabel signed on November 30, 2015.

(b) i.e. €2.7 billion at average temperature in France.

(c) Guidance of €2.75-3.05 billion as adjusted on October 1, 2015 and after the nuclear contribution (€0.17 billion) resulting from the agreement between the Belgian government, ENGIE and Electrabel concluded on November 30, 2015. At average temperature in France.

(d) Excluding the subsidiaries of Cofely Workplace and Cofely Ltd (UK) acquired in 2014 and that have not yet implemented the Group's policy.

New objectives and monitoring indicators

To step up its strategy, ENGIE has set itself new operational, financial and non-financial objectives. The group has decided to reinforce certain objectives such as the reduction of the CO₂ emission rate, the share of renewable energy in production capacity, the internal occupational accident frequency rate and diversity in the Group's workforce. It has also set itself two new objectives for 2020: the satisfaction rate of B2C customers with energy transition offerings and the establishment of an integrated dialogue approach with stakeholders for all its industrial sites.

Strategy	KPI	Objective
 3 strategic orientations		
Prioritizing the most low-carbon solutions	Share of low-carbon activities ⁽¹⁾ in Group EBITDA	> 90% in 2018
Integrated solutions for customers	Share of integrated solutions for customers in Group EBITDA	+50% between 2016-2018
Reducing exposure to commodity prices	Share of regulated or contracted activities ⁽²⁾ in Group EBITDA	> 85% in 2018
 An ambitious transformation plan		
Redesigning and simplifying the business portfolio	CAPEX program	€22 billion between 2016-2018, including €7 billion of maintenance CAPEX
	Asset rotation program	€15 billion (net debt impact) between 2016 and 2018
Improving performance	Efficiency program (Lean 2018) aimed at making recurring savings on operating expenses	Net aggregate impact of €1 billion on EBITDA by 2018
Preparing for the future and implementing the digital transformation	Investment in emerging and digital technologies	€1.5 billion between 2016 and 2018
Adapting the Group	% of women in the Group workforce	25% in 2020
	Internal occupational accident frequency rate	≤ 3 in 2020
 Long-term value creation		
A robust financial structure	Net recurring income, Group share	€2.4 billion to €2.7 billion ⁽³⁾ in 2016
	Net Debt/EBITDA ratio	≤ 2.5 x between 2016 and 2018
	Rating	Category "A" for the period 2016-2018
	Dividend	€1 per share and per year with respect to 2015 and 2016 profits, payable in cash, and €0.70 per share and per year in cash for 2017 and 2018 profits
Renewed commitment to corporate social responsibility	Satisfaction rate of B2C customers with the energy transition	≥ 85% in 2020
	Percentage of industrial activities covered by an adapted dialogue and consultation mechanism	100% in 2020
	Share of renewable energy in the production capacity mix	25% in 2020
	CO ₂ emission reduction rate for power generation compared with 2012	-20% in 2020 ⁽⁴⁾

(1) Generation of low-carbon electricity, gas and LNG infrastructure, downstream.

(2) Activities other than merchant electricity generation, E&P and LNG purchase/sale.

(3) This objective is based on assumptions of average temperatures in France, the full carry-over of supply costs on regulated gas prices in France, the absence of a substantial change in regulations and the macro-economic environment, commodity price assumptions based on market conditions at the end of December 2015 for the unhedged portion of production and the following average exchange rates for 2016: €/£: 1.10 €/BRL: 4.59.

(4) Resulting in an absolute emission rate of 354.4 kg of CO₂ equivalent per MWh of energy generated.



3 strategic orientations

Prioritizing the most low-carbon solutions

Reducing exposure to commodity prices

Integrated solutions for customers



2015 in line with the Group's strategic orientations

In 2016, ENGIE announced that it was reorganizing its activities according to 3 strategic orientations: **low-carbon activities, activities not exposed to commodity prices and integrated solutions for customers**. As from 2015, the Group anticipated the implementation of these strategic orientations through major acquisitions and the development of new projects. ENGIE's decision not to build any more new coal-fired power plants, announced in October 2015, is also in line with the strategic shift taken by the Group.

Develop low-carbon activities

- ▶ In **Japan**, the signing of a biomass supply contract with Sumitomo and the signing of a memorandum of understanding with Mitsubishi Heavy Industries to develop their collaboration in the energy and technology sector.
- ▶ Acquisition of **Solairedirect**, a benchmark player in competitive solar power generation.
- ▶ In **Brazil**, ENGIE, through its subsidiaries Solairedirect and Tractebel Energia won a bid to develop 230 MW of solar power after the call for tender organized by ANEEL, an agency affiliated with the Brazilian energy ministry, demonstrating the Group's ability to put together a competitive solar offering.
- ▶ In **India**, the Group won a bid for 140 MW in solar power projects through Solairedirect.
- ▶ In **France**, through its subsidiaries Solairedirect, Compagnie Nationale du Rhône, La Compagnie du Vent and Futures Énergies, ENGIE won contracts for **14 photovoltaic projects** representing 95.5 MW of installed capacity in a call for tender organized by the French Energy Regulatory Commission (CRE).
- ▶ In **South Africa**, the 100 MW Kathu solar park project was awarded preferred bidder while the 94 MW West Coast One wind farm started commercial operation, together with the 335 MW Dedisa Peaking Power open-cycle power plant which, with the open-cycle Avon Peaking Power Plant currently under construction, represents the country's first major Independent Power Producer (IPP) project.
- ▶ In **Belgium**, the signing of an agreement between ENGIE and the Belgian government on the extension of Doel 1 and Doel 2 nuclear plants and review of the contribution by the nuclear sector.

Develop gas infrastructure

- ▶ In **China**, signing of an agreement with Beijing Enterprises Group for the supply of LNG to Beijing and to develop cooperation between the two Groups, and signing of a strategic cooperation agreement with Chongqing Energy Investment Group.

- ▶ ENGIE and **NOVATEK** have concluded an LNG supply agreement from the Yamal LNG project. Under this agreement, ENGIE will receive 1 million metric tons of LNG per year as from 2018, over a 23-year period for the requirements of its clients worldwide.
- ▶ In **Indonesia**, ENGIE, ENI and Saka Energi have signed two LNG sale and purchase agreements for the Jangkrik project with PT Pertamina under which Pertamina will buy 1.4 million metric tons of LNG per year as from 2017.
- ▶ Signing of an LNG partnership agreement with the **Japanese electricity producer Kansai Electric**.
- ▶ Signing of four memorandums of understanding and cooperation with Pemex, CFE and CENAGAS to promote energy development in **Mexico**.
- ▶ In **Tunisia**, signing of a memorandum of understanding with Société Tunisienne de l'Electricité et du Gaz (STEG) to develop cooperation between the two groups.
- ▶ In **Algeria**, ENGIE announced the discovery of natural gas in the Illizi basin in south-east Algeria.
- ▶ In Montoir-de-Bretagne (Loire-Atlantique department), ENGIE recorded its **1,000th** liquefied natural gas (LNG) truck **loading** in Europe.
- ▶ In **France**, LNGeneration signed an 18-month contract with Lactalis for the supply of liquefied natural gas.
- ▶ In the **UK**, signing of the first retail LNG sales contract with FLOGAS Britain.

Develop integrated solutions for our customers

- ▶ In **Asia-Pacific**, a new step was taken in energy services thanks to the acquisition of TSC Group Holdings through Cofely, making ENGIE the sole shareholder of TSC and reinforcing its presence in Australia and New Zealand. ENGIE also finalized the acquisition of DESA Australia, one of the leading providers of communications, electrical and energy efficiency solutions.
- ▶ In **China**, creation of a joint venture with Sichuan Energy Investment Distributed Energy Systems (SCEI DES) to develop decentralized energy projects in Sichuan.
- ▶ In the **Philippines**, ENGIE and Cyberzone Properties Inc. announced the development of a district cooling system in Manila.
- ▶ ENGIE, through its subsidiary Cofely, finalized the acquisition of the **Chilean company IMA**, a leading provider of industrial services (maintenance and solutions) to major customers in mining, energy generation and industry.
- ▶ Through its corporate venture fund dedicated to innovation, ENGIE New Ventures, ENGIE made three new investments: in the capital of **Tendril** to speed up the development of Energy

Services Management (ESM) solutions in Europe, in **Redbird**, an expert in the analysis of technical data collected by drones and in **KiWi Power**, a leading UK demand response aggregator; Furthermore, in the **United States**, the Group acquired a stake in AMS, a Californian startup specializing in energy storage.

► In **France**, ENGIE acquired the Nexilis Group, a major HVAC player in south-eastern France, through its subsidiary Cofely Axima.



An ambitious transformation plan

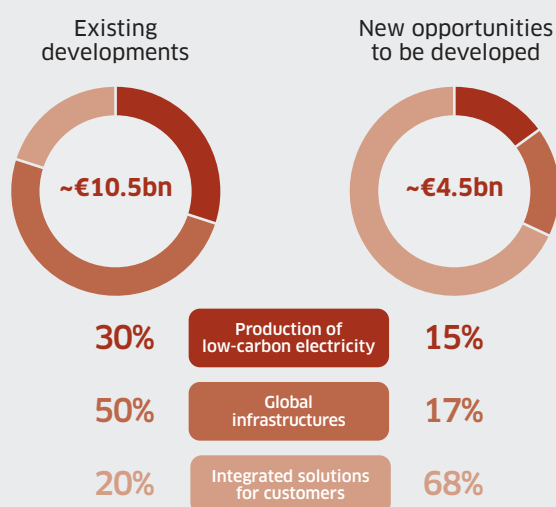
Redesigning and simplifying the business portfolio

An investment and asset turnover program already well under way

As part of its transformation plan, ENGIE has announced a €22 billion **CAPEX program** for 2016-2018, including €7 billion for maintenance, financed mainly through the generation of cash flow from operations. €10.5 billion have already been used for capital expenditure, while €4.5 billion are waiting to be assigned to new opportunities, in particular decentralized solutions. In February 2016, ENGIE achieved a major milestone in its CAPEX program with the acquisition of OpTerra. This has made the Group the third leading energy services provider in the United States.

The transformation plan is also based on a €15 billion **asset rotation program** between 2016 and 2018 aimed to reduce the Group's exposure to activities exposed to commodity prices. **More than one-third of the program** had already been completed in February 2016, with the sale of 13 GW of electricity production capacity, including 10 GW of assets exposed to commodity price changes in the United States and two coal-fired power plants (3 GW) in India and Indonesia. These operations also enabled ENGIE to cut down the installed capacity of coal-generated power by 20%.

Breakdown of the 2016-2018 investment program



An ambitious transformation plan

Improving performance

New performance program

Lastly, the transformation plan is based on an **ambitious performance program** called "Lean 2018". It is a program aimed at obtaining recurring OPEX savings with a net aggregate impact of €1 billion on EBITDA by 2018. On an annual basis, the projected savings are 50% higher than the savings of the "Perform 2015" program.

It must be pointed out that the "**Perform 2015**" plan had very positive results, since the initial savings targets on the income statement and on capital expenditure and working capital

requirement were all achieved, or even exceeded in some cases. At the end of 2015, the aggregate impact on net recurring income, Group share, since 2012 amounted to more than €1 billion. For the Quick Reaction Plan, the target of €250 million was also reached at end 2015. All the business lines contributed to the progress of "Perform 2015" and the Quick Reaction Plan launched at the beginning of 2015. For 2015, the two plans contributed €0.5 billion (net of inflation of costs) to the improvement of Group EBITDA.



An ambitious transformation plan

Preparing for the future

Implementing the digital transformation

Innovation and digital technology: catalysts of the Group's transformation

To enhance its growth potential, ENGIE is investing in emerging and digital technologies. It has earmarked €1.5 billion for this in its transformation plan between now and 2018.

Innovation ecosystem

Focused on the rapid development of new activities, the "Innovation, Marketing and New Businesses" entity is boosting innovation within the Group and its ecosystem. An internal social network "innov@ENGIE" was launched in 2014 to promote collaborative innovation. It had 9,000 members at the end of 2015. The Group has also established an **incubation process for employee projects**, aimed at discovering new businesses. At the end of 2015, 15 teams of employees were developing their projects in external incubators, the fruit of partnerships in France, Belgium and the Netherlands. This system has added to pre-existing initiatives, in particular the Innovation Awards, an internal competition that rewards innovative projects by Group employees each year.

To strengthen its links with the innovation system of the regions where it operates, the Group has launched about 20 **calls for proposals from startups**. These gave rise to 18 "ENGIE-startup" cooperations. The Group also initiated several events such as the "Hack the Drone" Hackathon, the "Innovation Mornings" cycle and several "Innovation Days" in Lille, Marseille and Bordeaux.

Investment fund

The aim of the €100 million **investment fund, ENGIE New Ventures**, is to acquire minority interests in innovative startups from the energy transition field, by offering them two levers: financial through investment, and operational with Group subsidiaries. At the end of 2015, the fund made seven investments in Europe (Belgium, France, the UK) and the United States.

Tomorrow's technologies

Medium to long-term innovation (R&D) is managed by the Research and Technologies Department, which is tasked with bringing the technologies of tomorrow to maturity. In this regard, it manages ENGIE's **prospective research programs** (e.g. renewable energy, smart energy and environment, transport and storage of CO₂). In 2015, the Department continued its globalization, with the creation of laboratories in Singapore and the United Arab Emirates. It also developed new centers of competence in the 3D printing and drone segments.

Digital transformation

The purpose of the Digital Mission is to drive and speed up the change effected by digital technology, designed as a catalyst of ENGIE's transformation plan. New technologies improve the customer relationship, by designing new offerings and proposing new avenues of operational efficiency. The entire Group revolves around digital technology. Innovative approaches to data, connected objects, the cloud, mobility, etc. influence and develop culture and skills. Thanks to the penetration of digital technology into its activities, ENGIE was recognized in 2015 as the No. 1 French industrial company of the CAC 40 for its digital maturity.

Tomorrow's city



As they concentrate more than half the world population, 75% of energy consumption and 80% of greenhouse gas emissions, cities are a major lever of the energy transition. ENGIE develops innovative, integrated and tailored solutions to invent the city of tomorrow, in close partnership with local authorities. Its offerings are geared to improve the well-being of inhabitants through district heating and cooling systems, low-carbon decentralized production, green mobility, smart grids or lighting and safety systems.

In 2015, Cit'Ease™, the optimized city management solution developed by ENGIE and SUEZ, was experimented in France and Belgium. This collaborative tool, designed for elected representatives and municipal services, is aimed to provide better knowledge about the large amounts of data generated by a city, to better understand the dynamics of the local authority, optimize investments and provide for major risks.

To find out more

RD 2015
engie.com

Section 1.5

"Innovation and energy transition" and "Understanding our commitments" sections

€190 million
dedicated to technological research and development in 2015

€100 million
managed by the ENGIE New Ventures investment fund



An ambitious transformation plan

Adapting the Group

The Group's HR commitment, a transformation lever

With over 154,000 employees and more than 18,000 recruitments worldwide in 2015, ENGIE is **one of the leading employers**. The Group's Human Resources (HR) commitment contributes to the consolidation of its transformation and the success of the energy revolution by concretely working in favor of the Group's adaptation, to make it even more agile and connected, focused on innovation, and entrepreneurial and team spirit.

Health and safety at work, a critical component

The health and safety policy, developed with managers and employees and based on a Group-wide agreement with the trade union federations, is aimed to **preserve the integrity of persons** (employees, service providers and the parties) and property, as well as promoting quality of life in the workplace. It goes hand in hand with the Group Health and Safety Rules that define the requirements applicable to all entities. Thanks to a managerial system comprising an action plan for 2010-2015, training courses, internal controls and audits, external certifications, benchmarks and feedback, ENGIE has succeeded in reducing its employees' occupational accidents frequency (down 56% since 2008). These results place the Group among the leaders of the sector, and are in line with its objective of achieving an accident frequency rate of less than 4 in 2015. With respect to occupational health, the number of new cases of occupational illnesses has dropped sharply, going from 150 in 2014 to 122 in 2015 while the number of hours of absence for medical reasons per employee and per year rose slightly, from 63 since 2013 to 65 in 2015.

For several years now, the Group has been investing massively in **health and safety training and awareness-raising for its employees**. In 2015, 852 managers attended the "Leadership en santé-sécurité" (Leadership in health and safety course), conducted by ENGIE University, and which is systematically concluded by a Senior Manager of the Group. In 2015, a bi-annual follow-up of managers who had taken this course was set up and a series of mini-documentaries called "Regards croisés" (cross perspectives) were made available to them to illustrate how the proper use of the main managerial levers (team meetings, site visits, acknowledgement, etc.) contributes to transforming the Group's health and safety culture.

In 2015, the **annual internal health and safety awareness-raising campaign** focused on the reduction of risks while driving. Poster campaigns, exhibitions and simulator driving sessions enabled employees to experiment and to increase their awareness of the consequences of using communication and guiding devices while driving. This campaign also enabled employees to get involved in concrete actions.

Employees at the heart of our transformation

In 2015, ENGIE's HR action focused even more on its customers: it is positioned at the center of the business, supports change, involves as many talents as possible in the transformation and contributes to giving positive meaning to projects.

In 2015, this was expressed through innovative **HR actions intended to develop the skills and spirit of initiative of employees**. New ways of working were experimented with: tele-working, dynamic workspaces, etc. A large-scale mentoring operation was also launched and involved 1,000 mentors in 2015. Investment was increased in digital solutions in particular. One of these solutions was a digital reverse mentoring program that promoted exchanges between top managers and young employees conversant with digital technology around digital issues, as well as the sponsorship of a large community of young employees who came up with proposals related to HR and managerial innovation. Today, the Group's Young Professional Network (YPN) has 850 members who are mobilized through a "créativ'lab" to contribute to the Group's transformation.

The **individual development of employees** is a key lever of the Group's performance and development. As a priority, ENGIE draws on in-house talent to prepare for the future, by developing the skills of tomorrow, encouraging job mobility and thus improving the employability of its teams. The **aim of ENGIE's job mobility policy** is to optimize the fit between in-house skills and the needs of its métiers; reinforce cultural integration, co-operation, innovation and promotion of diversity and contribute to developing the employability of each employee. In 2015, more than 6,000 employees took advantage of job mobility opportunities and 1,500 employees on average consulted the job offers published in-house each month. Human resources are at the heart of the Group's transformation and are working to develop a new leadership model to serve the corporate project. It promotes co-working, inventiveness, commitment, development and plurality in employees. Training and mobilization are key vectors of success. In 2015, nearly 6,500 managers took part in a program conducted by ENGIE University, and one third of employees in France attended external training courses (20% more than in 2014). Furthermore, an e-learning offering can be accessed and used by all employees through the dedicated "e.campus" platform.

Constructive **social dialogue** is another way in which employees' endorsement of the transformation plan is achieved. A large-scale consultation was organized with all employee representative bodies in connection with the Group reorganization. This consultation was an opportunity to share the realization of the energy revolution and to talk about ENGIE's ambitions in the new energy context. It was also a chance to

address training and mobility issues, placing employees at the heart of the Group's transformation.

To find out more	IR 2016	Our organization: p. 14 and 15
	RD 2015	Section 3.2
	engie.com	"Understanding our commitments" section

"Digital Reverse Mentoring"

The first pilot wave of "Digital Reverse Mentoring" was completed successfully in 2015: 24 senior managers were "mentored" in individual sessions by Group employees. The first season produced a solid and proactive network of mentors that promoted the sharing of expertise and mutual cooperation, relying in particular on a closed group on the in-house social network "Yammer". The operation will run again in 2016 and will be extended to more than 100 senior managers.

From youth employability...

The social commitment of ENGIE and its employees is contributing to the Group's transformation. One of the priorities in terms of social responsibility concerns the employability of young people. In France, nearly one quarter of young people are unemployed. In Europe, there are more than 5 million. And yet, **these young people are tomorrow's players**, the company's future talents and the creators of its performance. They are a pool of innovations, new skills, entrepreneurship and new ideas at a time when the Group needs to ensure its energy transition and technological transformation. ENGIE, which recruited more than 6,000 young people under the age of 34 in 2015, has marked its European commitment by signing the "Pact For Youth" and the "Alliance For Youth".

ENGIE is socially committed and recruits people from all backgrounds thanks to the **promotion of diversity** (disability, young people from priority neighborhoods, women, European exchange programs, etc.). Among the various vectors of professional inclusion, the Group gives special preference to work-study programs, thus requiring its commitment to the training and qualified recruitment of young people at all levels (from vocational diplomas to graduate degrees). In this connection, in 2016, the recruitment agency Moza-k RH sourced 50 work-study candidates from priority neighborhoods. At the end of 2015, the Group had more than 4,000 work-study trainees worldwide, with an objective to recruit 50% of them in the long term.

Youth employability also involves **close collaboration between the company and teaching institutions**. ENGIE is promoting this collaboration through its relations with the French Ministry of Education and through its initiatives to raise the awareness of secondary school students (modeling of collective placements for final-year students in lower secondary schools with an introductory view of the company) or the development of the "Ma Caméra Chez les Pro" (my camera on the professionals) program. In the same vein, ENGIE is working on the development of a teacher reception program in the company. The ultimate objective is to adapt the offering to needs by enabling the educational system to take the new skills expected by companies into account.

Europe-level commitments in favor of young people

- The "Pact For Youth", initiated by CSR Europe to prepare young generations for tomorrow's sustainable and civic jobs.
- The "Alliance For Youth", the first ever intercompany, pan-European private initiative launched by Nestlé to prepare young people for the job market.
- "Erasmus Apprentis" a Franco-German project coordinated by the French Ministry of Foreign Affairs and supported by the French Ministry of Labor, Employment, Training and Social dialogue to offer exchange programs to young apprentices between France and Germany.

... To the commitment of employees

The commitment of employees, including their social commitment is in line with the Group's shared values. Because this commitment contributes to the company's performance and boosts its innovation capacity, in 2015, ENGIE reinforced its policy of **quality of life at work**, which is essential for encouraging the mobilization of its men and women. This involves listening to employees and professional discussions conducted among work teams. The International Social Observatory (OSI), chaired by the Group, participates actively in the reflections and progress made on the subject. For many years now, employees have benefited from quality of life initiatives such as daycare centers or more recently the "aide aux aidants" (carer assistance) scheme. These initiatives provide employees with the assurance of a work-life balance.

With respect to the **social commitment of employees**, we must note the action of Fondation Agir pour l'Emploi (FAPE), which not only supports projects to promote job creation through employee donations (53 projects supported and over €800,000 in donations since its creation in 2013, contributing to local development), but also enables the same employees to make a social commitment by investing their time. For example, in 2015, the FAPE created the first group of volunteer employees to provide support to jobseekers with the association Solidarités Nouvelles Face au Chômage (new forms of solidarity to tackle unemployment). Lastly, the Group has developed a skills provision policy that took effect in January 2016.

6,000
young people recruited
under permanent
contracts in 2015

+4,000
work-study
trainees
worldwide



**Long-term
value
creation**

A robust financial structure



2015 results in line with guidance

In a particularly difficult environment, the soundness of ENGIE's business model and its financial structure enabled the Group to obtain results in 2015 that were in line with guidance, with a recurring net income attributable to the Group ⁽¹⁾ of €2.6 billion ⁽²⁾.

In particular, accounting impairments of €8.7 billion affected net income attributable to the Group, resulting in a loss of €4.6 billion. These impairments primarily concern the exploration & production business which was adversely affected by the sudden and continuous drop in petrol and natural gas prices as well as the LNG marketing business, impacted by the LNG market downturn (a total of €4.3 billion for the two businesses). They also affected power generation activities on merchant markets (€3.2 billion), suffering a deterioration in fundamentals and which are currently undergoing a strategic review. Value adjustments for the rest of the Group amounted to €1.2 billion and are concentrated on intangible assets in France where the market momentum has been affected by the end of regulated sales prices for professional customers and increased competitive pressure.

Cash generation rose sharply since 2014 to reach €9.8 billion. At end-December 2015, the Group had €18 billion in liquid assets.

In this particularly deteriorated environment, ENGIE has stepped up its strategy and launched an ambitious three-year transformation plan to become global leader in the energy transition.

Consolidated activity report ⁽³⁾

In 2015, the **Group posted revenues** of €69.9 billion, a gross drop of 6.4% compared with 2014 and an organic decrease of 8.8%. This drop is mainly due to the slump in commodity prices, the contraction of LNG activities and the unavailability of the Doel 3 and Tihange 2 nuclear power plants as well as the shutdown of Doel 1 in Belgium, which partially offset the appreciation of the dollar against the euro and a more favorable climate in France despite the extremely mild weather at the end of 2015 (2014 having been a particularly warm year).

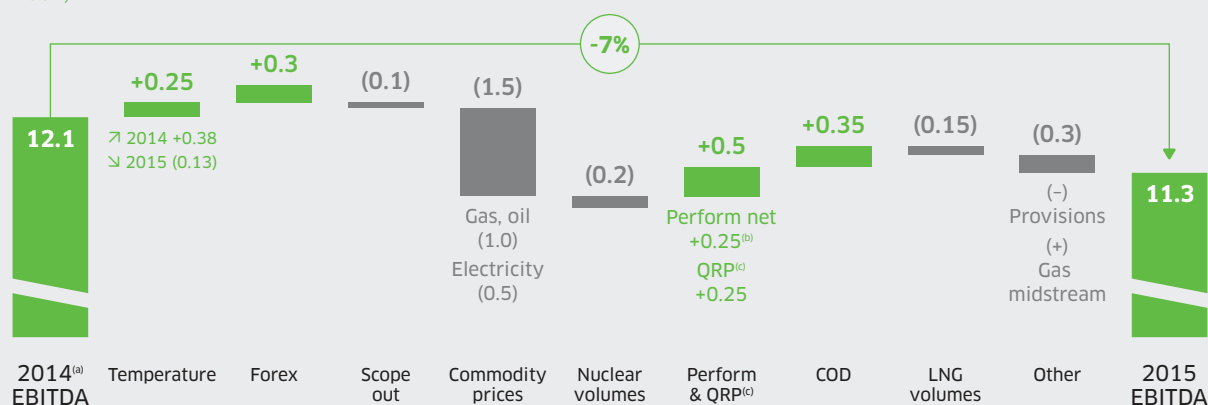
Group **EBITDA** dropped 7.2% on a gross basis to €11.3 billion and 9.1% on an organic basis. It was affected by the same factors as for revenues, partially offset by a positive currency effect, the positive impact of the temperature in France, and the commissioning of new assets and continued cost performance efforts.

Current operating income after deducting the share of income in companies accounted for by the equity method dropped 11.6% on a gross basis and 13.8% on an organic basis to reach €6.3 billion. The trend is in line with EBITDA.

Net income attributable to the Group, which amounted to -€4.6 billion was adversely affected by impairments of -€8.7 billion and a -€7.1 billion drop compared with December 31, 2014. In 2014, profits had benefited from revaluation gains resulting from the acquisition of Gaztransport & Technigaz (GTT) and the loss of significant influence over the Walloon inter-municipal companies.

Change in EBITDA (2015 vs 2014) by main effects

(in €bn)



(a) 2014 figures restated. (b) Performance gains on OPEX. (c) Quick Reaction Plan.

(1) Excluding restructuring costs, MtM, impairment losses, disposals, other non-recurring items and related tax impacts, and after the integration of the expense relating to the nuclear contribution resulting from the agreement between the Belgian government, ENGIE and Electrabel signed on November 30, 2015.

(2) i.e. €2.7 billion at average temperature in France for a guidance of €2.6 billion to €2.9 billion as announced on October 1, 2015 and after the nuclear contribution (€0.17 billion) resulting from the agreement between the Belgian government, ENGIE and Electrabel concluded on November 30, 2015.

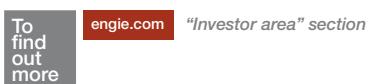
(3) The consolidated comparative data at December 31, 2014 were restated as a result of the retrospective application of IFRIC 21.

Net recurring income attributable to the Group, at €2.6 billion, was down €0.1 billion compared with December 31, 2014. The drop in current operating income after deducting the share of net income of companies accounted for by the equity method was partially offset by a lower tax expense and recurring financial charges.

Net debt stood at €27.7 billion at the end of December 2015, up €0.2 billion compared with the end of 2014. This was mainly due to a €0.5 billion negative currency effect related to the depreciation of the euro against the main currencies, while Cash Flow From Operations rose €1.9 billion to €9.8 billion. In 2015, the Group paid out dividends to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion).

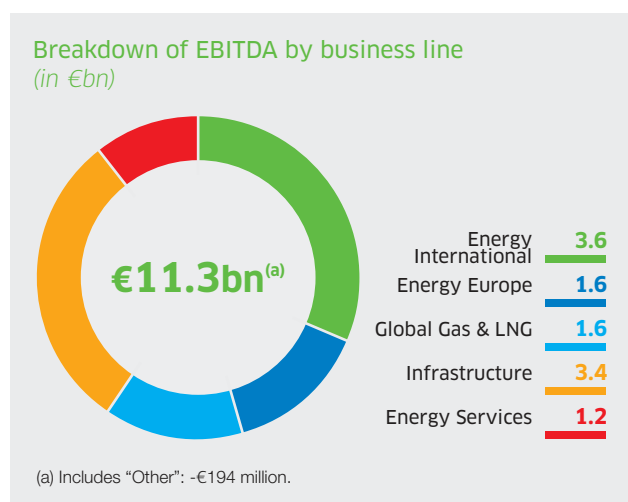
Net debt/EBITDA ratio stood at 2.46 x at December 31, 2015, still below the target of ≤ 2.5 x.

The Group maintained its “A” rating with the rating agencies Standard & Poor’s and Moody’s⁽¹⁾.



Revenue and earnings trends

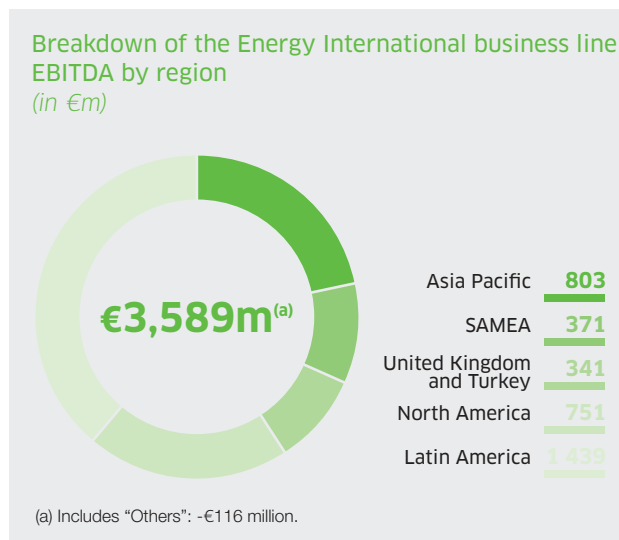
As the Group adopted its new organization on January 1, 2016, the presentation of the 2015 results follows the organization that applied in 2015, structured around five business lines.



1) Energy International business line

On the international market, ENGIE consolidated its position as global leader in independent power generation by reinforcing its positions in the countries where it already operates; by continuing to grow on buoyant markets; by developing opportunities in renewable energy whilst also optimizing its assets; and lastly by exploring and extending its activities throughout the electricity and gas value chain, including in decentralized production as well as global solutions for customers.

In 2015, the EBITDA of the Energy International business line stood at €3,589 million, down 3.4% on a gross basis and 6.8% on an organic basis. This organic change reflects the mixed performance between mature markets (-26% on an organic basis) as a result of weaker performance of power generation activities (United States, Australia and the UK) and LNG activities on one hand, and high-growth markets (+5% on an organic basis) on the other hand, as a result of the improvement in performance, primarily in Brazil – despite more unfavorable hydrological conditions – and in Peru.



Energy International business line operational indicators

	2013	2014	2015
Sale of electricity (TWh) ^(a)	210.2	202.7	204.0
Sale of gas (TWh) ^(a)	78.3	80.0	95.9
Installed capacity (GW) ^(b)	72.9	73.9	74.9
Electricity production (TWh) ^(b)	339.5	341.4	356.5

(a) Sales figures are consolidated according to accounting standards.

(b) 100%.

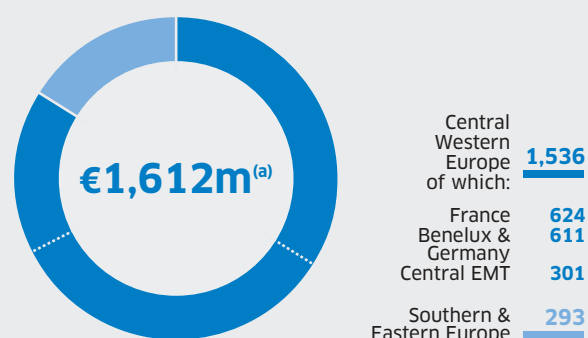
(1) In April 2015, the rating agency S&P confirmed ENGIE’s A rating with a stable outlook. In June 2015, the rating agency Moody’s confirmed ENGIE’s long-term A1 rating and revised the outlook from stable to negative. In February 2016, Moody’s and S&P placed the rating under negative watch, as it did for other European energy players.

2) Energy Europe business line

In Europe, the Group continued to adapt to the transformation of the energy sector and reinforced the customer-focused approach while taking part in the creation of a new market model for energy. ENGIE therefore continued to restructure its gas supply portfolio in 2015 by optimizing its diversification and the renegotiation of long-term contracts with its suppliers in order to maximize the value of existing activities. In the power generation segment, ENGIE carried on with the optimization of its thermal power plants and continued to fight for an improvement in EU regulations. In the segment of renewable energy and activities linked to the energy transition, the Group continued its development by focusing on the more mature technologies.

EBITDA for the Energy Europe business line amounted to €1,612 million, down 18.6% on an organic basis, primarily due to the unavailability of the Doel 3 and Tihange 2 nuclear plants and the shutdown of Doel 1, the drop in average sale prices on the electricity market and the unfavorable impact of market conditions on LNG sales. This decrease was in spite of the positive effects of the renegotiation of supply contracts, more favorable weather conditions on gas sales in France and late payment damages and interest received for two coal-fired power plant projects in Germany and the Netherlands.

Breakdown of the Energy Europe business line EBITDA by region
(in €m)



(a) Includes "Other": -€217 million.

Energy Europe business line operational indicators

	2013	2014	2015
Gas sales (TWh) ^(a)	686	606	485
Electricity sales (TWh) ^(a)	181	160	166
Installed capacity (GW) ^(b)	39.0	39.7	40.2
Electricity production (TWh) ^(b)	133.9	125.2	130.1
Load factor of CCGT plants ^(c)	25%	25%	27%
Load factor of coal-fired plants	54%	48%	52%
Availability of nuclear power plants	78%	62%	51%

(a) Sales figures are consolidated according to accounting standards.

(b) 100%.

(c) Combined Cycle Gas Turbine (CCGT).

3) Global Gas & LNG business line

The Group's goal, which is based on an integrated view of the gas chain, is to rely on its expertise in order to expand into new markets in an integrated manner, by prioritizing countries where the gas market is growing at a rapid rate, specifically by relying on the upstream gas businesses in order to boost the supply of the Group's existing and potential downstream markets, including electricity production, and to secure and diversify the Group's LNG supply portfolio in a competitive manner in order to meet its customers' requirements.

The Global Gas & LNG business line generated EBITDA of €1,625 million, down 30.5% on an organic basis, which reflects the impact of the fall in oil and gas prices on the European and Asian markets, and lower LNG business volumes, primarily due to the interruption of supplies from Yemen since April 2015. These effects were partially offset by an increase in the output of the exploration & production activities as a result of the assets commissioned during 2014.

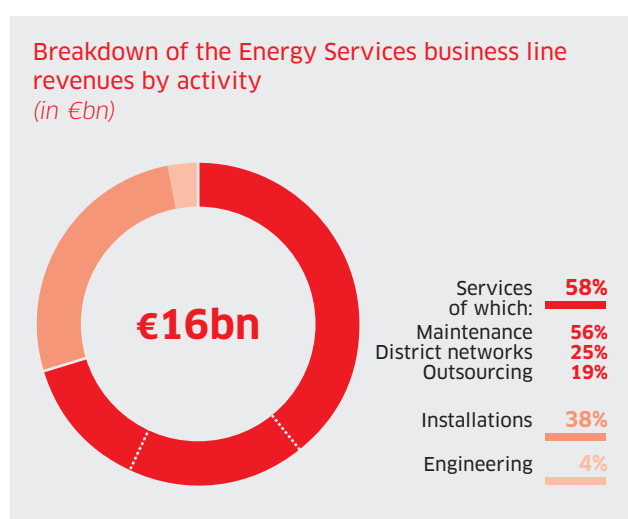
Global Gas & LNG business line operational indicators

	2013	2014	2015
Brent (US\$ per bbl, average)	108.7	99.0	52.5
NBP gas (€ per MWh, average)	26.9	22.0	20.4
Hydrocarbon production (MBOE)	51.9	55.5	59.1
External LNG sales (TWh)	79.1	119.2	71.4

4) Energy Services business line

The Group is continuing to expand its international operations in energy services, via organic growth and targeted acquisitions, while consolidating its position as the European leader in B2B energy-efficiency solutions by boosting the development of new offers and its commercial momentum. Specifically, the Group announced the acquisition of OpTerra Energy Services in late February 2016; this acquisition will enable it to boost its aim of offering its customers in the United States innovative and differentiating energy services.

The Energy Services business line generated EBITDA of €1,227 million, a gross increase of 8.9%, primarily due to the acquisitions of Lend Lease FM in the United Kingdom, Ecova in the United States, Keppel FMO in Singapore, and Lahmeyer in Germany, in the second half of 2014. The organic growth rate was 3.9%.



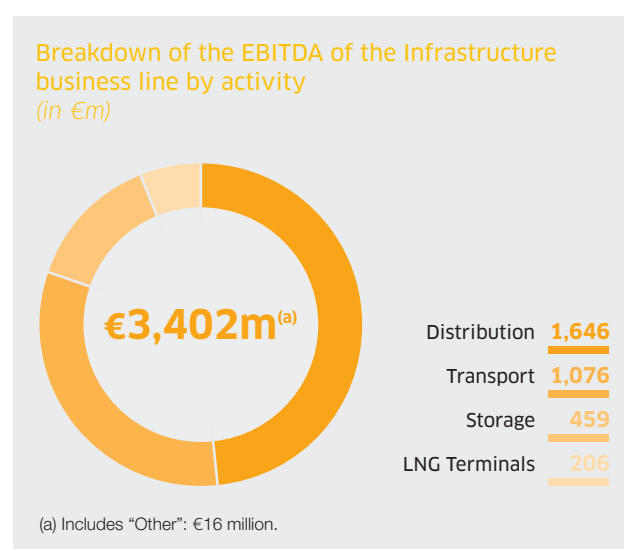
[Indicators for the Energy Services business line]

	2013	2014	2015
Services – Net sales growth (€m per year)	243	205	197
Facilities – Order book	5,644	5,519	5,240
Engineering – Order book	632	619	807

5) Infrastructure business line

ENGIE wants to respond to the energy transition environment, where infrastructure activities are concerned, by adjusting its infrastructure to changing demand and to new uses (transport and smart grids), and by adjusting its infrastructure and commercial offers to gas as a driver for renewable energies (biomethane, power to gas, etc.).

The Infrastructure business line's EBITDA, which amounted to €3,402 million, increased by 3.9% in organic terms compared with December 31, 2014, as a result of more favorable temperatures in 2015, and to price increases, which were partially offset by a decrease in volumes and ancillary revenues from JTS (Joint Transport Storage) services, and from purchases and/or sales of gas in order to maintain the storage facilities' technical performance levels.



Infrastructure business line operational indicators

	2013	2014	2015
RAB distribution (€bn) ^(a)	14.3	14.3	14.2
RAB transport (€bn) ^(a)	7.0	7.2	7.6
Storage capacity sold (TWh) ^(b)	96	99	103

(a) Regulated asset base as at January 1.
(b) Of which 78 TWh in 2014, and 84 TWh in 2015 for France.

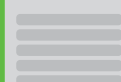
Recognized performance in terms of environmental, social, and societal responsibility

ENGIE was included in two of the most widely recognized extra-financial indices in the second half of 2015, namely the Dow Jones World and Europe Sustainability Indices (DJSI), which are compiled by the extra-financial rating agency RobecoSAM. This inclusion ranks ENGIE among the 10% of companies considered as most sustainable in the "Multi-and-Water Utilities" sector, and acknowledges the Group's ongoing efforts in the environmental, social, and societal responsibility field. ENGIE is already included in the Euronext Vigeo (Eurozone 120, Europe 120 and France 20) Indices, which recognize ENGIE as one of the 120 companies that are most advanced in terms of extra-financial performance at European level and in the Eurozone, as well as in the main international indices, including the CAC 40, BEL 20, DJ euro Stoxx 50, Euronext 100, FTSE Eurotop 100 and MSCI Europe Indices.



Long-term value creation

A renewed commitment to environmental and societal responsibility



Protecting the environment, a strategic requirement

When dealing with major energy-related challenges, ENGIE makes protecting the environment the focal point of its strategy. **The Group's transformation** and the sustainability of its business model are based on combating climate change, the environmental security of its facilities, and the sustainable use of natural resources.

Combating climate change

As a major player in the energy transition, **the Group plays an active role in international climate negotiations**, supports the need for a fair global agreement in order to limit global warming to 2°C by 2050, and was specifically involved in the **COP21 Summit** in Paris, in late 2015. ENGIE is involved throughout the value chain – from production to end-use – where its activities are concerned, in order to limit greenhouse gas emissions and combat climate change. It is developing a diversified energy mix that is encouraging the increase in renewable energies, is designing energy-efficiency solutions, is raising its customers' awareness of rational energy use, and is investing in preparing the solutions of the future, such as "smart grids". These challenges will also be taken into account in the financing of its activities, as reflected by the issuance of a "Green Bond" for a total amount of €2.5 billion in 2014, with a view to contributing to the Group's strategy and to the energy transition.

As an energy supplier, ENGIE is taking action regarding its own energy production and transmission facilities, as well as regarding its property portfolio. The Group has set itself the target of **reducing its CO₂ emissions per kWh by 20% between 2012 and 2020**. This target covers all of its electricity production infrastructure, where the emission rates are already 20% below the average rate for the capacity installed worldwide (estimated at between 500 and 600 CO₂ per kWh). The Group is improving the yield on its electricity production facilities, and therefore its energy-efficiency, in order to optimize the consumption of raw materials. Replacing power plants, particularly coal-fired power plants, with new higher-performance units, and developing plans to improve energy-efficiency also contribute towards optimizing the existing electricity production capacity. Furthermore, ENGIE continued to diversify its electricity production capacity in 2015 via wave power, and onshore and offshore wind power. ENGIE is continuing to roll-out its green real estate policy, which was launched in France and Belgium in 2014, with the aim of reducing the energy consumption of its commercial property portfolio by 40% by 2020.

The French Energy Transition Law

ENGIE has decided to anticipate the reporting obligations set out in Article 173 of the French Energy Transition Law for Green Growth dated August 17, 2015, by setting them out below.

Risks for ENGIE's activities resulting from climate change

- ▶ Objections to power generated from coal;
- ▶ lower use of so-called merchant thermal electricity production assets;
- ▶ electricity production stoppages linked to conflicts regarding water resources as a result of extreme climate events;
- ▶ decrease in natural gas sales and in the use of gas infrastructure due to the change in the amount of natural gas in the electricity production mix.

Measures taken to reduce these risks

The Group is diversifying the focus of its business portfolio towards zero or low-carbon customer solutions:

- ▶ withdrawal from coal: a decision to launch no further coal-fired projects was taken in October 2015; closure of the Rugely coal-fired power plant in the UK and of the Gelderland plant in the Netherlands, and disposal of the

Group's share of coal assets in the US and Asia, thereby decreasing its coal capacity by 20%;

- ▶ reduction of the merchant thermal asset portfolio via asset rotation;
- ▶ positioning in additional renewable gas technologies (power to gas, biomass gasification, the GRYD hydrogen project, etc.).

Thanks to this transformation plan, ENGIE is accelerating its strategic shift where the energy transition is concerned via a **low-carbon strategy** that affects its electricity production capacity, and includes the following targets:

- ▶ ensuring that the share of low-emission activities in the Group's EBITDA is higher than 90% by 2018
- ▶ reducing the CO₂ emission ratio for each type of energy produced by 20% between 2012 and 2020
- ▶ achieving a renewable energy percentage of 25% in the production capacity mix by 2020

Consequences of ENGIE's activities on climate change

ENGIE discloses the consequences of its activities and of its use of goods and services for climate change, via its replies to the annual CDP (Carbon Disclosure Project) survey.

Details of its main emissions in 2015 are provided in this survey, including direct emissions (so-called Scope 1 emissions), namely 133 million metric tons of CO₂ equivalent, and indirect emissions (which fall under Scope 3) relating to the sale of its products (natural gas and other combustible fossil fuels), namely 158 million metric tons of CO₂ equivalent. The other indirect emissions are not published due to the lack of a stable and shared calculation methodology.

To find out more

IR 2016

Our strategy: p. 11 to 13
Our performance: p. 19 and 20
Our risks: p. 32

Guaranteeing the environmental and health-related security of the facilities

The number of complaints and convictions relating to environmental or health-related damage amounted to 173 and 4 respectively in 2015, while the final compensation amount was low, at €1,500. Furthermore, ENGIE set aside €19 million for risks pertaining to litigation concerning the environment. Environmental expenditure (capital expenditure and recurring operating expenses related to environmental protection) amounted to around €635 million in 2015.

Restoration of the Hena site in Belgium



ENGIE assumes its industrial legacy liabilities at the heart of its historical markets in a responsible manner. This is why major works extending over a period of 15 years were launched in 2015, in order to clear a former storage site in Belgium that posed a risk of becoming unstable. The Hena site contained 1.7 million m³ of waste generated by the combustion of coal to produce electricity between 1950 and 1970. ENGIE's ultimate goal is to return the valley to its original appearance, and to turn it into a green area that encourages the development of biodiversity. The company's aim during the works is twofold. Firstly, a highly sophisticated environmental assessment enabled the design of a project that keeps nuisance to a minimum. Secondly, ENGIE has drawn up an ambitious communication plan for the neighboring residents and the local authorities, which is based on transparency and the availability of the local teams. These two priorities have enabled the execution of a project that respects its natural environment, and the demonstration of a major social commitment.

ENGIE is aware of the impact of its businesses on **biodiversity**, and launched a voluntary plan in 2012, which has been recognized by the French Government under the National Biodiversity Strategy. As part of that plan, the Group committed to set up an action plan targeting each of its priority sites in Europe, which was intended to respond to the biodiversity challenges identified on the site and/or by its local stakeholders depending on its activities. An action plan had been drawn up for 98.3% of these sites by the end of 2015. Biodiversity action plans are also being rolled out outside Europe, like the plant restoration and animal protection programs along the banks of dams in Brazil. The Group also renewed its partnership with the organization Souffleurs d'Ecume in October 2015, and has fitted two of its methane tankers with a system aimed at avoiding collisions between ships and whales.

To find out more

RD 2015
engie.com

Section 3.3
"Environmental protection" section

Reducing air pollution and improving waste recovery

ENGIE also takes care to limit its impact on air quality, and to improve waste management, which are challenges inherent to its industrial activities.

ENGIE is implementing a wide variety of techniques **to reduce emissions of atmospheric pollutants**, including: an appropriate energy mix, optimizing and treating smoke, installing filters, or injecting water to reduce particle emissions; installing low-NO_x burners or urea injection (secondary treatment) in order to control nitrogen oxides; and choosing fuels with a very low sulfur content in order to reduce sulfur dioxide emissions. The Group further reduced its NO_x (-4%), and SO₂ (-4%) emissions in 2015, together with its emissions of dust (-12%).

Following an internal audit, ENGIE continued its efforts **to reduce the quantities of waste produced and increase its recovery**. The recovery ratios for non-hazardous and hazardous waste amounted to 89.3% and 13.3% respectively. The Group's industrial sites in France and abroad make active use of local waste recovery outlets. ENGIE initiated the implementation of European agreements with service providers who specialize in treating and recovering the waste generated by its activities via its Purchasing functional line in 2015. Accordingly, partnerships were set up with French farmers' groups in order to use ash from biomass as fertilizer, and agreements were signed to recover coal ash in Chile and the United Kingdom in 2015, while the sludge from gas storage centers is now being recovered. This virtuous approach will be actively pursued in 2016 and 2017.

To find out more

RD 2015 Section 3.3

Managing natural resources in a sustainable manner

To ensure the sustainability of its activities, ENGIE is implementing measures in order to improve its management of water resources, and to reduce the impact of its activities on biodiversity.

ENGIE assesses the **water-related risk** of its activities, as part of the optimization of its electricity production activities. The first stage was to take the water footprint into account when assessing the life cycle of 1 kWh of electricity. The Group is performing a water shortage assessment on all its facilities (carried out based on a water availability threshold of less than 1,700 m³ per inhabitant per year), and is focusing on ensuring that priority sites draw up local action plans. The Group is also working on determining a performance indicator relating to water.

€635m
in environmental
expenditure
in 2015

98.3%
of priority sites
equipped with an action
plan at the end of 2015

18.3%
of renewable energy in
the electricity production
capacity in 2015

€16bn
in revenues generated
by the Energy Services
business line in 2015

Industrial security, a permanent challenge to boost our professionalism and our performance

To make energy a source of progress and sustainable development, **operational excellence in the control of processes and in the security of facilities** is a key success factor. The security of facilities is the subject of a structured and thorough approach based on the assessment of operational risks, and on the identification and monitoring of equipment, operating parameters and key skills.

Audits are performed on a regular basis, while the management of industrial accidents forms part of the internal control program. The Group has updated its map of environmental and health-related risks. The operation of nuclear power stations in an absolutely safe manner is and remains an absolute priority for ENGIE. In 2014, the Group collaborated with the resistance tests performed in order to reassess nuclear power plants' safety margins when dealing with extreme circumstances, as part of the aim of improving nuclear safety on an ongoing basis. Furthermore, ENGIE has drawn up an action plan that sets out the investments and measures required to extend the useful life of its power plants in Belgium for a period of ten years.

Industrial security is closely linked to safety in the workplace; accordingly, many initiatives have been implemented in order to protect the safety of persons (employees, service providers, or third parties) and property. The **"zero fatal accidents" action plan** launched in 2012 was pursued and amplified in 2015. This innovative approach, which involves all the employees and sub-contractors, aims to eradicate fatal accidents based on "9 rules that save lives"; it specifically provides for reviewing the main management drivers for complying with and ensuring compliance with these rules on the basis of feedback regarding serious accidents recorded. The practice of "Management Safety Inspections", which aims to increase the taking of initiative and cautious behaviors, has been extended and generalized, at all

management levels; the exemplary behavior of the entire management line is a prerequisite for the success of this initiative.

More specifically, where **industrial security** is concerned, the in-depth initiatives already undertaken were broadened in 2015, including initiatives such as the regular review of studies on the hazards posed by the most sensitive industrial assets, the continuation of the specific action program launched to secure our industrial assets from cyber-attacks, the drawing up and sharing of operational excellence guidelines and standards for the management of major industrial risks, and support in the implementation of the internal control guidelines for industrial projects or acquisitions of industrial projects (IND1) as well as the Group Rule concerned.

Other new actions are currently being implemented, including identifying and dealing with 100% of the events that are potentially very serious, and developing predictive approaches. At the same time, it is important to reinforce the health & safety and risk assessment culture, to develop communities of practice and tools for sharing and discussing issues between the BUs and the Métiers, and to increase managers' professionalism via Health & Safety Leadership training, without forgetting the specific support of the Health & Safety Management Committees.

The particular attention paid to industrial security has led the Group to set up a Group Industrial Security Committee, primarily to encourage sharing between the BUs and the Métiers, and to sponsor the implementation of cross-divisional initiatives.

To find out more

RD 2015
engie.com

Section 2.4

"Guaranteeing industrial security and the safety of facilities" section

The Group's deep roots in the regions

The Group's regional roots specifically involve the ethical management of relations with suppliers, and combating fuel poverty.

Developing responsible purchasing

ENGIE's external expenditure (excluding energy, duties and taxes) amounted to €19.3 billion in 2015. ENGIE's Purchasing functional line launched a **transformation and professionalization program** in early 2013, with a view to improving its maturity, so as to achieve higher economic and operational performance. This program has resulted in the overhaul of the governance process and the internal control guidelines (INCOME), as well as in the formalization of the Group's Purchasing Policy. The rules and principles that should guide buyers' activities aim to establish balanced relationships with suppliers, who are selected and classified according to several criteria – including technical or competitiveness criteria, and their compliance with the regulations. The ability of suppliers and sub-contractors to comply with the Group's ethical, societal and environmental commitments, and especially health and safety aspects, is specifically taken into account.

The introduction of a management process for the "Purchasing" portfolio for each market aims not only to make use of all the drivers and synergies within the Group, but also to develop long-term relationships with a limited number of suppliers, with whom the Group's framework agreements will be negotiated and implemented. In 2015, over 500 buyers from all the business lines and geographical areas took part in the "Purchasing passport" seminar, a training system that supports the functional line's transformation program. Likewise, over 400 buyers took part in the training program on responsible purchasing and/or ethics in Purchasing. Furthermore, around 100 of the Group's suppliers answered the CSR self-assessment questionnaire, and the initiative will be rolled out again among 500 suppliers in 2016.

€19.3bn
in external expenditure
in 2015

500
buyers who have
attended the "Purchasing
passports" Seminar

In France, particular attention is paid to suppliers' rate of involvement with the Group (risk of dependency), to the risk of abrupt suspension of relations, to the lending of illegal manpower, and to the improvement of payment terms.

To
find
out
more

engie.com Section 3.4.4
"Responsible Purchasing" section

Encouraging access to energy

In 2015, ENGIE enabled over 857,000 customers in France to benefit from the **Special Social Inclusion Rate** (TSS in French) for gas, and over 212,000 customers to benefit from the **Basic Needs Rate** (TPN in French) for electricity. ENGIE continued its support for the French Housing Solidarity Fund in 2015 (FSL in French) by providing €6 million, in accordance with the Public Service Contract commitments. In 2015, nearly 90,000 ENGIE private customers benefited from these grants, which are provided by Departmental Councils.

The ENGIE social inclusion and energy officers coordinate relations with districts, departments, and voluntary organizations. 170 ENGIE social inclusion advisors are also dedicated to handling requests from social workers. These partners assisted with over 50,000 requests from ENGIE customers in 2015.

The ISIGAZ (*Information Sécurité Intérieure GAZ* [Internal Gas Security]) Program, which informs customers, and raises their awareness of the safety of their internal gas systems and of energy savings, involved more than 20,000 homes in around 20 French cities in 2015. Some 284,000 families in around 100 cities have received this kind of information since ISIGAZ was launched in 2006.

ENGIE has also formed a partnership with GRET and its FIND endowment fund in order to help rural communities gain access to energy. In this context, ENGIE is specifically developing a partnership in Mauritania aimed at providing a local domestic energy supply by offering coal based on the Typha plant as a sustainable alternative to charcoal, by setting up local artisan and industrial production units.

Combating fuel poverty in the United Kingdom



ENGIE is developing the onshore Cairnborrow wind farm in the United Kingdom, close to the town of Huntly, in the north-east of Scotland. Once operational, the 10 MW wind farm will generate enough power to supply around 6,300 homes per year. The income generated over 25 years will be reinvested in the local community, and will be dedicated to various social, business and environmental projects. A portion of the funds will also be dedicated to combating fuel poverty in the region, in partnership with several local organizations, including Energy Action Scotland (EAS) and the Huntly Development Trust.

The Group also supports social entrepreneurship via the **ENGIE Rassembleurs d'Énergies** Initiative (formerly GDF SUEZ *Rassembleurs d'Énergies*), the end-purpose of which is to unite and reinforce the Group's initiatives by encouraging access to sustainable energy for all in the 70 countries where it operates or plans to operate. The ENGIE *Rassembleurs d'Énergies* Initiative is based on three levels of intervention: donations, technical assistance and investment.

The ENGIE *Rassembleurs d'Énergies* Corporate Investment Impact Fund has invested €8.1 million, and now manages a portfolio of 16 investments in innovative companies. These companies cover a broad range of technologies that respond to the issue of energy access and of reducing fuel poverty, including energy-efficiency in social housing or biomass in Europe, individual solar systems, micro solar-powered grids, and biogas in emerging countries. ENGIE *Rassembleurs d'Énergies* operates on four continents: Europe, Africa, Asia, and South America, and in over 10 countries. By the end of 2015, the Fund had helped provide electricity to over 890,000 people across the world. The Fund made eight investments in 2015 alone, including two in Mexico, one in France, one in India, two in East Africa, and two in West Africa. ENGIE has decided to increase the endowment to the ENGIE *Rassembleurs d'Énergies* Fund from €10 million to €50 million in 2016.

To
find
out
more

IR 2016 p.16
RD 2015 Section 3.4
engie.com "ENGIE Rassembleurs d'Énergies Initiative" section

857,000

beneficiaries of the
Special Social Inclusion
Rate (TSS) for gas in 2015

212,000

beneficiaries of the
Basic Needs Rate (TPN)
for electricity in 2015

€6m

invested in the Housing
Social Solidarity Fund
(FSL) in 2015

€8.1m

invested in the
ENGIE Rassembleurs
d'Énergies Fund in 2015

6 Our risk-management process

Gaining better control over risks in order to boost performance and successfully transform the Group

The diversity of ENGIE's activities and operating locations, together with the energy revolution, expose the Group to risks of all kinds that could have a significant impact on its results, its image, and its share price. ENGIE has determined a global risk management policy, in order to ensure the implementation of its strategy, and ultimately, its long-term performance.

Risk management

Risks are monitored by the **Board of Directors**, and are managed by the Executive Committee and the entities' Management Committees, which decide on the initiatives to implement. The Chief Risk Officers oversee the management of risk at every level (Head Office and Business Units), and coordinate the overall approach to risk management (ERM – Enterprise Risk Management). All of the Group's Métiers and Functional lines contribute to the risk management process. An annual risk review is conducted by the Management Committees at each level of the Group. A specific policy and Committee can be arranged for certain specific risks such as market risk.

To strengthen its risk assessment process, the Group takes into account studies performed by **external observers** on macro-economic and sector-specific risks. ENGIE has **set up bodies that involve external stakeholders**, at the highest level of the company, such as the Sustainable Housing Observatory, the City of Tomorrow Committee, the Fuel Poverty and Water Shortage Observatory, and the "ENGIE – HEC Business and Sustainability Chair".

To find out more

RD 2015 Section 2.1

The main risks affecting the Group

The Group's strategy specifically takes into account and manages the following risks:

	Strategic risks of sectoral transformation	Risks relating to the external environment	Operational risks relating to the conduct of activities
Priority risks	✓ The role of natural gas in the global energy mix ✓ Changes in the electricity market	✓ Country and regulatory risks	✓ Projects ✓ Industrial security and/or Nuclear security ✓ Human resources (transformation challenges) ✓ Reputational risk relating to corporate ethics and to societal and environmental responsibility ✓ Information systems and Cyber-security
Other risks		✓ Economic momentum ✓ Climate change ✓ Financial risks	✓ Purchases and supply chains
	Page 33	Page 34	Page 35

Strategic risks of sectoral transformation

Risk and link to strategy	Classification of the risk	Initiatives implemented by ENGIE
The role of natural gas in the global energy mix Reducing exposure to commodity prices Redesigning and simplifying the portfolio	The mass production of shale gas in the United States has resulted in a sharp fall in the price of coal, which has brought about a switch in Europe to producing electricity from coal rather than from natural gas. In addition, the development of renewable energies has accentuated the decline in demand for natural gas for electricity production. Furthermore, the change in the global geopolitical context could result in the risk of a shortfall in supplies. Meanwhile, the stagnation in demand for natural gas could also result in overcapacity in European gas infrastructure.	This risk is managed thanks to ENGIE's diversified assets (storage, liquefied natural gas and regasification), and to its market or long-term agreements. The Group regularly renegotiates its long-term supply contracts in Europe, in order to maintain their competitiveness and to adjust them to changes in demand. Its position in exploration & production contributes to its income from the gas chain. The Group is gradually developing new uses such as biogas or power to gas (hydrogen production). To find out more IR 2016 RD 2015 Our view of the market: p. 6 to 8 Sections 2.2.1.1 & 2.3.1.1
Changes in the electricity market Prioritizing the most low-carbon solutions Integrated solutions for customers Preparing for the future Implementing the digital transformation	In the OECD zone, the fall in demand combined with the increase in decentralized renewable production is having an impact on the Group's centralized production portfolio and its profitability. People are speaking out in various European Union countries, in order to object to the Belgian Government's approval of the extension or restarting of some nuclear power stations. The energy sector is changing rapidly, including the technologies (solar power, wind power, and electricity storage), competition (new operators from the digital or equipment manufacturing sector), customers' expectations, and the digitization of offers and services.	The Group is optimizing its production capacity in the short term. ENGIE has committed to developing renewable energy by diversifying its partnerships, and by adjusting them to local conditions and to technological developments. The Group is continuing its expansion in the energy services field, including in the energy-efficiency sector. The Group is also involved in nuclear power production projects that emit low levels of CO₂ in Belgium, the United Kingdom and Turkey. It manages its nuclear projects in a fully transparent manner while anticipating changes in safety rules. The Group has introduced an organization dedicated to innovation and to new businesses, in order to offer solutions that are appropriate for its customers' new expectations, and to prepare the growth drivers of the future. To find out more IR 2016 RD 2015 Our view of the market: p. 6 to 8 Section 2.2.1

Risks relating to the external environment

Risk and link to strategy	Classification of the risk	Initiatives implemented by ENGIE
Country and regulatory risks	The Group's activities are exposed to changes in the legal framework, including the CO₂ market mechanisms, the support for renewable energies, and the regulation of sale or purchase prices. In the longer term, energy policies aim to change the organizational structure of the sector, via climate and renewable energy targets, especially in Europe. As a result of its international development, the Group is exposed to country risks. Besides changes in regulations, these include any factor arising from political instability that may affect its authorizations to conduct its businesses and the value of assets or activities operated locally.	ENGIE defends its interests with legislative and regulatory authorities, while taking the interests of its stakeholders into account. The Group takes care to diversify its operations. Focus thresholds for each country or group of countries enable the Group's exposure to be managed. ENGIE also manages these risks through partnerships and contracts specific to each operation. To find out more RD 2015 <i>Section 2.2.2</i>
Economic momentum	Economic momentum has an impact on the demand for electricity, natural gas, and services. Weak growth in Europe and uncertainties surrounding developments in emerging countries lead to the risk of a decrease in the Group's revenues and margins.	ENGIE is diversifying its project and customer portfolio in each of its activities in order to limit these risks. To find out more RD 2015 <i>Section 2.2.1</i>
Climate change	Climate phenomena (change in temperature, wind, and drought) have an impact on electricity production in the short term, as well as on the demand for gas and electricity. Climate change could have a more significant impact on the Group's activities in the longer term, by causing changes in regional or seasonal energy requirements, a reduction in CO₂ emissions, increasing scarcity of water resources, etc.	To manage fluctuations in annual demand, ENGIE actively balances supply and demand by optimizing its asset, gas resources and electricity production portfolio. The Group made a significant commitment to an ambitious international climate commitment ahead of COP21, specifically targeting investments in zero-carbon technologies and reducing greenhouse gases. Increasing its renewable energy capacity and developing the range of services it offers represent major priorities in ENGIE's strategy to promote the energy transition. To find out more IR 2016 <i>Our performance: p. 28</i> RD 2015 <i>Section 2.2.3</i>
Financial risks	The Group is exposed to two main types of commodity market risk: price risks, which are directly related to fluctuating market prices and volume risks (weather-related and/or dependent on economic activity). The economic environment also affects monetary policies and exchange rates, as well as counterparties' solvency.	The Group's risk policies specifically cover "commodity", counterparty, credit, and interest-rate risk. To find out more RD 2015 <i>Section 2.5</i>

Operational risks relating to the conduct of activities

Risk and link to strategy	Classification of the risk	Initiatives implemented by ENGIE
Projects  Redesigning and simplifying the portfolio  A renewed commitment to environmental and societal responsibility	ENGIE's development is based on various acquisition plans, or industrial asset construction projects, such as gas or electricity infrastructure, and dams, for which it is the project manager, and where the useful life extends over several decades. The profitability of these assets specifically depends on the management of their construction and operational performance, natural phenomena, tax and regulatory uncertainty, and changes in the long-term competitive environment. These various factors could reduce their profitability, or require the recording of an impairment charge.	The Group has strengthened monitoring of its project portfolio and its responsiveness to risk, by developing its operations with local partners, for instance, in order to secure their acceptance and their profitability. Furthermore, ENGIE includes environmental and societal criteria from the outset of projects, as part of its replies to tenders and in the choice of its strategic suppliers, who are encouraged to comply with the 10 principles of the Global Compact. To find out more RD 2015 Section 2.3.2
Industrial security and nuclear safety  A renewed commitment to environmental and societal responsibility	As an operator in the energy sector, the Group operates on, or is involved in industrial sites where accidents are likely to cause injuries or the loss of human life, damage to assets or to the environment, as well as interruptions of activities (Seveso classified sites, hydrocarbon operating facilities, and customer sites operated by the Group on their behalf, etc.).	The Group carries out its industrial activities in compliance with security regulations, and via a safety management process that is based on prevention and ongoing improvement. Most of these risks are covered by insurance policies; however, in the event of a major claim, the Group could be held liable beyond the cover limits or for events that are not covered. Nuclear risk is managed in a specific manner, under the control of Security Authorities, and the supervision of international organizations such as the World Association of Nuclear Operators (WANO). ENGIE is improving its nuclear security on an ongoing basis (the recently published "2016-2020 Nuclear Safety Plan"). To find out more IR 2016 RD 2015 Our performance: p. 30 Section 2.4
Human resources (transformation challenges)  Adapting the Group  Implementing the digital transformation	The Group's transformation comes with human resources challenges, including changes in jobs and skills, employees' commitment and motivation, preventing occupational stress, managing change, high-quality employee relations, and complying with employment-related commitments.	The Group is boosting its employment outlook thanks to the Activities Observatory. The Group is promoting behaviors that encourage employee development as part of the Group's transformation via the "ENGIE Management Way". Particular attention will be paid to local management, which is responsible for conveying the Group's messages and for managing change. The Group's aims and strategy are communicated, and a high level of attention is paid to transformation plans and their correct implementation. To find out more IR 2016 RD 2015 Our performance: p. 20 Section 2.3.5

Operational risks relating to the conduct of activities (continued)

Risk and link to strategy	Classification of the risk	Initiatives implemented by ENGIE
Reputational risk relating to corporate ethics and to societal and environmental responsibility  A renewed commitment to environmental and societal responsibility	ENGIE's reputation is an intangible asset, which may be affected in the event of a breach of the Group's corporate ethics, the questioning of its values or operating excellence, or its legitimacy as an operator.	The Group makes every effort to prevent operational risk and smear campaigns that could affect its reputation through its policies, organizational structure, procedures and governance process. For instance, the Group is developing a responsible procurement policy, is combating fraud or corruption situations, and is working on the local acceptance of its activities with its stakeholders. The Group applies a zero tolerance policy to ethical risks. "Corruption" and "human rights" risks in particular must be examined for any investment project. To find out more IR 2016 <i>Our performance: p. 28 to 31</i> RD 2015 <i>Sections 2.3.4 and 2.2.4</i>
Information systems and Cyber-security  Implementing the digital transformation	New information technologies and new digital usages are powerful sources of development and innovation, although they expose ENGIE to new risks. Computer attacks and intrusion attempts are becoming increasingly targeted, and may lead to losses or leaks of information, delays or surcharges that may harm the Group. The emergence of "big data", increased protection of personal data, and development of the decentralized management of energy production are resulting in the emergence of new risks.	Security measures are reinforced at regular intervals, and are the subject of permanent controls, test campaigns, and awareness-raising campaigns. The Group is also investing in the architecture of its systems to make it safer and more effective. The Group anticipates emerging risks and monitors them in order to adjust its action plans on an ongoing basis. To find out more RD 2015 <i>Section 2.3.7</i>
Purchases and supply chains (excluding energy)  Improving performance  A renewed commitment to environmental and societal responsibility	Purchases (excluding energy) and the related supply chains underlie the performance of ENGIE's activities. Some Group companies depend on a restricted number of specific suppliers. Furthermore, the Group may be exposed to the default of a supplier, or to non-compliance with contractual clauses (quality, ethics, and CSR).	The supplier selection process has been strengthened, and alternative solutions have been identified, with particular attention paid to suppliers who are considered critical. The Purchasing functional line also upholds the Group's values with its suppliers, and is a key player in its responsible approach. ENGIE has adopted ACESIA, a platform offered by AFNOR (the French Standardization Organization), which enables the environmental, social, and societal performance of its suppliers to be assessed on the basis of ISO 26000, and support to be provided to them as part of their ongoing improvement process. To find out more IR 2016 <i>Our performance: p. 30</i> RD 2015 <i>Section 2.3.1.4</i>

7 Our governance process

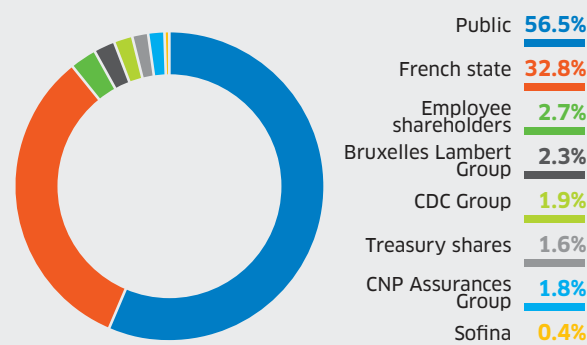
A governance process that is tailored to ENGIE's new challenges

The aim of ENGIE's governance process is to determine and implement the Group's strategy in order to adapt to the challenges posed by a rapidly changing energy sector, while protecting its stakeholders' interests.

2015 was characterized by the preparations for Gérard Mestrallet's succession, including the separation of the offices of Chairman and Chief Executive Officer which took effect on May 3, 2016, with Gérard Mestrallet remaining as Chairman and Isabelle Kocher becoming Chief Executive Officer⁽¹⁾.

ENGIE's governance process, which is based on its values and its Corporate Ethics Charter, is established on a series of rules and processes that are in line with best national and international practices in this area, including the Listed Companies Corporate Governance Code published jointly by AFEP (French Association of Private Companies) and MEDEF (French Enterprise Movement). The governance structures and processes are reviewed on a regular basis to ensure they remain in line with the Group's strategy.

Breakdown of ENGIE's share capital at year-end 2015



The Board of Directors at the service of the Group's transformation

Independence and experience of the Directors

The Board of Directors determines ENGIE's strategic guidelines, and ensures their implementation. The Board specifically oversees the financial policy, and environmental, societal, and social responsibility commitments. The Board meets as often as the Group's interests require it to do so. The Directors' rights and duties, as well as the rules relating to the exercise of their office, are set out in the Good Conduct Code, and in the ENGIE Directors' Charter (available on the engie.com website).

Following the General Meeting of Shareholders (convened on May 3, 2016), and subject to the approval of the resolutions, ENGIE's Board of Directors will consist of 19 members⁽²⁾, including three Directors representing the employees, one Director representing the employee shareholders, and five Directors representing, or appointed on the recommendation of the French Government. Eight Directors are considered as independent in

accordance with the AFEP-MEDEF Code, i.e. a rate of 53%⁽³⁾. ENGIE also aims to comply with the principle of balanced representation of men and women on the Board: 11 of the Board members are women, i.e. 63%⁽³⁾ of the Board, which is a ratio of women higher than the French legal requirements.

The French Government Commissioner and the representative of the Central Works Council, who both act in an advisory capacity, also attend the Board Meetings, together with the Chief Financial Officer, the Executive Vice-President who acts as the General Secretary, and the Secretary of the Board of Directors.

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

63%

of women on the Board of Directors⁽³⁾

5

nationalities represented

53%

of Independent Directors⁽³⁾

4 years

the Directors' term of office

(1) Subject to the approval of the resolutions by the General Meeting of Shareholders of May 3, 2016, and to the decisions taken by the Board of Directors following that Meeting.

(2) The appointment of Sir Peter Ricketts as a Director of ENGIE will take effect on August 1, 2016, following his acceptance of this appointment, and subject to the approval of the British Government, in accordance with the rules applicable to former senior British civil servants.

(3) In accordance with the AFEP-MEDEF Code, Directors who represent the employees and the employee shareholders are not taken into account when assessing the ratio of Independent Directors. Furthermore, in accordance with the law, the Directors who represent the employees are not included when assessing the percentage of women on the Board – data subject to the approval of the resolutions by the General Meeting of Shareholders of May 3, 2016.

Experienced Directors, with complementary profiles

	Age	Nationality/ Gender	Initial appointment	Expiry of term of office
Directors appointed by the General Meeting				
Gérard Mestrallet <i>Chairman of the Board of Directors</i> ^(a)	67 years	 	2008	2020
Isabelle Kocher <i>Chief Executive Officer</i> ^(a)	49 years	 	2014	2020
Ann-Kristin Achleitner ^(b)	50 years	 	2012	2019
Edmond Alphandéry ^(b)	72 years	 	2008	2019
Fabrice Brégier ^{(a) (b)}	54 years	 	2016	2020
Aldo Cardoso ^(b)	60 years	 	2004	2019
Barbara Kux ^(b)	62 years	 	2015	2019
Françoise Malrieu ^(b)	70 years	 	2011	2019
Marie-José Nadeau ^(b)	62 years	 	2015	2019
Sir Peter Ricketts ^{(a) (b) (c)}	63 years	 	2016	2020

Directors elected by the General Meeting on the recommendation of the French Government

Public sector Directors

Bruno Bézard	52 years	 	2014	2019
Stéphane Pallez	55 years	 	2012	2019

Private sector Directors

Catherine Guillouard	51 years	 	2015	2019
Mari-Noëlle Jégo-Laveissière	48 years	 	2015	2019

Director representing the French Government

Lucie Muniesa	41 years	 	2016	2019
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Directors elected to represent the employees

Alain Beullier	52 years	 	2009	2018
Philippe Lepage	51 years	 	2014	2018
Anne-Marie Mourer	57 years	 	2009	2018

Director representing the employee shareholders appointed by the General Meeting

Caroline Simon	47 years	 	2013	2017
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(a) Subject to the approval of the resolutions by the General Meeting of Shareholders of May 3, 2016, and to the decisions taken by the Board of Directors following that Meeting.

(b) Independent Director.

(c) The appointment of Sir Peter Ricketts as a Director of ENGIE will take effect on August 1, 2016, following his acceptance of this appointment, and subject to the approval of the British Government, in accordance with the rules applicable to former senior British civil servants.

Targeted expertise serving ENGIE's activities and strategy

Work aimed at identifying the Directors' key areas of expertise relating to the Group's strategic ambitions is under way, based on a methodology that will be drawn up and approved at the next annual evaluation of the Board of Directors.

A dynamic governance process that is involved in the transformation of the Group

Board of Directors

12 meetings, and an average attendance rate of 89%⁽¹⁾

Main tasks:

- activities and progress of the ENGIE corporate project;
- resulting risks and opportunities;
- financial issues;
- corporate governance;
- situation of the nuclear sector in Belgium;
- 2015 health & safety report, and new 2016-2020 plan;
- professional and salary equality policy;
- state of progress of the Group's digitization.

Strategic review seminar:

- implementation of the strategic aims: financial challenges, human challenges aimed at involving the employees, conveying the strategic aims for each business activity focusing on coal, exploration & production, the gas chain, centralized RE, decentralized energy, sustainable transport, and B2B services;
- sustainable development challenges, and role of the extra-financial targets.

4 Committees chaired by Independent Directors

Review of recurring issues, and topical themes, opinions, and preparing the Board's tasks and decisions

Audit	Strategy, Investments & Technologies	Appointments & Compensation	Corporate Ethics, the Environment & Sustainable Development
7 meetings with an attendance rate of 96%⁽¹⁾ ▶ Review and monitoring of the risk map, and of the planned strengthening of the risk management process ▶ Review of the financial statements and of the financial position ▶ Assessment of the impact of the climate on the Group's results ▶ Review of the internal control and internal audit processes ▶ Review of the IT infrastructure blueprint, and of the related action plans	8 meetings with an attendance rate of 94%⁽¹⁾ ▶ The Group's responses to technological breakthroughs ▶ The role of coal in the energy mix ▶ Review of the risks associated with the business activities and the strategic goals: midstream natural gas, countries and regulations, and transformation of the electricity sector in Europe ▶ Examination of certain investment and disposal projects	4 meetings with an attendance rate of 90%⁽¹⁾ ▶ Appointment of a Vice-Chairman & Lead Director ▶ Review of the composition of the Board Committees ▶ Adoption of a Performance Action Plan for 2015 ▶ Proposals for the fixed, variable, and long-term incentive remuneration of the executive corporate officers ▶ Structure of the incentives for senior executives as part of the new organizational structure ▶ Assignment of performance shares to the employees, and performance conditions	5 meetings with an attendance rate of 96%⁽¹⁾ ▶ Review of the corporate ethics and compliance systems, of the report on ethics incidents, and of the report prepared by the Compliance Officer ▶ Review of the certification work on the anti-corruption system ▶ Review of the performance and of the extra-financial ratings, of the integrated report, and of the preparatory work for COP21 ▶ Introduction of a reporting system on extra-financial communications
Joint review of the medium-term business plan			Annual evaluation of the Board of Directors via an independent expert

To find out more

RD 2015
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Section 4.1
"Board Committees" section

(1) 2015 data.

A General Management team that embodies the Group's aims

A succession process that supports the Group's transformation

In view of the precursory role played by Gérard Mestrallet for many years among European and global institutions, in order to promote changes to energy policies, and of his work at the head of the Group as Chairman and Chief Executive Officer, which made him a global standard-setter in the energy sector, the Board of Directors has expressed a desire for him to continue his work in ENGIE's name in the capacity of Chairman of the Board of Directors, as part of a split governance process, where Isabelle Kocher will assume the role of Chief Executive Officer, in accordance with the recommendations of the Appointments and Compensation Committee.

Isabelle Kocher was appointed as Deputy Chief Executive Officer and Chief Operating Officer (COO) in November 2014, and has proven, in exercising this responsibility as Deputy Chief Executive Officer, and via the leadership that she has demonstrated in order to implement the Group's transformation, that she has all the qualities required to become ENGIE's Chief Executive Officer.

By choosing this governance process, the Group is endowing itself with all the advantages to meet the challenges of a fast-changing energy sector under the best possible conditions. The Chairman and Chief Executive Officer's powers are governed by the Internal Board Regulations, which determine their limits.

The Executive Committee steers strategic decisions

ENGIE's Executive Committee, which consists of 10 members⁽¹⁾, is responsible for **steering the Group**. In principle, the Committee meets every week, and draws up ENGIE's strategic decisions in accordance with the guidelines determined by the Board of Directors.

	Position	Age	Nationality/ Gender	Date of appointment
Executive Committee				
Isabelle Kocher	Chief Executive Officer	49 years	 	2011
Valérie Bernis ^(a)	Executive Vice-President responsible for Communications, Marketing, and Environmental and Societal Responsibility	57 years	 	2011
Pierre Chareyre	Executive Vice-President	59 years	 	2015
Pierre Deheunynck ^(b)	Executive Vice-President in charge of Group Human Resources	53 years	 	2016
Henri Ducre ^(c)	Executive Vice-President in charge of Group Human Resources	60 years	 	2011/2013
Judith Hartmann	Executive Vice-President in charge of Finance	46 years	 	2015
Didier Holleaux	Executive Vice-President	55 years	 	2015
Sandra Lagumina	Executive Vice-President	48 years	 	2016
Pierre Mongin	Executive Vice-President, General Secretary	61 years	 	2015
Jérôme Tolot	Executive Vice-President	64 years	 	2011
Willem Van Twembeke	Executive Vice-President	50 years	 	2013

(a) Until May 4, 2016.

(b) From the summer of 2016.

(c) Until the summer of 2016.

To
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Section 4.4

"Executive Committee" section

(1) Subject to the approval of the resolutions put to the vote at the General Meeting of Shareholders (held May 3, 2016) and to the decisions of the Board held at the end of this General Meeting.

Compensation that encourages the creation of value in the short, medium, and long term

Balanced compensation in order to support performance

The compensation of ENGIE's Directors is reviewed and decided by the Board of Directors, on the recommendation of the Appointment and Compensation Committee, and is the subject of a presentation and of a mandatory consultative vote during the Annual General Meeting of Shareholders ("say on pay"), in accordance with the AFEP-MEDEF Code.

The compensation includes a fixed portion, a balanced variable portion, and a long-term incentive portion, which are determined in accordance with stringent quantitative and qualitative criteria,

in view of the practices at comparable large international groups. These factors are determined in such a way as to reflect the creation of short and long-term value, in line with the Group's strategy, its performance, its commitments to sustainable development, and the interests of shareholders and stakeholders.

The breakdown of the various components of the compensation paid to executive corporate officers for the 2015 financial year was as follows:

	Fixed	Variable	Performance units
Aims	Short-term Reflecting the executive's responsibilities, experience and skills	Short-term Reflecting the executive's personal contribution to the Group's development and to the increase in its economic, financial, environmental, social, and societal results	Long-term Encouraging the creation of sustainable value, in line with the shareholders' interests, and compensation that is proportional to total compensation
Criteria		Quantitative criteria (60%) Recurring Group Net Income per share, Group share: 50% Free Cash Flow: 16.7% ROCE: 16.7% Net debt: 16.7% Qualitative criteria (40%) Gérard Mestrallet: Effective European energy policy, Social and environmental responsibility and COP21, R&D, innovation and new business, RE and succession & future organization. Target variable portion = 130% of the fixed portion, capped at 150% Isabelle Kocher: New functions & future organizational structure, transformation of the Group and energy transformation. Target variable portion = 122% of the fixed portion, capped at 141%	Quantitative criteria TSR/Euro Stoxx Utilities: 33.33%, Recurring Net Income, Group Share: 33.33% ROCE: 33.33% Compensation subject to performance conditions and to a three-year vesting period, followed by a three-year exercise period. In the event of exercise, obligation to reinvest two-thirds of net amount paid in ENGIE shares (until the holding target set at two years' fixed compensation is achieved).
Change	Unchanged since 2009	In view of the tough situation in the energy sector in Europe, and of the impact on its shareholders: waiver of a portion of the overall compensation.	

Compensation paid to executive corporate officers

Compensation for 2015 <i>(in euros, except from Performance Units)</i>	Gérard Mestrallet	Isabelle Kocher
Fixed	1,400,000	900,000
Benefits in kind	4,533	1,708
Corporate pension contribution	–	366,091 ^(a)
Variable compensation payable	235,687	562,656
TOTAL	1,640,220	1,830,455
Performance Units <i>(valuation)</i>	150,000 1,453,500	61,121 592,262

(a) This company contribution results from Isabelle Kocher's waiver of her right to take advantage as from January 1, 2015 of the collective supplementary pension schemes that she enjoyed before her employment contract was suspended on December 31, 2014. This is therefore not a new benefit.

The compensation paid to the members of the Executive Committee consists of a fixed portion, depending on each executive's responsibilities and experience, and of a variable portion, which reflects their contribution to the Group's results. 70% of the variable portion paid in 2015 in respect of the 2014 financial year was determined based on quantitative criteria (Recurring Net Earnings per Share, Group share, ROCE, free cash flow and execution of the cost-saving program), while 30% was based on qualitative criteria. A long-term incentive component is paid in addition to this compensation in the form of Performance Share allotment plans, which are subject to demanding performance conditions, and benefit a greater number of the Group's employees.

The Group includes a health and safety target in the assessment of its executives and senior executives, together with an environmental, social and societal target in the assessment of its 600 senior executives across the world.

Global compensation of senior executives who are not corporate officers

<i>(in euros)</i>	2015 19 members ^(a)	2014 19 members ^(a)	2013 21 members ^(a)
Fixed	8,101,391	7,007,822	8,542,432
Variable	8,062,252	7,121,667	7,785,250
TOTAL	16,163,643	14,129,489	16,327,682

(a) Full-time equivalent.

Attendance fees that are subject to a mostly variable portion

The General Meeting set the overall amount of the annual attendance fee budget allocated to the Directors on the recommendation of the Board of Directors. This budget (€1.4 million) is divided according to an individual allotment system determined by the Board, which combines a fixed portion and a variable portion depending on the Directors' attendance at the Board meetings and its Committees, in accordance with the AFEP-MEDEF Code. The executive corporate officers do not receive any attendance fees for their attendance at the meetings of ENGIE's Board of Directors.

Compliance with the AFEP-MEDEF Code

Compliance with the "Comply or explain" principle

Independence of the Directors	C
Plurality of offices	E
Allocation of the attendance fees	C
Employees on the Compensation Committee	C
Say on pay	C

C: Comply – E: Explain.

To
find
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more

RD 2015 Section 4.6

A sound internal control system

The aims of ENGIE's internal control system – which relies on the Internal Control Management and Efficiency (INCOME) Program, and has been approved by the Executive Committee and presented to the Audit Committee – are **to provide reasonable assurance over the control of the operations**, in view of the following targets:

- compliance with applicable laws and regulations;
- reliability of the accounting and financial information;
- completing and optimizing operations.

This system – which is based on the model promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and complies with the principles set out by the AMF (French Financial Markets Authority), and especially with the January 2007 reference framework – is in keeping with an **ongoing improvement approach**, and is based on:

- the coordination of a program drawn up in synergy with the other initiatives to improve the activities;
- around fifty internal control guidelines made available to all of the participants involved;
- annual assessments of the general control environment and of the accounting, financial, and operational processes;
- an annual review of the status of the internal control process submitted to the Executive Committee and the Audit Committee;

To
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RD 2015 Section 4.1.7

An ambitious commitment and monitoring process to promote corporate ethics

ENGIE'S aim in the ethics field is **to act in accordance with the Group's values and commitments, everywhere and in all circumstances**, in compliance with the laws and regulations. This aim is communicated on a constant basis, together with the principle of zero tolerance of fraud and corruption, by the Group's General Management. ENGIE is constantly seeking to increase the incorporation of ethics into its strategy, its management, and its professional practices, and is garnering the means to measure compliance with its commitments.

A strict framework for every employee

The **Corporate Ethics Charter** determines the general framework governing the behavior of every employee, and determines the principles and the governance system. It is supplemented by an "Ethical Practices Handbook", which sets out the ways of applying the Charter in day-to-day professional situations, and "Integrity Guidelines", which are dedicated to preventing fraud and corruption, and determine the Group's organizational structure in order to handle the risk of a breach of integrity. In addition, ENGIE has specifically reiterated its commitment to corporate ethics, specifically by signing the "Global Agreement on Fundamental Rights, Social Dialogue and Sustainable Development" with several trade union organizations (ICEM, BWI and PSI). This Agreement, which applies to all the Group's entities, reaffirms the culture of integrity, trust, and honesty, and the principle of zero tolerance for fraud and corruption, which applies within the Group and to third parties. The Group strengthened this system in May 2014 by adopting **Human Rights Guidelines**, which formally set down its ethical commitments to human rights, by providing for the implementation of appropriate operational processes, in response to the changing international context. Furthermore, ENGIE undertakes to comply with the competition rules in all its activities.

At the same time, ENGIE is taking part in several international multilateral initiatives aimed at combating corruption, including the United Nations Convention Against Corruption (UNCAC) and the OECD Initiative against Corruption, and is a member of Transparency International France and of the Extractive Industries Transparency Initiative (EITI).

To find out more

RD 2015
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Section 3.1.4

"Corporate Ethics and Compliance" and "Governance and Ethics" sections

Investments that are subject to due diligence

The Group has introduced a policy aimed at submitting all of the parties involved in its investment projects to an integrated due diligence process (which entered into effect on April 1, 2015). This policy requires (i) formally setting down the ethical risk relating to a project, especially where corruption and human rights are concerned, and (ii) carrying out due diligence that is consistent with this assessment, based on the consultation of available sources, or in depth due diligence that also includes information gathered on the ground.

An in-depth control system

The ethics policy is the subject of an application and control system implemented within the Group by the Corporate Ethics and Compliance Department, which is attached to the General Secretariat under the supervision of the Chief Executive Officer. This network, which is backed by over 160 compliance officers, is specifically based on:

- monitoring the implementation of the Group's ethics policy, based on an annual compliance policy, and a dashboard of 15 indicators (including the dissemination of ethics documentation, training, and the introduction of ethics procedures). The resulting annual report is presented to the Executive Committee and to the Board of Directors' Ethics, Environmental and Sustainable Development Committee;
- a confidential tool for reporting breaches, "INFORM'ethics", which is available to compliance officers and to certain authorized persons, who are under an obligation to report any assumed ethics breach in the system;
- the incorporation of compliance with ethics principles in the "INCOME" internal program, and in the risk review;
- a "whistle blowing" ethics email, which enables every employee to report any breach of ethics, on an anonymous basis, where applicable;
- training and raising the awareness of over 17,000 employees in 2015, including via web conferences, e-learning programs, and a specific training program that has been carried out by 82% of ENGIE's senior executives since 2012;
- giving responsibility to executives by incorporating corporate ethics into their annual evaluation process.

To find out more

RD 2015 Section 4.1.7

A certified anti-corruption system

The Group's anti-corruption system was certified by Mazars-Audit in 2015. The design of the system and its implementation in the entities reviewed were assessed as having reached a high standard, with a few recommendations consistent with the factors identified by the Internal Audit function during its review of the Group's ethics policies in 2015. The 2016 action plan includes all of these recommendations.

Indicators

This section sets out the indicators mentioned throughout the report and how they have changed since 2013. The results of the seven indicators that correspond to ENGIE's 2015 targets are set out below.

- 1** A 60% increase of the renewable energy electricity production capacity in 2015 compared with 2009 has enabled the Group to exceed the target increase (+50%), thanks to the 2.4 GW of capacity installed in 2015. The Group's renewable energy capacity now amounts to 21.4 GW, i.e. 18% of the Group's installed electricity production capacity (117.1 GW).
- 2** The average CO₂ equivalent emission rate per MWh of power generated reached 445.5 kg, a slight increase compared with 2014 and with the 2012 benchmark (443 kg). This virtual stability was expected due to the full-year operation of two new coal-fired power plants in Maasvlakte (the Netherlands) and Wilhemshaven (Germany). This result does not call the targeted decrease for 2020 into question, as it was raised from -10% to -20% in 2016, as a result of suspending new coal projects.
- 3** 176 (98%) of the 179 sites considered as priorities for biodiversity in Europe had approved a targeted action plan drawn up with the stakeholders at the end of 2015, while the final three had not completed the initiative. This outcome virtually fulfils the target of 100% by the end of 2015.
- 4** The internal workplace accident rate (3.6) at the end of 2015 meets the Group's target (<4).
- 5** The staff training ratio met the 66% target, by restating the indicator for the impact of the Cofely subsidiaries in the United Kingdom, which were purchased in 2014 after the target had been set, and which have not had time to implement the Group's training policy. The ratio amounted to 64% in 2015 including these subsidiaries, although it had exceeded 68% in the previous years.
- 6** The ratio of 22% of women in management was slightly below the 25% target set, but had improved compared with previous years (21.9%).
- 7** The percentage of the share capital owned by the employees at the end of 2015 (2.72%) was below the target (3%) as a result of the lack of employee shareholding plans in 2015, unlike in 2014, which had enabled the target to be achieved a year earlier.

Operational indicators

	2013	2014	2015	Change 2014-2015
Installed capacity (in GW) ^(a)	113.7	115.3	117.1	+1.5%
Capacity under construction (in GW)	10.0	10.5	8.1	-22.9%
Renewable energy (as a percentage of installed capacity)	15%	17%	18%	+5.9%
1 Increase in the installed renewable energy capacity	+27%	+42%	+60%	+42.9%
LNG supply (in millions of metric tons)	16.0	16.4	16.4	0%

Financial indicators

(in € billion)	2013	2014	2015	Change 2014-2015
Revenues	80.0	74.7	69.9	-6.4%
EBITDA	13.0	12.1	11.3	-6.7%
Recurring Operating Income, including the net share of the income from equity associates	7.7	7.2	6.3	-12.5%
Net Recurring Income, Group share ^(b)	3.1	2.7	2.6	-3.7%
Net debt	28.8	27.5	27.7	+0.8%
Net debt/EBITDA	2.21	2.27	2.46	+8.4%
Gross capital expenditure	7.1	7.1	7.2	+1.4%
Cash flow from operations (CFFO)	10.3	7.9	9.8	+24.0%
Dividend (in € per share)	1.50	1.00	1.00	0%

(a) Fully consolidated, regardless of the percentage held.

(b) Excluding restructuring costs, MtM, impairment losses, disposals, other non-recurring items and related tax impacts, and after the inclusion of the expense relating to the nuclear contribution resulting from the agreement between the Belgian government, ENGIE and Electrabel signed on November 30, 2015.

Environmental indicators

	2013	2014	2015	Change 2014-2015
Total GHG emissions – Scope 1 <i>(in metric tons of CO₂ eq.)</i>	141,984,778	131,154,736	132,757,296	+1.2%
2 Average CO ₂ emission rate – energy production <i>(in kg of CO₂ eq./MWh eq.)</i>	425.0	434.2	445.5	+2.6%
Total consumption of primary energy (excluding consumption for own purposes) <i>(in GWh)</i>	509,353	468,867	479,560	+2.3%
Environmental expenditure <i>(in € thousands)</i>	1,153,062	1,008,105	634,722	-37.0%
Environmental complaints	66	478	173	-63.8%
Environmental convictions	8	1	4	+300%
Amount of the compensation <i>(in € thousands)</i>	127.0	27.9	1.5	-94.6%
Total consumption of fresh and salt water <i>(in m³ millions)</i>	156.1	135.4	135.9	0.4%
Environmental risk prevention plan <i>(as a % of the relevant revenues)</i>	86.4	85.1	84.5	-0.7%
NO _x emissions <i>(in metric tons)</i>	155,354	149,401	143,253	-4.1%
SO ₂ emissions <i>(in metric tons)</i>	278,601	246,448	237,031	-3.8%
Emissions of dust <i>(in metric tons)</i>	12,947	14,672	12,919	-11.9%
Non-hazardous waste recovery ratio <i>(as a %)</i>	86.1	89.2	89.3	+0.1%
Hazardous waste recovery ratio <i>(as a %)</i>	6.4	13.6	13.3	-2.2%
3 Biodiversity <i>(as a % of the sensitive sites in the European Union with a biodiversity action plan)</i>	35.6	72.4	98.3	+35.8%
Certified environmental management system <i>(as a % of the relevant revenues)</i>	70.20	71.10	97.34	+36.9%

Employment-related indicators

	2013	2014	2015	Change 2014-2015
Number of employees	147,199	152,882	154,935	+1.3%
4 Accident frequency rate <i>(as a %)</i>	4.40	4.10	3.56	-13.2%
Accident severity rate <i>(as a %)</i>	0.21	0.20	0.17	-15.0%
Absence from work on medical grounds <i>(in hours, per employee, per year)</i>	63	63	65	+3.2%
5 Training <i>(as a % of the staff trained)</i>	68.5	68.1	66.0 ^(a)	-3.1%
Training <i>(as a total number of hours)</i>	3,071,401	2,997,908	2,971,607	-0.9%
Percentage of women in the workforce <i>(as a %)</i>	20.3	21.6	21.6	0%
6 Percentage of women in management <i>(as a %)</i>	21.9	21.9	22.0	+0.5%
Overall employment rate of disabled employees in France <i>(as a %)</i>	4.04	4.36	4.61	+5.7%
7 Employee shareholders <i>(as a % of ENGIE's share capital held by the employees)</i>	2.35	3.18	2.72	-14.5%
Percentage of students on work-study courses in the workforce <i>(as a %)</i>	2.9	2.6	2.6	0%
Number of customers benefiting from the Special Gas Social Inclusion Rate (TSS)	540,000	824,000	857,000	+4.0%

(a) Excluding the Cofely Workplace and Cofely Ltd (United Kingdom) subsidiaries purchased in 2014, and which have not yet implemented the Group's policy.

About the Report

ENGIE's Integrated Report provides an overview of the Group, its strategies and its activities, in view of the environment in which it operates, and in keeping with a short, medium, and long-term value creation outlook via its performance.

Methodology

This report is based on the framework established by the International Integrated Reporting Council (IIRC), of which ENGIE is a member, and which is in keeping with the Group's proactive long-term progress initiative.

An internal working group, managed by the Environmental and Societal Responsibility Department, and which includes several functional departments, has been involved throughout the initiative, in order to structure the information.

The approach implemented has been to focus the Integrated Report on ENGIE's strategy, and to select the most relevant information in view of that strategy – more as part of an educational, rather than a comprehensive approach.

Scope

The report covers 2015 (from 01.01.2015 to 12.31.2015). It recalls the targets for 2016, and includes medium and long-term forecasts, thereby offering a forward-looking view of the Group in its environment.

Changes to the 2015 Report

ENGIE published its first integrated report in 2015 at the time of its General Meeting. This report had been prepared on the basis of an initial, so-called "interim" version published in late 2014, which was submitted to the Group's stakeholders as part of a consultation process.

The Group consulted its stakeholders again in 2016, in order to prepare its 2016 Report. Around 30 stakeholders were contacted as part of this process between January and March 2016, in order to express their expectations for this new version, and their perception of the 2015 Report. These stakeholders included individual shareholders, SRI investors and extra-financial rating agencies, key accounts, local authorities, suppliers, NGOs, and employees.

The consultation process underlined the usefulness of a report that proposes a new company approach, and enables a better understanding of the Group in its environment, which is considered to be simpler and more comprehensible. It also enabled the identification of areas for improvement in terms of the presentation of the information, as part of an ongoing effort to map and structure the information.

Based on the feedback from the consultation process, ENGIE identified very tangible changes for the 2016 Report, as well as long-term avenues for improvement. Accordingly, it was decided to boost the integration of the content with the Group's strategy, to place more emphasis on the role granted to customers, and to present the new organizational structure.

This document includes forward-looking information and statements. These statements include financial forecasts and estimates, as well as the assumptions on which they are based, and statements regarding projects, targets, and expectations for future operations, products or services, or future performance. Although ENGIE's Management Team believes that these forward-looking statements are reasonable, investors in, and holders of ENGIE securities are warned about the fact that these forward-looking statements and information are subject to many risks and uncertainties, which are hard to foresee, and are usually beyond ENGIE's control, which may imply that the expected results and developments differ significantly from those that are expressed, induced, or provided in the forward-looking statements and information. These risks include those that are described or identified in the public documents that ENGIE has filed with the French Financial Markets Authority (AMF) including those listed in the "Risk Factors" Section in ENGIE's Registration Document which was filed with the AMF on March 23, 2016 (under No. D. 16-0195).

Targeted additional publications

Institutional documents that are intended for all of ENGIE's stakeholders

 **Investors and analysts**

 **Individual shareholders**

 **Key accounts**
(industrial companies and local authorities)
and private customers

 **Industrial partners
and suppliers**

 **Government authorities**

 **NGOs and civil society**

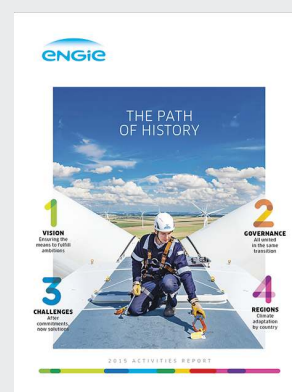
 **Employees**



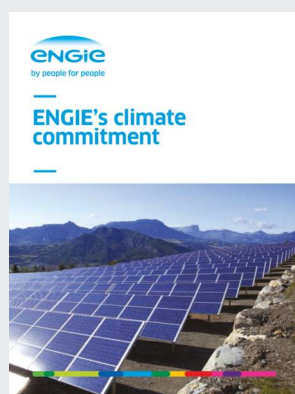
Summary presentation of the Group's ability to generate value in the short, medium and long term



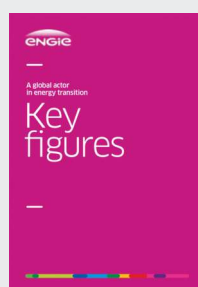
Document compliant with French and European regulations, and specifically including the annual report, the Board of Directors' management report, as well as the financial statements, social, environmental and societal information, and information relating to ENGIE's corporate governance



2015 for ENGIE



ENGIE's commitment and initiatives aimed at combating climate change



The basics about ENGIE in 2015 in the form of key data



Main energy benchmarks and key data

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Glossary

B2B (Business to Business)

Customer segment that corresponds to corporate and commercial customers.

B2C (Business to Consumer)

Customer segment that corresponds to private and professional customers.

B2T (Business to Territory)

Customer segment that corresponds to cities and regions.

CO₂ equivalent

Greenhouse gas emission measurement indicator.

Co-generation

A technique that uses a single fuel, which may be natural gas, to simultaneously produce thermal energy (steam or superheated water, or a mixture of air and combustion products) and electricity.

Commodities

Refers to raw materials (such as oil, gas, etc.).

Smart meter

A meter fitted with technologies that enable the assessment or management in real time or virtually real time of the customer's energy consumption.

Impairment

Recording of a likely and unexpected loss of value on an asset, which may specifically result from a change in the economic, technological or legal environment. A depreciation reduces net income in the financial year in which it is recorded.

Facility Management

All of the service and utility management services in addition to the supply of energy to an industrial customer. These services relate to the management of the customer's environment: including caretaking, cleanliness and hygiene, operation and maintenance of technical equipment, delegated project management for construction works, management of safety equipment, telephone and reception services, etc.

Greenhouse Gas (GHG)

Atmospheric gas that contributes to the retention of heat produced by the sun on the earth. Industries, automobiles, heating systems, livestock breeding and other activities produce gases, some of which heighten the greenhouse effect. The significant greenhouse gas build-up produced by human activity is one of the causes of global warming, and of its consequences for the ecosystem.

LNG (Liquefied Natural Gas)

Natural gas turned into a liquid state by lowering its temperature to -162°C, which makes it possible to reduce its volume by a factor of at least 600.

Development or growth capital expenditure

Capital expenditure aimed at increasing the Group's total production capacity.

Maintenance capital expenditure

Capital expenditure aimed at maintaining the production infrastructure in good operational condition, without increasing the Group's total production capacity.

IPP

Independent Power Producer whose activities are not regulated by a Government.

Energy mix

Breakdown of the various sources of primary energy used to produce electricity or heat.

IFRS

(International Financial Reporting Standards)

Accounting standards that entered into effect in Europe in 2005. These standards specifically require that the recognition of assets on the balance sheet reflects their actual value.

Off-grid

Description of a customer or an area that is not connected to a power supply grid.

Power to gas

Process that enables the renewable energy produced to be stored in the form of hydrogen or methane synthesis gas.

Fuel poverty

Situation of a person, a family or a group that do not have normal and regular access to the energy sources required to meet their basic needs in their home or in the place where they live, because of buildings that are poorly insulated against cold or heat, for instance, or as a result of the unsuitability or price of energy resources.

Financial rating

This rating, which is issued by specialized agencies such as S&P, Moody's or Fitch, assesses a company's ability to repay its debt.

Smart

Description of a so-called "smart" system that uses digital or information technology to ensure its optimization and effectiveness.

Energy trading

Trading of physical or financial contracts on the short-term energy markets (over-the-counter markets and stock exchanges).

Utilities

Companies that provide a public service involving the supply, distribution, and/or delivery of utilities (water, gas, steam, etc.) or electricity.



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