

# **Corporate governance roadshow**

March 2020

# Executive summary



# Strategy & Finance

## **A sustainable model based on three pillars**

**Strong financial  
performance**

**Transition towards  
carbon-neutrality**

**CSR  
responsibility**

# ENGIE's purpose statement to be included in its bylaws

## Collaborative work

- Stakeholders' consultation among other
  - ✓ 167 000 employees (surveys, workshops and seminars)
  - ✓ 16 investors and proxy advisors
  - ✓ 20 NGO
  - ✓ 317 clients (2018-19 studies)
  - ✓ Proxy advisors and ESG rating agencies
- Intense Board's musings :
  - ✓ 5 CNRG meetings
  - ✓ 2 Board meetings

## "Raison d'être"

- ***ENGIE's purpose is to act to accelerate the transition towards a carbon-neutral economy, through reduced energy consumption and more environmentally-friendly solutions.***
- ***The purpose brings together the company, its employees, its clients and its shareholders, and reconciles economic performance with a positive impact on people and the planet.***
- ***ENGIE's actions are assessed in their entirety and over time.***

## Reason for action

- « *Translate beliefs and words into action* » (J.P Clamadieu)
- Inclusion in ENGIE's bylaws is a strong commitment
- Concrete actions measured by ESG indicators like :
  - ✓ Reduction of greenhouse gas emissions
  - ✓ Improvement in gender diversity
  - ✓ Increase of the share of renewable energy in the power production capacity mix

# Focus on high-added value solutions



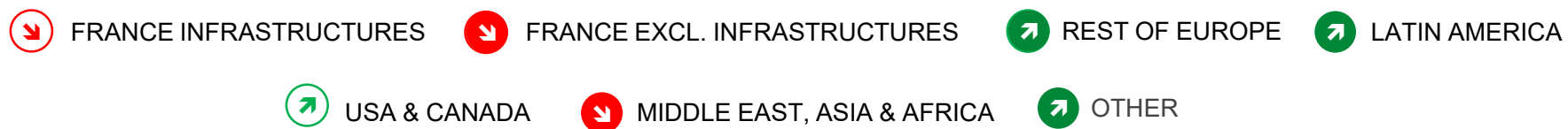
# Sound foundations established in 2019

CLIENT SOLUTIONS	NETWORKS	RENEWABLES	THERMAL / NUCLEAR / SUPPLY / OTHERS
<p><b>Commercial successes</b> University of Iowa, Ottawa city and Angers</p> <p><b>New acquisitions</b> Conti, Otto Industries and Powerlines</p> <p><b>Creation of ENGIE Impact</b> to set tailored strategies for sustainable roadmaps</p>	<p>Acquisition of <b>TAG</b> in Brazil (4,500 km gas transmission)</p> <p>Development of <b>power transmission lines</b> in Brazil (1,800 km)</p> <p>Development of <b>green gases</b> (&gt;123 biogas sites) in France</p> <p><b>4-year framework</b> for Networks in France</p>	<p>Additional <b>3 GW</b> in operation (<b>4x</b> higher than 2018)</p> <p>Acquisition of <b>6 hydro plants</b> in Portugal (1.7 GW)</p> <p><b>Strategic partnerships</b> for <b>Solar</b> (Mexico, India) and <b>Wind</b> (global offshore wind JV)</p>	<p>Increase of <b>nuclear availability</b> (79% in 2019 vs. 52% in 2018)</p> <p>Disposal of <b>Glow</b> (Thailand, 3 GW) and <b>European coal plants</b> (Germany &amp; Netherlands, 2.3 GW)</p> <p>Constructive arrangement regarding <b>nuclear provision and funding</b> in Belgium</p>

## 2019 results within the guidance ranges

2019 RESULTS– In €bn, unaudited figures <sup>(1)</sup>	Actual	Δ Gross <sup>(2)</sup>	Δ Organic <sup>(2)</sup>	Guidance
EBITDA	10.4	+7%	+8%	9.9-10.3
COI	5.7	+11%	+14%	-
NRIs (continued)	2.7	+9%	+11%	2.5-2.7
FINANCIAL NET DEBT / EBITDA	2.5x	+0.1x	-	≤2.5x

### COI YoY gross evolution - by reportable segment



(1) Unaudited figures throughout the presentation

(2) Unaudited 2018 figures adjusted for IFRS 16 throughout the presentation



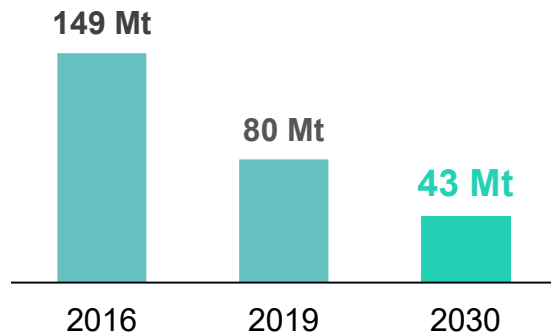
# **ENVIRONMENT & CSR**

# Focus on 3 key objectives with regular reporting

1

## GHG<sup>(1)</sup> emissions

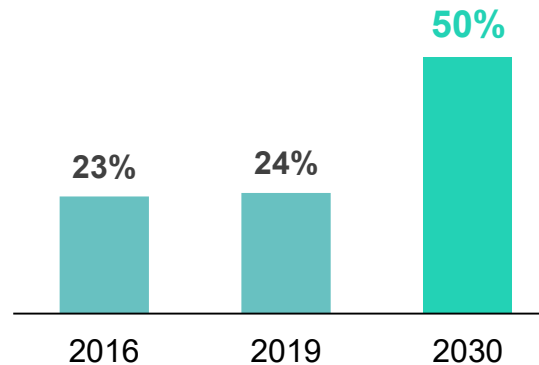
GHG<sup>(1)</sup> emissions from power production, in line with the SBT<sup>(2)</sup> trajectory



2

## Gender diversity

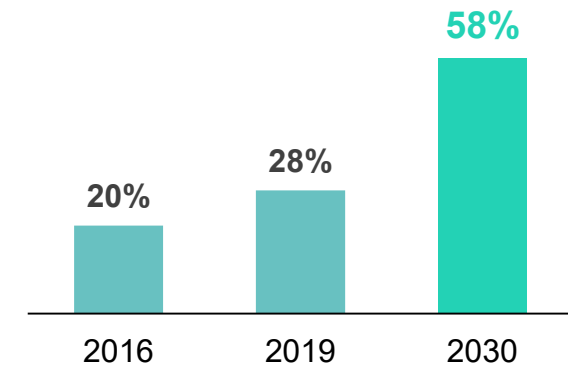
Share of women in the management of the Group <sup>(3)</sup>



3

## Renewables

Share of Renewables <sup>(4)</sup> in the electric capacity mix, in line with the SBT<sup>(2)</sup> trajectory



Carbon reducing solutions for our customers

- (1) GreenHouse Gases
- (2) Science Based Targets
- (3) ~40000 persons as of December 31, 2018
- (4) Capacity in GW accounted for at 100%, whatever the actual % of ownership

# New CSR objectives contributing to measuring the global performance of the Group

## Planet

Respecting Earth sustainability by acting in particular for the Paris Agreement

- 43 Mt CO<sub>2</sub><sub>eq</sub> from production of electricity (regardless of asset ownership), line with the SBT trajectory by 2030
- 65 Mt CO<sub>2</sub><sub>eq</sub> from gas sales, in line with the SBT trajectory by 2030
- Share of renewable energy in the electric capacity mix
- 100% of our offers with an alternative that contribute to decarbonation by 2030
- 100% of our preferred suppliers (except energy purchase) certified SBT by 2030

### Other indicators followed

- GHG emissions from our ways of working
- Share of activities, projects and dismantling sites with an environmental plan
- Share of industrial sites with an ecological management
- Water consumption from industrial activities compared to 2019



## People

Building a new and more inclusive world of energy

- Frequency rate of accident (including suppliers on closed sites) limited to 2.9 by 2030
- 50% women in the management of the Group by 2030
- Score of 100 of the gender equity index at Group level by 2030<sup>(1)</sup>

### Other indicators followed

- Health & safety prevention rate
- Share of apprentices in Europe
- Share of employees with annual training
- Training of the staff most exposed to the risk of corruption
- Number of beneficiaries with access to clean and reliable energy
- Share of activities, projects and dismantling sites with a societal plan
- Responsible purchasing index score <sup>(2)</sup>



## Profit

Ensuring responsible performance shared between employees, shareholders and stakeholders

- 6 - 8% 2019-22 NRIGS CAGR
- Economic net debt to EBITDA ratio below 4.0
- Dividend policy of a 65 - 75% pay out ratio
- €22bn Capex plan over 2019-22, of which ~€10bn for growth



(1) If the law changes

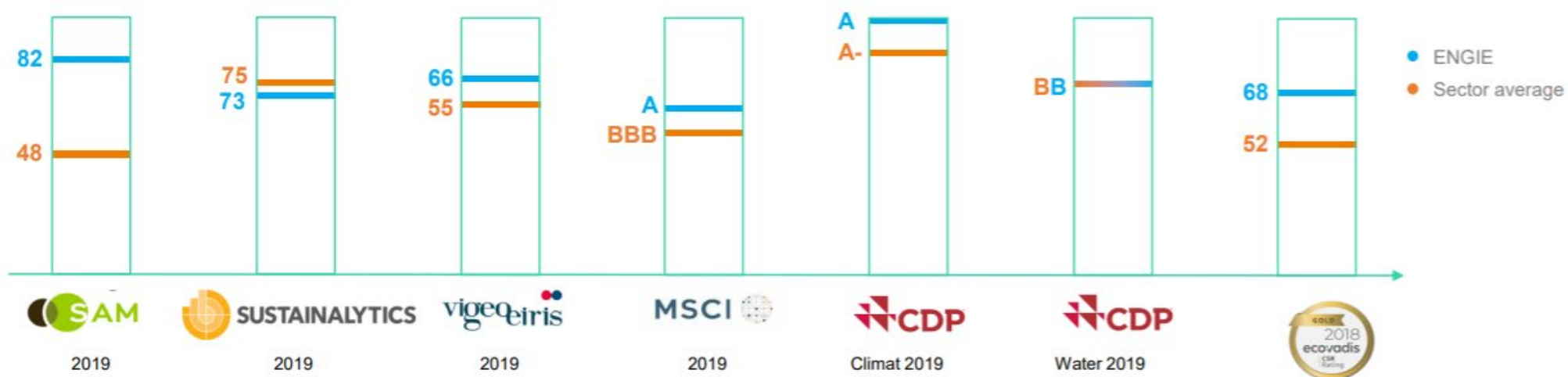
(2) Index includes CSR evaluation, payment delays and inclusive purchasing

# Leading position in CSR ratings and indexes

## ENGIE listed in the main indexes

DJSI World, DJSI Europe, Industry Leader

Euronext Vigeo Eiris World 120, Europe 120, Eurozone 120 and France 20



United Nations  
Global Compact

Communication on progress:  
Advanced level

(1) Sector CDP (EDF, EON, RWE, ENEL, IBERDROLA, ENGIE)

**CHANGE IN EXECUTIVE  
MANAGEMENT**

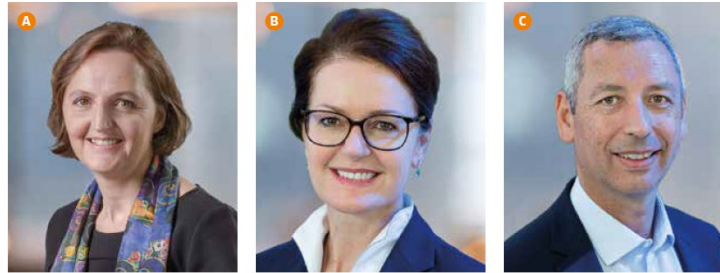
**-**

**COMPENSATION  
CONSIDERATIONS**

## End of Isabelle Kocher's mandate

- Board of Directors decided on February 6, 2020 not to propose the reappointment of Isabelle Kocher, whose term as Director was coming to an end at the next General Shareholders' Meeting.
- Her duties as Chief Executive Officer and Director ended on February 24, 2020.
- Extensive search to find the Group's next leader to be conducted with the support of the Appointments, Compensation and Governance Committee chaired by Françoise Malrieu.
- This process will meet the best standards of governance. We expect to have a new CEO in place within 6 to 12 months.

# Appointment of an experienced Transition Management Team




Operations will be managed by an interim collective management:

- A : **Claire Waysand**, General Secretary (Temporary Chief Executive Officer)
- B: **Judith Hartmann**, EVP and Chief Financial Officer
- C : **Paulo Almirante**, VP and Chief Operating Officer

The Board has asked **Jean-Pierre Clamadieu** to support the transition management team in order to ensure the success of this period.

# New CEO Remuneration

Remuneration Elements	Criteria	Target	MAX	Payment
Fixed salary	Reviewed annually based on benchmark and external specialized firm studies Not changed unless the Board votes otherwise (in consideration of market context, Engie's profile and movements in Group employee compensation)	To be determined		Cash
Annual Variable	<div> <div>65% Quantitative</div>  <ul style="list-style-type: none"> <li>Net Recurring Income</li> <li>COI</li> <li>Economic Net Debt</li> </ul> </div> <div>35% Qualitative of which CSR</div>	To be determined	150% of the fixed salary	Cash
Long term Incentive	<div>100% Quantitative</div> <div>At least one external criteria based on the relative performance of the Total Shareholder Return and one internal criteria based on the Value Creation</div>	To be determined	50% of the total salary	Performance units
Pension plan	<b>Complementary pension.</b> Under this supplementary pension plan system, the Company does not guarantee the amount of pension but pays an annual employer contribution	25% of Fixed + paid annual Variable		50% cash 50% pension

Non compete-agreement **to be determined** by the Board upon recommendation of the Nomination and Remuneration Committee in order to protect the interest of the group.



# Pay equity ratio of the CEO

- In 2019, CEO remuneration equals

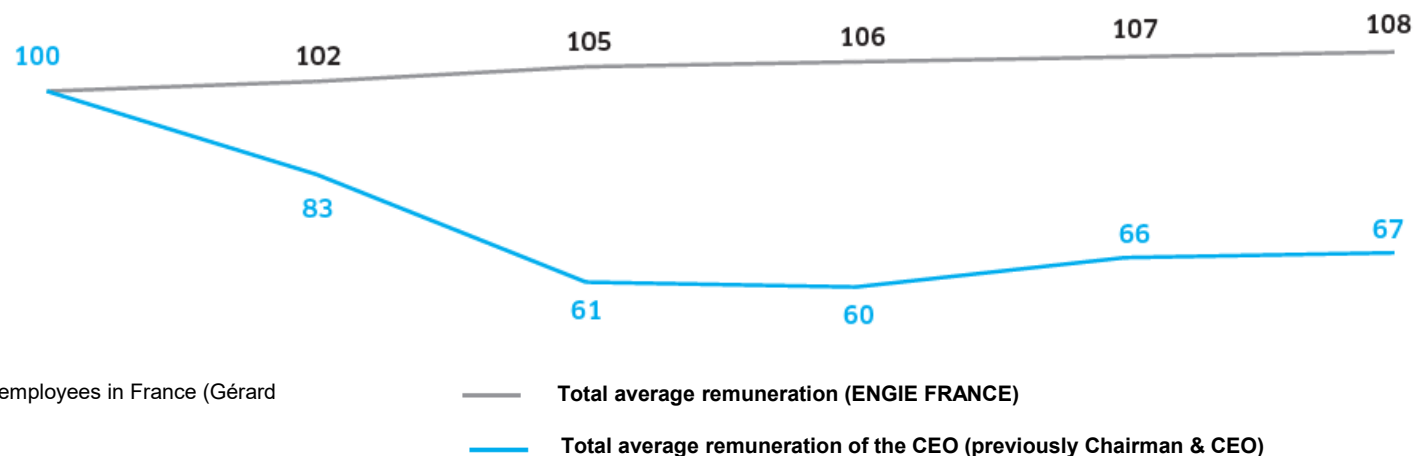
**x55.7**

the average remuneration of ENGIE employees in France.

- Evolution of pay equity ratio<sup>(1)</sup>

2014	2015	2016	2017	2018	2019
90.3	73.7	52.7	50.9	55.1	55.7

- Evolution of the remuneration (index base 100 in 2014)



<sup>(1)</sup> Comparison of CEO remuneration with average remuneration of employees in France (Gérard Mestrallet and then Isabelle Kocher as from May 3rd, 2016)

# **BOARD OF DIRECTORS**

# Engaged and skilled Board members

Attendance rate: **95%**

100%

100%

92%

92%

100%

100%

100%

83%

100%

100%

100%

100%

100%

**A** Jean-Pierre Clamadieu (JPC),  
Président du Conseil  
d'Administration

et par ordre alphabétique :

**B** Christophe Agogué (CA)  
**C** Christophe Aubert (CAU)  
**D** Alain Beullier (AB)  
**E** Fabrice Brégier (FB)  
**F** Isabelle Bui (IB)

**G** Patrice Durand (PD)  
**H** Mari-Noëlle  
Jégo-Laveissière (MNJL)  
**I** Philippe Lepage (PL)  
**J** Françoise Malrieu (FM)  
**K** Ross McInnes (RMI)  
**L** Marie-José Nadeau (MJN)  
**M** Lord Ricketts  
of Shortlands (LRS)

## Key areas of expertise

Director of a large company

JPC – RMI – FM – MJN - IB

Senior Executive management

JPC – FB - MJN

Industrial sector

JPC – FB – RMI - PD

Energy sector

CA – AB – PL - MJN

Service sector

PD – CAU - MNJL

Public sector

LRS - IB

Finance

RMI – PD – CA – CAU – FM - IB

CSR, climate change, stakeholder mngt

AB – FM - MNJL

Social / HR dialog

LRS – CA - AB

Digital, innovation, new technologies

FB – PL - MNJL

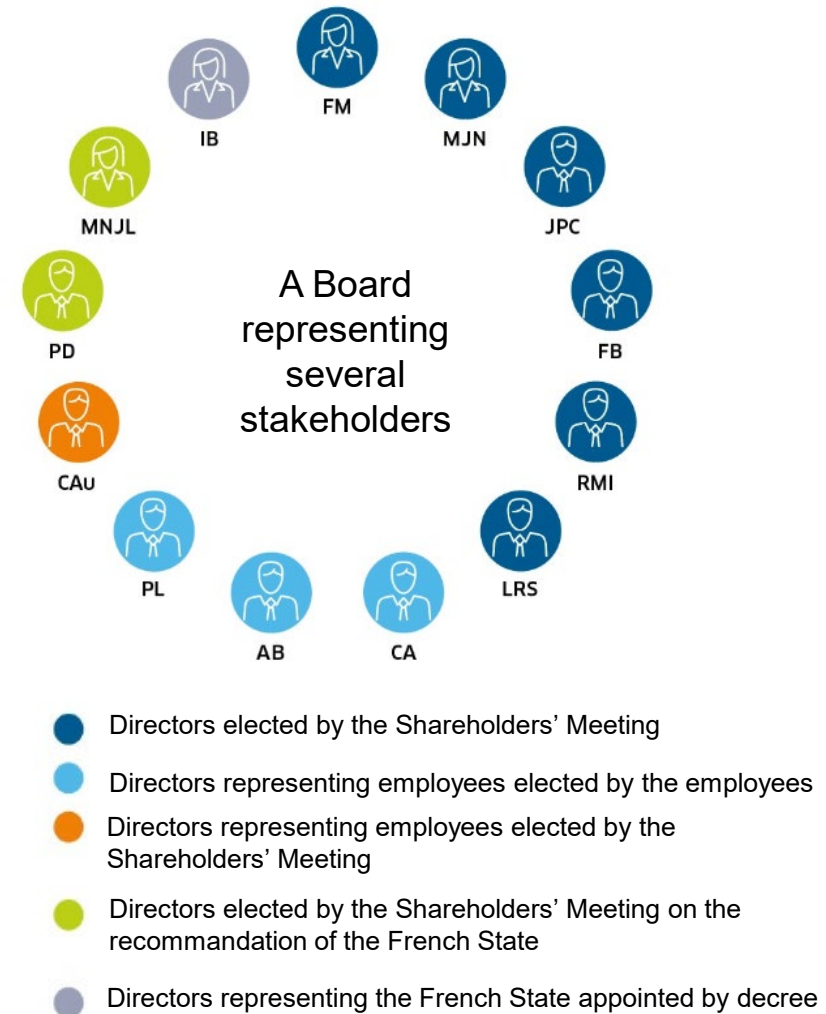
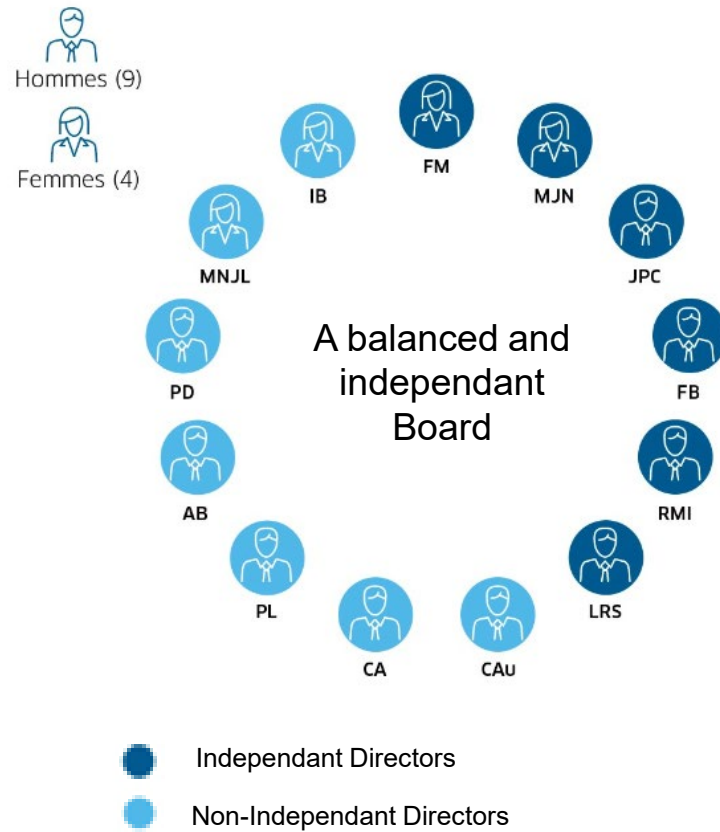
Geostrategic challenges

LRS

Regulatory environment

PL - CAU

# A diverse Board composition



# Independent Board members re-elections

Attendance : 100%  
CNRG: 100%

M



## Lord Ricketts of Shortlands

67-year-old  
British Nationality  
Board member since 2016  
Number of shares held: 750

### Participation in Board committees

- Member of the Appointments, Compensation and Governance Committee

### Principal activities outside the Company

- Member of the House of Lords,
- London Strategic Consultant,
- Lockheed Martin (UK) President,
- Normandy Memorial Trust (Charitable Association)
- Member, Royal Academy

### Offices and positions in companies outside the Group

None

### Skills

- Social dialogue / Human Ressources
- Macroeconomic and geostrategic challenges
- Public Sector

Attendance : 92%  
CNRG: 100%

F



## Fabrice Bregier

59-year-old  
French Nationality  
Board member since 2016  
Number of shares held: 500

### Participation in Board committees

- Member of the Appointments, Compensation and Governance Committee

### Principal activities outside the Company

- Chairman of Palantir Technologies France





### Offices and positions in companies outside the Group

- Chairman of Palantir Technologies France
- Non-executive director of SCOR

### Skills

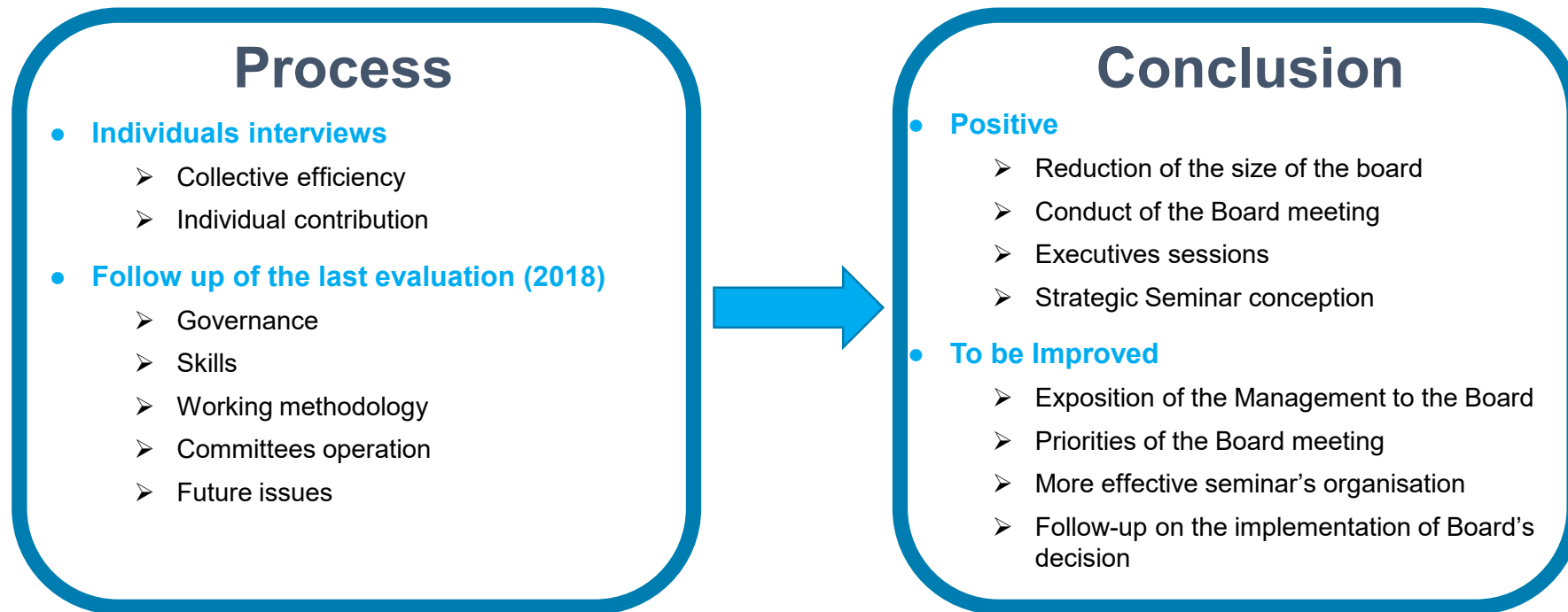
- Director of large corporations
- Digital transformation, Innovation, Technological disruptions
- Industry sector

# Very active committees of the Board

<b>Audit Committee</b> <b>Chair</b> Marie-José Nadeau	<b>Appointments, Compensation and Governance Committee</b> <b>Chair</b> Françoise Malrieu	<b>Ethics, Environment and Sustainable Development Committee</b> <b>Chair</b> Ross McInnes	<b>Strategy, Investment and Technology Committee</b> <b>Chair</b> Jean-Pierre Clamadiou
 <p><b>Examines the financial statements, monitors external and internal control and risk review</b></p> <p><b>Mains activities in 2019</b></p> <p>Annual financial statements and financial press releases  Annual and Interim Assumptions and forecast and provisional documents  Dividend policy and guidance  Changes in the operational KPIs communicated to the market  Activity reports for the internal audit, the follow-up of the audit recommendations and the 2020 audit plan  Review of the Group's internal control , including nuclear in Belgium  Operating accounts of the Chairman and of the Board of Directors  Financial Resolutions sublimed to the Shareholders' Meeting  Prior approval of the non-audit assignments of the Statutory Auditors  Risk review and Group insurance review  Impact of M&amp;A transactions on Group's financial rating</p>	 <p><b>Examines and makes recommendations on possible evolutions in the Board composition, on succession planning, on compensations policies of directors and executive corporate officers and on the proper operation of governance bodies</b></p> <p><b>Main activities in 2019</b></p> <p>Policy on diversity within the Board  Reduction in the size of the Board and the independence of its members  Changes in the compensation and shareholding objectives of the Directors  Proper functioning of the Board and its committees  Governance roadshows led by the Chairman  Compensation of the executive corporate officers and the succession plans  Changes in the management team  Compensation policy for executive managers  Performance share plans  Employee shareholding  Draft resolutions within its remit submitted to the Shareholders' Meeting</p>	 <p><b>Ensures that the Group has the right level of commitment on ethics, on non-financial compliance and on corporate, social and environmental responsibility</b></p> <p><b>Main activities in 2019</b></p> <p>Ethical incidents  Activity report of the ethics, compliance and data privacy department  Review of the Group's CSR performance and a report by one of the Statutory Auditors on this performance  New CSR objectives to follow the objectives for 2016-2020  Integrated report  BtoC sales calls in France  Various climate-related questions, including the evolution of tasks for the SBT and the recommendations for TCFD  Review, before notification to all the Directors, of internal CSR report with a specific focus on climate, water and biodiversity.  Psychological and social risks  2019 HR action plan  Professional and salary equality policy  Annual health and safety report  Review of fatal accidents.</p>	 <p><b>To provide an opinion on the Company's main strategic aims, particularly with regard to strategy and on external and internal growth projects, disposals strategic agreements, alliances or partnerships, that are submitted to the Board</b></p> <p><b>Main activities in 2019</b></p> <p>Strategic issues  Investment and disposal projects  Budget and medium-term business plan.  Discussions with the Belgian authorities on nuclear provisions  Digital transformation and contribution of digital to operational excellence  Feedback and look-back on acquisitions and projects  Preparation and follow-up for the Board's annual strategic seminar</p>

# External Board evaluation

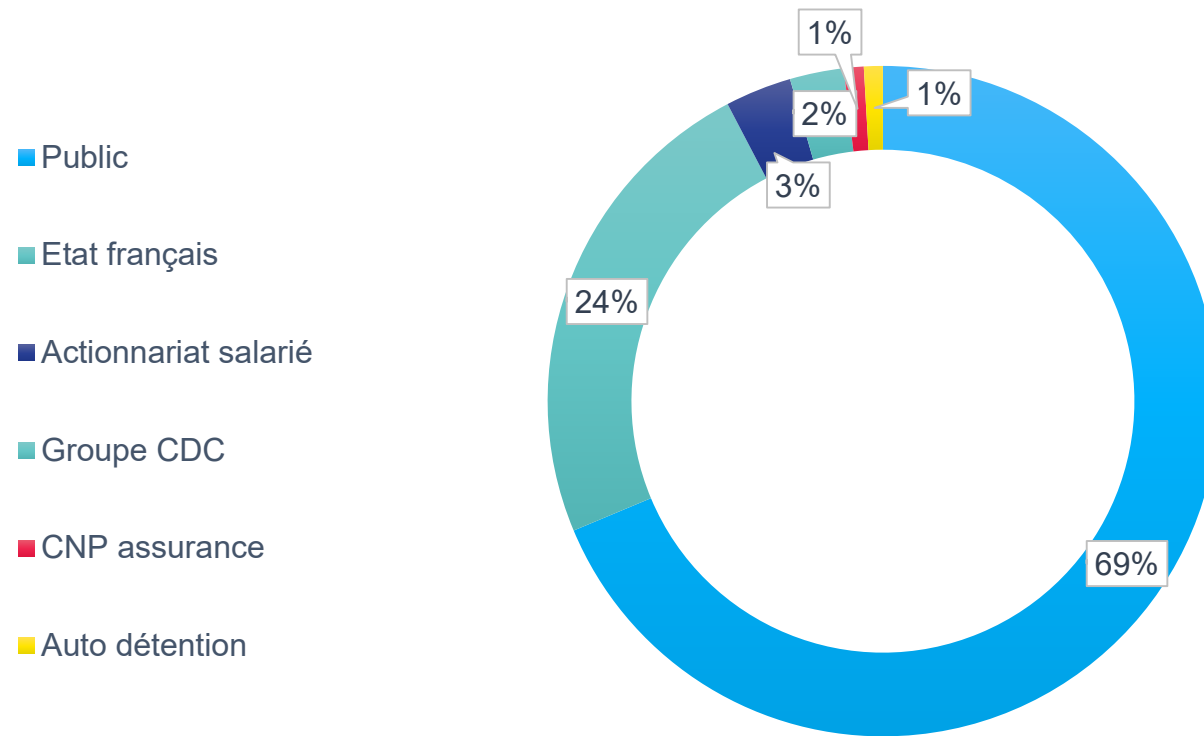
- Under the authority of the **Appointments, Compensation and Governance Committee**
  - Detailed external evaluation took place as regards 2019



# APPENDIX



## Breakdown of capital, December 31 2019



## For more information about ENGIE

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<http://www.engie.com/en/investors-area/>

Download the new ENGIE Investor relations app!



FOR MORE INFORMATION ABOUT 2019 RESULTS:  
<https://www.engie.com/en/journalists/press-releases/fy-2019-results>

# Disclaimer

## Forward-Looking statements

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