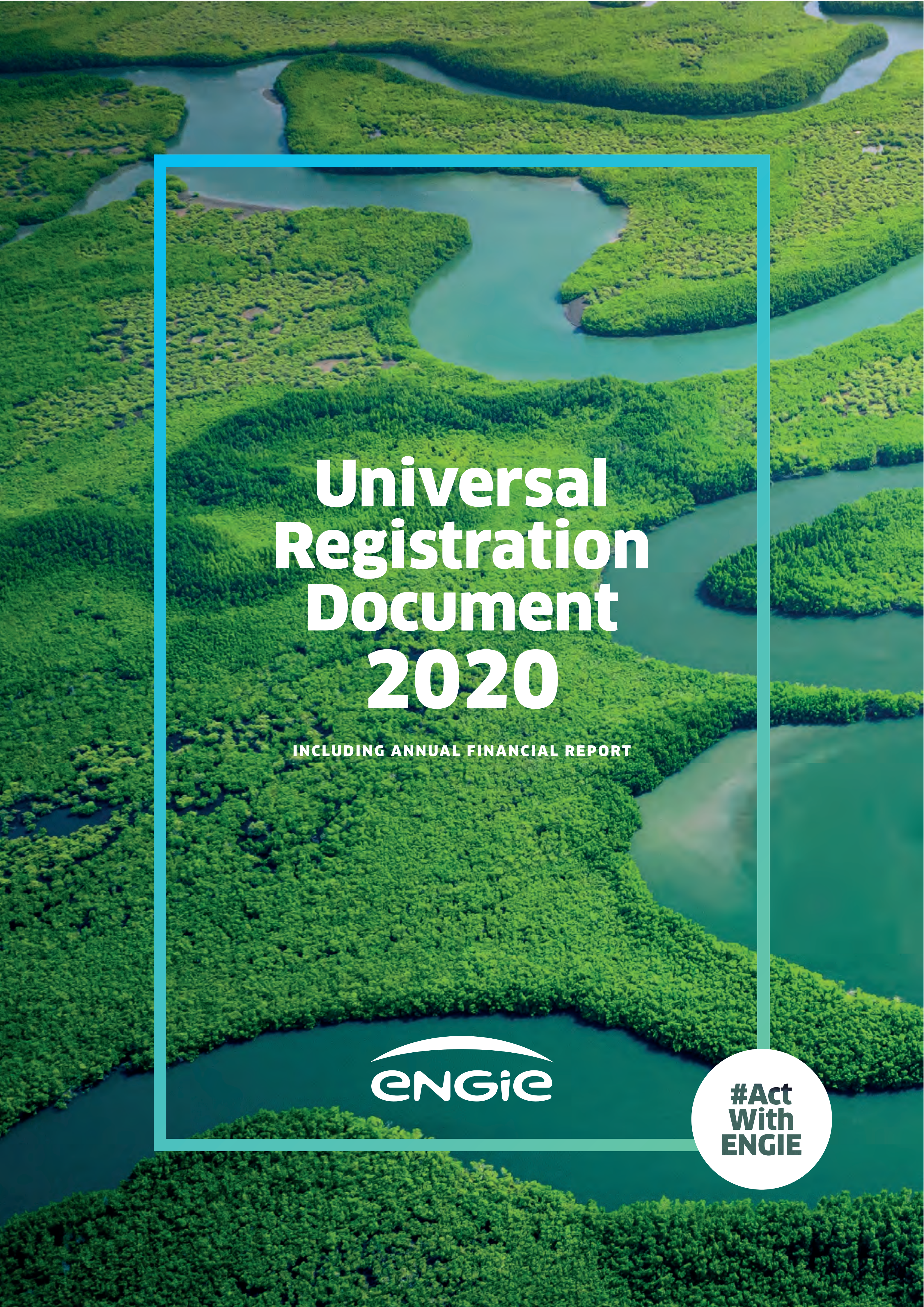


Universal Registration Document 2020

INCLUDING ANNUAL FINANCIAL REPORT

ENGIE

#Act With ENGIE

Summary

AFR Information disclosed in the Annual Financial Report is indicated in the contents by the pictogramm

Universal registration document
2020

INCLUDING ANNUAL FINANCIAL REPORT

This Universal registration document has been filed on March 17, 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal registration document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The annual financial report is a reproduction of the official version of the annual financial report which has been prepared in ESEF (European Single Electronic Format) and is available on the issuer's website.

2020 was a pivotal year for ENGIE: despite the shock of the pandemic, we continued to prepare for the Group's future by laying the foundations for a strategic transformation in line with our purpose.

The year 2020 was characterized by the health crisis and its economic consequences. How did ENGIE get through it?

Jean-Pierre Clamadieu: During this period, ENGIE and its employees have shown tremendous mobilization and a remarkable ability to adapt. We are an energy producer and supplier, and we know that every company, every community, and every household needs energy. It was therefore necessary to ensure continuity of service to our customers while guaranteeing the best sanitary conditions for our employees; to do this, we made massive changes, sometimes in just a few hours, to our working methods. Our teams are well aware of their public service role and what this implies in terms of mobilization, even in extreme situations. Like many companies, we also reached out to our shareholders, asking them to waive the dividend for 2020. This allowed us to maintain leeway at a time when we still didn't know the full depth of the crisis or how long it would last. We are pleased to propose a return to our dividend policy to the 2021 Shareholders' Meeting.

Catherine MacGregor: I am struck on a daily basis by the incredible commitment of our teams and their desire to go the extra mile in the energy transition. I'm very proud to be working with the entire ENGIE team, alongside our customers and regions, to accelerate the transition towards a carbon-neutral economy. This commitment has allowed the Group to get through the crisis. The full-year results that we announced in February very much speak to this. Not surprisingly, the Group is suffering from the 2020 economic downturn, but our performance recovered noticeably starting in the second half. This is extremely satisfying for us because it shows ENGIE's resilience and our ability to bounce back. This allows us to approach 2021 with complete calm.

Climate change is increasingly high on the agenda for businesses and public authorities alike. How is ENGIE preparing for this?

Jean-Pierre Clamadieu: The health crisis has made the vulnerability of our societies to major risks, starting with those related to climate change, considerably more noticeable. We have seen this in Europe, where recovery plans include major components designed to accelerate the decarbonization of the economy, and the United States is now embarking on the same path. Against this backdrop, the purpose statement that our shareholders approved unanimously in 2020 – by a 99.9% vote – provides a clear framework for our strategic decisions. It also shows that Engie's Board of Directors and the Group's teams became aware earlier than others of the transformations occurring, and that we are therefore in a better position to benefit from the opportunities that they open up.

Catherine MacGregor: Over the past few months, we have constantly demonstrated our ability to align our industrial resources with the energy transition. For example, we added 3 GW of renewable power capacity to the grids, mainly in offshore wind, and negotiated corporate PPA for a total of 1.5 GW. We also earned the Science Based Targets certification, which means that the Group is now on a trajectory to reducing its greenhouse gas emissions in line with the Paris Agreement. We are now positioned to make a commitment to move out of coal-fired energy production by 2025 in Europe and by 2027 worldwide. Climate objectives will soon be systematically incorporated into the variable compensation criteria of the Group's executive managers and certain key employees.

“ I’m very proud to be working with the entire ENGIE team, alongside our customers and regions, to accelerate the transition towards a carbon-neutral economy. ”

Catherine MacGregor
Chief Executive Officer

“ The purpose statement that our shareholders approved unanimously in 2020 will be invaluable in guiding our key strategic decisions. ”

Jean-Pierre Clamadieu
Chairman of the Board of Directors

The Group has also continued to work on its strategic challenges. What can you tell us about that?

Jean-Pierre Clamadieu: Within the context of modern and effective governance that acknowledges everyone’s roles, the Board of Directors has set the Group’s strategic trajectories for the years to come. Guided by our purpose and the conviction that we needed to move forward in the direction of simplifying and clarifying our priorities, in July 2020, we announced that we would henceforth focus on two strategic areas, renewable energies and energy infrastructure, while concentrating our Client Solutions activities around operations related to the optimization of the use of energy. After an in-depth research and selection process, the Board of Directors chose to appoint Catherine MacGregor as the Group’s CEO, because she brings the experience and unique qualities needed to successfully implement these strategic objectives.

Catherine MacGregor: Renewable energy and energy infrastructures are our two key strengths. They enhance each other, and this is where we will have the greatest impact, because we have a unique lead and unparalleled knowledge. Both require an ability to finance, design and operate complex systems over the long term. This is where I see the legacy of our history. Over the years, from Compagnie de SUEZ to Société Générale de Belgique, Tractebel, Electrabel, International Power and of course Gaz de France, we have helped finance and operate infrastructures at every major economic turning point. Today we must concentrate our efforts into making our transformation a success and seizing the opportunities created by the energy transition in both France and around the world. With the management team by my side, I will present our strategic road map to our shareholders when we report our quarterly results and at the next Shareholders’ Meeting.

ENGIE a leader in energy transition

THE PURPOSE

Accelerate the transition to a carbon neutral economy

“ Act to accelerate the transition to a carbon-neutral economy, through low-energy solutions that are more respectful of the environment. 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 action is assessed in its entirety and over time. ”

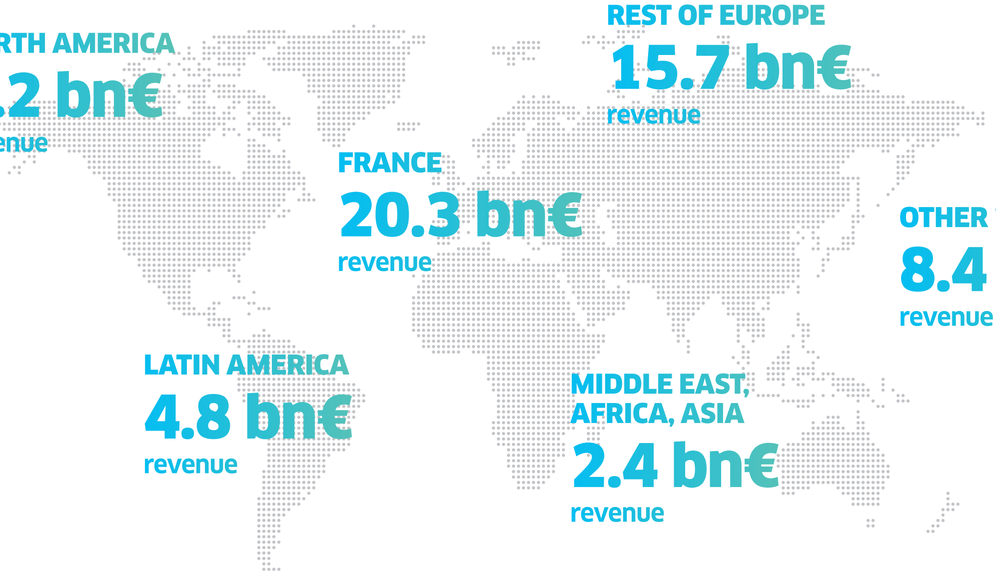
OUR BUSINESS LINES

RENEWABLES

NETWORKS

CLIENT SOLUTIONS

THERMAL & SUPPLY



ENGIE's Key figures[2]

172,703
employees

55.8 billion
revenue

31.1 GW
installed renewables capacity (**+3 GW** in 2020)

20.1 billion
revenue for Client Solutions

+39,000 km
of gas transmission network

60.1 GW
thermal generation

€190 million
spent on R&D

€12 billion
green bond issued since 2014

2020 proposed dividend of
€0.53
per share

2020 Financial results

Current Operating Income: **€4.6 bn**

Net Recurring Income, group share: **€1.7bn**

"Strong investment grade" rating

Economic net debt to EBITDA ratio: **4x**

2030 CSR targets

43 Mt
GHG emissions for energy generation

58%[3]
of renewable energy in the electricity production capacity mix

50%
of women in Group management

1- Encompasses the activities of GEM, Tractebel, GTT, Hydrogen and the Group's holding and corporate activities
2- December 31, 2020
3- Counted at 100% regardless of the rate of detention

Annual Financial Report, Management Report and Board of Directors' Report on corporate governance

This Universal registration document includes (i) all the items of the Annual Financial Report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code, and in Article 222-3 of the General Regulations of the Autorité des Marchés Financiers (AMF), the French Financial Markets Authority, (ii) all the mandatory information included in the Management Report of the Board of Directors to the Annual Shareholders' Meeting of May 20, 2021, as stipulated in Article L.225-100 of the French Commercial Code, and (iii) all the information included in the Board of Directors' Report on corporate governance as provided for in Article L.225-37 of the French Commercial Code.

Appended to this document is a comparison table between the documents mentioned in these texts and the corresponding headings in this document.

Incorporation by reference

In accordance with Article 19 of European Regulation No. 2017/1129 of June 14, 2017, this Universal registration document incorporates by reference the following information, to which the reader should refer:

- for the ENGIE fiscal year ended December 31, 2019: the management report, consolidated financial statements prepared according to IFRS and the related Statutory Auditors' report appearing on pages 196 to 216 and 217 to 345 of the registration document filed with the AMF on March 18, 2020 under number D.20-0141;
- for the ENGIE fiscal year ended December 31, 2018: the management report, consolidated financial statements prepared according to IFRS and the related Statutory Auditors' report appearing on pages 186 to 204 and 205 to 344 of the registration document filed with the AMF on March 20, 2019 under number D.19-0177.

The information included in these documents, along with the information mentioned above, is replaced or updated, as necessary, by the information included in this Universal registration document. These documents are available under the conditions described in Section 7.4 "Documents available to the public" of this Universal registration document.

Forward-looking information and market data

This Universal registration document contains forward-looking information, particularly in Section 1.1 "History and organization", Section 1.6 "Description of the Group's activities", and Section 6.1.1.1.2 "Financial targets". This information is not historical data and therefore should not be construed as a guarantee that the events and data mentioned will occur or that the objectives will be achieved, since these are by nature subject to unpredictable events and external factors, such especially as those described in Chapter 2 "Risk factors and control".

Unless otherwise stated, the market data appearing in this Universal registration document comes from internal estimates by ENGIE based on publicly available data.

Note

In this Universal registration document, the terms "ENGIE," the "Company," the "Issuer," and the "Enterprise" refer to ENGIE. The term "Group" refers to ENGIE and its subsidiaries.

A list of units of measurement, abbreviations and acronyms and a glossary of the most frequently used technical terms are featured in Sections 7.6, 7.7, 7.8 and 7.9 of this Universal registration document.

Copies of this Universal registration document are available at no cost on the Company website (engie.com), on the website of the AMF (amf-france.org), as well as from ENGIE, 1 place Samuel de Champlain, 92400 Courbevoie (France).

1

Presentation of the Group

1.1 History and organization

1.1.1 Presentation

"The purpose ("Raison d'être") of ENGIE is to act to accelerate the transition to a carbon-neutral economy, through low-energy solutions that are more respectful of the environment. 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 action is assessed in its entirety and over time."

ENGIE is a European and world leader[(1)] in low-carbon electricity production, centralized and decentralized energy networks, and associated services:

- **low-carbon power generation and gas and electricity supply:** ENGIE is the second-largest hydropower operator, the number one wind and solar energy company in France and a benchmark operator in nuclear energy in Belgium. The Group is one of the leading power producers in Europe. ENGIE is a key player in international tenders, particularly in Latin America and the Middle East, with strong positions in Brazil, Peru, Mexico and Chile.

  ENGIE provides gas and electricity to end-customers worldwide, with around 21 million contracts. Nearly half of its customers are located outside France.

  In Europe, ENGIE is one of the top gas sellers and importers. In France, ENGIE is the historic leader of gas marketing and the second-largest producer and supplier of electricity. In Belgium, ENGIE, through its subsidiary Electrabel, is the leading producer and supplier of electricity and supplier of natural gas;
- **centralized energy networks**: the Group is the leading gas network operator in Europe, particularly through independent subsidiaries, with a portfolio that includes transmission networks, distribution networks, and LNG storage and terminals. It is also a major player in Mexico and Brazil, operating gas and electricity transmission networks;
- **decentralized energy networks and energy services:** ENGIE is the world's largest cooling network operator and third largest heating network operator (in TWh). Within Europe, it is the leading supplier of energy efficiency services and the number one supplier of installation services. ENGIE is also the world's second largest supplier of charging stations for electric vehicles.

ENGIE has taken a leadership position in new distributed generation segments and in solar units for industrial and commercial customers. It also ranks fifth in microgrids and isolated microgrids.

The Group relies on its key business lines (Renewables, Decentralized infrastructure, Client Solutions, Thermal Generation and Energy Supply) to offer its customers competitive, high value-added solutions that enable them to achieve their carbon-neutrality targets. Thanks to these business lines, it can act in different areas to decarbonize power production equipment, set up high-performance urban networks, and offer associated energy efficiency services.

The Group's website is: www.engie.com. Not all the information available on this website is included in this Universal registration document.

1.1.2 History and evolution of the Company

The Company is the result of the merger of SUEZ into Gaz de France, following the decisions of the Combined General Shareholders' Meetings of Gaz de France and SUEZ of July 16, 2008. The merger took effect on July 22, 2008.

Gaz de France was initially incorporated in 1946 as an EPIC (French public industrial and commercial enterprise). It became a limited liability company with a 99-year term under Law 2004-803 of August 9, 2004, on the public service of electricity and gas and electricity and gas companies (amending Law 46-628 of April 8, 1946).

On July 7, 2005, Gaz de France publicly floated its shares on the stock market. The Company's shares were first listed on July 7, 2005.

Law 2004-803 of August 9, 2004, as amended by Law 2006-1537 of December 7, 2006, governing the energy sector and Decree 2007-1784 of December 19, 2007, authorized the transfer of the Company from the public to the private sector. On July 22, 2008, Gaz de France absorbed SUEZ in a merger which entailed transferring the majority of the Company's share capital to the private sector. The new Company took the name "GDF SUEZ".

SUEZ itself was the result of the merger in 1997 of Compagnie de Suez and Lyonnaise des Eaux. SUEZ became an international industrial and services group whose objective was to meet essential requirements in electricity, gas, energy and industry services, water and waste management.

The deregulation of European energy markets in the early 1990s accelerated the international development of both Gaz de France and SUEZ, which progressively expanded their activities beyond their respective traditional markets, both in Europe and internationally.

On February 3, 2011, GDF SUEZ completed a merger with International Power. In 2012, it reaffirmed its strategy to become a leading player on the global energy market, finalizing the purchase of shares held by the minority shareholders of International Power on June 29.

On July 29, 2015, the Extraordinary General Shareholders' Meeting approved a change in the Company name, and adopted "ENGIE" as its new legal name.

The SUEZ Environnement Company shareholders' agreement expired on July 22, 2013, and was not renewed. The cooperation and shared functions agreement and the financing agreement between the Company and SUEZ Environnement Company have also come to an end. The Company now uses the equity method to consolidate SUEZ Environnement Company's activities in its financial statements, rather than full consolidation.

In early March 2016, the two companies signed an agreement providing for the contribution by ENGIE to SUEZ of all of the share capital of SUEZ IP, which owns all intellectual property rights related to the SUEZ brand. On October 5, 2020, ENGIE sold the majority of its stake in Suez, i.e. 29.9% of the capital, to Véolia.

(1) These competitive positions are established on the basis of specialist work within the Group, carried out using available information published by stakeholders or entities providing external analysis (Bloomberg and Global Data)

On May 14, 2020, the shareholders' meeting approved the introduction to the bylaws of the Company's purpose: *"The purpose ("Raison d'être") of ENGIE is to act to accelerate the transition to a carbon-neutral economy, through low-energy solutions that are more respectful of the environment. 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 action is assessed in its entirety and over time."*

1.1.3 Organization of the Group

At the end of 2020, ENGIE was made up of 25 operating entities (Business Units or BUs), four Global Business Lines and various support and operating functions (see Section 1.6 "Description of the Group's activities"). There is also a twenty-sixth entity comprising the holding and corporate activities, including the entities responsible for the Group's centralized financing, ENGIE SA's Businesses and Local Authorities activity, and the contribution of the associate SUEZ until its disposal.

In the second half of 2020, the Group confirmed its strategic objectives, (i) accelerating in Renewables and Networks (particularly in its decentralized activities), (ii) a strategic review of a part of its Client Solutions business, and (iii) increasing its asset rotation programme to finance growth in Renewables and Networks.

In parallel, the refocusing of geographical areas has continued. The Africa BU and the China BU were merged with the Middle East, South and Central Asia, and the Asia Pacific BU, respectively, on January 1st, 2021.

In early January 2021, Catherine MacGregor instigated a change to bring ENGIE's organization into line with the strategic objectives, simplify the Group's management with a focus on performance, and, lastly, to make the organization easier to understand, both internally and externally.

The new Executive Committee is therefore structured around four main business lines: Renewables, Networks, Client Solutions, and Thermal Generation and Energy Supply. Activities related to nuclear and energy management will be managed separately in view of their specific features. Following the strategic review of Client Solutions (see Section 1.2), a new entity will be created, based on multi-technical service activities.

The support and operational functions have been streamlined into four areas:

- General Secretariat, Strategy, Research and Innovation, and Communication;
- Finance, Corporate Social Responsibility, and Purchasing;
- Digital and Information Systems; and
- Human Resources. The Shared Service Centers report to the General Secretariat.

Each activity and transversal function identified reports directly to an Executive Committee member.

The organization as at December 31, 2020 and the changes that have taken place since early 2021 are described below.

1.1.3.1 Description of the *Business Units*

The Group's various BUs implement strategy at the level of the four main business lines. Most of them are constituted to manage operations for a country or group of countries, depending on the density of the activities carried out in the geographical areas concerned. They bring together the Group's activities to meet the expectations of their customers and stakeholders in a given area.

The following were therefore created:

- in France, seven BUs dedicated to the activities, one BU in charge of renewables development (France Renewable), four BUs dedicated to the gas networks (transmission; distribution; terminals, and storage), one BU dedicated to Client Solutions (Engie Solutions), divided into three groups (Cities & Communities, Properties & Proximity, and Industries), one BU in charge of BtoC sales;
- in Europe and worldwide, and nine geographical BUs: North America; Latin America; Asia Pacific China; Benelux; Brazil; North, South and Eastern Europe; South and Central Asia, Turkey and Africa; and UK and Generation Europe. These geographical BUs are responsible for the central management of all Group activities within their region;
- lastly, in addition to the operating entities, there are four global BUs with worldwide scope: Global Energy Management, Gaztransport & Technigaz (GTT), Tractebel, and Hydrogen. A fifth dedicated BU is also responsible for operating the nuclear generation units in Belgium.

Each of these BUs is represented on the Group Executive Committee by an Executive Vice President, who oversees it.

1.1.3.2 Description of the Global Business Lines

The four Global Business Lines, created in April 2019, complete this geographical structure. They cover the following business sectors: Renewables, Networks, Client Solutions and Thermal (see Section 6.2.2 "Consolidated financial statements – Note 6 Segment information"). A Director manages each GBL, reporting to an Executive Vice-President who is an Executive Committee member. The aim of these GBLs is to:

- put forward an inter-BU strategy for the activity;
- prioritize the allocation of resources between the various BUs;
- identify and oversee the main digital and excellence transversal programs;
- identify and establish global partnerships;
- support, measure and present the overall performance activities.

With these GBLs, the activities of energy supply and management and nuclear constitute the Group's six main families of activities.

On February 1, 2021, the scope of the GBL Thermal changed into Thermal Production and Energy Supply, with the nuclear and energy supply activities remaining autonomous.

1.1.3.3 Description of the support and operational functions

The support functions and the operational functions complete the organization. They aim to reinforce the action of the Global Business Lines to develop synergies within the Group and support the BUs. As of February 1, 2021, the support functions are divided into four areas:

- General Secretariat, Strategy, Research and Innovation, and Communication. The Group's Shared Service Centers report to these functions;
- Finance, Corporate Social Responsibility, and Purchasing;
- Digital and Information Systems;
- Human Resources.

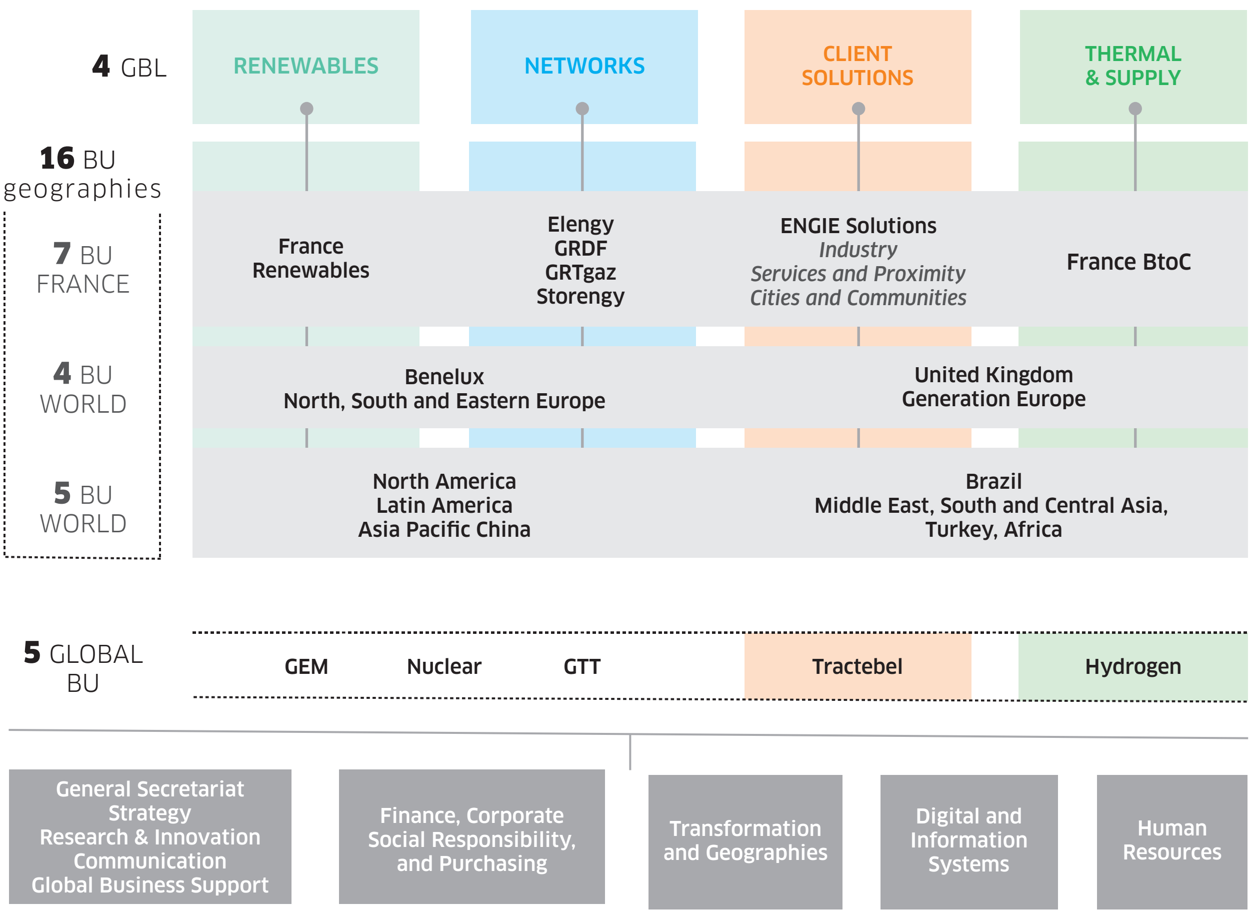
In addition, a cross-functional area dedicated to the transformation and management of the geographical BUs supports the operating performance of the businesses.

The Company operates its own business. The number of subsidiaries directly or indirectly controlled by the Company was 3,327 at the end of 2020. In addition to the lists provided in Section 6.2.2 "Consolidated financial statements – Note 2, Main subsidiaries at December 31, 2020" and Section 6.4.2 "Parent company financial statements – Note 4.4, Subsidiaries and affiliates," a list of subsidiaries can be found on the Group's website (www.engie.com, regulated information section).

The presentation of the Company's activities and the strategic economic assets of its main subsidiaries as well as their geographical location are presented in Section 1.6 "Description of the Group's activities."

SIMPLIFIED ORGANIZATION FOCUSED ON STRATEGY IMPLEMENTATION

Activities structured around four business lines



Pooling of support functions and operational management

Organization as of February 1st, 2021

1.2 Strategy and objectives

1.2.1 Positioning

The Group was one of the first to adopt a purpose, at its 2020 shareholders' meeting. The purpose sets out its already existing aim of working towards a carbon-neutral energy transition. It allows the Group to make a long-term commitment in the service of all of its stakeholders. The Group hopes that, through this purpose, it will have a positive impact on society and meet growing demand from citizens, politicians and industry for large-scale decarbonization.

In recent years, the ENGIE Group has undergone a deep transformation, by focusing its development on three core activities: renewable energy, networks and energy efficiency, while firmly positioning itself in innovative activities (green mobility and smart grids in particular). This transformation has allowed ENGIE to return to organic growth. In 2020, ENGIE embarked on a new stage of simplification of the Group and clarification of its strategy, announcing its priorities for growth in renewable energy and networks.

The Group thus confirmed its aim of becoming the world leader in the energy and climate transition of companies and local authorities.

The public, and particularly the younger generations, are increasingly voicing concern about the climate. This unprecedented worldwide health crisis has accelerated global awareness. When drawing up their economic recovery plans, many governments have confirmed their aim of combating climate change. As well as its economic impact (Section 1.4), this crisis has strengthened the Group's resolve, making it possible to step up the implementation of its strategy in its various areas of activity.

1.2.2 The strategic acceleration in 2020

Able to mobilize additional energy drivers to serve the transition, the Group has core competencies throughout the value chain, from production, transmission, distribution, and service through to the end-consumer. Its strong positions in renewable energy, and both centralized networks and decentralized urban networks, allow it to generate synergies that are essential for the roll-out of ambitious decarbonization programs to its customers.

It can also mobilize its cross-functional capacity in financial engineering, project structuring and management, as well as its global digital platforms, to benefit the two drivers of the transition: a greener energy supply and more efficient and smarter energy usage.

To make the most of its advantages, a renewed strategic focus on core businesses and skills, bringing value-added for the transition, was launched in 2020. This refocusing is based on a simplification of the business areas around strategic objectives. These objectives are structured as follows by business line:

- **Renewables: to develop green power generation resources within an integrated system;** the acceleration of investments in renewable energy is the foundation for a medium-term target of 4 GW per year of renewable electricity commissioned. Investments in onshore wind and ground-mounted solar power will continue. Offshore wind, through the Ocean Wind joint venture with EDPR, is a high priority, with target capacity of 5 to 7 GW in operation or under construction in 2025. ENGIE is a major player in hydropower generation, particularly in Brazil and France: there will be targeted development in this area.
- **Networks: to invest in high-performance networks for the energy transition, supporting balanced, carbon neutral energy mixes;** heavy investment in the gas and electricity networks should be expected in the coming years. They are responding to the challenge of energy access in emerging economies, and of implementing the energy transition everywhere, with adaptation to the injection and transmission of renewable energy. The high-performance operation of the French gas networks through independent subsidiaries and their adaptation to the development of biomethane and hydrogen will be prioritized. Worldwide, the Group's investments are fostering the development of balanced, decarbonized energy mixes: the development of gas networks is thus supported where this allows for immediate steps to be taken to decarbonize the energy system.
- **Decentralized energy networks and energy services: to propose large-scale integrated solutions based on long-term contracts.** Following the strategic review of its Client Solutions activities, the Group will focus on developing decentralized energy networks and associated services (urban heating and cooling networks, decentralized power production for use on-site, energy efficiency, the smart city, green mobility, and engineering). It offers its customers integrated solutions to meet their decarbonization needs, based on long-term contracts, that provide visibility and resilience as well as attractive growth potential.
- **Thermal production and energy supply: to develop low-carbon capacity and support the transition of existing power systems;** in addition to investments in renewables, the Group is pursuing targeted development of thermal capacity. This objective also fits within the context and specific needs of each country where the Group operates, in order to meet the need for flexibility in the power system and to enable the first stage of decarbonization. The aim is still to disengage from the remaining carbon capacity. In response to growing demand for the supply of decarbonized energy and management of consumption, new offers are being developed for the Group's retail customers (for example, Green Electricity, launched in 2016, the Heating Pack, launched in 2016, the Edeiris Connected Boiler and €1 Boiler in January 2019, the MesDépanneurs platform, purchased in late 2017, and the My Power PV roof offer). Comprehensive green energy supply solutions with a local component are offered to its business customers, with long-term contracts and energy efficiency commitments. Lastly, the development of green gas (hydrogen and biomethane) will be a strategic target, particularly in the context of the French recovery plan and the European Commission initiatives.

- **Energy management and nuclear:** Management of the energy markets remains a strong point of the Group: it is based on recognized financial and market expertise and takes account of renewable energy in its evolution. In nuclear, following the Belgian government's confirmation of its intention to withdraw from nuclear, the Group has been supporting the transition of the Belgian power system, while complying with the highest nuclear safety standards.

The simplification of the Group around these objectives led to a strategic review of the assets engaged in early 2020. The review resulted in the gradual identification of the business segments that had to be sold or put on the market. Most of the Group's stake SUEZ was therefore disposed of in October 2020.

In addition, the process of disengaging from ENDEL and GTT has been announced. Lastly, the strategic review of Client Solutions resulted in a decision to create a new entity bringing together the multi-technical services activities, which are not destined to remain within the Group in the long term. Details of the configuration of this entity and how its shareholding structure will develop will be provided during 2021.

The Group also pursued its aim of simplifying its geographical footprint in 2020. ENGIE plans to refocus its activities, decreasing them from more than 70 geographical areas in 2019 to approximately 30 in 2023. The aim is to be one of the three leading groups in these geographical areas and to densify its operations in these regions. The financial resources released by these disposals will enable an ambitious program to be established to fund growth and step up its target activities.

1.2.3 Internal performance

The Lean program, designed to reduce the Group's internal costs and strengthen its profitability, has continued. 2019–2021 performance program targets are confirmed. The program consists of cost reduction initiatives, spanning purchasing, dematerialization, and the Shared Service Centers. It identifies revenue and margin enhancement opportunities through the optimization of ENGIE's assets and customer offers.

The aggregate operating profit impact of the program at COI level is currently targeted at €800 million, with delivery weighted slightly towards 2020 and 2021. At end-2020, the results were in line with targets and savings of more than €500 million had already been made.

In terms of human resources, the Group is implementing an action plan, in order to become more agile and adapt to the changes in its environment. The plan makes individual and collective concerns a central part of the transformation. It is based on three strategic areas:

- culture and leadership: decentralized responsibility, innovation and performance;
- the adaptation of skills and Métiers to client and digital solutions;
- agile organization, project mode and continuous improvement.

1.3 Innovation and R&D

Research and Innovation plays an important role in the achievement of the ENGIE's strategic objectives. Being a major player in the energy transition means being at the forefront of new trends, technologies and business models. Innovation is rich, abundant and omni-present in ENGIE's projects. In 2020, a coordination process for innovation, designed to align all of the Group's stakeholders, resulted in the creation of strategic road maps for Group innovation around priority areas, selected according to ENGIE's main markets (Renewables, Networks, Client Solutions, and Thermal Generation and Energy Supply). The implementation of this strategy was based on cross-functional management of operational action plans common to all the contributing entities, guided by operational pilot studies.

In line with the innovation strategy, ENGIE's research and innovation activities meet a certain number of companies' needs to ensure their future growth, with regard to three horizons:

- Horizon 1 – current activity: remaining competitive on the market entails improving the efficiency of current processes and technologies and introducing changes gradually in response to customer's evolving needs;
- Horizon 2 – new opportunities: in order to benefit from potential new technologies and business models, these have to be tested, approved and employed in industrialization and marketing as soon as possible;
- Horizon 3 – suggestions for future growth: to ensure profitable future growth, ENGIE is creating alternatives now, through research projects, secondary investments in start-ups, and in-depth strategic analyses of technologies/trends likely to disrupt the market.

The Research & Technologies network, which is led and managed by ENGIE Research encompasses all the Group entities and BUs conducting research related to their areas of activity and operations, as well as the R&D teams of CRIGEN, Laborelec, Tractebel, Storengy, ENGIE Impact and Cylergie. Business research is structured into 23 themed Labs working on all aspects of detecting, testing, and developing new technologies, thus helping our BUs stay competitive and prepare for the future. The research road map, which is updated yearly, ensures that major emerging technological trends are taken on board. The Labs can also provide the necessary technical support for key operations, innovation projects and the long-term continuation of activities. The main events in 2020 were the opening of ENGIE's new business research center (CRIGEN) in Stains (France), which is dedicated to green gas and carbon neutral solutions, and the commissioning of the REIDS SPORE (multi-fluids micro-grid) research platform in Singapore. A new Lab dedicated to smart grids and a bifacial photovoltaic panel testing platform were opened at Laborelec.

In 2020, Group expenditure on research and technological development amounted to €190 million.

The Group's many innovation teams, coordinated by the Business Innovation Ecosystems team, are working on innovation projects relating to all three horizons and all geographical areas. ENGIE's annual Innovation Awards receives more than 500 submissions every year (540 projects in 2020) and there are various other functional innovation awards. At the entity level, they demonstrate an innovative spirit and the successful enhancement of operations, technologies and management systems through innovation. They are also evidence of the practical realization of new and disruptive business ideas. In the spirit of a true "open innovation" approach, many of these projects were created in partnership with start-ups, suppliers, customers and other stakeholders.

Start-ups are engaged in many aspects of the organization. They take part in collaborative projects and partnerships, as suppliers of new products and services. They are also sometimes investment targets in various structures at the Company or BU level. ENGIE New Ventures, our corporate venture capital (CVC) subsidiary, offers alternatives for ENGIE's future through secondary investments in start-ups with promising new technologies and/or business models (€50 million invested in start-ups in 2020, 26 investments to date). Global Smart Businesses manages the start-ups after acquisition so that they are integrated and made into entities dedicated to ENGIE. The BUs also acquire start-ups in order to resolve local challenges, and Rassembleurs d'Énergies invests in companies with a strong environmental and/or societal impact.

ENGIE Factories in Paris, Singapore and Santiago create and develop subsidiaries on the basis of sensitive issues and business opportunities arising from real life, combining technological components and business models derived from internal and external sources.

Digital transformation is a key aspect of innovation with a number of digital projects detected through the various Innovation Trophies and supported by our internal platforms (DigiPlace, Common Data Hub, Inner Source) and communities (ENGIE Digital 50).

1.4 Financial performance

1.4.1 2020 Highlights

Rapid progress on a new strategic orientation

Following the announcement in July of a new strategic orientation to simplify the Group and accelerate growth in Renewables and Infrastructure assets, ENGIE has delivered rapid progress, despite the challenging backdrop.

The disposal of 29.9% shareholding in SUEZ for €3.4bn was completed in October, and ENGIE launched strategic reviews of a significant part of Client Solutions activities, GTT and ENGIE EPS.

In addition, ENGIE also progressed on geographic rationalisation and strengthening its position in key countries. An example of this is the acquisition of an additional 7% shareholding in ENGIE Energia Chile, thereby reducing the level of minority holdings.

A strategic review of part of Client Solutions was launched towards the potential creation of a new leader in multi-technical services, which would benefit from scale and strong growth prospects. In February 2021, the employee representatives consultation related to the proposed organization design for the new entity was launched. This consultation is expected to conclude by the end of the second quarter of 2021. The Group will consider next steps and review future ownership options for the potential new entity in the second half of this year. ENGIE will consider all options to maximize value and will act in the interests of all stakeholders.

A new Executive Committee and simplified business organisation

In January, the appointment of new Executive Committee (ExCom) was announced reflecting the intention to implement a simplified business organisation focused on four businesses: Renewables, Networks, Client Solutions and Thermal & Supply. Along with the ExCom members responsible for functional activities and specific projects, the new leadership team is engaged in executing ENGIE's new strategic direction and enhancing the Group's performance culture.

Update on Belgian Nuclear Assets

Following the announcements of the Belgian government in Q4 2020, it has been decided to stop all the preparation works that would allow a 20-year extension of two units beyond 2025, as it seems unlikely that such an extension can take place given the technical and regulatory constraints. This change in lifetime assumption as well as changes in the commodity price scenario have led to an impairment of €2.9bn for nuclear assets, which have been accounted as non-recurring items in the 2020 P&L.

ENGIE remains committed to Belgium and to contributing to the country's security of supply. Alongside renewables, the Group is also developing projects of up to 3 GW of gas-fired power plants. These projects could participate in the Belgian Capacity Remuneration Market through auctions in the second-half of this year, once approved by the European authorities.

Continued operational delivery and €4bn growth investment, despite challenging backdrop

Operationally, the Group continuously adapted processes to ensure delivery of essential services, while maintaining high health and safety standards. Overall Capex amounted to €7.7 billion in 2020, including €4.0 billion of growth investments, €2.4 billion of maintenance Capex and €1.3 billion of nuclear funding.

Over 90% of growth investment was dedicated to Renewables, Networks and Asset-based Client Solutions activities in line with the new strategic direction announced in July.

Delivering on ESG goals, commitment to exit coal in Europe by 2025 and globally by 2027

Carbon neutrality is at the heart of ENGIE's purpose and central to its strategic direction. In 2020, greenhouse gas emissions were reduced by 9% to 68 million tons from energy production benefitting mainly from the disposal of coal plants in Western Europe.

ENGIE has today announced a commitment to exit all coal assets in Europe by 2025 and globally by 2027, including coal generation for DHC networks. As a reminder, coal represents 4 GW of ENGIE's 101 GW centralized power generation portfolio.

ENGIE also increased the share of renewables in its portfolio to 31% in 2020 from 28% at the end of 2019 with the addition of 5 GW of renewables.

On gender diversity, there was a small increase in the number of women in the management and ENGIE had 24% women in management at the end of 2020.

2020 Dividend proposed at top-end of payout ratio

The Board has reaffirmed the Group's dividend policy of NRIgs payout ratio in the range of 65 to 75%. For 2020, the Board has proposed a payout ratio of 75%, at the top end of the policy range. This translates to a dividend of €0.53 per share, which will be proposed for shareholder approval at AGM on the 20th of May.

1.4.2 Financial targets for 2021

When presenting its 2020 annual results ENGIE updated its financial objectives for 2021.

2021 Guidance expects significant improvement

Overall financial performance in 2021 is expected to improve significantly after a Covid-19 impacted 2020, assuming no additional stringent lockdowns and a gradual easing of restrictions over 2021.

For 2021, ENGIE anticipates a Net Recurring Income group share in the range of €2.3 to 2.5bn. This guidance is based on an indicative EBITDA range of €9.9 to 10.3bn and a COI range of €5.2 to 5.6bn.

Included within this guidance is an estimated impact that follows the extreme cold weather in Texas earlier this month. ENGIE is assessing the situation, which mainly affects Renewables and Supply activities. Overall ENGIE currently estimates a potential net negative impact at the Group COI and Net Recurring Income Group share levels of between €80 to 120 million.

Expected drivers for business line COI growth expectations for 2021 are as follows:

	Expected drivers for 2021 COI
Renewables	Growth in the US and France should benefit financial performance, partly offset by a lower contribution from rulings in Brazil relating to the recovery of past energy costs and a weaker BRL
Networks	Networks are expected to remain stable with the impact of the new, lower RAB remuneration rates in France offset by reversal of the warm temperature effect of 2020 and growth in Latin America
Client solutions	Overall Client Solutions should demonstrate strong recovery from Covid-19, albeit with a relatively slower recovery for Asset-light activities, and benefit from y-o-y accretion from SUEZ and EV-Box disposals
Thermal	Expect normalization after a particularly strong 2020 performance in Europe
Supply	Expect strong recovery from Covid-19 and the reversal of the 2020 warm temperature effect
Nuclear	Much improved performance expected driven by better availability following LTO completions and higher achieved prices

Focus on execution of capital re-allocation and expected investements between €5.5 to 6.0bn growth Capex

Regarding disposals, ENGIE remains focused on executing at pace to simplify the Group, crystallise value and re-allocate capital towards strategic priorities. This guidance assumes disposals of around €2bn with a related COI dilution of up to €0.1bn, in addition to previously signed transactions such as EVBox.

With respect to investment, ENGIE expects to invest between €5.5 to 6.0bn growth Capex, with over 90% in Renewables, Networks and Assetbased Client Solutions and €4.0bn in maintenance including the funding of Belgian nuclear provisions Capex.

ENGIE will update the market on the implementation plan for its new strategic orientation and provide medium-term guidance on 18 May 2021.

Group net debt: ENGIE remains committed to a strong investment grade rating and continues to target a leverage ratio of below or equal to 4.0x economic net debt to EBITDA over the long-term.

Investment criteria: ENGIE applies rigorous strategic and financial investment criteria, and has a clear perspective on attractive investment characteristics. Complex, innovative, integrated, longer-term, outcome-based customer programs are preferred to simple, commoditized, standard fee-for-service business. Investment will be differentiated over distinct time horizons, with consistent hurdles of 200 bps over ENGIE's WACC, and 400 bps over cost of equity.

1.4.3 2020 key financials

In millions of euros	2020	2019	2018 restated[(a)]	2,018	2017 restated[(b)]	2,017	2016 restated[(c)]	2,016
1. Revenues	**55,751**	**60,058**	**56,967**	**60,596**	**59,576**	**65,029**	**64,840**	**66,639**
of which generated outside France	33,311	35,635	33,306	35,612	34,325	39,307	39,942	41,693
2. Income								
EBITDA	9,276	10,366	9,236	9,236	9,199	9,316	9,491	10,689
• Current operating income[(d)]	4,578	5,726[(g)]	5,126	5,126	5,172	5,273	5,636	6,172
• Net income, Group share	(1,536)	984	1,033	1,033	1,320	1,423	(415)	(415)
• Net recurring income, Group share	1,703	2,683	2,425	2,425	2,518	2,662	2,477	2,477
• Net recurring income from continuing operations, Group share	1,703	2,683	2,458	2,458	2,233	2,372	2,430	2,477
3. Cash flow								
Cash flow from operating activities	7,589	8,178	7,873	7,873	9,335	9,309	10,174	10,174
of which cash generated from operations before financial income and income tax	8,788	9,863	8,464	8,464	8,150	8,305	9,117	10,263
Cash flow from investment	(4,046)	(7,193)	(6,095)	(6,095)	(5,171)	(5,157)	(3,655)	(3,655)
Cash flow from (used in) financing activities	(562)	212	(1,928)	(1,928)	(4,734)	(4,725)	(6,034)	(6,034)
4. Balance sheet								
Shareholders' equity	**28,945**	**33,087**	**35,551**	**35,551**	**36,282**	**36,639**	**39,578**	**39,578**
Total equity	33,856	38,037	40,941	40,941	42,122	42,577	45,447	45,447
Net debt	22,458	25,919	21,102	21,102	22,520	22,548	24,807	24,807
Net debt excl. internal debt E&P/EBITDA	2.42	2.50	2.28	2.28	2.26	2.25	2.43	2.32
Total assets	153,182	159,793	153,702	153,702	150,141	150,332	158,499	158,499
5. Per-share data *(in euros)*								
• Average outstanding shares [(e)]	2,416,820,377	2,412,518,837	2,396,308,756	2,396,308,756	2,395,732,581	2,395,732,581	2,396,131,620	2,396,131,620
• Number of shares at period-end	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011
• Earnings per share[(e)]	(0.71)	0.34	0.37	0.37	0.49	0.53	(0.23)	(0.23)
• Net recurring income, Group share, per share[(e)]	0.63	1.04	0.95	0.95	0.99	1.05	0.97	0.97
• Dividend paid[(f)]	0.53	0	0.75	0.75	0.70	0.70	1.00	1.00
6. Total average workforce		**222,268**	-	**249,795**	**238,029**	**238,216**	**239,710**	**241,509**
• Fully consolidated entities	173,398	170,475	-	158,505	151,480	151,667	152,175	153,950
• Proportionately consolidated entities	748	756	-	780	685	685	764	764
• Entities consolidated using the equity method	1,727	90,908	-	90,510	85,864	85,864	86,771	86,795

(a) Some of the December 31, 2018 data have been restated due to the retrospective application of the new presentation of operational derivatives (with impact on Revenues) but not IFRS 16 due to the transition method applied (see Note 1 of Section 6 "Consolidated financial statements" of the 2019 Universal registration document)
(b) Some of the December 31, 2017 data have been restated due to the retrospective application of IFRS 9 and 15 and the classification of LNG as discontinued operations (see Note 2 of Section 6 "Consolidated financial statements" of the 2018 registration document)
(c) Some of the December 31, 2016 data have been restated due to the classification of E&P as discontinued operations (see Note 30 of Section 6 "Consolidated financial statements" of the 2017 registration document)
(d) Excluding MtM of operating derivatives but including share in net income of equity method entities
(e) Earnings per share calculated on the basis of the average number of shares outstanding, net of treasury shares
(f) 2020 : proposed to the OGM
(g) Figure restated in 2019 : 5,819

1.5 CSR performance

The Group's Corporate Social Responsibility performance (CSR) is an essential part of its overall performance. It is based on CSR commitments and a CSR policy at the Group level (see Section 1.5.1), as well as sectoral policies and dated and quantified CSR targets (see Sections 1.5.2 and 1.5.3). It is externally assessed by the leading CSR rating agencies (see Section 1.5.4).

The Group's Non-Financial Statement (NFS) details the governance and results of this policy (see Chapter 3).

1.5.1 CSR policy

With regard to CSR, the Group aims to make energy a source of progress and development for all. Within ENGIE, CSR plays an integral part in the business strategy, through:

- the development of sustainable business, which involves identifying environmental and societal issues and transforming them into opportunities for the Group's businesses;
- the management of the CSR risks and impacts of its projects and activities and its value chain, i.e. relating to the environment, social acceptability, health and safety, human resources, ethics, and governance.

ENGIE published its CSR policy in 2014 (it was updated in 2020), and in 2016 set six CSR targets for 2020. The achievement of these targets is announced to the market at each annual closing of the financial statements and published in each edition of this document. 2020 was the last year in which these targets were monitored.

The forward-looking work on ENGIE 2030 and the Group's Purpose Statement, published in February 2020 and approved for inclusion in the bylaws by the Shareholders' Meeting in May, have resulted in the definition of a new set of 19 CSR targets for 2030. Eight "rank 1" targets will be monitored each year. 2020 was therefore the first year in which the targets were monitored.

The CSR commitments and policies are systematically approved by the Group Executive Committee and the Ethics, Environment and Sustainable Development Committee (EESDC). They result in the Group not only fulfilling its statutory and regulatory obligations in the various CSR areas, but also, and in particular, adopting the best possible practices to anticipate and manage as effectively as possible the impacts of its activities on its sphere of influence, and vice versa. Another aim of the CSR commitments and policies is to maximize value creation for all stakeholders.

All these objectives align perfectly with the 17 Sustainable Development Goals for 2030 established by the United Nations. They are also part of the acceleration of the Group's strategy approved in July 2020. They correspond to the Group's materiality matrix, which was updated in December 2020 following a consultation process with stakeholders and management (see Section 3.3).

Climate change constitutes today a major environmental challenge for our society in general, and for ENGIE in particular. To address it, the Group has engaged in a Greenhouse Gas (GHG) reduction programme, in a climate vigilance plan, in a natural resources consumption reduction programme, and finally, in a business model adaptation programme to make it resilient to climate evolutions while complying with the constraints of a fair transition.

ENGIE thus includes an internal carbon price in its Group Commitments Committee process for major investment decisions. This system is complementary to the carbon budgets allocated to the entities in order to meet the Group's 2030 target in terms of GHG emissions.

The Group also takes 12 CSR criteria into account for its major investment projects, assessed using risk and opportunity analyses. These criteria mainly relate to: ethics, GHG emissions, social impact, human resources, environmental management of ecosystems, cooperation with stakeholders, sustainable purchasing, and employee health and safety.

Lastly, an increasingly sizeable part of the Group's investments is successfully funded through green bonds, demonstrating the market's recognition of their durability (see Section 5.3).

1.5.2 2020 CSR targets

ENGIE set itself six CSR targets in 2016 to be achieved by 2020. They respond to changes in the energy sector, the gradual integration of environmental and societal issues into stakeholder requirements, and its aim of being a leader in the energy transition.

2020 was the last year in which these targets were monitored. They have been replaced by the 2030 CSR targets, the first year of achievement of which is presented below.

The 2020 results of the indicators for the 2020 CSR targets are shown in the table below, with a reminder of the 2018 and 2019 figures.

Theme	Indicators	2020 targets	2020 results	2019 results	2018 results
Customer satisfaction	Satisfaction rate of BtoC customers	≥ 85%	76%	72%	81%
Renewables	Share of renewable energy in the electricity production capacity mix	≥ 25%	31%	28%	24%
GHG emissions	% reduction of the CO_2 equivalent emissions ratio for energy production compared with 2012	≤ -20%	-52%	-44%	-29%
Stakeholder dialogue	% of industrial activities covered by an appropriate mechanism for dialogue and consultation	100%	100%	74%	53%
Gender diversity	% of women in Group workforce	≥ 25%	21.5%	20.9%	21.1%
Health and safety	Frequency rate of accidents with employee lost-time injuries	≤ 3.4	3.0	3.7	3.4

The satisfaction rate of BtoC customers at end-2020 was 76%, up 4% compared with 2019. This indicator was reconfigured in 2019 with a change of methodology. Customers are now questioned online, rather than by telephone, which automatically resulted in a decrease of 12 points in the indicator in 2019 and 2020. Despite a difficult year in 2020 due to the health crisis, this increase mainly reflects the specific measures taken by the BUs to support their customers and keep in contact with them. The initial target was not restated to take account of the change in methodology, resulting in its apparent non-achievement. Monitoring of customer satisfaction will continue via a Net Promoter Score (NPS) indicator, which also showed an improvement in 2020.

Renewables capacity, counted at 100%, regardless of the rate of detention, as a proportion of the electricity production mix increased to 31% in 2020 (from 28% in 2019). The Group has therefore amply exceeded its initial target of 25% since 2019. ENGIE commissioned 3GW of renewables capacity in 2020, including 2GW in the United States. At end-2020, the capacity of ENGIE's renewables assets was 31.5GW. The 3GW commissioned in 2020 was made up of onshore wind for 70%, solar power for 21% and, for the first time, offshore wind for around 9%, due to the commissioning of the first tranche of the Seamade Mermaid wind farm in Belgium. Monitoring of this indicator will continue in the context of the 2030 targets.

The ratio of greenhouse gas (GHG) emissions relating to energy generation (scope 1) decreased by 52% in 2020 compared with 2012, with emissions of 212.5 gCO_2/kWh in 2020. This result was far better than the target of -20% set at the end of 2015, which was achieved in 2018. It is attributable to the acceleration in exit plan of thermal power plants in recent years. It also shows the Group's commitment to achieving a trajectory compatible with a maximum global warming level of 2°C. Monitoring of this ratio will continue through the SBT 2030 target for reducing the ratio of GHG emissions relating to energy generation (scopes 1 and 3) and a 2020 target for these GHG emissions, now expressed as an absolute value.

The level of industrial activities covered by an appropriate mechanism for dialogue and consultation was 100% at the end of 2020. This target was achieved partly due to awareness-raising and training of employees with respect to dialogue with stakeholders, and partly due to technical support from the CSR sector for the creation of action plans adapted for regional issues. Monitoring of this target will continue through a broader 2030 societal target relating to the creation of societal action plans extending to all our activities.

The gender diversity rate within the Group's workforce was 21.5% in 2020, up 0.6 percentage points compared with 2019. This improvement is not insignificant, given the Group's difficulties in hiring female engineers and technicians to the technical functions and the small proportion of women in the Bac Pro and Bac 2/3 training routes within the technical sectors. The health crisis has also seriously affected external hiring and slowed the roll-out of the Group's various projects to increase female representation. However, this increase was not enough to achieve the initial target of 25%. Efforts to improve gender diversity in the Group's workforce will, of course, continue, with a new 2030 target focused on management.

The lost-time injury frequency rate of employees was 3.0 at the end of 2020, enabling the Group to achieve its target. Monitoring of this target will continue as part of the new 2030 target, extended to subcontractors on sites with controlled access.

1.5.3 2030 CSR targets

In 2020, the Group set itself 19 ambitious targets to be achieved by 2030, in order to meet its CSR commitments by this deadline.

Based on the Group's purpose, these targets are part of a continuous improvement approach, taken in response to a growing expectation on the part of the Group's various stakeholders interested in CSR risk management and the alignment of its performance with national or international sustainable development goals.

The results of the eight key objectives, referred to as Tier 1, will be published annually in this document.

The 2020 results of the indicators for the eight Tier 1 2030 SCR targets are shown in the table below, with the 2019 figure where available.

Themes	Indicators	2030 targets	2020 results	2019 results
CO_2 energy generation	GHG emissions (scopes 1 and 3) for energy generation (in Mt CO_2 eq.) in accordance with SBT commitments	≤ 43	68	75
CO_2 gas sales	GHG emissions relating to the use of sold products (in Mt CO_2 eq.), in accordance with SBT commitments	≤ 52	62	61
Renewables	% of renewable energy in the electricity production capacity mix, in accordance with SBT commitments	≥ 58%	31%	28%
Decarbonization of our customers	% of our offers including an alternative that helps to decarbonize	100%	51%	not available
Decarbonization of our suppliers	% of preferred suppliers (excluding energy) certified by or aligned with the SBT initiative	≥ 10%	15%	not available
Health and safety	Total frequency rate of employee time-loss accidents	≤ 2.9	2.7	3.3
Gender diversity	% of women in Group management	≥ 50%	24.1%	23.5%
W/M equity	Equity ratio women/men	France 100 Outside Fr. 100	France 87 Outside Fr. 80	France 72 Outside Fr. 72

GHG emissions from energy generation have fallen sharply, mainly due to withdrawal from the coal business. They now stand at 68 Mt CO_2, breaking down into 36.4 Mt for emissions from controlled assets (scope 1) and 31.1Mt for emissions from assets consolidated by the equity method (scope 3).

GHG emissions relating to the use of sold products (scope 3) stand at 62 Mt CO_2 eq., practically equivalent to the 2019 level. They essentially correspond to gas sales.

Renewables now make up more than 31% of the Group's capacity due to the development strategy in renewable energy sources.

The decarbonization level of customers is 51%, demonstrating our approach to helping our customers combat climate change. The indicator is calculated according to the proportion of commercial offers to customers containing an alternative that helps them decarbonize. The offers helping customers with decarbonization were determined according to a pre-established list of products and services based on the taxonomy used in the Group's information systems. This target will likely be replaced to make it more relevant.

The decarbonization level of preferred suppliers reached 15% in 2020. This indicator has been monitored since early 2020. An action plan has been created to raise awareness among the Group's preferred suppliers (around 250) of ENGIE's carbon footprint targets and to encourage them to obatin a SBT certification. The actions taken with respect to suppliers will vary according their level of maturity.

The total lost-time injury frequency rate (including subcontractors on sites with controlled access) reached 2.7. The marked improvement on the end of 2019 can be partially explained by a positive "Covid-19" effect, however difficult to quantify, mainly due to partial unemployment and work at home.

The proportion of women in management is 24.1%, up 0.6 percentage points compared with 2019. The fifty-fifty program, dedicated to the cultural transformation of the Group, was launched in early 2020 to attract and retain female talents and thus accelerate and support the promotion of gender equality.

The professional and pay gender equity index, which reached 87 in France and 80 outside France, has improved markedly. All the entities in France exceeded the minimum threshold of 75 points established by the French government. These positive results reflect an awareness of the need to rebalance levels of pay between women and men, a review of the associated processes and the preparation in 2020 of remediation plans by all the entities.

Most of the Group's social indicators (see Section 3.4), environmental indicators (see Section 3.5), and societal indicators (see Section 3.6) are audited by an independent third party (see Section 3.10).

1.5.4 CSR ratings

ENGIE's CSR performance was again recognized in 2020 by the SAM rating agency with a score of 81/100, confirming its inclusion in the Dow Jones Sustainability Index (DJSI) World and Europe.

The Group remains present in the three Euronext indices VigeoEiris Europe 120, Eurozone 120 and France 20, and was listed A1+ with a rating of 65/100 in 2020 by the VE rating agency (formerly VigeoEiris).

In 2020, the Sustainalytics rating agency assessed the Group's CSR risk with a rating of 30 at the borderline between medium and high risk. This rating keeps the Group in the top half of its sector.

The MSCI rating agency rated the Group A in 2020, referencing it in its MSCI EMU ESG and Europe ESG indices.

The ECOVADIS rating agency rated the Group with a score of 75/100.

Finally, as it does every year, ENGIE also answers the CDP (ex-Carbon Disclosure Project) questionnaire. In 2020, the Group maintained its position on the list of leaders in terms of strategy and actions to combat climate change ("A-list"). The Group made progress on its performance in the protection of water resources by moving from the "B-list" to the "A-list".

In conclusion, the Group has very good CSR ratings with performances above the sector average.

1.6 Description of the Group's activities

Until December 31, 2020, ENGIE's organizational structure comprised 25 BUs[1], primarily geographical. For financial reporting purposes, the Group has grouped operating segments in accordance with IFRS 8 and presents sector information organized around seven reportable segments (see Section 6.2.2 "Consolidated financial statements" – Note 6 "Segment information").

In this section, the description of the Group's businesses and strategic economic assets is primarily structured around financial reporting requirements, with the sections organized according to the reportable segments.

1.6.1 France

1.6.1.1 France (excluding Infrastructures)

The France BtoB, France BtoC, France Networks and France Renewable Energy operating segments include all French downstream energy business lines and renewable energy production, which is becoming increasingly decentralized. These are complementary businesses that are supported by a strong regional network. These activities are structured into five entities. These are:

- the France BtoC BU, in charge of energy sales and related services for residential and small business customers;
- the France Renewable Energy BU, in charge of the development, construction, financing, operation and maintenance of all renewable power generation and biomethane assets in France;
- three groupings within the ENGIE Solutions BU:
  - Cities & Communities (C&C),
  - Properties & Proximity (P&P),
  - and Industries.

  These three entities are responsible for energy sales and services for buildings and industry, cities and regions, and major infrastructure. They are engaged in the design, financing, building and operating of decentralized energy production and distribution facilities, and power, heating and cooling networks.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	14,856	15,854	-6.3%
EBITDA	1,391	1,673	-16.9%

1.6.1.1.1 ENGIE Solutions

1.6.1.1.1.1 Mission and activities

ENGIE Solutions designs, builds and operates high-performance facilities, buildings and infrastructure to help businesses and local authorities in their transition to a low-carbon economy. These solutions are being rolled out in a challenging national context, influenced by both governments' commitments to comply with their decarbonization trajectories and by post-Covid recovery plans.

The solutions deployed by ENGIE Solutions are based on the strong expertise of its entities, enabling it to offer complex solutions. These benefit from a dense regional presence in France and the Overseas Territories. ENGIE Solutions has proven capacity to support the financing of its customers' projects. It builds a dynamic of innovation, anticipating and supporting new needs by combining digital innovations (Building Information Modeling, hypervision, data analysis, etc.), technological innovations (hydrogen, biogas and biomass, mini-cogeneration, micro-grids, etc.) and behavioral innovations (self-consumption, short circuits, shared use, recycling, virtual economy, etc.).

To consolidate its position as France's leading integrator of energy and environmental efficiency solutions, ENGIE Solutions is continuing its organic growth and targeted acquisitions strategy along three lines:

- **Greening of the technical facilities** of its customers, in urban networks (heating and cooling networks, public lighting, new green mobility, etc.) and in industrial and building equipment (environmentally responsible energy generation, cooling and refrigeration, air treatment, etc.);
- **Design and operation of complex projects**, combining several disciplines, with a performance commitment over a period of use;
- **Development of innovative energy-efficiency and environmental solutions** by combining new technologies and digital.

Leveraging a brand that groups together its historic expertise in climate, energy, electric, mechanical and industrial engineering, ENGIE Solutions acts throughout the entire energy services value chain, from auditing & advisory, design & build, new construction and renovation (with financing), and repair and maintenance, to full operation with useful long-term energy supply and performance commitments.

These solutions to support the transition to carbon neutrality are aimed at manufacturers, the tertiary sector (public or private), infrastructure managers (of transport, energy and telecommunications), municipalities and local authorities, and multi-dwelling unit managers.

(1) *There is also a twenty-sixth entity comprising the holding and corporate activities, including the entities responsible for the Group's centralized financing, ENGIE SA's Businesses and Local Authorities business activity, and the contribution of the associate company SUEZ*

Since early 2020, ENGIE Solutions in France has comprised three operating entities: the "Industries" BU, the "Properties & Proximity" BU and the "Cities & Communities" BU. This organization will evolve during 2021 following the strategic review of Client Solutions.

1.6.1.1.1.2 Description of the entities' activities

ENGIE Solutions provides its various solutions to three customer segments, each managed by a dedicated entity:

Solutions for the Industries

ENGIE Solutions (through the "Industries" BU, which coordinates these actions) uses its range of expertise and skills, strong regional roots and social and societal commitment to support the transformation of industrial players, enabling them to consume less, consume better and preparing them for future challenges.

To optimize energy use, ENGIE Solutions ensures that industrial processes perform sustainably by offering competitive global solutions that are environmentally friendly. The projects developed build safe and efficient working environments, with the aim of enriching the user experience and providing a model: for example, ENGIE Solution's support for ARKEMA in the recovery of its waste via fatal heat recovery and utility management.

To help its customers consume carbon-neutral energy and resources, ENGIE Solutions provides "low-carbon" energy from renewable resources. It ensures the availability of local energy sources in line with the level of activity of its customers: for example, the management by ENGIE Solutions of MONDELEZ's utilities under a global maintenance and facility management contract.

To develop the industry of the future, ENGIE Solutions supports new development and industrial transformation projects in France and internationally. This is the case with SOITEC, for which ENGIE Solutions participates in the design and implementation of execution studies and the continuous improvement of its processes.

Solutions for buildings (tertiary and collective residential)

The priority areas for development in the tertiary segment (coordinated by the "Properties & Proximity" BU) are to position ourselves in the sectors supported by the "France Relance" ("Relaunch France") plan (State building stock, cf. calls for tenders in progress for the renovation of administrative cities and army housing), university and healthcare facilities, sectors that are resilient or have a strong digital component (station data centers), and more generally, to develop global offers with guaranteed results (energy performance contracts with commitments to reduce or even neutralize the carbon footprint).

For example, in 2020 ENGIE Solutions entered into:

- the 11-year energy performance agreement with Océanopolis in Brest, including the direct supply of renewable energy via a *green PPA* favoring the development of new renewable energy capacity in France;
- the renewal of the agreement for the "Cœur Défense" office buildings, i.e. 350,000 m2 (two forty-story towers and three high rise buildings), of which 25% of the energy consumption will be offset by a solar park, currently under construction in the south of France;
- the eight-year "Smart stations" agreement with "SNCF Gares & Connexions", to monitor and optimize the energy consumption of 579 stations, remotely monitor various technical equipment in real time and control equipment remotely to reduce travel by staff.

These activities are structured (obligations and deadlines) by the regulatory framework for energy transition, which was strengthened in 2019 by the Multi-Year Energy Program, the ELAN Law, the Energy and Climate Law, the Mobility Orientation Law and the Tertiary Decree.

ENGIE Solutions Property and Proximity has been a player in the recovery following the Covid-19 crisis, particularly in the achievement of the goals of the France Relance plan concerning the thermal renovation of public buildings and collective housing. Its regional network and the synergies established with thousands of SMEs throughout France make it a natural partner to boost the economy and employment at the local level.

Lastly, to respond specifically to the health challenges caused by the pandemic, a "Healthy Building" offer was designed during the first lockdown. This is currently being rolled out to the tertiary sector (public and private).

Solutions for Cities and Communities

ENGIE Solutions is positioned as the trusted partner for the energy transition of the regions in three areas, developed by the "Cities & Communities" BU:

- acceleration of development in energy networks, with financing wherever ENGIE Solutions can be the leader by offering increasingly decarbonized energy, both in activities where it is already present (heating networks, cooling networks, overseas electrical networks, public lighting, etc.), and in new markets (urban operators of districts, charging networks, etc.). In 2020, the main features of this acceleration were:
  - the use of new contractual models such as the SAS EnR model in Rueil-Malmaison, where ENGIE Solutions produces geothermal energy-based heat through a company dedicated to generation in which the City is a minority shareholder. This company's main customer will be the City's future heating network,
  - the award of a first charging network concession, granted by the Eurometropolis of Strasbourg;
- development of global, multi-business and multi-service Smart City solutions, with the symbolic Angers Loire Metropolis contract, launched in 2020, as a model;
- optimization of the performance of our existing assets, in particular by accelerating the roll-out of our digital platforms, such as Darwin. This performance is both a source of growth in itself and a showcase for the conquering of new networks. In November 2020, ENGIE Solutions launched Rezomee, a new digital platform for, and inspired by, its customers (heating and cooling networks) and their users; Rezomee is both a website and a mobile application designed manage all communication across all of our networks.

1.6.1.1.2 France BtoC

1.6.1.1.2.1 Missions & Strategy

The France BtoC teams handle energy sales and related services for residential and small business customers.

The goal of the France BtoC BU is to become the leader in home comfort and the preferred supplier of the French, in order to help its customers in their transition to carbon neutrality.

Its four strategic priorities are: (i) increased sales of electricity and services; (ii) customer satisfaction; (iii) operational excellence; and (iv) innovation.

1.6.1.1.2.2 Description of activities

In an environment where competition in the energy market is becoming ever more intense, the BU is still the leader in natural gas sales in France and is continuing to expand in electricity. The BU confirmed its lead over other alternative power suppliers with a portfolio of 5 million customers at the end of 2020, including almost 3 million in green electricity. The successful launch of its green offers in 2016 has continued in the years since, positioning ENGIE as France's leading supplier of green energy. ENGIE now offers a wide range of green electricity and gas contracts.

In Services, the France BtoC BU is active in:

- decentralized power (individual or collective own consumption or load shedding) or heat (heat pump) generation solutions based on renewable energy solutions;
- green comfort services: energy diagnostics, energy coaching, installation of high-performance equipment, facility maintenance, remote monitoring and financing. Among other things, the Group is a leader in domestic boiler installation and maintenance through its ENGIE Home Services subsidiary;
- green mobility services: consultancy, installation of charging points and electric vehicles leasing.

In order to help its least financially secure customers manage the crisis, ENGIE decided to offer two months of payments in electricity to 600,000 homes. The BU also set up payment facilities very early on for business customers affected by the crisis. The teams of technicians also worked hard to ensure that no households were left in emergency situations and to catch up with routine operations that could not be carried out during periods of lockdown. ENGIE Home Services thus ended the year having completed its entire intervention program.

Regulatory changes: France's Energy and Climate Act, which passed into law on November 9, 2019, set deadlines for the end of regulated tariffs for natural gas sales. For individual customers (and apartment buildings and condominiums consuming less than 150,000 kWh/year), regulated tariffs will end on July 1, 2023. The Energy Climate Law also stipulated that regulated electricity tariffs would end at the end of December 2020 for all business consumers with more than ten employees, with annual turnover, revenue or total annual balance sheet assets of more than €2 million. In accordance with the law, ENGIE stopped marketing contracts on regulated tariffs on December 8, 2019.

1.6.1.1.3 France Renewable

1.6.1.1.3.1 Missions & Strategy

The role of the France Renewable BU is to develop, build, finance, operate and maintain ENGIE's biomethane and power production in France. The BU offers green energy production capacity that is diversified as part of a more local and secure approach spanning four sectors: solar power and onshore wind power (ENGIE Green), hydroelectric energy (CNR and SHEM) and biogas (ENGIE Bioz).

The BU also provides technical expertise and industrial support, including purchasing, to the Group and its subsidiaries or joint ventures, through pooled teams of experts.

It performs its missions using its own teams and through the ENGIE subsidiaries that report to the BU and are described in the following section.

The BU is active in all the above activities, which are driving and will drive the green growth in the French energy mix. The BU aims to substantially boost its development in wind and solar, as well as biomethane, while bolstering its positions in hydroelectricity:

- onshore wind: strengthen the Group's leadership in a market that is expected to more than double by 2023. The BU mainly positions itself by responding to government calls for tenders;
- solar power: significantly accelerate growth in a market expected to more than triple by 2023. The BU will respond to dedicated calls for tenders and contribute to the emergence of private contracts;
- hydroelectricity: maintain a leadership role by seizing any market opportunities while strengthening the positions of the Group, which is the leading alternative operator in France;
- biogas: build on the initial projects developed in order to accelerate significantly and make ENGIE a decisive player in this high-potential market.

1.6.1.1.3.2 Description of activities

The France Renewable Energy BU comprises a set of subsidiaries owned by ENGIE, either alone or in partnership:

- ENGIE Green (Entity resulting from the merger of French businesses Futures Energies and Maia Eolis (2016), Compagnie du Vent (2017), Solairedirect (2018), Langa (2018), Saméole (2019) and Renvico France (2020)): onshore wind, solar power);
- SHEM (Société Hydro-Électrique du Midi): hydroelectricity around the Pyrenees mountain range;
- CNR (Compagnie Nationale du Rhône, in which ENGIE has a 49.97% stake), and its subsidiary CN'Air: hydroelectricity, onshore wind, solar power;
- ENGIE Bioz, a subsidiary jointly owned by ENGIE Green and Storengy SAS, is responsible for developing regional methane conversion projects and operates across the entire biomethane value chain, from prospecting and development to financing and the monitoring of the construction of methane conversion projects and their operation.

The Covid-19 health crisis has slowed down project authorizations, and the schedule for government calls for tenders has therefore been adapted.

Regulatory changes: the Multi-Year Energy Program (PPE), published in April 2020, contains a tender schedule and a satisfactory objective for offshore wind and solar power (particularly ground-mounted). Regarding biomethane, trajectories are lower than the development potential in France in relation to the number of known projects.

The tender specifications of the Energy Regulation Commission (Commission de régulation de l'Energie) should include new measures, particularly in relation to the carbon footprints of the various sectors.

After the entry into force of the reform of the flat-rate tax on network companies for solar, other measures have been taken to simplify the legislation regarding onshore wind, including the removal of a level of jurisdiction in the event of appeal.

1.6.1.2 France Infrastructures

The France Infrastructures reporting segment groups together the activities of four BUs: GRDF, GRTgaz, Elengy, and Storengy. These BUs develop, operate and maintain natural gas transmission, storage, and distribution networks and facilities, along with LNG terminals. They mainly operate in France, as well as in Germany and the United Kingdom. They sell access rights to these infrastructures to third parties.

The GRDF, GRTgaz, Elengy and Storengy operating segments, which comprise the gas infrastructure businesses in Europe (distribution, transport, LNG terminals, and storage), have been grouped together within the France Infrastructures reporting segment as they are all regulated businesses (or businesses likely to be regulated) with similar risk profiles and margins.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	5,439	5,569	-2.3%
EBITDA	3,290	3,539	-7.0%

1.6.1.2.1 GRDF

1.6.1.2.1.1 Missions & Strategy

In France, GRDF, an independent subsidiary of ENGIE, develops, operates and maintains distribution networks and delivers gas for consumers. GRDF is tasked with giving all natural gas suppliers and biomethane producers equal access to its network.

GRDF develops its activities according to the three objectives stated in its enterprise project: (i) strive for operational excellence in the performance of its business lines to be recognized as a committed professional; (ii) make gas an energy of the future by demonstrating its relevance in the energy mix; and (iii) build a responsible, more open and collaborative business model with all the business lines.

1.6.1.2.1.2 Description of activities

The distribution activity has specific features related to its classification as a local utility. Each municipality where natural gas supply is available grants a concession to an authorized distributor to operate the natural gas utility in its territory. Concessions are entered into or renewed based on a standard agreement established jointly by the French national federation of concession-granting and state-controlled municipalities (Fédération nationale des collectivités concédantes et régies or FNCCR), the Urban Landowners' Association (Association Foncière Urbaine or AFU) and GRDF.

The concession-granting bodies then carry out controls to ensure the proper execution of the obligations arising from these concession agreements.

The concession agreements with the City of Paris and the City of Lyon were renewed in late 2019 and early 2020 respectively. Since mid-2018, GRDF has also been engaged in discussions with the French national federation of concession-granting and state-controlled municipalities (Fédération nationale des collectivités concédantes et régies or FNCCR) and the Urban Landowners' Association (Association Foncière Urbaine or AFU) with the aim of modernizing the model contract that will be used for future contract renewals with the concession-granting authorities.

Distribution structures belong to the municipalities even when they are built and financed by GRDF. GRDF is the concession operator of these structures and has exclusive use of them. The Energy Code recognizes the entitlement of the historical concession operators, i.e., GRDF and 22 local distribution companies (ELD), to exclusive service areas. As holders of a "distribution monopoly," they are the sole operators with which the conceding municipalities may renew the concession. The grounds for terminating a concession contract early are strictly controlled (listed exhaustively) as is the date the concession can be terminated (it cannot be in the first half of the contracted term). Termination also requires two years' notice and the concession-granting authority must pay compensation to the concession operator for early termination.

Apart from the exclusive service areas of GRDF and the local distribution companies, all municipalities not supplied with natural gas may entrust their public gas distribution to the authorized operator of their choice, following competitive bidding.

Apart from this specific case of public service delegations recently acquired after a competitive bidding process, GRDF's activity is remunerated by a tariff set by the CRE. Following the CRE's decision of January 23, 2020, the new GRDF natural gas distribution tariff, "ATRD6," entered into force on July 1, 2020 for a period of four years. It applies to the GRDF exclusive service area. The structure of this tariff is consistent with the previous tariff.

The CRE took into account all major projects that GRDF will take on during the period, such as the end of the smart meter roll-out in 2023 and the gas changeover project (conversion from B gas to H gas in northern France). The CRE thus changed the remuneration rate of the regulated asset base of GRDF to 4.10% (real before tax) for 2020-2023.

The new ATRD6 tariff will lead to more or less stable tariffs (average change of around 0.3% per year). It gives GRDF the leeway it needs to maintain a high level of security and play an active role in the energy transition.

As a result, the tariff decreased slightly by 0.4% on July 1, 2020.

2020 also marked the end of the pilot phase of the Dunkirk sector gas changeover project, with conversion in late October 2020. The feedback from this pilot phase should allow CRE to set the tariff framework and trajectory for this project over the period 2021-2029.

GRDF has emerged from this year of crisis while fulfilling its fundamental goals of safety and customer service, thanks to an evolving organization that is adapted to the context and to the constraints imposed by the public authorities. On the financial level, however, the analysis will have to be carried out comprehensively over a period of several years, although the impact on 2020 was certainly limited.

1.6.1.2.2 GRTgaz

1.6.1.2.2.1 Missions & Strategy

GRTgaz is an independent subsidiary of ENGIE. The employees of GRTgaz own 0.35% of the capital of their company. ENGIE and Société d'Infrastructures Gazières (SIG), a public consortium composed of CNP Assurances, CDC Infrastructures and Caisse des Dépôts, hold 75% and 25% of the share capital respectively.

GRTgaz develops, operates and maintains the main gas transmission network in France. It manages the natural gas flows that flow through it, and markets network access services to gas suppliers and customers directly connected to its network. It manages gas transmission operations in Germany through its GRTgaz Deutschland subsidiary. In 2017, GRTgaz acquired ENGIE subsidiary Elengy, which operates LNG terminals in France. Following the acquisition in 2020 by Elengy of TOTAL's shares in their joint subsidiary Fosmax LNG, and the acquisition by Société d'Infrastructures Gazières of a stake in Elengy's capital, GRTgaz's holding in this subsidiary was reduced to 82.2%.

GRTgaz's strategy is to ensure the company's development in the long term both in France and internationally. GRTgaz aims to:

- continue to operate gas infrastructures in a secure and optimized way by contributing, in particular, to the increased integration of European markets in gas (currently methane, but potentially, and in the long term, hydrogen);
- pursue its firm commitment to the energy transition, working with stakeholders and regions, in particular by promoting the development of renewable gases (biomethane injected into the transmission network and hydrogen), the use of renewable and low-carbon gas (in industry, mobility), and research on the recovery of surplus renewable electricity (power to gas).

1.6.1.2.2.2 Description of activities

In France, it owns and operates more than 32,000km of buried pipeline and 26 compression stations to take gas from suppliers to consumers (distributors or manufacturers directly connected to the transmission network). GRTgaz has a public service mandate to guarantee the continuous supply of gas to consumers. It also sells transmission services to network users. GRTgaz plays an active role in the energy transition, investing in innovative solutions to adapt its network accordingly and combine competitiveness and security of supply with environmental protection.

GRTgaz's business is conducted within a general framework designed to guarantee the independence of the grid manager.

The financial and operational consequences of the Covid-19 crisis should be limited for GRTgaz. The company's revenues are largely based on capacity subscriptions that depend little on the volumes actually consumed.

Regulatory changes: France's Energy Code stipulates that the construction and operation of natural gas transmission pipelines shall be subject to a specific and non-transferable authorization issued by the competent administrative body. By resolution of January 20, 2020, the CRE defined the methodology and set the tariffs for the use of transmission networks in France known as "ATRT7," applicable for 2020-2023.

In this context and applying the methodology and inflation assumptions used, the gas transmission tariff applicable at April 1, 2020 (ATRT7) will increase by 1.4% on average per year in the period 2020-2023 (CRE Decision of January 20, 2020). The CRE thus changed the remuneration rate of the regulated asset base of GRTgaz to 4.25% (real before tax) for 2020-2023.

With this new tariff, CRE is maintaining the resources granted to GRTgaz to meet the challenges of energy transition in the context of the previous tariff (ATRT6), while requiring a high level of performance from the operator.

1.6.1.2.3 Elengy

1.6.1.2.3.1 Missions & Strategy

LNG terminals are port facilities that allow liquefied natural gas (LNG) to be received and regasified. New services have been developed since 2012, such the reloading of LNG tankers, transshipment between vessels, and LNG tank truck loading.

Elengy is the second-largest European LNG terminal operator (source: GIIGNL), with three LNG terminals in France. The facilities operated by Elengy had a total regasification capacity of 21.25 billion m^3 (Gm^3) of gas per annum as of December 31, 2020.

Elengy's strategy is defined around on the following key points:

- optimize the operating methods of each of the three sites in order to make them as efficient as possible, regardless of their utilization rate;
- design and offer new LNG storage and transfer services at its terminals or at remote satellite sites;
- increase or find a new use for LNG, particularly as an onshore or marine fuel; and
- become a decarbonization player dedicated to the development of clean energy imports and the associated port infrastructure, in France or internationally.

In 2017, GRTgaz, ENGIE's independent subsidiary, acquired Elengy. Following Elengy's acquisition of TOTAL's stake in their joint venture Fosmax LNG in 2020, Elengy is now the sole owner of its three terminals, and Société d'Infrastructures Gazières has become a shareholder of Elengy with a stake of 17.8% (with GRTgaz holding the remaining capital of 82.2%).

1.6.1.2.3.2 Description of activities

Commissioned in 1972, the Fos Tonkin terminal is located on the Mediterranean coast and receives LNG primarily from Algeria. Its regasification capacity stands at 3 billion Gm^3 of gas per year. Its dock can accommodate vessels carrying up to 75,000 m^3 of LNG while its tank has a total capacity of 80,000 m^3. Its commercial capacity was reduced to 1.5 Gm^3/year on January 1, 2021.

The Montoir-de-Bretagne terminal, commissioned in 1980, is located on the Atlantic coast and receives LNG from various sources. It has a regasification capacity of 10 Gm^3 of gas per year, two docks that can accept tankers transporting up to 260,000 m^3 of LNG (Qmax) and three storage tanks with a total capacity of 360,000 m^3 of LNG. The work completed in 2017 allowed the start-up of a new, sustainable transshipment activity.

The Fos Cavaou terminal, brought into commercial service in 2010, has a regasification capacity of 8.25 Gm^3 of gas per year, a dock that can accommodate Qmax-size tankers, and three tanks with a total capacity of 330,000 m^3 of LNG.

Regulatory changes: the LNG terminals are accessible to all LNG suppliers. The tariffs for access to regasification are regulated. The current tariffs were set by the CRE resolution of January 18, 2017 and have been in force since April 1, 2017. They were revised by the resolution of November 15, 2018 for application from April 1, 2019. The tariffs for the next period starting April 1, 2021 have been defined since the resolution of January 6, 2021. The CRE has redefined the rate of remuneration of Elengy's asset base for 2021-2024 by resetting the base rate before specific increases for LNG to the rate applicable to transmission since 2020 (ATRT7 tariff).

The tariffs apply to a basic service, which is the main offer of LNG terminal operators. This offer may be supplemented by an option guaranteeing a uniform emission for 20 to 40 days.

The LNG tanker transshipment and loading services are not regulated.

1.6.1.2.4 Storengy

1.6.1.2.4.1 Missions & Strategy

With Storengy, the Group is the leader in underground natural gas storage in Europe, with net storage capacity of 12.2 billion m^3. Storengy adapts to handle the risks weighing on its core business and develop new ambitions made possible by the energy transition, particularly in the following areas:

- promoting underground storage as a key part of developing intermittent renewable energy. Storengy's annual storage capacity (138 TWh) corresponds to the energy generation of 9,200 offshore wind turbines or the energy needed to power 20 million electric vehicles;
- renewable gases, with production and storage of biomethane, hydrogen and synthetic methane, the combination of which is expected to result in a 100% carbon-neutral energy mix by 2050 in Europe, while generating positive external factors for the regions (decentralized systems, local jobs, waste processing, etc.);
- renewable heating and cooling, with the use of the sub-soil to produce and store heat and cold, providing a comfort service to users on the scale of a building, a district or a town, while reducing their environmental footprint;
- renewable electricity, by managing high-temperature geothermal energy and decarbonized and non-intermittent energy.

1.6.1.2.4.2 Description of activities

Gas storage and conversion to renewable gas

In **France**, Storengy SA operates 14 underground storage facilities. Nine of these are in aquifers (total useful storage volume of 9 billion m^3), four are in salt caverns (1 billion m^3) and one is in a depleted field (80 million m^3). Three of these sites are in reduced operation according to precise regulatory procedures (880 million m^3).

Regulatory changes: the storage reform introduced in 2018 enabled regulation of this activity in France under an offset auction scheme, ensuring maximized fill levels for the facilities and visibility on revenues. The third year of sales (2020-2021 capacity) was thus a success: 95 TWh were sold (100% of supply).

A new ATS2 period defining the authorized revenue of operators for 2020-2023 was also implemented in 2020. In its Resolution no. 2020-011, the CRE changed the remuneration rate of the regulated asset base of Storengy to 4.75% (real before tax) for 2020-2023 and introduced an incentive regulation for its operating costs.

In **Germany**, Storengy Deutschland GmbH, a wholly owned subsidiary of Storengy, holds and operates six storage sites (1.7 billion m^3; three salt sites and three depleted sites), and operates a seventh storage facility for a third party.

In the **United Kingdom**, Storengy UK Ltd, a wholly owned subsidiary of Storengy, operates the storage site in saline caverns in Stublach (400 million m^3). With 20 caverns, this storage facility is the largest in operation in the UK.

Furthermore, thanks to the expertise it has acquired in Europe, Storengy is positioned on projects to develop new storage sites in countries where natural gas is a major driver for the energy transition (for example: Brazil and Mexico).

In Europe, Storengy is also preparing to convert storage assets to renewable gas in order to add value to gas storage in a decarbonized market. Since June 2017, Storengy France has approved unlimited injection of biomethane into French underground storage facilities.

In hydrogen, Storengy is working closely with the other gas operators to assess the tolerance of its equipment to hydrogen and to prepare as far as possible for the integration of this hydrogen into its gas infrastructure (HyGreen and Hypster projects in France, Centurion in the UK). In France, the Energy and Climate Act extends the right of access to the natural gas networks to all types of renewable gas or gas deriving from energy recovery intended for injection, as long as this does not disrupt the operation and security of the networks.

Production and storage of renewable gas

Storengy SAS is now a key player in biomethane production in France through ENGIE BiOZ (16 units in production). The development of this business will take place in accordance with the new strategies set out in the Multi-Year Energy Program and with the evolution of systems to guarantee the origin of the biomethane injected into the natural gas network.

Storengy has also undertaken as of now to develop projects for the production and use of renewable hydrogen at the regional level. Storengy is thus developing a portfolio of renewable hydrogen production, storage and use projects of around 50 MW. These projects are part of the France Hydrogène strategy in the national recovery plan.

Lastly, Storengy is positioned on synthetic methane production via methanization, through pilot projects currently being developed (Hycaunais, Méthycentre), in addition to commercial projects.

Heating, cooling and power generation from geothermal energy

In 2020, the development of geothermal energy was accompanied by several regulatory changes, particularly in France. The lifting of certain legal restrictions, a reform of the Mining Code undertaken by the French government, and geothermal energy's place in the Multi-Year Energy Program are factors that have strengthened Storengy's positioning on these markets.

Storengy is working on several heating and cooling network projects at city and regional level in the Netherlands and in France, in partnership with other Group entities. In particular, the aim of the Plaine Garonne Energie Project, with ENGIE Solutions, is to design, build and operate a new heating network in the center of Bordeaux, with a 30-year public service delegation. This project enables 19,000 tons of CO_2 emissions to be avoided each year.

Meanwhile, Storengy has developed a geo-energy offer for eco-districts and sustainable buildings, completing its first project in France in 2019 (G-STORE): the construction of the geothermal heating and cooling network of the new Issy Cœur de Ville eco-district. Storengy is currently developing the geothermal solution for the future Campus of the ENGIE Group at La Garenne-Colombes.

Lastly, Storengy is working to develop new power generation capacity based on high-temperature geothermal energy. Storengy took over the development of an electricity production project in La Dominique (60 MW) in early 2020, and is working to develop several other projects worldwide.

The health crisis has not had a major impact on Storengy's business. A significant amount of gas storage has been used to ensure the security of supply in France, Germany and the United Kingdom.

1.6.2 Rest of Europe

The Rest of Europe reporting segment comprises the activities of five BUs:

- the Benelux BU;
- the Nuclear BU;
- the United Kingdom BU;
- the North, South and Eastern Europe BU; and
- the Generation Europe BU, which encompasses the Group's thermal power generation activities in Europe.

The Benelux, United Kingdom and North, South and Eastern Europe operating segments have been grouped together within the Rest of Europe reporting segment. These three BUs have a similar business mix (energy services, and renewable energy marketing and generation). They operate in mature energy markets that are undergoing a process of transformation as part of the energy transition.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	15,655	17 267	-9.3%
EBITDA	1,750	1,757	-0.4%

1.6.2.1 Benelux

The Benelux BU includes the Group's activities in Belgium, the Netherlands and Luxembourg, in renewable power generation, electricity and natural gas sales, and energy installation and services. Renewable power generation covers onshore wind and photovoltaic solar in Benelux.

As mentioned in Section 1.1.3, on January 1, 2020, a new Nuclear BU dedicated to power generation from nuclear plants was created in Belgium.

1.6.2.1.1 Missions & Strategy

The Benelux BU is the historical leader in the supply of electricity and natural gas in the Belgian market, and the leader in the energy services segment in the Benelux countries. The BU aims to be a leader in global and sustainable solutions that make the difference for its customers in its areas of expertise. Its vision is to be at the heart of the carbon-neutral transition by making its countries the champions of this challenge.

In line with the Group's strategy, the Benelux BU is particularly well-positioned to provide carbon-neutral transition solutions to its various customers. The BU has a unique presence on the ground, with more than 15,000 employees working daily on Client Solutions. It also has prime positions in both renewable power generation and green mobility solutions. Lastly, it is working on previews of hydrogen projects (Benelux), Local Energy Communities (Belgium) and geothermal energy (the Netherlands).

1.6.2.1.2 Description of activities

In the market for residential customers and small businesses, the Benelux BU manages 2.49 million electricity supply contracts (~8.5 TWh) and 1.35 million natural gas contracts (~19.6 TWh) in Belgium, and approximately 379,000 electricity contracts (~1.5 TWh) and 356,000 natural gas contracts (~5.2 TWh) in the Netherlands.

In 2020, the BU continued to roll out its innovative offer, aiming to help residential customers manage their energy using tools and solutions to improve their energy efficiency (smart tools, heating-related offers) or through the roll-out of photovoltaic solutions. It also has a portfolio of business customers (industry and tertiary) in electricity (~14 TWh in Belgium, ~9.3 TWh in the Netherlands) and natural gas (~17 TWh in Belgium, ~10.2 TWh in the Netherlands), as well as energy services offers.

The BU develops, builds and operates renewable energy generation assets. It has onshore wind capacity of 430 MWe (+43 MWe in 2020) in Belgium and the Netherlands. As regards Offshore High Voltage Substations (OHVS), the BU – through ENGIE Fabricom – is also a market leader (28 substations constructed and 4 substations under construction or ordered). In photovoltaic power generation, the BU has continued to develop turnkey solutions for its business customers and facilities on the Group's sites in Benelux. This cumulative capacity reached 90.5 MWc at the end of 2020. It is the leader in Belgium and the challenger in the Netherlands in this segment.

Since July 2020, the BU has reorganized all of its installation and energy services activities in Belgium according to a customer-centric model. The activities, customers and employees of ENGIE Axima, ENGIE Cofely and ENGIE Fabricom have thus been divided into three new entities:

- *Cities & Communities*: for networks shared and managed by public authorities;
- *Industries:* for customers with industrial activities in their core business;
- *Properties & Proximity:* for customers owning or operating tertiary buildings and for customers with non-industrial core businesses.

Through ENGIE Solutions (in Belgium) and ENGIE Services NL (in the Netherlands), the Benelux BU operates in the tertiary, industrial, energy and transport sectors and provides public and private customers with various multi-technical services and solutions, such as:

- greater energy efficiency and limited environmental impact of buildings (energy efficiency audits and contracts, HVAC systems, multi-technical management and maintenance, etc.);
- production, operation and distribution of local and renewable energy sources (cogeneration plants, industrial utilities, etc.);
- integrated services (facility management, multi-site management, public-private partnerships, etc.);
- maintenance of networks (low & medium voltage power, low pressure gas, telecoms, water, public lighting, etc.);
- installation & industrial maintenance activities (3D printing, electricity & instrumentation, process solutions, automation, etc.);
- construction and maintenance activities to mobility infrastructures in the field of roads (lighting, traffic management, etc), waterways, airport, ports and rail & metro (stations, catenaries, signalization, passenger information systems, etc.).

Regulatory changes: in 2020, the federal government approved funding for the capacity remuneration mechanism (CRM). This step made it possible to submit the entire dossier to the European Commission (Directorate-General for Competition).

On 21 September 2020, the European Commission announced the opening of an in-depth state aid investigation into the Belgian Capabilities Mechanism's scheme. Electrabel has provided all the necessary elements to the Commission to present its analyses, as part of its investigation into a final decision. Then, the Belgian authorities will have to define the modalities allowing the first auction to take place in November 2021.

1.6.2.2 United Kingdom

1.6.2.2.1 Missions & Strategy

The United Kingdom (UK) BU has the defined mission to assist businesses and local authorities on the journey to carbon-neutrality. The BU combines its capabilities in energy and services to enable customers & stakeholders to embrace a greener, more efficient and increasingly digital world. It does this through reducing energy consumption and driving efficiency, greening supply and enabling progress through innovative technology, data & partnerships.

1.6.2.2.2 Description of activities

There are five divisions and one entity in the UK BU:

Energy infrastructure (power generation, renewables, trading and portfolio management): The BU has over 2 GW of generation assets including the UK's foremost pumped storage facility (First Hydro) in North Wales and an established renewables development business (on & offshore wind and solar).

Energy Supply (energy supply & power purchase): The BU provides supply of gas, electricity and power purchase agreements for both public and private (SME, Industrial and Corporate) organisations. 2020 has seen ENGIE secure a number of key contracts including a new contract to provide London's Heathrow Airport with 100% green biomethane from anaerobic digestion until March 2022.

Business Services (energy efficiency, facilities management, technical services): The BU focuses on supporting the operations of businesses throughout the UK serving sectors including corporate, manufacturing and industry, leisure, transport and utilities. In 2020, ENGIE and EDF Energy signed a major extension to their existing long-term partnership, which will see ENGIE continue to provide a range of facilities management and specialist technical support services to EDF's 11 power stations in the UK until the end of 2027.

Places & Communities (design & refurbishment of homes, buildings and places, energy efficiency, facilities management, technical services). The UK BU is a strategic partner in placemaking to create and regenerate communities as well as maintain and support them. Activities also include provision of energy efficiency measures and renewable technologies. Customers include local authorities, housing associations and register housing providers. In 2020 ENGIE secured a new 10-year contract with Rotherham Metropolitan Borough Council to provide repairs and maintenance services to 9,800 homes across the area.

Public Sector (energy efficiency, facilities management, technical services) : The BU is a key partner to central government departments, healthcare and educational institutions providing solutions to maintain and operate buildings with high levels of efficiency. In 2020, ENGIE was awarded a major 9-year contract for HM Courts and Tribunal Service, to provide facilities management services across Crown, Magistrate and Tribunal court buildings throughout England and Wales and Tribunal court buildings in Scotland.

Futures (district energy networks, electric vehicles, smart buildings): Futures is the entity which manages the UK BU's advancement of technologies, new innovations and services technologies that will directly assist customers with their carbon-neutral transition. This includes established operations such as district energy networks and also rapidly evolving digitally driven offerings for buildings and green mobility. In 2020 ENGIE was awarded a major project to design, build and operate a new low-carbon energy scheme for the Nine Elms district in London.

The UK BU was impacted significantly by Covid-19, especially within Business Services and Energy Supply due to lower demand. Its activities within the Public Sector, particularly healthcare and for local authorities continued to maintain critical services to customers throughout the crisis. Performance of Energy Infrastructure remained strong. The diversity of sectors and customers within the UK BU portfolio means that envisage a solid recovery from the pandemic in 2021.

1.6.2.3 North, South and Eastern Europe (NECST)

1.6.2.3.1 Missions & Strategy

The North, South & Eastern Europe BU is currently present in Austria, the Czech Republic, Germany, Greece, Italy, Norway, Poland, Portugal, Romania, Slovakia, Spain and Switzerland.

These countries present a strong market potential, particularly given the industry footprint, the awareness of cities towards sustainability, and the presence of numerous international firms committed to lower their carbon footprint. The BU's mission is thus to co-develop, with clients, reliable and zero carbon solutions for a new energy world.

The BU's business encompasses Client Solutions (BtoB, BtoT), Renewable (hydropower, wind, solar), gas Networks (distribution, storage) and energy Supply (BtoC, BtoB). The BU implements its strategy through a country-by-country organization, enabling it to accelerate its expansion to the benefit of its customers.

1.6.2.3.2 Description of activities

As a BU, it has been severely hit by the sanitary crisis, with different patterns across countries and business areas. If Western countries, client solutions and energy supply activities suffered significantly, but the BU has been able to protect employees and clients, maintain critical activities and mitigate part of the financial consequences. The BU recovery path is favored by its strong reactivity and its presence in resilient sectors (such as cities, data centers, pharmaceuticals…).

In **Romania**, the main activity is natural gas distribution via Distrigaz Sud Retele subsidiary, which operates a 21,104 km distribution network. The BU is engaged in natural gas storage through its subsidiary Depomures. ENGIE Romania supplies natural gas and electricity to 2 million customers (BtoC and BtoB) and energy services in particular to 0.8 million BtoC customers through ENGIE Servicii. ENGIE Romania operates two wind farms for an installed capacity of 98 MW and acquired, in December 2020, two operational ground-mounted PV farms of 8 MW.

Regulatory changes: retail and wholesale gas prices have been deregulated on July 1st, 2020. The retail electricity price for households has been deregulated on January 1st, 2021. The new amendments to the Energy Law approved in 2020 impose a tax on natural gas suppliers calculated as 90% on the difference between the acquisition cost of gas molecule and 68 lei/MWh. It also imposes to gas distributors the obligation to connect household consumers in 90 days from their request and increases the penalties for non-compliance. The new law also requires from gas distributors to extend gas networks in all localities in the area where they hold a concession contract. The costs related to customer connections and network extensions are to be included in the distribution tariffs, with an accelerated depreciation for investments related to household consumers.

In **Italy**, the BU is active in natural gas and electricity sales with ~820 consumers (BtoC and BtoB). It is one of the main players in public lighting, reaching 500,000 lighting points under management in July, and it also kept reinforcing its position in district heating networks in 2020. The BU also provides, with a market leader positioning, energy efficiency and decentralized solutions to residential clients, businesses and public authorities, participating also to many Consip public procurement tenders. ENGIE Italy operates 308 MW of wind and ground-mounted solar power assets, as well as biomass units. In September, Amazon chose ENGIE to provide a 10-year virtual PPA of 66 MW sourced by two PV parks under construction in Sicily.

In **Germany**, with its stakes in four municipal utilities, the BU encompasses activities in energy supply, heating networks, energy distribution and decentralized solutions. The BU is also a significant player in energy contracting, and is active in the installation, operation and maintenance (O&M) of energy efficiency solutions and has a leading position in technical building services. It also operates 339 MW of renewable energy (wind, hydraulic pumping station) and battery storage sites.

In **Spain**, the BU operates 112 MW of solar and hydropower and 536 MW of wind. The BU also operates cogeneration units in Barcelona and the Netherlands and cooling and heating networks in Barcelona and Saragossa. ENGIE Spain is also active in installation and maintenance services and supply of energy efficiency solutions. It supplies natural gas and electricity to BtoB customers.

In **Portugal**, the BU is mainly involved in renewable energy power generation, via TrustWind (a 50-50 joint venture with Marubeni) operating 489 MW of wind power. In December 2020, ENGIE, together with Crédit Agricole Assurances and Mirova, closed the acquisition of a 1.7 GW hydroelectric portfolio. It has a strong positioning in decentralized PV for BtoB through ENGIE Hemera subsidiary. ENGIE Portugal also distributes heating and cooling to the city of Lisbon through its Climaespaço subsidiary and provides O&M services and energy efficiency solutions.

In **Poland**, the BU is active in installation and integrated services and has a BtoB customer portfolio in electricity. It is also active in renewables, with an installed capacity of 138 MW of wind and 8 MW of solar, as well as in heating networks.

In **Slovakia**, the BU is an important private heating network operator and also provides installation and O&M solutions.

In **Austria** and **Switzerland**, the BU is mainly active in energy efficiency, installation and maintenance. ENGIE Switzerland also handles the facility management of the Geneva and Zurich airports. In 2020, ENGIE Austria reinforced and greened its positioning in district heating by signing, in July, the construction and operation of a new energy supply system in Vienna, and acquiring in April Naturwärme-Montafon, which owns and operates a biomass cogeneration and an associated network.

In **Norway**, the BU and Susi Partners commissioned, in July, a 208 MW wind farm in Tonstad where the power is sold under a 25-year offtake agreement with aluminum producer Norsk Hydro.

In the **Czech Republic**, the BU provides installation and O&M solutions. and owns facilities for manufacturing switchboards.

In **Greece**, ENGIE Hellas subsidiary is active in energy efficiency solutions and technical services for buildings and supplies electricity and gas to retail, industrial and commercial customers.

1.6.2.4 Generation Europe

1.6.2.4.1 Missions & Strategy

The market of the Generation Europe BU is accelerating its transition to less carbon-intensive energy generation. The European energy market, oriented by European and domestic regulatory developments, is characterized by a strong expansion of renewable energy sources (RES) and plans to phase out coal-based generation. The industrial sector is following in the footsteps of the energy transition.

The emergence of intermittent RES has resulted in greater volatility in the production profile, and the phasing out of coal production, coupled with the phasing out of nuclear in Germany and Belgium, will create a need to match electricity supply and demand in the medium term. In this context, natural gas power plants now have a key role to play by offering the necessary flexibility in the energy markets, alongside emerging solutions such as batteries. Governments are introducing various remuneration mechanisms for power generators (reserve capacity mechanisms, strategic reserves, etc.). These mechanisms enable existing capacity to remain operational.

In this context, the Generation Europe BU contributes to security of supply and helps major industrial customers to face the challenges of the energy transition. The BU offers competitive energy services in the European markets and innovative solutions to its industrial customers.

To achieve this, it generates and markets energy by:

- operating and developing low CO_2 emitting power generation activities;
- operating pumped-storage facilities and developing battery storage, either in combination with its own power plants or at customer sites;
- offering on-site power and heating generation solutions to major industrial customers to ensure their security of supply and reduce their CO_2 emissions;
- developing projects for the production and use of green hydrogen.

1.6.2.4.2 Description of activities

The Generation Europe BU manages a portfolio of thermal generation assets with installed capacity of 18.2 GW in seven European countries (France, Belgium, the Netherlands, Italy, Portugal, Spain, and Greece), including its own power plants and assets decentralized with customers. Installed capacity broken down by technology is as follows: gas (16.0 GW), hydropower and pump storage (1.2 GW), biomass & other (0.8 GW).

In addition, BU Generation Europe offers services to large industrial customers around energy supply, operation and/or maintenance solutions. It relies on proximity to its customers and its strong references to help them face the challenges of the energy transition.

Regulatory changes: following the promulgation of the *European Green Deal*, the European Commission proposed the accelerated reduction of CO_2 emissions between now and 2030. To this end, the development of renewable energy and the production of carbon-free fuels such as green hydrogen have been emphasized. Following this, various European countries have stepped up the phase-out of coal-based production and subsidized the production and development of green hydrogen networks. Some have set up compensation mechanisms for electricity capacity.

1.6.2.5 Nuclear

Since January 1, 2020, the Nuclear BU has been dedicated to the operational management of the seven nuclear reactors in Belgium and the rights held by EDF's two power plants in France.

1.6.2.5.1 Role & Strategy

The BU is structured around the following operational priorities:

- to ensure the optimum availability of nuclear power plants during their operational phase, thus contributing to the generation of carbon-free power; and
- to prepare for the shutdown and decommissioning of the first reactor in 2022 in both technical and organizational terms.

Nuclear safety is a key part of these priorities. The current nuclear safety system is being continuously strengthened, in close collaboration with the nuclear safety authorities.

1.6.2.5.2 Description of activities

The BU employs more than 2,200 people in Belgium, divided between Doel, Tihange, and Brussels. The BU operates, in compliance with the strictest nuclear safety standards, the Doel and the Tihange nuclear power plants. These plants represent a total installed capacity of 5,943 MWe (including 897 MWe in partnership with the EDF Group). The BU also has 1,118 MWe of rights in the Tricastin and Chooz B power plants in France.

The legal framework in place provides for the operation of nuclear power plants in Belgium until 2025. defining, amongst other things, the economic parameters governing the lifetime extension of Tihange 1, Doel 1 and Doel 2 until 2025 and the mechanism to calculate the nuclear contribution to be paid by ENGIE Electrabel.

The Group assumes obligations resulting from the April 11, 2003 Belgian Law relating to the management of spent nuclear fuel and the decommissioning of nuclear power plants. Following the three-year review of nuclear provisions carried out in 2019 under the authority of the Commission for Nuclear Provisions, the technical scenarios for downstream management of the nuclear fuel cycle were revised.

The discount rates of nuclear provisions were adjusted from 3.50% at the end of 2018 to 3.25% for provisions for the downstream nuclear fuel cycle, and from 3.50% to 2.50% for provisions for dismantling nuclear power plants, with inflation unchanged at 2%. Nuclear provisions stand at €13.5 billion in 2019. The next review is scheduled for 2022.

Regulatory changes: in its government agreement dated September 30, 2020, specified by the general policy note of the Minister of Energy of November 4, 2020, the Belgian federal government confirms the end of nuclear power generation in 2025, already planned in law. However, this principle is accompanied by a mechanism to reassess this decision at the end of 2021, according to its impact on security of supply. If the monitoring mechanism shows that there is a problem with security of supply, the government agreement provides for the option of adjusting the legal schedule by up to 2 GW of capacity. In terms of nuclear provisions, the government recommends strengthening the legal framework and plans to set up a working group to carry out discussions to update this framework.

1.6.3 Latin America

The Latin America reporting segment includes the activities of two BUs: the Latin America BU (Argentina, Chile, Mexico, Colombia, and Peru) and the Brazil BU.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	4,774	5,341	-10.6%
EBITDA	2,014	2,221	-9.3%

1.6.3.1 Latin America (excluding Brazil)

1.6.3.1.1 Missions & Strategy

The Latin America BU aims to be the preferred partner providing sustainable solutions for a carbon-neutral world in the five countries where ENGIE is present (Argentina, Chile, Colombia, Mexico, and Peru).

The BU's targets, which are fully aligned with its role, are to:

- provide its customers with cleaner energy;
- help its customers to improve their consumption;
- extend the activities of its networks as key "regional anchors" to roll out its solutions;
- support growth in these countries by developing social infrastructure (universities, hospitals, airports, etc.).

1.6.3.1.2 Description of activities

1.6.3.1.2.1 Power Generation and Energy Infrastructure

In **Peru**, ENGIE owns a 61.77% stake in ENGIE Energia Peru, a leading power generation company with an installed capacity of around 2,500 MW (50% are renewable and gas), making it the largest energy producer in the country. ENGIE Energia Peru's shares are traded on the Lima stock exchange.

In **Chile**, ENGIE owns a 59.99% stake in ENGIE Energia Chile (EECL). This company has installed capacity of around 2,065 MW and manages 2,300km of transmission lines. Its shares are traded on the Santiago stock exchange. In 2019 the company announced an aggressive decarbonization plan that includes a major investment in renewables. By 2025, EECL will operate near 1.500 MW of solar and wind plants and will have closed 800 MW of coal units.

In addition, EECL owns 50% of TEN (Transmisora Electrica del Norte), a company that operates 600 km of transmission lines that interconnects Chile´s north and center electricity grids.

In the gas business, ENGIE holds a 63% stake in GNL Mejillones, an LNG regasification terminal with a 5,5 Mm^3/day capacity, and 100% in ENGIE Gas Chile and ENGIE Stream Solutions Chile, companies dedicated to the commercialization of natural gas through distribution pipelines and LNG by trucks.

In **Mexico**, ENGIE operates 8 local distribution companies providing natural gas to nearly 630,000 customers through an 12,500 km network, and 3 gas transmission companies operating around 1,300 km of pipelines. In August, the first phase of Cuxtal Gas Pipeline was completed, interconnecting our Mayakan system with the National Pipeline System. This constitutes the first of three phases that will enable the supply of cleaner energy to more than 700,000 homes and industries in the Yucatan Peninsula.

In power generation, by mid-2021, ENGIE Mexico will operate near 1,000 MW of renewable power plants.

In **Argentina**, ENGIE holds a 64.2% stake in Litoral Gas, a gas distribution company with more than 740,000 clients. It also holds an equity investment of 46.7% in Energy Consulting Services (ECS), a company that sells electricity and gas and provides energy advisory services. ENGIE also holds an interest in Gasoducto NorAndino, an approximately 1,000 kilometers pipeline between Argentina and Chile, wholly owned by ENGIE Energia Chile.

In **Colombia,** ENGIE opened a new development office in 2019.

1.6.3.1.2.2 Client Solutions

On December 2018, ENGIE Latin America, acquired CAM, a services company with activities in Chile, Colombia and Peru, and focused on providing solutions in the field of installation, operation and maintenance for the electricity and telecommunications sectors.

During 2019, an integration process took place between CAM and the current ENGIE services companies in Latin America, resulting in the creation of a regional services platform composed by 100% ENGIE client solutions subsidiaries in Chile, Colombia, Mexico and Peru. These companies provide a comprehensive portfolio of solutions mainly for extractive industries, cities and properties.

1.6.3.2 Brazil

1.6.3.2.1 Missions & Strategy

Brazil is a rapid growth economy with a population of approximately 200 million. Electricity demand has been steadily growing over the last decade. Electricity supply in the country still relies heavily on hydroelectric power (64% of total installed capacity). The energy mix is being diversified, with the development of thermal and non-conventional renewable energy (NCRE) sources.

Centralized power generation will continue to play an important role. The growing contribution of NCRE to the country's energy mix, added to new hydroelectric power projects, have increased the thermal generation requirement (the system has become more vulnerable due to unfavorable hydrological scenarios). Growing environmental issues and difficulties with obtaining licenses represent further challenges in the creation of new hydroelectric power plants.

In this context, gas will play a key role in the energy mix in the medium term, reinforced by recent discoveries in the pre-salt region (which have practically doubled potential domestic production) and the need to deal with increasingly volatile components.

The Brazil Bu's mission is to provide innovative and sustainable solutions in energy and services to companies and territories.

More specifically, the BU Brazil's strategic directions are focused on:

- centralized power generation and electricity transmission: be at the forefront of the transition towards an increasingly renewable world of energy, investing in wind, leveraging sites to invest in centralized solar PV while maintaining core competencies in hydropower;
- gas: be in the forefront of the re-structuring of the gas market in Brazil resulting in a more competitive market and benefit from new opportunities to come;
- energy services with assets: become a major player in energy services in Brazil, with a focus on large industrial and commercial sites;
- decentralized power generation: support development of "prosumers" (producers and consumers) in Brazil by setting up decentralized electricity production solutions for residential customers.

1.6.3.2.2 Description of activities

1.6.3.2.2.1 Centralized energy generation

ENGIE Brasil Participacoes Ltda (EBP), a subsidiary of the Group, owns power generation assets of 430 MW in operation and 361.2 MW under construction, representing around 6% of Brazil's total capacity. 83% of installed capacity comprises hydroelectric power plants, 11% thermoelectric plants and 6% complementary plants (biomass, wind, small hydroelectric power plants and solar).

EBP holds 68.71% of the share capital of ENGIE Brasil Energia (EBE), which is responsible for the centralized generation business. The company is listed on the Brazilian stock exchange. EBP has an equity investment of 40% in Energia Sustentavel do Brasil Participações S.A. ESBR wholly owns the Jirau hydroelectric power plant (3,750 MW).

1.6.3.2.2.2 Infrastructures

in December 2017, ENGIE entered the transmission lines market in Brazil. EBE won an auction for a project involving around 1,000 km of transmission lines and five substations in the southern state of Paraná.

In January 2020, ENGIE won a call for tenders for the acquisition of a 30-year concession project that includes the building, operation and maintenance of a 1,800-km transmission line in the north of Brazil.

ENGIE has thus become the biggest power infrastructure player in Latin America, with close to 3,000km of lines rolling out in Brazil by 2022 and 2,200km already in operation in Chile.

In natural gas pipeline infrastructures, ENGIE has acquired 65% of TAG's assets. This acquisition took place through the consortium comprising ENGIE S.A, ENGIE Brasil Energia and the Caisse de dépôt et placement du Québec (CDPQ). TAG is one of the biggest natural gas transmission companies on the regulated market in Brazil, with a network of pipelines of approximately 4,500km, representing 47% of the country's total gas infrastructure. TAG has 11 gas compression facilities, 14 gas reception points (including two LNG terminals) and 90 gas distribution points.

ENGIE Brasil Energia executed an agreement for the purchase of 100% of the stock of Sterlite Novo Estado Energia S.A., the holder of a concession for the construction, operation and maintenance of 1,800 kilometers of transmission lines in the states of Pará and Tocantins. The BRL 410 million deal also includes construction of a new substation and upgrades to three existing substations in the two states.

1.6.3.2.2.3 Client Solutions

ENGIE Brasil is also active in the development and implementation of integrated solutions focused on reducing costs and improving infrastructure for businesses and cities. Its activities include energy efficiency, energy management, and management of energy supply contracts, as well as public lighting, HVAC systems, telecommunications, security, and urban mobility systems for cities. The Brazil BU is currently the leader in energy management, managing and monitoring more than 25,000 points. It is also one of Brazil's leading public lighting network managers, with 300,000 points.

1.6.3.2.2.4 Decentralized solar power generation

ENGIE is expanding its decentralized solar power generation business in Brazil, with more than 2,300 solar panels. In addition, ENGIE Solar PV Utility-Scale, an entity reporting to the Group's Corporate function, provides large-scale photovoltaic solutions, mainly involving development and EPC (Engineering, Procurement and Construction) services. The company operates photovoltaic power plants with installed capacity of 260 MW.

Regulatory changes: on the gas market, a new law, which is in the process of being approved, aims to open up the market and create opportunities in areas such as gas distribution, gas storage and biogas. In the electricity sector, after a public consultation in 2018, numerous measures have been implemented or are planned with the aim of modernizing the sector in the light of the energy transition. These measures include a gradual reduction in subsidies, the extension of concessions, the gradual widening of eligibility criteria on the free market, a review of the electricity market (electricity prices on an hourly basis, remuneration of capacity, etc.), the taking into account of hydrological risk, and smart meters for individual customers.

1.6.4 United States and Canada

The United States & Canada reporting segment corresponds to the North America BU. The BU entities provide renewable power generation, district energy services, retail electricity sales, natural gas, the United States, Canada and Puerto Rico.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	4,229	4,457	-5.1%
EBITDA	245	269	-8.8%

1.6.4.1 Missions & Strategy

The United States registered significant growth in total renewable energy capacity of approximately 9.3 GW in wind and 6.9 GW in solar in 2019. More and more of these assets are connected to end-customers. Thus, direct purchase contracts for green energy with industrial customers or communities represented nearly 20GW in the United States in 2019. Furthermore, the US energy efficiency market generates turnover of around $7 billion. After Europe, it is one of the largest and most mature markets. The municipalities, universities, schools and hospitals sectors (MUSH) represent around 70% of total North America revenues.

Campuses, hospitals and universities require integrated, complete solutions to manage their facilities and improve their efficiency. Lastly, distributed production and storage have accelerated, with community projects being increasingly encouraged in the States (particularly in Massachusetts and California).

The aim of the North America BU is to help to build a sustainable future and to provide local authorities and businesses with clean, affordable, and resilient energy and supporting infrastructure.

The BU is thus developing in two key growth areas: (i) renewable energy generation (wind, centralized and decentralized solar and storage), to meet growing demand for clean energy from customers, and (ii) client solutions to help customers modernize their facilities, reduce their costs, preserve their resources and optimize the environment for their users in terms of comfort, security and productivity. It aims to encourage customers achieve their transition to carbon-neutral by adopting a partnership approach.

The North America BU has clear opportunities and ambitions for the future:

- having built nearly 2 GW of new renewable capacity in 2020, to accelerate the development of renewable energy;
- to be recognized as a leader in integrated carbon-neutral solutions by: combining the technical capabilities and internal technologies of the BU in order to offer sophisticated and financed solutions to its customers;
- to industrialize the development of solutions based on decentralized infrastructure (starting with district heating and cooling, distributed solar, and batteries).

1.6.4.2 Description of activities

The BU's three main business segments are:

- The generation of mostly renewable power: the BU builds and operates wind, solar and storage projects across North America, and built nearly 2 GW of new renewable energy capacity in 2020. This energy is intended for end-customers in the form of long-term purchase contracts. Customers such as Microsoft are thus relying on a hybrid wind and solar power solution that allows them to achieve their carbon neutrality goals and access clean energy 24 hours a day, seven days a week. The BU is also active in decentralized solar energy.
- Services:
  - to cities and communities with tailor-made solutions to help them use resources more efficiently to meet the essential expectations of stakeholders, while paying greater attention to their essential role;
  - to businesses and industries with solutions designed to meet changing regulatory requirements while taking into account competitive market opportunities and shareholder concerns;
  - buildings with solutions that meet the essential priorities of this customer segment – programming, price certainty, reliability and safety – while taking into account all fiscal and social factors, down to the local level.
- The supply of electricity and gas to more than 40,000 industrial, business and community customers in 14 states: Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, and Washington D.C.

The BU's successes in 2020 were:

- an agreement with Meridiam in January 2020 for the concession of the University of Iowa concerning energy efficiency, water management and sustainability in general. ENGIE will be responsible for the operation, maintenance, optimization, and improvement of public service systems on the university campus. The project includes the provision of heating, cooling and power to the campus through a dedicated network, and the management of high-quality sanitary water and rainwater services;
- an agreement with Hannon Armstrong for the sale of a 49% share of a portfolio of 2.3 GW of renewable energy. ENGIE will retain control of part of the portfolio and continue to manage the assets. This portfolio represents 2.3 GW, which includes 1.8 GW of onshore wind projects and 0.5 GW of solar photovoltaic (PV) projects;
- the commissioning of 0.4 GW solar power and 1.4 GW wind power in 2020 in the United States.

Regulatory changes: Since Joe Biden's election in November 2020, the new administration has shown a greater commitment to energy transition and the fight against climate change.

1.6.5 Middle East, Asia & Africa

The Middle East, Africa & Asia reporting segment comprises the activities of four BUs: the Asia Pacific BU (Australia, New Zealand, Thailand, Singapore, Indonesia, and Laos), the China BU, the Africa BU, and the Middle East, South and Central Asia, and Turkey BU (including India and Pakistan). In all of these regions, the Group is active in electricity generation and sales, gas distribution and sales, energy services, and seawater desalination in the Arabian Peninsula.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	2,382	2,937	-18.9%
EBITDA	600	725	-17.2%

1.6.5.1 Asia-Pacific

1.6.5.1.1 Missions & Strategy

The Asia-Pacific BU operates in a vast, diverse fast-growing region. A need for basic energy infrastructure in some countries, growing digitalization and urbanisation and growing or nascent environmental concerns offer immediate and future opportunities. In addition, the region has many Fortune 500 and RE100 companies physically present which provides the opportunity to assist global customers in achieving their Sustainable Development Goals.

During 2020, the Asia-Pacific BU has further narrowed its geographic focus and through the cessation of business development activities in North Asia (Japan and South Korea).The Asia-Pacific BU is focusing its activities in five countries with the continuation of developing our stronghold markets of Australia and Singapore, as well growing our presence in South East Asia (Singapore, Philippines, Malaysia, Indonesia) where we look to turn existing footholds into strongholds.

Following the completion of our asset rotation strategy (8,000 MW thermal), while the portfolio has a presence in all Business Lines, the Asia-Pacific growth strategy is primarily orientated around Renewables and Client Solutions.

1.6.5.1.2 Description of activities

Australia: ENGIE operates over 1,100 MW (gross) of renewable (wind turbine) and gas-fired plants, 750,000 customer accounts in B2C Supply business, a B2B Client Solutions (multi-technical services) business and a growing B2T business servicing customers such as Springfield City Group and Monash University. Australia has a >3,000 MW pipeline of solar and wind projects under development and is actively engaged with customers seeking Corporate PPAs to help meet their sustainability goals. In October 2020, ENGIE launched an innovative equity finance platform in partnership with Infrastructure Capital Group (ICG) to accelerate the development of renewable energy assets.

South East Asia (Singapore, Philippines, Malaysia, Thailand, Indonesia):

- **Client Solutions:** Well established position for future growth in Client Solutions through multiple successful acquisitions and organic growth, with strong capabilities (technical maintenance, energy efficiency, district cooling systems, onsite generation) to provide low carbon offers as a service. ENGIE secured a partnership with Sunway (leading local real estate developer) to deploy DCS over their portfolio of assets in Malaysia (complementary to our partnership with Filinvest in the Philippines).
- **Renewables:** Across the **five countries in South East Asia** has renewable pipeline of > 4,000 MW of solar, wind, hydro, storage projects under development. In **Indonesia**, ENGIE is a key player in geothermal through our investment in Supreme Energy with 85 MW in operation and 90 MW under construction (COD 2021). During 2020, ENGIE was awarded 135 MW project in **Malaysia** as part of large scale solar 3 (LSS3) auction which is now under construction (COD 2021).
- **Thermal:** In **Singapore**, ENGIE holds a 30% stake in Senoko Energy, operating a portfolio of power generation assets with a combined capacity of 2,807 MW. Senoko is present in the B2B electricity retail market and is also the B2C retail market which has been fully open since 1 May 2019.
- **Networks:** In December 2020, ENGIE divested its 40% stake in PTTNGD, a distributor of natural gas to industrial customers in Thailand.

Throughout 2020, Covid-19 became a global health crisis and while the duration of the pandemic remains unclear, many countries have announced significant stimulus packages which should see countries within the Asia-Pacific perimeter, accelerate out of the temporary dip in growth caused by the pandemic.

Myanmar: Mandalay Yoma Energy, a joint venture between GDF International SAS (GDFI), a member of the ENGIE Group ("ENGIE") and Sol Partners Pte. Ltd. ("Sol Partners") is focused on providing access to energy through the deployment of micro-grids.

Regulatory changes: a number of countries in the Asia-Pacific region are taking further steps to increase the penetration of renewable generation and energy efficiency measure. Key evolutions in 2020 include:

- In **Australia**, the Federal Government released the Technology Investment Roadmap, its flagship decarbonization policy with a $18 billion AUD investment commitment over ten years for five priority areas: hydrogen, carbon capture and storage (CCS), soil carbon, storage options and 'low-carbon' steel and aluminium production.
- In the **Philippines**, the Department of Energy confirmed 2020 its moratorium for greenfield coal power plants to further enhance the prospect of the renewable energy landscape and is imposing a 1% YoY increase in favour for renewables and set of renewable energy tax incentives.

- Review of the **Malaysia** Electricity Supply Industry 2.0 (MESI 2.0) ongoing, including the liberalization of the electricity retail market, trial run for the third-party access of TNB's transmission assets, as well as independent sourcing of coal and gas from third parties for independent power producers (IPPs) are all positive evolutions.
- In **Indonesia**: with growing discontent towards fossil fuels, President Jokowi is adamant for the country to reach their Paris Agreement renewable target of 23% in 2025 (from 11% today). Key regulatory changes are underway, setting the right conditions for transparent procurement and pave the way for bankable and profitable renewable investments.

1.6.5.2 China

1.6.5.2.1 Missions & Strategy

After the Covid-19 crisis at the start of the year, China pursued its economic expansion. On September 22, 2020, it announced a carbon neutrality target of 2060 to the United Nations General Assembly, with a peak in emissions expected before 2030.

In this context, the China BU is focusing its development activities on two main sectors: renewable energy and decentralized energy infrastructure for local authorities and industry.

The China BU joins the APAC BU in 2021.

1.6.5.2.2 Description of activities

The China BU is pursuing the strategy defined by the Group on the Chinese market and developing clean energy offers based on renewable sources (solar PV, wind power, and energy storage) and decentralized energy solutions (heating and cooling networks, electric vehicles charging, and energy efficiency services).

The China BU also continues to support the Group by optimizing the supply chain for equipment and services from China. When the Covid-19 health crisis became generalized, the BU also provided very substantial support relating to personal protective equipment (masks in particular).

Regulatory changes: China continues to modernize towards a more deregulated electricity market without subsidies for renewable energy.

1.6.5.3 Africa

1.6.5.3.1 Missions & Strategy

There is a growing need for energy in Africa, to sustain the economic growth that is forecast for the coming years. In response to the challenge of access to energy in Africa, ENGIE has the unique capability of implementing integrated solutions throughout the energy value chain, from infrastructure and centralized power generation to off-grid solutions (domestic solar systems, micro-grids) and energy services.

The Africa BU was in charge of developing ENGIE activities in African countries which offer a promising balance between risks and rewards for the core activities of ENGIE. In line with the Group decision to streamline its operations, the regional organizations of Africa and MESCAT Business Units have merged in early 2021.

1.6.5.3.2 Description of activities

In the centralized power generation business, ENGIE has a strong presence in Egypt, Morocco, Senegal and South Africa with 3.15 GW of power generation capacity in operation or construction and development projects in Djibouti and Tunisia.

During the year 2020, major milestones have been achieved :

- In **Djibouti**, Engie signed an agreement with the Djiboutian Ministry of Energy for the development of the 30 MW Grand Bara PV power plant.
- In **Egypt**, ENGIE and its consortium partners are developing the 500 MW Red Sea wind farm.
- In **Senegal**, ENGIE finalized the construction of two PV solar power plants totaling 60 MW under the IFC Scaling Solar – program.
- In **Tunisia**, the consortium led by ENGIE and NAREVA has been declared preferred bidder for the construction of the 120 MW Gafsa PV power plant.

Alongside its grid-connected centralized energy generation activities, ENGIE also has a presence on the off-grid solutions market. In 2020, ENGIE realized the integration of Fenix International, ENGIE Mobisol and ENGIE PowerCorner and created a new entity, ENGIE Energy Access. With over 1,700 employees, operations in nine countries across Africa (Benin, Côte d'Ivoire, Kenya, Mozambique, Nigeria, Rwanda, Tanzania, Uganda and Zambia), over 1 million customers and more than 5 million lives impacted so far, ENGIE Energy Access is Africa's leading off-grid company.

ENGIE's energy services activities are spread throughout the continent but with a particularly strong presence in Morocco with ENGIE Services Maroc. In South Africa, ENGIE operates through ENGIE Thermaire & Ampair. ENGIE Services Côte d'Ivoire is the services company for West Africa.

The Covid-19 pandemic has a limited impact on the centralized generation business despite negative impact of FX corrections. ENGIE Energy Access registered a decrease of sales in its main markets. Lockdowns and associated reduced economic activities have strongly impacted the installation sector.

1.6.5.4 Middle East, South and Central Asia, and Turkey (MESCAT)

1.6.5.4.1 Missions & Strategy

The Middle East, South and Central Asia, and Turkey region includes a population of over two billion in more than 30 countries. The target countries are showing signs of resilience despite the impact of Covid-19 and the drop in the price of oil, particularly in some Gulf countries which have substantial reserves through their sovereign wealth funds. While their economic conditions vary, most countries have renewable energy projects under development as well as high levels of urbanization.

Due to its long-term contracts, the results of the BU were minimally affected by the Covid-19 crisis, but the crisis involved the extensive mobilization of all the teams to continue to ensure the production of energy and desalinated water at the numerous plants.

The BU's strategy is based on the following two key pillars: (i) preserving and increasing the value of the portfolio of existing assets, and (ii) generating growth through new business lines and services in the countries of the MESCAT BU via acquisitions and increasing equity investments.

The MESCAT BU, a key contributor to the Group's results, continues to develop strong positions in low-carbon centralized energy generation (natural and renewables). It is accelerating in new activities such as the independent production of desalinated water and cooling networks, which are becoming a major contributor to the results of the BU.

1.6.5.4.2 Description of activities

1.6.5.4.2.1 Thermal generation/desalination

In the Gulf Cooperation Council (GCC) Countries, the ENGIE acts as an asset developer, owner and operator. The BU sells the electricity and water it produces under long-term public power and water contracts. ENGIE is the leading private power and water developer and/or operator in the region. The total power generation capacity of 31 GW serves more than 40 million people. The desalination facilities in operation or under construction produce nearly 6 million m^3 of water/day. In 2020, ENGIE won the Yanbu contract in Saudi Arabia with capacity of 100 MIGD.

In Pakistan, ENGIE owns 100% of two combined cycle gas turbine (CCGT) plants with total capacity of 932 MW. The electricity produced is sold under long-term PPAs to the distribution companies.

In Turkey, ENGIE holds a majority stake in the Baymina CCGT plant, with total production capacity of 763 MW. The plant has now been mothballed due to a drop in demand and low prices in the electricity market.

1.6.5.4.2.2 Renewable energy

In India, ENGIE holds a portfolio of nearly 1.1 GW in renewable energy capacity (280 MW of wind power and 1,100 MWc of solar power), installed or under construction.

1.6.5.4.2.3 Client Solutions

In 2019, ENGIE acquired all of the Cofely-Besix joint venture, which became ENGIE Solutions Middle-East. In the GCC countries, ENGIE Solutions is a major facility manager and provides its customers with energy performance services and a range of services in the areas of facility management, decentralized energy generation, and public lighting. ENGIE Solutions has established itself in Saudi Arabia and is experiencing satisfactory development.

ENGIE holds a 40% stake in Tabreed (National Central Cooling Company PJSC), the leader in urban cooling networks in the GCC. The company distributes the equivalent of one million tons of cooling produced by its 83 urban cooling plants located in the Gulf countries, and is expanding in India. Tabreed has had several commercial successes with the acquisition of the cooling networks of Downtown Dubai and the cooling plant of Masdar (water).

ENGIE provides operating and maintenance (O&M) services to industrial companies, in both power generation and distribution, in Turkey and in the GCC countries.

In the GCC countries (particularly Saudi Arabia), ENGIE has begun to develop corporate PPAs with industrial customers.

1.6.5.4.2.4 Energy supply

In India, ENGIE owns Simpa Networks, which markets individual solar electrification solutions in disadvantaged rural areas in northern India. The Covid-19 health crisis significantly affected this activity.

In Turkey, ENGIE owns 90% of IZGAZ, the country's fifth-largest natural gas distributor, which distributed and marketed natural gas to 360,000 residential, commercial and industrial customers in the Kocaeli region in 2019.

1.6.6 Others

The "Other" reporting segment encompasses the following activities:

- the Global Energy Management (GEM) BU manages and optimizes the Group's portfolios of physical and contractual assets (excluding gas transmission, distribution and storage infrastructures), particularly in the European market, on behalf of the BUs that hold power generation assets and of customer portfolios. It is also responsible for selling energy to national and pan-European key industrial accounts and for supplying energy to the BUs which sell it on to their customers. Lastly, it leverages its expertise in the energy-related financial markets to provide solutions to third parties.
- the Tractebel BU (engineering companies specializing in energy, hydropower and infrastructure);
- the GTT BU (specializing in the design of cryogenic membrane confinement systems for maritime transport and onshore and offshore storage of LNG);
- and the contribution of the Hydrogen BU, the Businesses and Local Authorities activities of ENGIE SA, and the holding company and Corporate activities, which include the entities responsible for the Group's centralized financing and the contribution of the associate company SUEZ until its disposal in October 2020.

Key figures

In millions of euros	At Dec. 31, 2020	At Dec. 31, 2019	Total change *(in %)*
Revenues	8,417	8,633	-2.5%
EBITDA	(14)	182	-107.5%

1.6.6.1 Global Energy Management (GEM)

1.6.6.1.1 Missions & Strategy

With a staff of around 1,400, offices in 16 countries and eight main trading platforms covering Europe, the United States and the Asia Pacific region, the Global Energy Management (GEM) BU is in charge of two main purposes. On one hand, GEM BU optimizes the value of Group's power, gas and renewable assets, manages portfolio risks on behalf of the Group through markets and contributes to the competitiveness of the Group's Business Units. On the other hand, GEM develops commercial activities with more than 800 external clients in more than 50 countries.

In line with ENGIE's strategy, GEM pursues its plan to expand its green energy management portfolio, which includes renewable power, low carbon and green gases, sustainable biomass, guarantee of origin and green certificate. In this respect, GEM develops the management of long-term renewable power purchase agreements "Green PPAs". GEM already concluded such transactions amounting to 1 GW over 10 years.

This business development is strengthened by cultural change initiatives and specific training programs, and by taking into account social, environmental and carbon emissions criteria in decision-making process.

1.6.6.1.2 Description of activities

GEM provides wholesale energy market access and risk management services, including market risk hedging products. The BU develops energy supply activities, delivering gas, electricity and associated risk management services to major industrial clients in Europe and to ENGIE's sales entities.

With regard to power asset management, GEM provides dispatching and optimization activities for ENGIE's power generation assets as well as for third party assets. Concerning gas asset management, GEM manages gas upstream supply, transportation and storage capacity portfolio, including valorizing and optimizing asset flexibility through the markets.

GEM also provides energy transition services, managing and optimizing intermittent renewable assets, offering demand side management solutions and battery storage services. The BU is developing activities in the purchase and supply of renewable energy and low-carbon gases.

Finally, GEM delivers LNG and biomass supply solutions worldwide.

In 2020, the unprecedented crisis triggered by the Covid-19 hit the commercial and energy supply activities of GEM BU. The BU faced 46 of credit incidents, but its market activities were able to leverage high volatility in the context of exceptional market conditions.

Regulatory changes: on 27 May 2020 the EU announced a major Recovery Plan intending to repair the economic and social damage brought by the coronavirus pandemic. A third of the total 1,8 b€ plan will be earmarked to the energy transition in order to incentive innovation, development of renewable energy and decarbonization technologies. Power and gas markets will benefit from this plan, including the transport sector. The upcoming "Decarbonization Package", to be set by the European Commissions by 2022 for the decarbonization of the gas sector, will be at the crossroads of the Green Deal (issued in 2019) and the Recovery Plan.

1.6.6.2 Tractebel

1.6.6.2.1 Missions & Strategy

For more than 150 years, Tractebel has been known as an engineering company of prime standing in the areas of energy, water and urban infrastructure worldwide. Tractebel is now focused on designing, engineering and building integrated solutions to support its customers all over the world as they make the carbon-neutral transition. The BU aims to be the leader in engineering for a carbon-neutral future.

Tractebel offers an integrated range of engineering, project management and advisory services throughout the entire life cycle of its customers' projects.

1.6.6.2.2 Description of activities

In the energy sector, Tractebel continues to employ its multidisciplinary technical skills in the service of the Group's internal and external customers to design, plan, develop and oversee the construction of electricity and gas projects or large-scale transmission and distribution networks. Tractebel works on the very high-performance, hybrid solutions that its customers demand. The thermal energy teams support ENGIE in the development of new power plants in Belgium under the CRM mechanism. Tractebel is also involved in several wind projects in Africa and Asia (Gulf of Suez in Egypt, Taiba in Senegal, and Hong Phong 4 in Vietnam), from design to commissioning.

In support of the energy transition, Tractebel offers an offshore hydrogen production platform and provides engineering, procurement and construction management (EPCM) services for the Rhyno project in South Africa. Tractebel is also in charge of design, project management and construction management for a project to strengthen one of the North-South corridors of the electricity grid in Germany.

With 60 years of experience, Tractebel has developed cutting-edge knowledge in the field of nuclear power. Operators, constructors and investors have confidence in its services, which include designing new facilities, supporting safe, profitable operations, preparing and overseeing decommissioning activities and developing new reactors. Tractebel continues to roll out its services to operators such as EDF in France and ESKOM in South Africa.

Tractebel is also taking part in the development of power reactor construction projects at the Hinkley Point and Sizewell sites in the UK and in large-scale defense infrastructure projects in France. In the field of small modular nuclear reactors, Tractebel is carrying out a study for a Finnish industrial company interested in decarbonizing its district heating energy source.

Benefiting from expertise and an international reputation, Tractebel has planned, designed and supervised the construction of more than 1,000 hydro infrastructures on all continents. These developments include dams and hydroelectric projects of all sizes as well as irrigation systems, water supply and sanitation projects, water transfer works, and marine and waterway infrastructure projects.

The services cover the entire life cycle of projects, from planning to the operation of structures, including the design, construction and commissioning phases. The solutions offered are at the cutting edge of modern engineering and also include consulting services to effectively support the development of projects.

Tractebel is conducting the execution studies for the Snowy 2.0 pumped-storage hydroelectric power station (PSHPS) in Australia and is helping to develop a digital decision support tool for the management of infrastructure on inland waterways in Walloon (Belgium).

Lastly, Tractebel is helping to achieve a sustainable living environment by incorporating its know-how in the areas of energy, water, infrastructure, construction and mobility. More than 1,000 urban planners, engineers and environmental specialists at Tractebel design solutions to make urban environments more livable, greener and more sustainable.

Using building information modeling (BIM) and complex modeling and simulation tools, Tractebel is taking part in various low-carbon transport infrastructure projects in Antwerp, Ghent, Luxembourg, Frankfurt, Delhi, Santiago and Greater Paris. The teams have won low-consumption building design projects in Belgium, Italy, and France and act as experts for Isocarp (the International Society of City and Regional Planners), and for ENGIE, in order, for example, to outline the global urban landscape in 2030.

https://www.engie.com/en/nine-types-cities-imagine-world-tomorrow

1.6.6.3 Gaztransport & Technigaz (GTT)

1.6.6.3.1 Missions & Strategy

The company specializes in systems of cryogenic, or very low temperature, membrane containment used for sea transport and onshore and offshore storage of LNG and other liquefied gases.

The GTT BU's missions are to (i) provide the various players in the LNG chain (shipyards, shipping companies, gas companies) with containment systems designed by the Company, which make it possible to transport and store liquefied gas in bulk, reliably and safely; (ii) provide engineering, advisory, training, maintenance assistance and technical study services at all stages of the liquefied gas chain, and (iii) promote new LNG outlets, by contributing in particular to the development of LNG as a fuel for the propulsion of ships (LNG as fuel), and of LNG transportation by sea or inland waterways in small or medium-sized ships.

1.6.6.3.2 Description of activities

Over the past 50 years, GTT has developed tried and tested technologies for sea transportation and onshore and offshore storage of LNG and other liquefied gases.

The confinement systems designed by GTT are based on its Mark and NO membrane technologies for LNG tankers and other floating units and GST for LNG onshore storage tanks. These systems make it possible to transport and store liquefied gas in bulk, safely and reliably.

GTT also provides solutions for the use of LNG as a fuel for shipping as well as a broad range of services in engineering, assistance in emergency situations, consulting, training, maintenance assistance and the performance of technical studies. In 2019, the trend in orders for LNG tankers, ethane tankers, and GBS terminals (gravity based structures) continued, with new achievements in the field of LNG fuel.

Traded in Compartment A of the Euronext Paris market, GTT is 40.41% held by ENGIE. It is currently under strategic review.

1.6.6.4 ENGIE SA Entreprises & Collectivités activities (Businesses and local communities)

1.6.6.4.1 Missions & Strategy

Entreprises & Collectivités (E&C) aims to be the preferred energy supplier for businesses, local authorities and condominiums (BtoB segment) in France. E&C and its 700 employees support around 50,000 customers and supply gas and electricity (approximately 36 TWh of natural gas and 30 TWh of electricity sold in 2020) for around 400,000 delivery points.

E&C also supports its customers as they make their zero-carbon transition, responding to their need to be competitive and anticipating changes in their expectations. It is thus developing the supply of carbon-free energy, local generation and self-consumption of solar power, energy efficiency and the production of energy saving certificates (EEC) as well as green mobility.

1.6.6.4.2 Description of activities

E&C has developed new partnerships, through the acquisition of Certinergy and CN Solutions in January 2019, leaders in EEC production on the BtoB market, and the creation of Réservoir Sun, a joint venture with Green Yellow (Casino group) dedicated to self-consumption, in October 2018. It has also focused on customer satisfaction, the experience of its employees, risk management, commercial synergies within the Group, and the sale of biomethane (it is the leading buyer and seller in France with 50% of market, representing around 1 TWh in 2020).

In 2020, the health crisis and the temperatures, some of the highest recorded in the last century, strongly impacted the profitability of E&C. These two events combined resulted in the risks sustained. They prompted measures to make the energy supply business resilient in the long term, while continuing to diversify its activities, levers for accelerating the energy transition of BtoB customers in France.

1.6.6.5 Hydrogen BU

1.6.6.5.1 Missions & Strategy

ENGIE's Hydrogen Business Unit (H2 BU) was launched in 2018 in order to devise carbon-free energy solutions based on renewable hydrogen, produced from the electrolysis of renewable electricity, to make a 100% renewable world a reality for territories.

Renewable hydrogen is the missing link in the energy transition. It frees up the potential for developing renewable energy by storing energy generated intermittently, and enables the Group to support its customers as they make their carbon-neutral transition in industrial processes that are hard to decarbonize (fertilizer, mining, refineries, etc.).

Lastly, the development of technologies such as fuel cells makes it possible to envisage the development of new uses and markets where hydrogen from renewable sources would be the "green fuel" of the future (heavy mobility: trucks, trains, ships, etc.), a generator of electricity, heating and cooling.

The BU has adopted a comprehensive and phased approach, developing large-scale projects with its industrial customers in the most favorable geographical areas. It designs models for replicable offers for targeted segments.

1.6.6.5.2 Description of activities

The BU is developing hydrogen production centers in stages, starting with the local development of industrial applications.

Two projects are currently under construction: the Zero Emission Valley project near Lyon, in France, (involving the construction of 20 hydrogen fueling stations, in partnership with the Auvergne-Rhône-Alpes regional authorities and Michelin) and a project at the Mogalakwena mine in South Africa, in partnership with Anglo American. The aim of the latter project is to jointly develop the first hydrogen-fueled haul truck.

A test project on hydrogen trains was also successfully carried out in February 2020 in the Netherlands, as part of a partnership with Alstom and Gasunie, paving the way for the larger-scale roll-out of this solution in the region. Several large-scale projects are being developed with key players, including Yara in Australia, Enaex in Chile, and Gasunie in the Netherlands. Each of these projects could eventually result in the implementation of large-scale (GW level) projects.

At the same time, prospection is progressing in areas most favorable to the development of projects, such as Australia, Chile, and Europe (the Netherlands, France, Portugal and Germany).

ENGIE is also continuing to boost the hydrogen sector by supporting the development of future technologies. The signing of a partnership with Ariane Group in the field of renewable hydrogen liquefaction demonstrates this commitment to decarbonizing heavy long-distance transport.

Regulatory changes: the combined actions of industrial companies, including ENGIE, with respect to the public authorities has led many countries to adopt national hydrogen roll-out plans. These plans provide for financial and regulatory support for the development of an industrial supply chain (South Korea, Germany, France, Chile, Australia and Japan). Government support has increased further in Europe in the form of the stimulus packages announced in 2020 (€9 billion in Germany, €7 billion in France, €1 billion in Portugal, etc.).

In 2020, the European Commission presented a strategy for the development of hydrogen with a view to climate neutrality in Europe. Ambitious regional funding mechanisms such as the European Innovation Fund, endowed with €10 billion, have come into force to support major decarbonization projects, including hydrogen. ENGIE has submitted several of its major projects to this assistance program. The BU has already obtained public funding for some projects in Europe and Australia. Advances in the area of traceability and guarantees of origin are also enabling recovery of hydrogen from renewable sources.

1.7 Real estate, plant and equipment

The Group owns or leases a significant amount of industrial real estate around the world. Many Group activities involve operating very large plants that the Group only partially owns.

As of December 31, 2020, the Group operated electricity power plants, natural gas terminals and storage facilities in over 40 countries.

The tables below show the main facilities currently in operation, either wholly or partially owned by the Group. Leased properties are discussed in Notes 21 and 22 of Section 6.2 “Consolidated financial statements”.

Power plants (capacity > 400 MW excluding units under construction)

Country	Site/plant	Total capacity [(1)] *(in MW)*	Type of plant
South Africa	Avon	669	Fuel-oil fired
Saudi Arabia	Fadhili	1,507	Natural gas
	Marafiq	2,744	Natural gas
	Ju’aymah	484	Natural gas
	Shedgum	484	Natural gas
	Uthmaniyah	484	Natural gas
	Riyadh PP11	1,729	Natural gas
Australia	Pelican Point	489	Natural gas
Bahrain	Al Dur	1,234	Natural gas
	Al Ezzel	954	Natural gas
	Al Hidd	929	Natural gas
Belgium	Amercœur	451	Natural gas
	Coo	1,071	Hydraulic pumping
	Doel	2,934	Nuclear
	Drogenbos	460	Natural gas
	Herdersbrug	480	Natural gas
	Tihange	3,008	Nuclear
Brazil	Cana Brava	439	Hydroelectric
	Estreito	1,068	Hydroelectric
	Jaguara	413	Hydroelectric
	Jirau	3,750	Hydroelectric
	Miranda	404	Hydroelectric
	Ita	1,442	Hydroelectric
	Jorge Lacerda	777	Coal
	Machadinho	1,135	Hydroelectric
	Salto Osòrio	1,072	Hydroelectric
	Salto Santiago	1,415	Hydroelectric
Chile	Mejillones	1,212	Coal-fired and natural gas
	Tocopilla	676	Natural gas, coal- and fuel oil-fired
United Arab Emirates	Fujairah F2	2,000	Natural gas
	Mirfa	1,599	Natural gas
	Shuweihat 1	1,500	Natural gas
	Shuweihat 2	1,496	Natural gas
	Taweelah	1,592	Natural gas
	Umm Al Nar	1,532	Natural gas
Spain	Cartagena	1,199	Natural gas
	Castelnou	791	Natural gas
France	CombiGolfe	435	Natural gas
	CyCoFos	490	Natural gas and steelworks gas-fired plant
	DK6 (Dunkirk)	788	Natural gas and steelworks gas-fired plant
	Génissiat	423	Hydroelectric
	Montoir-de-Bretagne	435	Natural gas

Country	Site/plant	Total capacity (1) *(in MW)*	Type of plant
Greece	Viotia	570	Natural gas
Italy	Torre Valdaliga	1,134	Natural gas
	Vado Ligure	782	Natural gas
Kuwait	AzZour North	1,522	Natural gas
Morocco	Safi	1,250	Coal
Oman	Al-Rusail	665	Natural gas
	Barka 2	678	Natural gas
	Barka 3	737	Natural gas
	Sohar	585	Natural gas
	Sohar 2	737	Natural gas
Pakistan	Uch 1	551	Natural gas
Netherlands	Eems	1,925	Natural gas
	Flevo	852	Natural gas
Peru	Chilca	917	Natural gas
	ILO Nodo	600	Fuel-oil fired
	ILO 31	564	Fuel-oil fired
Puerto Rico	Ecoelectrica	530	Natural gas
Portugal	Bemposta I&II	438	Hydroelectric
	Elecgas	839	Natural gas
	Pego	576	Coal
	Picote I&II	433	Hydroelectric
	Turbogas	990	Natural gas
Qatar	Ras Laffan B	1,025	Natural gas
	Ras Laffan C	2,730	Natural gas
United Kingdom	First Hydro	2,088	Hydraulic pumping
Singapore	Senoko	2,723	Natural gas and fuel oil
Turkey	Ankara Boo	763	Natural gas

(1) Capacity of assets in which ENGIE holds a stake, all of which are taken into account irrespective of the real ownership percentage

Underground natural gas storage (> 550 Mm^3 of total useful storage volume (1))

Country	Location	Gross useful volume *(Mm^3)* (1)
France	Gournay-sur-Aronde (Oise)	1,310
France	Germigny-sous-Coulombs (Seine-et-Marne)	820
France	Saint-Illiers-la-Ville (Yvelines)	680
France	Chémery (Loir-et-Cher)	3,600
France	Céré-la-Ronde (Indre-et-Loire)	570
France	Étrez (Ain)	690
France	Cerville (Meurthe-et-Moselle)	650
Germany	Uelsen	840

(1) Useful storage volume held by ENGIE, all of which is taken into account irrespective of the real ownership percentage

LNG terminals

Country	Location	Total regasification capacity *(Gm^3(n) per annum)* (1)
France	Montoir-de-Bretagne	10
France	Tonkin (Fos-sur-Mer)	3
France	Cavaou (Fos-sur-Mer)	8.25
Chile	Mejillones	2.0
Puerto Rico	Penuelas	2,7

(1) Capacity of assets held by ENGIE, all of which are taken into account irrespective of the real ownership percentage

2

Risk factors and control

The material, specific risks to which the Group is exposed, based on its own assessment, are described below. They are divided into seven categories of risks:

- political and regulatory risks;
- risks deriving from climate and environmental issues;
- economic and competitive risks;
- financial risks;
- industrial risks;
- other operational risks;
- social and societal risks.

The risks presented have been assessed and prioritized on the basis of "net risk", taking into account the means of management established.

The summary table below covers the most important risks in each category, classified in decreasing order of criticality (potential medium-term impact (six years) x probability of occurrence).

Risks	Criticality	Section
Political and regulatory risks		
Risk of change in the regulatory framework and of the amount of provisions set aside for the decommissioning of Belgian nuclear power plants and the management of spent fuel	***	2.2.1.1
Risk of a downward trend in the return on gas distribution, transmission, storage and regasification assets in France	**	2.2.1.2
Risk of a posteriori invalidation of the law authorizing the extension of the operating life of the Doel 1, Doel 2 and Tihange 1 nuclear units in Belgium	**	2.2.1.3
Risk of changes in regulations in Brazil in various business sectors (electricity production and sales, transportation of gas), including changes in taxes	**	2.2.1.4
Risk associated with renewal of hydraulic concessions in France	**	2.2.1.5
Risk of disagreement with the Australian regulator over the conditions for rehabilitating the Hazelwood coal mine	*	2.2.1.6
Country risk (changes in regulation, sovereign default, convertibility, expropriation, acts of war or terrorism, etc.)	*	2.2.1.7
Risks deriving from climate and environmental issues		
Position of gas in the French energy mix	**	2.2.2.1
Risk of climate change affecting energy demand and generation	**	2.2.2.2
Economic and competitive risks		
Increased competition risk in energy sales and services, with an effect on margins	**	2.2.3.1
Weakened economic climate if the Covid-19 crisis and related lockdown measures continue	**	2.2.3.2
Risk of decrease in revenues from power plants in the Gulf when long-term contracts expire	**	2.2.3.3
Financial risks		
Commodities market risk	***	2.2.4.1
Foreign exchange risk (translational, transactional, conversion)	***	2.2.4.2
Tax risk (instability of the standard (e.g. reform projects initiated by the OECD/EU), tax insecurity (e.g. transfer pricing, etc.)	**	2.2.4.3
Pension funding risk	**	2.2.4.4
Counterparty risk	**	2.2.4.5
Risk on the return on the amount of provisions invested by Synatom towards nuclear decommissioning and the management of spent fuel.	**	2.2.4.6
Industrial risks		
Risk of industrial accident	**	2.2.5.1
Risk of increase in the cost of processing and storage of various categories of radioactive waste in accordance with the technical requirements of ONDRAF	**	2.2.5.2
Unavailability of one or more nuclear units for technical, security or nuclear safety reasons	**	2.2.5.3
Nuclear safety and security	*	2.2.5.4

Risks	Criticality	Section
Other operational risks		
Cybersecurity	**	2.2.6.1
Risk relating to major projects	**	2.2.6.2
Acquisition and integration	**	2.2.6.3
Risk of malicious acts on tangible and intangible assets	*	2.2.6.4
Social and societal risks		
Risks related to human resources (skills, employee engagement and risks of social movements)	**	2.2.7.1
Ethical risks	**	2.2.7.2
Reputational risks	**	2.2.7.3
Security of people (terrorism, crime, social protest, etc.)	**	2.2.7.4
Risks associated with health and safety at work (including psychosocial risks/wellbeing at work)	*	2.2.7.5
Level of criticality legend: High *** / Medium ** / Weak *		

Other, less significant risks or risks unknown to date could also affect the Group. If these risks were to materialize, they could have a negative impact on the Group's operations, financial position and earnings, image and outlook, and/or on the ENGIE share price.

2.1 Risk management process

2.1.1 Enterprise risk management policy

The Group has adopted an Enterprise Risk Management (ERM) policy, the principles of which are consistent with professional standards (including ISO 31000 and the Federation of European Risk Management Associations). The policy sets out ENGIE's ambition to "manage its risks in order to ensure its performance".

The Group's Enterprise Risk Management Policy applies to the Group's businesses and controlled entities, while observing the rules of governance that apply to each entity.

This policy promotes risk-taking at a reasonable level from a legal perspective, acceptable to generally held opinion and economically viable. It stipulates that all managers are risk managers. Generally, the Management Committees of the Group's entities are the main bodies that determine the actions to be taken to manage risks, except when a specific risk committee is created, such as for market risk.

To achieve this aim, the Group has appointed the Risk Management Director as Chief Risk Officer. His objective is to ensure the effectiveness of the risk management system. He coordinates the designated Chief Risk Officers of each of the BUs and Corporate Functions. These Chief Risk Officers assess the BU's or Function's overall risk exposure and ensure that risk mitigation plans are implemented.

Risk analysis and coordination of action plans are performed in collaboration with all the Group's functional lines.

Each year, the Group's ERM process begins with a risk review by the Risk Committee within the Executive Committee. An ERM campaign is then launched across the Group, setting out guidelines for risk management throughout the year. It highlights priority risks, each of which is coordinated by an Executive Committee member and will be monitored specifically by one of the Board's standing committees (see Section 4.1.2.4 "Standing committees"). It results in a new Group risk review that is presented to the Executive Committee, then to the Audit Committee. After examining the review, the Audit Committee gives its opinion on the effectiveness of the risk management system to the Board of Directors.

Knowledge of risks resulting from the reporting of operating entities and functional departments is supplemented by interviews with directors, an analysis of publications by external analysts and a review of major events.

2.1.2 Crisis management

In order to deal with the occurrence of all types of crises and minimize their impacts, ENGIE has established an overall crisis management system. The Group is thus equipped with a major incidents warning and reporting system (Crisis *App).* Crisis analysis is carried out at the local level by a locally run crisis unit. Decision-making to manage a crisis is made at the relevant organizational level, according to the principle of subsidiarity.

Each BU has to carry out one exercise a year to test the resilience of the structure and to ensure continuous improvement. Similarly, all the Group's permanent crisis management staff is trained and takes part in regular exercises. An annual report is drawn up and shared with each BU.

The Covid-19 health crisis underlined the Group's ability to anticipate events as of January 2020. Rapid and efficient responses were provided to issues arising in particular from the international nature of the crisis. Throughout the pandemic, employees and sites were protected and the logistics chain secured.

However, the existence of this system does not eliminate the risk that the Group's activities and operations might be disrupted in crisis situations. Moreover, this system cannot guarantee the absence of the risk of impacts on third parties or on the environment.

2.1.3 Risk and insurance cover

ENGIE's Insurance Department is responsible for preparing, establishing and managing insurance programs in the areas of Group asset protection (against property damage and loss of earnings), personal protection, third-party claims (civil liability) and automobile insurance, and for prevention.

For each of these areas:

- the amounts insured depend on the financial risks resulting from potential claim scenarios and coverage conditions offered by the market (available capacities and tariff conditions);
- financing is optimized: low or moderate hazard risks are covered by self-insurance plans, through deductibles and retentions or through the use of the Group's reinsurance company whose commitments on a cumulative basis represent a maximum estimated loss of approximately 0.21% of the Group's 2020 revenues.

However, the Group could, in certain cases, be required to pay out sizable compensation not covered by the current insurance program or could incur very high costs that its insurance policies do not reimburse or reimburse inadequately. Although the Group has excellent insurance coverage, specifically with regard to civil liability and environmental risks, it could be liable beyond the maximum insured amount or for events not covered (primarily due to the common insurance exclusions).

2.1.3.1 Civil liability

A civil liability program for corporate officers and managers covers the representatives of ENGIE, its subsidiaries and Group representatives within its equity holdings.

A general civil liability program (including for environmental damage) has been taken out for all the entities for a total amount of €800 million. This program predominantly provides first-euro coverage or coverage for amounts in excess of the underlying coverage taken out by some entities (usually up to USD 50 million).

2.1.3.2 Nuclear civil liability

As an operator of nuclear units in Doel and Tihange (Belgium), Electrabel's civil liability is governed by the Paris and Brussels Conventions, which aim to ensure that victims receive compensation and to encourage solidarity among signatory countries, and by the Belgian Law of July 22, 1985, (amended by the Laws of June 29, 2014 and December 7, 2016) and a Royal Decree dated December 10, 2020.

This liability falls exclusively on the operator of the facility where the nuclear accident occurs. In return for this strictly objective liability, the amount of the compensation is capped per accident and limited in time to a period of 10 years. This period was increased to 30 years by the amended Law of June 29, 2014, and reduced again to 10 years by the Law of December 7, 2016. The signatory countries to the conventions also created a mechanism that provides additional compensation beyond the maximum amount.

The nuclear civil liability insurance program taken out by Electrabel complies with the Belgian national law requiring the operator to provide financial guarantees or to take out civil liability insurance up to €1.2 billion. Insufficient capacity in the insurance markets, however, resulted in a shortfall of up to €891 million. This only affected the liability extended by the Law of June 29, 2014, and only for nuclear accidents that allegedly occurred between January 1, 2016, and December 24, 2016, when the Law of December 7, 2016 came into force.

2.1.3.3 Property damage

The Group's entities have property insurance covering the facilities that they own, lease or manage on behalf of third parties, with the exception of gas transmission and distribution network pipelines and heat networks in France. The main programs provide cover based either on replacement value or on contractual limits per loss event. In the latter case, the limits are set on the basis of major scenarios estimated in accordance with insurance market rules and available offers (cost and capacity).

Insurance covering business interruption and additional operating costs is taken out based on each risk analysis and in consideration of existing assistance plans.

Construction projects are covered by "Erection All Risks" programs taken out by the owner or operator, project manager or prime contractor.

2.1.3.4 Employee protection programs

The operating entities develop programs covering employees against the risk of accidents and for medical expenses, in accordance with legislation in effect and pursuant to company agreements.

2.2 Risk factors

2.2.1 Political and regulatory risks

The Group is sensitive to the structural and economic risk factors that affect the energy sector. These risks are all analyzed and assessed as part of strategic planning processes that allow the Group to anticipate certain changes in the external environment and prepare for them. The Group's research and innovation policy also helps to deal with strategic developments (see Section 1.3 "Innovation and R&D").

In Europe and in some other regions including the United States, Asia Pacific and Brazil, public authorities intervene in the energy sector through regulation and the extension of regulatory powers in the competitive field. These measures can take the form of increased taxation on energy company profits, changes to the rules governing the markets and the security of supply, interventions by regulators in the deregulated sector to encourage the development of competition, or the move towards the remunicipalization of certain utilities.

Through its presence in the EU and Member State institutions, the Group tries to anticipate any legislation likely to affect its activities and the associated revenues, and formulates proposals for decision-makers. The Group also partially diversifies regulatory and legislative risks by conducting its business in a number of different countries. However, some regulatory developments offer new opportunities for the Group's activities.

Some regulatory changes may alter the risk profile of the Group and impact its earnings and its business model. The most significant of these for the Group are mentioned below.

The greatest risk in this category in 2019 ("Risk of non-extension of the Doel 4 and Tihange 3 second-generation Belgian nuclear units beyond 2025, the date set in the Law of January 31, 2003") was integrated into the Group's accounts at the end of 2020 and generated an impairment loss as set out in Note 13.3.1.2 of Section 6.2.2 – "Notes to the consolidated financial statements". On the basis of the announcements by the Belgian government in Autumn 2020 and the subsequent discussions with the Group, the operational conditions for the pre-extension work were no longer deemed to have been met for the assumed 20-year extension of half of the second-generation units beyond 2025.

2.2.1.1 Risk of change in the regulatory framework and of the amount of provisions set aside for the decommissioning of Belgian nuclear power plants and the management of spent fuel (***)

In Belgium, all nuclear waste management is the responsibility of ONDRAF, the Belgian National Agency for Radioactive Waste and Enriched Fissile Material. ONDRAF proposes, as a national policy, that high level radioactive waste and/or long-lived waste be stored in deep geological repositories and not in long-term storage facilities.

Spent nuclear fuel is currently stored at generation sites. At present there are two possible scenarios for its management: either a portion of spent fuel is reprocessed and the rest is discharged directly into deep geological repositories; or all of the spent fuel is discharged into deep geological repositories. It is up to Synatom to propose a solution that is likely to be approved by the Belgian government.

Costs associated with the management of spent fuel and the dismantling of plant and equipment are included in the costs of nuclear power production and are the subject of provisions. The assumptions and sensitivities regarding the assessment of these amounts are detailed in Note 19.2 of Section 6.2.2 "Notes to the consolidated financial statements".

In accordance with the law, a process of reviewing nuclear provisions is undertaken every three years. The Nuclear Provisions Commission (CPN) communicated its decision to Synatom in December 2019 on the re-evaluation of the provisions of the Belgian nuclear power plants for the decommissioning and management of spent fuel (based on a scenario combining reprocessing of a portion of the spent fuel and direct discharge of the remaining waste – which is more costly than a scenario with no reprocessing), resulting in an increase in provisions of €2.1 billion in 2019.

These provisions could be increased further under the next triennial review scheduled for 2022. An increase in provisions may result from a further decline in the discount rate or a higher estimate of the costs of decommissioning and waste management relating to this business:

- on one hand, spent fuel (for example, due to new technological choices for the long-term management of category B and C waste (long-lived waste));
- and on the other hand, changes in conditioning and removal costs applied by ONDRAF for category A waste (short-lived waste of low or medium activity) generated by decommissioning (see also Section 2.2.5.2).

A reform proposal of the Law of April 11, 2003 on the provisions made for the decommissioning of nuclear power plants and for the management of fissile material irradiated in these power plants was initiated by the Belgian government.

Risk management measures

The Group works in partnership with the CPN for the review of nuclear provisions.

The Group provides the Belgian government with evidence to demonstrate that it is in a position to meet the costs relating to the decommissioning of plants and the management of spent fuel.

The Group contributes directly to working groups with ONDRAF on the technical, legal and financial aspects of radioactive waste management and storage.

2.2.1.2 Risk of a downward trend in the return on gas distribution, transmission, storage and regasification assets in France (**)

Tariffs for access to gas infrastructures (distribution, transmission, storage, regasification terminals) in France are regulated. The tariffs are fixed by the French Energy Regulation Commission (CRE), which may change their level and structure if it deems this justified, particularly in view of financial market trends, the analysis of the accounting of the operators and foreseeable changes in operating and investment costs. These tariffs also include performance incentives. In most cases, they are reviewed every four years, following a public consultation process and public hearings.

On January 24, 2020, the CRE published, most notably, the resolutions setting the gas infrastructure tariffs (distribution, transmission, storage) applicable for a period of approximately four years.

With regard to future regasification tariffs (ATTM6), the CRE published the resolution fixing the tariffs for the use of regulated LNG terminals on January 7, 2021, with an application date of April 1, 2021 for a period of four years in principle. This is in line with the previous tariff but includes an acceleration in asset depreciation for the Montoir terminal.

The next Transport (ATRT8), Distribution (ATRD7) and Storage (ATS3) tariff review is expected to be launched in 2023 for implementation in 2024. Regarding ATTM7 regasification tariffs, a review should be launched in 2024 with a targeted implementation of 2025). If the rate of return on assets decreases, operational and strategic risks associated with the business are not fully taken into account in the return on assets, investments decline, certain charges are not covered, or in the case of a particularly strict incentive regulation, the contribution of gas infrastructure assets to the Group's results and the profitability of its investment in this business could decline.

Risk management measures

The Group is in discussions with the CRE in the context of the tariff review system, which places great emphasis on dialog with all stakeholders. In addition to introducing measures to develop the production of green gas and ensuring it is competitive in the long term, the Group is defending positions that aim to ensure a fair return on assets that is adapted to the new short and long-term economic environment, and adequate coverage of its costs in order to maintain a high standard of service and to enable the necessary investments for the energy transition. ENGIE also promotes the recognition of the flexibility provided by the gas system to the energy system and its valuation; it also strives to enhance its performance in order to establish a competitive tariff trajectory.

2.2.1.3 Risk of invalidation of the decision already granted to extend the operating life of the Doel 1 and 2 and Tihange 1 nuclear units in Belgium (**)

The decision to extend the operating life of the nuclear power unit Tihange 1 to 50 years took effect on October 1, 2015, with a program of associated works. The Belgian government's decision to extend the date of shutdown of the Doel 1 and 2 nuclear units after 50 years, which was confirmed by parliamentary vote in June 2015, was approved by the Belgian Federal Agency for Nuclear Control (FANC) as part of its fourth ten-year review, on the basis of a committed modernization program that ended in 2020. Legal proceedings were brought by environmental organizations before the Constitutional Court against the Belgian state regarding the lack of any environmental impact analysis or public consultation in connection with the adoption of the law passed in June 2015 (see Note 25.3.1 of Section 6.2.2 "Notes to the consolidated financial statements"). The Constitutional Court delivered its judgment on March 5, 2020, by which it annuls the Belgian law extending the lifespan of the Doel 1 and Doel 2 nuclear units in that it was adopted without carrying out the required prior environmental assessments. However, the Court agreed that the effects of the law should be maintained until 2022 to ensure the security of the country's supply. The Doel 1 and Doel 2 units can therefore continue to operate until the situation has been resolved. It is now up to the Belgian State to regularize the situation within this period.

The invalidation of the decision to extend the operating life of the Doel 1 and 2 and Tihange 1 nuclear units could have a significant unfavorable effect on the group's revenues and on the value of the nuclear assets concerned.

Risk management measures

The Group is working in partnership with the Belgian state as part of the regularization process.

The Belgian state has confirmed the schedule set out for the regularization process within the time frame provided by the Belgian Constitutional Court and that it has already started the preparatory work for the required environmental assessments.

2.2.1.4 Risk of changes in regulations in Brazil in various business sectors (electricity production and sales, transportation of gas), including changes in taxes (**)

The Group is exposed to changes in the regulation of Brazil's electricity markets, such as the reduction of subsidies or the introduction of new taxes for producers. The administration may announce new initiatives in line with a modernization of the electricity market design, to open the market to competition, improve its functioning and ensure the necessary investments in modular production capacities.

Brazil now represents 4% of Group revenues. ENGIE Brasil Energia invests in the transportation of gas (acquisition of TAG) and electricity (Gralha Azul and Novo Estado project – construction of high-voltage lines). The Gralha Azul and Novo Estado activities are regulated, while those of TAG are both regulated and covered by long-term contracts. The institutions have launched a process to review and modernize the design of the gas market. The probable evolution of the regulatory framework for the gas transmission activity is closely monitored by the Group, to ensure that it has a neutral effect on TAG's risk profile and return.

The Brazilian tax system is complex and could potentially evolve. Several disputes are underway relating to the application of tax and settling these disputes could take several years. Moreover, numerous modifications to tax regimes may be adopted in the years ahead, in particular relating to VAT (PIS COFINS), dividends (not taxed to date), or corporation tax. Any impacts – that could compensate one another – are not known to date.

Risk management measures

Thanks to its international presence, the Group has extensive experience in *market design*. This experience is made available to the Brazilian institutions, including through participation in the formal process of revising the market design in Brazil. Changes in the design of the electricity and gas markets will affect all companies active in these sectors. Other companies present in electricity generation or gas transmission in Brazil share the Group's opinion and have taken action to ensure the neutrality, and even positivity, of developments in *market design.* Politically speaking, Brazil's need to continue to attract foreign investment limits the risks.

In Brazil, the Group closely monitors any regulatory and legislative reforms to anticipate any changes in these fields as best as possible and introduce measures to limit any negative impact on the profitability of its businesses.

2.2.1.5 Risk associated with renewal of hydraulic concessions in France (**)

Hydropower makes up a substantial proportion of French electricity generation. The state has granted concessions which are gradually expiring, or which have already expired, and which must be put up for tender when they expire, according to the European directive relating to the assignment of concession contracts (directive of February 26, 2014). However, no tender procedures have been launched in France. Expiring concessions are placed on "rolling deadlines", as permitted by the Energy Code. Law No. 2015-992 of August 17, 2015 on the energy transition for green growth also introduced the notion of connected hydroelectric chains (or barycenters), involving the bundling of several concessions assigned to the same water course, but with different expiry dates, and setting a single expiration date. The implementation of the concessions directive in France and the associated uncertainties, particularly concerning France's position in terms of creating a public hydropower cluster for the bulk of concessions on the French market, has led to uncertainty regarding the future of SHEM's concessions.

Schedule uncertainties also weigh on the extension of the CNR concession for which a procedure is underway.

These uncertainties could impact the revenue and values of concessions (see Note 13.3.1.5 in Section 6.2.2 "Notes to the consolidated financial statements").

Risk management measures

An application for the extension of the CNR's concession was presented to the French state, which accepted it and submitted it to the European Commission. The internal legislation procedure is currently underway and the application for an amendment to the concession was filed by the CNR. This procedure should lead to the issue of a decree by the Council of State during 2021 amending the current concession, following an environmental assessment procedure (opinion delivered by the environmental authority) and a consultation of the public and interested parties.

The Group is also defending its interests and finding solutions to safeguard SHEM's future.

2.2.1.6 Risk of disagreement with the Australian regulator over the conditions for rehabilitating the Hazelwood coal mine (*)

As part of its strategy to gradually withdraw from the coal business, in 2017 the Group closed the Hazelwood plant in Australia, which generated electricity from coal from the adjacent mine. The Group is now engaged in decommissioning the plant and rehabilitating the site, aiming to ensure the long-term stability of the ground and walls. The rehabilitation project is based on the creation of a lake in the space left by the open cast mine. Several technical options were studied regarding the size of the mine lake (full or partial) and the origin of the water to be used to fill it. In the event of regulatory non-approval of the options recommended by the Group, it would have to face longer and higher than expected delays and rehabilitation costs, which would have an impact on the level of provisions (see Note 19.3.2 in Section 6.2.2 "Notes to the consolidated financial statements").

Risk management measures

The Group is continuing its studies and discussions with the Australian regulator and the various stakeholders in order to implement the best solution in terms of safety and costs.

2.2.1.7 Country risk (*)

The Group is present, develops its activities or procures natural gas and a variety of industrial components in a large number of countries. The Group is, therefore, exposed to a variety of risks, including notably changes in regulation, sovereign default, convertibility, expropriation, corruption, acts of war, riots or terrorism, extra-territorial effects of some legislation and sanction mechanisms and tariff escalation. Moreover, in certain countries, a dispute with the State in question or other local public entities may make defending its rights before local courts more difficult for the Group.

For example, in the United States, the CAATSA *(Countering America's Adversaries Through Sanctions Act)* of August 2, 2017 allows (on a discretionary basis) the US President to impose secondary sanctions on any entity that participates, in particular through investment, in the construction and/or maintenance of Russian gas export pipelines (Section 232). On October 31, 2018, the State Department published public guidance on the way in which it intends to implement the Act in practice. In this guidance, the State Department indicated that projects that had been initiated before August 2, 2017 would not be subject to potential sanctions under this Section 232. It is specified that "projects initiated before August 2, 2017" must be understood as any project contracted before said date, which is the case for project Nord Stream 2 which is excluded de facto.

On December 20, 2019, new provisions (Article 7503 of the National Defense Security Act of 2020 or "PEESA" (Protecting Europe's Energy Security Act)) were passed by the United States Congress, with the aim of sanctioning, at the end of a period of 30 days, after publication of a report by Congress, the companies supplying pipe-laying vessels for the Nord Stream 2 project. As a result, work was immediately suspended by Allseas, the company contracted to carry out said pipe-laying activities. These measures in no way target the financial backers of the project, including ENGIE.

On July 15, 2020, the State Department published new guidance related to the CAATSA which cancels and replaces, as of this date, the previous guidance. The new guidance now includes in its scope of application all projects whether they had been initiated before or after August 2, 2017 and therefore Nord Stream 2. Nevertheless, it does not affect measures taken under the previous guidance, which are not subject to sanctions. The new guidance states that sanctions are not retrospective. They are therefore only applicable to measures underway as of July 15, 2020, which excludes the funding provided by ENGIE from their scope of application (see Note 16.1.1.3 in Section 6.2.2 "Notes to the consolidated financial statements)".

On January 1, 2021, Congress adopted, in section 1242 of the "*National Defense Authorization Act for fiscal year 2021*", a new legislation called "PEESCA" (Protecting Europe's Energy Security Clarification Act), which modifies previous "PEESA" legislation by extending the scope of potential sanctions to include, in particular, activities relating to the laying of pipelines, insurance activities, as well as inspections related to the Nord Stream 2 project.

ENGIE's contractual financing commitments, which were signed before August 2, 2017, have been fulfilled and ENGIE will not make any further payments. The Group is paying close attention to the effects of all sanctions concerning Nord Stream 2.

These previous activities for ENGIE do not fall within the scope of this legislation.

Risk management measures

The diversity of the Group's locations mitigates country risk to some extent. Attention thresholds by country or group of countries enable the Group's exposure to be monitored. The Group also manages these risks within partnerships or contractual negotiations adapted to each location. It chooses its locations by applying a formal investment procedure that appraises risk. The inclusion of international arbitration clauses in major contracts is applied as widely as possible.

The Group's decentralized organization means that the Business Units are responsible for their own income statements and investments. Each Business Unit is overseen by a Group Executive Vice President who is a member of the Executive Committee. This organization enables the Group to closely manage political and regulatory changes in each country in which it operates, while ensuring that country risk and risk management measures are taken into account at the appropriate level.

2.2.2 Risks deriving from climate and environmental issues

The Group's businesses are exposed to numerous rules and regulations (relating to respecting and protecting the environment and persons or to the energy transition). Its strategy and results could be impacted by the above laws, or others yet to come.

Internationally

Following the adoption of the Paris Agreement, the world's first universal climate change agreement, at the COP21 in December 2015, the COP22, COP23, COP24 and COP25 began to draw up the road map for the signatory States. Although much work remains to be done to finalize the arrangements to implement the agreement, the 1.5°C report produced by the IPCC (Intergovernmental Panel on Climate Change) demonstrates that there can no longer be any doubt as to the need to accelerate national CO_2 emissions policies. The Group is actively preparing for this. It already sharply reduced the proportion of coal in its energy mix (electricity generation at the end of 2020 was divided as follows: 62% natural gas, 23% renewable energy (hydropower, wind and solar, biomass and biogas), 9% nuclear, and 5% coal. The Group has just announced its intention to fully withdraw from coal-based activities by 2027.

In Europe

Europe's climate and energy policy promotes energy efficiency, GHG emission reductions, and an increase in the percentage of renewable energy in the energy mix. The new European Commission has significantly stepped up its decarbonization objectives under the European "Green New Deal" by proposing a GHG reduction target of -55% (versus -40% previously) by 2030 (compared with 1990). This should lead to a mechanical increase in renewable energy and energy efficiency targets. The Hydrogen strategy published on July 8, 2020 by the European Commission, together with the establishment of the European Clean Hydrogen Alliance under its tutelage and ambitious hydrogen strategies published by various countries (Germany, Portugal, ...) including France will also play a key role in this decarbonization of the European economy. In addition, an energy system integration project is currently underway to optimize, in particular, the cost of the transition, which could represent an opportunity to promote the role of gas networks and their adaptation in view of a hydrogen boom and the means of transporting this element. These developments constitute potential growth accelerators for the Group if they are accompanied by a regulatory and financial framework adapted to these ambitions.

Certain sector initiatives, such as the new energy lending policy of the European Investment Bank and the regulatory initiatives relating to "Taxonomy", intended to encourage sustainable investment, may constitute risks if they were to limit access to financing for activities that the Group considers essential to achieve the European objectives of the energy transition, particularly the development of renewable gases. Current developments imply that the processing of renewable gases will not be unfavorable, although it is prudent to await the final texts of the European Commission for confirmation.

2.2.2.1 Position of gas in the French energy mix (**)

The dominant strategy of the energy policy, based on the national energy regulations adopted in 2019 (SNBC, PPE, LEC) and targeting decarbonization through a strengthened and rapid electrification of all uses, may have a major influence on natural gas market share. This vision entails a number of risks that are currently being assessed, in particular concerning the increase in peak electricity needs and the additional cost necessary to meet them, as well as the recurrent challenge of balancing the electricity grid for which the gas vector (natural and progressively green gas), given its cost and its flexibility, could provide more appropriate solutions.

Moreover, the future thermal regulation, which was made public on November 24 and intended to modify how the CO_2 footprint of new buildings in favor of electricity is taken into account, could revive the use of electric heating, to the expense of gas.

In addition, the European "Taxonomy" project mentioned above has created uncertainty about the financing of certain Group activities related to renewable gases (biomethane and hydrogen produced from renewable electricity) if they were not labeled "green" according to the criteria defined by the future European Regulation.

Risk management measures

The Group has strengthened, with French public bodies and the European authorities, its promotion of the gas sector as indispensable to the acceleration and achievement of the energy transition in various areas (including the defense of heating use, the competitiveness of green gases, the market design of biomethane and the energy complementarity).

The Group has defined a strategy for the development of green gases, with the launch of an industrial and commercial plan to expand production of biomethane of agricultural origin (effluent and crop growing residues) and the transition to industrial scale of this production line in France. Downstream of the production chain, the Group's transmission and distribution networks are adapting their infrastructures to enable the transmission of biomethane to customers as inexpensively as possible. The Group is also developing second-generation biomethane production lines, using biomass pyrogasification. It is also leading the way in developing and investing in green hydrogen production projects based on renewable electricity water electrolysis, converting some of its saline cavities to store this hydrogen and improving the technical conditions of its injection into the gas network, all with the purpose of promoting renewable hydrogen as a credible key component of the future French energy mix.

Moreover, the Group intends to diversify its infrastructure portfolio to include growth regions.

2.2.2.2 Risk of climate change affecting energy demand and generation (**)

Information presented here and in Section 3.3.1 Risk F "Climate change impact" reflects the financial risks associated with the effects of climate change and the measures taken by the company to mitigate them by implementing a low carbon strategy in all the components of its activity.

In the short term, climate phenomena (e.g. temperature variation, flooding, wind, drought, heat waves) affect energy generation (in the case of lack of water in dams in particular) and energy demand (e.g. gas supply during a warm winter). They have a direct effect on the Group's results.

In the longer term, climate change could have a greater impact on the Group's activities, for example through changes in regional or seasonal energy demand, changes to the network's production, the obligation to reduce CO_2 equivalent emissions and heightened regulations, conflicts over water use, increases in sea and river levels and temperatures, the preservation of natural carbon sinks and conflicts over biomass use.

Risk management measures

(see also Section 3.5.4 "Group actions")

To adapt its offering to fluctuations in annual demand, ENGIE optimizes its portfolio of assets, its gas resources (by modulating its supplies and managing its underground storage), and its power generation fleet.

To manage this risk in the longer term, ENGIE acts on different levels:

- The Group is firmly committed to combating climate change by investing in low-carbon technologies, reducing its greenhouse gas emissions and adapting its operations accordingly. The Group promotes international carbon pricing in order to accelerate the transition to a low-carbon society, while guaranteeing a level playing field for all players.
- The Group has set 2030 targets for greenhouse gas emissions and renewable energy (see Section 1.5.3 "2030 CSR targets" The expansion of its renewable energy fleet, the replacement of natural gas by renewable gas, and the development of carbon-free service offerings are the main drivers of ENGIE's energy transition strategy. The Group therefore decided at the end of 2017 to pursue a trajectory compatible with the goal of limiting the global temperature increase to 2°C and obtained SBT (Science Based Target) certification at the beginning of 2020 (see Section 3.1.4 "Science Based *Target certification and carbon neutrality*"). For the longer term, ENGIE aims to reduce its direct emissions by 85% by 2050.
- The Group is gradually developing adaptation plans to prepare for an increase in extreme weather events.
- Since anticipating the implementation of Article 173 of the French Energy Transition Law regarding greater transparency on climate risks, the Group has followed the work of the TCFD (Task Force on Climate-related Financial Disclosures) and is gradually implementing its recommendations.

2.2.3 Economic and competitive risks

The Group's activity is impacted by the level of energy demand and commodity prices, as well as by far-reaching changes in the energy sector (e.g. the decentralization and decarbonization of generation, renewable energy, new technologies, digitization, new competitor profiles, etc. (see Section 1.1.1 "Presentation" and Section 1.6 "Description of the Group's activities").

2.2.3.1 Increased competition risk in energy sales and services, with an effect on margins (**)

In its different businesses, the Group competes with players with increasingly diverse profiles, both in terms of size – with major international players and local emerging players – and sectors. The decentralization of energy generation systems due to energy transition has allowed smaller players to compete with the Group in some activities (photovoltaic power, services).

The emergence of digital and smart energy technologies has impacted the gas and electricity value chain, as well as services in general, with new competitors from the information technology and equipment manufacturer sectors. More generally, competition is intensifying on energy markets, with key players (oil companies, etc.) becoming more and more active throughout the entire value chain.

The Group is keen to develop its trading activities to focus on new products and new markets, notably to support its decarbonization efforts. Within this context, it will be faced with new competitors.

In this very competitive context, the Group faces several challenges:

- maintaining its market share in energy sales and services in countries where it has a long-term presence, and sometimes a leading position on these markets, while also maintaining an optimal level of profitability;
- maintaining an optimal break-even point in a period of increased consumer protection, notably in Belgium;
- renewing heating and cooling concessions;
- developing its activities and customer portfolio in target countries.

Risk management measures

The Group continually monitors its competitive position using specific watch systems.

It regularly develops new offers to meet changing customer demand: digitization, green offers, and development of "carbon-neutral" solutions.

It continually improves the operating performance of the networks it operates and is progressively greening their energy mix.

2.2.3.2 Weakened economic climate if the Covid-19 crisis and related lockdown measures continue (**)

The Covid-19 pandemic is still underway, for the foreseeable future, and preventative measures introduced by the authorities (on an international, national and local scale) are constantly changing. The Group could be faced with decisions taken by the governments of the various countries in which it operates, such as the closure of certain production sites and companies in the services sector (such as offices and hotels), or the decision to defer the payment of energy bills (as is being considered for VSEs in France). Demand for its products and services could be reduced due to a decline in industrial production or empty office space, and certain projects may be postponed. The Group could also be exposed to an increase in customer defaults (see Section 2.2.4.5 "Counterparty risk").

Such a situation, if it were to be lasting, could have an impact on the Group's earnings, mainly in energy supply activities and services, or on its financial position.

Risk management measures

The Group rapidly adapted its processes to ensure business continuity while protecting the health of its employees and customers.

The Group has redefined its sales development priorities to target the most resilient sectors.

The Group is adapting the content of its energy supply offers to safeguard against changes in consumption or to reduce their consequences.

The Group is downscaling its future head office in Colombes, France, due to the development of home working.

2.2.3.3 Risk of decrease in revenues from power plants in the Gulf when long-term contracts expire (**)

In the Gulf countries, the MESCAT BU acts as an asset developer, owner and operator (mainly of combined cycle gas turbine plants), selling the electricity and water it produces under long-term public contracts (Power (& Water) Purchase Agreements or P(W)PAs). On expiry of these contracts, the sales environment in which these assets exist will be uncertain and impacted by the legal and regulatory regime in force at that time.

Several outcomes are possible that could have an impact on Group revenue:

- an extension of the contracts under conditions to be negotiated;
- the sale of the electricity produced on the markets, with exposure to market price volatility;
- the mothballing of assets in the event of temporary market overcapacity;
- the permanent shutdown of assets.

Risk management measures

The Group is carrying out an in-depth study of the markets and is taking proactive measures to extend or replace these agreements by taking part in contract extension processes organized by the relevant national authorities. The focus on the performance and flexibility of power plants also increases the chances of achieving a more competitive sales position.

2.2.4 Financial risks

2.2.4.1 Commodities market risk (***)

The Group is chiefly exposed to two kinds of commodity market risk: price risk directly related to fluctuating market prices, and volume risk (weather risk and/or risk depending on economic activity). The Group is exposed to these risks, particularly with regard to gas, electricity, CO_2 and other green or white products related to the energy transition (Guarantees of Origin, energy savings certificates and the Capacity Remuneration Mechanism (CRM)) (see Note 17.1.1 of Section 6.2.2 "Notes to the consolidated financial statements").

The Group has substantially reduced its exposure to market risks in recent years, after the sale of its thermal power plants in the US, its exploration & production and LNG activities, and its European coal-fired power plants. However, its exposure to price risk remains high for nuclear power, hydropower and thermal gas assets. Renewable assets, a large share of which are under contract until 2030, generate very little exposure to price risk but are exposed to risks relating to their intermittent nature.

With the exception of trading activities, market risks are assessed by means of their impact on EBITDA. Accordingly, the main risk indicators for managing the energy portfolios include sensitivity to unit price changes, EBITDA at Risk, portfolio hedging ratios and stress tests based on predefined unfavorable scenarios. For trading activities, and in accordance with market standards, risk indicators include sensitivities, Value at Risk (VaR) and stress tests (see Note 17.1.1 of Section 6.2.2 "Notes to the consolidated financial statements").

Risk management measures

The Group has implemented a specific governance process to manage market and counterparty risks based on (i) the general principle of separation of risk management and risk control, (ii) a Group-level Energy Market Risks Committee that is responsible for validating risk policies and monitoring consolidated exposure, (iii) following the market and counterparty risk mandates, and (iv) a specific risk control function coordinated by the Finance Department.

Part of its electricity production activity outside Europe is covered by long-term Power Purchase Agreements (PPA) in which variations in operating expenses, in particular for fuels, are transferred as "pass-throughs" into electricity sale prices. This substantially limits exposure to fuel price fluctuation risks, even if, under certain contracts, the transfer is not carried out in exactly the same way.

The Group also uses derivatives to offer hedging instruments to its customers and to hedge its own positions either through forward curves for the price risk or shorter term hedging instruments for risks relating to the intermittent nature of renewable generation.

2.2.4.2 Foreign exchange risk (***)

The Group is exposed to foreign exchange risk, defined as the impact on the financial position and income statement of exchange rate fluctuations, in the performance of its operational and financial activities. These are broken down into (i) a transactional risk related to current operations, (ii) a specific transactional risk related to investment, merger-acquisition or disposal projects, and (iii) a translational risk which arises from conversion when consolidating the elements of the statement of financial position and the income statement of entities whose functional currency is not the euro. The main exposures to translational risk correspond, in order of importance, to assets in US dollars, Brazilian real and British pounds. In a particularly volatile market context (with notably a major depreciation of the Brazilian real over 2020), the translational risk remains a major risk for the Group.

The breakdown by currency of outstanding borrowings and net financial debt, as well as an analysis of foreign exchange risk sensitivity are presented in Note 17.1.3.1 and Note 17.1.3.2 respectively of Section 6.2.2 "Notes to the consolidated financial statements".

Risk management measures

As part of the Group's foreign exchange risk policy, recurring transactional risk is subject to systematic hedging as soon as this risk is material and almost certain to arise. During the examination of investment projects, the specific transactional risk is subject to a case-by-case hedging strategy. Finally, translational risk is covered by partial hedging strategies subject to a reasonable hedging cost and sufficient market liquidity in relation to the risk of currency depreciation.

2.2.4.3 Tax risk (**)

Given their budget constraints, that the increase in public debt due to the Covid-19 public health crisis will only exacerbate, coupled with pressure from civil society, several national governments have recently introduced both general and specific anti-abuse measures, with a broad and partly subjective scope, and have given their supervisory authorities increased powers of investigation. Subsequently, EU Member States transposed several Directives aimed at combating tax avoidance (see ATAD1 and 2 [1], DAC6 [2]).

Considering current discussions regarding challenges relating to the digitization of the economy, within the OECD and its Inclusive Framework, other international tax reform projects are to be expected in the medium term: the Group could be impacted by Pillar Two of this project which aims to introduce an additional tax within the jurisdiction of the parent company for its undertaxed foreign subsidiaries (increase in its tax liability and compliance costs due to the significant complexity of the mechanism).

The new European Commission could implement the OECD's projects, even without consensus at the international level, by proposing a Directive aimed at realigning tax rights to value creation and by setting a minimum taxation level, and by relaunching its former European standardization project (see CCTB [3]) which would represent a major change in the tax system in Europe.

These reform proposals create uncertainties and may have an impact on the Group's earnings over different time horizons.

Risk management measures

The Group has established and published a tax policy since 2015. It was last updated and validated by the Board of Directors and its main subsidiaries on January 29, 2020. It is available on ENGIE's website.

The policy highlights the importance of taxation for the Group and its commitment to a sustainable, stable and clear tax system, administered in a fair and transparent manner. The tax function and risk management are entrusted to the Group Chief Financial Officer and more particularly to the Group Tax Department, which informs the Audit Committee of the implementation of the tax policy and the internal control system. Internal procedures, including regular control mechanisms, have been put in place to ensure compliance with tax obligations in the concerned countries. Procedures also cover the choice of location for the Group's structures. The Group does not take speculative tax positions which create a tax risk or which do not reflect their economic reality. The Group maintains official, open and constructive relations with governments and tax authorities and closely monitors reform proposals. Furthermore, tax practices within the Group comply with its Code of Ethics and its environmental, social and societal principles. The Group therefore considers that it is compliant with the requirements of the new Article L.22-10-36 of the French Commercial Code relating to combating tax fraud.

2.2.4.4 Pension funding risk (**)

A significant portion of the Group pensions commitments and the assets associated with these plans are concentrated in France and in Belgium. Other defined-benefit pension plans are mainly located in Europe and Brazil.

In recent years, the Group has terminated a number of defined-benefit plans and replaced them with defined-contribution plans.

Note 20 of Section 6.2.2 "Notes to the consolidated financial statements" details the items measured and recognized.

The calculation of commitments is estimated via actuarial methods using methodologies, assumptions and models to assess liabilities or determine asset allocations and associated risks that could have a significant impact on hedging levels and financing requirements.

In France, the special Electric and Gas Industries (EGI) regime is a legal regime and the related commitments are estimated using actuarial assumptions and rules governing, respectively, benefits paid out by statutory plans and amounts that remain the Group's responsibility. These assumptions and rules may be subject to changes that increase the Group's commitments and therefore require an increase in the relative relevant provisions.

Substantial commitments exist in the form of other post-employment benefits and other long-term employee benefits, in addition to pension liabilities. These mainly comprise energy-related benefits provided to retired employees within the scope of the EGI.

Hedging levels and financing requirements for the Group's pension plans vary according to the performance of financial markets and asset allocations, as well as interest and inflation rates and changes in the applicable legal and regulatory framework.

For some plans outside the scope of the EGI, ENGIE may be required to fully or partly finance any difference between the market value of these assets and the hedging levels projected for these plans, or any insufficiency in the return on the assets in respect of the guaranteed minimum average rates.

(1) *ATAD: Anti-Tax Avoidance Directive*
(2) *Directive relating to administrative cooperation*
(3) *CCTB: Common Consolidated Tax Base*

As an illustration, on December 31, 2020, the actuarial debt was €14.9 billion. According to the Group's estimates, an increase (decrease) of 100 basis points in the discount rate would result in a decrease (increase) of approximately 18% in the actuarial debt.

Despite the Covid-19 crisis, pension funds proved resilient over 2020 as a whole and the majority recorded a neutral or slightly positive performance.

Risk management measures

The Group has implemented a policy to cover pension commitments specific to each of the countries and legislation concerned.

Within the scope of the EGI, the scheme is financed through the outsourcing of assets within the framework of life insurance contracts. For the majority of international schemes, liabilities are covered through the funding of pension funds in which the Group strives to be present in governance, as far as legislation allows.

It should be noted that the energy benefit in kind granted to the personnel within the scope of the EGI during the retirement period is not covered.

2.2.4.5 Counterparty risk (**)

Due to its financial and operational activities, the Group is exposed to the risk of default by its counterparties (customers, suppliers, partners, intermediaries, and banks) – see Note 17.2 of Section 6.2.2 "Notes to the consolidated financial statements".

The impact of this may be felt in terms of payment (non-payment for services or deliveries made), delivery (non-delivery of supplies or services that have been paid for), assets (loss of financial investments), or loss of earnings in the event of customer bankruptcy or additional costs in the event of supplier default.

The development of green offers through Corporate PPAs over longer periods than traditional sales increases counterparty risks. Moreover, these contracts are often signed with counterparties that are not always rated Investment Grade (AAA to BBB- rating).

Risk management measures

The financial soundness of customers is assessed before contracts are signed, using the same methods and tools across the entire Group.

These risks are managed via framework agreements that use standard mechanisms such as third-party guarantees, netting agreements and margin calls, or dedicated hedging instruments. Operational activities may also involve prepayments or suitable recovery procedures (especially for retail customers).

Note 17.2 of Section 6.2 "Consolidated financial statements" provides further information regarding these risk measures in the context of the Covid-19 public health crisis.

2.2.4.6 Risk on the return on the amount of provisions invested by Synatom towards nuclear decommissioning and the management of spent fuel (**)

Synatom invests the amount of provisions paid by Electrabel to cover the costs of decommissioning nuclear power plants and the management of spent fuel on the financial markets – see Note 16.1.1.2 of Section 6.2.2 "Notes to the consolidated financial statements". If, when using the funds, it turns out that the amounts provisioned were insufficient, Electrabel should compensate for the difference.

In the shorter term, the value of Synatom's investments is protected by a guaranteed value agreement between Electrabel and Synatom under which if, at the end of the agreement (in 2025), the market value is lower than the book value, Electrabel must cover the difference in value.

Risk management measures

Investment management is entrusted to a team led by a chief investment officer. An investment committee composed of experts will be responsible for overseeing investment decisions. These are guided by an investment policy based on a controlled risk profile aimed at achieving the Group's performance objectives and a strong diversification of risks and is supported by a strict risk control policy.

2.2.5 Industrial risks

The areas of activity in which the Group operates carry industrial risks capable of causing harm to individuals, property or the environment. These risks could expose the Group to claims for civil, criminal and/or environmental liability. These may relate to facilities that belong to the Group or are managed by it on behalf of customers, or facilities where employees work. The process safety of the facilities that the Group operates is one of its major concerns. The handling of these risks is subject to in-depth monitoring and specific targeted investments, and audits of the facilities in question are performed regularly.

Industrial facilities and Seveso sites

The Group operates and builds systems for gas transmission, distribution and storage, regasification, gas liquefaction and bio-methanization. It also operates and builds electricity production plants, hydro facilities, wind farms and photovoltaic facilities and provides services in an industrial environment. Some of these facilities are classified as "upper tier" Seveso sites.

2.2.5.1 Industrial accident risks (**)

Risks of industrial accident can stem, for example, from operating incidents, design flaws or from external events (including third-party actions and natural disasters). These accidents could cause injuries, loss of life, property or environmental damage, activity interruptions and operating losses.

During the Covid-19 pandemic, no industrial accidents or significant event relating to the reduction in operating activities were recorded. Business Continuity Plans (BCP) were adapted to the pandemic and implemented. The operation of all industrial assets was maintained and the associated risks continued to be managed.

Risk management measures

The Group carries out its industrial activities in compliance with a framework of safety regulations, including the "Seveso III" European directive [1]. These industrial risks are controlled by implementing safety management systems based on the principle of continuous improvement. These systems aim to reduce the level of residual risk by responding to the highest risks as a priority. Moreover, process safety is part of the Group's audit and internal control programs.

The protection of industrial control systems is now included in the Group's IT system security policy roll out.

For the greatest part, these risks are covered by insurance policies. In the event of a major claim, these policies could prove insufficient (see Section 2.1.3 "Risk and insurance coverage").

A Group Process Safety Committee meets twice a year, and more often if a specific issue needs to be addressed. The main purposes of this committee include:

- developing a comprehensive and cross-divisional culture of safety and industrial performance that encourages the positive contribution of operators and labor collectives;
- promoting the inter-BU and inter-divisional exchange of information on risks and accidents and sharing best practices in the Group's various activities;
- supporting the implementation of any cross-company initiatives within the Group;
- sharing and questioning the analyses and feedback on any major industrial accidents, or events that could have serious repercussions, within the Group's various activities.

Nuclear activities

Electrabel has established governance principles for the operation, maintenance and decommissioning of nuclear power plants based on its experience as an operator and service provider. It is also active in employee recruitment, training and retention, both for facilities in operation and nuclear services entities, and is involved in developing new services.

In Belgium, Electrabel, a Group subsidiary, owns and operates seven pressurized water reactors at two nuclear power stations at Doel and Tihange.

2.2.5.2 Risk of increase in the cost of processing and storage of various categories of radioactive waste in accordance with the technical requirements of ONDRAF (**)

a/ ONDRAF could require the application of stricter acceptance criteria for short-lived waste with low or medium levels of radioactivity (category A) (see also Section 2.2.1.1). In the past, category A waste was conditioned in accordance with the acceptance criteria at the time. If acceptance criteria should become stricter, this could lead to a need to recondition the waste. There is also a processing risk for certain waste barrels where a gel-like substance was discovered on their surface. Finally, ONDRAF tariffs could rise, leading to an increase in the waste-disposal tariffs for radioactive waste generated by the operation of power plants.

b/ Electrabel is developing a plan to construct a new building for temporary storage of spent fuel at the Tihange power plant. The construction of this building is required for the temporary storage of spent fuel on the site, to continue activities there and prepare the site for decommissioning. The project was granted the required operating and planning permits on January 26, 2020 and February 21, 2020 respectively. Appeals for annulment were filed against these permits by local citizens. These appeals, which do not have suspensive effect, are currently underway.

c/ Following the discovery of a gel-like substance on the surface of certain barrels of medium level radioactive waste, waste conditioning processes were subjected by ONDRAF to additional and stricter tests with more rigorous acceptance criteria. As a result, the accreditations for a number of processes were either not renewed or were withdrawn. Without these accreditations, the processing of this kind of waste must be outsourced.

(1) *Directive 96/82/EC (Seveso II), amended and superseded by Directive 2012/18/EU (Seveso III)*

Risk management measures

- With regard to point a) above, a working group was established with ONDRAF to process the technical, legal and financial aspects of the category A waste storage solution.
- With regard to point b) above, the appeals filed against permits are closely monitored.
- With regard to point c) above relating to the accreditation of the conditioning of resins and concentrates, the program to validate the process is still underway. In the meantime, this waste is stored in tanks on the sites. The situation regarding the storage capacity and availability of waste treatment facilities remains complex. Temporary solutions have had to be developed to increase storage capacity at the two generation sites.

2.2.5.3 Risk of unavailability of one or more nuclear units for technical, security or nuclear safety reasons (**)

The risk of one or more nuclear units not being available for technical, security or nuclear safety reasons could have a negative impact on performance objectives.

The industrial performance and safety of Electrabel's nuclear facilities have improved over the 2019-2020 period and the key indicators are performing well.

The availability of the nuclear generation fleet at the end of December 2020 was 62.6%, corresponding to a production of 32.6 TWh. The availability of the nuclear generation fleet was 79% in 2019, representing a significant increase compared with 2018. The year 2020 was very specific in terms of availability with a large number of planned outages at the same time. Availability should, however, return to a high level as of 2021, barring any unforeseen incidents.

Unavailability can be caused by several factors:

a/ Technical problems relating to aging facilities or the reliability of certain equipment;

b/ An insufficient number of qualified operators onsite;

c/ Saturation of temporary radioactive waste storage;

d/ The unavailability of fuel from a supplier's plant in Germany following legal action launched by a German citizen against the supplier's fuel export licenses for the Doel 1 and Doel 2 power plants.

Risk management measures

- With regard to point a) above, the management of the aging of the generation fleet is closely monitored.
- With regard to point b), a policy and specific measures to maintain skills have been introduced.
- With regard to point c), several procedures for the accreditation of new suppliers or additional equipment are underway with the authorities. The first accreditation has been obtained for a new container supplier and the first containers are currently being manufactured.
- With regard to point d), the Group has intervened in support of the supplier in relation to the ongoing legal proceedings.

2.2.5.4 Nuclear safety and security (*)

Since the commissioning of the first reactor in 1974, the Doel and Tihange sites in Belgium have not experienced any major nuclear safety incidents that could have resulted in danger to employees, subcontractors, the general population or the environment. However, they could present civil liability risks for Electrabel, specifically in the event of a nuclear accident or the discharging of large quantities of radioactive material into the environment.

Risk management measures

Electrabel has implemented an internal and industrial control system for nuclear safety and the security of facilities in accordance with the extremely high standards of the profession, which operates on several levels:

- the Safety Report establishes the control structures for the design, operating procedures and behaviors;
- safety principles are integrated into the operational management of the power plants;
- compliance with the principles is subject to managerial supervision at several levels;
- compliance with the principles is subject to controls independent of the operational organizations;
- it can be based on numerous, documented and quantified control points, as well as audits.

All individuals working at Group nuclear power plants have the appropriate qualifications and are aware of their personal responsibility with regard to nuclear safety, in particular control room operators. During operations, compliance with safety and security rules and conditions at the facilities are subject to inspection by the Belgian Federal Agency for Nuclear Control (FANC), assisted by Bel-V, its technical support subsidiary. Independent checks are also carried out by Electrabel's nuclear safety department, which reports directly to its Chief Executive Officer, independently of the line management of the nuclear power sites. In addition, both nuclear sites have OHSAS 18001 certification (the Tihange power plant has just gained ISO 45001 certification, the Doel power plant will switch to ISO 45001 in 2021), as well as ISO 14001 and EMAS certification.

Electrabel takes into account feedback and external peer reviews in order to continue to improve the safety and security of its facilities (the most severe natural disasters, risks of cyber-attack and sabotage). The terrorist risk is addressed with the competent authorities of the Belgian State.

In order to strengthen the safety culture at Doel and Tihange, Electrabel, in agreement with the FANC, has set up the CORE (COmmon REsponsibility) plan, which concerns the central functions and the two nuclear sites. The plan was successfully completed and was closed by the FANC in August 2019. The measures taken form an integral part of the management system and are monitored during management system inspections. The internal nuclear safety department, as well as the FANC and peers from WANO have all noted an improvement in terms of the safety culture within Electrabel.

2.2.6 Other operational risks

2.2.6.1 Cybersecurity (**)

The Group is continually exposed to new threats due to the use of new technologies, the multiplication of connected objects, the evolution of industrial control systems, the spread of mobility tools, cloud computing, and the development of new uses, including social networks and the in-depth analysis of data. Cyber incidents such as ransomware attacks, theft of personal or sensitive information, corruption of industrial control systems or compromised connections with the Group's customers or suppliers could lead to blockages, delays and/or additional costs in the management of the Group's services or production networks. This could harm the Group's activities or reputation. The risk may increase as the digitization of its business lines expands and working from home becomes more popular, in particular in the context of the global pandemic.

Risk management measures

The Group continually adjusts its prevention, detection and protection measures for all of its information systems and critical data. It therefore has:

- a Security Operation Center (SOC) which is responsible for the surveillance of its networks and applications and the detection of incidents. The center intervenes on a global basis and is jointly operated with Thales;
- a Computer Emergency Response Team (CERT) which ensures the correct response to cyber attacks through the coordination of all Group entities and interaction with external cyber bodies such as the French National Agency for Information Systems Security (ANSSI);
- stringent controls for access to its internal and cloud platforms. The use of collaborative cloud-based tools, which are secured with a two-factor authentication, has allowed the Group to continue its operations during the Covid-19 pandemic without increasing its cyber risk exposure;
- devices to prevent network intrusion and to encrypt sensitive data;
- cyber-insurance cover.

To comply with the regulations (European Regulation 2016/679 on personal data protection, European Directive 2016/1148 on the security of networks and information systems), assessments are organized for the sites or applications concerned and some Group entities have taken steps to obtain ISO 27001 certification of the security of their information systems. ENGIE also works in partnership with a cyber rating agency to ensure a continuous independent review of its cybersecurity.

Major attacks are managed by a specific cyber-incident response system and a cyber-crisis management system that completes the Group's crisis management system. Sensitive system reboot exercises are carried out, to test the Group's resistance in the event of incidents such as ransomware attacks.

The organizational, functional, technical and legal security measures are subject to continuous controls that include testing (intrusion, social engineering and phishing) and campaigns to raise awareness.

2.2.6.2 Risk relating to major projects (**)

The Group bases its growth on various industrial construction projects, such as gas or electricity infrastructure for production or transportation, of which it is the owner. Among these projects are certain thermal power plants (including Fadhili in Saudi Arabia), offshore wind farms (Le Tréport and Noirmoutier in France, Moray East in the United Kingdom) – which now fall within the scope of the ENGIE-EDPR subsidiary Ocean Winds – and electrical infrastructure (Gralha Azul and Novo Estado high-voltage lines in Brazil) and a majority of medium to small projects: wind projects in Brazil, Chile, the United States, Spain, France and India, solar projects in Mexico, Saudi Arabia and India in particular, local heating or cooling networks, and urban infrastructure. The profitability of these assets depends greatly on cost control and construction deadlines, the operational performance of the industrial asset, external phenomena (e.g. natural disasters and strike actions), regulatory and fiscal changes and changes in the competitive environment and energy markets over the medium and long term, which could reduce the profitability of certain assets and result in lost revenues or asset impairment.

The Group is also designing and building large-scale facilities for third-party customers. Although these projects are always subject to in-depth studies and the Group has recognized expertise, construction deadlines may not always be met, resulting in penalties, construction costs may be higher than anticipated, the facilities' performance may not comply with the specifications or subsequent accidents may trigger the Group's civil, professional and/or criminal liability. This could have a negative impact on the Group's image, financial position, or earnings.

Risk management measures

The Group implements operational support for projects and their supervision and has implemented management of the portfolio of projects over €30 million – whether investment or installation type – to provide the alerts necessary to implement corrective measures. A policy on supervision of project construction and common methods on project management have reinforced existing mechanisms within the entities executing industrial projects. In addition, ENGIE continues to roll out training courses focusing on risk and contract management in projects for project managers and developers. On this basis, ENGIE has updated and improved its project risk management guide and the related tool. With the same objective of professionalizing this business line, and to complement this guide, a planning training course has also been launched.

Lastly, ENGIE implements contract management systems to proactively manage contractual relationships with its customers, partners and suppliers. In its capacity as client, the contracts entered into by ENGIE with builders include guarantee and compensation clauses covering construction defaults and manufacturer's failures relating to deadlines and the performance of the industrial assets delivered. Moreover, insurance subscription allows for insured losses to be indemnified and also improves prevention.

2.2.6.3 Acquisition and integration (**)

For the purposes of external expansion, especially by means of acquisitions, the Group may issue equity securities or have recourse to borrowing. Acquisitions present risks related to integration difficulties and failure to achieve expected benefits and synergies. Risks related to the valuation of assets or liabilities or non-achievement of expected results could arise at the end of the acquisition process, resulting in provisions for asset impairment.

Partnerships and acquisitions of equity stakes are one of the ways in which the Group can share the economic and financial risks inherent to some projects, by limiting its capital employed and allowing it to adapt more appropriately to the specific context of local markets. The Group strives as much as possible to protect its interests as a partner, including through the signing of shareholders' agreements, possible representation in governance (Board of Directors, management positions) and reporting. However, changes to the project, the economic situation, the partner's or the Group's strategy, and even the local political environment may, in some cases, lead to changes in the control or governance of a partnership or to disinvestment.

Risk management measures

The processes implemented by the Group for analyzing, auditing (due diligence) and structuring risks during a planned acquisition are designed to provide a more accurate assessment of the uncertainties that arise in such cases and to propose mechanisms to protect against the risks identified. The resulting risk allocation depends on the quality of the information transmitted to the Group (especially given the legal and regulatory constraints), and the outcome of the negotiation process.

With regard to integration, the Group has set up a dedicated team (Integration Management Office or IMO) to develop an adapted policy and tools and to support BUs and the Corporate M&A team through the process from the development phase (before signing). The Group's integration policy has therefore been in place since January 2020. During 2020, the IMO team has provided support to around five acquisition projects. These include the acquisition of six hydroelectric power plants in Portugal, the integration of Mobisol (Germany) in the new ENGIE Energy Access entity, as well as the completion of the integration of Powerlines in Austria.

In the context of its partnerships, the Group may notably establish contractual provisions to resolve stalemates within partnerships (deadlock resolutions), exit clauses and, in the event of disputes with the partner(s), litigation resolution clauses.

2.2.6.4 Risk of malicious acts on tangible and intangible assets (*)

The Group's sites and industrial or tertiary facilities, which make up its tangible assets, may be exposed to malicious acts. Information, whether digital, physical or communicated verbally, constitutes its intangible assets and may also be exposed to malicious acts.

Risk management measures

The Group has introduced a policy for the protection of tangible and intangible assets, covering technical (including IT), legal, managerial and organizational areas. Regarding tangible assets, sensitive sites are subject to protective measures tailored to the local situation and revised according to the threat status.

As part of the deployment of the policy for the protection of assets, the Group has introduced a system to catalog incidents to improve risk anticipation and prevention in order to limit the impact of any malicious acts.

Regarding the anticipation of threats to tangible assets, the Group provides the following for the BUs:

- permanent and comprehensive monitoring of all threats to the Group's facilities. The information collected is forwarded to the BU security officer or the relevant entities. These are responsible for taking urgent and long-term protective measures to ensure the protection of the targeted facilities;
- permanent and comprehensive "country risk" monitoring in order to anticipate the threat and adjust the level of protection measures.

In terms of data protection, the Group continuously adapts its approach with a view to:

- process any incidents reported;
- preventing any internal or external action aimed at capturing and using sensitive information.

The Group has set up a process to report malicious acts. Their analysis is included in a quarterly report and makes it possible to implement the necessary, strategic and operational prevention and mitigation measures.

2.2.7 Social and societal risks

The Group is also exposed to risks the direct financial impact of which is difficult to assess, but the non-financial impact of which is considered significant. These risks are developed in more detail in Chapter 3 "Statement on non-financial performance and CSR information".

2.2.7.1 Risks related to human resources (**)

The Group's transformation includes major HR challenges such as the ability to adapt its skills profile and to unite employees around its business plan.

Two major events stood out in 2020 that had a significant impact on HR risks:

- the global public health crisis that may increase psychosocial risks due to partial unemployment and remote working;
- the Group's strategic refocusing (see Section 1.2.2 "The strategic acceleration in 2020"), which could undermine employee engagement and lead to a decline in the social climate during a period of uncertainty surrounding the specific organization goals and their social consequences.

Skills

The adaptation of skills is a recurring topic due to a chronic shortage of technicians in the service professions and skill requirements in digital or data-related professions.

In terms of recruitment, the Group pays close attention to the following two risks:

- difficulties in finding candidates for apprenticeships due to a shortage of technical-related profiles despite ENGIE being prepared to invest in young people and promote apprenticeships as a route to excellence to access the professions of the future;
- difficulties in finding a sufficient number of women that are trained in the Group's field on the employment market which presents a risk of not reaching ENGIE's ambitious non-financial objectives relating to social responsibility.

The Group is also faced with redeployment challenges due to a decline in business following regulatory decisions (Belgium's progressive exit from nuclear power, the end of gas sales at regulated tariffs in France in 2023) or in the event of an economic crisis due to the current public health crisis.

Engagement of employees

Given the scale and speed of the Group's transformation, it needs to support managers and employees to give meaning to the changes and promote buy-in.

Risk of social movements

The major organizational changes that the Group and its entities must undergo in the context of the transformation may be misunderstood or anxiety-provoking and may result in rejection or blockages.

Reactions by social representatives demonstrate that they are very receptive to being involved in discussions regarding changes relating to the public health crisis (homeworking for example) and the economic impact on employment.

Risk management measures

Skills

(see Section 3.4.2.1 “Hiring and the employer brand”and Section 3.4.3 “Human Resources development policies”)

- The ENGIE Skills approach provides an annual general overview of the evolution of the Métiers and the Group’s skills requirement. This system is closely linked to the two other drivers of HR support for transformation, which are ENGIE Mobility (for France and Belgium) to stimulate the internal job market and ENGIE Schools, the Group’s internal international network of business schools.
- In response to the structural labor shortage and to build a skills pool, the Group is currently setting up an ambitious program to host work-study students and has set a target of these students accounting for 10% of the workforce.
- In support of its gender equality ambition, ENGIE has set a Tier 1 non-financial objective aimed at achieving a rate of 50% of women in management positions. For this purpose, it has launched the fifty-fifty project aimed at creating the conditions necessary to reach this managerial parity.

Engagement of employees

(see Section 3.4.2.2 “The employee’s commitment to the Group’s strategy”)

- In October 2020, the Group carried out its “ENGIE&Me” commitment survey for the fifth consecutive year. Circulated among Group employees across the globe, excluding regulated entities, this survey provided them with the opportunity to express their opinion on the key aspects of employee commitment. The main strengths of the Group highlighted by the survey are adherence to ENGIE’s goals and objectives in the move towards carbon neutrality (+13 points) and the sustainable engagement index (+3 points).
- By communicating regularly about innovation, new business models, and other topics related to the transformation, the Group is fostering discussions with its staff in order to strengthen engagement.
- With the “ENGIE Leadership Way”, ENGIE promotes managerial behaviors that encourage innovation and the development of employees and has also implemented a new policy of recognition of experts essential for its competitiveness.
- The Group continued to extend the community of technical ambassadors set up at the end of 2018. The Communau’Tech now has 300 French and 50 Italian members.
- In 2020, ENGIE launched ExpAND, a program that identifies and recognizes Group experts, develops expertise communities and makes ExpANDers ENGIE ambassadors both within and outside the Group.

Risk of social movements

(see Section 3.4.6 “Social Dialog”)

- Within national and European representative bodies and through national, European and global collective agreements, ENGIE associates its social partners with the implementation of its social ambition.

2.2.7.2 Ethical risks (**)

The main risks identified are: corruption, violations of human rights, non-compliance with competition and/or embargo rules, fraud, and breaches of personal data (privacy). Any breach of the ethical principles of the Group could constitute a legal, judicial and reputational risk (see Note 25 of Section 6.2.2 “Notes to the consolidated financial statements”).

Risk management measures

In order to prevent the occurrence of such risks, ethical compliance policies and procedures are rolled out throughout the Group and apply to all of the controlled entities. The Ethics, Compliance & Privacy Department promotes their generalized implementation within the Group, relying on management, the network of Ethics & Compliance Officers and Data Protection Managers, as well as on employee training. They contribute to compliance with the Sapin II and Duty of Vigilance laws as well as with European Regulation 2016/679 on personal data protection.

Ethical and non-compliance risks are analyzed annually and action plans are implemented if necessary. Moreover, risks relating to corruption and human rights/duty of vigilance are specifically assessed as part of the Group’s risk analysis process (see Section 3.8 “Ethics and compliance”).

In addition, the policy on the analysis of ethical risks relating to investment projects and major contracts and the human rights guidelines applicable to the whole Group require the entities to analyze corruption risks and human rights risks for every new project.

Finally, the Group obtained ISO 37001 certification in 2018: the certification audit was followed by a two-year surveillance program (2019-2020); these two surveillance audits were successfully validated. This certification provides a guarantee of the Group’s Ethics and Compliance system.

2.2.7.3 Reputational risk (**)

The energy sector is the subject of various public debates due to the profound changes that it is undergoing.

The Group is exposed to reputational risk, both directly and indirectly, especially when the Group's values, ethics, operational excellence or legitimacy as an operator are called into question. Damage to the Group's reputation could have an impact on its business and its ability to win new contracts.

Risk management measures

As a vital part of the Group's intangible corporate assets, the "ENGIE" brand (registered in more than 100 countries) is constantly monitored to protect it against any fraudulent use that could harm the Group's image.

Through its policies, organization, procedures and governance, the Group endeavors to prevent operational risks (see Sections 2.2.6 "Industrial risks" and 2.2.7 "Other operational risks") and smear campaigns that could affect its reputation (see Section 3.3.2 "Main societal risks").

The Group uses external monitoring to record disputes, including those on social networks, where its name is mentioned, in order to identify and deal with any problems at the source.

2.2.7.4 Security of people (**)

The international scope of the Group means that some employees and other parties such as subcontractors may be exposed to health and security risks. This threat is managed via a specific organization that includes a "country watch".

The Group's activities in regions where political, economic or social instability is considerable carry risks to the security of certain employees. Sensitive countries for the Group include Peru, Colombia, Mexico, Indonesia and the Philippines. Risks relating to terrorism targeting the French community and its interests have never been considered as high as they are currently. Terrorist attacks in France and violent protest against France in certain countries are among the factors weighing on the security of employees.

Risk management measures

Wherever it operates, the Group continually assesses the risks related to security: terrorism, armed conflict, political or social unrest, organized or ordinary crime and, more generally, the occurrence of "unconventional" situations.

Geographic areas are subject to classification that corresponds to specific prevention and protection measures. To accomplish this mission, the Group relies on State services as well as specialized providers.

Measures are implemented across all BUs led by the Group's Security Department. For example, the following have been rolled out:

- tools to provide training and information, monitoring and assistance to employees;
- an alert, analysis and prevention system that is constantly updated by specialized and recognized providers. The Group works in partnership with these providers to manage security and health risks.

2.2.7.5 Health and safety at work (*)

The Group is committed to eradicating serious accidents and continuing to reduce occupational accidents among its employees, subcontractors and temporary workers, to improving well-being at work and to preventing psychosocial risks.

The Group has identified a specific risk of employees focusing on Covid-19 protection measures to the detriment of rules aimed at managing other health and safety risks. To counteract this potential decline in vigilance, a specific communication campaign was run.

Furthermore, the pandemic may give rise to a significant increase in psychosocial risks for certain employees due to several factors: social distancing and even isolation, particularly with work from home measures, fear of contamination for themselves and their loved ones, and fewer interactions with management as a result of new working conditions.

Risk management measures

The Group health and safety policy was agreed with the union federations at European level and subsequently worldwide. This policy is broken down into multi-year action plans. In 2020, the 2016-2020 action plan was implemented, and the 2021-2025 was drafted. It includes a specific action program called “No Life at Risk”, “No mind at risk”, “No asset at risk”. This program is intended to continue to improve results and develop a culture of safety, commitment and vigilance among all individuals to protect their lives and those of others. The provisions introduced are described in Section 3.4.8 “Health and safety policy”.

In 2020, the BUs relied on four commitment drivers to strengthen the safety culture and guide the practices and behaviors of every individual:

- the leadership of managers: improve the accountability of all managers when taking into account health and safety risks;
- risk anticipation by prioritizing the identification and management of events with high potential of severity (called “HiPo”);
- the integration of newly-acquired companies by rapidly bringing them up to Group standards;
- acculturation, by sharing our health and safety culture with all our employees and all our subcontractors.

The Group is determined to take care of the physical and mental well-being of all its employees who constitute its main strategic resource. In 2020, this ambition was concretized by the following measures:

- establishing diagnostic testing using social climate barometers and surveys;
- during the pandemic, surveys aimed at assessing, in particular, employees’ well-being at work;
- the development of training for managers on the prevention of psychosocial risks;
- the provision of assistance tools to employees (via dedicated telephone lines);
- the implementation of awareness and prevention campaigns.

Measures taken to manage the Covid-19 pandemic are described in Section 3.9 “Vigilance plan (synthesis)”.

2.3 Internal control procedures

2.3.1 Internal control definitions and objectives

2.3.1.1 Internal control standard

ENGIE’s internal control is based on the COSO II model of the Committee of Sponsoring Organizations of the Treadway Commission and the AMF reference framework. It includes five components: control environment, risk assessment, control activities, information and communication, and monitoring activities.

2.3.1.2 Internal control objectives

ENGIE’s internal control aims to provide reasonable assurance that the following objectives are being met: compliance with laws and regulations, reliability of accounting and financial information, and effectiveness and efficiency of operations. Internal control is adapts to changes in the Group’s organization and businesses and contributes to the rolling out of its strategy.

2.3.1.3 Internal control limits

Internal control cannot provide absolute assurance, particularly due to possible dysfunctions relating to error or human failure and arbitrage between the costs relating to the potential occurrence of a risk and the cost of the measures designed to prevent it.

2.3.1.4 INCOME program

Each year, ENGIE updates the scope of the most significant controlled entities on the basis of financial materiality and an analysis of risks. Thanks to the Group’s Internal COntrol over Management Efficiency or INCOME program, ENGIE monitored 188 entities in 2020.

2.3.2 Internal control organization and stakeholders

2.3.2.1 Organization of internal control

The organization of internal control complies with the principles of the Group’s organization, including decentralization, autonomy and the accountability of managers. In the context of the authorities delegated by the Chief Executive Officer, each manager is responsible for implementing and overseeing an internal control system that conforms to the regulatory framework. The Internal Control Department reports to the Finance Department and is responsible for leading and coordinating the Group’s internal control system. It updates the standard, methodology and information system which centralizes the assessments of the system’s effectiveness.

2.3.2.2 Elements of the general compliance framework

2.3.2.2.1 Ethics and compliance

In line with its values and its undertakings, ENGIE aims to act in compliance with the laws and regulations in force in the countries where it operates in all circumstances. To this end, the Group has established an ethics policy that guides its strategic decisions, management and professional practices. It also has the necessary tools to measure compliance with this undertaking (see Section 3.8 "Ethics and compliance").

2.3.2.2.2 Recruitment, training and skills management

The quality, commitment and skills of its employees are necessary conditions for the management of the Group's operations. In accordance with the CSR and diversity policies, recruitment, training and talent management contribute to the internal control system. They help ensure the required level of skill in all areas, in particular those requiring specific expertise (see Section 3.4 "Social information").

2.3.2.2.3 Information systems

The IT solutions strategy, policies and standards are defined by the Group Digital and Information Systems Department. The security of information systems of the sectors and central functions of the Group is the responsibility of the corresponding functional departments, in accordance with these policies and standards. The BUs are responsible for the security of their Information Systems under the supervision of the Group Digital and Information Systems Department. The industrial control systems (ICS), under the joint control of the Global Care Department and the Group Digital and Information Systems Department, which coordinates the technical actions to secure their connection to the cybersecurity supervision platform of the Global Security Operations Center.

Important subjects for internal control, such as the segregation of duties and the management of access rights, are taken into account during the design stage of new information systems and regularly reviewed thereafter. The IT managers of the BUs are responsible for the information system recovery plans, while the BU's information systems security officers are responsible for cybersecurity.

2.3.2.2.4 Internal policies and standards

All the decisions, standards and procedures issued by corporate defining the Group's methods of operation are available on its intranet. The Finance Department provides the procedures and rules intended to ensure the reliability of the accounting and financial information applicable to the Group's entities. The Internal Control Department provides Group employees with access to 61 standards covering business, support and global processes (for example sales, procurement, payroll, information systems, accounting, taxes, cash management, etc.). Each standard details the intrinsic risks and the key controls designed to manage them. The Internal Control Department provides all entities with methodological guides relating to the definition, assessment and coordination of an internal control system adapted to the nature of their activities. It updates and shares best practice on subjects such as the segregation of duties, the role of directors and data protection.

2.3.2.3 The system's stakeholders

The stakeholders and their respective roles are presented according to a management model with three lines, overseen by ENGIE's governance bodies.

2.3.2.3.1 The Group's governance bodies

The Board of Directors ensures the correct functioning of the Group's internal control. The Executive Committee defines the organization and responsibilities of managers and ensures compliance with the delegations of authorities. An annual review of internal control is submitted to the Executive Committee and the Audit Committee.

2.3.2.3.2 First line of management

The operational managers, who are responsible for the internal control of their organizations, constitute a key element of the system. They ensure that control activities are implemented, analyze the results, correct any deficiencies and endeavor to improve the efficiency of their system.

The Management Committees of the BUs and entities are responsible for establishing and overseeing the internal control covering the scope of their activities. They play a vital role in the quality of the control environment: promoting Group values, defining the organization, assessing results, etc.

2.3.2.3.3 Second line of management

This line of management is organized into sectors, overseen by the Group's corporate departments.

The Finance Department carries out internal accounting and financial control (see Section 2.3.3 below). Within this department, the Insurance division is involved in risk identification, loss prevention, and the definition and implementation of hedging strategies.

The General Secretariat helps to make the Group's operations and the decisions of its managers legally secure, particularly in the following areas: commitments, litigation, arbitration, studies and actions to protect the criminal liability of the Group and its managers, embargo, company law, financial and stock market regulation, intellectual property law, competition law and regulation and financial law.

Within the General Secretariat, **the Legal, Ethics, Compliance and Privacy Department** is responsible for overseeing the legal and ethics lines, which are tasked with managing legalities with respect to the Group's activities and ensuring compliance with the Group's ethical principles.

The Societal Responsibility Department is responsible for compliance with environmental laws and regulations throughout ENGIE. It assesses the environmental maturity of the Group's various businesses and is in charge of regulatory environmental reporting.

The Internal Control Department coordinates the implementation of the internal control policy approved by the Executive committee. It coordinates a network of representatives who are in charge, under the responsibility of the managers of the entities, of guiding internal control. It monitors and anticipates regulatory and Group developments to adapt the relevant procedures. It organizes training and information sessions.

2.3.2.3.4 Third line of management: the Internal Audit Department

Reporting to the Chief Executive Officer, the Audit Department operates throughout the Group in accordance with an annual plan based on risk analysis and interviews with the operational managers. This plan may be expanded at the request of the Executive Committee according to the Group's priorities. Submitted for approval to the Audit Committee, the plan is designed to cover all of the entities and enables the quality of the business control and management environment to be checked.

Internal Audit helps review the reliability of the self-assessments of controls carried out under the INCOME program and the internal control of operational and financial processes. Internal Audit presents its conclusions to the managers of the BUs and entities. It reports to the Executive Committee and Audit Committee on its key observations and the progress of related action plans. It meets with the Statutory Auditors to share internal control analyses.

2.3.3 Internal control relating to financial information

2.3.3.1 Organization and stakeholders

The Group Accounting Department is in charge of financial reporting, preparing the parent company financial statements of ENGIE, producing the consolidated financial statements, and liaising with the Statutory auditors and the accounting departments of the AMF. It establishes the Group's accounting principles and oversees their implementation to ensure compliance with the accounting standards.

It monitors the evolution of standards and their impact on the Group's financial statements and adapts the principles accordingly. Within the Group Accounting Department, the Group Consolidations Department and the Accounting Standards Department optimize the handling and resolution of complex technical problems. These departments strengthen the quality and standardization of the analyses performed and the positions taken.

The Enterprise Performance Management Department is tasked with establishing the analyses and reports required by the Executive Committee for the economic and financial coordination of the Group. It draws up and maintains the Group's management control toolkit and oversees the rolling out of these toolkits to the various entities. It guides the Management Control sector in defining and implementing processes and tools. It coordinates the Group's performance program.

The IT Solutions Department Finance Sector is a centralized activity at the corporate level that is responsible for the IS strategy of the Finance Function and for the determination and coordination of the IT solutions policies, rules and standards applicable to the sector. Applications and infrastructure are distributed to the BUs and Métiers in accordance with the policies defined by corporate. The IT Solutions Department Finance Sector oversees the implementation of the Group's IS security policy within the sector and monitors and plans IS spending and investments.

The consolidated reporting entities all use the SAP software package "Business Objects Financial Consolidation" for the consolidation of the Group's financial statements and management reporting. This application is jointly managed by the Accounting IT Center of Expertise (which handles administrative tasks and system configuration and provides operating assistance to users) and the Information Systems Department, which is in charge of specific underlying infrastructures.

2.3.3.1.4 The Group Tax Department is responsible for defining and rolling out the Group's tax policy. It coordinates the validation of tax returns and transfer pricing documentation and ensures that tax data are uniformly reported. The Group Tax Department is hierarchically responsible for all tax activities. Generally speaking, it is closely supported by the Finance Departments of the BUs, which assume responsibility for tax in terms of compliance and transparency.

2.3.3.1.5 The Investor Relations Department is in charge of relations with institutional investors and analysts. With regard to management information, the Management Control sector of corporate is the Investor Relations Department's only source of information. Other information arising from the legal reporting process, that is classed as regulated information pursuant to AMF rules, is provided by the Group Accounting Department. Lastly, the department oversees and coordinates the process of market communication (financial information and information on major transactions) in collaboration with the General Secretariat.

Through the functional lines, all of these corporate departments oversee the internal control of their respective fields via the Finance Departments of the BUs. These Finance Departments are responsible for producing the separate financial statements of the legal entities and converting them according to IFRS. The consolidation of this data converted according to IFRS standards is carried out by Corporate as well as the implementation of internal control procedures at all operating subsidiaries and the decentralized management control (see Section 2.3.3.3 "Setting objectives and coordination").

The Finance Department also uses the current "Missions and operating principles of financial communication" procedure, which sets out management principles for the Group's financial communication and defines its activities relating to investor and analyst relations as well as market intelligence.

2.3.3.2 Consolidation process

The Group Accounting Department is in charge of producing the consolidated financial statements. It is supported in this task by the BUs' Enterprise Performance Management and management reporting teams. It updates the accounting principles manual and closing instructions shared before the consolidation phases.

Each of these entities carries out controls in its own area of responsibility to ensure that Group accounting standards and policies have been circulated and applied correctly. Corporate implements second-tier controls of information prepared by the BUs, which do the same regarding data provided by the reporting entities.

The CEO and CFO of BUs attest to the quality and comprehensiveness of the financial information provided to the Group in a representation letter. Discussions with the Statutory Auditors enhance the quality of financial information, particularly in the case of complex situations that are open to interpretation.

2.3.3.3 Setting objectives and coordination

Every year, each of the Group's BUs produces an Medium Term Business Plan (MTBP), a budget and budget re-estimates. The Enterprise Performance Management Department, prepares instructions for this purpose for each BU, including details such as macroeconomic hypotheses, financial and non-financial indicators, the timetable and the segmentation of the scope of activity. Each BU is responsible for sending these instructions to the subsidiaries and reporting entities within its scope after tailoring them to the specific characteristics of its business activity.

The Executive Committee approves for each BU the objectives set for the following year, the corresponding budget and the outlook beyond the current year derived from the budget process and the Medium-Term Business Plan (MTBP). The testing process for the impairment of goodwill and long-term assets is based on this data. The Group's consolidated budget and MTBP are presented to the Audit Committee and the Strategy, Investment and Technology Committee before being submitted to the Board of Directors.

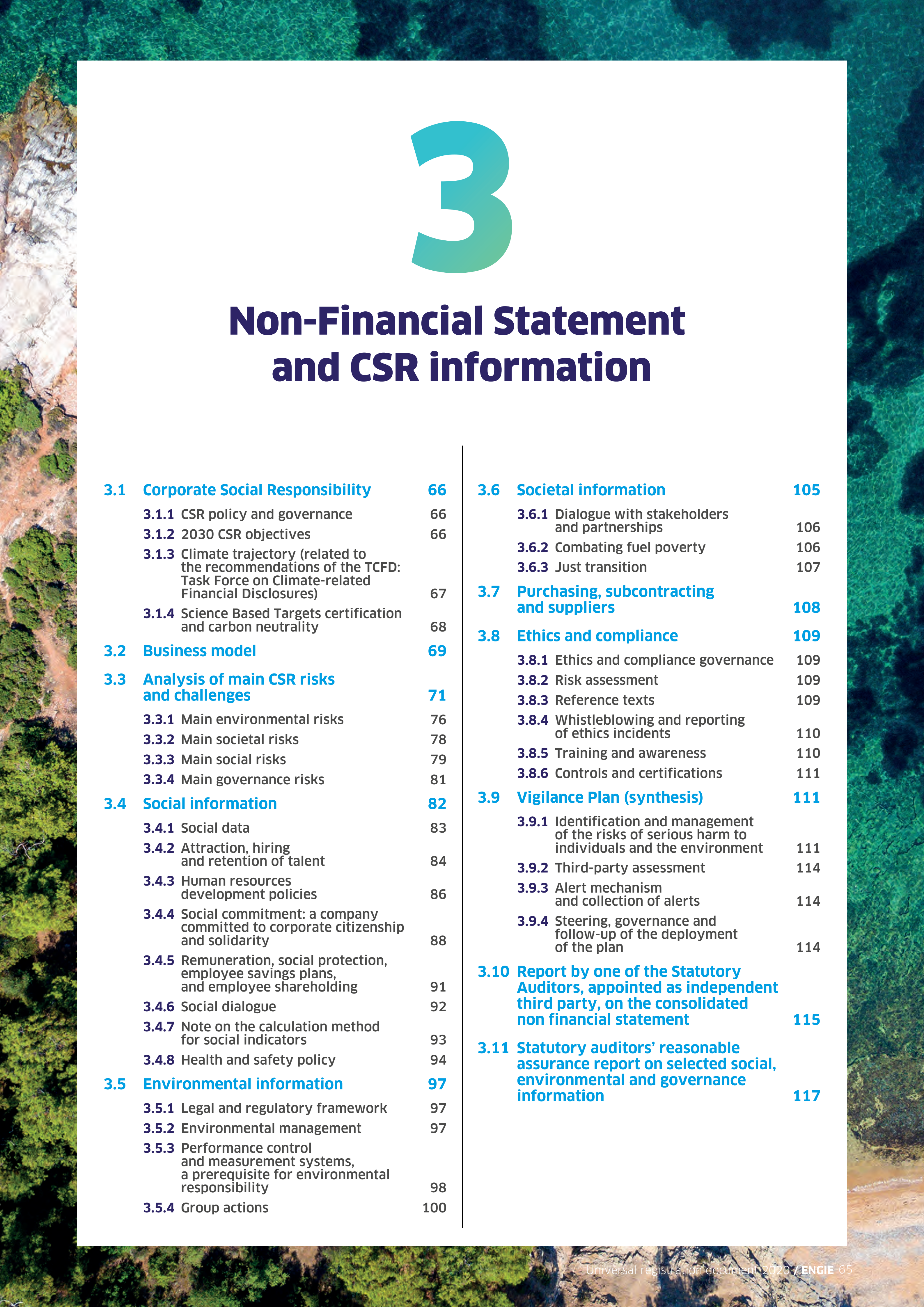
2.3.4 Formalization and coordination of internal control

Within the scope of the INCOME program, the operational managers oversee the implementation of the control activities of their processes, assess their results and rectify weaknesses detected. They carry out a self-assessment of key controls, with the support of internal control within the entities. Internal Audit, for its part, reviews the quality of these self-assessments and the general control environment. Outside the scope of the INCOME program, internal control toolkits and a specific questionnaire are provided to the entities. These enable sensitive areas to be covered, such as the separation of tasks and the protection of assets.

The Group also implements a system of commitment involving the managers of the BUs and the main Corporate Departments concerning the establishment, oversight and effectiveness of an internal control system covering their organizations. Each year, meetings take place between the Internal Control Department and the Statutory Auditors in order to share analyses of the quality of the existing systems and to identify action plans to rectify weaknesses detected.

2.3.5 Recent actions to strengthen the system

In 2019, the Internal Control Department updated the Group's internal control policy which was approved by the Chief Executive Officer. One of the new priorities is the automation of control activities. The Highbond project was launched for this purpose and continued to be rolled out, beginning with controls delegated by the BUs to GBS.



3

Non-Financial Statement and CSR information

French ordinance 2017-1180 dated July 19, 2017 and French Decree 2017-1265 dated August 9, 2017 transposed European directive 2014/95/EU, also called the non-financial reporting directive (NFRD), as regards disclosure of CSR information by companies via the Non-Financial Statement (NFS), thus amending Article 225 of the French Commercial Code, which required companies to incorporate their social, environmental and societal information into their management reports.

Pursuant to this legislation, the ENGIE Group's NFS comprises the following elements:

- a description of the Group's activities presented in a summary form by major business segment in Section 3.2 "Business model", and in a detailed form in Section 1.6 "Description of the Group's activities";
- an analysis of the CSR risks relating to the areas referred to in the NFRD Directive, detailed in Section 3.3 "Analysis of the main CSR risks and challenges";
- a presentation of the governance of CSR performance in Section 3.1 "Corporate Social Responsibility", together with: the Board of Directors' diversity policy, described in Section 4 "Corporate Governance", the Vigilance Plan described in Section 3.9 "Vigilance Plan (synthesis)", and the rules of ethics described in Section 3.8 "Ethics and compliance".

3.1 Corporate Social Responsibility

The fundamental principles of Corporate Social Responsibility are elaborated on in the Group's purpose statement and enshrined in the Group's bylaws.

Rethinking the global energy landscape has today become a necessity in the face of global warming.

The urgent need to reduce environmental impacts means that we have to establish a lower-carbon, more decentralized, more digitized and more pared-back energy system. The Group's societal approach is fueled by its quest for positive impacts on the planet.

3.1.1 CSR policy and governance

ENGIE's Corporate Social Responsibility (CSR) policy sets out the Group's CSR priorities and commitments to bring together everyone's skills, create shared value for all its stakeholders and contribute to the achievement of the Sustainable Development Goals defined by the United Nations. By acting for a positive impact on people and the planet, the Group contributes to ensuring its leadership, over the long term, as a benchmark player in energy transition and related services beyond energy. This policy is detailed in Section 1.5.1.

The Corporate Societal Responsibility Department (CSR Department) is supported by a network comprising a *Chief Sustainability Officer* and an *Environmental Officer* for each BU. To engage employees as widely as possible on these subjects, the CSR Department also has an internal network of global CSR ambassadors.

The CSR Department provides regular presentations on the latest CSR topics (Science-Based Targets, Task Force on Climate-related Financial Disclosures, CSR commitments, discussions with civil society) and an annual report (CSR ratings, CSR objectives, the environmental and societal actions of the Group and the BUs) to the Ethics, Environment and Sustainable Development Committee (EESDC).

The CSR Department jointly chairs the Green Financing Committee with the Finance Department, overseeing projects likely to be financed by green bonds regularly issued on the market by the Group. It also jointly chairs the Duty of Vigilance Committee.

The CSR Department regularly meets with a range of stakeholders (NGOs, investors, rating agencies, clients, opinion leaders, and experts), and organizes panels and discussion forums to work on the sustainability of offerings, projects and services related to the Group's operations. The Group regularly holds training courses on sustainable development and stakeholder engagement for its employees.

Each year, at its Shareholders' Meeting, Engie publishes an integrated report on its overall financial, environmental, social and societal performance, which it discusses in advance with its main stakeholders.

The CSR Department has also launched a project to ensure the roll-out and proper implementation of the purpose. Initially based on a detailed analysis of the purpose in order to clarify what it means – particularly the concept of a positive impact, tools are being developed to facilitate this roll-out: long-term CSR goals, an internal taxonomy, a compatibility tool and an integrated reporting process. The CSR Department has joined forces with other departments to develop these tools and roll them out to the teams, updating the Group's major processes by incorporating the purpose within them. All of this work is designed to ensure that the decisions made are consistent with ENGIE's new purpose.

3.1.2 2030 CSR objectives

In 2020, the Group has set itself 19 CSR 2030 objectives in line with its purpose and its new strategic orientations.

Each objective has an Executive Committee member as a sponsor and a manager who works in partnership with the functional line concerned to take the necessary action to achieve it.

The 2020 results of the eight key CSR objectives (referred to as Tier 1) are presented in Section 1.5.3 of this document.

3.1.3 Climate trajectory (related to the recommendations of the TCFD: Task Force on Climate-related Financial Disclosures)

3.1.3.1 Governance

The Ethics, Environment and Sustainable Development Committee (EESDC) studies and decides on climate-related issues and in particular points concerning the implementation of TCFD recommendations, decarbonization objectives and climate policy. This role was confirmed by its inclusion in the Internal Regulations of the Board of Directors in 2019.

In order to fulfill this mission, the EESDC relies on an annual climate assessment, an analysis of climate-related risks and opportunities, as well as other more specific elements (e.g. progress on the adaptation plan). These reports are prepared by the CSR Department, which also includes a chapter dedicated to climate change in its CSR reporting to the EESDC.

The CSR Department leads a committee to monitor and manage the Group's decarbonization objectives, and a committee to monitor and implement TCFD recommendations.

The Group has also set up training modules for directors so that they can ensure that they have sufficient skills to fulfill their roles. The climate is one of the training topics.

The CSR Department also makes proposals to the Appointments, Compensation and Governance Committee on the criteria for compensating the Chief Executive Officer in relation to ENGIE's main non-financial challenges. The Group's GHG performance is one of these.

3.1.3.2 Strategy

In line with its purpose, contributing to the decarbonation of the economy is at the heart of the Group's strategy.

It also takes the form of medium- to long-term commitments to a GHG emissions trajectory compatible with the Paris Agreement (SBT certification) (see Section 3.1.4). In order to define its commitments, the Group has studied the resilience of its business model by comparing it to different decarbonation scenarios (work undertaken as part of the ENGIE adaptation process), and by varying the assumptions for the development of its activities.

These commitments are already reflected in the Group's processes: for example, the allocation of a carbon budget to the main businesses as well as a revision of the investment framework memorandum.

Moreover, climate change brings new opportunities: it strongly encourages the development of new technologies and solutions, which also are opportunities for the Group, particularly in terms of:

- strong development of renewable power and gas that is more energy efficient (e.g. heating and cooling networks);
- more offers of decarbonization support and solutions for our customers.

3.1.3.3 Risk management

Climate change entails risks for the Group:

- **The transition risks** to which the Group is exposed mainly result from the strengthening of emissions regulations and decarbonization policies, changes in market and consumer behavior, and technological developments.

  The Group has been setting itself greenhouse gas emissions targets since 2012, Since the Paris Climate Agreement was signed in 2015, the Group has reduced its direct emissions by almost 60%. It has set ambitious new goals for 2030 – certified by SBTi.

  As well as the emissions of its own industrial assets, the Group acts throughout its value chain, including suppliers, work practices, and support for customers as they decarbonize their footprint.
- **Physical risks** are inherent in the assets and activities of the Group that might be exposed to the impacts of climate change. The collaboration of the CSR Department with the Group's operating entities has made it possible to identify the climate indicators that affect our activities (rising temperatures, floods, droughts, wind, and heat waves). The Group has also forged a partnership with the Pierre Simon Laplace Institute to obtain climate change data for the periods to 2030 and 2050.

  In addition to risk management, insurance coverage and short-term continuity plans, a plan to adapt our high-risk assets for 2030 and 2050 is being drafted.

3.1.3.4 Indicators and targets

ENGIE has a robust panel of KPIs that enable it to measure its carbon footprint with all the desired level of detail. These indicators allow it to very precisely control changes in its GHG emissions.

The results of the decarbonization targets are shown in Section

3.1.4 Science Based Targets certification and carbon neutrality

The Science Based Targets (SBT) initiative aims to encourage companies to take ambitious climate action by validating the compliance of their forecast chronicles of CO_2 eq emissions with the commitments of the Paris Agreement.

Mindful of its environmental responsibility, Engie submitted at the end of 2019 a request for certification of its CO_2 eq emissions to the +2°C commitments of the Paris Agreement. It obtained this certification in February 2020.

For this, the Group is engaged on two points:

- reduce the carbon intensity of its electricity production (scopes 1 and 3) by 52% by 2030 compared to 2017;
- reduce emissions from the use of products sold (scope 3) by 34% by 2030 compared to 2017.

This certification demonstrates ENGIE's aim of becoming a major player in the energy transition to a carbon neutral world.

As well as analyzing the potential GHG emissions trajectories resulting from the SBT commitment, ENGIE has launched a project dedicated to Carbon Neutrality. This work has mobilized many of the Group's entities and has focused on all the components of decarbonization, including emissions from industrial assets, emissions generated by employee activity, and impacts on the value chain, i.e. on all of the Group's scope 1, 2 and 3 emissions.

ENGIE has also developed a method for assessing its contribution to the avoided emissions of its customers, which it plans to share so that the approach can be standardized.

ENGIE is committed to ending its coal activity in 2025 for Europe and in 2027 for the rest of the world for all its coal assets.

This exit from coal is achieved through conversions, disposals or plant closures. If the closure of a coal-fired power plant is indeed preferable to its disposal from an environmental point of view alone, its implementation faces two limits: ENGIE is almost never the sole decision-maker in this matter and closure is often impossible when the coal plant contributes to the energy security of a State.

Finally, when ENGIE decides to sell a coal-fired power plant, it always chooses the purchasing partner taking into account CSR considerations. The proceeds from the sale also enable the Group to finance the development of renewable capacities that are beneficial to the climate.

Concerning natural gas, the Group's ambition is to gradually replace fossil gas by green gas through the development of biomethane and green hydrogen.

3.2 Business model

The acceleration of the energy transition is shifting the sector's value towards more environmentally-friendly activities and services that are closer to the end customer. It has also created a need to provide responses tailored to each region, incorporating a good understanding of local situations and resources. ENGIE is involved in raising awareness of, and co-constructing, the energy transition with its stakeholders.

The Group's activities, detailed in Section 1.6 "Description of the Group's activities", can be represented as follows:

Renewables (€1.6 billion i.e. 17% EBITDA)

Wind
- 10.1 GW
- No. 1 onshore wind producer in France
- Activities under PPA

Solar
- 3.1 GW
- No. 1 producer in France
- Activities under PPA

Biogas/Biomass
- 0.3 GW
- No. 1 producer in France
- Activities under PPA

Hydropower
- 17.9 GW (hors pumped storage: 3.3 GW)
- No. 1 producer in France
- Activities under PPA

Infrastructure (€3.9 billion i.e. 42% EBITDA)

Transmission
- Brands: GRTgaz and Elengy (France), gas transmission subsidiaries in Germany, Mexico, TAG (Brazil, Gralha Azul (Brazil), etc.
- Positioning: No. 1 transporter in France and No. 2 in Europe – through independent subsidiaries, No. 1 terminals operator in France and No. 2 in Europe
- Activities: Management of lines of transmission, electricity and gas

Storage
- Brands: Storengy France, Storengy Deutschland, Storengy UK
- Positioning: Leader in underground gas storage in Europe
- Storage activities regulated in France, competitive in the UK and Germany

Distribution
- Brands: GRDF (France), Distrigaz (Romania), Engie MaxiGas (Mexico), Turkey, Argentina, Thailand
- No. 1 natural gas distribution network in Europe – through independent subsidiaries
- Most activities regulated

Client Solutions (€1.2 billion i.e. 13% EBITDA)

Cities and Communities
- Brands: ENGIE Solutions in France, outside France: ENGIE Cofely, ENGIE Axima, ENGIE Ineo, ENDEL ENGIE, and TRACTEBEL
- Employees
- Positioning:
  - No. 1 global operator of cooling networks
  - 350 heating and cooling networks in 20 countries
  - No. 4 operator of heating networks (in TWh)
  - No. 2 global provider of EV charging points
- Activities: Management of urban power networks, green mobility (NGV, hydrogen), Smart city: Solutions for cities (1.5 million public lighting points, video surveillance)

Industries
- Brands: ENGIE Solutions in France, outside France: ENGIE Cofely, ENGIE Axima, ENGIE Ineo, ENDEL ENGIE, and TRACTEBEL
- Employees
- Positioning:
  - No. 1 provider of energy efficiency services
  - No. 2 facility provider in Europe
  - Leader in solar units for industrial and commercial customers
- Activities: Decentralized energy generation, Adigital systems and platforms

Tertiary
- Brands: ENGIE Solutions in France , outside France: ENGIE Cofely, ENGIE Axima, ENGIE Ineo, ENDEL ENGIE, and TRACTEBEL
- Employees
- Positioning:
  - No. 1 provider of energy efficiency services
- Activities: Smart building management, facilities management, digital systems and platforms

Thermal: (€1.6 billion i.e. 17% EBITDA)

Natural gas
- 52.5 GW
- Major presence in the Middle East (30.1 GW)
- Activities under PPA

Coal
- 4.3 GW
- Withdrawal in progress

Other activities (€1.0 billion i.e. 11% EBITDA)

BtoC customers
- Brand: ENGIE
- 24 M contracts o/w 11 M in France
- 126 TWh of gas sales and 36 TWh of electricity sales
- No. 1 French provider of natural gas

Nuclear
- 6.2 GW
- No. 1 producer in Belgium
- Activities under PPA

Energy supply
- Supply and management of gas assets
- Management and development of electricity assets
- Energy supply
- 8 trading platforms
- Commercial activities in more than 50 countries

The Group's four segments of activity (Renewables, Networks, Client Solutions, and Thermal) and Other activities utilize capital or resources of different kinds and create value according to five areas, as shown below. This presentation covers the *International Integrated Reporting Council* (IIRC) principles.

Value creation for ENGIE

RESOURCES

Financial capital
equity capital, borrowed capital, etc...
See Section 6.2 "Consolidated financial statements"

Industrial capital
industrial assets, capital expenditure, expenditure on development and maintenance, etc...
See Section 6.2 "Consolidated financial statements"

Intellectual capital
workforce and expenditure on R&D and innovation, etc...
See Section 1.3 "Innovation and R&D"

Human capital
workforce, expenditure on staff and training etc...
See Section 3.4 "Social Information"

Societal Capital
stakeholders mobilized internally and externally, etc...
See Section 3.6 "Societal Information"

Natural Capital
volumes of and expenditure on purchasing raw materials, other supplies, expenditure relating to environmental preservation, etc...
See Sections 3.5 "Environmental Information" and 3.7 "Purchasing, subcontracting and suppliers"

BUSINESS MODEL

- Renewables
- Networks
- Customers Solutions
- Thermal
- Other activities

VALUE CREATION

A sustainable energy transition
Renewable power generation capacities, proportion of renewable energy in the portfolio, waste recycling rate, rate of reduction of CO_2 emissions and other pollutants, % of power generation sites with an environmental plan agreed with the stakeholders, etc...
See Section 3.5 "Environmental Information"

A profitable energy transition
Organic growth in revenue and EBITDA, remuneration of shareholders, ROCE, etc...
See Sections 1.2 "Key figures" and 6.2 "Consolidated financial statements"

An energy transition for the future
Investment in innovation and digital, number of labs created, etc...
See Section 1.5 "Innovation, Research & Technologies"

An energy transition for all
recurring amount of taxes paid, amount of local purchasing, % of SMEs among suppliers, number of customers benefiting from subsidized tariffs, number of beneficiaries with access to energy
See Sections 3.6 "Societal Information" and 3.7 "Purchasing, subcontracting and suppliers"

An energy transition that brings together
compensation policy, percentage of employee shareholding, level of employee engagement, accident frequency rate, % of industrial sites that have established a system for stakeholder dialogue
See Sections 3.4 "Social nformation" and 3.6 "Societal Information"

ENGIE aims to create a group (code name BRIGHT) on July 1st, 2021, leader in multi-technical installation and maintenance services. This entity will develop its skills mainly in the fields of electrical, climatic and energy engineering, as well as in the fields of telecommunications, video and digital, for industrial, tertiary and local authority customers.

3.3 Analysis of main CSR risks and challenges

In order to identify the main CSR risks, ENGIE relied on the most recent version (2020) of its matrix of challenges, called materiality matrix, which was created to gain a better understanding of the expectations and priorities of its stakeholders and its management and to target its strategy and actions more effectively.

This results in 20 challenges, divided into four categories, namely: four fundamental, seven material, two major, and seven decisive.

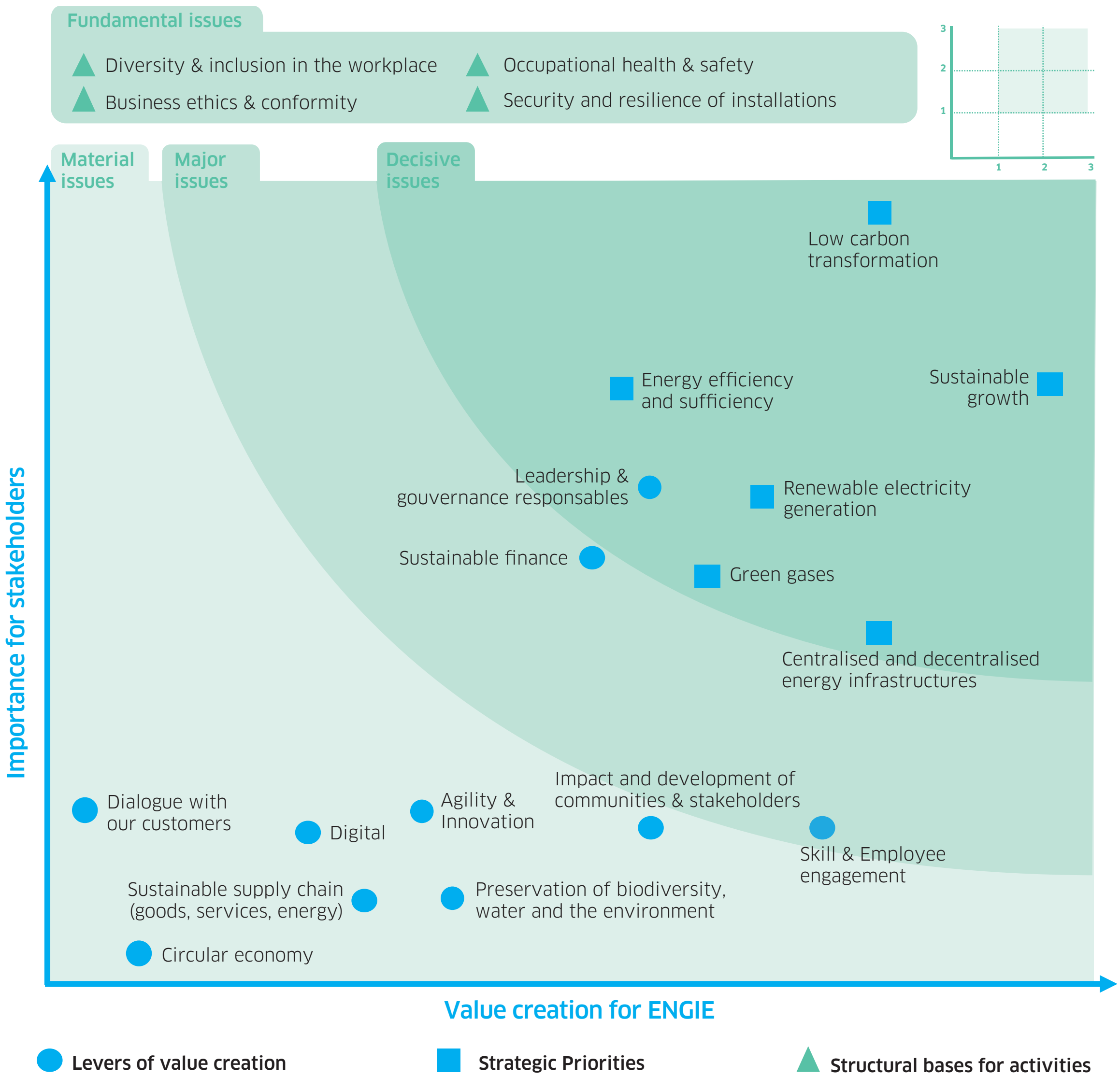
The fundamental challenges are long-lasting issues that form the founding basis for the responsible conduct of the Group's industrial and commercial activities. Therefore, they were not ranked or compared with other challenges. The other challenges were assessed and classified according to three categories of increasing materiality:

- the material challenges that create value for the Group;
- the major issues that make a significant contribution to this value creation;
- and the decisive issues that make an essential contribution to it, six of which constitute the Group's strategic priorities.

The challenges are positioned on the matrix:

- according to their importance for stakeholders (vertical axis);
- according to the impact in terms of value creation for ENGIE (horizontal axis).

The method used to construct the matrix can be found on the Group's website (Corporate Social Responsibility area).



The definitions of the 2020 challenges are provided in the following tables:

Challenge	2020 definitions
1. Responsible leadership & governance	Ensure exemplary and transparent leadership and governance, adapted to the strategic challenges; ensure transparency and integrity of information through reliable communication, effective management of potential controversies and ENGIE's brand image; ensure the clarity of the Group's objectives; ensure that the Group's actions are consistent with its purpose.
2. Digital	Put our digital expertise at the service of the energy transition by offering our customers innovative and differentiating solutions and services; leverage these technologies to improve the Group's operational efficiency and to strengthen cohesion between our employees through new collaborative tools.
3. Sustainable growth	Ensure the resilience of the Group's business model as well as the growth of financial results over the long term; guarantee value sharing with all stakeholders (incentive-based compensation for senior management and all employees; ensure shareholder attractiveness and loyalty); limit the risk of stranded assets; ensure stability in terms of financial and CSR ratings.
4. Security and resilience of installations	Ensure the operating safety of facilities and business continuity by guaranteeing: the security and surveillance of the Group's sensitive sites (nuclear and industrial), the resilience and adaptation of facilities to climatic risks, the cybersecurity of industrial systems, the confidentiality and protection of the personal data of our employees and clients; ensure the dismantling of nuclear sites under the required security conditions.
5. Employees' skills and commitment	Encourage employees to take ownership of ENGIE's purpose, strategy and values by making them actors in their deployment; strengthen the relationship of trust between management and employees; explore and develop new ways of working adapted to employees' needs; ensure quality social dialogue within the Group; to capitalize on employees' skills and support them in their professional development; attract and develop talent; strengthen intrapreneurship in our practices.
6. Occupational health & safety	Guarantee safety and optimal working conditions for our employees, contractors and subcontractors in all geographic areas where the Group operates.
7. Diversity & inclusion in the workplace	Promote equal opportunities and make equal treatment a reality; ensure non-discrimination with respect to both our employees and our candidates; promote diversity of profiles and experience at all levels of the company.
8. Circular economy	Encourage circularity throughout the value chain by guaranteeing the recycling, reuse and recovery of resources in operations; control the consumption of resources (responsible consumption); ensure efficient use of raw materials.
9. Preservation of biodiversity, water & the environment	Prevent and control the impact of the Group's operations on biodiversity, water and the environment (noise pollution, soil pollution, water and air pollution); be a player and driving force in environmental protection and contribute to the restoration of natural habitats through targeted and concrete commitments.
10. Low-carbon transformation	Acting positively for the environment and the climate by ensuring a clear and ambitious shift towards low-carbon activities, by withdrawing from carbon activities, by developing offers aimed at reducing the carbon footprint of the Group's customers, by controlling the carbon footprint of our supply chains and our working practices (ways of working).
11. Renewable electricity generation	Strengthen our investment in a competitive and sustainable portfolio of renewable energy power generation activities and ensure their local acceptability; anticipate new renewable energy sources and be a player in their deployment.
12. Green gases	Sustainably develop the entire green gas value chain (biomethane, hydrogen); raise awareness among our clients and stakeholders of the role of green gases as levers for resilience and performance in the energy transition.
13. Centralized and decentralized energy infrastructures	Pursue the development of gas and electricity energy infrastructures as well as decentralized infrastructures (heating and cooling networks, networks of charging stations for electric vehicles, urban public lighting networks, etc.); take advantage of new technologies for the intelligent and connected management of networks and infrastructures.

Challenge	2020 definitions
14. Agility & innovation	Change the corporate culture towards greater agility and openness to innovation; strengthen our ability to evolve (adaptation of business models and group organization, transformation of working methods, development of intrapreneurship, etc.) in the face of changes in the Group's environment (expectations, uses, etc.).
15. Dialogue with our customers	Engage in a strategic dialogue with our current and historical clients in order to best support them in their low-carbon transformation; make all our clients aware of our values and commitments; develop a quality partnership relationship and adapt to the specificities of our geographical locations; commit to long-term performance (energy, carbon, etc.) with our clients.
16. Business ethics & conformity	Ensure responsible business conduct through robust and transparent ethical practices in operational activities (e.g. anti-corruption, taxation).
17. Impact & development of communities and stakeholders	Work for the respect of human rights throughout our value chain ; maintain a continuous and quality dialogue with stakeholders ; develop new partnership dynamics; contribute positively to territorial development, while respecting local communities and taking into account changing needs ; contribute to a fair and efficient energy transition ; encourage a more inclusive and equitable economy.
18. Sustainable finance	Work towards sustainable finance through: promoting responsible financial instruments (green bonds, etc.), integrating ESG issues into the investment process in order to encourage the development of sustainable activities; demonstrate the alignment of ENGIE's actions with the growing expectations of investors and CSR rating agencies; anticipating and adapting to regulatory changes in this area.
19. Sustainable supply chain (goods, services, energy)	Promote ENGIE's CSR practices throughout its supply chains; foster quality dialogue with its suppliers; forge strategic partnerships for sustainable development; control the social and environmental risks related to the activity and geographic location of suppliers of goods, services and energy; favor a diversified panel of suppliers in order to guarantee business continuity.
20. Energy efficiency & sufficiency	Support an individual and collective approach to technical changes, uses, practices and organizational methods aimed at reducing energy consumption; at all levels of the Group: daily work practices, operations, supply chain and at our clients' sites through our offers as well as at the level of our infrastructures.

These 20 challenges generate CSR risks and opportunities. These CSR risks are classified in accordance with the regulations into the following categories:

- environmental;
- societal;
- social;
- and governance.

The main United Nations Sustainable Development Goals (SDGs) that could be impacted by these risks are also indicated.

The risk analysis included in Chapter 2 “Risk factors” is different from the analysis of these CSR risks. In Chapter 2, risks referred to as ”net specific material risks” are assessed and ranked. They are specific to ENGIE’s activities and could have a financial impact in the short or medium term in the context of investment decisions concerning ENGIE. They are classified as net because they are presumed to be material even after the measures taken by the Group to manage them have been taken into account.

The risks included in this Section are CSR-related, not necessarily specific to ENGIE’s activities, and may have a medium- or long-term impact. These are gross risks because they do not take account of the management measures implemented by ENGIE.

These different approaches explain the differences between the list of risks presented in Chapter 2 and those presented in this Section.

ENVIRONMENTAL RISKS

Challenge 2: Digital
Challenge 8: Circular economy
Challenge 9: Preservation of biodiversity, water and the environment
Challenge 10: Low-carbon transformation
Challenge 11: Renewable electricity generation
Challenge 12: Green gases
Challenge 13: Centralized and decentralized energy infrastructures
Challenge 20: Energy efficiency and sufficiency

	Associated CSR risks	Associated opportunities	Associated SDGs
A	*Industrial safety*: corresponds to the risk of harm to the integrity of persons or property due to the Group's operational activities.	Sales of services: digitization, robotization, security and monitoring of sensitive sites, help with adapting customer facilities to climate change, and help with the decarbonization of customer portfolios	9 Industry, innovation and infrastructure; 13 Climate action
B	*Nuclear safety:* corresponds to specific risks in the event of accidents that might result in radioactive releases from the Group's nuclear plants.		
C	*Cyber attack on industrial systems:* corresponds to the risk of an attack on industrial command systems.		
D	*Malicious damage to tangible and intangible assets:* corresponds to malicious acts affecting the Group's industrial or tertiary sites and facilities, which make up its tangible assets, as well as those affecting information, which is part of the Group's intangible assets, whether conveyed on computerized or physical media or even verbally.		
E	*Contribution to climate change*	Service sales: reducing the carbon footprint of industrial sites, environment management plans Program to restore flora and fauna Mobilization of stakeholders: customers, employees, regions and NGOs	3 Good health and well-being; 13 Climate action; 6 Clean water and sanitation; 15 Life on land
F	*Impact of climate change*		
G	*Biodiversity*		
H	*Water stress*		
I	*Waste management*		
J	*Atmospheric pollution*		
K	*Pollution of the surrounding environment*		

SOCIETAL RISKS

Challenge 3: Sustainable growth
Challenge 15: Dialogue with our customers
Challenge 17: Impact and development of communities and stakeholders
Challenge 18: Sustainable finance
Challenge 19: Sustainable supply chain

	Associated CSR risks	Associated opportunities	Associated SDGs
L	*Societal acceptance:* the Group's activities involve the holding of various permits and authorizations, the obtaining or renewal of which with the competent regulatory authorities may involve long and costly procedures. The Group may face opposition from the local population or associations during the installation or operation of certain equipment.	Co-construction of offers with stakeholders Continuation of industrial activities Development of the access to energy offer in unserved regions Tackling fuel poverty with adapted offers Group's societal role beneficial to its internal and external reputation	3 Good health and well-being; 11 Sustainable cities and communities; 7 Affordable and clean energy; 12 Responsible consumption and production; 8 Decent work and economic growth; 13 Climate action
M	*Management of major projects:* particularly including non-compliance with costs and construction deadlines and the operational performance of large-scale industrial projects.		
N	*Reputation:* inability of the company to establish and maintain the trust of stakeholders and to obtain the benefits associated with this, inability to maintain the values and social standards of the company, including with its suppliers or subcontractors, inability of the company and the project to build and protect its brand image, and inability of projects aimed at improving access to energy to reach their targets.		

SOCIAL AND GOVERNANCE RISKS

Challenge 1: Responsible leadership and governance
Challenge 5: Employees' skills and commitment
Challenge 14: Agility and innovation

	Associated CSR risks	Associated opportunities	Associated SDGs
O	*Skills:* i.e. a shortage of qualified people, unavailability of resources that are flexible according to needs, the loss of key knowledge in the event of departure due to lack of succession plans or due to more attractive conditions in the same geographical area.	Adapting to changes in occupational sectors Appeal of the Group to young people aware of carbon neutrality Digitization improving work efficiency	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
P	*Employee commitment:* in the context of the Group's transformation, the lack of engagement could result in social movements.		

Challenge 7: Diversity & inclusion in the workplace

	Associated CSR risks	Associated opportunities	Associated SDGs
Q	*Diversity:* the non-representativity of the working population with respect to the society in which the Group operates.	Group's societal role beneficial to its internal and external reputation Inclusivity of the company Reflection of society Attractiveness of the Group	5 GENDER EQUALITY 10 REDUCED INEQUALITIES 8 DECENT WORK AND ECONOMIC GROWTH
R	*Inequality:* discriminatory treatment of employees or job applicants.		

Challenge 6: Occupational health & safety

	Associated CSR risks	Associated opportunities	Associated SDGs
S	*Health and safety at work* for employees, contractors and subcontractors.	Improvement of operational performance Occupational well-being Employee motivation	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
T	*Safe travel*		

RISQUES DE GOUVERNANCE

Challenge 1: Responsible leadership and governance
Challenge 16: Business ethics & conformity

	Associated risks	Associated opportunities	Associated SDGs
U	*Corruption:* the risk of criminal wrongdoing by which a person solicits or accepts a benefit with a view to carrying out an act within the scope of his or her duties.	Group setting an example as a good citizen Employee motivation	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
V	*Tax:* the risk of non-compliance with tax regulations, reporting obligations and their development.		

Challenge 17: Impact and development of communities and stakeholders

	Associated risks	Associated opportunities	Associated SDGs
W	*Human rights violations*	Group's societal role beneficial to its internal and external reputation	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

In accordance with the regulations, these risks are analyzed, on the following pages, by means of:

- a summary of the policies or action plans implemented to limit them;
- indicators established to monitor them, sometimes with targets set;
- and the results of these indicators over three years (2018, 2019 and 2020).

Furthermore, pursuant to the French Act of March 27, 2017, ENGIE has drawn up a vigilance plan to monitor risks associated with human rights in the broadest sense, including aspects related to health and safety, responsible purchasing and the environment. This vigilance plan covers all of ENGIE's activities and its controlled subsidiaries world-wide, as well as those of its main suppliers. The vigilance plan is described in Section 3.9 "Vigilance plan (synthesis)".

3.3.1 Main environmental risks

Policies or action plans established to cover or remedy risks more	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk A: Industrial safety (see Section 2.2.5.1)				
ENGIE's health and safety policy incorporating industrial safety Industrial safety policies specific to the different activities conducted by Group subsidiaries Action plans implemented by the subsidiaries that integrate feedback as part of a continuous improvement approach	Monitoring of incidents and accidents related to industrial safety at subsidiary level Assessment of the level of risk control achieved through dedicated internal control standards (IND 2 & 3)	No significant incident at industrial facilities	No significant incident at industrial facilities	No significant incident at industrial facilities
Risk B: Nuclear safety (see Section 2.2.5.4)				
Nuclear Safety and Radiation Protection Policy Independent supervision of nuclear safety 2016-2020 Global Nuclear Safety Plan Minimum requirements for systems of management of nuclear actors	Monitoring of significant incidents	No significant incident	No significant incident	No significant incident
Risk C: Cyber attack on industrial control systems (see Section 2.2.6.1)				
The Group policy review on Security of Industrial Control Systems Technical security standard assessement Qualitative assessment of the maturity level of the cybersecurity culture on the entities	Monitoring of the security rate of priority sites to be secured (critical and sensitive sites) Assessment of the level of risk control achieved through dedicated internal control standards (IND 4)	Maintaining the security of existing sites and securing new sites in accordance with objectives	Maintaining the security of existing sites and securing new sites in accordance with objectives	All critical and sensitive sites were secured at the end of 2018
Risk D: Malicious damage to assets (see Section 2.2.6.4)				
Group policy to protect individuals and tangible and intangible assets Prevention and protection measures implemented on the basis of the criticality of the geographic location Group Information Security Committee	Monitoring of threats to the Group, particularly from terrorists Monitoring of damage to assets	No significant damage to assets	No significant damage to assets	No significant damage to assets
Risk E: Contribution to climate change (see Section 2.2.2)				
The Group's environmental policy, which specifies: • the environmental challenges faced by the Group, including climate change; • the resources used by the Group to meet these challenges and improve its performance; • the governance elements that contribute to the implementation of the Group's environmental policy.	2020 targets:			
	• Percentage reduction of the CO_2 emissions ratio from energy production of 20% compared with 2012	-52.0%	-43.7%	-28.7%
	• 25% of power capacity from renewables (counted at 100%, regardless of the rate of detention)	31.2%	27.8%	23.7%
	2030 targets:			
	• 43 Mt of GHG emissions (scopes 1 and 3) from energy production, in line with the SBT commitments	68	75	86
	• 52 Mt of GHG emissions from use of sold product, in line with the SBT commitments	62	61	62
	• 0 Mt of GHG emissions from its working practices (after offsetting)	0.49	0.7	na
	• 58% of power capacity from renewables	27.8%	27.8%	23.7%

Policies or action plans established to cover or remedy risks more	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk F: Impact of climate change (see Section 2.2.2)				
The Group's environmental policy	2020 target:			
	100% of its target sites (i.e. presenting a risk to the environment according to a multi-criteria approach integrating biodiversity, water, waste and air pollution) with an integrated environmental management plan, drawn up in collaboration with their stakeholders, and include adaptation of the Group's facilities to respond to climate change	100%	86%	75%
Risk G: Biodiversity				
The Group's biodiversity policy which aims to: • avoid the direct or indirect impacts of its activities and those of its value chain on biodiversity; • failing this to reduce them; • or even to offset them as a last resort.	2020 target:			
	100% of the priority sites (i.e. those likely to affect biodiversity due to their proximity to a protected natural area) with an action plan to respond to the challenges of preserving biodiversity	100%	94%	94%
	2030 target:			
	100% of industrial activities with ecological site management plans	0%	Not communicated	Not communicated
Risk H: Water stress				
The Group's water policy, which focuses in particular on the management of water used in energy generation and wastewater treatment processes	2020 targets:			
	15% reduction in the level of freshwater withdrawals per MWh of energy generation compared with 2012	-46.2%	-36.4%	-39%
	100% of the sites in areas of high water stress with local action plans in collaboration with stakeholders	100%	63%	58%
	2030 target:			
	35% reduction in the water consumption of industrial activities compared with 2019	-19%	0%	na
Risk I: Waste management				
The Group's circular economy policy, which aims to ensure that each site or activity works on the recovery and/or recycling of its waste	% of non-hazardous waste recovered	76%	76%	85%
	% of hazardous waste recovered	31%	31%	28%
Risks J and K: Air pollution and pollution of the surrounding environment				
The Group's environmental policy	NOx	47,538 t	50,408 t	60,412 t
	SO_2	119,584 t	129,026 t	118,291 t
	Fine particles	4,406 t	4,544 t	4,873 t

3.3.2 Main societal risks

Policies or action plans established to cover or remedy risks more	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk L: Societal acceptance				
The Group's societal policy, which specifies: • the Group's societal challenges; • the resources it uses to meet these challenges; • the governance elements that contribute to implementation of the policy.	2020 target: 100% of industrial activities covered by an appropriate mechanism for dialogue and consultation with stakeholders	100%	74%	53%
	2030 target: 100% of its activities, projects and sites that are being decommissioned with an environmental plan in consultation with stakeholders	21%	10%	na
	Annual monitoring of BUs or entities trained in the stakeholder engagement tool, which is a self-assessment framework based on standard AA1000 – Stakeholder management, produced by the Accountability NGO	6	9	6
Risk M: Management of major projects (see Section 2.2.6.2)				
Investment procedure for projects passing through the Group Commitments Committee which provides for a risk analysis and a self-assessment matrix of 12 CSR criteria based on information from the EIA (Environmental Impact Assessment) and ESIA (Environmental Social Impact Assessment)	Risks analysis 12 CSR criteria matrix			No indicator
Risk N: Reputation				
Protection of the brand	2020 target: 85% BtoC customer satisfaction level (*): change in methodology in 2019, with a questionnaire administered by email and no longer by phone leading to a reduction in satisfaction of 12 points)	76% (*)	72% (*)	81%
	2030 target: 100% of offers proposing an alternative option contributing to decarbonization	51%	na	na
Environmental policy	Number of environmental complaints and convictions	6 complaints and 2 convictions	10 complaints and 1 conviction	24 complaints and no conviction
Ethics Charter Code of conduct for business relations Code of conduct for relations with suppliers	Ethical malfunctions monitored using the INFORM'ethics reporting tool	283 incidents, proven or non-proven	282 incidents, proven or non-proven	218 incidents, proven or non-proven
Group Purchasing Policy that sets out the obligations and commitments applicable to ENGIE in terms of its relations with suppliers	2020 target: 100% of the entities with a system in place for responsible supply chain management	100%	86%	84%
	2030 targets: 100% of preferred suppliers (excluding energy purchasing) SBT certified or aligned	15%	Not commu-nicated	Not commu-nicated
	Ratio of 100 on responsible purchasing (excluding energy): CSR assessment, payment terms, and inclusive purchasing	18	Not commu-nicated	Not commu-nicated

Policies or action plans established to cover or remedy risks more	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Promotion of access to energy for populations living far away from networks, including in Africa, and through the social impact fund, Rassembleurs d'Énergies	2020 target: 20 million recipients at the base of the pyramid with access to sustainable energy (including the Rassembleurs d'Énergies fund)	11.5 M	8.9 M	3.7 M
	2030 target: 30 million recipients with access to affordable, reliable, and clean energy from 2018 (excluding the Rassembleurs d'Énergies fund)	6 M	4 M	0 M
Vigilance Plan (synthesis) (see Section 3.9)				

3.3.3 Main social risks

Policies or action plans established to cover or remedy risks	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk O: Skills				
The Group's mobility development policy, which is based around: • ENGIE Skills, which is aimed at developing skills early to prepare for the future; • ENGIE Mobility, which fosters internal mobility; • and is supported by ENGIE University.	2020 target: 66% of employees trained during the year	70.1%	69.2%	66.1%
	2030 target: 100% of employees trained during the year	70.1%	69.2%	66.1%
	Monitoring of number of hires (permanent and fixed-term)	29,481	37,182	29,754
	Monitoring of voluntary turnover rate	5.4%	7.1%	5.8%
The Group's innovation policy, which is based on: • the ENGIE Fab entity to implement new businesses; • the ENGIE New Ventures investment fund to support start-ups. The Group's research & technology policy that relies on the ENGIE Research entity, which brings together several Labs and centers of expertise and engineering	R&D budget	€190 M	€189 M	€182 M
Risk P: Commitment				
The Leadership Way, which defines four key behaviors: caring – demanding – open – bold. These behaviors enable us to meet five objectives: Prepare the future – Cultivate and give responsibility – Act and challenge the status quo – Deliver results – Adopt inspiring behavior on a daily basis.	2020 target: 80% employee engagement rate through the worldwide annual "ENGIE&Me" survey	83%	80%	79%
Privileged forums for consultation between management and employee representatives: The European Works Council and the French Group Works Council	These bodies monitor and sign Group collective bargaining agreements	No new agreement	No new agreement	Professional equality agreement (Europe)

Policies or action plans established to cover or remedy risks	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk Q: Diversity				
Group diversity policy Diversity label	2020 targets: 25% of the workforce are women	21.5%	20.9%	21.1%
	25% of international senior managers are neither French nor Belgian, calculated within the scope of the Group Managed Roles (GMR)	25%	25.5%	24%
	33% of senior managers appointed are women, calculated within the scope of the Group Managed Roles (GMR)	25.4%	28%	24%
	2030 target: 50% of managers are women	24.1%	23.5%	23.3%
Employment of young people	2030 target: 10% of European workforce are apprentices	4.3%	3.9%	Not communicated
Risk R: Inequality				
Professional equality policy	2030 target: Equity ratio of women to men of 100			
	France	87	72	Not communicated
	Rest of world	80	72	Not communicated
Risk S: Health and safety at work				
Global agreement on health and safety at work that states the goals and strategies of the health and safety policy	2020 target: Frequency rate of lost-time employee accidents of less than 3.4 by 2020. This target was revised in 2019 to take account of the structural change in activities	3.0 for a 2020 target of 3.4	3.7 for a 2019 target of 3.9	3.4 for a 2018 target of 3.5
	2030 target: Total lost time injury frequency rate for employees and subcontractors on sites with controlled access ≤ 2.9	2.7 for a 2020 target of 3.3	3.3	
Health and safety policy that sets out the fundamental principles that have to be met for all the ENGIE entities, in order to respect the integrity of people and assets It constitutes, for every person, a reference point to ensure that health and safety are incorporated within all the actions of the Group	Managerial safety inspections Identification of potentially serious situations and events			
	2020 targets: 100% of Group entities with a process that ensures training in the “life-saving rules” for subcontractors	97%	92%	92%
	100% of Group entities with a process that ensures the identification and management of events with high potential of severity	99%	95%	93%
	2030 target: Health and safety prevention rate ≥ 0.75	0.59	0.42	Not communicated
European agreement on the improvement of working conditions 2016-2020 Health and safety action plan “No Life at Risk” program of specific actions designed to strengthen the health and safety culture	Annual health and safety reviews conducted with each BU Monitoring of health and safety results by the Executive Committee, the EESDC and the Board of Directors Utilization by the BUs of a internal control questionnaire on health, safety and security			

Policies or action plans established to cover or remedy risks	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Annual communication campaign Feedback shared among the BUs and subsidiaries		Communi-cation campaigns focused on the prevention of the Covid-19 risk and on maintaining vigilance in terms of health and safety	Communi-cation campaign to carry out a risk analysis on the ground, immediately before starting the activity	Shared vigilance "United together for everyone's safety"
Risk T: Safe travel				
Safety rules for international trips Employee access to the ISOS international medical and health portal Employee access to the analyses and reports of the Control Risks Group site on country risks and to e-learning on personal security when traveling abroad	Reinforcement of event-detection mechanisms "Travel Tracker" tool to monitor individuals traveling in high-risk areas Alert system for office-based personnel which supplementing the alert system for international personnel mobility	No significant event	No significant event	No significant event

3.3.4 Main governance risks

Policies or action plans established to cover or remedy risks	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk U: Corruption				
Anti-corruption policy based on: • the Ethics Charter; • the Practical Guide to Ethics; • the integrity reference system; • the Ethics Compliance reference system; • specific policies: Third party assessments, business consultants, gifts, invitations, conflicts of interest, lobbying in particular and supplier relations; • ethics and CSR clause in the general terms of sales.	System for whistleblowing and reporting ethics incidents Control process Annual compliance procedure by means of a specific reporting system INCOME COR 4 internal control program Internal audits and external audits including the ISO 37001 certification audit (certification received in 2018 and renewed in 2019) Annual publication of the communication on the progress of UN Global Compact Principle 10	283 proven or unproven incidents reported in My Ethics Incident, including 20 cases of alleged corruption	282 incidents (proven or unproven) declared in INFORM'ethics including 9 cases of alleged corruption	218 incidents (proven or unproven) declared in INFORM'ethics
	Alert system: ethics@engie.com	201 incidents including 20 concerning business ethics cases	183 incidents including 17 concerning business ethics cases	Not communi-cated
	The Group is committed to training its senior managers, expanding its commitment for 2019 to Group managed roles (GMRs) and anti-corruption in 2025	86% of GMR	91% of senior managers and 86% of executive managers	91% of senior managers
	2030 target: 100% of employees most exposed to corruption risk trained	21%	25%	

Policies or action plans established to cover or remedy risks	Steering resources or KPIs, objectives	2020 results	2019 results	2018 results
Risk V: Tax				
Tax policy that sets out the rules and principles for the payment of taxes in the countries in which the Group operates	Tax reporting by country Adherence to the principles of the United Nations BTeam initiative	See website	See website	See website
Risk W: Human rights violations				
Human Rights referential and policy Vigilance Plan Ethics due diligence policy (suppliers, subcontractors, and commercial partners)	Checklist on the risk of violating human rights (annual risk review, see Sections 2.2.7 and 3.8.2) Annual ethics compliance report (quantitative and qualitative indicators, see Section 3.8.6) System for whistleblowing and reporting ethics incidents Monitoring of the Group Vigilance Plan (see Section 3.9.3)	283 incidents in My Ethics Incident (alleged or unsubstantiated), including 6 allegations relating to human rights and environmental law (excluding allegations relating to sexual harassment and moral harassment)	282 incidents (proven or non-proven) declared in INFORM'ethics, including no case concerning human rights	218 incidents (proven or non-proven) declared in INFORM'ethics, 34% of which involve social responsibility and human rights, including HR practices

3.4 Social information

ENGIE's Human Resources (HR) strategy supports and contributes to the Group's strategy to meet the challenges of today and anticipate those of tomorrow. Listening to its stakeholders, the HR function constantly reconciles economic performance, human progress and contributions to society. It is a necessary and complex responsibility which calls for a strong and agile HR function, . capable of transforming itself to provide concrete and innovative responses to the multiple challenges that ENGIE has to meet. Passionately committed to the success of the business project, HR pursues three strategic objectives: developing skills within the Group, developing leadership and building ENGIE's culture.

ENGIE sees women and men as the main driver of its performance. The Group must be able to rely at all times on skills tailored to its changing needs. Accordingly, the HR function plays a major role:

- anticipating and identifying the needs of the BUs and businesses as well as emerging trends;
- developing and adapting skills to our new solutions and business challenges;
- strengthening the Group's ability to attract, recruit and retain the talents of today for tomorrow in an increasingly competitive market.

The health and economic crisis that has been going on since March 2020 is unprecedented. It has affected people both collectively and individually. Its impact is global and has required the rethinking of models and operations. From the start, the HR department has been a strategic player in crisis management. It has played a central role in the definition, application and roll-out of health rules. It has had to adapt working methods and implement measures to support employees and preserve jobs. It recognized the extent of the social crisis very early on, accelerating the roll-out of the ENGIE Care worldwide social protection program.

The HR transformation project created a global, united and interconnected HR community. Throughout the crisis, this community has been sharing and adapting the practices put in place within its regions to ensure the safety, health and well-being of employees and to maintain their commitment. Ongoing consultation with union representatives has strengthened internal cohesion and enhanced performance during this period. More generally, the crisis has tested its great capacity for resilience. The Group has maintained its social commitments without compromising its objectives: 50% female managers by 2030, professional and pay equity between women and men, professional integration with a target of 10% of staff consisting of students on work-study programs in 2021 in France and in 2030 in Europe, and 100% of staff trained each year by 2030.

3.4.1 Social data

3.4.1.1 Workforce

ENGIE was present in around 60 countries in 2020, with 172,703 employees. The workforce increased by 1,600 employees, or around 1%, compared with 2019. This change was due to business expansion and the acquisition and integration of new companies within the Group in connection with the development strategy.

	2020									2019
GRI 102-7 /405-1	United States and Canada	France excluding Infra-structures	France infra-structures and others	Rest of Europe	Latin America	Middle East, Asia & Africa	Others	Group	%	Group
Managers	**1,439**	**14,801**	**4,666**	**10,338**	**2,066**	**2,064**	**9,906**	**45,280**	**26.2%**	**42,963**
Men	1,078	11,485	3,129	8,513	1,604	1,629	6,923	34,361	75.9%	32,856
Women	361	3,316	1,537	1,825	462	435	2,983	10,919	24.1%	10,106
Non-managers	**1,847**	**44,697**	**12,773**	**44,391**	**10,700**	**8,178**	**4,837**	**127,423**	**73.8%**	**128,141**
Men	1,422	38,102	9,495	34,256	9,022	6,793	2,191	101,281	79.5%	102,527
Women	425	6,595	3,278	10,135	1,678	1,385	2,646	26,142	20.5%	25,614
TOTAL	**3,286**	**59,498**	**17,439**	**54,729**	**12,766**	**10,242**	**14,743**	**172,703**	**100%**	**171,103**
Men	2,500	49,587	12,624	42,769	10,626	8,422	9,114	135,642	78.5%	135,383
Women	786	9,911	4,815	11,960	2,140	1,820	5,629	37,061	21.5%	35,720
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*		*100%*

As of December 31, 2020, the workforce comprises 45,280 managerial staff, i.e. 26.2%, and 127,423 non-managerial staff, i.e. 73.8%. The proportion of managerial staff increased slightly, from 25% to 26.2%. The proportion of women in the workforce increased from 20.8% in 2019 to 21.5% and represented 24.1% of managers (see Section 3.4.4.1).

3.4.1.2 Contract types and trends

At the end of December 2020, 156,140 employees were on permanent contracts, making up 90.4% of the workforce. 10,602 employees were on fixed-term contracts, mainly in the Latin America, Asia Pacific and China BUs. Furthermore, with 5,961 young people on work-study programs (5,523 in 2019), ENGIE favors the inclusion of young people. Work-study programs combine practice with the teaching provided at their training centers. They are also an important source of recruitment (see Section 3.4.2.1.3).

	2020								2019
GRI 102-8	United States and Canada	France excluding Infra-structures	France infra-structures and others	Rest of Europe	Latin America	Middle East, Asia & Africa	Others	Group	Group
Permanent	96.5%	91.5%	93.6%	94.3%	70.6%	81.1%	90.0%	90.4%	90.3%
Fixed-term	3.3%	2.4%	0.2%	4.6%	29.3%	17.8%	6.6%	6.1%	6.5%
Work-study contracts	0.2%	6.2%	6.2%	1.1%	0.1%	1.1%	3.4%	3.5%	3.2%
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

3.4.1.3 Workforce by age bracket

The average age of employees on permanent contracts is 42.8, unchanged compared with 2019.

	2020								2019
GRI 405-1	United States and Canada	France excluding Infra-structures	France infra-structures and others	Rest of Europe	Latin America	Middle East, Asia & Africa	Others	Group	Group
< 25 yrs old	3.3%	4.0%	2.6%	3.1%	5.3%	3.1%	2.3%	3.4%	3.7%
25-34 yrs old	20.9%	23.5%	25.3%	17.2%	33.3%	34.4%	26.5%	23.0%	23.4%
35-44 yrs old	25.2%	29.3%	31.3%	25.3%	32.1%	34.0%	33.0%	28.8%	28.6%
45-54 yrs old	26.1%	27.3%	28.2%	30.4%	19.8%	20.4%	24.2%	27.3%	27.4%
> 55 yrs old	24.5%	15.9%	12.6%	24.0%	9.6%	8.1%	14.0%	17.5%	16.7%
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

3.4.1.4 Hiring

Nearly 29,500 employees were hired. They are suited to our future skills requirements and will support the transformation. 70% of them relate to occupations in the technical, engineering and business development areas. The profile of these hires is shifting towards increased expertise, particularly in the digital occupations. These hires reflect different situations in terms of activities and countries. 11,393 hires took place in France, including 6,420 on permanent contracts and 4,973 on fixed-term contracts (12,802 in 2019). Internationally, 18,088 hires took place in 2020, compared with 24,380 in 2019, down 6,292 or 26%. The impact of the health crisis resulted in a 21% drop in hires, particularly in those occupations hit hardest in the first half of the year in Latin America, the United Kingdom and France. 21.5% of hires were women. In addition to these hires, 6,494 employees benefited from the internal mobility selection procedures (7,914 in 2019).

	2020								2019
GRI 401-1	United States and Canada	France excluding Infra-structures	France infra-structures and others	Rest of Europe	Latin America	Middle East, Asia & Africa	Others	Group	Group
Permanent hires	**620**	**5,526**	**815**	**5,041**	**1,552**	**1,227**	**1,759**	**16,540**	**20,388**
Women	130	871	279	1,165	298	249	619	3,611	4,477
Men	490	4,655	536	3,876	1,254	978	1,140	12,929	15,911
Fixed-term hires*	**86**	**4,161**	**775**	**2,076**	**4,143**	**521**	**1,179**	**12,941**	**16,794**
Women	23	982	292	498	358	132	438	2,723	3,296
Men	63	3,179	483	1,578	3,785	389	741	10,218	13,498
TOTAL	**706**	**9,687**	**1,590**	**7,117**	**5,695**	**1,748**	**2,938**	**29,481**	**37,182**
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

* *Including work-study students*

3.4.1.5 Departures

The Group registered a 9.3% decrease in departures in 2020: 19,537, compared with 21,545 in 2019. The specific context of the health crisis resulted in a decrease in resignations worldwide. The decrease was limited in France: 3.6%, compared with 4% in 2019. Internationally, countries with historically high levels of resignations registered sharp drops: Latin America 10.1% compared with 19.4%, United Kingdom 8.1% compared with 12.4%, and United States 8.3% compared with 9.3%. On the other hand, the health crisis caused a sudden shutdown of projects, with the early departures of employees recorded as redundancies, explaining the increase in some areas: the United Kingdom, Latin America, and India.

	2020								2019
GRI 401-1	United States and Canada	France excluding Infra-structures	France infra-structures and others	Rest of Europe	Latin America	Middle East, Asia & Africa	Others	Group	Group
Departures	**638**	**4,922**	**627**	**5,523**	**4,351**	**2,294**	**1,182**	**19,537**	**21,545**
Retirements	22	809	404	774	53	86	100	2,248	2,196
Resignations	288	2,698	180	2,864	1,320	1,385	709	9,444	12,120
Dismissals	326	841	23	1,329	2,802	598	247	6,166	5,691
Contractual terminations	2	574	20	556	175	225	126	1,677	1,537
Levels of resignations	**8.3%**	**4.6%**	**1.0%**	**5.2%**	**10.1%**	**12.7%**	**5.0%**	**5.4%**	**7.1%**
TURNOVER*	**17.8%**	**7.0%**	**1.3%**	**8.6%**	**32.8%**	**20.2%**	**7.6%**	**10.0%**	**11.3%**
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

* *Excluding retirements*

3.4.2 Attraction, hiring and retention of talent

3.4.2.1 Hiring and the employer brand

3.4.2.1.1 Hiring talent

Faced with a highly competitive job market, changing occupations, and constantly evolving candidate expectations, the talent recruitment strategy is aligned with ENGIE's purpose and the transition to a carbon-neutral economy. This strategy stands out because it favors an approach that places the candidate at the center of the recruitment process in the service of the occupations and the business. In this sense, ENGIE has developed its methods, strengthened the professionalization of its HR teams and cultivated its agility. The Group has developed strategic partnerships with LinkedIn, Indeed, and Glassdoor. This is how the HR sector identifies, supports and develops the profiles, skills and resources to enable the Group to anticipate and respond to the challenges of today and tomorrow. ENGIE has therefore initiated an active policy of developing its employer brand to attract the best talent and roll out its strategy. Multiple communication actions take place on networks and recruiting sites to publicize ENGIE's occupations. ENGIE had more than 547,000 subscribers on LinkedIn at the end of 2020 and ranks 7th on LinkedIn's list of "Top Companies."

3.4.2.1.2 Academic relationships

ENGIE has forged special relationships with many prestigious engineering schools and universities that are levers for recruiting and attracting future young talent: Polytechnique, CentraleSupelec, Centrale Lyon, INSEE/ENSEA, MINES ParisTech, Télécom ParisTech, IAE, Gobelins, Grenoble INP – Ensimag, INSA, etc. In the Renewables occupations, the Group has embarked on numerous partnerships with laboratories and engineering schools (Mines, Centrale, Supelec, Polytechnique, ENSEEIGHT, etc.). They give their students the opportunity to take part in the ENGIE adventure through work-study programs and internships and the hosting of PhD students and students researching specific areas. ENGIE has launched the first 100% renewable Graduate Program. Lastly, partnerships have also been established in digital occupations (EPITHEC and Ecole 42) and with the major French business schools (HEC, ESSEC, EDHEC, ESCP, Sciences Po, Paris Dauphine and Institut Magellan).

3.4.2.1.3 Apprenticeships

To tackle the skills war and guarantee the Group's performance, ENGIE relies on young people and apprenticeships as a path of excellence towards its future occupations.

The Group has set itself two strategic targets:

- the proportion of apprentices in the Group's workforce to reach 10% in France by the end of 2021 and 10% in Europe by the end of 2030;
- a level of transformation into permanent or fixed-term contracts in France of 50% by the end of 2021.

Representativity of apprentices compared to permanent and fixed-term contracts

FRANCE	EUROPE	OTHER	GROUP
7.1%	1.0%	0.5%	3.6%

ENGIE had 5,961 apprentices at the end of 2020. For several years, ENGIE has been working with the Apprentice Training Centers (Centres de Formation d'Apprentis or CFA) throughout France. They support the Group in designing its training courses and searching for skills through a regional network that provides information on its occupations in all four corners of the country. In France, the percentage of staff undertaking work-study programs compared to permanent and fixed-term contracts is 7%. Developing the skills of the future to serve the transition to carbon neutrality is more than ever a priority for the Group, and promises to have a positive impact on people and the planet. Furthermore, on November 2, 2020, ENGIE opened its own CFA in France: the "Academy of Energy and Climate Transition Occupations." This human-scale Academy will welcome several hundreds of students by the end of 2024. The CFA offers the vocational Baccalaureate Diploma and higher technician's license (brevet de technicien supérieur or BTS) for young people aged 16 to 29, in close partnership with well-known educational establishments. The aim is to meet the changing needs of the Group and to attract more young people, particularly women, to its occupations. All of the training courses have the same foundation, focused on the transition to carbon neutrality, in order to raise awareness of environmental and climate issues, and what behaviors to adopt in terms of health and safety and with regard to customers. By creating its business CFA, ENGIE has confirmed its commitment to employment and the inclusion of young people. The Academy of Energy and Climate Transition Occupations is helping ENGIE achieve its target of 10% of its French employees on work-study programs by the end of 2021 (of which 3% young people with disabilities), i.e. double the legal limit of 5% for companies with more than 250 employees. The Group also aims to hire 50% of its employees on work-study programs at the end of their training by 2021, particularly in the technical occupations, which represent more than two-thirds of its total hiring needs. With the same aim, on October 6, 2020, ENGIE Benelux launched ENGIE Academy at Gand in Belgium, which is fully in line with the Group's commitment to making energy occupations accessible to all.

Lastly, the Group's work in welcoming interns, the VIEs (Volunteers for International Experience) and all other forms of dual training have been maintained despite the health crisis.

3.4.2.2 The employees' commitment to the Group's strategy

ENGIE&Me

In line with the large-scale transformation program launched in 2016, the Group implemented the *ENGIE&Me* engagement survey in October 2020, for the fifth consecutive year. Addressed to employees on permanent contracts all over the world [(1)], it allows them to express themselves on the key dimensions of commitment: strategy, working conditions, relations within the team, quality of management, prospects for development and mobility, sense of security, etc. The results make it possible to measure the progress made from one year to the next and to determine an action plan for improvements on each scope, at the local level and at all levels of the organization: team, management, entity, BU, and Group. It is a key tool for driving change. In 2020, 53% of employees took this opportunity and responded to the survey despite the context of the health crisis. The main strengths of the Group highlighted by the survey are adherence to ENGIE's goals and objectives in the move towards carbon neutrality (+13 points) and the sustainable engagement index (+3 points). The management of the health crisis by the Group and by the management line was praised: 84% of employees trust ENGIE's ability to ensure their safety and health. Questions relating to the quality of management and the sense of security each increased by 4 points on average, which is very significant at Group level. In addition, 90% of employees say they are proud to work for the company (up 10 points in a year) and 81% would recommend the Group as an employer. Lastly, 79% of employees consider that they have the equipment/tools/resources they need to do their job effectively (up 5 points). Notable improvements where there is still room for progress: 40% of respondents have reservations about the Group's ability to have a clear vision of the future.

(1) Excluding regulated entities

In the context of the health crisis, particular attention was paid to the health, state of mind and morale of employees, measured by regular ad hoc surveys, organized at BU level and adapted to the specific context of each BU.

To meet the challenge of engagement, retention and upgrading of skills, the Group promotes, among other measures, the establishment of communities that enhance the employee experience.

3.4.2.3 The Technical Ambassadors

In 2018, ENGIE launched Communau'Tech, a community of Technical Ambassadors with the task of promoting the technical sector, both internally and externally. This system creates value from our technicians, builds their loyalty, and disseminates an attractive image of hard-to-fill positions. The Technical Ambassadors take part in events for specific occupations, jobs forums and trade fairs organized by the Group or by the entities to which they belong, explaining their occupations and promoting the technical sector. They also work with schools to make young people aware of environmental and climate issues and the importance of our occupations in the transition to carbon neutrality in order to generate interest in them. Finally, they may be called upon to intervene internally as part of "flying schools", which are technical trainings actions between peers, organized on an ad hoc and bespoke basis at the request of an entity (for example, the flying school between France and Chile in late 2019). The goal is to build a community of 500 Technical Ambassadors at the European level by the end of 2021. The Communau'Tech currently has 350 Technical Ambassadors, including 20 women: 300 French ambassadors from the ENGIE Solutions, GRDF, France Renewables, BtoC, Storengy, and Generation Europe BUs and 50 Italian ambassadors from the NECST BU.

3.4.2.4 The Experts

In 2020, ENGIE completed the first ExpAND campaign. The program aims to identify and recognize the Group's experts, to develop communities of expertise and make the ExpANDers ambassadors for ENGIE both inside and outside the Group. It is also a development program that allows experts to develop their "soft skills", such as leadership and communication. Each application is voluntary and all expertise aligned with the Group's strategy is recognized, whether technical, technological or functional. Three levels of experts have been established – Global, Key and Local – according to their impact scope and their exposure. At the end of the first campaign, 560 ExpANDers had been identified: 38 "Global", 354 "Key" and 168 "Local". A second campaign is scheduled for 2021.

3.4.3 Human resources development policies

The Group offers opportunities to build a range of career paths by benefiting from continuous training programs adapted to provide long-term employability. ENGIE can thus better adapt to the evolution of organizations and occupations. The transition to carbon neutrality and technological accelerations due to digitization and artificial intelligence are transforming the professions of employees and creating shortages of qualified personnel in the Group's many businesses, whether traditional or newly emerging. To tackle this, ENGIE is implementing a social strategy to increase the skills and mobility of its employees in three directions: advance skills management to prepare for the future; enhanced internal mobility to serve the transformation of the company; and professional training objectives for all employees. They are being implemented in order to favor the enrichment of tasks, the renewal of experiences, and the consideration of employee initiatives and empowerment, which strengthen their engagement and foster their development and employability.

3.4.3.1 ENGIE Skills, the jobs and expertise advance management system

In order to anticipate changes in the Group's occupational sectors and skills needs, the ENGIE Skills system challenges the BU and entities every year on their three-year projections. In 2020, ENGIE Skills strengthened its system by setting up a reference framework for occupations, ENGIE Jobs, which lists 100 technical/business occupations and 60 support functions. Making use of this framework and the survey carried out across all of the Group's BUs, ENGIE Skills has made it possible to map the Group's workforce in these ENGIE Jobs and to measure their development. The aim is to have a strategic skills management tool oriented around three main area:

- mapping of the skills available to Group executives;
- improvement of HR performance and skills management by the BUs, operational entities or functional sectors;
- knowledge of our occupations in order to develop employees and increase their mobility.

3.4.3.2 ENGIE Mobility, the internal mobility system to support the Group's transformation

In order to stimulate the internal labor market and to address the challenges projected by ENGIE Skills, the ENGIE Mobility system plays a major role in supporting the mobility of employees. ENGIE believes that mobility is a key lever in employee development and business performance. For this reason, the Group stipulates that all internal job applications must be prioritized in the recruitment process. In addition to this policy, "My Mobility", a digital space dedicated to constructing the professional project and to mobility was rolled out to employees in France in 2019. It is expected to become available for all employees, including abroad, in 2021. In connection with its aim of strengthening local talent, ENGIE Mobility has expanded its services offer to support the return of expatriates. ENGIE Mobility is regularly called upon during transformation projects to contribute its expertise and a services offer tailored to the projected changes. Finally, ENGIE Mobility supports the Global Business Lines when they carry out their cross-BU HR reviews in order to identify all the strategic positions.

3.4.3.3 Training, skills development, and leadership

Developing skills and maintaining employability are crucial areas for the achievement of the Group's strategy. In February 2020, a non-financial goal was thus defined of training 100% of employees each year by 2030. In response to this, ENGIE favors a skills development approach of diversification of its methods.

3.4.3.3.1 ENGIE Schools

Since 2019, ENGIE Schools has been boosting the skills development of employees with technical profiles, i.e. 70% of the workforce and more than 100,000 employees worldwide, by focusing on peer-to-peer training. Addressing a technical/business target, skilling up actions shared between entities complement ENGIE University's actions for managers. ENGIE Schools asserts itself as the international internal network of the Group's occupational schools. It is made up of 32 internal training centers, half of which are in France, with a tailor-made technical training offer adapted to the requirements of our businesses. It ranges from the "Ecole du gaz GRDF Energy Formation" to the "Institut du Froid Axima Réfrigération" and the "Chile ENGIE Services Escuela" of the LATAM BU. It is the driving force behind a dynamic of cross-functional projects, acting as a catalyst for awareness-raising and shared Group training projects, capitalizing on experience, internal skills and inter-entity cooperation. This dynamic resulted in an inter-BU course on the skill of "Preventing low-voltage electrical risk" and the corresponding accreditation in 2019. In 2020, a training offer of "Occasional Technical Trainers" was added to the catalog to encourage and structure peer-to-peer training. All technical training resources are shared between the Group's entities on a dedicated digital portal.

3.4.3.3.2 Occupational pathways

Launched in 2018 to meet the internal mobility needs of the technical occupations, the occupational pathways developed further in 2019, with a focus on recruitment through training. They enable current or future employees to join an occupation by going through a training process over several months as part of a work-study program within a Group entity. In 2019, nearly 300 trainees spread over 11 occupational pathways attended these qualifying training courses. More than 85% of them joined a Group entity, thus making a strong contribution to the objectives of welcoming and integrating work-study students. In 2020, the same volume of trainees enrolled and new courses were established, but the training was postponed given the health context. The pathways are also a way of meeting the challenge of integrating populations distanced from employment.

3.4.3.3.3 ENGIE University

In 2020, ENGIE University stepped up the implementation of programs enabling every employee to learn about the Group's strategy. These programs focus on issues related to carbon neutrality, the energy transition, customer orientation and the organizational agility of managers and executives. In addition, to fulfill the Group's diversity aims, the University has launched an Inclusive Leadership program for all managers.

The year 2020 was strongly marked by the pandemic. This had significant effects on training, in terms of both course content and format. In terms of content, during a short and intense period, specific programs were rolled out to meet the new needs of managers, on subjects including remote management, individual and collective resilience, leadership in times of uncertainty, new business models and factors of competitiveness. In terms of format, the pandemic accelerated the transition to distance learning.

Since 2016, the University has been increasing learning opportunities by rolling out new modalities. For example, the number of hours of digital training quadrupled between 2016 and 2020. In this context, and in response to training needs, the University organized the Learning Festival in October 2020. This event, which was 100% digital, consisted of a week of intense training for all of the Group's employees, all over the world. Provided in addition to the traditional training courses, it is a key driver for ENGIE's culture of engagement, belonging, and ownership of strategy. It, first of all, involved the development of key skills, a need that goes hand in hand with the crisis and which requires a readjustment of our know-how. It also responded to the need to change perceptions of virtual training. The Learning Festival brought together more than 2,300 employees from 43 different countries, representing all of the Group's BUs on 100 different programs. It involved 50 internal stakeholders and 40 external teachers. Every day, more than 1,000 employees took part in one of the programs.

As the transformation of the Group also entails the evolution of occupations, ENGIE University is developing programs so that employees can upskill in their occupations. It supports the ENGIE Boost program, which is dedicated to the talent population and supports executives via new training programs: on leadership with *Co-leaders Extreme*, on high-performance teams with *Team Accelerator* and on "customer-centricity" with *Customer Academy*.

3.4.3.3.4 Development of high-potential talent

ENGIE Boost is a system for identifying, developing and retaining high-potential talent at all levels of the organization in order to prepare these individuals to occupy the most strategic roles at the Group. It consists of the Rise! and Pulse! programs, which, over 24 months, prepare leaders with the capacity to assume strategic responsibilities within ENGIE in the near future. A third program, called Up!, is designed for High-Potential talent within each BU. Inclusion in the Rise! or Pulse! programs is determined by the Group Human Resources Department, which uses People Reviews carried out with the BUs and a range of assessment and development tools to ensure a clear and coherent approach. In 2020, 202 talented individuals take part in the Pulse! program and 126 joined the Rise! program. In the BUs, 1,519 talented individuals joined the Up! programs. This initiative is not intended to reward performance or to be used as a recognition tool; it is an opportunity offered to employees in order to develop their potential and to ensure we are in the best position for future development. It is also an opportunity to create an active diverse community of leaders who are committed to ENGIE's future and who engage their teams.

The majority of the development actions offered under these programs aim to strengthen understanding of the ENGIE Leadership Way, ENGIE's management charter. It is structured around five fundamental aspects (Prepare the future/Cultivate and give responsibility/Act and challenge the status quo/Deliver results/Adopt inspiring behavior on a daily basis) and four behaviors (being bold/demanding/open/caring) to underpin the Group's transformation, inspiring the day-to-day behavior of managers and thus also affecting their teams.

To support these programs, ENGIE launched a Strategic Resource Planning approach at the end of 2019, centered on the Group's 500 key positions. In the course of 2021, it will provide a consolidated three-year view of the key skills to be developed and will adapt talent development programs according to the priorities identified.

As a result of the implementation of all these systems, ENGIE trained 70.1% of its employees in 2020, despite the backdrop of the pandemic.

Proportion of people trained

	2020								2019
GRI 404-2	**United States and Canada**	**France excluding Infra-structures**	**France infra-structures and others**	**Rest of Europe**	**Latin America**	**Middle East, Asia & Africa**	**Others**	**Group**	**Group**
Proportion of women trained	14.6%	47.1%	64.2%	82.1%	100.0%	68.5%	77.2%	69.2%	62.0%
Proportion of men trained	30.4%	60.1%	72.8%	75.9%	100.0%	66.7%	61.5%	70.3%	71.1%
Proportion of employees trained ☐☐	**27.3%**	**58.0%**	**70.5%**	**77.1%**	**100.0%**	**67.0%**	**67.5%**	**70.1%**	**69.2%**
% reporting	*45.37%*	*100%*	*100%*	*100%*	*100%*	*100%*	*96.90%*	*98.66%*	*97.42%*

Training hours

	2020								2019
GRI 404-1	**United States and Canada**	**France excluding Infra-structures**	**France infra-structures and others**	**Rest of Europe**	**Latin America**	**Middle East, Asia & Africa**	**Others**	**Group**	**Group**
Total nb. of training hours	9,369	759,605	490,831	781,998	581,379	181,783	158,277	2,963,242	3,271,154
Average nb. of hours per person trained	**23**	**22**	**41**	**19**	**44**	**25**	**17**	**26**	**28**
% reporting	*45.37%*	*100%*	*100%*	*100%*	*100%*	*100%*	*96.90%*	*98.66%*	*97.42%*

Breakdown of training hours by topic

	2020								2019
GRI 404-1	**United States and Canada**	**France excluding Infra-structures**	**France infra-structures and others**	**Rest of Europe**	**Latin America**	**Middle East, Asia & Africa**	**Others**	**Group**	**Group**
Business techniques	62.6%	33.2%	30.2%	41.4%	17.9%	54.9%	48.3%	35.9%	38.9%
Quality, safety and environment	14.7%	45.6%	15.9%	32.9%	57.8%	22.8%	9.6%	33.7%	32.6%
Languages	1.1%	3.9%	0.7%	2.4%	3.8%	1.3%	10.3%	3.0%	2.0%
Management, personnel development	11.4%	11.2%	8.0%	19.7%	6.3%	12.2%	19.4%	13.1%	15.0%
Others	10.2%	6.1%	45.1%	3.6%	14.3%	8.8%	12.3%	14.2%	11.4%
% reporting	*45.37%*	*100%*	*100%*	*100%*	*100%*	*100%*	96.90%	98.66%	*97.42%*

3.4.4 Social commitment: a company committed to corporate citizenship and solidarity

For many years, the Group has implemented a corporate social responsibility (CSR) policy that is proactive, ambitious and innovative to combat discrimination and promote equal opportunity and treatment. ENGIE's diversity policy was rewarded by the four-year renewal of its Diversity label in October 2017 for all Group activities in France. A follow-up audit in September 2020 confirmed the Group's commitment to promoting diversity and equal opportunities and praised the many initiatives taken by all the BUs and entities. At the European level, ENGIE has again signed the European "Embrace Difference" petition on diversity and inclusion of the European Round-Table *of Industrialists.* Lastly, ENGIE has renewed its commitment to professional equality by signing up in September 2019 to the Women's Empowerment Principles defined by the United Nations.

3.4.4.1 Diversity and the commitment to professional and pay equality between women and men

ENGIE aims to become a benchmark for professional and pay equality. Accordingly, in February 2020, the Group's Board of Directors approved two new, rank 1, non-financial targets:

- The Group's consolidated gender equality index to reach 100 out of 100 points by the end of 2030;
- women to make up 50% of the Group's managerial staff in 2030.

3.4.4.1.1 Gender diversity

To support its gender diversity goal, ENGIE has rolled out the "Fifty-Fifty" project, which aims to create the necessary conditions for gender parity in management. This ambitious project came in response to demand not only from the entire Company and ENGIE's customers, but also investors. A Group-level roadmap has been drawn up in order to attract the best talent and make ENGIE a benchmark player in the field. It is based on six pillars: structuring and governance, diagnostics, awareness and communication, organizational adaptation, development, and external partnerships. All of the Group's BUs are already taking steps to make the "Fifty-Fifty" goal a reality.

In addition, to promote gender diversity in the occupations, ENGIE is raising awareness among young female audiences through the "Elles Bougent" association, which promotes the role of women in technical sectors in France. Lastly, as part of its partnership with Le Laboratoire de l'Égalité, ENGIE has been helping since September 2019 to develop an artificial intelligence pact to ensure that new technologies underlying HR processes that incorporate AI are not discriminatory in terms of gender.

In December 2020, women made up 21.5% of the Group's workforce. The proportion of women in management was 24.1% Within the ENGIE 50, a body made up the CEOs of the BUs and the operational managers of central services, the proportion of women is 27.6% 13 women and 34 men. The proportion of women on the Group Executive Committee is 36% 4 women and 7 men.

	2020								2019
GRI 405-1	United States and Canada	France excluding Infra-structures	France infra-structures and others	Rest of Europe	Latin America	Middle East, Asia & Africa	Others	Group	Group
Proportion of women in workforce □□	23.9%	16.7%	27.6%	21.9%	16.8%	17.8%	38.2%	21.5%	20.9%
Proportion of women in management □□	25.1%	22.4%	32.9%	17.7%	22.4%	21.1%	30.1%	24.1%	23.5%
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Proportion of women in permanent hires	21.0%	15.8%	34.2%	23.1%	19.2%	20.3%	35.2%	21.8%	22.0%
Proportion of women in permanent management hires	22.4%	25.7%	40.7%	20.6%	32.7%	21.1%	31.6%	27.0%	25.4%
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

3.4.4.1.2 Equal pay

The efforts made with regard to professional and pay equality in 2019 were pursued in all of the French subsidiaries to improve the gender equality index. In 2020, as part of its CSR policy and to support its purpose, ENGIE extended the obligation to calculate the index annually in each of its legal entities in France and internationally. In France, the consolidated index score is 89 [1], up 17 points compared with 2019. The consolidated index also showed a marked improvement at Group level, reaching 84 versus 72 in 2019. To facilitate the implementation of the BU's action plans in favor of professional and pay equality between women and men, the Group HRD has developed EQUIDIV, a decision-making tool that enables automatic calculation of the index from individual data and provides priority remedial actions. The tool was rolled out to all the entities concerned by the calculation of the index in France and internationally, between 2019 and 2020.

3.4.4.1.3 Professional equality

On November 22, 2017, ENGIE signed a European Agreement for an indefinite period on professional equality between women and men, the fight against discrimination and violence, and the prevention of sexual harassment. Sexist behavior was the subject of a specific article. Management is committed to developing awareness campaigns to combat sexism, to take all necessary measures to prevent incidents of sexual harassment and to put in place reporting tools to enable any deviant behavior to be flagged.

In addition, on the basis of an international benchmark of legislation in force in this area, the Group has defined a common international reference framework designed to eradicate sexual harassment. As an extension of this theme, and because lockdown has increased the occurrence of this risk, ENGIE has launched a global information and awareness campaign on domestic violence on the occasion of the International Day for the Elimination of Violence against Women. Through this agreement, the Group has undertaken to encourage a better work-life balance, in particular through the organization of working time and a proactive parenting policy.

In France, most of the Group's entities have signed an agreement to implement regular remote working, on the basis of one or two days a week. Before the lockdown in March 2020, fewer than 30% of employees worked from home. With the advent of the health crisis, negotiations to renew expiring agreements will be an opportunity to take feedback on generalized remote working into account. Some entities have also signed agreements on the right to disconnect.

(1) *Calculate with 2020 data*

In France, the Group provides access to a company nursery with 60 places and to networked places. During the lockdown, ENGIE offered a home care service for children and dependent relatives to help employees with no alternative resources. Since it was launched, more than 1,000 employees have signed up and more than 1,500 services have been provided throughout France. ENGIE has extended the scheme to cover the 2020-2021 school year.

In addition, an experiment was launched at ENGIE SA's Corporate function in France in early 2020 which involved the extension of paternity leave from 11 days to six weeks, with employee fathers actively encouraged to take advantage of it. The experiment will be generalized in line with the instructions of the French public authorities.

These various arrangements for working time and improvements to working conditions help to limit absenteeism.

	2020								2019
GRI 403-2	**United States and Canada**	**France excluding Infra-structures**	**France infra-structures and others**	**Rest of Europe**	**Latin America**	**Middle East, Asia & Africa**	**Others**	**Group**	**Group**
Absenteeism	2.6%	7.0%	8.9%	5.9%	3.3%	3.8%	5.1%	6.0%	5.2%
Absence due to sickness	0.8%	5.3%	3.9%	4.2%	1.6%	1.0%	1.9%	3.8%	3.4%
% reporting	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*99.13%*

3.4.4.2 Inclusion and job-seeking support

ENGIE is a major, engaged and active player and develops many innovative initiatives in partnership with its ecosystem to promote learning.

A founding member of the Collectif des entreprises pour une économie plus inclusive ("group of companies for a more inclusive economy"), since 2018 the Group has been taking action countrywide, alongside 34 large companies and public authorities, to promote the inclusion of young people, particularly those who have been distanced from employment or come from the most disadvantaged areas. In particular, ENGIE has undertaken to host 3,000 young people from priority neighborhoods for a period of three years, from the third grade until they start their working lives.

The Group is committed to the social and professional inclusion of people in severe difficulty or in a situation of exclusion via the Parcours Emploi – Mobilité – Sport (PEMS) program. This program helps young people aged 17 to 26 from priority neighborhoods, or young isolated minors supported by child welfare or charities, to sign up to a work-study contract. More than 300 young people have been supported by the initiative since it started in 2016, with a positive exit rate still above 60%. For this initiative, ENGIE relies on a network of volunteer employee sponsors, who help the young people find work-study contracts and a host company while providing them with moral support. To combat isolation during lockdown, ENGIE stepped up its commitment by distributing computers and packed lunches to the young people on the program.

In 2020, the Group made a commitment alongside the apprenticeship foundation, Fondation Innovations Pour les Apprentissages (FIPA), to support the "Ingénieuses" program, assisting around a dozen female work-study students taking the vocational baccalaureate who want to gain a higher technician's license and then enter a general engineering school.

With Nestlé, ENGIE has launched the "Apprenti Swap" pilot project, in which four young people hired as apprentices are taking part in a two-year master's 2 in Digital Marketing, starting in the autumn of 2020, spending one year as an apprentice at each of the two partner companies.

At the European level, ENGIE has been a partner in the Alliance for Youth movement since December 2015. It renewed its support for the "Entreprendre Pour Apprendre" initiative, providing seven Group volunteers to coach six mini-enterprises and funding 50 "European Skills Pass" places in the 2019-2020 school year. With its coalition partners, the Group made recommendations to the European Commissioner for Employment and members of the European Parliament to promote actions in favor of young people.

At the global level, ENGIE became a member of the Global Apprenticeship Network (GAN), a worldwide network of apprenticeships chaired by France since November 2020.

ENGIE also assists with job creation via its employment foundation, Fondation Agir Pour l'Emploi (FAPE), which operates under the auspices of the Fondation de France. The foundation's resources come from donations by Group employees and retirees, which are fully matched by their companies. Since its establishment in 2013, FAPE (in France and Belgium) has awarded more than €1.7 million in grants for 150 projects working for access to employment and against exclusion. These 150 projects created 250 jobs and consolidated 250 across the region. The SNC (Solidarité Nouvelle contre le Chômage) is one of the associations that FAPE supports. Volunteers from ENGIE partner up to mentor around a dozen people in long-term unemployment living in Ile-de-France. Lastly, for the ninth straight year, ENGIE raised awareness of intergenerational issues among around 40 employees by taking part in the Octave program, a powerful tool for change led by Danone. By opening itself up to other enterprises in this way, ENGIE has developed its capacity for innovation.

3.4.4.3 Diversity

3.4.4.3.1 Employees with disabilities

ENGIE is fully committed to the area of disability, including at the highest levels of the Group. In France, it is mainly involved in recruitment, integration, support and job retention, awareness-raising, communication and collaboration with the sheltered sector. In 2019, the Group reaffirmed the need for collective corporate action by signing, alongside 130 large companies, the "Manifesto for the Inclusion of People with Disabilities in Economic Life". Through this charter of operational commitments, ENGIE is taking action, with the other signatories, that includes bringing the world of education and the world of work closer together, in order to help young people discover occupations and access the labor market through work-study programs.

Thanks to financial and human resources -€3 million per year on average and more than 20 disability officers supported by local representatives – ENGIE has more than 2,800 employees with disabilities in France and around 3,300 worldwide. ENGIE's direct employment rate in France was 3.7% in 2020

ENGIE sees work-study programs as a lever for recruiting young people with disabilities. The Group has undertaken to make a substantial effort to recruit people with disabilities for work-study programs each year, aiming for a level of 3% by the end of 2021 in France, i.e. more than 200 people with disabilities on work-study programs. At the end of December 2020, the estimated level of work-study students with disabilities was close to 1.2%. During the health crisis, an experiment took place in the Nantes area in conjunction with vocational high schools. Humando Pluriels, a partner of ENGIE, sourced candidates and facilitated the hiring of four people to technical occupations on a work-study basis, including three women, who are being retrained and who have disabilities.

The collaboration with the protected and adapted work sector makes the inclusive vision of the Group's CSR commitments a reality. It aims to ensure the viability of indirect jobs, promote the local economy and encourage professional integration. In France, ENGIE is a partner of the GESAT network. It puts ENGIE in economic contact with service providers in the protected and adapted work sector. The services provided represented around €7 million in 2020.

3.4.4.3.2 Religious diversity

One of the 26 legal criteria of the principle of non-discrimination applies to the actual or perceived adherence to a religion. ENGIE is committed to ensuring that no employee or applicant is treated unfavorably because of their religious beliefs. To support managers with this issue, in 2015 the Group prepared some points of reference on religious diversity in the company. This guide was updated in 2019 and provided to the entities, along with an interactive version and a meeting coordination kit.

3.4.4.3.3 LGBT+ (Lesbian, Gay, Bisexual, Transgender/Transsexual plus)

As part of its initiatives to boost diversity and combat discrimination, ENGIE signed the L'Autre Cercle's LGBT+ commitment charter on December 6, 2017. In 2019, ENGIE participated in the IFOP-L'Autre Cercle survey, which made it possible to assess the perception of employees, regardless of their sexual orientation or gender identity, of the inclusion of LGBT+ people in their working environment and to take the necessary steps. In October 2020, in France, ENGIE published the practical guide "LGBT+, understanding to act together" in order to raise awareness of the question of LGBT+ in the workplace. ENGIE participated in the 2020 edition of L'Autre Cercle's 95 LGBT+ & Allié.e.s au Travail Role Models in France. Two employees were designated in the LGBT+ Leaders and Allié.e.s Dirigeant.e.s Role Models category.

3.4.5 Remuneration, social protection, employee savings plans, and employee shareholding

3.4.5.1 Principles of the remuneration policy

Group policy is to offer everyone remuneration that is personalized, fair and competitive on the market, which reflects the performance and level of responsibility of each person. The Group uses external information provided by specialized firms to establish its positioning in relation to the local reference market. It also ensures compliance with the minimum wages applicable in the different countries in which it operates. The overall remuneration structure consists of a base salary and, depending on the level of responsibility and the country, variable remuneration schemes to reward collective and individual performance.

3.4.5.2 Social protection

ENGIE ensures that it adheres to the best practices of major international groups in the area of social protection and ensures the competitiveness of its entities' systems in relation to local practices. In 2020, ENGIE rolled out the *ENGIE Care* social protection program worldwide. It allows each employee to benefit from health coverage, guaranteeing reimbursement of at least 75% of costs in the event of hospitalization. It also protects the employees' family or loved ones in the event of their death or permanent disability by paying a benefit equal to at least 12 months' salary. Moreover, *ENGIE Care* offers 100% coverage for a minimum of 14 weeks of maternity leave and a minimum of four weeks of paternity leave. *ENGIE Care* accelerates the Group's performance in terms of employee benefits by providing access to a pool of international insurance policies with optimized subscription conditions and the possibility to share local and global surpluses.

As well as protecting employees against the vagaries of life all over the world, *ENGIE Care* contributes to the attractiveness of the Group and the employee retention. It facilities a better home-life balance. It improves equal opportunities between men and women and strengthens ENGIE's CSR policy.

3.4.5.3 Group employee savings plans policy

The Group's employee savings plans are available to employees of companies that are fully consolidated or whose share capital is majority-owned, directly or indirectly, by ENGIE SA.

3.4.5.3.1 Savings plans

In France, since the end of 2009, the Group's employees have had access to a Group Savings Plan (Plan d'Épargne Groupe – PEG), which includes employee shareholding funds as well as a large range of diversified savings options totaling close to €2 billion in assets at the end of 2020. Outside France, measures have also been put in place in some countries to allow employees to save, under terms adapted to local laws.

3.4.5.3.2 Retirement savings plans

In France, since 2010, all employees may, at their own pace, build funds for retirement by paying into the ENGIE Group Collective Retirement Plan (Plan d'Épargne pour la Retraite Collectif – PERCO). Outside France, products exist in some countries that allow employees to supplement their pensions by making voluntary contributions on favorable terms.

3.4.5.3.3 Solidarity funds

In France, the ENGIE solidarity employee mutual Fund (FCPE) called "Rassembleurs d'Énergies Flexible" is one of the largest dedicated solidarity funds in the French market. It has supplemented the range of Group Savings Plan and Retirement Savings Plan investment products since the beginning of 2012 and enables employees to take part in a social initiative that is consistent with their occupations.

3.4.5.4 Profit-sharing and incentive plans

Due to the existence of legally separate companies, there is no common collective profit-sharing and incentive plan for the Group. Collective variable compensation systems are widely developed in the subsidiaries. In 2020, the employees of the various French subsidiaries thus saved nearly €80 million in Group employee savings plans, to which was added a further €27 million.

At the ENGIE SA level, a profit-sharing agreement was signed with three representative trade unions on July 20, 2020. This agreement provides for the payment of an envelope of 7% of the principal remuneration in the event of the achievement of financial (3%) and non-financial (4%) targets. The amount paid out in 2020 for 2019 profit-sharing was €15,574,863. The agreement setting up the employee profit-sharing system for ENGIE SA was signed on June 26, 2009. Application of the statutory profit-sharing formula for 2019 resulted in no payment being made to employees in 2020.

3.4.5.5 Employee shareholding

With an employee shareholding level of 3.2%, ENGIE has a particularly dynamic and innovative shareholding policy. ENGIE periodically organizes the global employee shareholding operation known as "Link". ENGIE carried out the largest employee shareholding operation of 2018 with a volume of €340 million. This operation was subscribed by more than 40,000 employees worldwide at attractive conditions in terms of discount and employer contribution.

ENGIE is also particularly innovative as it is the only issuer to offer a "LINK +" structured product. Its 10-year lock-up period in return for a discount and a specific employer contribution enabled the largest number possible to subscribe by offering payment terms spread over time. Given the resources employed, this type of operation does not take place every year.

3.4.5.6 Performance shares/Long-term incentives

ENGIE grants performance shares, which are described in detail in Section 4.4.3. These shares, which have a minimum maturity of three years, are subject to internal and external performance conditions. This system is not reserved for executives, and ENGIE has for several years granted performance shares to more than 7,000 employees around the world.

3.4.6 Social dialogue

Within national and European representative bodies and through national, European and global collective bargaining agreements, ENGIE involves its social partners in the implementation of its Social Ambition, which has been opened and broadened to take into account environmental and societal challenges.

3.4.6.1 Representative bodies

At Group level, social dialogue is organized around two representative bodies that are privileged forums for consultation between management and employee representatives:

- **The European Works Council (EWC):** comprising 41 full members representing the Group's 140,813 employees throughout Europe, the purpose of the EWC is to develop and strengthen European social dialogue, ensure balanced representation between the Group's countries and main business activities, and develop social dialogue within these activities. A secretariat with 13 members representing eight countries meets every two months. In 2020, the EWC held two plenary meetings, along with six EWC secretariat meetings, and eight meetings of the health and safety, social, strategy and research working groups. It should be noted that from April, meetings have been held by videoconference due to restrictions on travel and physical meetings owing to the health crisis.
- **The French Group Works Council:** this body, which represents more than 78,400 employees in France, has 30 full members. The French Groupe Work Council is an information body with representatives of institutions representing the employees of French companies. Two meetings were held in 2020.

3.4.6.2 Group collective bargaining agreements

In line with its commitments, in September 2020 ENGIE opened negotiations with the international union federations for a worldwide agreement on fundamental rights and social responsibility. This agreement is expected to be concluded in the first quarter of 2021.

3.4.7 Note on the calculation method for social indicators

3.4.7.1 Tool

The social indicators are derived from Group social reporting (GSR). These are set out in a shared Group database that may be viewed on request. The collection, processing and reporting of data entered by the local entities, subsidiaries of the ENGIE Group, is carried out in the SyGMA consolidation tool, in accordance with the IFRS financial scope. The indicators published in this report relate to fully consolidated companies, whose capital and management are under the control of ENGIE. The social indicators are fully consolidated, regardless of the percentage of the company's capital owned.

3.4.7.2 Scope of reporting

The Group data include those of the BUs existing in 2020 and of Corporate, grouped into seven reporting sectors that essentially correspond to the geographical areas of the Group's activities (see Section 1.6 for further details). A reporting percentage is attached to each indicator, according to the workforce covered. Data relating to professional training in the GTT BU and for some US entities have been excluded.

3.4.7.3 Consolidation methods

The content of the report is based on indicators selected to reflect the main social and societal impacts of the Group's activities. The indicators are chosen in accordance with the Global Reporting Initiative (GRI) standards.

The indicators for this report are consolidated using defined procedures and criteria. Data on the organization's structure, employee turnover, working conditions, training and safety were consolidated by aggregation.

3.4.7.4 Internal control

The social data are successively consolidated and verified by each operational entity and by each BU, before reaching the Group HRD level.

3.4.7.5 Additional information on some indicators

3.4.7.5.1 Employment

Administrative employees are recognized under "senior technicians and supervisors". The Belgian entities in the energy sector do not declare "manual workers, clerical staff and technicians" (Electrabel). Contractually, unskilled or low-skilled workers have employee status. This might cause an underestimation of this category. The French concept of cadres (managerial staff) (≥ 300 points on the Hay Guide Chart, the universal job classification and evaluation system) is sometimes difficult to understand in other countries. This can lead to a slight underestimation because some entities may take only their senior management into account.

3.4.7.5.2 Employee flows

Indicators in this section have been calculated on a current scope basis, i.e. the fully consolidated reporting entities included in the scope of consolidation at 12/31/Y.

The lay-offs indicator does not include contractual terminations.

3.4.7.5.3 Diversity and equal opportunity

The declared percentage of people with disabilities provides the best possible information on the inclusion of people with disabilities. The Group does not consider it relevant to provide a reporting percentage for this indicator, since some entities are unable to gather the relevant information due to local regulatory restrictions.

3.4.7.5.4 Career development

When all data cannot be provided within the timelines, the most recent are provided as well as a forecast of the missing data at year-end.

Training: the definition of the indicator was changed in 2020 to ensure that it included face-to-face and e-learning training courses. The format and duration of a training may vary but must include a description of educational content. The breakdown of training hours by topic does not include e-learning hours.

3.4.7.5.5 Organization of working time

The working hours of personnel within the Group companies are organized within the legal framework for working time, which varies from country to country.

Days of absence per person are calculated according to the Group convention of eight hours of work per day.

3.4.8 Health and safety policy

3.4.8.1 Performance

The Group's performance in terms of health and safety is as follows:

- a total frequency rate of lost-time accidents for employees and subcontractors operating on site with controlled access of 2.7, which is well below the maximum target for the year of 3.3. The impact of the public health crisis on this performance was particularly significant during lockdown periods in the countries in which the Group operates;
- a severity rate of occupational accidents of 0.11 which, in the unprecedented context of 2020, was down markedly compared with the previous year (0.14 in 2019).

The number of fatal accidents arising from the exercise of a professional activity among all Group employees, temporary workers and subcontractors was six in 2020 – three employees and three subcontractors.

In the field of occupational health, the number of new cases of recognized occupational illness was 106 in 2020, marking a decrease compared with 2019 (120).

3.4.8.2 The health and safety management system

The Group's health and safety policy sets out the key principles for the management of health and safety. This policy was subject to an agreement with the representative bodies of European personnel and the representatives of the global federations.

To implement these principles, the Group's Health and Safety Rules set out the minimum standards and requirements that apply within the Group.

3.4.8.2.1 Performance reporting

The Group's performance in terms of health and safety in the workplace and process safety are monitored by:

- the Executive Committee;
- the Board of Directors;
- the Ethics, Environment and Sustainable Development Committee (EESDC).

In 2020, all analyses of fatal workplace accidents were presented to the Executive Committee and to the EESDC. Regular updates were also provided at meetings of the Board of Directors and of ENGIE 50 (all directors of the BUs and the Group's main functional departments).

The health and safety performance is shared with *managers* and the Group's health and safety functional line. It is distributed to the BUs via managers and made available to all employees on the Group intranet.

Periodic updates and annual reviews are carried out with each BU in order to assess the effectiveness of the measures implemented. These also serve to evaluate the BUs capacity to prevent serious and fatal accidents involving employees and subcontractors.

3.4.8.2.2 The management of risks arising from the Covid-19 pandemic

To manage the risks arising from the Covid-19 health crisis, crisis management committees were set up at the different levels of Group governance. A Group Covid-19 steering committee was tasked with supervising ENGIE's actions. In addition, three specific committees were created, of which one dedicated to the protection of people. This committee was responsible for drafting and then adapting general health risk management guidelines as well as various thematic guidelines.

A dedicated communications system was set up to support the roll out of the various personal protection measures.

Throughout the crisis, the health and safety, human resources and communication functional lines worked in close collaboration with the Group's various organizational levels. This collaboration helped to implement prevention measures that were best-suited to the various situations faced by the BUs.

From the beginning of the crisis, the Group decided to limit contamination as much as possible by drawing on the best external practices. The Group enlisted a service provider specialized in managing health risks in different territories to help guide its decision making. Measures to prevent the infection of employees, subcontractors and customers were applied which took into account the contamination level in each country.

Managers were made aware of the need to reinforce communication and listening time with both employees working from home and those active at their usual places of work. Particular attention was paid to detecting weak signals that are markers psychological discomfort. The BUs carried out regular surveys of their employees to assess their well-being at work. These made it possible to qualify their feelings, in particular regarding the support provided to them, and to identify any needs they might have.

All employees were provided with masks suited to their activities, thanks to rigorous inventory management. The Group introduced weekly monitoring of the number of contaminated employees. Contamination rates remained in line with those of the countries in which the activities were carried out.

The system put in place was part of a continuous improvement cycle. Feedback from BUs expressing their needs and sharing any difficulties helped adapt the prevention system to the Group's various organizational levels. A more in-depth survey was carried out during summer 2020 covering both health and safety and human resources aspects. This survey helped identify areas for improvement, such as the need to adapt the Group's Covid-19-related rules in order to maintain them over the long term.

3.4.8.2.3 The management risks relating to health and safety at work

Vigilance in terms of risks to health and safety at work was stepped up during the Covid-19 period, in particular when resuming activity after a period of lockdown. The aim was to avoid the risk of contamination would overshadow the other risks which remained present. A targeted communication campaign was launched to ensure this. Alongside its major investment to manage the pandemic-related risk, the Group continued to improve its management of risks in the workplace.

The action program to reinforce the safety culture of everyone, with a focus on preventing serious and fatal accidents ("No Life at Risk") continued. This program includes various provisions such as "Life-Saving Rules", the suspension of work if safety is not guaranteed ("*Stop the work*" process), and the identification of events with a high potential for serious repercussions (see Section 3.4.8.4). These provisions are subject to regular awareness-raising campaigns within the entities.

During 2020 ENGIE improved its lifting risk management. The Group and its BUs thus rolled out various tools to manage this risk which focused on the key stages of lifting operations. *Guidelines*, a risk-awareness raising video and a tool for the self-assessment of compliance with fundamentals were also made available to the operational teams.

Over the last several years, the Group, its BUs and subsidiaries have stepped up the number of initiatives aimed at improving the well-being at work of their employees. In 2020, the Group set up a network of well-being at work contacts, with the following objectives:

- to pool existing tools and resources and those being developed;
- to design new tools;
- to share feedback and best practices between BUs;
- to reinforce the sharing of information between the human resources and health and safety functional lines.

Particular attention has been paid to the management of psycho-social risks, in particular through measures to improve well-being at work.

3.4.8.2.4 Definition of the new 2021-2025 action plans

The Group's objectives in terms of health and safety at work, which are reflected in its policy, are set out in multi-annual action plans. The new 2021-2025 action plan covers the Group four major health and safety challenges:

- leadership : to improve the accountability of all managers when taking into account health and safety risks;
- forward planning, by prioritizing the identification and management of events events with a high potential for serious repercussions (called "HiPo");
- integration, with the aim of rapidly bringing the standards of newly-acquired companies up to the Group level;
- acculturation, by sharing our health and safety culture with all our employees and our subcontractors.

The new action plan covers three areas of prevention:

- "*No life at risk*", the management of physical risks relating to the direct execution of activities;
- "*No mind at risk*", well-being at work, vigilance, the management of risks relating to the context of activities being executed;
- "*No asset at risk*", dedicated to the safety of our industrial activities.

Two major cross-functional drivers will be implemented:

- the use of digital tools with the aim of improving the safety of Group employees and subcontractors, as well as improving their well-being at work;
- communication to support the strengthening of the health and safety culture and the commitment of each individual.

3.4.8.3 Strengthening the health and safety culture

Various tools were used to strengthen the health and safety culture among the Group's employees and subcontractors. The Group's ambitions in terms of health and safety, major measures to be implemented, as well as the Group's performance, have been regularly presented to the Group's senior executives. The "*No Life at Risk*" action plan, which covers in particular the prevention of serious and fatal accidents, continued to be implemented.

The health and safety functional line animation makes extensive use of digital tools, with a great deal of work going into dissemination of information to the various BUs and entities. This work is supported by the organization of thematic monthly webinars, the presentation of the analysis of fatal accidents and the provision of various technical support.

A weekly *newsletter, "Prevention News",* covering most of the exchanges with the BUs, was sent out to the entire health and safety functional line. This document enables information on all accidents, significant hazardous situations and events with high potential of severity (HiPo) to be shared Group-wide.

3.4.8.4 Prevention of serious and fatal accidents

The Group has defined nine "Life-Saving Rules", which constitute the last barrier before a serious or fatal accident, if all other barriers have not worked. The BUs have also implemented a systematic approach to identifying, analyzing and handling events with high potential of severity (HiPo) that are precursors to serious accidents.

Moreover, operators are asked to stop working if safety conditions are not met (the *"Stop the work")* approach. Operators must also implement "the life-saving minute", which consists of carrying out a new on-site review of risks to ensure that these are correctly under control.

Finally, the Group expects all of its employees to be mindful of the safety of others, under its "shared vigilance" provision.

3.4.8.5 Dialogue with social partners

In 2020, dialogue with employee representatives continued at all levels of the Group and particularly with global and European bodies. A permanent health and safety at work working group has been set up within the European Works Council. Each half year, this working group reviews the performance and actions taken in terms of health and safety at work.

With regards to the management of the pandemic, the representative bodies were regularly informed and consulted regarding new provisions to be implemented.

Health and safety data

Additional information regarding the health and safety indicators

The analyses carried out in this document concern the entities and activities in which ENGIE has operational management, regardless of the method of financial consolidation.

The health and safety at work reporting scope includes the data of entities sold during the year up to their date of transfer.

Concerning the indicator number of new cases of occupational illness, we do not consider it relevant to provide a refund rate since some companies cannot collect this indicator due to local regulatory constraints.

	Number of fatal accidents (employees)	Frequency rate (employees) □□	Severity rate [2] (French framework)	Severity rate [2] (ILO framework)	Number of new cases of occupational illness
GROUP [1]					
2020	**3**	**3**	**0.19**	**0.11**	**106**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	2	3.7	0.21	0.14	120
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	4	3.4	0.19	0.13	91
% reporting	*100%*	*98%*	*98%*	*98%*	
NORTH AMERICA					
2020	**0**	**1.03**	**0.08**	**0.05**	**1**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	0	1.73	0.11	0.09	0
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	0	1	0.03	0.03	0
% reporting	*100%*	*100%*	*100%*	*100%*	
FRANCE EXCLUDING INFRASTRUCTURE					
2020	**1**	**4.47**	**0.36**	**0.19**	**4**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	1	5.25	0.36	0.21	108
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	1	5.22	0.34	0.20	82
% reporting	*100%*	*100%*	*100%*	*100%*	
FRANCE INFRASTRUCTURE					
2020	**0**	**2.02**	**0.07**	**0.07**	**0**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	0	2.1	0.10	0.08	0
% reporting	100%	100%	100%	100%	
2018	1	2.47	0.12	0.07	1
% reporting	*100%*	*100%*	*100%*	*100%*	
REST OF EUROPE					
2020	**1**	**3.27**	**0.19**	**0.12**	**1**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	0	3.60	0.23	0.17	5
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	0	3.72	0.12	0.11	0
% reporting	*100%*	*100%*	*100%*	*100%*	
LATIN AMERICA					
2020	**1**	**2.83**	**0.07**	**0.06**	**84**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	0	5.28	0.12	0.09	6
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	1	1.84	0.10	0.10	1
% reporting	*100%*	*100%*	*100%*	*100%*	

	Number of fatal accidents (employees)	Frequency rate (employees) □□	Severity rate [2] (French framework)	Severity rate [2] (ILO framework)	Number of new cases of occupational illness
MIDDLE EAST/AFRICA/ASIA					
2020	**0**	**1.26**	**0.02**	**0.02**	**0**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	1	1.09	0.02	0.01	0
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	0	0.48	0.01	0.01	4
% reporting	*100%*	*80%*	*80%*	*80%*	
OTHER					
2020	**0**	**0.68**	**0.02**	**0.02**	**16**
% reporting	*100%*	*100%*	*100%*	*100%*	
2019	0	1.64	0.03	0.03	1
% reporting	*100%*	*100%*	*100%*	*100%*	
2018	0	1.09	0.03	0.03	0
% reporting	*100%*	*97%*	*97%*	*97%*	

(1) Groupe covers the ENGIE 7 sectors
(2) The evolution of severity rates does not include fatalities

3.5 Environmental information

ENGIE faces the main environmental challenges: climate change, the quality and availability of natural resources (air, water, soil and energy) and the protection of biodiversity and ecosystems. Although its activities sometimes have an impact on ecosystems and natural resources, the Group seeks to measure and reduce this via the environmental management of its activities.

ENGIE's challenges and ambitions in this area are reflected in the Group's environmental policy (available on the ENGIE website) and in the performance indicators deployed across all its activities. The challenges also include the risks identified in the environmental vigilance plan. A team in charge of analysis and coordination is specifically dedicated to environmental responsibility and reports to the Director of Environment. It has environmental coordinators in each BU who lead their own networks of coordinators, organize actions, supplement corporate expertise with their knowledge of operations, and implement environmental reporting.

The Corporate Social Responsibility Department produces an annual report which is sent to the Executive Committee and then presented to the Board of Directors' Ethics, Environment and Sustainable Development Committee. This report is supplemented by BUs' own reports and letters of environmental compliance, as well as the results of environmental audits ordered by the Executive Committee.

3.5.1 Legal and regulatory framework

The Group actively monitors regulatory developments (set out in Chapter 2 "Risk factors and controls"), stating its positions while they are being prepared and applying the new rules as soon as they are published. In particular, the Group has been calling for the harmonization of international regulations and greater integration between the various environmental and energy policies. In the run-up to COP21, the Group strongly pledged to support an ambitious international climate agreement to limit the global temperature rise to 2°C. It also pledged to support the more widespread application of regulations on carbon pricing, which would be a price signal for investment in low-carbon technologies and an incentive to reduce greenhouse gas emissions. To this end, the Group plays an active role in the CPLC (Carbon Pricing Leadership Coalition).

3.5.2 Environmental management

At the end of 2020, the entities that had implemented an Environmental Management System (EMS) accounted for 75.7% of relevant revenue [1]. The need to obtain external EMS certification is assessed locally with regard to local economic conditions and benefits.

(1) Relevant revenue excludes revenue generated by activities not considered pertinent in terms of environmental impact (services, trading, sales, activities, etc.)

Percentage of relevant revenue covered

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
By an EMAS certification	3.72%	3.09%	2.42%
By an ISO 14001 (non-EMAS) certification	57.25%	59.09%	65.99%
By another external EMS certification	2.80%	2.90%	2.15%
TOTAL EXTERNAL CERTIFICATIONS	**63.77%**	**65.08%**	**70.57%**
By an internal certification (but not by a certified EMS)	11.92%	7.36%	9.73%
TOTAL INTERNAL AND EXTERNAL EMS	**75.68%**	**72.43%**	**80.30%**

When the implementation of a certified or registered management system is not economically justified, entities are encouraged to define an internal management system ensuring concern for the environment in carrying out their activities. As a result, some Group entities have defined their own management system standard. When an internal or external EMS is implemented, employees take part in awareness and training sessions relating to the environmental issues they encounter at their sites so that they adopt the EMS and make it their own.

3.5.3 Performance control and measurement systems, a prerequisite for environmental responsibility

To monitor the implementation of its environmental policy, control environmental risks and encourage the communication of its environmental performance to stakeholders, ENGIE implements a specific reporting system that goes beyond the requirements of French law and which takes into account the Global Reporting Initiative (GRI) recommendations.

Environmental reporting is closely tied to operational performance reporting, thus becoming a management tool. The Group's Executive Committee transmits this goal of making environmental concerns an integral part of management responsibilities.

A system of letters for environmental compliance ensures operational management involvement.

Methodological elements

ENGIE conducts its environmental reporting using a dedicated tool that allows data to be reported following a defined methodology. This tool, called EARTH, is an environmental reporting IT solution used to manage the network of environmental correspondents and coordinators; to handle the management and documentation of the scope of environmental reporting; to manage data entry, monitoring and consolidation of indicators; to draft reports; and to provide the documentation necessary for producing and collecting data (reporting procedures and instructions).

EARTH is deployed in each of the BUs and thus covers the entire ENGIE organization.

The legal entities included in the reporting scope are those whose operations are relevant in terms of environmental impact and that are consolidated fully or proportionately under the rules of financial consolidation (IFRS). Legal entities solely engaged in energy trading, financial activities or engineering are excluded. The selected entities report on the performance and impacts of the industrial facilities over which they have technical operational control, including facilities operated on behalf of third parties. Legal entities consolidated at equity are excluded.

Thus, in accordance with the rules of financial consolidation, 100% of the impact data collected is consolidated when the entities are fully consolidated. For entities proportionately consolidated, the environmental impact data are consolidated in proportion to the Group's consolidation rate provided that it has 100% technical operational control or that, as a minimum, this is shared with other shareholders.

For disposals occurring during the year, the entities concerned complete the environmental questionnaire with the data available as of the last day of the month preceding the disposal. If it is not possible to collect all the environmental indicators, they are extrapolated on the basis of the main activity (e.g., energy production for a power plant) and historical data. For acquisitions made during the year, it may happen that their environmental management system is not sufficiently mature to meet all the environmental indicators. In this case, the missing indicators are extrapolated on the basis of the main activity and indicators available in entities with a similar technical profile. A correction of these extrapolated values can be made a posteriori the following year, at the end of the first full fiscal year.

To calculate environmental management indicators such as the "share of relevant revenue covered by an environmental certification, an environmental crisis management plan, etc.", the relevant revenue is estimated for each legal entity. To obtain the relevant revenue, operations regarded as "not relevant in terms of environmental impact" (e.g. trading, finance and engineering) are stripped out of the consolidated revenue figure for each legal entity.

The environmental data reporting procedures encompass general procedures defined as standard guidelines to be implemented at the appropriate levels of the reporting process. Procedures and guidelines are rolled out Group-wide via a network of duly mandated environmental contacts and coordinators. These procedures and guidelines at Group and BU level describe in detail the environmental data collection, control, consolidation, validation and transmission phases at the different levels of the organization, as well as the rules for defining the scope of consolidation. They include technical documents that provide methodological guidelines for the calculation of some specific indicators. Depending on its activities, each entity is assigned a profile that determines the indicators to answer. The list of the entities included in the scope of environmental reporting is approved by each BU.

The definitions of the indicators used to measure the environmental performance of Group businesses have been revised based on comments made by the Statutory Auditors. They also take into account the comments by line managers represented in dedicated work groups. All the documentation is available from the Group upon request (CSR Department).

Previously, ENGIE used to provide a “coverage rate” for each indicator published, corresponding to the response rate obtained from all the entities surveyed. Thanks to the implementation of the new EARTH reporting tool, the coverage rate is now 100% for all indicators.

The following points should be noted with regard to the data published in this report:

- the reliability of the scope of environmental reporting is a priority for ENGIE, which is evolving in an international context of business disposals and acquisitions. Before every reporting campaign, the financial scope for consolidation is compared against the information fed back by the BU’s environmental managers in order to check which industrial entities contributing to EARTH report to which financial entities;
- for facilities burning natural gas that do not have automated measurement systems, default emission factors for SOx and fine particle emissions have been set up (factors recommended by the EMEP, the European Monitoring and Evaluation Programme);
- since 2007, ENGIE has been a signatory to the CEO Water Mandate, thus demonstrating its commitment to the preservation of water resources. The water indicators are consistent with the GRI indicators in 2011 and fall into four categories: withdrawal, discharge, consumption, reuse/recycling. Since 2015, the materiality of the water indicators published has been reviewed and the Statutory Auditors verify the inputs, outputs and consumption of fresh and non-fresh water;
- as it is concerned about what becomes of the waste generated by its activities, the Group has indicators on the production and recovery of the waste generated by its activities. These are based on definitions of waste and recovery established by local regulations. To avoid erroneous data about stock, only the tonnages taken away and weighed on site are reported as disposed of. The tonnages that must be reported are wet or dry, depending on the way they are disposed of: if the waste disposed of was wet, the reported tonnages are wet and the converse for dry waste. As an exception, if the waste is permanently stored on site, the associated dry tonnages must also be reported as disposed of. In the latter case, the waste is never recovered. Waste generated by the construction or dismantling of plant and equipment, by the repowering or upgrading of facilities, and by soil rehabilitation, are not covered by the indicators for waste generated by activities;
- CO_2 emissions from the combustion of fossil fuels were calculated based on the most recent emission factors published by the IPCC (IPCC *Guidelines for National GHG Inventories, Vol. 2 Energy* – 2006). However, the emission factors for coal can vary greatly depending on the provenance. For this reason, each reporting entity consuming coal provides a locally calculated emissions factor. This is also the case for alternative fuels for which it is not possible to use standard emission factors;
- The global warming potential (GWP) compares the warming capacity of the various greenhouse gases to CO_2. The GWP used to convert the Group’s greenhouse gas (GHG) emissions to CO_2 equivalent are the latest GWP published by the IPCC (5th Assessment Report – 2014), considered on a 100-year scale;
- specific GHG emissions from energy generation in kg CO_2 eq./MWh are calculated for the BUs where this is a main activity: Generation Europe, North America, Latin America, Brazil, Asia Pacific, Middle East, South and Central Asia, and Turkey, Benelux, North, South and Eastern Europe, UK, France BtoB, France Networks, and France Renewable Energy;
- for the sake of consistency, the factor for converting thermal energy produced (GWhth) into electric power (GWhe) is set at 0.44 for all Group power generation businesses and at 0.25 for incinerators;
- significant environmental impacts resulting from subcontractors during services performed at one of the Group’s facilities must be included in the Group’s impacts except when a specific contractual clause provides that a subcontractor is liable for impacts generated at the site while providing the service. Data provided by subcontractors is not subject to systematic internal verification before being included in Group data and is the responsibility of the subcontractors alone. Regulations and legal obligations related to the environment may differ from one country to another, and certain data may thus be sometimes more difficult to gather;
- the energy efficiency indicator covers fossil fuel and biofuel power plants. It also includes heat supplied by third parties;
- ENGIE operates hydraulic installations, some of which have water tanks. Given the difficulties in modeling the evaporation of each site, the evaporated water is not yet included in environmental reporting;
- NOx, SOx and fine particulate matters emissions are calculated locally on the basis of measurements. As of this year, if discontinuous measurements are carried out on a site, an average of the measurements over the last five years is taken where possible. This methodological change, which avoids inconsistencies due to one-off measurements, has notably led to a 3% increase in NOx emissions in 2019. When it is not possible to measure these emissions, a calculation method is provided for NOx emissions and standard emission factors based on fuel consumption are used for SOx and fine particles. These emission factors are taken from the US Environmental Protection Agency (US EPA) standards;
- ENGIE carries out residual gas recovery services for its steel producing customer ArcelorMittal. This service allows ArcelorMittal to meet the majority of its electricity needs and thus reduce its GHG emissions by avoiding a high level of energy use by the network. When analyzing the GHG emissions relating to these services, ENGIE has noted that 100% of the emissions relate to the steel manufacturing process. At the end of this process, regulations require that steel producers burn residual gases, generally through flaring. ENGIE only intervenes in this process to extract energy that would otherwise have been lost to flaring, by taking over for ArcelorMittal in the burning of the residual gases, but without generating additional GHG emissions. This is why ArcelorMittal’s reporting methodology includes direct emissions from the external plants to which the residual gases are delivered for recovery. This state of affairs is confirmed by the 2019 French law on climate and energy and the related decrees which set the greenhouse gas emissions ceiling for fossil-fueled power plants. Decree No. 2019-1467 of December 26, 2019 states that “Emissions from waste gases used in electricity generation facilities are not recognized.” As a result, ENGIE now excludes these GHG emissions from its Scope 1 (-6.7 Mt in 2020) and has restated data for 2018 and 2019 for consistency purposes (-8.53 Mt in 2018 and -8.9 Mt in 2019). As these are residual gases and not fuel with a supply chain, ENGIE does not include emissions from an upstream fuel chain in its Scope 3. With the exception of GHG emissions related to the combustion of steel gases, all environmental indicators for these entities are included in the consolidated data;

- In 2018, Glow's power plants in Thailand were sold to Global Power Synergy Public Company Ltd. (GPSC). These power plants were initially set to exit the scope by the end of 2018, but remained within ENGIE's scope until March 18, 2019 for administrative reasons. For the sake of consistency, 2019 values were corrected to take this activity into account. This mainly included fuel consumption, 1.8 Mt of direct GHG emissions and energy production. Other indicators (management, waste, air, water) were estimated based on 2019 production and data collected in 2018. Two other smaller entities, Viking Energy of Lincoln and Viking Energy of McBain, were reintegrated for the same reason in the same manner;
- the methodology for calculating the "Purchases of goods and services" item in "Other indirect GHG emissions" was reviewed in 2020. On the one hand, purchasing sub-categories have been created to calculate more precisely the GHG emissions associated with purchases. On the other hand, the volume of expenditures not yet categorized has been taken into account by extrapolating the nature of these expenditures on the basis of the volume already categorized. This extrapolation made it possible to estimate the GHG emissions associated with this volume of expenses not yet categorized. The 2018 and 2019 data have been restated for consistency.

3.5.4 Group actions

3.5.4.1 Climate change

Direct emissions

Information presented in this section and in Section 2.2.2 "Climate change" reflects the financial risks associated with the effects of climate change and the measures taken by the company to mitigate them by implementing a low carbon strategy in all areas of its business as required by Article L.225-37 of the French Commercial Code.

By developing a low carbon [(1)] energy mix and through its energy efficiency activities, the Group has put energy transition and the fight against climate change at the heart of its strategic focus. ENGIE is further increasing its decarbonization efforts: the emission rate at the end of 2020 was 212.5g CO_2eq./kWh, down 3.4% compared to 2019, and down 52% compared to 2012, i.e. well in excess of its 2020 target of 20%. The Group's absolute direct CO_2 eq. emissions fell by more than 12.2 million tons in one year, from 46.2 tons to 38.6 million tons, a 16.5% reduction.

This excellent result reflects the Group's desire to follow an emissions trajectory compatible with the Paris Agreement's objective of not exceeding +2°C by 2050, which corresponds to an 85% reduction in its direct emissions by 2050 compared to 2012, total disengagement from coal, and growth in green energy (renewable electricity and biogas).

In addition, the Group supports TCFD's (Task Force on Climate-related Financial Disclosures) recommendations for greater transparency on the risks and opportunities related to the impacts of climate change, monitors issuer-investor work and prepares a plan to implement these recommendations. The Group publishes its Scope 1, 2 and 3 (main items) emissions and answers the CDP (formerly Carbon Disclosure Project) questionnaire each year.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Total direct GHG emissions – Scope 1 ◻◻	38,589,016 t CO_2 eq.	46,188,978 t CO_2 eq.	57,205,670 t CO_2 eq.
of which emissions from energy production	36,396,271 t CO_2 eq.	43,724,817 t CO_2 eq.	54,696,246 t CO_2 eq.
of which CH_4 emissions	1,516,355 t CO_2 eq.	1,726,874 t CO_2 eq.	1,830,192 t CO_2 eq.
GHG emissions per business unit – energy generation	212.5 kg CO_2 eq./MWheq.	220.0 kg CO_2 eq./MWheq.	284.1 kg CO_2 eq./MWheq.
GHG emissions per business unit – gas storage	0.8 kg CO_2 eq./MWheq.	0.9 kg CO_2 eq./MWheq.	0.9 kg CO_2 eq./MWheq.
GHG emissions per business unit – gas transportation (excluding via LNG tanker)	0.8 kg CO_2 eq./MWheq.	1.0 kg CO_2 eq./MWheq.	1.1 kg CO_2 eq./MWheq.
GHG emissions per business unit – LNG terminals	0.9 kg CO_2 eq./MWheq.	0.8 kg CO_2 eq./MWheq.	1.8 kg CO_2 eq./MWheq.
GHG emissions per business unit – gas distribution	3.2 kg CO_2 eq./MWheq.	3.4 kg CO_2 eq./MWheq.	3.2 kg CO_2 eq./MWheq.

◻◻ *Verified by the Statutory Auditors with "reasonable" assurance for 2020*

Adaptation through anticipation of the negative impacts of climate change is key to making ENGIE's infrastructure and activities more resistant to natural hazards (more extreme events such as floods and droughts, etc. and other more progressive phenomena such as rising sea levels, rising temperatures, etc.). The risks generated by climate change are varied and include physical risks, risks of disruption to value chains, reputational risks and regulatory risks.

(1) The share of energy production from non-fossil sources has increased by 60.8% in six years, from 31.6% to 50.8% in 2020

ENGIE is implementing practical measures to guard against this set of risks, including the construction of a perimeter wall to tackle the risk of exceptionally heavy flooding at the Tihange site in Belgium, a vegetation project to prevent soil erosion in the event of storms in Mexico, the digging of ditches and a reservoir to deal with the risk of flooding at the Capel Grange solar park in England, etc.

The Group has also established methods to help its various sites to draw up adaptation action plans. The use of tools, such as Aqueduct software, helps the Group to identify local-scale risks and enables it to identify adaptation strategies tailored to the problems and features of each site.

Adapting to climate brings multiple beneficial effects for ENGIE: anticipating risks enables it to manage its assets better, cut costs and expand its market to new products and services.

Indirect emissions

The Group's approach to GHG emissions accounting and reporting is based on the GHG Protocol Corporate Standards (for companies) and the ISO 14064 standard (supplemented by ISO 14069). These standards constitute an internationally recognized reference framework. For the purposes of consistency with the other environmental information published, the "Scope 2" and "Scope 3" emissions listed below do not include those of the water and waste management businesses of SUEZ.

ENGIE has analyzed the various categories of emissions in order to identify and quantify the most pertinent categories. The following categories have been identified and quantified to date.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Indirect emissions related to energy ("Scope 2")	**2,330,625 t CO_2 eq.**	**2,534,464 t CO_2 eq.**	**2,912,586 t CO_2 eq.**
Indirect emissions related to power consumption*	1,215,892 t CO_2 eq.	1,454,795 t CO_2 eq.	1,853,696 t CO_2 eq.
Indirect emissions related to the consumption of steam, heating or cooling*	1,114,733 t CO_2 eq.	1,079,669 t CO_2 eq.	1,058,890 t CO_2 eq.
Other indirect GHG emissions ("Scope 3")	**134,001,032 t CO_2 eq.**	**133,601,446 t CO_2 eq.**	**139,222,319 t CO_2 eq.**
Upstream fuel chain (energy-related emissions not included in the "direct GHG emissions" and "indirect energy-related GHG emissions" categories)	19,684,560 t CO_2 eq.	20,467,749 t CO_2 eq.	21,889,235 t CO_2 eq.
Investments (GHG emissions from power plants consolidated under the equity method)	31,105,244 t CO_2 eq.	31,127,157 t CO_2 eq.	30,869,952 t CO_2 eq.
Use of products sold (fuel sales to third parties)	61,496,829 t CO_2 eq.	60,882,185 t CO_2 eq.	61,968,404 t CO_2 eq.
Purchased products and services	18,572,190 t CO_2 eq.	17,762,429 t CO_2 eq.	21,670,364 t CO_2 eq.
Capital equipment	3,142,210 t CO_2 eq.	3,361,926 t CO_2 eq.	2,824,365 t CO_2 eq.

* *The electricity and thermal energy consumption used to calculate this data is subject to verification by the Statutory Auditors with "reasonable" assurance for the financial year 2020 (see Section 3.11)*

3.5.4.2 Renewable energy

The strengthening of the Group's capacity in renewable energy has continued, for both electricity and heat generation and, in the case of biogas, for transportation. In 2020, renewable energy accounted for close to 17.3 GW of installed electric equivalent, representing 28.4% of the total capacity directly operated by the Group.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Renewable – Net installed power (electric and thermal) ◻◻	17,289 MWeeq.	16,315 MWeeq.	14,799 MWeeq.
Share of renewable resources in installed capacity*	28.4%	24.6%	23.9%
Renewable – Electricity and heat produced ◻◻	55,442 GWheeq.	61,556 GWheeq.	57,069 GWheeq.
Energy produced – share of large hydropower	64.0%	71.8%	77.4%
Energy produced – share of small hydropower	1.7%	1.4%	1.7%
Energy produced – share of wind	18.1%	12.3%	6.2%
Energy produced – share of geothermal	0.26%	0.23%	0.23%
Energy produced – share of solar	5.1%	3.2%	2.5%
Energy produced – share of biomass and biogas	10.9%	11.1%	11.9%

* *These capacities correspond to the scope of the environmental reporting specified in Section 3.5.3 (excluding equity-accounted and non-controlled facilities)*

◻◻ *Verified by the Statutory Auditors with "reasonable" assurance for 2020*

3.5.4.3 Energy efficiency

For electricity-generating facilities, energy performance is directly connected to the site's efficiency which influences its profitability. Measures taken to improve the generation fleet, and which are compliant with environmental regulations and the constraints of the electricity market, have helped optimize its energy efficiency and, hence, consumption of raw materials. For example, the replacement of older turbines or boilers with recent models has an immediate positive impact on a facility's energy efficiency.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Primary energy consumption – total (excluding own consumption) ☐☐	284,571 GWh	342,564 GWh	330,440 GWh
Share of coal/lignite	10.13%	12.05%	20.90%
Share of natural gas	46.19%	42.31%	44.59%
Share of fuel oil (heavy and light)	0.71%	0.70%	0.74%
Share of uranium	33.59%	35.85%	24.50%
Share of biomass and biogas	5.68%	5.57%	5.71%
Share of other fuels	3.37%	3.23%	3.28%
Share of fuel in transport	0.32%	0.30%	0.29%
Electricity and thermal energy consumption (excluding own consumption) ☐☐	8,697 GWheeq.	9,244 GWheeq.	10,362 GWheeq.
Energy efficiency of fossil fuel plants (including biomass/biogas) ☐☐	45.1%	45.0%	44.2%

☐☐ *Verified by the Statutory Auditors with "reasonable" assurance for 2020 (see Section 3.11)*

3.5.4.4 Nuclear energy

Maintaining a very high level of safety at the seven nuclear reactors operated by ENGIE is a key priority for the Group. ENGIE also attaches great importance to limiting the environmental impact of these facilities (e.g. waste, emissions).

Concerning waste from nuclear power plants, particularly radioactive waste, is monitored by Electrabel, but also by ONDRAF (the national body for radioactive waste and enriched fissile materials) and its subsidiary Belgoprocess, which is responsible for the management of radioactive waste from nuclear power plants. Each plant also publishes an annual environmental on the Electrabel website.

Provisions for the downstream portion of the nuclear fuel cycle (operations relating to fuel after its use in a nuclear reactor) and for the costs of decommissioning nuclear power plants after they are shut down, are shown in 19 to Section 6.2.2 "Notes to the consolidated financial statements".

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Radioactive gas emissions			
Rare gases	47.3 TBq	35.1 TBq	54.4 TBq
Iodines	0.04 GBq	0.02 GBq	0.03 GBq
Aerosols	0.25 GBq	0.26 GBq	0.26 GBq
Radioactive nuclear waste (low and medium level)	225 m^3	149 m^3	204 m^3
Radioactive liquid wastes			
Beta and Gamma emitters	16.50 GBq	17.21 GBq	22.77 GBq
Tritium	86.50 GBq	65.07 GBq	84.82 GBq

The risk factors relating to nuclear power are presented in Section 2.2.5 "Industrial Risks".

3.5.4.5 Water

As a committed player in water management, ENGIE is taking part in the current debate over corporate risk disclosure and water stewardship, alongside organizations such as the CEO Water Mandate of the UN Global Compact and the OECD. These initiatives have led to a homogenization of the definition and implementation of water stewardship. The Group has two water-related objectives for 2020: one involves the implementation of concerted local action plans for sites in areas with extremely high water stress, and the other involves reducing freshwater withdrawals across the Group. In 2020, ENGIE was awarded an A- rating by the CDP Water Disclosure program, representing a marked improvement compared with 2019.

Each year, as part of the optimization of its energy production, ENGIE assesses the risk of water stress for the Group's industrial sites using the Baseline Water Stress Index and the Aqueduct tool (World Resource Institute). In 2020, 40 sites were located in areas with extremely high water stress (5.9% of sites excluding solar and wind), for which action plans have been finalized and are being implemented. The impact of water stress is relative, however, as it depends on the site's activity and fresh water needs. Only six out of the 40 sites have substantial freshwater requirements (more than 100,000 m^3/year). For the others, the challenge is rather how to indirectly help to preserve water resources, for example by proposing the reuse of the water by other entities in the drainage basin. As of 2013, the Group has calculated the water footprint in the life cycle analysis of 1 kWh of electricity, and of 1 kWh of gas in 2016. All of the Group's initiatives have resulted in a 71.5% reduction in freshwater withdrawals from its power generation business since 2012.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Fresh water			
Total withdrawal	2,088 Mm^3	2,814 Mm^3	2,717 Mm^3
Total discharge	2,036 Mm^3	2,743 Mm^3	2,642 Mm^3
Non-fresh water			
Total withdrawal	5,195 Mm^3	6,003 Mm^3	7,603 Mm^3
Total discharge	5,169 Mm^3	5,979 Mm^3	7,594 Mm^3
Total consumption	76.8 Mm^3	94.5 Mm^3	85.1 Mm^3

3.5.4.6 Waste

In January 2014, ENGIE took the recommendations of an internal audit on waste management and incorporated them into its environmental policy released in 2017. Its chief aim was to reduce the quantities of waste it produces and to increase its rate of waste recovery.

These efforts have led to a recovery rate of 76.1% for non-hazardous waste and 30.2% for hazardous waste in 2020. The Group's industrial sites actively seek local waste recovery solutions, even though some of these channels remain dependent on market opportunities governed by the laws of supply and demand.

Food waste and associated waste only relate to group catering for employees. In this area, ENGIE selects subcontractors that include missing space measures against food waste in their specifications.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Total quantity of non-hazardous waste and by-products discharged (including sludge)	3,333,317 t	3,440,451 t	2,535,782 t
Fly ash, refioms (residues from the purification of incineration fumes from household waste)	1,583,111 t	1,719,517 t	1,509,757 t
Ash, bottom ash	1,280,439 t	1,047,170 t	638,364 t
Desulfurization by-products	66,332 t	120,365 t	180,478 t
Sludge	21,860 t	19,316 t	19,500 t
Driftwood	12,970 t	5,305 t	8,888 t
Total quantity of non-hazardous waste and by-products recovered (including sludge)	2,537,618 t	2,352,561 t	2,159,142 t
Total quantity of hazardous waste and by products discharged (including sludge and excluding radioactive waste) ◻◻	38,139 t	52,524 t	40,371 t
Total quantity of hazardous waste and by products recovered (including sludge and excluding radioactive waste) ◻◻	11,511 t	16,291 t	11,919 t

◻◻ *Verified by the Statutory Auditors with "reasonable" assurance for 2020*

3.5.4.7 Atmospheric pollutants

ENGIE uses a wide range of techniques to further reduce its emissions: reduction at the source using a tailored energy mix; optimization of combustion and treatment of fumes; filters or water injection to reduce fine particle emissions; installation of low-NOx burners or use of urea injection (secondary treatment) to control nitrogen oxides; and choosing fuels with very low sulfur content to reduce sulfur dioxide emissions. A strong improvement was observed in 2019 thanks to the reorientation of ENGIE's production assets portfolio.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
NOx emissions	47,538 t	52,799 t	60,355 t
SO_2 emissions	119,584 t	124,276 t	118,291 t
Fine particle emissions	4,406 t	4,662 t	4,791 t

3.5.4.8 Management of biodiversity

Biodiversity (fauna, flora) is a natural heritage essential to human health and well-being. ENGIE depends on it also depends on it through its use of biomass resources and water and climate regulation provided by biodiversity.

Biodiversity is threatened by climate change, pollution, habitat modification, invasion of exotic species and overexploitation of resources. Fragmentation and disturbance of habitats caused by the territorial of our sites and soil sealing are the main impact of the main impact of ENGIE's activities on biodiversity.

In order to contribute to biodiversity protection and to mitigate its impact under the "prevent, reduce, offset" process, the Group has been committed since 2010 to integrating biodiversity into its strategy and activities.

Examples of objectives and actions carried out by the Group include the restoration of natural habitat (hedges, grassy strips, wetlands), the reduction of the impact of wind turbines on wildlife, the installation of fish ladders at dams, ensuring that gas-grid easements contribute to ecological continuity, and applying differentiated landscaping to green spaces.

In pursuit of its commitment to biodiversity, the Group relies on the skills and expertise of its two partners: the French committee of the IUCN (International Union for Conservation of Nature) and France Nature Environnement.

As part of a voluntary initiative, which was recognized at the end of 2012 by the French government as part of the National biodiversity strategy, the Group has defined a targeted action plane [1] for each of its priority sites in Europe designed to address the biodiversity protection issues identified at the site and/or by local stakeholders, based on the site's activity.

Since 2016, biodiversity action plans have been incorporated into a more comprehensive approach to integrated and concerted environmental management at site level for all the Group entities, but the method of identifying sites for biodiversity remains unchanged.

In 2018, the Group also strengthened its international commitments by joining the "*act4nature*" initiative. The individual commitments made in this area were largely achieved. Among the measures completed it is worth noting: the constant increase in the number of participants in the network of experts, the introduction of an integrated biodiversity assessment tool (IBAT), and the publication of an internal brochure covering biodiversity. Further information is available on the website.

In 2020, the Group renewed its two commitments in terms of biodiversity via the "act4nature international initiative" and "Entreprises engagées pour la nature-act4nature France".

3.5.4.9 Active prevention of environmental risks

The management of industrial, health and environmental risks has two components: risk prevention and crisis management.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
% of relevant revenue covered by an environmental risk prevention plan	82.7%	81.2%	87.6%
% of relevant revenue covered by an environmental crisis management plan	88.4%	86.1%	88.4%

The six complaints registered in 2020 did not give rise to an obligation to pay compensation. They all originate from surrounding neighborhoods and are exclusively related to the stroboscopic effect of wind turbines. The Group actively monitors these data and implements actions to further reduce this nuisance.

In September 2019, a leakage of 5.4 kg of SF_6, a greenhouse gas, was recorded at the Bergum power plant in the Netherlands. Following the disclosure of this leak to the authorities by ENGIE, a police investigation is underway to determine its source.

In France, at the site of the Plateau de la Motte solar farm, deforestation operations encroached on protected woodland reserves and resulted in a criminal transaction of €14,000 with the DRAAF (the French Regional Directorate of Agriculture and Forestry).

In 2020, environmental expenses (investments and current operating expenses related to environmental preservation) amounted to more than €553 million.

Indicator title	ENGIE 2020	ENGIE 2019	ENGIE 2018
Environment-related complaints	6	10	24
Environment-related convictions	2	1	0
Amount of compensation *(in € thousands)*	14	13	0
Environmental expenditure *(in € thousands)*	553,019	466,365	406,428

3.5.4.10 Noise pollution

Any industrial activity is a source of noise pollution. In order to reduce these impacts, Group entities conduct regular soundproofing work (acoustic cladding, noise barriers, containment, etc.). For more recent projects, reducing this potential form of noise pollution is directly integrated into the design.

(1) A targeted action plan must combine and detail all the measures taken to preserve or restore biodiversity locally. See the note on methodology in Section 3.5.3 for more details

For its renewable energy projects, particularly onshore wind and solar power, ENGIE conducts impact studies and offers support measures to prevent, reduce or offset any noise or visual impact. Examples of such actions include defining and implementing turbine restrictions (stoppage or reduced power at key times and/or under certain wind conditions), conducting specific actions with builders to reduce the sound power of machines, seeking better harmonization with the landscape during the design and, after construction, initiating planting and vegetation schemes on sites or for neighbors if there is an obvious visual impact. By way of illustration, in France, ENGIE has partnered with the "Respect" project launched as part of the offshore wind project in the city of Tréport and on the islands of Yeu and Noirmoutier. The aim is to improve understanding of the biological impact related to the noise footprint of projects and reduce this by developing appropriate technology. The results were integrated into the impact studies and made it possible to obtain prefectural authorization in October 2018.

3.5.4.11 Land use

Protection of soil and groundwater is an integral part of the Group's environmental policy. The environmental consequences of soil pollution can be significant, as can the costs of subsequent remedial measures. It is therefore important to prevent this risk and to hedge it with financial provisions. These amounted to €1.125 billion in 2020 and concerned site rehabilitation, decommissioning of non-nuclear facilities and scheduled product elimination. In this area, ENGIE complies with the regulations in each of the countries in which the Group operates.

For example, a soil pollution survey was carried out at several power plant sites in Belgium. Risks were assessed in conjunction with the appropriate environmental authorities and a remediation program was implemented.

ENGIE owns a number of former gasworks. These sites may be affected by oil, heavy metals and other volatile substances that can adversely affect health. As a result, they must be repaired before reuse. In 1996, a ten-year plan was agreed via a memorandum between Gaz de France and the French government to rehabilitate these sites, which have been compatible with their use from a health perspective since 2007. When these former sites are sold, ENGIE is committed to ensuring that the buyer's project is compatible with the environmental and industrial liabilities of the site and that the risk to the environment and residents is effectively managed. At all its sites, the Group monitors the soil and groundwater, in accordance with its operating permits, in order to prevent pollution.

Moreover, in order to more firmly anchor its presence in the regions, ENGIE has established a structured system of dialogue with its stakeholders, pursuant to the main international standards (AA1000, ISO 26000, the Global Compact principles, and OECD guidelines). This system is based on regular meetings with NGOs and non-profit associations, and on the development of long-term partnerships in connection with ENGIE's activities. The dialogue is defined at Group level and then rolled out to each BU according to specific local requirements in terms of issues, activities and regulations. As part of these new CSR objectives, ENGIE aims to cover 100% of its industrial activities with an appropriate dialogue and consultation mechanism by 2020.

Gas pipelines account for the largest amount of land use by ENGIE. As the gas lines are buried, they do not break up natural habitats, but may nevertheless generate land-use conflicts. GRTgaz has therefore established amicable easement agreements in France with all the owners of the land crossed, following consultation periods (the signing rate for amicable agreements is regularly >90% for projects). These agreements define land usage restrictions for the owners (prohibition on building in pipeline locations and planting vegetation higher than 2.70 m) in exchange for compensation. More specific work is carried out with the agricultural industry to preserve land use for farmers as part of their professional activity.

For the development of new wind and photovoltaic renewable energy production sites, the choice of the site is paramount. The arable nature of the land is an essential element taken into account very early in the project to avoid any subsequent conflict. In France, calls for tenders for photovoltaic power plants are made under the aegis of the French Energy Regulatory Commission. Proposing a site on arable land causes valuable points to be lost in tenders and this is another reason for selecting other types of land. For wind farms, development on arable land is possible provided that an assessment is carried out before and after the project by an independent agricultural expert. This allows for fair compensation to be paid to owners or farmers for the use of these lands.

In France, for example, in August 2020, in the Kastellin (Finistère) biogas production plant of ENGIE Bioz Services – a 100% subsidiary of ENGIE, an operating incident caused an overflow of a tank of digestates, which are the residues resulting from the methanization of organic matter. These digestates have polluted in a nearby river with ammonia and caused drinking water restrictions in Châteaulin (France) and its surroundings for a few days. After analysis of the accidental causes, ENGIE has taken the appropriate measures to prevent this incident from happening again. These measures concern the follow-up by thermal camera of the incoming organic materials to avoid any accidental heating, the sealing of the rainwater basin, the removal of the automatic pumping device for discharge into the outside environment and the installation of a safety system at the level of the liquid digestate recovery tank. These measures have made it possible to envisage a restart of the installation.

3.6 Societal information

The responsible growth model developed by ENGIE is based on a structured dialogue adapted to all stakeholders of the Group's activities promoting co-construction for the creation of shared value and with a view to optimizing the business.

3.6.1 Dialogue with stakeholders and partnerships

ENGIE maintains an ongoing and proactive dialogue with all stakeholders around its industrial activities. Based on existing approaches, the Group supports its operating entities in deepening and structuring their practices, from the implementation of dialogue strategies to their operational deployment in the project teams.

The support is based on a Group methodology which is adapted to the strategic, technical and geographical specificities of the operational activities. It is based on international standards such as ISO 26000, AA1000, IFC (International Finance Corporation, World Bank) and the Equator Principles.

On the one hand, it consists of raising awareness and training of employees in the structuring of dialogue with stakeholders in connection with the Group's training entity, ENGIE University. On the other hand, the methodology consists of technical support for the implementation of dialogue action plans adapted to the challenges and expectations of the territories.

The goal is to optimize performance and increase value creation by deepening the ownership of the Group's activities by its beneficiaries.

The Group achieved its 2020 target of covering 100% of its industrial activities by means of an appropriate dialogue and consultation mechanism which aims to strengthen the sustainability of its activities.

2020 was devoted to setting up various spaces for dialogue: a Stakeholders Committee in charge of challenging the Group's strategy, and an access space made up of members of civil society, companies and local authorities, in charge of supporting sensitive projects.

This culture of listening and dialogue is extended through societal and environmental partnerships with, in particular, France Nature Environnement, Emmaüs and the ONE (Ocean Nature and Environment) Foundation.

At the international level, ENGIE is a member of the United Nations Global Compact in the Global Compact Advanced category.

This culture of listening and dialogue was implemented when, in France, in 2017, ENGIE started building a new propane supply station in the city of Ajaccio (Corsica).

Prior to the launch of the construction site, the Group endeavored to meet with local environmental associations as well as local residents such as the hospital and residents living near the site. In addition to the information meetings set up by the project to inform local residents about the progress of activities, the CSR manager is in constant contact with local residents to discuss any questions they may have.

In addition, the project will offset the environmental impact of its 2 ha industrial site on a 20 ha natural site for 30 years. The project has delegated its management to the Conservatoire des espaces naturels de la Corse (Corsican Natural Spaces Conservatory), which can thus study the evolution and dynamics of the local fauna and flora populations in partnership with the University of Corsica.

3.6.2 Combating fuel poverty

3.6.2.1 Fuel poverty of individual customers

In 2020, ENGIE continued to support the Fonds de Solidarité pour le Logement (French solidarity housing fund), providing €6 million. In 2020, around 70,000 of ENGIE's retail customers benefited from these departmental council subsidies.

ENGIE has created a network of mediation partners with over 120 customer assistance centers throughout the country as of the end of 2020. Mediators at these associations, who are trained by ENGIE, talk to customers facing payment difficulties, help them to understand their bills, give them advice on their energy spending and can help them to set up structured payment plans or direct them towards social services to apply for assistance.

3.6.2.2 The environmental and social fund “ENGIE Rassembleurs d'Énergies”

The Group supports social enterprise and disadvantaged populations through the social and environmental fund, ENGIE Rassembleurs d'Énergies. ENGIE invests in social enterprises promoting shared and sustainable growth for all based on clean, affordable energy and on innovative business models linked to the Group's operating entities.

The fund is utilized for various themes which all combine financial performance and a strong social and environmental impact: individual or collective decentralized solar electrification in Latin America, sub-Saharan Africa and India; clean, secure cooking solutions, particularly biogas solutions in emerging economies; energy efficiency, mainly in social housing in Europe; and, lastly, the circular economy. The fund thus made all of its new investments in this sector in 2020.

At the end of 2020, the companies in the portfolio had enabled clean and affordable electrification for more than 5.5 million beneficiaries worldwide, in addition to the beneficiaries of companies subsequently acquired by the Group. The companies also created more than 20,000 direct and indirect jobs, with a strong focus on the empowerment of women. 21,000 employees invested part of their savings in the ENGIE Rassembleurs d'Énergies solidarity mutual fund (FCPE), thus giving meaning to their savings with a direct connection to their occupation.

The 19 active companies in the portfolio operate on four continents (Europe, Africa, Asia and Latin America) and in around 20 countries. These companies cover 13 sustainable development goals through a wide range of technologies that respond to the issue of inclusive growth, in particular through access to sustainable energy and the reduction of fuel poverty. Through them, Rassembleurs d'Energies seeks to both reach vulnerable populations and develop synergies with the Group entities. In 2020, the fund made a particular effort to support companies affected by the global health crisis, but nevertheless also finalized two divestments from companies that it had supported since 2013 and 2014. By the end of 2020, ENGIE Rassembleurs d'Énergies had invested €35 million of equity with a highly selective approach.

3.6.2.3 ENGIE Corporate Foundation

The ENGIE Foundation works on behalf of children, with access for all to education, sport and culture, for integration through employment and the fight against poverty, and for access for all to energy and essential goods, and the protection of biodiversity.

The role of the Foundation, with the commitment of the employees of the ENGIE group, is to give a chance to those who do not have one.

To respond to major challenges, the ENGIE Foundation also provides support for projects related to major causes or emergency missions.

Faced with the unprecedented health situation caused by the Covid-19 pandemic, which requires new forms of solidarity to be put in place, the Foundation took action throughout 2020 alongside its partners. After the first emergency measures to provide hospitals and care homes with emergency equipment, followed by operations for vulnerable groups during the “summer of solidarity”, the Foundation launched new initiatives at the end of the year for caregivers and the most vulnerable groups.

Key figures of the mobilization of the ENGIE Foundation:

- more than 200 medical establishments assisted in France, Belgium, Africa, and Brazil;
- 800 computers distributed to young people in France and Belgium to help them keep up with their education;
- more than 10,000 families helped with food aid in France.

In 2020, the ENGIE Foundation supported more than 120 projects which reached more than 480,000 beneficiaries.

The ENGIE Foundation renewed its mandate for five years in October 2020, with an annual endowment of €7,800,000.

3.6.2.4 Other solidarity actions in the context of the Covid-19 pandemic

The Group was fully mobilized to respond to the global health crisis, carrying out essential tasks to maintain the energy supply and services and to ensure the proper functioning of transport and buildings, especially critical buildings such as hospitals. Many solidarity actions have been implemented to help the medical community, its suppliers and its employees.

The ENGIE teams responsible for maintaining heating, ventilation and air conditioning facilities in hospitals worked more quickly to allow for the rapid provision of additional beds and resuscitation rooms for Covid-19 patients: for example, in Italy (the Lazzaro Spallanzani National Institute of Infectious Diseases in Rome and the Luigi Sacco hospital in Milan) and in France (the Mondor hospital in Créteil). The ENGIE Foundation set aside a €500,000 fund for hospitals to help purchase respiratory and protective equipment.

The Group mobilized a budget of €250 million to accelerate the payment of its suppliers, SMEs and VSEs, and to help strengthen their cash flow at this difficult time.

Regarding its employees, the Group decided to accelerate the implementation of a minimum level of social protection for all of its employees worldwide (ENGIE Care).

3.6.3 Just transition

ENGIE is fully aware of the need to adapt its business model to changes in its environment and first and foremost to climate change without losing sight of its social responsibility.

Adapting the Group's business model cannot be done without taking into account the social impacts of the transition to a low-carbon economy.

This is the purpose of the just transition that ENGIE is promoting and which leads it to manage the restructuring of its activities by striving to make decisions that are as satisfactory from an environmental perspective as from a social perspective.

For example, following the 2017 closure of the Hazelwood coal-fired power plant in Australia, ENGIE paid out all employee entitlements, participated in government programs to assist in the redeployment of employees and contractors, and refocused its community partnerships to support the vocational success of young people.

ENGIE then launched a major rehabilitation project to prepare the site and the adjoining mine for future productive uses, a project that employs up to 400 workers.

This project is progressing with a clear and strong commitment to local consultation through community forums, stakeholder information sessions, media, advertisements, and public information kiosks. ENGIE has also developed a Conceptual Master Plan to describe the site's future opportunities. The Group maintains active discussions with the Victorian Government and other stakeholders on how best to capitalise on the site's natural advantages, such as the availability of prime agricultural land, potential tourism opportunities or future clean energy production, given its proximity to the major power transmission lines supplying Melbourne and its surroundings.

Another example of just transition is the Group's participation in Chile's plan to phase out coal by 2040. Thus, in 2019, in agreement with the Chilean Ministry of Energy, ENGIE Energia Chile (EECL), a 52.8%-owned subsidiary of the Group in Chile, has committed to the closure of six coal units, totaling nearly 800 MW, or more than 50% of its thermal power plant fleet.

These closures concern units located in northern Chile in the Antofagasta region, namely four units in Tocopilla: two units (12 and 13 totaling 170 MW) closed in June 2019, two other units (14 and 15 totaling 270 MW) to be closed by the end of 2021, and two units in Mejillones (CTM1 and CTM2 totaling 334 MW) closed by 2024.

At the same time, EECL announced the development of 1,000 MW of renewable capacity, more than a third of which is currently secured with the launch of three renewable projects located in the same region of Antofagasta: a 150 MW wind farm in the city of Calama – advanced thanks to an agreement with IDB Invest, which developed an innovative financial instrument to monetize avoided GHG emissions, the Capricornio solar farm (100 MW peak) located 35 km from the city of Antofagasta and the Tamaya solar farm (120 MW peak) located in the city of Tocopilla.

EECL supported all the personnel affected by these closures, with two plans negotiated and implemented with the unions:

- a social plan to facilitate the retirement or transfer of employees to other positions in the company;
- a training and employability plan for the remaining employees to ensure their internal retraining at the future production sites mentioned above.

These plans have benefited from work carried out with the Antafagosta Labor Observatory through the Catholic University of the North and also from multiple collaborations with local decision-makers (Chamber of Commerce, Tourism, Union of Artisanal Fishermen, Municipality of Tocopilla).

3.7 Purchasing, subcontracting and suppliers

Suppliers and subcontractors represent key stakeholders in the Group's value chain.

The Group's Purchasing function has defined a clear vision organized around the following goals:

- to contribute to the Group's operational performance by putting forward a panel of competitive and differentiated suppliers to the operational teams;
- to uphold the Group's commitments to its suppliers;
- to contribute to the Group's CSR approach and carbon neutrality;
- to develop key talent and expertise within the Purchasing sector and promote Purchasing within the Group's career paths.

In order to achieve this ambition, the Purchasing function relies on a management system structured around:

- a **Purchasing Policy:** this public document, which is shared with suppliers, expresses ENGIE's involvement. In particular, it specifies the Group's requirements in terms of:
  - the suppliers' health and safety commitments,
  - a commitment from suppliers to engage in ethical business relationships and take into account social responsibility, ethics, embargoes and anti-corruption,
  - the search for competitive bids and sustainable and innovative solutions;
- a **Purchasing Governance:** document defining Group-wide principles for the management of external expenditure and setting out the operating rules for Purchasing. It aims to reinforce the separation of tasks between buyers and purchasing advisers, while encouraging their cooperation when selecting the best offerings.

The requirements of these two documents, as well as the Group's more general requirements, are set out in the operational processes. These processes cover the management of purchasing categories and supplier panels as well as the stages of purchasing and procurement.

They include the ethical requirements of: the Ethics Charter, the Corporate Social Responsibility Policy Global Care, the Code of Conduct for Relations with Suppliers, and the Due Diligence Policy for Direct Suppliers and Subcontractors.

The Purchasing function is helping the Group to achieve its 2030 goals through a sustainable purchasing process driven by actions with equipment suppliers in all business segments.

In 2020, the Group Purchasing Department set four CSR goals, which will later be rolled out throughout its management system:

Objective title	Criterion	2025 objective	2030 objective
Decarbonization of the main suppliers	250 preferred suppliers aligned with or certified by the SBT	25%	100%
CSR assessment of suppliers	Share of preferred and major suppliers with an ECOVADIS rating higher than the "managed CSR risk" level	70%	100%
Improvement of payment terms for suppliers	Reduction in the total amounts of invoices paid late (reference year 2020)	-40%	-90%
Promotion of inclusive purchasing	Share of inclusive purchasing in line with GT3 recommendations	60%	100%

To achieve these goals, the Purchasing function implements operational processes by following key steps, using a Plan-Do-Check-Act method:

- analysis of risks and opportunities by purchasing category prioritized by country, based on a risk matrix developed in partnership with EcoVadis;
- definition of mitigation plans and supplier selection criteria using the analysis above. The CSR commitment of suppliers is assessed across four dimensions: ethics, human rights, environment and sustainable purchasing. These plans may include document audits or on-site audits;
- establishment of specific contract clauses to strengthen our requirements. These may include the application of penalties in the event of non-compliance;
- the performance delivered by the suppliers, measured periodically in the context of the business reviews and the review of the associated improvement plans.

These four steps are verified through the internal control and audit processes in order to ensure the continuous improvement of the approach.

The actions of the Purchasing Department focus primarily on the Group's preferred suppliers (~250), followed by the major suppliers of each Group BU (~1,350), which represents around 20% of total expenditure.

The achievement of these ambitious goals is supported by a progressive program of ongoing training that began in 2013 within the Purchasing function and the Business Units. In 2020, the training plan focused on:

- the due diligence policy of suppliers and subcontractors;
- ethics and supplier relations.

In addition, these CSR topics are regularly included in the management routines of the Purchasing sector, and in meetings organized with purchasing advisers and operational staff involved in the Purchasing process.

Since the start of the Covid-19 crisis, Purchasing has been carrying out service continuity tasks and supporting the gradual resumption of activity. Exceptional measures have been implemented. In response to the shortage of masks, a task force was formed to supply them, as well as other health products. To support the most fragile suppliers, the payment of invoices issued by SMEs and VSEs was accelerated in France and Belgium.

3.8 Ethics and compliance

The Group's senior executives drive and oversee the Group's ethics and compliance policy and ensure that it is properly applied. A message of "zero tolerance" with respect to all forms of fraud and corruption is regularly communicated by the Chief Executive Officer. All managers at all levels of the Group convey the same message.

ENGIE's principles of action are based on international standards. All of the Group's measures to prevent and combat corruption comply with these. The same is true for the Group's strategy on human rights and its personal data protection program.

The Group has made voluntary anti-corruption commitments. ENGIE adheres to the United Nations Global Compact, the tenth principle of which relates to combating corruption. ENGIE also adheres to the French chapter of the Transparency International NGO.

3.8.1 Ethics and compliance governance

Ethics and compliance within the Group are overseen by the Board of Directors via its Ethics, Environment and Sustainable Development Committee (EESDC).

The Compliance Committee assesses the handling of ethical incidents and monitors the process for updating the Group's ethics and compliance framework. At Group level, it brings together the General Secretariat and the directors of the following departments: Ethics, Compliance & Privacy, Internal Audit, Internal Control, Human Resources and Legal.

The Group Ethics, Compliance & Privacy Department (ECPD) is functionally attached to the Group General Secretariat, to which it reports. The ECPD oversees the incorporation of ethics into the Group's strategy, management and practices. It proposes ethics and compliance policies and procedures for the Group and supports their implementation at all levels of the Group. It coordinates the implementation of the Group's vigilance plan (see Section 3.9) and deals with whistleblower reports arising under the Group procedure which it manages. The Group Ethics, Compliance and Privacy Department leads the network of Ethics & Compliance Officers and Data Privacy Managers throughout the Group.

Since 2018, the Group Ethics, Compliance & Privacy Department been the competent department for all issues requiring the establishment of a compliance procedure. It works in the area of personal data protection. Export controls and embargoes, and interest representation are also within its remit.

3.8.2 Risk assessment

The assessment of ethical risks is included in the Group's risk analysis process (Enterprise Risk Management or ERM) (see Section 2.1.1). Five ethical risks have been identified: corruption; human rights violation; failure to take account of competition law and/or embargoes; fraud; and lack of ethics management. The Group's risk analysis approach also includes data privacy risk. It also covers the risk of personal data breaches and the risk of non-compliance with the General Data Protection Regulation (GDPR).

The process for assessing corruption risks, human rights violation risks and data privacy risks uses a common analysis methodology for all the BUs. In particular, the Group has developed a self-diagnostic scorecard on corruption risk and a checklist regarding human rights violations risk. It has also issued guidelines on the assessment of the risk of personal data breaches.

3.8.3 Reference texts

ENGIE's ethics and compliance policy aims to develop an ethics culture and practice based on:

3.8.3.1 The ENGIE Code: the Ethics Charter and the Practical Guide to Ethics

The Ethics Charter establishes the general framework for the professional conduct of every employee. It specifies ENGIE's four fundamental ethical principles. It also describes the Group's ethics and compliance organization.

The Practical Guide to Ethics determines the day-to-day application of ethics. It includes the Group's decision to refrain from any financing of political activities.

These two documents constitute our Code of Ethics and apply to all Group employees. They are shared with external stakeholders.

3.8.3.2 The Integrity reference system

The "Integrity" reference system is a collection of policies and procedures for preventing fraud, corruption and influence peddling. All of the ethical assessment procedures were reviewed in 2018 and 2019. Thus, the stakeholders of investment projects, beneficiaries of corporate sponsorship, suppliers and business consultants are the subject of enhanced preventive action.

In 2020, the Group overhauled its gifts and invitations policy. It also rolled out a new register of business consultants. Lastly, the Group has created a new gifts and invitations register that will be rolled out in the first half of 2021. These registers are fully digitized and designed as management and monitoring tools.

3.8.3.3 The Human Rights reference system and policy

The "Human Rights" reference system and policy comprise ENGIE's commitments to respect internationally recognized human rights. The system specifies the operational processes for analyzing and managing risks. It thus enables the Group to be vigilant about the impact of its activities on the human rights of all individuals. The reference system and policy are the cornerstones of the human rights component of the Group's vigilance plan (see also Section 3.9).

3.8.3.4 The Ethics Compliance reference system

The "Ethics Compliance" reference system sets out how the Group implements its ethics and compliance system and measures compliance. It also includes the Group's procedures for complying with rules on embargoes, export controls, and competition law.

Since 2017, the reference system has also aimed to ensure compliance in terms of personal data protection, in accordance with the requirements of European Regulation 2016/679 on personal data protection. In this context, the Group defined procedures and reviews in 2019 and supplemented them in 2020 with "privacy by design".

In 2017, the Group set up a specific compliance system to monitor interest representation actions. In accordance with the law of December 9, 2016, this system enables Group entities to comply with their obligation to report to the French High Authority for the Transparency of Public Life (Haute Autorité pour la transparence de la vie publique or HATVP).

Lastly, guidelines for identifying weak signals in ethical matters were rolled out in the Group in 2019.

3.8.3.5 Codes of conduct

Codes of conduct are used to apply ENGIE's ethics commitments to business practices and operations. These codes of conduct include the "Code of conduct in supplier relations," and the "Code of conduct on lobbying".

These documents are available on ENGIE's website via the following link: https://www.engie.com/en/group/ethics-and-compliance.

3.8.4 Whistleblowing and reporting of ethics incidents

The Group's new whistleblowing policy was defined in 2017. It includes the legal requirements of Sapin 2 and those of the law on the duty of vigilance. On July 1, 2018, a new procedure for collecting alerts via the email address ethics@engie.com and a dedicated telephone number, was set up at the Group level. Both channels are outsourced to an external service provider, which is responsible for receiving the alerts. This new procedure was opened to all of the Group's staff worldwide on January 1, 2019. Alerts may be received in several languages and the service is available 24/7.

The system is described on the Group's website via the following link: https://www.engie.com/en/ethics-and-compliance/whistleblowing-system. It is an addition to the Group's other reporting routes, which can be accessed by any employee and any person outside the Group.

Alerts and managerial reports of ethical failures are monitored using a digital tool for collecting ethical incidents, which has been rolled out in the BUs and Corporate. In 2020, an improved digital tool, My Ethics Incident, replaced the INFORM'ethics tool. It covers seven areas: accounting and financial integrity, conflicts of interest, social responsibility and human rights, business ethics, confidential information, the protection of intangible assets, and personal data. In 2020, 201 alerts were input (183 in 2019) and 283 managerial reports of ethical incidents were made (282 in 2019, 218 in 2018, and 199 in 2017).

3.8.5 Training and awareness

The Group holds mandatory awareness seminars and training for populations at risk. The managers ("GMRs") have to take part in the seminar on the prevention of fraud and corruption (86% of GMRs took part in 2020). This seminar is also mandatory for members of the BU executive committees. Members of the ethics and compliance network also have to attend.

Purchasers are specifically trained in topics related to fraud and corruption risk and duties of vigilance (see Section 3.7). Regarding competition law, the Group rolled out an e-learning module in 2019 and face-to-face training increased in 2020. Training on institutional relations in France and for Data Protection Managers continued in 2020. The same was true for training on human rights (see Section 3.9.1).

Awareness-raising videos have been distributed to all Group employees since 2018. They present subjects with strong ethical challenges: gifts, invitations, corruption, whistleblowers, human rights, and conflicts of interest. In 2020, the Group rolled out a new digital tool to monitor the progress at all levels of the e-learning training provided to Group employees. This tool will be followed in the first half of 2021 by the roll-out of a map for easier identification of those employees most exposed to the risk of corruption. Lastly, the Group has formalized its system to include timetables for the implementation of all the compulsory training courses. This supplement to the Group's training system will be rolled out in the first half of 2021.

3.8.6 Controls and certifications

The monitoring of the implementation of the ethics and compliance policy is based on an annual compliance procedure. In this context, the Ethics & Compliance Officers produce a report on the work and progress accomplished by their entity in this area. This report is submitted to the relevant supervising entity. It is accompanied by a compliance letter from the manager certifying their commitment to the application of the ethics and compliance program within the organization for which they are responsible. At the start of the year, a bilateral assessment of the activities and risks of each BU is carried out by the Ethics, Compliance & Privacy Director. The consolidated annual report resulting from this process is submitted to the Group's Executive Committee and to the Ethics, Environment and Sustainable Development Committee.

This compliance procedure is part of a broader control procedure. This is based in particular on the annual internal control campaigns which assess the level of implementation of ethics, embargo and personal data policies. It is also based on policy controls that are built into the internal audit campaigns.

The Group is also engaged in external audits of its ethics and compliance framework. In 2018, ENGIE obtained ISO 37001 (anti-corruption management systems) certification from ETHIC'Intelligence, a certification body accredited by COFRAC. This certification was renewed in 2019 and 2020 following supervisory audits. The audits were carried out at Group level and in several operating entities that are representative of the Group's activities. The certification follows the obtaining in 2015 of anti-corruption certification from Mazars and ADIT.

3.9 Vigilance Plan (synthesis)

This section summarizes the ENGIE Group's Vigilance Plan and reports on its operational implementation. A more complete version of the vigilance plan as well as details of the policies and actions are available on the Group's website https://www.engie.com/en/group/ethics-and-compliance/policies-and-procedures.

The plan covers all the measures established by ENGIE SA to prevent risks related to its activities and those of its controlled subsidiaries. It covers serious violations relating to human rights and fundamental freedoms, the health and safety of individuals and the environment. The Group's adherence to international standards is the minimum basis for commitments that the Group intends to apply wherever it operates.

These approaches and the common alert system have already been in use for several years. Completely backed by the ethics organization, it benefits from steering, governance and dedicated monitoring.

3.9.1 Identification and management of the risks of serious harm to individuals and the environment

The Group exercises vigilance through policies that cover all issues and procedures relating to the identification and assessment of risks. Goals and follow-up and assessment processes are put in place on the basis of these procedures.

3.9.1.1 Prevent and manage the risks related to human rights

The major risks of negative impacts on the human rights of any individual due to the Group's activities are related to the fundamental rights of workers. The following risks are focused on (details on the website):

Fundamental rights of employees	Rights of local communities	Subcontracting/suppliers/partners
• Health and safety conditions • Freedom of association • Non-discrimination • Combating forced labor • Working hours • Living conditions of workers • Private life	• Harm to the health of surrounding populations • Harm to the living conditions of surrounding populations (food, water, housing, culture, access to resources, etc.) and to the right to a healthy environment • Displacement and rehousing of populations • Suppression of the Group's opponents	• Working conditions and health and safety of subcontractors • Energy procurement • Traceability and procurement of the materials used for the Group's products and services • Practices of commercial partners in projects

Security of employees and sites

- Practices of private or public forces of order in the exercise of their security mission, and in particular practices relating to the use of force
- Security of employees in high-risk countries

The Group's human rights policy, adopted in 2014, specifies the Group's commitments and provides for regular processes to identify and manage risks. In particular, every year, the entities must assess their activities with regard to their impact on human rights, via a dedicated self-diagnostic scorecard (see Section 3.8.2). They must also assess any new business activity via a dedicated scorecard designed to identify the risk factors specific to the planned activity.

The risks are assessed according to the country, the activity, the presence of vulnerable populations, the products/services used, and the type of business relationship. Some partners (see Section 3.9.2) are also subject to ethical due diligence procedures, explicitly including human rights.

In 2020, six BUs were assessed as being at risk in terms of human rights, either because of their country of activity or their type of activity. At the operational level, the specific risks identified are the subject of specific action plans described on the aforementioned website. Face-to-face training on the Group's human rights approach was developed in 2019 and fully rolled out in 2020. A new e-learning module on human rights for all employees was also rolled out.

The monitoring of the application of these processes is incorporated into the ethics compliance report (quantitative indicators) and into the internal control system (see Section 3.8.6).

2020 results (Article 2.3)	360 employees trained in human rights.
Internal control	51.7% of the Group's entities assessed the roll-out of the vigilance plan at their level as effective. 84% of the entities that assessed the roll-out of the human rights policy considered it to be effective (level 4).
Ethics compliance report	Coverage of the annual human rights risk sheet. Number of due diligence procedures (with human rights risk) on partners in the context of the Group's investment committees: 100%.

3.9.1.2 ENGIE's response to the pandemic

In 2020, the Group had to respond to the outbreak of the Covid-19 pandemic from January. A specific crisis management system was put in place, including a Group Covid-19 steering committee. The various functional departments involved in crisis management, as well as the occupational health physicians, took part in this steering committee. The Group steering committee was reinforced by several geographic committees, in which the CEOs of the BUs took part (France, Belgium, and International committees).

Three specific committees were set up to support the Group Covid-19 steering committee. The first was devoted to the protection of people, and the other two to customer relations and to purchasing. The structure deployed at Group level was rolled out to the BUs and the entities in the form of specific crisis management systems. The BUs and entities adapted and then implemented their business continuity plans as soon as the crisis started.

The committee dedicated to the protection of people drew up Group health and safety rules, working in collaboration with the BUs. These rules apply to the entire Group when resuming activity after a period of lockdown as well as during the business continuity phase. These rules were supplemented by technical instructions on various topics. Examples include cleaning and disinfection, protection of people on site, and prevention of psycho-social risks. Specific actions for communicating with employees were implemented by the Group and the BUs.

These requirements were reviewed by an independent consultant in order to compare them with the provisions recommended by international health organizations. These include the World Health Organization and the European Center for Disease Prevention and Control. The review established that the Group's requirements do comply with the recommendations of these international organizations.

The other measures intended to ensure the health and safety of individuals working for the Group are presented in Section 2.2.7.5 "Health and safety at work" and in Section 3.4.8 "Health and safety policy".

The measures put in place by the Group to ensure the security of individuals are described in Section 2.2.7.4.

3.9.1.3 Prevent and manage environmental and societal risks

From an environmental perspective, the major risk for the Group is climate risk, followed by biodiversity, water and pollution risks. These global and local environmental risks are identified annually at head office and sites level to allow a list of "at risk" sites to be established. From a societal point of view, the risks analyzed are the impact of activities on local communities and their social consequences.

The Group's CSR Policy guides the vigilance process with regard to environmental and social matters (see Section 3.1.1). Environmental and societal risks are analyzed periodically at every level of the company. This policy is deployed in each BU, subsidiary, and site. Its implementation is monitored through goals and action plans that are reviewed every year. This review process enables us to make sure our obligations, with respect to environmental and societal vigilance, are properly satisfied.

The environmental policy fully incorporates this risk analysis. The control of its CO_2 emissions is a major issue for the Group, causing it to establish a specific action plan. This plan is supplemented by international objectives and commitments which are reported on in detail. The environmental policy also aims to institute action plans at various levels to avoid, reduce, and if necessary, offset the environmental impacts of the Group's activities. In 2020, around 670 sites were analyzed: 100% of sites identified as "at risk" have action plans in place.

The societal policy, which is centered on "stakeholder engagement," includes a level 1 target. Its implementation also includes a toolkit and training programs, a center of expertise and a self-assessment system for the BUs. In 2020, 100% of industrial activities were covered by an appropriate mechanism for dialogue with stakeholders. For more information, please visit the website.

3.9.1.4 Prevent and manage risks related to energy supply

The risks related to the Group's energy supply (coal, biomass, natural gas and LNG) have been identified as a specific issue of vigilance for the Group. They are managed directly by the relevant BUs, which must identify the risks specific to each of their activities by source of energy, by country, etc. They must also identify the actors concerned and the measures to be taken in response to these risks. A CSR strategy was formalized to meet these challenges, with specific action plans per energy source.

The governance structure was strengthened to ensure that the duty of vigilance is included in decision-making processes. The supply chain risk assessment approach has been systematized, based on the 3P (People, Planet and Profit) approach.

3.9.1.5 Prevent and manage risks related to non-energy purchases

The Group's Purchasing management system is designed to supervise and reduce the risks associated with purchasing:

- a purchasing policy that specifies ENGIE's commitments and requirements vis-à-vis its suppliers;
- purchasing governance that describes the methods of implementation through 12 key rules. To these rules is added, for each BU, the obligation to carry out an analysis of ethical risks. This analysis takes into account the occupations, purchasing categories and amounts, and organizations and projects. It encourages the rotation of actors in the purchasing function engaged in supplier relationships;
- operational processes dealing with the management of purchasing categories, supplier panels and the stages of purchasing and supply;
- a code of conduct for relations with suppliers, revised in 2020 to ensure fair treatment of their employees. Suppliers must ensure that the wages paid are fair or meet more than basic needs.

The purchasing processes are implemented through the following key stages:

- the assessment of new preferred (Group level) and major (BU level) suppliers;
- the analysis of risks and opportunities by purchasing category and by country, based on a risk matrix developed in partnership with EcoVadis. Three purchasing categories are considered high risk: engineering/turnkey installation, chemicals, and batteries;
- the implementation of an associated management plan taking into account the eligibility criteria of suppliers. These plans may include, for example, audits, specific contractual provision s to limit the risk, an ethics clause, etc.; a risk reduction plan is automatically implemented for suppliers with an EcoVadis score below 45/100;
- the measurement of the performance delivered by the suppliers and related improvement plans.

The proper implementation of these processes is verified via the INCOME internal control program (see Section 2.3). With 27 different controls, the INCOME PRO reference system covers all purchasing processes.

Lastly, the Purchasing management system is facilitated by a continuous training plan for the entire Purchasing sector. In 2020, around 750 purchasers took part in the "Ethics and supplier relations" training course through face-to-face sessions and videoconferencing.

3.9.2 Third-party assessment

In 2020, 100% of the partners in the Group's investment projects were subject to due diligence, including a systematic study of "vigilance" subjects.

Likewise, 180 major suppliers were subject to due diligence. Some assessments are supplemented by on-site audits. For example, the MESCAT BU carried out 48 audits of the site facilities for foreign workers (United Arab Emirates and Bahrain).

Lastly, the Group's new preferred and major suppliers were automatically assessed via due diligence before contracting took place. This rule applies to a panel of 1,600 suppliers representing about 20% of total expenditure.

Directly or indirectly, 100% of the Ethics Officers and purchasers have access to a specialist due diligence tool.

3.9.3 Alert mechanism and collection of alerts

The alert mechanism has been open to all employees, permanent or temporary, and to all external stakeholders, since January 2019. An external service provider forwards the anonymous report to ENGIE for processing (see Section 3.8.4). In 2020, 201 alerts were received via the system, 50 of which concern subjects related to the duty of vigilance. They relate to:

Incidents of bullying and sexual harassment	Interpersonal relationships between employees	Incidents of discrimination	Questions related to the environment and the rights of communities
23	13	13	1

3.9.4 Steering, governance and follow-up of the deployment of the plan

3.9.4.1 Steering and follow-up at the highest corporate level

The Group has set up monitoring and global coordination at the highest level to meet the law's objectives in an effective way. The plan was approved by the Group's Executive Committee, which entrusted its management to the Ethics, Compliance & Privacy Department (ECPD), under the responsibility of the General Secretariat. A report on the effective implementation of the plan is presented annually to the EESDC of the Board of Directors.

A specific committee is responsible for the operational implementation of the plan. Its aim is to ensure that the plan is distributed and that information can be fed back easily. The members are:

Department	ECPD	CSR	Group Purchasing Department		Global Care	Internal control		Risk
BU	Africa	APAC	China	ENGIE Solutions	LATAM	MESCAT	NORAM	UK

In addition, each entity must ensure that the vigilance plan has been effectively rolled out within its scope. The monitoring of these actions by the entities is included in the annual compliance report (see Section 3.8.6).

3.9.4.2 Stakeholder relations

The plan and the progress made in its implementation are presented and regularly discussed with the employee representative bodies. It has been implemented via the existing committees at Group level, as well as the European Works Council, the EESDC, and the Board of Directors. The BUs and major entities were also asked to present the vigilance plan to their employee representative organizations.

In addition, societal risks are mapped at the level of industrial activities through a process of dialogue with stakeholders deployed in the Group's entities. This six-stage process (see Section 3.6.2) allows for the construction and follow-up of tailor-made action plans.

3.10 Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non financial statement

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2020

To the Shareholders,

In our capacity as Statutory Auditor of ENGIE SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on request from its headquarters.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion.
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- we verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important [(1)]; concerning certain risks (social, environmental), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
- we verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.

(1) Dialogue with stakeholders; Scope 3 emissions of greenhouse gas emissions; Objectives set by the Group Purchasing Department

- We carried out, for the key performance indicators and other quantitative outcomes [(1)] that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities [(2)] and covered between 22% and 94% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of twelve people between November 2020 and March 2021.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comment

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment relating to environmental information in the Declaration: as indicated in Note "*3.5.3 Performance control and measurement systems, a prerequisite for environmental responsibility*" and its "*methodological elements*" section, and in accordance with Decree no. 2019-1467 of December 26, 2019, greenhouse gas emissions generated by the recovery of waste gases from steel production of ArcelorMittal are now excluded by ENGIE from its scope 1. The impact on emissions for 2020 financial year and on the data for 2019 and 2018 financial years, which have been recalculated, is presented in this same section.

Paris-La Défense, March 12, 2021

One of the statutory auditors,

DELOITTE & ASSOCIES

Olivier Broissand | Patrick E. Suissa

(1) ***Social, health and safety information:*** *Total workforce, Total workforce – Breakdown by SPC, Total workforce – Breakdown by type of contract, Female workforce, Proportion of women in workforce, Proportion of women in management, Proportion of workforce trained, Proportion of trainees in the workforce, Proportion of disabled employees, Number of permanent hires, Number of fixed-term hires, Hiring rate, Permanent hiring rate, Number of lay-offs, Turnover, Voluntary turnover, Proportion of workforce trained, Total number of training hours, Number of training hours per person trained, Number of fatal accidents (employees), Frequency rate, Severity rate (French framework), Severity rate (ILO framework), Gender Equity Index, Management engagement rate, Percentage of women appointed GMR (Group Managed Roles) / Women appointed to senior management, International GMR (Group Managed Roles) rate*

Environmental information: *Renewable – Net installed power (electric and thermal), Renewable – Electricity and heat produced, Primary energy consumption – total (excluding own consumption), Electricity and thermal energy consumption (excluding own consumption), Energy efficiency of fossil fuel plants (including biomass/biogas), Total direct GHG emissions – scope 1 and 2, GHG emissions per business unit – energy generation, Fresh water – Total withdrawal, Fresh water – Total discharge, Non-fresh water – Total withdrawal, Non-fresh water – Total discharge, Total Consumption (fresh water and non-fresh water), Total quantity of non-hazardous waste and by-products discharged (including sludge), Total quantity of non-hazardous waste & by products recovered (including sludge), Total quantity of hazardous waste and by-products discharged (including sludge and excluding radioactive waste), Total quantity of hazardous waste and by-products recovered (including sludge and excluding radioactive waste), NOx emissions,* SO_2 *emissions, Fine particle emissions, Share of renewable electricity capacity in line with SBT commitments*

(2) ***Social, health and safety information:*** *Audits performed at the BU level: Asia Pacific BU; Tractebel Engineering BU*

Audits performed at entities level: Generation Europe BU: Electrabel; Benelux BU: Cofely Fabricom; North America BU: Engie North America, Conti Services; Brazil BU: Engie Brasil Energia; GRDF BU: GRDF; Other BU: ENGIE SA's marketing activity to companies and local communities, Engie Insight Services

Environmental information: *Generation Europe BU: Cartagena, Combigolfe, CyCoFos, Coo, Amercoeur, Knippegroen, Zandvliet, Voghera, Rodenhuize power plants; Nuclear BU: Doel power plant; Brazil BU: Estreito, Jorge Lacerda, Machadinho, Salto Osório, Pampa Sul, Umburanas power plants; Asia Pacific BU: Kwinana power plant; Storengy BU: Gournay sur Aronde storage site*

3.11 Statutory auditors' reasonable assurance report on selected social, environmental and governance information

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English speaking readers

Year ended December 31, 2020

To the Shareholders,

Pursuant to your request and in our capacity as Statutory Auditors of ENGIE (the "Company"), we performed a review in the aim of providing reasonable assurance on the environmental and social indicators selected by ENGIE and identified by the symbols ☐☐ in sections 3.4 and 3.5 of the Universal registration document (the "Data" [(1)]) for fiscal year 2020.

Responsibility of the Company

The Data has been prepared under the responsibility of ENGIE executive management, in accordance with the criteria used by the company (hereinafter the "Reporting Criteria") for social and environmental reporting data, a summary of which appears in the Universal registration document in the section "Methodological elements" and "Note on the methodology of social indicators", available upon request at the Company's headquarters from the Group Environmental and Social Responsibility Department, the Group Health and Safety Department and the Group Human Resources Department.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as the provisions set forth in Article L.822-11-3 of the French Commercial Code (Code de commerce). Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with ethical rules, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, our responsibility is to express reasonable assurance on the fact that the Data has been prepared, in all material aspects, in accordance with the Reporting Criteria. The conclusions expressed here below cover only this Data and not all of the information set forth in sections 3.4 and 3.5 of the Reference Document.

We have performed the procedures described below in accordance with the professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this operation and ISAE 3000 [(2)].

- We have assessed the appropriateness of the Reporting Criteria with respect to its relevance, completeness, reliability, neutrality and clarity, by taking into consideration, when relevant, the sector's best practices.
- We have verified the set-up of a process to collect, compile, process, and check the completeness and consistency of the Data.
- We have consulted the documentary sources and have interviewed the relevant staff from the Group Environmental and Social Responsibility Department, the Group Health and Safety Department and the Group Human Resources Department at the headquarters and Business Units (hereinafter "BUs") in order to analyze the deployment and application of the Reporting Criteria.
- We have set up analytical procedures on the Data and verified, using sampling techniques, the calculations as well as the consolidation of Data.

(1) ***Social, health and safety information:*** *Total workforce, Total workforce – Breakdown by SPC, Total workforce – Breakdown by type of contract, Female workforce, Proportion of women in workforce, Proportion of women in management, Proportion of workforce trained, Number of hours worked, Number of work accidents among staff with at least one day off, Frequency rate*

Environmental information: *Primary energy consumption – total (excluding own consumption), Electricity and thermal energy consumption (excluding own consumption), Energy efficiency of fossil fuel plants (including biomass/biogas), Renewable – Net installed power (electric and thermal), Renewable – Electricity and heat produced, Total quantity of hazardous waste and by-products discharged (including sludge and excluding radioactive waste), Total quantity of hazardous waste and by-products recovered (including sludge and excluding radioactive waste), Total direct GHG emissions – scope 1 and 2*

(2) *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information*

- We have tested the Data for a representative sample of entities that we selected[1] based on their activity, their contribution to the consolidated Data, their location and a risk analysis. We have conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile data with supporting evidence. The selected sample represented between 26% and 67% of the key performance indicators and results selected for these tests.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express a reasonable assurance. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the Data cannot be totally eliminated.

We believe that these procedures enable us to express reasonable assurance on the Data.

Conclusion

In our opinion, the information selected by the group and identified by the sign ◻◻ in sections 3.4 and 3.5 of the Reference Document have been prepared, in all material aspects, in accordance with the Reporting Criteria.

Comment

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment relating to environmental information in the Declaration: as indicated in Note *"3.5.3 Performance control and measurement systems, a prerequisite for environmental responsibility"* and its *"methodological elements"* section, and in accordance with Decree no. 2019-1467 of December 26, 2019, greenhouse gas emissions generated by the recovery of waste gases from steel production of ArcelorMittal are now excluded by ENGIE from its scope 1. The impact on emissions for 2020 financial year and on the data for 2019 and 2018 financial years, which have been recalculated, is presented in this same section.

Paris-La Défense March 12, 2021

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Olivier Broissand	Patrick E. Suissa	Charles-Emmanuel Chosson	Stéphane Pédron

(1) ***Social, health and safety information:***

Audits performed at BU level: BU France BtoC; North, South and Eastern Europe BU; Asia Pacific BU; Tractebel Engineering BU

Audits performed at entities level: *France Renewable BU: Compagnie Nationale du Rhône (CNR); ENGIE Solutions : Engie Energie Service – Cofely Services Etablissement, Ineo; Europe Generation BU: Electrabel; Benelux BU: Cofely Fabricom; UK BU: Engie Regeneration; North America BU: Engie North America, Conti Services; Latin America BU: CAM Colombia Multiservicios; Brazil BU: Engie Brasil Energia; Africa BU: Thermaire Investments et Ampair Ltd.; GRDF BU: GRDF; Other BU: ENGIE SA Company and Collectivity Commercialization Activity, Engie Insight Services*

Environmental information: *France Renewables BU: Compagnie Nationale du Rhône (CNR), ENGIE Green France, Société Hydro-Electrique du Midi (SHEM); ENGIE Solutions: Installations Cofely du Territoire Est-Sud; France Networks BU: Celsius, Chalon'Energie, CORPO Energie, En'RnoV, ENERSUD, Cogénération Besançon, ERENA, Moncia, Roseo, Société de Distribution de Chaleur de Chambéry (SCDC), Dole, Lons le Saunier, Valaxion; Europe Generation BU: Cartagena, Combigolfe, Coo, Amercoeur, Knippegroen, Zandvliet, Voghera and Rodenhuize power plants; Nuclear BU: Doel plant; UK BU: Cofely UK; North, South and Eastern Europe BU : all ENGIE installations in Germany; Latin America BU: thermal power plant Chilca in Peru ; Brazil BU: Estreito, Jorge Lacerda, Machadinho, Salto Osório, Pampa Sul and Umburanas power plants; Africa BU: Engie Services Maroc; Asia Pacific BU: Kwinana plant; Storengy BU: storage site of Gournay sur Aronde; Middle East, South and Central Asia and Turkey: Uch I and Uch II power plants in Pakistan*

4

Governance

The information presented in this chapter forms the report of the Board of Directors on corporate governance, prepared in accordance with the provisions of the final paragraph of Article L.225-37 of the French Commercial Code. This report was prepared on the basis of the decisions of the Board of Directors. The sections of the report relevant to the activities of the respective Board committees were presented to them before the report was approved by the Board at its meeting of February 25, 2021

This Report includes the information below regarding the composition of the Board of Directors, the conditions under which it prepared its work, and any limits imposed by the Board of Directors on the powers of the Chief Executive Officer. It also covers ENGIE's policy on diversity of expertise within the Board. This report sets out, in Section 4.4 “Compensation and benefits of members of the administrative and management bodies”, the applicable provisions, principles and rules established to determine the compensation and benefits of any kind awarded to corporate officers (the changes to the composition of the Board of Directors proposed at the Shareholders' Meeting of May 20, 2021 are set out in Section 4.2.2).

4.1 Corporate governance bodies

4.1.1 Composition of the Board of Directors

Pursuant to Article 13 of the Company by-laws and the provisions of Articles L.225-17, L.22-10-5 and L.22-10-6 of the French Commercial Code, the Board of Directors of ENGIE is composed of a maximum of 22 members, including three Directors who represent the Group's employees and one Director who represents employee shareholders.

The Directors serve a four-year term. The terms of office of Directors expire at the close of the General Shareholders' Meeting convened in the year during which the term expires to approve the financial statements for the previous year.

The Shareholders' Meeting of May 14, 2020 re-elected as Directors Fabrice Brégier and Lord Peter Ricketts of Shortlands.

On the date of this report, the Company is administered by a Board of Directors composed of 13 members, including:

- six Directors elected by the Shareholders' Meeting pursuant to the provisions of the French Commercial Code relating to public limited companies;
- two Directors elected by the Shareholders' Meeting on the recommendation of the French State pursuant to Article 6 of Ordinance No. 2014-948 of August 20, 2014, in view of the French State's interest in ENGIE's share capital;
- one Director representing the French State, appointed by decree under Article 4 of Ordinance 2014-948 of August 20, 2014;
- three Directors elected representing employees, pursuant to Articles L.22-10-6 et seq. of the French Commercial Code; and
- one Director representing employee shareholders, pursuant to Article L.22-10-5 of the French Commercial Code, elected by the Shareholders' Meeting.

The Board of Directors includes six Independent Directors (see Sections 4.1.1.1 “Experience and expertise of the Directors in office”, and 4.1.1.5 “Independence of Directors in office”), making the percentage of Independent Directors 67%; pursuant to the Afep-Medef Code, the number of Directors representing employees and employee shareholders is not included in the calculation of the percentage of Independent Directors.

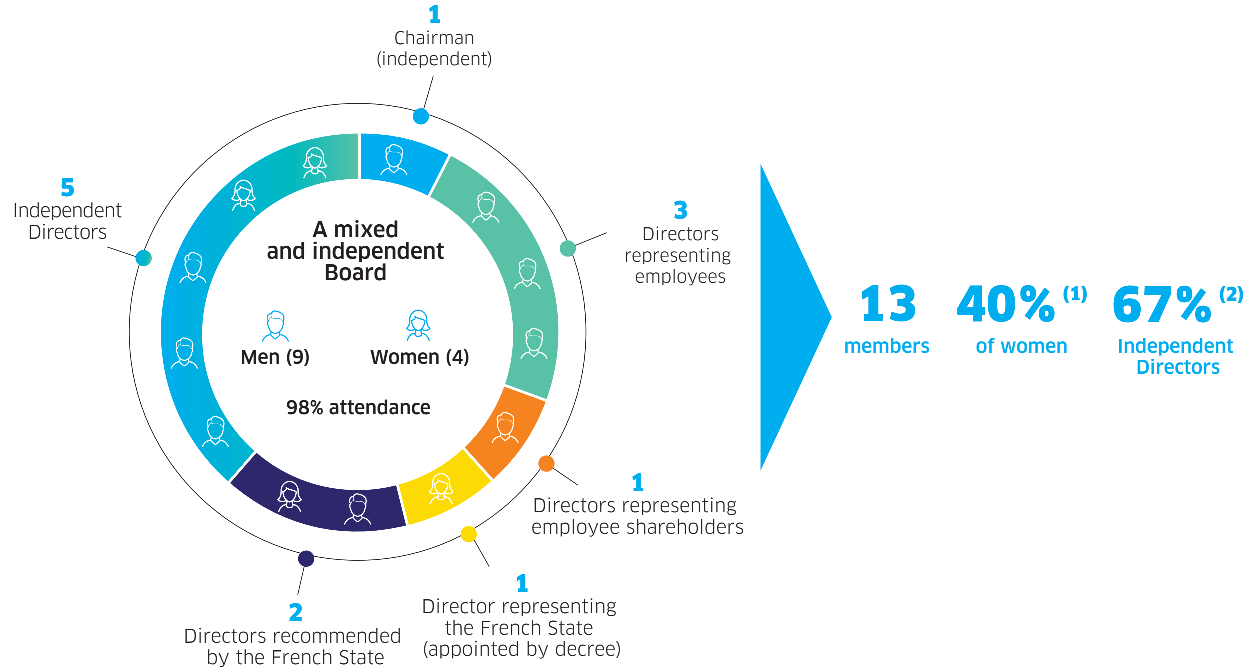
When one or more directors' seats become vacant, and after ascertaining the size of the Board of Directors, the Appointments, Compensation and Governance Committee (ACGC) defines, with the support of the Chair of the Board of Directors, the profile sought in light of the diversity policy, amongst others, (see Section 4.1.1.7 “Diversity policy for members of the Board of Directors”) and in particular to ensure that its composition is adequate for the Group's activities, challenges and strategic plans.

Based on this profile, the ACGC Chair, with the support of the Chair of the Board of Directors, supervises the search and selection process of new independent directors, where necessary with the assistance of one or more recruitment firms. Candidates are long listed and then short listed.

Interviews of candidates are held at the end of the process with a view to submitting a recommendation to the Board. During these interviews, the ACGC ensures in particular the independence, availability and motivation of the prospective candidate and his/her adherence to the Group's values.

The replacement of Directors appointed by the General Shareholders' Meeting, whose positions have become vacant during the term of office, due to death or resignation, is subject to the laws and regulations in force. Note that these measures may not be applied in the event of the vacancy, for any reason, of the seat of a Director elected by the employees or of the seat of the Director representing the employee shareholders.

As of the date of this report, the key features of the Board of Directors composition are the following :



(1) In assessing the ratio of women to men on Boards of Directors, the law stipulates, at the date of this report, that Directors who are employee representatives – who are not elected by the Shareholders' Meeting – are not taken into account

(2) In assessing the ratio of Independent Directors within the Board of Directors, the Afep-Medef Code stipulates that Directors representing employees and employee shareholders are not taken into account

Changes in composition of the Board of Directors and committees in 2020

	Departure	Appointment	Renewal
Board of Directors	Isabelle Kocher (02/24/2020)	-	Fabrice Brégier (05/14/2020) Lord Peter Ricketts of Shortlands (05/14/2020)
Audit Committee	-	-	-
SITC (1)	-	-	-
ACGC (2)	-	-	Fabrice Brégier (05/14/2020) Lord Peter Ricketts of Shortlands (05/14/2020)
EESDC (3)	-	-	-

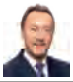
(1) SITC: Strategy, Investment and Technology Committee
(2) ACGC: Appointments, Compensation and Governance Committee
(3) EESDC: Ethics, Environment and Sustainable Development Committee

4.1.1.1 Experience and expertise of the Directors in office

Pursuant to the provisions of Article L.225-17 of the French Commercial Code, which established the principle of balanced gender representation on Boards of Directors, ENGIE's Board of Directors includes four female Directors from a total of 13. In assessing the ratio of women to men on Boards of Directors, the law stipulates, at the date of this report, that Directors who are employee representatives – who are not elected by the Shareholders' Meeting – are not taken into account. As the Board of Directors of ENGIE includes three Directors representing employees, the assessment is based on 10 Directors, four of whom are women (a ratio of 40%).

ENGIE also seeks to increase the diversity and international experience of its Board of Directors. Four nationalities are represented by the 13 Directors (Australian, British, Canadian and French). Please refer to Section 4.1.1.7 Diversity policy for members of the Board of Directors.

Summary presentation of the Board of Directors

First and last name, gender [(1)] and age		Nationality	Number of ENGIE shares held [(2)]	Number of offices in other listed companies (excl. ENGIE)	Independent Director	Date of initial appointment	Expiration of term	Seniority on the Board [(3)]	Participation in Board committees [(4)]
Jean-Pierre Clamadieu M, 62			40,000	2	✓	05/18/2018	2022	2	Chairman of the SITC, ACGC [(5)]
Fabrice Brégier M, 59			500	1	✓	05/03/2016	2024	4	ACGC
Françoise Malrieu F, 75			3,000	1	✓	05/02/2011	2023	9	Chairman of the ACGC, Audit Committee, EESDC
Ross McInnes M, 66			500	2	✓	05/18/2018	2022	2	Chairman of the EESDC, Audit Committee, SITC
Marie-José Nadeau F, 67			1,000	0	✓	04/28/2015	2023	5	Chairman of the Audit Committee, SITC
Lord Ricketts Of Shortlands M, 68			750	0	✓	05/03/2016 [(6)]	2024	4	ACGC
Isabelle Bui F, 39			0	1	✗	06/05/2019	2023	1	Audit Committee, SITC, ACGC
Patrice Durand M, 67			1,500 [(7)]	0	✗	12/14/2016	2023	4	SITC
Mari-Noëlle Jégo-Laveissière F, 52			500	2	✗	04/28/2015	2023	5	EESDC
Christophe Agogué M, 59			125	0	NA [(8)]	05/18/2018	2022	2	EESDC
Alain Beullier M, 56			51	0	NA [(8)]	01/21/2009	2022	12	ACGC
Philippe Lepage M, 56			287	0	NA [(8)]	04/28/2014	2022	6	SITC
Christophe Aubert M, 56			160	0	NA [(8)]	05/12/2017	2021	3	Audit Committee

(1) Female (F), Male (M)
(2) As of the date of this report, Directors co-opted or elected by the Shareholders' Meeting on the recommendation of the French State, the Director representing the French State and the Directors representing employees or employee shareholders are exempt from ownership of shares of the Company (see Section 4.1.2.1 "Chairmanship and Organization")
(3) In years elapsed
(4) SITC: Strategy, Investment and Technology Committee
ACGC: Appointments, Compensation and Governance Committee
EESDC: Ethics, Environment and Sustainable Development Committee
(5) Attends the ACGC without being a member
(6) With effect from August 1, 2016
(7) Following the acquisition of 750 shares on March 8, 2021
(8) Pursuant to the Afep-Medef Code, the number of Directors representing employees and employee shareholders is not taken into account in calculating the percentage of independent Directors; see also Section 4.1.1.5 below

Directors elected by the Shareholders' Meeting (6)

JEAN-PIERRE CLAMADIEU

Chairman of the Board of Directors

Chairman of the Strategy, Investment and Technology Committee

Attends without being a member the meetings of the Appointments, Compensation and Governance Committee

Age: 62
Nationality: French
First appointment: May 18, 2018
Expiration of term: 2022
Shares held: 40,000 shares
Business address:
ENGIE – 1 place Samuel de Champlain – 92400 Courbevoie

Jean-Pierre Clamadieu is a graduate of the École Nationale Supérieure des Mines de Paris and an engineer of the Corps des Mines. He began his career within the French administration, particularly working for the Ministry of Industry and as technical advisor to the Minister of Labor. In 1993, he joined the Rhône-Poulenc group where he held several management positions. In 2003, he was appointed Chief Executive Officer of the Rhodia group, and then Chairman-CEO in 2008. In September 2011, following the merger of the Rhodia and Solvay groups, Jean-Pierre Clamadieu was named Vice Chairman of the Solvay Executive Committee. From May 2012 to the end of February 2019, Jean-Pierre Clamadieu served as Chairman of the Executive Committee and CEO of Solvay. On May 18, 2018, he was appointed Director and Chairman of the Board of ENGIE. On October 8, 2020, he was also appointed Chairman of ENGIE Foundation.

Principal activities outside the Company

Director of companies

Current offices held

Offices and positions in companies outside the Group

- Chairman of the Chamber of Commerce of Brazil in France
- Chairman of the Board of Directors of the National Opera of Paris
- Reference Director of AXA (1), Director of Airbus (1)
- Vice-Chairman of the Executive Committee of the World Business Council for Sustainable Development (Switzerland)
- Member of France Industrie, the European Table for Industry and the Steering Committee of the Montaigne Institute
- Member of Entreprises pour l'Environnement

Offices that have expired in the last five years

- Chairman of the Executive Committee and Director of Faurecia (1) and SNCF
- CEO of Solvay (Belgium) (1)
- Chairman of the CEFIC (European Chemical Industry Council)
- Director of the International Council of Chemical Associations (ICCA)
- Chairman of the Medef sustainable development commission
- Chairman of the Council of France-Brazil business leaders of Medef International

Areas of expertise

- Office of Chair or Director of a large company
- Executive Board
- Industrial sector

(1) Listed company

FABRICE BRÉGIER

Director

Member of the Appointments, Compensation and Governance Committee

Age: 59
Nationality: French
First appointment: May 3, 2016
Expiration of term: 2024
Shares held: 500 shares
Business address:
ENGIE – 1 place Samuel de Champlain – 92400 Courbevoie

A graduate of the École Polytechnique, Chief Engineer at the Corps des Mines, Fabrice Brégier began his career at the DRIRE Alsace (Ministry of Industry and Trade), before being appointed Sub-Director of Economic, International and Financial Affairs with the Ministry of Agriculture (Directorate-General for Food) in 1989. After serving as an Advisor to several French Ministers, Mr. Brégier joined Matra Défense in 1993, where he was successively Chairman of Franco-German joint ventures and Director of Stand-Off activities at Matra BAe Dynamics. In 1998, he became CEO of Matra BAe Dynamics. In 2001, he was appointed CEO of MBDA, the leading European missile systems company. Early in 2003, Fabrice Brégier joined Eurocopter, becoming Chairman and CEO in April. In 2005, he was appointed Director of EADS' Eurocopter Division and member of the EADS Executive Committee, then in 2006 was appointed Chief Operating Officer of Airbus and a member of the EADS Executive Committee. From 2012 to 2018, Fabrice Brégier served as Chairman and CEO of Airbus. In September 2018, he became Chairman of Palantir Technologies France, a leading company in the field of Big Data.

Principal activities outside the Company

Chairman of Palantir Technologies France

Current offices held

Offices and positions in companies outside the Group

- Chairman of Palantir Technologies France
- Member of the Board of Directors of KK Wind Solutions
- Member of the Board of Directors of SCOR [(1)]

Offices that have expired in the last five years

- Chief Operating Officer of Airbus [(1)] and Chairman of Airbus Commercial Aircraft until February 2018

Areas of expertise

- Executive Board
- Digital, innovation, new technologies
- Industrial sector

(1) Listed company

FRANÇOISE MALRIEU

Director

Chair of the Appointments, Compensation and Governance Committee

Member of the Audit Committee and the Ethics, Environment and Sustainable Development Committee

Age: 75
Nationality: French
First appointment: May 2, 2011
Expiration of term: 2023
Shares held: 3,000 shares
Business address:
19, avenue Léopold II – Paris 16e

Françoise Malrieu is an expert in finance and governance. A graduate of the HEC School of Management, she launched her career in 1969 in the financial analysis department of BNP, later becoming director of the department. She joined Lazard Frères in 1987, where she led the merger-acquisitions department. As a Manager, then Managing Partner, she participated in a number of operations, particularly the privatization programs. In 2001, she joined Deutsche Bank as Managing Director responsible for the corporate finance activity. She ended her career in banking in 2010. After several years putting her expertise and knowledge of businesses to use in the service of governance, she now actively participates in the study and development of industry best practices. As a member of the executive boards of several associations, she helps businesses and associations work together to implement projects that have a social impact.

Principal activities outside the Company

Director of companies

Current offices held

Offices and positions in companies outside the Group

- Director of the La Poste Group (1) and of Lazard Frères Banque

Offices that have expired in the last five years

- Member of the Supervisory Board of Oberthur Technologies
- Member of the Supervisory Board of Bayard Presse SA

Areas of expertise

- Finance
- Office of Chair or Director of a large company
- CSR

(1) Listed company

ROSS MCINNES

Director

Chairman of the Ethics, Environment and Sustainable Development Committee

Member of the Strategy, Investment and Technology Committee and the Audit Committee

Age: 66
Nationalitie: French and Australian
First appointment: May 18, 2018
Expiration of term: 2022
Shares held: 500 shares
Business address: SAFRAN – 2, boulevard du Général Martial Valin – Paris 15e

A graduate of the University of Oxford, Ross McInnes began his career in 1977 with Kleinwort Benson in London and then in Rio de Janeiro. In 1980, he joined Continental Bank (which became Bank of America) where he successively held several positions in corporate finance operations, first in Chicago and then in Paris. In 1989, Ross McInnes joined Eridania Beghin-Say, where he was appointed Chief Financial Officer in 1991, and a member of the Board of Directors in 1999. The following year, Ross McInnes joined Thomson-CSF (now Thales) as Senior Vice-President and Chief Financial Officer and worked on the transformation of the Group until 2005. He then joined the PPR Group (now Kering) as Senior Vice-President for Finance and Strategy, then became a member of the Supervisory Board of Générale de Santé in 2006. He temporarily chaired the Management Board of Générale de Santé from March until June 2007. He also holds the positions of Vice-Chairman of Macquarie Capital Europe, specializing primarily in infrastructure investments. In March 2009, Mr. McInnes joined Safran and became Executive Vice President, Economic and Financial Affairs in June of that year. He served as a member of the Safran Management Board from July 2009 to April 2011, then as Deputy Chief Executive Officer until April 2015. On April 23, 2015, he became Chairman of the Safran Board of Directors. Since February of 2015, Ross McInnes has also served as Special Representative for economic relations with Australia, appointed by the Minister of Foreign Affairs and International Development in the context of French economic diplomacy. From November 2016 to November 2019, he was a member of the High Committee on Corporate Governance. In February 2017, he joined SICOM, the general partner of VIVESCIA Industries, as a “qualified person”. In October 2017, the Prime Minister appointed Mr. McInnes Co-Chairman of the “Public Action 2022” Committee to propose actions to reform public policies. The Committee has since achieved its goals. Since January 2018, Ross McInnes has been a Trustee and Director of the IFRS Foundation. In October 2018, the Prime Minister tasked him with promoting France to British or foreign companies in the non-financial sector located in the United Kingdom. Ross McInnes is also a Director of Eutelsat Communications [1].

Principal activities outside the Company

Chairman of the Board of Directors of Safran [1]

Current offices held

Offices and positions in companies outside the Group

- Chairman of the Board of Directors of Safran [1]
- Director of Eutelsat Communications [1]
- Trustee and Director of the IFRS Foundation

Offices that have expired in the last five years

- Director of Lectra [1], Faurecia [1], IMI Plc [1] (United Kingdom)

Areas of expertise

- Office of Chair or Director of a large company
- Finance
- Industrial sector

(1) Listed company

MARIE-JOSÉ NADEAU

Director

Chair of the Audit Committee

Member of the Strategy, Investment and Technology Committee

Age: 67
Nationality: Canadian
First appointment: April 28, 2015
Expiration of term: 2023
Shares held: 1,000 shares
Business address:
300, avenue des sommets, App. 1102
Verdun (Québec) – H3E 2B7 (Canada)

Marie-José Nadeau is an expert on the energy sector. She is an honorary Chair of the international organization World Energy Council, which she chaired from 2013-2016, after being Director during fifteen years.

A trained attorney who holds a Master's degree in public law from the University of Ottawa, she assumed strategic functions in the Canadian and Quebec governments before serving as Secretary General and Executive Vice-President for Corporate Affairs at Hydro-Québec (Canada).

She is Director of TRANSMOUNTAIN Corporation, a Canadian company that operates and is developing an important network of pipelines in Western Canada and the United States and Director of the *Electric Power Research Institute* (United States), an international R&D organisation specialised in innovative technologies related to the power and environment sectors.

In 2009, she was awarded the title of *Advocatus Emeritus* by the Quebec Bar for her contribution to the legal profession. In 2016, she was received as a member of the Order of Canada in recognition for her commitment to education and the environment.

Principal activities outside the Company

Director of companies

Current offices held

Offices and positions in companies outside the Group

- Director of TRANSMOUNTAIN Corporation (Canada)
- Director of the Electric Power Research Institute (United States)

Offices that have expired in the last five years

- Chair of the World Energy Council (United Kingdom)
- Secretary General and Executive Vice-President, Corporate Affairs at Hydro-Québec (Canada)
- Director of the Montreal Symphony Orchestra and Churchill Falls and Labrador Corporation Limited (Canada)
- Chair of the Advisory Council of the Electric Power Research Institute (United States)
- Director of Metro Inc. (1) (Canada)

Areas of expertise

- Energy sector
- Office of Chair or Director of a large company
- Executive Board

(1) Listed company

LORD PETER RICKETTS OF SHORTLANDS

Director

Member of the Appointments, Compensation and Governance Committee

Age: 68
Nationality: British
First appointment: May 3, 2016
Expiration of term: 2024
Shares held: 750 shares
Business address:
ENGIE – 1 place Samuel de Champlain – 92400 Courbevoie

A graduate of Oxford University, with a Master of Arts in English Literature from Pembroke College, Honorary DLC from the University of Kent and Honorary LLD from the University of Bath, Peter Ricketts began his career in 1974 at the Foreign and Commonwealth Office (FCO). In 1975, he was assigned as a Political Attaché in Singapore, and then served as the UK's Permanent Representative to NATO in Brussels, before joining the FCO. At the FCO, he served as the Assistant Private Secretary to former Foreign Secretary Sir Geoffrey Howe in 1983, First Secretary at the British Embassy in Washington (United States) in 1985, Division Chief in Hong Kong in 1990, Advisor for European and Economic Affairs at the British Embassy in France in 1995, and Deputy Director of Policy in 1997. In 2000 he was appointed Chairman of the Joint Intelligence Committee, then in 2001 he was named Policy Director of the FCO. From 2003 to 2006 he was Permanent Representative of the United Kingdom to NATO. In 2006, he became Secretary General of the FCO, and in 2010 he was named National Security Advisor of the United Kingdom. Finally, from 2012 to January 2016, he was the United Kingdom's Ambassador to France and Monaco. In October 2016, he was appointed to the House of Lords.

Principal activities outside the Company

Chairman of the Franco-British Council
Member of the House of Lords, London
President, Normandy Memorial Trust (charitable association)
Member, Royal Academy

Current offices held

Offices and positions in companies outside the Group

- Strategic Consultant, Lockheed Martin (UK)

Offices that have expired in the last five years

None

Areas of expertise

- Geostrategic challenges
- Public sector
- Social dialogue/human resources

Director representing the French State, appointed by decree (1)

Director from the public sector

ISABELLE BUI

Director representing the French State, appointed by decree

Member of the Audit Committee

Member of the Strategy, Investment and Technology Committee

Member of the Appointments, Compensation and Governance Committee

Age: 39
Nationality: French
First appointment: June 5, 2019
Expiration of term: 2023
Shares held: 0 shares
Business address:
Agence des Participations de l'État
Bâtiment Colbert – Télédoc 228 –
139, rue de Bercy 75572 – Paris Cedex 12

A graduate of Institut d'Études Politiques de Paris and of École Nationale d'Administration, Isabelle Bui began her career in 2008 at the Ministry of Economy and Finance, in the Directorate-General of the Treasury, as assistant head of the Investment, Intellectual Property and Services office. Following two other positions at the Treasury in the Investment (anti-financial crime and sanctions) and Financing (housing and general interest) offices, she joined the Total Group in 2012. She was Assistant to the Director of International Public Affairs in charge of multilateral affairs until 2014. Returning to the Directorate-General of the Treasury, she was appointed head of the Banking Services and Payment Methods office. Before joining the Agence des Participations de l'Etat (APE: French government shareholdings agency) in May of 2019 as Director of Transport Shareholdings, she was, from 2017, General Secretary of the Club de Paris and head of the Debt, International Financing and Secretariat office of the Club de Paris.

Principal activities outside the Company

Director of Transport Shareholdings at the APE

Current offices held

Offices and positions in companies outside the Group

- Director of Aéroports de Paris [(1)] as a representative of the French State
- Director of the Société Nationale des Chemins de Fer français (SNCF) as a representative of the French State

Offices that have expired in the last five years

- Director of Monnaie de Paris as a representative of the French State
- Director of the Régie autonome des transports parisiens (RATP: Autonomous Parisian Transportation Administration) as a representative of the French State

Areas of expertise

- Public sector
- Office of Chair or Director of a large company
- Finance

(1) Listed company

Directors elected by the Shareholders' Meeting on the recommendation of the French State (2)

PATRICE DURAND

Director elected by the Shareholders' Meeting on the recommendation of the French State

Member of the Strategy, Investment and Technology Committee

Age: 67
Nationality: French
First appointment: December 14, 2016
Expiration of term: 2023
Shares held: 1,500 shares (1)
Business address:
22, avenue Théophile-Gautier – Paris 16e

A graduate of the Ecole Polytechnique and of the Ecole Nationale d'Administration, Patrice Durand began his career in 1978 as Sub-Prefect, Director of the office of the Prefect of Eure-et-Loir and then the Haute-Normandie region in 1979. From 1981 to 1994, he served successively as head of mission in the Directorate-General of Administration at the Ministry of the Interior, Deputy Secretary-General and Secretary-General of the Paris Club; Head of the Office of Energy, Transport, and Mines and Secretary of the Economic and Social Development Fund, Head of Capital Goods and Other Investments and Deputy Director of Treasury Management. In 1994, he became Executive Vice President, then in 1995, Deputy CEO in charge of economic and financial affairs at Air France. From 1999 onwards, he was a member of the Executive Committee, in charge, among other things, of the finances of the Central Risk Management, General Inspection, Legal Affairs, Asset Management, IT and Processing departments, before becoming Deputy CEO of the Crédit Lyonnais Group in 2002. In 2003, he was also named Director of Operations and Logistics and a member of the Executive Committee of Crédit Agricole SA. In 2005, he joined Thales as Deputy CEO in charge of finance and administration. From 2012 to 2015, he was Deputy CEO in charge of finance and operations at the Ingenico Group. Since 2016, he has served as a Director of French and foreign companies.

Principal activities outside the Company

Director of companies

Current offices held

Offices and positions in companies outside the Group

None

Offices that have expired in the last five years

- Member of the Supervisory Board of Global Collect Services BV and GCS Holding BV (Netherlands)
- Director of Ingenico Holdings Asia (Hong Kong) and Fujian Landi Commercial Equipment Co. Ltd (China)

Areas of expertise

- Finance
- Industrial sector
- Services sector

(1) *Following the acquisition of 750 shares on March 8, 2021.*

MARI-NOËLLE JÉGO-LAVEISSIÈRE

Director elected by the Shareholders' Meeting on the recommendation of the French State

Member of the Ethics, Environment and Sustainable Development Committee

Age: 52
Nationality: French
First appointment: April 28, 2015
Expiration of term: 2023
Shares held: 500 shares
Business address:
ORANGE – 78, rue Olivier de Serres – 75015 Paris

A graduate of the École Normale Supérieure in Paris, Mari-Noëlle Jégo-Laveissière is also an engineer of the Corps des Mines. She began her career in 1996 in the Distribution Network Department of France Télécom's Paris Regional Department. She then held other management positions within the group known as Orange since July 1, 2013, particularly in Marketing, Research and Development, and International Networks and Businesses. Mari-Noëlle Jégo-Laveissière, Executive Director of Innovation, Marketing and Technology and member of the Executive Committee of the Orange Group since March 2014, was appointed Deputy CEO of the Orange Group, Chief Technology and Innovation Officer on May 2, 2018.

Since September 1, 2020, she is Deputy CEO of Orange in charge of Europe (outside France).

Principal activities outside the Company

Deputy CEO of Orange in charge of Europe (outside France)

Current offices held

Offices and positions in companies outside the Group

- Deputy CEO of Orange (1) in charge of Europe (outside France) since September 1, 2020
- Director of Valéo (1) and NoWCP, Orange Romania (Romania), Orange Poland, Orange Belgium, Orange Spain, Orange Bank

Offices that have expired in the last five years

- Director of Agence Nationale des Fréquences (ANFR), of Nordnet, Soft@Home and Viaccess.

Areas of expertise

- Digital, innovation, new technologies
- Services sector
- CSR

(1) Listed company

Directors elected to represent employees (3)

CHRISTOPHE AGOGUÉ

Director elected by employees, sponsored by the Federation of the Gas and Electricity Industries – CFE-Énergies trade union

Member of the Ethics, Environment and Sustainable Development Committee

Age: 59
Nationality: French
First appointment: May 18, 2018
Expiration of term: 2022
Shares held: 125 shares
Business address:
GRDF – 6, rue Condorcet – Paris 9e

Christophe Agogué is an HEC graduate with a specialization in finance. In 1986, he joined EDF where he was responsible for negotiations with COGEMA on the reprocessing of used fuel. After a period in the management office, he was responsible for managing and then served on the Management Board of the subsidiary Nersa, in charge of the Superphénix reactor. In 2001, he moved to Gaz de France where he led the real estate department and participated in the operations to buy back the transport network from the French State, and in the first studies on the regulation of infrastructure activities. Having joined GRDF at its inception, he works on the construction of several transmission tariffs. He has held union positions on behalf of CFE-Énergies since 2009. He will be the union representative to the Central Works Committee of GRDF and to the ENGIE France Group Committee and is the secretary for his local Works Committee.

Principal activities outside the Company

GRDF [(1)] employee responsible on Regulation Economy Department
Author of essays, novels and plays

Current offices held

Offices and positions in Group companies

- Member of the Board of Directors of Rassembleurs d'Energies [(1)]

Offices and positions in companies outside the Group

None

Offices that have expired in the last five years

None

Areas of expertise

- Finance
- Social dialogue/human resources
- Energy sector

(1) ENGIE Group

ALAIN BEULLIER

Director elected by employees, sponsored by the Chemical Energy Federation – CFDT trade union

Member of the Appointments, Compensation and Governance Committee

Age: 56
Nationality: French
First appointment: January 21, 2009
Expiration of term: 2022
Shares held: 51 shares
Business address:
ELENGY – Zone portuaire, BP 35 – Montoir de Bretagne (44550)

Alain Beullier joined EDF GDF in 1984, holding various positions in the Customer Service and Sales Advisory departments in several EDF GDF services centers in the Paris region. Currently an employee of Elengy, responsible for monitoring environmental regulation, Alain Beullier was named Director representing the "Other Employees" category by employee vote on December 18, 2008, was re-elected on March 14, 2014 and on March 15, 2018. Alain Beullier holds a corporate director's certificate issued by Sciences Po Executive Education and the Institut Français des Administrateurs, class of 2016.

Principal activities outside the Company

Elengy [(1)] employee responsible for the monitoring of environmental regulations

Current offices held

Offices and positions in companies outside the Group

None

Offices that have expired in the last five years

None

Areas of expertise

- CSR
- Energy sector
- Social dialogue/human resources

(1) ENGIE Group

PHILIPPE LEPAGE

Director elected by employees, sponsored by the National Federation of Mines and Energy – CGT trade union

Member of the Strategy, Investment and Technology Committee

Age: 56
Nationality: French
First appointment: April 28, 2014
Expiration of term: 2022
Shares held: 287 shares
Business address:
ELENGY – Zone portuaire, BP 35 – Montoir de Bretagne (44550)

Recruited in 1982, Philippe Lepage was High-voltage Maintenance Technician from October 1982 to July 2002, and Chemical Production Supervisor from July 2002 to January 2009. Since January 2009, he has been Assistant Shift Supervisor at the LNG terminal at Montoir-de-Bretagne. Philippe Lepage was named Director representing the "Other Employees" category by employee vote on March 14, 2014 and was re-elected on March 15, 2018.

Principal activities outside the Company

Elengy [1] employee attached to the General Secretariat

Current offices held

Offices and positions in Group companies

- Director representing employees of Elengy elected by employee vote on May 25, 2009, re-elected on October 14, 2014 and on February 8, 2021

Offices and positions in companies outside the Group

- Member of the French Gas Association, representing employees for the CGT union to the Gas Sectoral Social Dialog Committee of the European Commission and a member of the Business Line Strategy Committee on "New Energy Systems" and of the Skills Working Group

Offices that have expired in the last five years

None

Areas of expertise

- Digital, innovation, new technologies
- Energy sector
- Regulatory environment

(1) ENGIE Group

Director elected by the Shareholders’ Meeting to represent employee shareholders (1)

CHRISTOPHE AUBERT

Director elected by the Shareholders’ Meeting to represent employee shareholders, sponsored by the Federation Construction Bois – CFDT trade union

Member of the Audit Committee

Age: 56
Nationality: French
First appointment: May 12, 2017
Expiration of term: 2021
Shares held: 160 shares
Business address:
ENGIE SOLUTIONS – 18, rue Thomas Edison – Canéjan (33610)

Christophe Aubert has worked for a wide variety of companies, including Technicatome (CEA), Staefa Control System, Landis & Gyr (Siemens) and Industelec (EDF), before joining ENGIE Solutions in February 2002 as head of sales at a regional office in southwest France, before joining the southwest regional sales management team in 2007. He holds a corporate director’s certificate issued by Sciences Po Executive Education and the Institut Français des Administrateurs, class of 2019.

Principal activities outside the Company

ENGIE Energy Services (1) employee, serving as project head attached to the Industries BU in the Commercial sector, responsible for the development of Asset-based projects

Current offices held

Offices and positions in companies outside the Group

- Manager of MAAC IMMO

Offices that have expired in the last five years

- Member of the Supervisory Board of the Link France and 2015 ORS France mutual funds

Areas of expertise

- Services sector
- Finance
- Regulatory environment

(1) ENGIE Group

4.1.1.2 Government Commissioner

In accordance with Article L.111-70 of the French Energy Code, the Minister of Energy appoints a Government Commissioner to the Company who attends meetings of the Board of Directors and the committees in an advisory capacity and may present his/her observations to any Shareholders' Meeting.

This position is held by Laurent Michel, appointed by ministerial order dated November 13, 2014. By ministerial order of the Minister for Ecological Transition dated March 2, 2021, Philippe Geiger was appointed Substitute Government Commissioner as of March 15, 2021, replacing Anne-Florie Coron, who had been appointed to that role by ministerial order of May 5, 2017.

4.1.1.3 Representative of the Social and Economic Committee

Pursuant to articles L.2312-72 et seq. of the French Labor Code, one full member of the Social and Economic Committee, appointed by the latter, attends all meetings of the Board of Directors in an advisory capacity. Hamid Aït Ghezala performs this role.

4.1.1.4 Absences of conflict of interest or conviction

The Chairman draws the attention of the Board to any conflicts of interest that he/she has identified, or of which he/she has been made aware, relating, if applicable, to the Chief Executive Officer or the members of the Board of Directors. He/she reviews any potential conflicts of interest and agreements disclosed pursuant to Article 1.12 of the Internal Regulations of the Board of Directors.

In addition to the provisions of the French Commercial Code which govern related-party agreements, the Directors' Charter (see Section 4.1.2.1 "Chairmanship and Organization") stipulates that each Director must make every effort to avoid any conflict that may exist between his/her moral and material interests and those of the Company, must inform the Board of any conflict of interest in which he/she may be directly or indirectly involved and, where he/she cannot avoid the conflict of interest, must abstain from discussions and voting on any decision concerning such matters.

To ENGIE's knowledge, there are no potential conflicts of interest between the Directors' duties with regard to ENGIE and their private interests and/or other duties.

There are no family ties among the Directors.

To ENGIE's knowledge, during the past five years, none of the Directors or executives of ENGIE has been convicted of fraud, served as manager in a bankruptcy, receivership, liquidation or administration situation, been subject to legal proceedings brought and/or official public sanction issued by a statutory or regulatory authority, or been prevented by a court from serving as a member of the management body or supervisory board of an issuer, nor from participating in the management or oversight of the business of an issuer.

Furthermore, no loans or guarantees have been granted to, or on behalf of, members of the Company's board or management.

4.1.1.5 Independence of Directors in office

Article 1.1.2 of the Internal Regulations requires the Board to review the independence of each of its members, based on criteria determined by the Board. This review must be conducted annually, prior to the Shareholders' Meeting held to approve the financial statements for the previous fiscal year. The process for assessing the independence of each Director was performed by the ACGC at its meeting of February 4, 2021, and then by the Board of Directors at its meeting of February 25, 2021.

Both bodies reviewed the status of each Director on a case-by-case basis with respect to the Afep-Medef Code to which they refer.

It is specified that the following Directors, who were appointed as a result of legal or statutory obligations, cannot be deemed independent:

- Isabelle Bui, Director representing the French State, appointed by Article 4 of Ordinance 2014-948 of August 20, 2014, as well as Patrice Durand and Mari-Noëlle Jégo-Laveissière, Directors elected by the Shareholders' Meeting on the recommendation of the State, pursuant to Article 6 of Ordinance 2014-948 of August 20, 2014;
- Alain Beullier, Philippe Lepage and Christophe Agogué, Directors representing employees pursuant to Articles L.22-10-6 et seq. of the French Commercial Code; Christophe Aubert, Director representing employee shareholders, pursuant to Article L.22-10-5 of the same code.

Six Directors are deemed to be independent (see also Section "Profiles, experience and expertise of the Directors in office"), making the percentage of Independent Directors 67%, it being specified that, pursuant to the Afep-Medef Code, the number of Directors representing employees and employee shareholders is not counted in the calculation of the percentage of Independent Directors.

Independence of the Directors under the independence criteria set forth in section 9 of the Afep-Medef Code

	Independent (I) Not independent (NI)	Corporate employee during the previous 5 years	Cross-director-ships	Significant business relations	Family ties	Statutory Auditor	Term of office longer than 12 years	Status of non-executive corporate officer	Status of major shareholder
Jean-Pierre Clamadieu	I								
Fabrice Brégier	I								
Françoise Malrieu	I								
Ross McInnes	I								
Marie-José Nadeau	I								
Peter Ricketts of Shortlands	I								
Isabelle Bui	NI								✗
Patrice Durand	NI								✗
Mari-Noëlle Jégo-Laveissière	NI								✗
Christophe Agogué	NI	✗							
Alain Beullier	NI	✗							
Philippe Lepage	NI	✗							
Christophe Aubert	NI	✗							

✗ = *Independence criterion not met*

Criterion 1: Corporate employee during the previous five years

The director must not be or have been during the previous five years:

- *an employee or executive corporate officer of the Company;*
- *an employee, executive corporate officer or Director of a company consolidated by the Company;*
- *an employee, executive corporate officer or Director of the parent company of the Company or of a company consolidated by said parent company.*

Criterion 2: Cross-directorships

The director must not be an executive corporate officer of a company in which the Company directly or indirectly holds the office of Director, or in which an employee designated as such or an executive corporate officer of the Company (current or within the last five years) holds the office of Director.

Criterion 3: Significant business relations

The director may not be a significant customer, supplier, business banker, financing banker, consultant:

- *of the Company or its Group;*
- *or for whom the Company or its Group represents a significant share of the business.*

The assessment of the significant nature (or not) of the relationship with the Company or its Group is debated by the Board, and the quantitative and qualitative criteria that led to this assessment (continuity, economic dependence, exclusivity, etc.) are explained in the annual report.

Criterion 4: Family ties

The director has no close family ties with a corporate officer.

Criterion 5: Statutory Auditor

The Director has not been the Statutory Auditor of the Company during the previous five years.

Criterion 6: Term of office longer than 12 years

The Director has not served for more than 12 years. The status of independent Director is lost on the twelve-year anniversary date.

Criterion 7: Status of non-executive corporate officer

A non-executive corporate officer may not be considered independent if he or she receives variable remuneration in cash or securities or any remuneration related to the performance of the Company or the Group.

Criterion 8: Status of major shareholder

Directors representing major shareholders of the Company or its parent company may be considered independent when such shareholders do not exercise control over the Company. However, if a director exceeds a threshold of 10% of the capital or voting rights, the Board, based on a report by the Appointments Committee, systematically reviews the independent status of the director(s) concerned, taking into account the structure of the Company's capital and whether or not potential conflicts of interest exist.

The Board of Directors looked especially closely at ENGIE's business relationships with Palantir Technologies Inc. to determine whether their nature and significance were such that they could affect the independence of Fabrice Brégier, Chairman of Palantir Technologies France SAS, a subsidiary of Palantir Technologies Inc.

During this review, the Board learned of a draft agreement with Palantir Technologies Inc., which would provide ENGIE with a data management and algorithmics technology solution that is tailored to the Group's needs in the services sector. This agreement was classified as a current agreement and entered into under normal conditions by the Group's Agreement Classification Committee.

The Board found that the agreement would not be significant for Palantir Technologies Inc. in proportion to its consolidated revenues. On ENGIE's side, it would remain limited in proportion to its annual purchases of IT services.

In terms of the structure of the agreement, Fabrice Brégier stated that he does not hold any office within the management bodies of Palantir Technologies Inc. and that he therefore has no decision-making power within the contracting company. It is not his responsibility to determine the makeup of the teams: staffing decisions are made at the international level, and the local operators have no decision-making power. The Board noted that in accordance with common practice within its group, Palantir Technologies Inc. reserves the right to call on one or more French engineers, through internal supply of staff by Palantir Technologies France SAS, which is not party to the agreement with ENGIE. Any services rendered by Palantir Technologies France SAS staff would therefore be billed to the parent company in accordance with OECD rules. Finally, Fabrice Brégier's compensation is not based on Palantir Technologies France SAS's earnings and will not be connected to this agreement.

In light of these factors and on the recommendation of the Appointments, Compensation and Governance Committee, the Board of Directors found that Fabrice Brégier's independence within ENGIE's Board of Directors will not be affected by the signature of the anticipated agreement.

4.1.1.6 Multiple Directorships

The number of offices held by the directors in listed companies outside the Group, including foreign companies, was assessed as of February 25, 2021, in accordance with the recommendations Article 19 of the Afep-Medef Code, which stipulates that: "*An executive corporate officer may not hold more than two other offices as a Director in listed companies outside his/her Group, including foreign companies. A Director may not hold more than four other offices in listed companies outside the Group, including foreign companies*".

	Number of offices held in external listed companies [(1)]	Compliance with the Afep-Medef Code
Jean-Pierre Clamadieu	2	✓
Fabrice Brégier	1	✓
Françoise Malrieu	1	✓
Ross McInnes	2	✓
Marie-José Nadeau	0	✓
Peter Ricketts of Shortlands	0	✓
Isabelle Bui	1	✓
Patrice Durand	0	✓
Mari-Noëlle Jégo-Laveissière	1	✓
Christophe Agogué	0	✓
Alain Beullier	0	✓
Philippe Lepage	0	✓
Christophe Aubert	0	✓

(1) According to the criteria of the Afep-Medef Code

4.1.1.7 Diversity policy for members of the Board of Directors

The Board of Directors works to promote diversity on the Board in terms of the professional qualifications and experience, gender, nationality and age of its members.

With regard to the professional qualifications and experience of the Directors, the objective of the Board is to ensure that its composition is adequate for ENGIE's activities, challenges and strategic plans, thereby contributing to the quality of the decisions made. To implement this objective, the Board will propose to the Shareholders' Meeting of May 20, 2021 the appointment, for a period of four years, of Catherine MacGregor and a representative of employee shareholders. Catherine MacGregor's key areas of expertise are set out in the table below.

Following discussions with investors in 2019, the Board of Directors decided, on the recommendation of the ACGC, to change the way in which information about Directors is provided to the market, taking a more individual approach centered exclusively on the key areas of expertise of each Director.

Then, information on three key areas of expertise is provided for each Director, based on his or her professional qualifications and experience. These are set out in the table below and under each of their biographies.

With respect to the proportion of women and men, the legal requirement for 40% of Board members to be women and 40% to be men has been met. The proportion of women on the Board as of February 25, 2021 is 40%.

Four nationalities are represented by the 13 Directors (Australian, British, Canadian and French).

Finally, in terms of age, the Board has only one Director aged over 70. The applicable legal requirement, in the absence of a specific provision in the bylaws, is therefore satisfied i.e. Directors over the age of 70 do not make up more than one third of the Directors in office.

Individual key areas of expertise of Directors

List of areas of expertise	Executive Board	Office of Chair or Director of a large company	CSR	Finance	Digital, innovation, new technologies	Social dialogue Human Resources	Energy sector	Services sector	Industrial sector	Public sector	Geo-strategic issues	Regulatory environ-ment
Jean-Pierre Clamadieu	✓	✓							✓			
Fabrice Brégier	✓				✓				✓			
Françoise Malrieu		✓	✓	✓								
Ross McInnes		✓		✓					✓			
Marie-José Nadeau	✓	✓					✓					
Lord Ricketts						✓				✓	✓	
Isabelle Bui		✓		✓						✓		
Patrice Durand				✓				✓	✓			
Mari-Noëlle Jégo-Laveissière			✓		✓			✓				
Christophe Agogué				✓		✓	✓					
Alain Beullier			✓			✓	✓					
Philippe Lepage					✓		✓					✓
Christophe Aubert				✓				✓				✓

4.1.2 Functioning of the Board of Directors

The Covid-19 health crisis

In the face of the Covid-19 health crisis, Group's governance had to adapt to carry out its various tasks. The preparation materials for Board and committee meetings were already sent in electronic format. In view of health requirements, these meetings were held remotely, via electronic means.

The Board was attentive developments in the health crisis within the Group and its operational and financial consequences. The Audit Committee also met on an exceptional basis in March 2020 in order to review the impact of the crisis In addition, throughout the year, the Board's committees have been called upon on several occasions in connection with specific issues related to the health crisis..

4.1.2.1 Chairmanship and organization

The operating procedures of the Board of Directors are defined in Article 14 of the bylaws. Its organizational procedures are set out in Article 1 of the Board of Directors' Internal Regulations, which specify the ways and means by which the Board can operate efficiently on behalf of the Company and its shareholders, as well as the responsibilities incumbent on each Director.

The Board of Directors meets as often as the Company's interests require and, in accordance with its Internal Regulations, at least six times a year, including at least once each quarter. Board of Directors' meetings may be held via any means of videoconference or telecommunication that allows Directors to be identified and ensures their effective participation.

Board meetings are also attended by the Government's Commissioner and the representative of the Central Social and Economic Committee, who have an advisory role, and by the Chief Executive Officer, the General Secretary, and the Secretary to the Board of Directors.

Once a year, the Board of Directors carries out a self-assessment under the guidance of the ACGC; at least every two years, this assessment is carried out externally.

Also once a year, without the presence of the CEO and those Directors who have an employment contract with a Group company, the Chairman convenes a meeting of directors to assess the CEO's performance. The Chairman informs the members of the Board about the convocation of these meetings. The Chairman may invite Employee Directors to take part in all or part of these meetings.

The Secretary of the Board of Directors provides administrative services to the Board and records the minutes of its meetings.

Under Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares in the Company, unless an exemption has been granted under the applicable laws or regulations. On the recommendations of the ACGC, this bylaw obligation was strengthened in the Internal Regulations by an obligation for each Director to hold a minimum of 500 shares, unless exempted by legal or regulatory provisions. This obligation must be met no later than twelve (12) months after joining the Board of Directors. This requirement does not apply to Directors ratified or elected by the Shareholders' Meeting on the recommendation of the French State, the Director representing the French State, the Directors representing the employees or the Director representing employee shareholders (the number of shares personally owned by the Directors is provided in Section 4.1.1.1 above).

The Internal Regulations were amended on July 30, 2020, in order to reduce the scope of decisions that the Board cannot take without an in-person meeting, by limiting the cases requiring a physical presence to those set out by law, and to provide for the holding of virtual committee meetings as necessary.

The appendices to the Internal Regulations include the Directors' Charter and the Code of Conduct, which set out the rights and duties of each Director.

The Directors' Charter includes the rules relating to Directors' terms of office, compliance with the company's interests, the laws and bylaws, independence criteria, duty of expression, conflicts of interest, professionalism, involvement and effectiveness.

Directors undertake to devote the necessary time and attention to their duties. They must stay informed of the activities and the specifics of the Company, its issues and values, including by talking with principal officers. They must assiduously and diligently attend Board meetings.

The individual attendance rates of the Directors for meetings of the Board and its committees are set out in Section 4.1.2.6 "Attendance by Directors at meetings of the Board of Directors and its committees in 2020" below.

The Code of Conduct sets out the rules governing trading in the Company's securities and the offense of insider trading applicable to Directors, corporate officers and all employees. It expresses the Company's desire to ensure prudent management of its securities, and to comply and ensure others' compliance with current regulations governing securities transactions carried out by corporate officers and employees.

In addition to the foregoing, the Regulations for Employee Directors, approved by the Board of Directors at its meeting of December 9, 2009, lay down conditions under which Directors representing employees are to exercise their duties.

The Chairman of the Board of Directors:

- organizes and directs the work of the Board, and reports on this to the Shareholders' Meeting;
- chairs the Board's meetings, oversees deliberations, ensures compliance with the Internal Regulations, and may suspend the session at any time;
- upholds the quality of dialog and ensures that the Board's decisions are made on a collective basis;
- makes sure that the Board spends enough time on discussions and allots time to each of the items on the agenda in proportion to the importance that each issue represents for the Company. The Directors ensure, collectively, that the time allotted to each of them to express their views is evenly balanced;
- pays particular attention to ensuring that the issues raised on the agenda receive an appropriate response;
- ensures that the Board and its committees function properly, assisting them and submitting questions to them for opinions;
- ensures that the principles of good governance are applied (particularly that Directors have the information they need to carry out their duties, sufficiently in advance and in a clear and appropriate form);
- ensures that the Shareholders' Meetings that he/she chairs are properly organized;
- answers shareholders' questions and, more generally, ensures that good relations are maintained with shareholders. If necessary, he/she provides assistance in responding to the requests of shareholders not represented on the Board, and makes him or herself available to meet with them and listen to their comments and suggestions (see also Section 4.2 "Dialog with shareholders").

In consultation with the Chief Executive Officer, the Chairman of the Board is also responsible for:

- organizing the strategic work of the Board and monitoring the preparation and implementation of succession plans for the members of the Group Executive Committee;
- representing the Group at a high level with national and international bodies in the interest of the Group.

The Chairman also:

- devotes his/her best efforts to promoting the Group's values and image in all circumstances;
- keeps the members of the Board informed, as necessary, between two meetings;
- is the only person authorized to speak and act on the Board's behalf;
- draws the attention of the Board to any conflicts of interest that he/she has identified, or of which he/she has been made aware, concerning, where applicable, the Chief Executive Officer or the members of the Board of Directors. He/she reviews any potential conflicts of interest and agreements disclosed pursuant to Article 1.12 of the Internal Regulations of the Board of Directors;
- participates in the organization of the periodic self-assessment of the Board conducted by the ACGC, as well as discussions on governance issues relating to the Board's operating procedures.

The Board may assign information or consultation missions to the Chairman on specific subjects within the Board's purview.

The Chairman works in coordination with the CEO, who has responsibility for Group administration and operational management in the context of the transitional Collective management team. The Chairman has, at the request of the Board, actively supported the Collective management team put in place from February 24 to December 31, 2020.

As well as exercising the powers conferred on him/her by law, he/she may be consulted by the executive management team on any matter relating to the conduct of the business.

The Chairman is kept regularly informed by the CEO about significant events in the life of the Group, particularly with regard to strategy, organization, investment and disinvestment. At the CEO's invitation, the Chairman may attend internal meetings with the Company's managers and teams to provide his/her point of view on strategic issues.

If he or she is unable to serve, the Chairman is replaced, pursuant to Article 1.3.1 of the Internal Regulations, by a Vice-Chairman or, if that is not possible, by the Chief Executive Officer if the CEO is a Director or, if not, by another Director chosen by the Board at the beginning of the meeting.

4.1.2.2 Tasks of the Board of Directors

The Board of Directors, on a collective basis, determines the Company's business strategy and oversees its implementation. Subject to the applicable laws and regulations and the Company bylaws, it determines the supervisory framework of General Management. It also exercises the following powers:

- appointing the executive corporate officers;
- dealing with all matters concerning the smooth running of the Company and, through its decisions, managing the Company's business;
- working to promote long-term value creation by the company by taking into consideration the social and environmental challenges of its activities;
- ensuring that shareholders and investors receive relevant, balanced and educational information about the Company's strategy and development model, the handling of significant non-financial issues and the Company's long-term prospects;
- performing any checks and verifications it considers appropriate;

- reviewing, at least once a year:
  - the budget,
  - the Group's industrial strategy,
  - the Group's financial strategy,
  - market trends, the competitive context and principal challenges, including in the area of the Group's social and environmental responsibility,
  - the professional and salary equality policy.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the Company and represents the Company in its relations with third parties. However, certain significant operations are subject to prior authorization by the Board of Directors, such as the following operations:

- acquiring or divesting any of the Company's direct or indirect interests in any company formed, or to be formed, taking an interest in the formation of any company, joint venture, consortium or body or subscribing to any issue of shares, share equivalents or bonds in which the Company's or the Group's financial exposure exceeds €250 million for the transaction in question;
- becoming involved in asset contribution or exchange transaction, with or without a cash balance, relative to goods, securities, stocks or bonds for an amount exceeding €250 million;
- entering into supply, works or service contracts (with the exceptions of contracts related to long-term energy purchase transactions), including successive amendments thereto, if any, for an amount exceeding €400 million;
- resolving disputes by way of agreement, settlement or arbitration decision for an amount exceeding €200 million;
- entering into long-term energy purchasing plans on behalf of the Group that involves quantities, per transaction, in excess of:
  - 30 billion kWh of gas per year, including the terms of transmission,
  - 20 billion kWh of electricity per year, including the terms of transmission;
- entering into significant transactions beyond the scope of the Company's stated strategy;
- entering into real estate acquisitions or disposal transactions for an amount exceeding €200 million,
- entering into the following transactions for an amount exceeding €1.5 billion:
  - granting or contracting any loans, borrowings, credit or cash advances by the Company, or authorizing any Group subsidiary or financing medium for this purpose,
  - acquiring or assigning any receivables, by any method,
  - entering into significant agreements with the French State relating to the objectives and terms and conditions of implementation of public service assignments entrusted to the Company or its subsidiaries, within the limits set by law.

Each year, the Board of Directors authorizes the Chief Executive Officer to issue guarantees, other securities and bonds for amounts determined by the Board of Directors.

4.1.2.3 Work of the Board of Directors

16	13	98%
MEETINGS	DIRECTORS	PARTICIPATION

The Board of Directors of ENGIE met 16 times in 2020, with an average attendance rate of 98%. Ten of the 13 Directors serving over the year attended all meetings of the Board, and three Directors missed only one meeting. The average individual attendance rate at meetings of the Board of Directors and the committees for 2020 is indicated, for each director, in Section 4.1.2.6 "Attendance by Directors at meetings of the Board of Directors and its committees in 2020".

The agenda of Board meetings is established by the Chairman in consultation with the Chief Executive Officer. The objective is to prioritize discussions for issues which, under the Group's governance principles and pursuant to the texts in force, such as the Internal Regulations, involve a decision.

Each meeting begins with one item devoted to health and safety, followed by a review of the Group's position (business performance).

Meetings of Directors with no executive functions at the Company (so-called "executive sessions") regularly take place after Board meetings. If necessary, the subjects raised during the executive session will be reported to the Chief Executive Officer.

Main activities in 2020

Group strategic planning and monitoring of its operations:

- monitoring the impact of the health crisis;
- review of the strategy of the Global Business Lines;
- definition of the new strategic plan:
  - greater selectivity with the two priority areas of renewable energy and networks, and in terms of geography; increased sales of assets to support this strategy,
  - strategic review of service activities (Client Solutions);
- operational implementation of the new strategic priorities: sale of 29% of SUEZ shares; defining the scope of Client Solutions kept within the Group and those intended to form a new entity;
- preparation and follow-up for the Board's annual strategic planning seminar (see box).

Investments and sales of assets:

- review of a series of investment and divestment projects, including those requiring a decision by the Board, including:
  - extension of the Rhône concession (Compagnie Nationale du Rhône),
  - construction of the Punta Lomitas windpower plant in Peru,
  - disposal of 49% of a wind power and solar power portfolio in Hannon Amstrong in the United States ,
  - project for the construction of a wind farm in the southwest of Kansas (Noram BU),
  - acquisition of 10% of TAG in Brazil,
  - Paris district cooling bid,
  - disposal of 30% of the shares of SUEZ;
- monitoring the acquisitions performance and learning from best practices;
- feedback on acquisitions;
- progress reports on current projects.

Strategic planning seminar

The members of the Board of Directors met at their annual strategic planning seminar and discussed developments in the sector as well as the expectations of the Group's stakeholders. They conducted a progress review of the strategic plan initiated in July 2020 for each business in order to identify any opportunities to be seized, any challenges ahead and follow its monitoring. This review clarified the strategic outlook and the financial information to be used as a basis for future decisions taken by the Board.

Finance, audit and risks:

- approval of the separate and consolidated financial statements, proposed allocation of earnings and their draft press releases;
- approval of the provisional management documents;
- approval of the budget and medium-term business plan;
- analysis of the Group's annual risk review;
- renewal of the annual authorizations granted to the Chief Executive Officer to issue bond loans and to issue guarantees and other securities;
- analysis of financial studies and analysts' notes.

Governance, appointments and compensation:

- management of developments in governance:
  - terms for the departure of the Chief Executive Officer,
  - appointment of a transitional collective management team,
  - appointment of a new Chief Executive Officer (see box),
  - compensation for corporate officers;
- definition of the purpose and inclusion in the bylaws;
- lessons to be learned from the dialog between the Chairman and the shareholders, investors and proxy advisors, particularly in the context of governance roadshows;
- preparation for the Combined Shareholders' Meeting and responses to written questions from shareholders;
- diversity, expertise and independence policy for Directors in office;
- objective of increasing female representation on the Executive Committee;
- appointments to the Board committees;
- assessment of the functioning of the Board.

Recruitment process for the new Chief Executive Officer

The recruitment process for the new Chief Executive Officer was led by the Appointments, Compensation and Governance Committee with the support of the Chairman of the Board of Directors. Following the departure of Isabelle Kocher on February 24, 2020, a transitional governance was put in place and the process launched for the recruitment of a new Chief Executive Officer. The new profile was determined and two recruitment firms were hired. At the same time, the Board of Directors adopted new strategic priorities which were announced in July 2020 and shared with selected candidates to ensure their alignment on the priorities to be pursued. At its meeting of October 2, 2020, the Board of Directors decided to appoint Catherine MacGregor as the Chief Executive Officer as of January 1, 2021. Catherine MacGregor's vision of the transformation and development of the Group, her industrial and international experience as well as her leadership and recognized managerial qualities will contribute fully to the implementation of the Group's strategic priorities. Her appointment as a Director will be submitted to the Annual Shareholders' Meeting of May 20, 2021.

Corporate Social Responsibility:

- CSR objectives;
- examination of the adequacy of investment projects vis-a-vis each of the Group's CSR criteria, thus taking into account social, ethical and climatic challenges in particular;
- professional and salary equality policy;
- declaration on modern slavery provided under UK regulations;
- examination of the annual Health and Safety report and the 2021-2025 Health and Safety action plan;
- internal CSR reports.

Training:

In addition to the bespoke training program provided to all new Directors, the Company regularly holds specific training or information sessions at the request of the members of the Board of Directors. This also enables Board members to meet with the Group's senior executives.

Due to the Covid-19 health crisis, no collective training has been held in 2020.

4.1.2.4 Standing committees

Four standing committees assist the Board of Directors:

- the Audit Committee;
- the Strategy, Investment and Technology Committee;
- the Appointments, Compensation and Governance Committee; and
- and the Ethics, Environment and Sustainable Development Committee.

Each committee is chaired by an Independent Director.

These committees are tasked with studying matters of concern to the Group that the Board or the Chairman has submitted for their opinion. They are also charged with preparing the Board's work and decisions on such matters and projects and reporting their conclusions to the Board in the form of reports, proposals, opinions, information or recommendations.

The committees perform their duties under the responsibility of the Board of Directors. No committee may, on its own initiative, address issues that fall outside the scope of its mission. The committees have no decision-making power.

On the Chairman's recommendation, and having heard the opinion of the Appointments, Compensation and Governance Committee, the Board of Directors appoints the members and Chairman of each committee, based on the skills, experience and availability of each Director (see Section 4.1.1.1 "Profiles, experience and expertise of the Directors in office" and the table "Changes in composition of the Board of Directors and Committees in 2020" under Section 4.1.1).

In order to carry out their work, the committees may interview members of Company and Group divisions and/or commission technical studies on matters within their competence at the Company's expense, provided that they have informed the Chairman of the Board about this, and that they report on it to the Board. If the committees use the services of external consultants, they must ensure that the advice concerned is objective.

The practice of holding executive sessions, i.e. part of the committee's meeting taking place without the presence of management, is either systematic or occasional, depending on the committee concerned.

The General Secretariat provides secretarial services to the Board committees.

Audit Committee
Chair
Marie-José Nadeau
3 2 7
+2 joint meetings with the SITC (1)
100% attendance
75% independent (2)

Appointments, Compensation and Governance Committee
Chair
Françoise Malrieu
2 3 11
100% attendance
75% independent (2)

Board of Directors
Chairman
Jean-Pierre Clamadieu
4 9 16
98% attendance
67% independent (2)

The Ethics, Environment and Sustainable Development Committee
Chairman
Ross McInnes
2 2 4
100% attendance
67% independent (2)

Strategy, Investment and Technology Committee
Chairman
Jean-Pierre Clamadieu
2 4 6
+2 joint meetings with the Audit Committee
96% attendance
60% independent (2)

(1) Strategy, Investment and Technology Committee
(2) Pursuant to the Afep-Medef Code, Directors representing employees and employee shareholders are not taken into account when determining the proportion of Independent Directors within the Board and its committees

4.1.2.4.1 The Audit Committee

7	2	5	100%
MEETINGS	JOINT MEETINGS WITH THE SITC	DIRECTORS	PARTICIPATION

The Audit Committee has five members: Marie-José Nadeau (1) (Chair), Christophe Aubert, Isabelle Bui, Françoise Malrieu (1) and Ross McInnes (1).

The Audit Committee met seven times in 2020, with an attendance rate of 100%. The Statutory Auditors attended all of these meetings, with the exception of the joint meeting with the SITC in December.

Each meeting of the Committee was followed by an executive session.

4.1.2.4.1.1 Main tasks

The main tasks of the Audit Committee are:

- to monitor the process of preparing financial information and, if necessary, to make recommendations to ensure its integrity;
- to examine in advance, and provide an opinion on, the draft annual and interim financial statements;
- to interview, whenever it deems this to be necessary, the Statutory Auditors, General Management, Financial Management, Internal Audit and any other management member;
- to examine important financial press releases before they are released;
- to select, appoint and re-appoint the Statutory Auditors;
- to monitor the performance by the Statutory Auditors of their assignments;
- to ensure that the Statutory Auditors comply with the conditions of independence;
- to monitor the provision by the Statutory Auditors of services other than the auditing of the financial statements and the application of the rules for the capping of the related fees;
- to examine, each year, the Statutory Auditors' fees and their scheduled work;
- to monitor the efficiency of the Group's internal control and auditing systems and procedures;
- to examine, with the internal audit managers, the plans and actions taken in the area of internal audit, the conclusions of these planned measures and actions and the subsequent recommendations and follow-up;

(1) Independent Director

- to monitor the efficiency of the Group's risk management systems and procedures, with regard to procedures for preparing and processing accounting and financial data;
- to regularly obtain updates on the Group's financial position, cash position and significant commitments and risks.

The Committee reports regularly to the Board on the performance of its duties. It also reports on the results of the audit assignment, how it contributed to the completeness of the financial information and the role it played in this process. It immediately notifies the Board of any problems encountered.

4.1.2.4.1.2 Main activities in 2020

The Audit Committee's activities were mainly focused on the following matters:

- the consolidated and separate financial statements as at December 31, 2019 and June 30, 2020, the financial information for the first and third quarters of 2020 and their related press releases;
- the annual and interim assumptions and forecasts and the provisional management documents;
- the dividend policy and guidance;
- changes in the operational KPIs communicated to the market;
- the quarterly activity reports from the internal audit and the follow-up of the audit recommendations, the 2020 and 2021 annual internal audit plans and the update of the 2020 annual audit plan in view of the Covid-19 health crisis;
- the review of the Group's internal control, including the control process applicable to its nuclear facilities in Belgium;
- the operating accounts of the Chairman and the Board of Directors;
- the project of the financial resolutions submitted to the Shareholders' Meeting;
- the procedure for pre-approval of the non-audit assignments of the Statutory Auditors;
- the prior approval of any work assigned to the Statutory Auditors that falls outside their audit assignment and the monitoring of these assignments; the report on the 2019 fees of the Statutory Auditors, their 2020 work program and the renewal of their mandates;
- the 2020 and 2021 risk reviews;
- the Group insurance review;
- the financial rating;
- the Group's tax policy;
- the transparency of foreign operations;
- the Group's position with regard to the Covid-19 health crisis;
- the signature of a €2.5 billion syndicated credit line (club deal);
- the accounting treatment of the tax equity structure (renewable energy projects in the United States);
- the dematerialization of financial statements (ESEF – European Electronic Single Format);
- the monitoring of priority risks:
  - cybersecurity,
  - industrial safety and insurance,
  - nuclear safety;
- the issue of hybrid bonds;
- the 2020 treasury management policy and presentation of the methods for presenting cash flow hedges;
- investor relations, including feedback from roadshows.

4.1.2.4.2 The Strategy, Investment and Technology Committee

6	2	6	96%
MEETINGS	JOINT MEETINGS WITH THE AUDIT COMMITTEE	DIRECTORS	PARTICIPATION

The Strategy, Investment and Technology Committee has six members: Jean-Pierre Clamadieu [1] (Chair), Isabelle Bui, Patrice Durand, Philippe Lepage, Ross McInnes [1] and Marie-José Nadeau [1].

The Chief Executive Officer attends meetings of the SITC.

The SITC met eight times in 2020, with an average attendance rate of 96%.

4.1.2.4.2.1 Main tasks

The main tasks of the Committee are:

- to provide an opinion on the Company's main strategic aims, particularly with regard to strategy;
- to examine all external and internal growth projects, disposals, strategic agreements, alliances or partnerships, that are submitted to the Board;
- to examine strategic decisions relating to technological developments, as well as questions concerning the construction and upgrading of industrial facilities and annual and multi-year supply, works or services contracts, purchasing policy and significant real estate projects.

4.1.2.4.2.2 Main activities in 2020

The Committee's activities were mainly focused on the following matters:

- strategic issues;
- geographic selectivity;
- strategic review of Client Solutions;
- operational management during the Covid-19 health crisis, impact and outlook on peers;
- feedback on acquisitions and look-back on a series of acquired projects;
- the preparation and follow-up for the Board's annual strategic seminar;
- a series of investment and disposal projects;
- the staging posts of projects in progress.

Work of joint meetings of the Audit Committee and the SITC:

- operational management in the context of the Covid-19 health crisis:
  - CAPEX action plan,
  - resilience of financial reporting processes,
  - liquidity/financing position,
  - revised forecasting process;
- budget and medium-term business plan.

(1) Independent Director

4.1.2.4.3 The Appointments, Compensation and Governance Committee

11 MEETINGS

5 DIRECTORS

100% PARTICIPATION

The Appointments, Compensation and Governance Committee has five members: Françoise Malrieu [(1)] (Chair), Alain Beullier, Fabrice Brégier [(1)], Isabelle Bui and Lord Ricketts of Shortlands [(1)].

The Chairman and the Chief Executive Officer attend meetings of the ACGC, unless the meetings address matters that concern them.

Each meeting of the Committee results in an executive session.

The ACGC met eleven times in 2020, with an attendance rate of 100%.

4.1.2.4.3.1 Main tasks

The main tasks of the Committee are to examine and make recommendations to the Board of Directors on:

- all nominations for a seat on the Board that must be submitted to the Shareholders' Meeting for approval, as well as for the position of committee member of Chairman,
- the succession of the Company's Chairman and Chief Executive Officer;
- the compensation, pension and welfare plans, benefits in kind and various pecuniary rights awarded to the Chairman and to the Chief Executive Officer, as well as to any members of the Board that hold employment contracts with the Company;
- directing the process for the annual assessment of the Board's work;
- assessing, with the Chairman, the proper operation of governing bodies;
- the consultative review of the succession plan for the Company's executives and information on General Management projects relating to the appointment of members of the Executive Committee and on their compensation policy;
- the review of all nominations of the Chairman and the Chief Executive Officer for any corporate office in a listed company outside the Group;
- maintaining bonus share awards for members of the Executive Committee.

4.1.2.4.3.2 Main activities in 2020

The Committee's activities were mainly focused on the following matters:

- the terms of departure of the Chief Executive Officer;
- the setting up of a transitional collective management team;
- the recruitment process for the new Chief Executive Officer;
- compensation for corporate officers;
- the purpose;
- the policy on diversity within the Board; the composition of the Board and its committees; independence and expertise of Directors;
- assessment of the functioning of the Board and its committees;
- follow-up on the recommendations issued by investors and proxy advisors during governance roadshows led by the Chairman of the Board of Directors;
- employee shareholding and the process for appointing the Director representing employee shareholders;
- changes in composition of the Executive Committee and ENGIE 50;
- the objective of increasing female representation on the Executive Committee
- amendments to the Board's Internal Regulations;
- the success rate of action plans and performance units;
- performance share plans for 2020;
- equity ratios;
- draft resolutions within its remit submitted to the Shareholders' Meeting;
- and the governance and compensation sections of the draft Universal registration document.

4.1.2.4.4 The Ethics, Environment and Sustainable Development Committee

4 MEETINGS

4 DIRECTORS

100% PARTICIPATION

The Ethics, Environment and Sustainable Development Committee has four members: Ross McInnes [(1)] (Chair), Christophe Agogué, Mari-Noëlle Jégo-Laveissière and Françoise Malrieu [(1)].

The Committee members meet once a year without management present to discuss the functioning of the Committee and the matters that they would like it to address.

The Committee met four times in 2020, with an attendance rate of 100%.

(1) Independent Director

4.1.2.4.4.1 Main tasks

The main tasks of the Committee are:

- to ensure that the Group has the right level of commitment with regard to ethics, non-financial compliance, and corporate, social and environmental responsibility;
- to examine the Group's policies, guidelines and charters in these areas;
- to examine human resources policies and learn about the monitoring of the corresponding risks;
- to ensure, where applicable, the establishment of a system to prevent and detect corruption and influence peddling;
- to examine the risks and opportunities related to climate change and more generally to monitor the Group's approach to non-financial issues and the long-term outlook, including by setting non-financial objectives.

4.1.2.4.4.2 Main activities in 2020

The Committee's activities were mainly focused on the following matters:

Ethics and compliance:

- the annual report on Ethics and compliance;
- changes to policies on business consultants;
- the declaration on modern slavery (UK regulations).

Environmental and social responsibility:

- examination of the Group's CSR performance and a report by one of the Statutory Auditors on this performance;
- CSR objectives and their roll-out;
- the integrated draft report;
- analysis and actions led concerning the "Climate change" priority risk, Science Based Targets certification and implementation of the recommendations of the Task force on Climate-related Financial Disclosure;
- update of CSR, environmental and societal policies;
- overview and new priorities of the Rassembleurs d'Énergies fund;
- review of the CSR section of the draft Universal registration document;
- the examination, before notification to all the Directors, of an internal CSR report, providing, amongst other things, information on all salient facts affecting ENGIE, internal and external news, any disputes and including a specific focus on climate, water and biodiversity.

Employer's social responsibility:

- monitoring of the "HR transformation" priority risk;
- the professional and salary equality policy and indices;
- annual health and safety report;
- 2021-2025 health and safety action plan;
- review of each fatal accident.

4.1.2.5 Assessment of the operations of the Board of Directors

The assessment of the operations of the Board of Directors and its Committees in 2020 was led by the Appointments, Compensation and Governance Committee (ACGC), with the assistance of an external consultant.

The questionnaire used, which was verified by the ACGC, included both close-ended questions, which allowed for statistical monitoring of the responses received, and open-ended questions, which allowed Directors to clarify their answers and make comments and proposals for changes.

Questions focused on the operational functioning of the Board and its Committees, the major decisions made in 2020, the development and implementation of strategy and the Board's priorities for 2021.

The work carried out under the aegis of the Chairman of the ACGC was reported to that committee on February 4, 2021 and to the Board of Directors on February 25, 2021.

In particular, the evaluation showed that the functioning of the Board has improved in 2020, a year in which the Board was able to make complex decisions in a calm climate in which everyone's positions were respected. The Directors were united around the interests of the Group. The impetus given by the Chairman to the work of the Board was assessed very positively, as was the improvement in the information available to inform strategic choices.

The Directors noted that the fact that Board and Committee meetings were held remotely due to the Covid-19 health crisis hindered the collegial atmosphere of the meetings and the informal exchanges.

In addition to the concern for the respect of the confidentiality of the Board's work, the following points of attention should be noted for 2021: continuation of the positive dynamic that has developed between the new Chief Executive Officer and the interim general management, the implementation of the project to develop multi-technical services activities and the further development of aspects of financial and non-financial value creation. The Directors would like to see the resumption of site visits and new theme-based informational meetings.

The Board of Directors and the Committees duly noted the recommendations from this assessment work and will take necessary action on them.

The attendance rate of Directors at Board and Committee meetings in 2020 has been published in Section 4.1.2.6 below.

4.1.2.6 Attendance by Directors at meetings of the Board of Directors and its committees in 2020

	Board of Directors	Audit Committee	SITC	ACGC	EESDC
Jean-Pierre Clamadieu	100%		100%		
Isabelle Kocher [(1)]	100%				
Fabrice Brégier	100%			100%	
Isabelle Bui	100%	100%	88%	100%	
Françoise Malrieu	100%	100%		100%	100%
Ross McInnes	100%	100%	100%		100%
Marie-José Nadeau	100%	100%	100%		
Peter Ricketts of Shortlands	100%			100%	
Patrice Durand	100%		100%		
Mari-Noëlle Jégo-Laveissière	94%				100%
Christophe Agogué	100%				100%
Alain Beullier	94%			100%	
Philippe Lepage	94%		88%		
Christophe Aubert	100%	100%			
OVERALL ATTENDANCE RATE	**98%**	**100%**	**96%**	**100%**	**100%**

(1) Resignation on February 24, 2020

4.2 Dialog with shareholders

4.2.1 Dialog of the Chairman

The Chairman maintained a regular dialog with individual shareholders of the Group.

At its Shareholders' Meeting on May 14, 2020 held behind closed doors, in the context of the health crisis, a dedicated online platform was set up on the Company's website to allow shareholders to ask questions without these falling within the legal framework for written questions. To prepare for the Shareholders' Meeting, the Chairman also met with members of the ENGIE Shareholders' Advisory Committee, the main associations of individual shareholders, and the representatives of employee shareholders. The Shareholders' Meeting was broadcast live and in its entirety on the Group's website and has remained available for viewing in replay.

In the second half of the year, the Chairman participated in two remote shareholders' meetings on October 13 and November 23. A hard copy letter summarizing the Group's 2020 highlights was also sent to 50,000 shareholders in early January 2021.

During 2020, the Chairman also spoke with the main institutional investors and voting advisory agencies, particularly in the context of the governance *roadshows* that took place in March 2020, discussing matters of purpose, strategy, governance, compensation and CSR.

The dialogue will continue in 2021.

4.2.2 Shareholders' Meeting of May 20, 2021 – Composition of the Board of Directors

At its meeting on February 25, 2021, the Board of Directors decided to convene a Combined General Shareholders' Meeting on May 20, 2021.

The Board of Directors will propose to the Shareholders' Meeting of May 20, 2021 the appointment as a Director of Catherine MacGregor, appointed Chief Executive Officer of ENGIE on October 2, 2020, effective on January 1, 2021.

Catherine MacGregor [(1)] will be appointed for a term of four years ending at the close of the Ordinary Shareholders' Meeting that will be called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

The term of office of Christophe Aubert will expire at the close of the next Shareholders' Meeting. The Supervisory Boards of FPCE Link France and Link International have nominated Jacinthe Delage and Steven Lambert as candidates for directorship. The candidate receiving the highest number of votes will be appointed as Director representing employee shareholders for a term of four years ending at the close of the Ordinary Shareholders' Meeting that will be called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

(1) On March 1, 2021, Catherine MacGregor purchased 15,000 ENGIE shares on Euronext Paris

At the end of the Shareholders' Meeting, subject to approval of these resolutions, the Board of Directors will consist of 14 members. The proportion of Independent Directors will be 60% [(1)] and the proportion of women will be 46% [(2)].

In the context of the Covid-19 epidemic and in line with measures taken by the French Government to try to curb the spread of the virus, in particular Ordinance No. 2020-321 of March 25, 2020 and Decree No. 2020-418 of April 10, 2020, as extended by Decree No. 2021-255 of March 9, 2021, the Board of Directors decided, as an exceptional measure, to hold the Combined Shareholders' Meeting of May 20, 2021 behind closed doors, at Espace Grande Arche, Paris La Défense, France. We would therefore like shareholders to note that both postal and electronic means may be used to vote at the Shareholders' Meeting and to send written questions to the Board, under the conditions set out by the regulations. The documents for the Shareholders' Meeting will be available on the Company website. Shareholders are invited to visit this page of the website regularly. It will specify the arrangements for taking part.

4.3 General Management

Since January 1, 2021 the Company's Chief Executive Officer is Catherine MacGregor.

On February 24, 2020, following the termination of Isabelle Kocher's duties, the Board decided to appoint with immediate effect Claire Waysand, General Secretary, as acting Chief Executive Officer, as part of a collective management team together with Paulo Almirante, Executive Vice-President and Chief Operating Officer and Judith Hartmann, Executive Vice-President and Chief Financial Officer. The Board asked Jean-Pierre Clamadieu to support the transition management team in order to ensure the success of this period which ended on December 31, 2020.

The Chief Executive Officer is invested with the broadest powers to act in all circumstances on behalf of the Company, exercises her functions within the limits of the corporate objective and subject to the powers that the law expressly attributes to Shareholders' General Meetings and the Board of Directors. According to the internal rules, the respective powers and duties of the Chairman of the Board and the Chief Executive Officer are determined by the Board of Directors and the Internal Regulations of the Board (see Section 4.1.2.1 "Chairmanship and organization").

Two executive bodies - the Executive Committee and the Operational Management Committee - are responsible for formulating ENGIE's strategy and monitoring its implementation.

The Executive Committee, which is in charge of Group management, comprises the Executive Vice-Presidents under the management of the Chief Executive Officer. It formulates strategic decisions according to the guidelines defined by the Board of Directors. It develops ENGIE's long-term outlook and ensures that the short-term objectives are achieved. It makes all major decisions particularly concerning investment, reviews performance, and monitors the pace of the Group transformation.

At the date of this document, the Executive Committee has the following 11 members:

- **Catherine MacGregor,** Chief Executive Officer;
- **Paulo Almirante,** Executive Vice-President in charge of Renewables activities, also in charge of Global Energy Management and Nuclear Generation activities;
- **Sébastien Arbola,** Executive Vice President in charge of Thermal Generation and Energy Supply activities;
- **Jean-Sébastien Blanc,** Executive Vice President in charge of Human Resources;
- **Frank Demaille,** Executive Vice President in charge of Transformation and Geographies;
- **Judith Hartmann,** Executive Vice President in charge of Finance, Corporate Social Responsibility and Procurement;
- **Yves Le Gélard,** Executive Vice President in charge of Digital and Information Systems;
- **Cécile Prévieu,** Executive Vice President in charge of Client Solutions activities;
- **Édouard Sauvage,** Executive Vice President in charge of Networks activities;
- **Jérôme Stubler,** Executive Vice President, project manager reporting to the CEO, for the multi-technical services organizational project;
- **Claire Waysand,** Executive Vice President in charge of the General Secretariat, Strategy, Research & Innovation, Communication.

The Operational Management Committee, known as ENGIE 50, is in charge of operational activities, and is composed of the Executive Vice-Presidents, the CEOs of the BUs, the directors of the Global Business Units and the managers of the main functional departments.

It is chaired by the Chief Executive Officer. The Operational Management Committee implements ENGIE's strategic decisions; it is also in charge of taking the Group's transformation closer to the regions.

In accordance with Article L.22-10-10 para. 2 of the French Commercial Code, the report on corporate governance includes "*information on how the company seeks balanced representation of women and men within the committee set up, where appropriate, by the General Management for the purposes of regularly assisting it in carrying out its general functions, and information on the results in terms of diversity in the 10% of positions with higher responsibility. If the company does not apply such a policy, the report shall contain an explanation of the reasons for this.*"

As the "*committee set up, where appropriate, by the General Management for the purposes of regularly assisting it in carrying out its general functions*" corresponds to the Executive Committee.

With respect to 10% of positions with higher responsibility, if the scope described by the French Commercial Code is that of the Company, i.e. ENGIE SA, in terms of the organization of the Group, its integrated structure, and its positioning in more than 62 countries for a total of 172,703 employees, it seems more appropriate to consider the Group as a whole with regard to the spirit of the law. The Group has approximately 500 senior managers across all the territories in which it is present whose role is to deliver the Group's strategy. ENGIE therefore considers that the relevant scope to use for the 10% of positions with higher responsibility is that of ENGIE 50.

The Executive Committee consists of 11 members, including four women (36.4%), and four nationalities, On the recommendation of the General Management, the Board of Directors set a target of at least 40% of women and at least 40% of men on the Executive Committee by 2025.

ENGIE 50 is composed of 47 members, including 13 women (27.6%), and comprising eight nationalities. Seven members of ENGIE 50 were outside the Group in their previous positions.

(1) Percentage calculated pursuant to the Afep-Medef Code which stipulates that the Directors representing employees and employee shareholders are not taken into account when calculating the proportion of the independent directors

(2) In assessing the ratio of women to men on boards of Directors at the end of the General Meeting of May 20, 2021, the law stipulates that Directors representing employees and employee shareholders – who are not elected by the Shareholders' Meeting – are not taken into account

For several years, the Group's appointments policy has strengthened gender diversity: thus, since January 1, 2020, two women have joined ENGIE 50 (excluding the Executive Committee), from a total of five appointments, i.e. a proportion of women appointed of 40%. In 2019, seven women were appointed from a total of 20 appointments, i.e. 35%.

The Group seeks to develop mixed talent pools, comprising executive managers with strong potential, thus helping to increase female representation in the two bodies mentioned above, namely the Executive Committee and ENGIE 50.

Therefore, for key positions in the Group, the final appointment decision is made on the basis of a list of candidates that includes men and women. Most appointments are made from this talent pool, comprising around 600 people, 35% of whom are women.

These actions aim to change career paths and talent development, opening them up to various profiles, so as to eventually form governance bodies that fully embody the Group's diversity policy.

4.4 Compensation and benefits paid to members of the administration and management bodies

4.4.1 Compensation of executive corporate officers

Compensation of executive corporate officers is determined by the Board of Directors based on the recommendations of the Appointments, Compensation and Governance Committee (ACGC). It is subject to a presentation and binding votes at the Annual Shareholders' Meeting in accordance with Articles L.22-10-8, L.22-10-9, and L.22-10-34 of the French Commercial Code.

The compensation policy is reviewed annually by the ACGC and is based in particular on specific studies carried out by an external firm specializing in this area.

In its recommendations to the Board of Directors, the ACGC seeks to propose a compensation policy that is in line with corporate responsibility and the practices of comparable major international groups for similar positions, based on a benchmark established by a specialized external firm that includes companies listed on the CAC 40, the Eurostoxx 50 (excluding companies in the financial sector), and the Eurostoxx Utilities indices.

Pursuant to Article 9.6 of the Afep-Medef Code, the Chairman of the Board of Directors, as an independent director, does not receive variable compensation linked to the Company's performance.

Compensation of the other executive corporate officers generally includes:

- a fixed component, which remains unchanged throughout the term of office, unless the Board of Directors, on the recommendation of the ACGC, decides otherwise;
- a variable component, balanced relative to total compensation, the purpose of which is to reflect the executive's personal contribution to the Group's development and results; and
- a long-term incentive component, subject to performance conditions.

Stringent performance criteria are set both for the variable component and for long-term incentive plans, maintaining a link between the Group's performance and the compensation of its directors in the short, medium and long term and contributing to the Company's strategy and sustainability.

The compensation policies applicable to the Chairman of the Board and the Chief Executive Officer as of 2021 are described in Section 4.4.1.10.3.

4.4.1.1 Fixed compensation

Fixed compensation in 2020

Jean-Pierre Clamadieu, Chairman of the Board of Directors, received compensation of €450,000.

The fixed annual compensation of Isabelle Kocher, Chief Executive Officer, was set at €1,000,000, i.e., €166,667 as a pro rata proportion from January 1 to February 24, 2020, plus an annual benefit in kind of €6,012, i.e., €1,002 as a pro rata proportion.

The fixed annual compensation of Claire Waysand was set at €550,000, i.e., €458,333 as a pro rata proportion from February 24 to December 31, 2020, plus an annual benefit in kind of €6,236, i.e., €5,139 as a pro rata proportion.

Fixed compensation in 2021

Please refer to Section 4.4.1.10.3.

4.4.1.2 Variable compensation

Variable compensation in 2019

Jean-Pierre Clamadieu, Chairman of the Board of Directors, received no variable compensation in respect of his office.

As for Isabelle Kocher, at its meeting of February 24, 2020, the Board of Directors, on the recommendation of the ACGC:

- noted that the success rate of the quantifiable criteria was 97.5% (broken down as follows: Net recurring income Group share, per share (1/2): 103.4%; ROCE (1/6): 100.3%; Free cash flow (1/6): 107.2%; Net debt (1/6): 67.4%),
- set the success rate of the qualitative criteria at 90%.

Based on the respective weightings of the quantifiable (60%) and qualitative (40%) criteria, the overall success rate was determined to be 94.5%. The variable component for 2019 was thus €661,500. It was paid to Isabelle Kocher following approval by the shareholders at the Shareholders' Meeting of May 14, 2020.

Variable compensation in 2020

Jean-Pierre Clamadieu, Chairman of the Board of Directors, received no variable compensation in respect of his office.

As for Isabelle Kocher, Chief Executive Officer from January 1 to February 24, 2020, on February 24, 2020, the Board of Directors decided to set the annual variable component for fiscal year 2020 as a pro rata proportion of the annual variable amount awarded to the CEO for 2019, i.e. a gross amount of €110,250. This amount will only be paid if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.

As for Claire Waysand, acting Chief Executive Officer from February 24 to December 31, 2020, on February 26, 2020, the Board of Directors, on the proposal of the ACGC, set specific compensation for her term as acting Chief Executive Officer of up to €400,000, subject to two performance conditions: the efficient functioning of the collective management team and her ability to ensure the Group's operational management during that period. On the proposal of the ACGC, on December 17, 2020 the Board of Directors decided to set this specific compensation at its ceiling of €400,000 in view of the quality of management during the transition period, in particular with regard to the aforementioned criteria.

In addition, under Claire Waysand's employment contract, the annual variable compensation corresponds to a target bonus of 100% of the annual fixed compensation, which corresponds to a 100% achievement of the targets, with a cap of 150% in the event of overperformance.

Sixty-five percent of this bonus is subject to quantitative criteria (50% recurring income, Group share and 50% COI) and 35% to qualitative assessment. Lastly, a penalty of up to 20% of the target may apply (health and safety/compliance)

The qualitative portion was subject to the following performance criteria:

- management of the Covid-19 crisis and preparation of the exit from the crisis (60%):
  - employee health and safety,
  - continuity of essential services and rapid recovery of all activities,
  - securing of liquidity and mitigation of financial impacts;
- progress in Group simplification and selectivity of activities and geographical areas (20%);
- quality of relations between Board and Management and commitment of the Executive Committee and teams (20%).

At its meeting of February 25, 2021, the Board of Directors, on the recommendation of the ACGC:

- noted that the success rate of the quantitative criteria was 37.5% (broken down as follows: Net recurring income Group share, per share (1/2): 0%; ROC (1/4): 0%; economic net debt (1/4): 150%);
- set the success rate of the qualitative criteria at 132%.

Based on the respective weightings of the quantitative (65%) and qualitative (35%) criteria, the overall success rate was determined to be 70.58%.

The amount of the variable portion for 2020 to be paid to Claire Waysand under her employment contract thus amounts to €388,190 for the entire 2020 fiscal year, i.e. €323,491 as a pro rata proportion from February 24 to December 31, 2020.

These amounts will only be paid if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.

Variable compensation in 2021

Please refer to Section 4.4.1.10.3.

4.4.1.3 Long-term incentive compensation (Performance Units)

The ACGC, following the recommendations of the Afep-Medef Code, which seeks to promote the long-term engagement of corporate leaders, recommended to the Board of Directors that the executive corporate officers compensation include a long-term incentive component, provided that this is reasonable and subject to strict performance conditions, and is comparable to that of other beneficiaries. The Board of Directors decided on February 26, 2020 that this component may not, when initially awarded, represent more than 50% of the CEO's overall compensation.

The ACGC proposed a long-term incentive plan to the Board of Directors in the form of Performance Units (PUs).

Performance Units for 2019

Jean-Pierre Clamadieu was not awarded any PUs for 2019, in accordance with the compensation policy, which stipulates that the compensation of the Chairman of the Board will not include any annual or multi-year variable compensation or long-term incentive plans.

On the recommendation of the ACGC, the Board of Directors, at its meeting of February 27, 2019, voted to award 120,000 Performance Units to Isabelle Kocher for fiscal year 2019. When Isabelle Kocher left the ENGIE Group, however, the continuous service condition associated with these PUs was not met and they therefore became null and void.

Performance Units for fiscal year 2020

As Isabelle Kocher left the ENGIE Group as Chief Executive Officer on February 24, 2020, no PUs were awarded to Isabelle Kocher for fiscal year 2020.

Claire Waysand was not awarded any PUs for fiscal year 2020.

Performance Units for fiscal year 2021

Please refer to Section 4.4.1.10.3.

4.4.1.4 Pension plans

Jean-Pierre Clamadieu is not covered by any supplementary pension plan in respect of his duties as Chairman of the Board of Directors.

In addition to pension entitlements from mandatory plans, for fiscal years 2019 and 2020[1], Isabelle Kocher benefited from a supplementary pension plan, under which the Company does not guarantee the amount of the pension but pays an annual employer contribution, half of which comprises contributions paid to a third-party organization under an optional defined contribution pension plan (Article 82) and half of which is a cash sum, given the immediate taxation on commencement of this new mechanism. The employer contribution corresponds to 25% of the sum of the fixed compensation and the actual variable compensation accrued for the given year. It also depends on the Company's performance, since the calculation base includes the variable portion linked to the Group's results. This employer contribution is subject to social contributions without any limit according to the applicable rules. For 2019, the employer contribution was €415,375. For the period from January 1 to February 24, 2020, the employer contribution was €69,229. It will only be paid to Isabelle Kocher if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.

(1) For years prior to 2019, please refer to Section 4.4.1.4 of the 2019 Universal registration document

Claire Waysand did not benefit from a supplementary pension plan for her term as acting Chief Executive Officer. Under the terms of her employment contract, she benefits, exclusively from the collective plans in place for all ENGIE Management Company employees, in particular the supplementary pension plans (Articles 82 and 83) and supplementary Group benefit and healthcare insurance coverage.

4.4.1.5 Employment contract, special retirement plans, severance pay and non-compete clause

	Employment contract	Supplementary pension plan	Compensation or benefits due or likely to be due on termination or change of function	Compensation due under a non-compete clause
Jean-Pierre Clamadieu *Chairman*	no	no	no	no
Isabelle Kocher *Chief Executive Officer* (until February 24, 2020)	yes (suspended)	see 4.4.1.4	see below	see below
Claire Waysand *Acting Chief Executive Officer* (from February 24 to December 31, 2020)	yes see below	see 4.4.1.4	see below	see below

In the context of the termination of Isabelle Kocher's functions, at its meeting of February 24, 2020, the Board of Directors authorized the conclusion of a memorandum of understanding, which was approved by the ENGIE Shareholders' Meeting of May 14, 2020 under the regulated agreements.

This protocol provides for a transactional indemnity in the amount of €672,736 gross for the purpose of settling the conditions for the termination of the duties of Chief Executive Officer amicably and definitively.

It was also agreed that the employment contract of Isabelle Kocher (who joined the ENGIE Group in 2002) with ENGIE Management Company, which was suspended from January 1, 2015 until the date of the end of her tenure as CEO, would be terminated. Isabelle Kocher therefore benefited from indemnities for early termination of her employment contract under the social measures in place at ENGIE Management Company, amounting to 3/5 of her monthly salary per year of service (capped at 18 months' salary), i.e. a gross amount of €1,149,204, and severance pay of three months' remuneration, i.e. €250,000 (gross).

Given the nature of her duties at ENGIE and the market in which the Group operates, it was deemed important, in order to preserve the legitimate interests of the Group, to require Isabelle Kocher to make a non-compete commitment, which she accepted in the memorandum of understanding. In exchange for this non-compete commitment, which will apply for 18 months, Isabelle Kocher will receive a total gross indemnity of €1,231,320. This indemnity, which is linked to the duration of the non-compete commitment, corresponds to 50% of her average gross monthly fixed and variable compensation (annual variable) received in the 12 months prior to the date of the effective termination of her duties as Chief Executive Officer.

In accordance with the terms of this settlement agreement, ENGIE paid Isabelle Kocher €672,736 gross in 2020 as a settlement indemnity, plus €820,880 gross corresponding to the pro rata proportion of the time spent on the non–competition indemnity. The total amount of €1,399,204 in legal and/or contractual indemnities related to the termination of employment contract was also paid to her in 2020.

Following the departure of the former Chief Executive Officer, to ensure the success of the transition, the Board of Directors, at its meeting of February 24, 2020, appointed General Secretary Claire Waysand as acting Chief Executive Officer, with immediate effect, as part of a management team comprising Paulo Almirante, Executive Vice President and Chief Operating Officer, and Judith Hartmann, Executive Vice President and Chief Financial Officer. The Board has asked Jean-Pierre Clamadieu, Chairman of the Board of Directors, to support this transitional management team to ensure that the transition phase goes smoothly.

Given the interim nature of the position of Chief Executive Officer held by Claire Waysand, the Board of Directors decided at its meeting of February 26, 2020, on the recommendation of the ACGC, that Claire Waysand would retain the benefit of her employment contract with ENGIE Management Company corresponding to her duties as General Secretary of the ENGIE Group, which she has continued to perform.

Claire Waysand's employment contract does not provide specifically for non-compete or severance compensation. As part of the Company's human resources policies, all employees of ENGIE Management Company receive severance compensation when their employment contract is terminated. Indemnities due under said policies amounts to 3/5 of the monthly salary per year of service in the company or Group and is capped at 18 months' salary. "Monthly salary" is understood to mean one-twelfth of the annual fixed compensation of the current year plus the last variable component that was paid.

4.4.1.6 Summary of compensation of each executive corporate officer

In euros	2020 Amount due for 2020	2020 Amount paid in 2020	2019 Amount due for 2019	2019 Amount paid in 2019
Jean-Pierre Clamadieu *Chairman*				
Fixed compensation	450,000	450,000	433,064	433,064
Variable compensation	0	0	0	0
Employer contribution to retirement plan	0	0	0	0
Extraordinary compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**450,000**	**450,000**	**433,064**	**433,064**

In euros	2020 Amount payable for 2020 (as a pro rata proportion)	2020 Amount paid in 2020 (as a pro rata proportion)	2019 Amount payable for 2019	2019 Amount paid in 2019
Isabelle Kocher *Chief Executive Officer (until February 24, 2020)*				
Fixed compensation	166,667	166,667	1,000,000	1,000,000
Variable compensation	110,250	661,500	661,500	641,760
Employer contribution to retirement plan	69,229	415,375	415,375	410,440
Extraordinary compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	1,002	1,002	6,012	6,012
TOTAL	**347,148**	**1,244,544**	**2,082,887**	**2,058,212**

In euros	2020 Amount payable for 2020 (as a pro rata proportion)	2020 Amount paid in 2020 (as a pro rata proportion)	2019 Amount payable for 2019	2019 Amount paid in 2019
Claire Waysand *Acting Chief Executive Officer (from February 24 to December 31, 2020)*				
Fixed compensation	458,333	458,333	Not applicable	Not applicable
Variable compensation	723,491	Not applicable	Not applicable	Not applicable
Employer contribution to retirement plan	Not applicable	Not applicable	Not applicable	Not applicable
Extraordinary compensation	0	0	Not applicable	Not applicable
Directors' fees	0	0	Not applicable	Not applicable
Benefits in kind	5,139	5,139	Not applicable	Not applicable
TOTAL	**1,186,963**	**463,472**		

4.4.1.7 Overview of compensation of each executive corporate officer

In euros	2020	2019
Jean-Pierre Clamadieu *Chairman*		
Compensation due for the fiscal year (detailed in the preceding table)	450,000	433,064
Valuation of options granted for the fiscal year	0	0
Valuation of Performance Shares granted for the fiscal year	0	0
Valuation of Performance Units granted for the fiscal year	0	0
TOTAL	**450,000**	**450,000**

In euros	2020	2019
Isabelle Kocher *Chief Executive Officer (until February 24, 2020)*		
Compensation due for the fiscal year (detailed in the preceding table)	347,148	2,082,887
Valuation of options granted for the fiscal year	0	0
Valuation of Performance Shares granted for the fiscal year	0	0
Valuation of Performance Units granted for the fiscal year		940,800 (null and void,see below)
TOTAL	**347,148**	**3,023,687**

In euros	2020	2019
Claire Waysand *Acting Chief Executive Officer (from February 24 to December 31, 2020)*		
Compensation due for the fiscal year (detailed in the preceding table)	1,186,963	Not applicable
Valuation of options granted for the fiscal year	0	Not applicable
Valuation of Performance Shares granted for the fiscal year	566,400	Not applicable
Valuation of Performance Units granted for the fiscal year	0	Not applicable
TOTAL	**1,753,363**	

The valuation of Performance Units (PUs), based on a model provided by an external specialist firm, is based on an approach used for all of its client companies to obtain comparable valuations. It uses parameters and assumptions that are consistent with the principles of IFRS, but takes into account all possible performance conditions (external and internal), not just "market" performance conditions as in IFRS 2. This valuation also takes into account the share price, the annual expected dividend yield, historical share price volatility, the risk-free interest rate, a three-year maturity, a three-year vesting period and an exercise period of three years. The valuation used was €11.15 for the 2014 award, €9.69 for the 2015 award, €7.73 for the 2016 award, €6.09 for the 2017 award, €6.58 for the 2018 award, €7.84 for the 2019 award and €7.34 for the 2021 award.

This valuation is theoretical, to the extent that the final vesting of PUs (several years after the grant date) depends on the achievement of strict and demanding performance conditions.

The Board of Directors decided to raise the continuous service condition associated with the 99,717 Performance Units awarded to Isabelle Kocher for 2016, which were scheduled to vest in March 2020, to the level of the success rate for the performance conditions associated with them. At its meeting of February 26, 2020, the Board of Directors set the success rate for the performance criteria at 22.39%. The number of PUs that were awarded for 2016 and that vested was therefore 22,326. They can be exercised until March 2023. At its meeting of February 24, 2020, the Board of Directors also noted that the continuous service condition attached to the 360,000 PUs awarded to Isabelle Kocher for 2017, 2018, and 2019, and not yet vested, was not met. These PUs therefore became null and void. Lastly, it should be noted that the 20,374 PUs exercisable by Isabelle Kocher and exercisable since March 15, 2019 under the award plan for 2015 will remain exercisable until March 15, 2022.

4.4.1.8 Compensation components paid in 2020 or awarded for the same year to each executive corporate officer of the Company, subject to shareholder approval

In accordance with Article L.22-10-34 II of the French Commercial Code, the Shareholders' Meeting of May 20, 2021 will vote on the fixed, variable and extraordinary components of the total compensation and benefits of any kind paid in, or awarded for, 2020 to Jean-Pierre Clamadieu, Chairman of the Board of Directors, Isabelle Kocher, Chief Executive Officer from January 1 to February 24, 2020 and Claire Waysand, acting Chief Executive Officer from February 24 to December 31, 2020.

The variable or extraordinary compensation components awarded for 2020 can only be paid after approval by the Shareholders' Meeting of the components of the compensation of the corporate executive officer concerned.

4.4.1.8.1 Compensation components paid in, or awarded for, 2020 to Jean-Pierre Clamadieu, Chairman of the Board

Compensation components	Amounts paid in 2020	Amounts awarded for 2020	Details
Fixed compensation	€450,000	€450,000	Jean-Pierre Clamadieu's fixed annual compensation amounts to €450,000 for a full year.
Annual variable compensation	None	None	Jean-Pierre Clamadieu receives no annual variable compensation.
Employer contribution to retirement plan	None	None	Jean-Pierre Clamadieu receives no employer pension contribution.
Multi-annual variable compensation	None	None	Jean-Pierre Clamadieu receives no multi-annual variable compensation.
Directors' fees	None	None	Jean-Pierre Clamadieu receives no directors' fees.
Extraordinary compensation	None	None	Jean-Pierre Clamadieu receives no extraordinary compensation.
Allocation of stock options, Performance Shares and any other long-term compensation	None	None	Jean-Pierre Clamadieu is not allocated stock options, Performance Shares or any other long-term compensation.
Compensation associated with the commencement or termination of duties	None	None	Jean-Pierre Clamadieu receives no compensation associated with the commencement or termination of duties.
Supplementary pension plan	None	None	Jean-Pierre Clamadieu is not a beneficiary of any supplementary pension plan.
Benefits in kind	None	None	Jean-Pierre Clamadieu did not benefit from the use of a company vehicle.

4.4.1.8.2 Compensation components paid in, or awarded for, 2020 to Isabelle Kocher, Chief Executive Officer from January 1 to February 24, 2020

In the context of the termination of Isabelle Kocher's functions, at its meeting of February 24, 2020, the Board of Directors authorized the conclusion of a memorandum of understanding, which was approved by the ENGIE Shareholders' Meeting of May 14, 2020 under the regulated agreements.

This protocol is described and referenced in Section 4.4.1.5 of this Universal registration document.

Only the annual variable compensation for the period from January 1 to February 24, 2020 and the corresponding employer contribution will be subject to the approval of the Shareholders' Meeting of May 20, 2021.

Compensation components	Amounts paid in 2020	Amounts awarded for 2020	Details
Fixed compensation	€166,667	€166,667	The fixed compensation of Isabelle Kocher was €1,000,000 for a full year, i.e. a pro rata amount of €166,667 for the period from January 1 to February 24, 2020.
Annual variable compensation	€661,500	€110,250	As mentioned in the compensation policy for the Chief Executive Officer for the period from January 1 to February 24, 2020 approved under the 16th resolution by the Shareholders' Meeting of May 14, 2020, and taking into account the termination of Isabelle Kocher's duties on February 24, 2020, on February 24, 2020 the Board of Directors decided to set the amount of the annual variable portion for 2020 as a pro rata proportion of the amount of the annual variable portion awarded to the Chief Executive Officer for 2019, i.e. a gross amount of €110,250. This amount will only be paid if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.
Employer contribution to retirement plan	€415,375	€69,229	Isabelle Kocher benefits from a supplementary pension plan system, the Company does not guarantee the amount of pension but pays an annual employer contribution, half of which comprises contributions paid to a third-party organization under an optional defined contribution pension plan (Article 82) and half is a cash sum, given the immediate taxation on commencement of this new mechanism. The employer contribution corresponds to 25% of the sum of the fixed compensation and the actual variable compensation accrued for the given year. This amount will only be paid if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.
Multi-annual variable compensation	None	None	Isabelle Kocher did not receive any multi-annual variable compensation.
Directors' fees	None	None	Isabelle Kocher did not receive any directors' fees.
Extraordinary compensation	None	None	Isabelle Kocher did not receive any extraordinary compensation
Awarding of stock options, Performance Shares and any other long-term compensation	None	None	On February 24, 2020, the Board of Directors decided to raise the continuous service condition associated with the 99,717 (1) Performance Units awarded to it for 2016, which were scheduled to vest in March 2020, to the level of the success rate for the performance conditions associated with them. At its meeting of February 26, 2020, the Board of Directors set the success rate for the performance criteria at 22.39%. The number of PUs that were awarded for 2016 and that vested was therefore 22,326. They can be exercised until March 2023. Moreover, on February 24, 2020, the Board of Directors also noted that the continuous service condition attached to the 360,000 PUs awarded to Isabelle Kocher for 2017, 2018, and 2019, and not yet vested, was not met. These 360,000 PUs therefore became null and void.
Compensation associated with the commencement or termination of duties	See Section 4.4.1.5	See Section 4.4.1.5	
Supplementary pension plan	See employer contribution to retirement plan above	See employer contribution to retirement plan above	
Benefits of any kind	€6,012	€1,002	Isabelle Kocher benefited from the use of a company car for the period in question.

(1) See note on the theoretical valuation in Section 4.4.1.7

4.4.1.8.3 Compensation components paid in, or awarded for, 2020 to Claire Waysand, acting Chief Executive Officer from February 24 to December 31, 2020

Following the departure of the former Chief Executive Officer, to ensure the success of the transition, the Board of Directors, at its meeting of February 24, 2020, appointed General Secretary Claire Waysand as acting Chief Executive Officer, with immediate effect, as part of a management team comprising Paulo Almirante, Executive Vice President and Chief Operating Officer, and Judith Hartmann, Executive Vice President and Chief Financial Officer. The Board has asked Jean-Pierre Clamadieu, Chairman of the Board of Directors, to support this transitional management team to ensure that the transition phase goes smoothly.

Given the interim nature of the position of Chief Executive Officer held by Claire Waysand, the Board of Directors decided at its meeting of February 26, 2020, on the recommendation of the ACGC, that Claire Waysand would retain the benefit of her employment contract with ENGIE Management Company corresponding to her duties as General Secretary of the ENGIE Group, which she has continued to perform.

Compensation components	Amounts paid in 2020	Amounts awarded for 2020	Details
Fixed compensation	€458,333	€458,333	Claire Waysand's annual fixed compensation under her employment contract amounted to €550,000, or €458,333 as a pro rata proportion for the period from February 24 to December 31, 2020. There was no additional fixed compensation for the term as Chief Executive Officer.
Specific variable compensation	None	€400,000	For her term as acting Chief Executive Officer, on February 26, 2020, the Board of Directors, on the proposal of the ACGC, set specific compensation of up to €400,000, subject to two performance conditions: the efficient functioning of the collective management team and her ability to ensure the Group's operational management during that period. On the proposal of the ACGC, on December 17, 2020 the Board of Directors decided to set this specific compensation at its ceiling of €400,000 in view of the quality of management during the transition period, in particular with regard to the aforementioned criteria. This amount will only be paid if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.

Annual variable compensation for the employment contract	€154,000 (1)	€323,491	Under Claire Waysand's employment contract, the annual variable compensation corresponds to a target bonus of 100% of the annual fixed compensation, which corresponds to a 100% achievement of the targets, with a cap of 150% in the event of overperformance.
			Sixty-five percent of this bonus is subject to quantitative criteria (50% recurring income, Group share and 50% each for COI and economic net debt) and 35% to qualitative assessment. Lastly, a penalty of up to 20% of the target may apply (health and safety/compliance).
			The qualitative portion was subject to the following performance criteria:
			• management of the Covid-19 crisis and preparation of the exit from the crisis (60%):
			  • employee health and safety,
			  • continuity of essential services and rapid recovery of all activities,
			  • securing of liquidity and mitigation of financial impacts;
			• progress in Group simplification and selectivity of activities and geographical areas (20%);
			• quality of relations between Board and Management and commitment of the Executive Committee and teams (20%).
			At its meeting of February 25, 2021, the Board of Directors, on the recommendation of the ACGC:
			• noted that the success rate of the quantitative criteria was 37.5% (broken down as follows: Net recurring income Group share, per share (1/2): 0%; ROC (1/4): 0%; economic net debt (1/4): 150%);
			• set the success rate of the qualitative criteria at 132%.

(1) Corresponding to the period from October 1, 2019 (the date that Claire Waysand joined the ENGIE group) to December 31, 2019

Compensation components	Amounts paid in 2020	Amounts awarded for 2020	Details
			Based on the respective weightings of the quantitative (65%) and qualitative (35%) criteria, the overall success rate was determined to be 70.58%. The amount of the variable portion for 2020 to be paid to Claire Waysand under her employment contract thus amounts to €388,190 for the entire 2020 fiscal year, i.e. €323,491 as a pro rata proportion from February 24 to December 31, 2020. It will only be paid to Isabelle Kocher if approved by the shareholders at the Shareholders' Meeting of May 20, 2021.
Profit-sharing and incentive plans	€3,492	Unknown at February 25, 2021	The amount of the profit-sharing for fiscal year 2020 is not known as of February 25, 2021, the date of the Board of Directors' meeting called to approve the Report on Corporate Governance. The profit-sharing received in 2020 for fiscal year 2019 in the amount of €3,492 was placed in the Group employee savings plan, which gave rise to a matching contribution of €800 in accordance with the ENGIE Management Company collective agreement.
Multi-annual variable compensation	None	None	Claire Waysand did not receive any multi-annual variable compensation.
Directors' fees	None	None	Claire Waysand was not a director of ENGIE.
Extraordinary compensation	None	None	Claire Waysand did not receive any extraordinary compensation.
Awarding of stock options, Performance Shares and any other long-term compensation	None	€566,400	After the termination of her duties as Chief Executive Officer, on the proposal of the ACGC, Claire Waysand was granted 60,000 performance shares for fiscal year 2020 under her employment contract following the termination of her duties as Chief Executive Officer by the Board of Directors on February 25, 2021. These performance shares are subject to the parameters and conditions stated in the 29th resolution adopted by the Shareholders' Meeting of May 18, 2018 and in the corresponding report of the Board of Directors, to which reference is made. They will vest on March 15, 2024, based on the success rate of three performance conditions, each accounting for one-third: two internal conditions, the Net recurring income Group share and ROCE for fiscal years 2022 and 2023 in relation to the target level set in the budget for those two fiscal years (on a pro forma basis) and one external condition, the Total Shareholder Return (TSR) (share price, dividend reinvested) in relation to a reference panel composed of EDF, EDP, E.ON, RWE, ENEL, Iberdrola, Naturgy, Spie and Uniper. Their unit value was €9.44 according to the valuation method used for the consolidated financial statements. As a member of the Executive Committee, Claire Waysand will be bound by an obligation to hold vested shares for at least one year until March 14, 2025. Beyond March 14, 2025, she must retain at least two-thirds of the performance shares vested until the ENGIE shareholding target applicable to members of the Executive Committee corresponding to one and a half years of fixed compensation is reached.
Compensation associated with the commencement or termination of duties	None	None	Claire Waysand's employment contract does not provide specifically for non-compete or severance compensation. As part of the Company's human resources policies, all employees of ENGIE Management Company receive severance compensation when their employment contract is terminated. Indemnities due under said policies amounts to 3/5 of the monthly salary per year of service in the company or Group and is capped at 18 months' salary. "Monthly salary" is understood to mean one-twelfth of the annual fixed compensation of the current year plus the last variable component that was paid.

Compensation components	Amounts paid in 2020	Amounts awarded for 2020	Details
Supplementary pension plans			Under the terms of her employment contract, Claire Waysand benefits exclusively from the collective plans in place for all ENGIE Management Company employees, in particular the supplementary pension plans (Articles 82 and 83) and supplementary Group benefit and healthcare insurance coverage.
Benefits of any kind	€5,139	€5,139	Claire Waysand benefited from the use of a company car. The annual benefit amounts to €6,236 or €5,139 as a pro rata proportion from February 24 to December 31, 2020.

4.4.1.9 Comparison tables of the level of compensation of corporate officers in relation to the compensation of employees – Annual changes in performance and compensation (1)

4.4.1.9.1 Compensation multiples for the office of Chairman

Table of ratios, pursuant to Article L.22-10-9 I., 6° and 7° of the French Commercial Code

	FY N-5	FY N-4	FY N-3	FY N-2	FY N-1
Compensation for the **Office of Chairman**: J.P. Clamadieu, starting 05/18/2018. Previously, G. Mestrallet was Chairman and CEO			350,000	433,064	450,000
Change from the previous year				24%	4%
Information on the scope of consolidation of the listed company – not representative in terms of activity and number of employees					
Average employee compensation	68,915	72,365	73,875	73,845	76,791
Change from the previous year				0%	4%
Median employee compensation	61,979	64,361	66,175	66,487	72,571
Ratio to average employee compensation					
Change from the previous year					
Ratio to median employee compensation					
Change from the previous year					
Additional information about the expanded scope of consolidation (France) (2)					
Average employee compensation	45,102	45,551	46,307	46,476	46,870
Change from the previous year		1%	2%	0%	1%
Median employee compensation					Not available
Ratio to average employee compensation			**7.6**	**9.3**	**9.6**
Change from the previous year				23%	3%
Ratio to median employee compensation					Not calculable
Change from the previous year					
Company performance (3)					
COI organic growth	2%	5%	5%	14%	-16%
Change from the previous year		150%	0%	180%	-214%
ROCE	5.80%	6.30%	6.50%	6.10%	5.45%
Change from the previous year		9%	3%	-6%	-11%
Net recurring income, Group share (excluding E&P and LNG) *(in billion euros)*	2.78	2.54	2.38	2.46	1.70
Change from the previous year		-9%	-6%	3%	-31%

(1) The ratio deemed relevant is that which takes into account all employees in France
(2) Performance is assessed on a consolidated basis

(1) The information contained in this section is established pursuant to the Afep guidelines, updated in February 2021

4.4.1.9.2 Compensation multiples for the office of the Chief Executive Officer

Table of ratios, pursuant to Article L.22-10-9 I., 6° and 7° of the French Commercial Code

	FY N-5	FY N-4	FY N-3	FY N-2	FY N-1
Compensation for the **Office of (Chairman and) CEO:** G. Mestrallet, Chairman and CEO until 05/03/2016, followed by I. Kocher from 05/03/2016 to 02/24/2020, followed by C. Waysand (acting) from 02/24/2020 to 12/31/2020	2,378,132	2,319,438	2,550,142	2,588,572	1,287,669
Change from the previous year		-2%	10%	2%	-50%
Information on the scope of consolidation of the listed company – not representative in terms of activity and number of employees					
Average employee compensation	68,915	72,365	73,875	73,845	76,791
Change from the previous year		5%	2%	0%	4%
Median employee compensation	61,979	64,361	66,175	66,487	72,571
Ratio to average employee compensation					
Change from the previous year					
Ratio to median employee compensation					
Change from the previous year					
Additional information about the expanded scope of consolidation (France) (1)					
Average employee compensation	45,102	45,551	46,307	46,476	46,870
Change from the previous year		1%	2%	0%	1%
Median employee compensation					Not available
Ratio to average employee compensation	52.7	50.9	**55.1**	**55.7**	**27.5**
Change from the previous year		-3%	8%	1%	-51%
Ratio to median employee compensation					Not calculable
Change from the previous year					
Company performance (2)					
COI organic growth	2%	5%	5%	14%	-16%
Change from the previous year		150%	0%	180%	-214%
ROCE	5.80%	6.30%	6.50%	6.10%	5.45%
Change from the previous year		9%	3%	-6%	-11%
Net recurring income, Group share (excluding E&P and LNG) *(in billion euros)*	2.78	2.54	2.38	2.46	1.70
Change from the previous year		-9%	-6%	3%	-31%

(1) The ratio deemed relevant is that which takes into account all employees in France
(2) Performance is assessed on a consolidated basis

4.4.1.10 Compensation policies for corporate officers

The compensation policies for corporate officers below will be submitted for shareholder approval at the Ordinary Shareholders' Meeting of May 20, 2021, in accordance with Article L.22-10-8 of the French Commercial Code.

4.4.1.10.1 Compensation policy for directors

On the recommendation of the Board of Directors, the Shareholders' Meeting sets the total annual amount of Directors' compensation to be distributed by the Board among its members.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meeting of December 11, 2013, amended the rules for distributing the annual amount of directors' fees, set by the Shareholders' Meeting of July 16, 2008 at €1.4 million (unchanged since 2008) in line with an individual distribution system, combining a fixed portion with a predominant variable portion based on the attendance of Directors at Board and Committee meetings, in accordance with the Article 21.1 of the Afep-Medef Code.

The rules of distribution applied are presented below. They are unchanged in 2021 compared to 2020. They were last amended on July 29, 2019. It should be noted that executive corporate officers do not receive compensation for their participation on the Board of Directors.

Director		Fixed fee	€15,000 per year
		Variable fee, dependent on attendance	€55,000 (1) if 100% attendance
Audit Committee	Chairman	Fixed fee	€15,000 per year
		Variable fee, dependent on attendance	€44,000 (1) if 100% attendance
	Committee member	Fixed fee	€5,000 per year
		Variable fee, dependent on attendance	€22,000 (1) if 100% attendance
SITC	Chairman	Fixed fee	€10,000 per year
		Variable fee, dependent on attendance	€27,500 (1) if 100% attendance
	Committee member	Fixed fee	€5,000 per year
		Variable fee, dependent on attendance	€16,500 (1) if 100% attendance
EESDC	Chairman	Fixed fee	€10,000 per year
		Variable fee, dependent on attendance	€22,000 (1) if 100% attendance
	Committee member	Fixed fee	€5,000 per year
		Variable fee, dependent on attendance	€16,500 (1) if 100% attendance
ACGC	Chairman	Fixed fee	€10,000 per year
		Variable fee, dependent on attendance	€22,000 (1) if 100% attendance
	Committee member	Fixed fee	€5,000 per year
		Variable fee, dependent on attendance	€16,500 (1) if 100% attendance

(1) Variable portion increased by 25% for European non-residents and 50% for non-European non-residents, in the event of physical attendance at meetings

4.4.1.10.2 Directors appointed by the Shareholders' Meeting

The corporate officers who are not executives received the compensation shown in the table below for fiscal year 2020. Unless otherwise indicated, no other compensation was paid to these officers by the Company or by its subsidiaries for the said fiscal year.

In euros	Fiscal year 2020 (1)	Fiscal year 2019 (1)
Ann-Kristin Achleitner	/	37,500 (2)
Edmond Alphandéry	/	47,917 (3)
Fabrice Brégier	91,500 (3)	84,063 (3)
Aldo Cardoso	/	45,833 (2) (4)
Patrice Durand (5)	77,775 (3)	74,552 (3)
Mari-Noëlle Jégo-Laveissière (5)	74,970 (3)	68,354 (3)
Barbara Kux	/	35,417 (2)
Françoise Malrieu	150,500 (3)	141,458 (3)
Ross McInnes	150,500 (3)	126,541 (3)
Marie-José Nadeau	166,389 (2)	165,573 (2)
Peter Ricketts of Shortlands	97,672 (2)	91,432 (2)
TOTAL	**809,306**	**918,640**

(1) Directors' compensation due for a given fiscal year are paid during the fiscal year concerned
(2) Before deduction of withholding tax levied on directors' fees paid to Directors residing outside France
(3) Before deduction of withholding tax relating to tax and social contributions
(4) In his capacity as Chairman of the Board of Directors since June 15, 2018 of Société Monégasque de l'Électricité et du Gaz (SMEG), a subsidiary 63.9% owned by ENGIE, Aldo Cardoso received €38,461.54 for fiscal year 2019 in directors' compensation from SMEG
(5) Director elected from the private sector by the Shareholders' Meeting on the proposal of the French State

Director representing the French State and the Directors elected by the Shareholders' Meeting on the proposal of the French State

The Director representing the French State, Isabelle Bui, did not personally receive any compensation from the Company or from companies controlled by the Company for her term of office in 2020.

The Directors from the private sector appointed by the Shareholders' Meeting on the proposal of the French State, namely Mari-Noëlle Jégo-Laveissière and Patrice Durand, received 85% of the directors' fees corresponding to their office, pursuant to the ministerial Order of December 28, 2014, as amended by the ministerial order of January 5, 2018, taken in application of Article 6 of Ordinance No. 2014-948 of August 20, 2014 concerning governance and equity operation of companies with a public shareholder (see the table above).

In respect of the foregoing, the balance of the directors' compensation corresponding to these offices (€164,983) was paid directly to the Public Treasury in compliance with regulations.

Directors representing the employees and employee shareholders

Directors representing employees and employee shareholders on the ENGIE Board of Directors received no compensation (directors' fees or other) from the Company or from companies controlled by the Company in consideration of their service as Directors.

These Directors are Christophe Agogué, Alain Beullier, Philippe Lepage and Christophe Aubert.

4.4.1.10.3 Compensation policy for executive corporate officers

The compensation policy for executive corporate officers is determined by the Board of Directors based on the recommendations of the ACGC. It is subject to a presentation and binding votes at the Annual Shareholders' Meeting in accordance with Article L.22-10-8 of the French Commercial Code.

The compensation policy is reviewed annually by the ACGC and is based in particular on specific studies carried out by an external firm specializing in this area.

Pursuant to Article 3.3.1 of the Board's Internal Regulations, executive corporate officers do not take part in meetings of the ACGC on matters relating to them.

In its recommendations to the Board of Directors, the ACGC seeks to propose a compensation policy that is in line with corporate responsibility and the practices of comparable major international groups for similar positions, based on a benchmark established by a specialized external firm that includes companies listed on the CAC40, the Eurostoxx 50 (excluding companies in the financial sector), and the Eurostoxx Utilities indices.

Pursuant to Article 9.6 of the Afep-Medef Code, the Chairman of the Board of Directors, as an independent director, does not receive variable compensation linked to the Company's performance.

Compensation of the other executive corporate officers generally includes:

- a fixed component, which remains unchanged throughout the term of office, unless the Board of Directors, on the recommendation of the ACGC, decides otherwise;
- a variable component, balanced relative to total compensation, the purpose of which is to reflect the executive's personal contribution to the Group's development and results; and
- a long-term incentive component, subject to performance conditions.

Stringent performance criteria are set both for the variable component and for long-term incentive plans, maintaining a link between the Group's performance and the compensation of its directors in the short, medium and long term and contributing to the Company's strategy and sustainability.

If the approval rate for the compensation policy is less than 80% at the last Shareholders' Meeting, the ACGC looks at the direction of the vote of the shareholders that opposed the approval of this policy and the possible follow-up to be given to their vote.

Compensation policy for the Chairman of the Board for 2021

The compensation of the Chairman of the Board of Directors for 2021 remains unchanged from 2020. It includes annual fixed compensation. It does not include any annual or multi-year variable compensation or long-term incentive plans.

The fixed annual compensation is €450,000.

In accordance with current policy, executive corporate officers do not receive directors' fees for their participation in the work of the Board and its committees.

The Chairman of the Board receives social security coverage and health care coverage.

He may benefit from the use of a company vehicle.

Compensation of the Chief Executive Officer for 2021

The Chief Executive Officer's compensation includes a fixed component, a variable annual component and a long-term incentive component.

The fixed component is €1,000,000. It was determined according to the role, experience and reference market of the CEO, particularly in relation to the fixed compensation of executive corporate officers of groups similar to ENGIE in terms of size and scope, and, more generally, on the basis of the above benchmark. It is reviewed annually. It does not change for the duration of the term of office, which is four years, unless the Board of Directors, on the recommendation of the ACGC, votes otherwise, in particular with regard to the market context, or any changes in ENGIE's profile or Group employee compensation.

The annual variable component is designed to reflect the executive's personal contribution to the Group's development and results. It is balanced in relation to the fixed component and determined as a percentage of fixed compensation.

The target annual variable component amounts to 100% of the fixed compensation (€1,000,000) for a 100% target achievement rate, with a maximum of 140% of the fixed compensation (€1,400,000) in the event that targets are exceeded.

It is calculated annually, according to the Chief Executive Officer's performance, using financial criteria to compensate economic performance (65%), and non-financial criteria (35%), where at least one criterion reflects the Group's CSR objectives, in accordance with the ENGIE *raison d'être* as stated in the bylaws.

For the financial component, the criteria used are net recurring income, Group share (25%), COI (25%), free cash flow (excluding GEM) (25%) and economic net debt (25%). The financial targets for 2021 were based on the Group's provisional budget as prepared by the Board of Directors on February 25, 2021.

With respect to 2020, the criterion of free cash flow (excluding GEM) was added to reflect the importance of the generation of operating cash to finance both the Group's growth investments and the compensation of its shareholders.

For the non-financial component, the workplace accident frequency rate (10%), CO_2 emissions related to energy production (10%) and overperformance relative to the sector average reported by each of the five rating agencies: SAM, Sustainalytics, Vigeo-Eiris, MSCI and CDP Climat are included (10%). The other non-financial criteria (which account for 70% of this component), insofar as they may contain strategically sensitive information, will be made public in 2022.

The long-term incentive component takes the form of Performance Units (PUs) that are subject to performance conditions comparable to those of the performance share plans for some employees, for which Company executive corporate officers are not eligible. These performance conditions are exclusively quantifiable. They include at least one non-financial performance condition that reflects the Group's CSR objectives, in accordance with the Company's purpose as stated in the bylaws. This long-term incentive component is designed to encourage executives to make a long-term commitment as well as to increase their loyalty and align their interests with the Company's corporate interests and the interests of shareholders[1]. This particular component may not account for more than 50% of the executive's total compensation at the initial award. In accordance with Article 25.3.3 of the Afep-Medef Code, the Chief Executive Officer formally undertakes not to use hedging mechanisms for these performance units.

For 2021, the Chief Executive Officer receives a grant of 120,000 PUs decided by the Board of Directors on February 25, 2021 on the recommendation of the ACGC. The PUs will become vested on March 15, 2024. The Chief Executive Officer will then have three years to exercise them, with the option of doing so in installments. As long as he or she does not hold at least the equivalent of two years' fixed compensation in ENGIE shares, the Chief Executive Officer shall use two thirds of the proceeds from the exercise of the PUs, net of tax and social security contributions, for the acquisition of Company shares.

The acquisition in 2024 of the PUs will depend on the achievement of quantifiable financial and non-financial performance conditions designed to measure the performance of the Chief Executive Officer upon his or her arrival at the management of the Group on January 1, 2021. The overall success rate will be the arithmetic average of the individual success rates after application of the respective weightings.

The financial performance conditions relate to the growth in net recurring income/(loss) Group share (NRIgs) over two years compared to a reference panel, hereafter the "Panel" (which accounts for 25% of the total performance conditions), changes in the Total Shareholder Return (TSR) (stock market performance, dividend reinvested) over three years compared to the same Panel (which accounts for 25%), as well as the return on capital employed (ROCE) (which accounts for 30%).

The Panel selected for the relative assessment of the growth of the NRIgs and TSR is composed of EDP, ENEL, Iberdrola, Naturgy, Snam and RWE, with each of these companies receiving an identical weighting. Compared to the previous panel, EDF, E.ON, Spie and Uniper have been removed and Snam has been added to better reflect the changes in the Group's profile.

For the assessment of the performance condition related to the growth of the NRIgs, the growth will be calculated as the ratio between the NRIgs for the twelve months preceding June 30, 2023 ("H2 2022 and H1 2023") and the NRIgs for the twelve months preceding June 30, 2021 ("H2 2020 and H1 2021").

For the assessment of the performance condition relating to the three-year TSR (stock market performance, dividend reinvested), in order to smooth out possible volatility effects (windfalls or losses), the TSR (stock market performance, dividend reinvested) will be calculated by taking the averages of the three-year TSR for ENGIE and for the Panel companies over a period of two months, ending at least one month before the expected delivery date of the Performance Units.

Finally, the ROCE success rate will be determined on the basis of the results for fiscal year 2023 in relation to the target objectives stated in the Medium-Term Business Plan (MTBP) as approved by the Board of Directors (on a pro forma basis) in the first half of 2021.

Compared to the previous PU plans, which were subject to exclusively financial performance conditions, non-financial performance conditions have been introduced to reflect the purpose adopted by the Shareholders' Meeting of May 14, 2020 and the Company's CSR strategy.

Accordingly, the PUs will be subject to exclusively quantifiable non-financial performance conditions (which together account for 20% of the total performance conditions) chosen in accordance with the Company's purpose as stated in the bylaws, i.e. targets for greenhouse gas emissions from energy production (10%), increasing the share of renewable capacities (5%) and increasing the percentage of women in management (5%). The target objectives will be the ones for the end of 2023, in line with the trajectory established to achieve the target objectives by 2030.

The slopes for the performance condition relating to the growth of NRIgs are as follows: for a result below 75% of the target, the success rate will be equal to zero. For a result equal to 100% of the target, the success rate will be equal to 80%. For a result equal to or greater than 120% of the target, the success rate will be equal to 120%. The progression between these points is linear.

The slopes for the non-financial performance conditions and that of ROCE are as follows: for a result below 75% of the target, the success rate will be equal to zero. For a result equal to 100% of the target, the success rate will be equal to 100%. For a result equal to or greater than 120% of the target, the success rate will be equal to 120%. The progression between these points is linear.

The slopes for the performance condition relating to TSR (stock market performance, dividend reinvested) will be as follows: for a result below 100% of the target, the success rate will be equal to zero. For a result equal to 100% of the target, the success rate will be equal to 50%. For a result equal to or greater than 120% of the target, the success rate will be equal to 120%. For a result greater than 100% and less than or equal to 120% of the target, the success rate will be progressive and linear between 50% and 120%.

The total success rate for the PUs will be capped at 100%.

Subject to the exceptions also applicable to performance shares (death, retirement, disability), in the event of an executive corporate officer's departure from the Group during the PU vesting period, the PUs become null and void unless the Board of Directors decides otherwise and gives reasons for its decision.

The determination of the aforementioned performance criteria stems from the Board of Directors' commitment to the variable nature of the long-term incentive component, which rewards financial and non-financial performance over the medium and long term. They are therefore not meant to be reviewed. However, in the event of special circumstances that are out of the ordinary or external to the Company (such as a change in accounting standards, a significant change in the scope of consolidation, the completion of a transformative transaction, a substantial change in market conditions or an unforeseen change in the competitive environment), the Board of Directors may, on an exceptional basis, adjust the results upwards or downwards for one or more of the

(1) *It should be noted that on March 1, 2021, Catherine MacGregor, Chief Executive Officer since January 1, 2021, purchased 15,000 ENGIE shares on Euronext Paris at a unit price of €12.305, amounting to a total personal investment of €184,575 in ENGIE shares*

performance criteria attached to the annual variable component and/or the long-term incentive component to ensure that the results of the application of those criteria reflect the performance of both the Chief Executive Officer and the Group. This adjustment would be made by the Board of Directors on the proposal of the ACGC, after the Board of Directors has ensured that the adjustment can reasonably restore the balance or objective initially sought, adjusted for all or part of the impact of the event on the period under review and that the interests of the Company and its shareholders are aligned with the interests of the executive corporate officer. Justification and explanation for any adjustments that might be made will be communicated by the Company. Under no circumstances can these adjustments result in an annual variable component exceeding 140% of fixed compensation or a PU delivery rate exceeding 100%.

The payment of the variable and extraordinary compensation components for 2021 is contingent on the approval of shareholders at the 2022 Ordinary Shareholders' Meeting.

Lastly, the Chief Executive Officer will continue to benefit from a supplementary pension plan, under which the Company does not guarantee the amount of the pension but pays an annual employer contribution, half of which comprises contributions paid to a third-party organization under an optional defined contribution pension plan (Article 82) and half is a cash sum, given the immediate taxation on commencement of this mechanism. The employer contribution will correspond to 25% of the sum of the fixed compensation and the actual variable compensation accrued for the given year. It will also depend on the Company's performance, since the calculation base includes the variable portion linked to the Group's results. The Chief Executive Officer will also benefit from the mandatory pension plan (Article 83) applicable to all senior Group managers.

The Chief Executive Officer will also benefit from health care and social security schemes equivalent to the collective schemes for ENGIE's executive officers in France.

The Chief Executive Officer, if also a director, does not receive any directors' fees for sitting on the Board of Directors.

In the event of departure from the Group, the former Chief Executive Officer will be bound by a non-compete commitment for a period of one year from the end of his or her term of office and will receive one year's compensation payable in twelve monthly installments. The Board of Directors may waive the application of this clause at the time of the officer's departure.

In the event of forced departure not resulting from serious misconduct on the part of the executive corporate officer, and regardless of the form of such departure, the Chief Executive Officer shall receive an indemnity of two years' compensation, which shall be payable only if the performance conditions attached to the annual variable component of the compensation for the two years preceding the year of departure have been met by at least 90% on average.

In addition, all provisions of the Afep-Medef Code are applicable to the non-compete commitment and severance payments, in particular with regard to those two payments combined, which may not exceed two years of compensation. "Year of compensation" within the meaning of the non-compete commitment and severance payments referred to above means the last annual fixed compensation plus the annual variable compensation paid calculated on the basis of the average annual variable compensation paid for the two years preceding the year of departure.

Lastly, the Chief Executive Officer benefits from the use of a company vehicle.

4.4.2 Compensation of executives who are not corporate officers (members of the Executive Committee)

Compensation of executives who are not corporate officers (members of the Executive Committee) is composed of a fixed portion and a variable portion.

Changes in the fixed portion of compensation are linked to changes in specific situations, expansion or significant change in responsibilities and to repositioning made necessary in view of internal equity or a clear discrepancy vis-à-vis the external market.

The main purpose of the variable portion is to reward the contributions of executives to the Group's results.

The amounts below include the variable portions paid in 2020 for 2019 and paid in 2019 for 2018.

Sixty-five percent of the variable portion paid in 2021 for fiscal year 2020 was calculated based on economic criteria (NRIgs, COI, economic net debt), and 35% on qualitative criteria.

Summary table of gross compensation, including benefits in kind, for executives who are not corporate officers (Executive Committee members) [1]

In euros	2020	2019
Fixed	5,635,333	6,162,118
Variable	7,765,000	6,338,384
TOTAL	**13,400,333**	**12,500,503**
Total of members	13	14

(1) Compensation is calculated excluding severance pay and taking into account actual time worked during the year in question

Pension provisions

Pursuant to the European Directive of April 16, 2014, Order No. 2019-697 relating to supplementary occupational retirement plans, published on July 4, 2019, terminated the existing L137-11 plans (referred to as "Article 39") and prohibited the acquisition of new rights and the entry of any new members as from that date.

Following the closure of the plan and the crystallization of random entitlements in 2019, in 2020 the Group converted the random entitlements of beneficiaries, including members of the Executive Committee, into a defined-contribution plan called "Article 82".

4.4.3 Information on the award of bonus shares or Performance Shares (1)

4.4.3.1 Availability of Performance Shares

The current articles L.225-197-1 and L. 22-10-59 of the Commercial Code place restrictions on the free availability of Performance Shares granted to executive corporate officers under share plans.

In accordance with these provisions, a system was established specifying the obligation to hold as registered shares a certain percentage (set by the Board of Directors) of vested Performance Shares. The objective is that after a certain point, the executive corporate officers and, more generally, Executive Committee members would hold a portfolio of ENGIE shares corresponding to a fraction of their compensation.

At its meeting of March 1, 2017, the Board of Directors decided, on the recommendation of the Appointments, Compensation and Governance Committee, to update the existing system as follows:

- fixed target: build a share portfolio equivalent to two years' fixed compensation for the Chief Executive Officer, and to one and a half years for other members of the Executive Committee. This objective is set in terms of the number of shares for each person concerned, and is calculated based on the fixed annual compensation prevailing at January 1 of the year in question and on the average share price over the previous year;
- until the target is met: continue to hold 2/3 of the vested Performance Shares and, for the Chief Executive Officer, reinvest in ENGIE shares 2/3 of the income from the exercise of the PUs net of tax and social security withholding.

4.4.3.2 Bonus share or Performance Share plans implemented during fiscal year 2020

- **Authorization of the Shareholders' Meeting of May 18, 2018**

The twenty ninth resolution of the ENGIE Ordinary and Extraordinary Shareholders' Meeting of May 18, 2018 authorized the Board of Directors to award bonus shares to employees and/or corporate officers of companies belonging to the Group (with the exception of corporate officers of the Company) up to the limit of 0.75% of the share capital on the date of the decision to allocate shares, with an annual cap of 0.25% of said share capital (1). It should also be noted that the Shareholders' Meeting was not asked to grant an authorization for stock options.

- **Performance Share Plan for 2019 (Board meeting of February 26, 2020)**

Under the authorization given by the Shareholders' Meeting of May 18, 2018, the Board of Directors, at its meeting of February 26, 2020, decided to implement a Performance Share Plan for certain employees in the Trading business, in accordance with the order of November 3, 2009 and with European Directives CRDIII and CRDIV regarding the compensation of financial market professionals, and with the order of December 13, 2010. The main features of this plan and other plans granted for 2018 are listed on pages 165 et seq. of the 2019 registration document filed with the AMF on March 18, 2020.

- **Performance Share plans for 2020 (Board meetings of December 17, 2020 and February 25, 2021)**

Under the authorization granted by the Shareholders' Meeting of May 18, 2018, the Board of Directors, at its meeting of December 17, 2020, as supplemented by its meeting of February 25, 2021, decided to implement Performance Share Plans for certain employees of ENGIE and its subsidiaries (excluding executive corporate officers of ENGIE). As part of the Group's transformation, the Board of Directors decided to maintain the current number of beneficiaries in order to secure the buy-in of key Group stakeholders in the success of this transformation. The plan is based on existing shares with no dilutive effect for shareholders. The main features of this plan, which involves 5,072,390 shares for 7,040 people, are as follows:

(1) Please note that there are no more ENGIE stock options as of November 9, 2017

Vesting period	From 12/17/2020 [(1)] to 03/14/2024 (2025 for senior executives outside France)
Continuous service condition *(Current employment contract with a Group company at these dates, except in cases of retirement, death, disability or exceptional decision)*	On 03/14/2024 (2025 for senior executives outside France)
Vesting date	03/15/2024 (2025 for senior executives outside France)
Holding period *(mandatory, except in the case of death or disability)*	No holding period except for senior executives in France for whom the holding period runs from 03/15/2024 to 03/14/2025 (no holding if vesting occurs in 2025)
Transferable from	On or after 03/15/2024, and for senior executives, on or after 03/15/2025
Performance conditions	With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a triple condition applies for all beneficiaries: a) One-third of the calculation is based on the net recurring income, Group share for 2022 and 2023 compared to the budgeted net recurring income, Group share for those years (pro forma); and b) One-third is based on ROCE for 2022 and 2023 compared to the budgeted ROCE for the same years (pro forma); and c) One-third is based on ENGIE's TSR (total shareholder return) compared with the TSR of a panel of companies composed of EDF, E.ON, Enel, EDP, Naturgy, Iberdrola, Spie, Uniper and RWE [(2)] for the period December 2023 to January 2024 versus November to December 2020 [(3)]. A single performance slope is applied to each of the three criteria: • ENGIE performance ≤ 75% of the target level: 0% success rate; • ENGIE performance ≥ 100% of the target level: 100% success rate; • Proportional and linear progression for all intermediate results. The arithmetic mean of the three success rates in a), b) and c) above represents the percentage of shares that will vest. This condition applies to all Performance Shares awarded to the Group's executives and beyond the first tranche of 150 shares awarded to all other beneficiaries.

(1) 02/25/2021 for the additional allocation plan
(2) Since Innogy's listing was suspended in June 2020 following a takeover by RWE, the external condition consists of the TSR of the ENGIE share between November 2020 and January 2024 compared to the TSR of a reference panel composed of EDF, EDP, E.ON, RWE, ENEL, Iberdrola, Naturgy, Spie and Uniper, with each of the companies making up the reference panel receiving an identical weighting
(3) To smooth the possible effects of volatility (gain or loss), the TSR will be calculated by taking the average of ENGIE's TSR and the TSR of the panel companies over two months, namely December 2023 to January 2024, versus November to December 2020

In addition, under the authorization given by the Shareholders' Meeting of May 18, 2018, the Board of Directors, at its meeting of February 25, 2021, decided to implement a Performance Share Plan for certain employees in the Trading business, in accordance with the ministerial order of November 3, 2009 and with European Directives CRDIII and CRDIV regarding the compensation of financial market professionals, and with the ministerial order of December 13, 2010.

The allocation concerned 101 people within the Trading business, for a total of 301,735 ENGIE Performance Shares. The Board of Directors set the following schedule and general conditions for the plan:

Vesting period	02/25/2021 to 03/14/2023 for around half the shares 02/25/2021 to 03/14/2024 for the remaining shares
Continuous service condition *(Current employment contract with a Group company at these dates, except in cases of retirement, death, disability or exceptional decision)*	03/14/2023 for around half the shares 03/14/2024 for the remaining shares
Vesting date	03/15/2023 for around half the shares 03/15/2024 for the remaining shares
Holding period	No holding period
Transferable from	From 03/15/2023 for around half the shares From 03/15/2024 for the remaining shares
Performance conditions	Based on the Trading business's profit before tax for fiscal year 2022 for around half the shares Based on the Trading business's profit before tax for fiscal year 2023 for the remaining shares

4.4.4 Performance Shares awarded to and available for sale by each executive corporate officer – Summary of current plans

4.4.4.1 ENGIE Performance Shares awarded to each ENGIE executive corporate officer by ENGIE and all other companies of the ENGIE Group in 2020

None

4.4.4.2 ENGIE Performance Shares that became available for sale by each executive corporate officer of ENGIE in fiscal year 2020

None

4.4.4.3 Summary of current ENGIE Performance Share plans

	2015	2016		2017	
For year:	2015 Plan	2016 Plan	2016 Traders' Plan	2017 Plan	2017 Traders' Plan
Date of authorization from the General Shareholders' Meeting	04/28/2015	05/03/2016	05/03/2016	05/12/2017	05/12/2017
Date of Board decision	12/16/2015	12/14/2016	03/01/2017	12/13/2017	03/07/2018
Share price in euros (1)	9.8	8.44	9.89	11.64	10.79
Start of vesting period (2)	12/16/2015	12/14/2016	03/01/2017	12/13/2017	03/01/2018
End of vesting period	03/14/2019 (4)	03/14/2020 (6)	03/14/2019 (3) 03/14/2020 (3)	03/14/2021 (11)	03/14/2020 (3) 03/14/2021 (3)
Start of holding period	03/15/2019 (4)	None (7)	None	None (12)	None
End of holding period	03/15/2021 (4)	None (8)	None	None (13)	None
Related conditions	(5)	(9)	(10)	(14)	(15)
Shares vested as at 12/31/2019	434,034	4,936,410	62,712	5,026,935	125,041
Shares vested from 01/01/2020 to 12/31/2020	401,675	3,075,553	62,712	3,650	60,026
Shares canceled from 01/01/2020 to 12/31/2020	32,359	1,740,850	-	137,785	5,024
Balance of shares as at 12/31/2020	-	120,007	-	4,885,500	59,991

(1) Weighted average price (according to the method used for the consolidated financial statements)
(2) Early vesting possible in the event of death or permanent disability. Condition of continuous service at the vesting date
(3) For 50% of shares
(4) For France and Belgium, with holding period from March 15, 2019 to March 14, 2021 inclusive and transferable from March 15, 2021; for other countries, vesting on March 14, 2020 with no holding period
(5) With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a double condition applies for all beneficiaries: 50% based on net recurring income, Group share for 2017 and 2018 and 50% based on the TSR of ENGIE stock compared with the TSR of the Eurostoxx Utilities (Eurozone) companies
(6) For all beneficiaries except senior executives outside France and Belgium for whom the vesting period ends on March 14, 2021 with no holding period
(7) For all beneficiaries except senior executives outside France and Belgium for whom the vesting period ends on March 14, 2021 with no holding period
(8) For senior executives in France and Belgium, a holding period from March 15, 2020 to March 14, 2021, inclusive, applies
(9) With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a triple condition applies for all beneficiaries: one-third based on net recurring income, Group share, for fiscal years 2018 and 2019, one-third based on ROCE for fiscal years 2018 and 2019, and one-third based on the TSR of ENGIE stock compared with the TSR of a panel composed of EDF, E.ON, Enel, Naturgy (formerly Gas Natural), Iberdrola and RWE
(10) 50% based on 2018 ENGIE Global Markets (formerly GDF SUEZ Trading) profit before tax and 50% based on 2019 ENGIE Global Markets profit before tax
(11) 03/14/2022 for senior executives outside France and Belgium
(12) 03/15/2021 for senior executives in France and Belgium
(13) 03/15/2022 for senior executives in France and Belgium
(14) With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a triple condition applies for all beneficiaries: one-third based on net recurring income, Group share for fiscal years 2019 and 2020, one-third based on ROCE for fiscal years 2019 and 2020, and one-third based on the TSR of ENGIE stock compared with the TSR of a panel composed of EDF, E.ON, Uniper, Innogy, Enel, Naturgy (formerly Gas Natural), Iberdrola and RWE. Each of these companies is assigned an identical weighting, with the exception of E.ON and Uniper, and RWE and Innogy, respectively, which are accounted for as single companies (50% each) for weighting purposes. This condition applies to all shares awarded to the Group's senior executives and does not affect the first tranche of 150 shares awarded to the other beneficiaries
(15) 50% based on 2019 ENGIE Global Markets profit before tax and 50% based on 2020 ENGIE Global Markets profit before tax

	2018		2019		2020	
For year:	**2018 Plan**	**2018 Traders' Plan**	**2019 Plan**	**2019 Traders' Plan**	**2020 Plan**	**2020 Traders' Plan**
Date of authorization from the General Shareholders' Meeting	05/18/2018	05/18/2018	05/18/2018	05/18/2018	05/18/2018	05/18/2018
Date of Board decision	12/11/2018	02/27/2019	12/17/2019	02/26/2020	12/17/2020 (14)	02/25/2021
Share price in euros (1)	9.36	11.41	11.59	13.61	9.93	10.9
Start of vesting period (2)	12/11/2018	02/27/2019	12/17/2019	02/26/2020	12/17/2020	02/25/2021
End of vesting period	03/14/2022 (4)	03/14/2021 (3) 03/14/2022 (3)	03/14/2023 (21)	03/14/2022 (3) 03/14/2023 (3)	03/14/2024 (15)	03/14/2023 (3) 03/14/2024 (3)
Start of holding period	None (5)	None	None (22)	None	None (16)	None
End of holding period	None (6)	None	None (23)	None	None (17)	None
Related conditions	(7)	(8)	(12)	(13)	(18)	(19)
Shares vested as at 12/31/2019	4,903,295	176,493	5,157,215	None	None	None
Shares vested from 01/01/2020 to 12/31/2020	2,000	-	1,900	None	None	None
Shares canceled from 01/01/2020 to12/31/2020	91,005	12,379	83,050	6,967	None	None
Balance of shares as at 12/31/2020	4,810,290	164,114	5,072,265	272,530	5,072,390	None

(1) Weighted average price (according to the method used for the consolidated financial statements)
(2) Early vesting possible in the event of death or permanent disability. Condition of continuous service at the vesting date
(3) For 50% of shares
(4) 03/14/2023 for senior executives outside France and Belgium
(5) 03/15/2022 for senior executives in France and Belgium
(6) 03/15/2023 for senior executives in France and Belgium
(7) With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a triple condition applies for all beneficiaries: one-third based on net recurring income, Group share for fiscal years 2020 and 2021, one-third based on ROCE for fiscal years 2020 and 2021, and one-third based on the TSR of ENGIE stock compared with the TSR of a panel composed of EDF, EDP, ENEL, E.ON, Uniper, Innogy, RWE, Naturgy (formerly Gas Natural), Iberdrola, and Spie. Each of these companies is assigned an identical weighting, with the exception of E.ON, Uniper, RWE, and Innogy, which are accounted for at 50% each for weighting purposes. This condition applies to all shares awarded to the Group's senior executives and does not affect the first tranche of 150 shares awarded to the other beneficiaries
(8) 50% based on 2020 ENGIE Global Markets profit before tax and 50% based on 2021 ENGIE Global Markets profit before tax
(9) 03/15/2024 for senior executives outside France and Belgium
(10) 03/15/2023 for senior executives in France and Belgium
(11) 03/15/2024 for senior executives in France and Belgium
(12) With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a triple condition applies for all beneficiaries: one-third based on net recurring income, Group share for fiscal years 2021 and 2022, one-third based on ROCE for fiscal years 2021 and 2022, and one-third based on the TSR of ENGIE stock compared with the TSR of a panel composed of EDF, EDP, ENEL, E.ON, Uniper, Innogy, RWE, Naturgy (formerly Gas Natural), Iberdrola, and Spie. Each of these companies is assigned an identical weighting, with the exception of E.ON, Uniper, RWE, and Innogy, which are accounted for at 50% each for weighting purposes. This condition applies to all shares awarded to the Group's senior executives and does not affect the first tranche of 150 shares awarded to the other beneficiaries
(13) 50% based on 2021 ENGIE Global Markets profit before tax and 50% based on 2022 ENGIE Global Markets profit before tax
(14) Such as completed by the Board of Diectors on 02/25/2021
(15) 03/15/2025 for senior executives outside France
(16) 03/15/2024 for senior executives in France
(17) 03/15/2025 for senior executives in France
(18) With the exception of beneficiaries awarded performance shares in the context of innovation programs and similar, a triple condition applies for all beneficiaries: one-third based on net recurring income, Group share, for fiscal years 2022 and 2023, one-third based on ROCE for fiscal years 2022 and 2023, and one-third based on the TSR of ENGIE stock compared with the TSR of a panel composed of EDF, EDP, ENEL, E.ON, Uniper, RWE, Naturgy, Iberdrola and Spie, with each of the companies receiving an identical weighting. This condition applies to all shares awarded to the Group's senior executives and does not affect the first tranche of 150 shares awarded to the other beneficiaries
(19) 50% based on 2022 ENGIE Global Markets profit before tax and 50% based on 2023 ENGIE Global Markets profit before tax

4.4.4.4 Summary of Bonus and Performance Shares held by Isabelle Kocher at December 31, 2020

Plan	ENGIE 02/13/2006	ENGIE 02/12/2007	ENGIE 07/16/2007 (1)	ENGIE 11/14/2007	ENGIE 06/01/2008 (1)	ENGIE 11/12/2008	ENGIE 07/08/2009 (1)
Conditions	ROCE 2007	ROCE 2008	ROCE 2008	EBITDA 2009	EBITDA 2009	EBITDA 2010	None
Vesting date	03/15/2008 (2)	03/15/2009 (2)	07/16/2009 (2)	03/15/2010 (2)	06/01/2010 (2)	03/15/2011 (2)	07/08/2011
Vesting shares	0	0	0	0	0	0	0
Vested shares	1,428	2,124	15	1,493	10	786	20
Transferable from	03/15/2010	03/15/2011	07/16/2011	03/15/2012	06/01/2012	03/15/2013	07/08/2013

(1) Worldwide plans for all employees
(2) Subject to a dual condition of performance and continuous service

Plan	ENGIE 11/10/2009	SUEZ 12/16/2010	ENGIE 06/22/2011 (1)	ENGIE 12/06/2011	ENGIE 12/05/2012	ENGIE 12/11/2013	ENGIE 12/10/2014
Conditions	EBITDA 2010	Net profit 2010-2014 and share performance	None	TSR and net recurring income, Group share	TSR and net recurring income, Group share	TSR and net recurring income, Group share	TSR and net recurring income, Group share
Vesting date	03/15/2012 (2)	12/16/2014 (2)	06/24/2013	None	03/15/2016 (3)	03/15/2017 (3)	03/15/2018 (3)
Vesting shares	0	0	0	0	0	17,000	
Vested shares	770	2,100	10	0	10,625	7,244 (5)	17,500 (4)
Transferable from	03/15/2014	12/16/2016	06/24/2015	None	03/15/2018	03/15/2019	03/15/2020

(1) Worldwide plans for all employees
(2) The dual performance condition was not met and 15,000 rights to vesting shares were canceled on March 14, 2015
(3) Subject to a dual condition of performance and continuous service
(4) For her role as Executive Vice President, Chief Financial Officer in 2014
(5) 42.61% of performance condition met

Note that the executive corporate officers have made a formal undertaking not to make use of hedging instruments in respect of Performance Shares.

4.4.5 Performance shares granted in fiscal year 2020 by ENGIE and by all companies included in the ENGIE performance share scope to the ten non-corporate officer employees of the issuer and its companies who received the greatest number of performance shares

Total number of shares awarded	Share price (1) *(in euros)*	Issuer	Plan
510,000	9.44	ENGIE	12/17/2020

(1) Weighted average price, according to the method used for the consolidated financial statements

4.4.6 Summary of transactions disclosed by executive management and corporate officers in fiscal 2020

	Date of transaction	Type of transaction	Financial instrument	Quantity	Unit price *(in euros)*	Transaction price *(in euros)*
Jean-Pierre Clamadieu	May 27, 2020	Acquisition	Equity investments	10,000	10.56	105,584
Paulo Almirante	March 14, 2020	Acquisition	Equity investments	2,500 (1)	(2)	(2)
	May 28, 2020	Acquisition	Equity investments	5,000	10.74	53,725
Gwenaelle Avice-Huet	March 15, 2020	Acquisition	Equity investments	9,334 (1)	(2)	(2)
	May 27, 2020	Acquisition	Equity investments	500	10.56	5,282.5
Olivier Biancarelli	March 15, 2020	Acquisition	Equity investments	11,201 (1)	(2)	(2)
Franck Bruel	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
	May 29, 2020	Acquisition	Equity investments	4,174	10.56	44,098.31
				826	10.56	8,726.69
Ana Busto	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
	May 29, 2020	Subscription	Mutual fund units	4,580	10.96	50,000 (4)
Pierre Chareyre	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
Pierre Deheunynck	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
Shankar Krishnamoorthy	March 14, 2020	Acquisition	Equity investments	4,100 (3)	(2)	(2)
	May 28, 2020	Acquisition	Equity investments	7,500	10.85	81,375
Judith Hartmann	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
	May 28, 2020	Acquisition	Equity investments	5,000	10.77	53,825
Didier Holleaux	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
	May 26, 2020	Acquisition	Equity investments	5,000	10.19	50,950
Yves Le Gélard	March 15, 2020	Acquisition	Equity investments	33,335 (1)	(2)	(2)
Wilfrid Petrie	March 14, 2020	Acquisition	Equity investments	3,250	10.26	33,345.00
Claire Waysand	May 29, 2020	Acquisition	Equity investments	5,000	10.83	54,146.50

(1) Vesting of Performance Shares allocated for fiscal year 2016

(2) As soon as the performance shares are vested, their gross value is correlated to the price of the ENGIE share. It should be noted that, as of March 16, 2020, the ENGIE share price was €10

(3) Vesting of Performance Shares allocated for 2015

(4) Plus an employer contribution of €200

4.5 Additional information concerning corporate governance

4.5.1 Agreements relating to current operations concluded under normal conditions

In accordance with the legislative provisions and on the recommendation of the Audit Committee, the Board of Directors adopted a procedure on December 17, 2019 to assess whether the agreements relating to current operations, concluded under normal conditions by the company, actually fulfill these conditions.

A committee within ENGIE's General Secretariat informed about all draft agreements likely to be classified as a regulated or current agreement is tasked with analyzing the characteristics of this agreement and both submitting it to the authorization and control procedure provided for in the regulated agreements, and classifying it as an agreement concerning current operations concluded under normal conditions.

This procedure also provides for follow-up in the form of an annual update on its implementation to the Audit Committee and the Board of Directors. In accordance with the regulations, it should also be noted that persons directly or indirectly involved in one of the above agreements do not take part either in discussions or in voting on its assessment and its adoption.

4.5.2 Related party agreements and regulated agreements

The special report of the Statutory Auditors on related party agreements referred to in Article L.225-38 et seq. of the French Commercial Code for fiscal year 2020 is provided in Section 4.7 of this chapter.

Details of transactions with related parties as specified by the regulations adopted under EC regulation 1606/2002, are provided in Note 22 to the Consolidated Financial Statements (Section 6.2).

4.5.3 Service contracts binding members of corporate governance bodies

To ENGIE's knowledge, there is no service contract binding members of the Company's management bodies or any of its subsidiaries that provides for benefits to be granted under such a contract.

4.5.4 Authorizations relating to share capital and share equivalent and their utilization

The Company's shareholders delegated the following powers and authorizations in relation to financial matters to the Board of Directors:

Authorizations granted by the Combined Shareholders' Meeting of May 18, 2018

Resolution	Nature of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
28th	Authorization to be given to the Board of Directors for the purpose of awarding bonus shares (i) to employees and/or corporate officers of ENGIE Group companies (with the exception of corporate officers of ENGIE SA) and (ii) to employees participating in a Group international employee shareholding plan of the ENGIE Group (World Plans)	**38 months until 07/17/2021** Terminates on September 1, 2018, up to the unused portion (Link 2018 in progress), to the delegation granted by the Combined Shareholders' Meeting of May 12, 2019 (16th resolution)	**0.75%** of the share capital, (with an annual cap of 0.25% of the share capital), **ceiling common to the 28th and 29th resolutions of the Combined Shareholders' Meeting of May 18, 2018** (1)	None	Full amount of the authorization
29th	Authorization for the purpose of awarding bonus shares to certain employees and corporate officers of ENGIE Group companies, except for corporate officers of ENGIE SA (Discretionary Plans)	**38 months until 07/17/2021** Terminates on September 1, 2018, up to the unused portion, the delegation granted by the Combined Shareholders' Meeting of May 12, 2019 (17th resolution)	**0.75%** of the share capital, (with an annual cap of 0.25% of the share capital), **ceiling common to the 28 and 29 resolutions of the Combined Shareholders' Meeting of May 18, 2018** (1)	Award : - on 12/11/2018 of 5,022,660 Performance Shares, on 02/27/2019 of 187,674 Performance Shares (i.e 0.21% of share capital at 02/27/2019); - on 12/17/2019 of 5,157,215 Performance Shares, on 02/26/2020 of 279,497 Performance Shares, (i.e. 0.22% of share capital at 02/26/2020); - on 12/17/2020 and on 02/25/2021 of 5,072,390 Performance Shares of Performance Shares (i.e. 0,22% of share capital at 02/25/2021).	0.1% of the share capital

(1) This is a common ceiling set by the Combined Shareholders' Meeting of May 18, 2018 for the awards approved under the 28th and 29th resolutions

Authorizations granted by the Combined Shareholders' Meeting of May 14, 2020

Resolution	Nature of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
6th	Authorization to trade in the Company's shares	**18 months until 11/16/2021** Terminates the delegation granted by the Combined Shareholders' Meeting of May 17, 2019 (5th resolution)	Maximum purchase price: **€30** Maximum shareholding: **10% of the share capital** Aggregate amount of purchases: **€7.3 billion** **May not be used during a public tender offer for the shares of the Company**	0.76% of share capital at 12/31/2020	Remaining 9.24% of share capital
19th	Issue of shares and/or marketable securities with PSR (1) *(to be used outside public tender offer periods only)*	**26 months until 07/13/2022** Terminates the delegation granted by the Combined Shareholders' Meeting of 05/18/2018 (13th resolution)	**€225** million for shares (2) (3) and **€5 billion** for marketable securities representing debt	None	Full amount of the authorization
20th	Issue of shares and/or marketable securities without PSR (1) *(to be used outside public tender offer periods only)*	**26 months until 07/13/2022** Terminates the delegation granted by the Combined Shareholders' Meeting of 05/18/2018 (14th resolution)	€**225** million for shares (2) (3) and **€5 billion** for marketable securities representing debt	None	Full amount of the authorization
21th	Issue of shares and/or marketable securities without PSR (1) in the context of an offer governed by Article L.411-2 of the French Monetary and Financial Code *(to be used outside public tender offer periods only)*	**26 months until 07/13/2022** Terminates the delegation granted by the Combined Shareholders' Meeting of 05/18/2018 (15th resolution)	**€225** million for shares (2) (3) and **€5 billion** for marketable securities representing debt	None	Full amount of the authorization
22th	Increase in the amount of capital increases (greenshoe option) carried out pursuant to the 19th, 20th and 21st resolutions *(to be used outside public tender offer periods only)*	**26 months until 07/13/2022** Terminates the delegation granted by the Combined Shareholders' Meeting of 05/18/2018 (16th resolution)	Up to **15%** of the initial issue (2) (3)	None	Full amount of the authorization
23th	Issue of ordinary shares and/or various securities in consideration for contributions of securities made to the Company, up to a limit of 10% of the share capital *(to be used outside public tender offer periods only)*	**26 months until 07/13/2022** Terminates the delegation granted by the Combined Shareholders' Meeting of May 18, 2018 (17th resolution)	**€225** million for shares (2) (3) and **€5 billion** for marketable securities representing debt	None	Full amount of the authorization

Resolution	Nature of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
24th	Limitation of the overall ceiling for capital increase delegations	NA Replaces the limit set by the Combined Shareholders' Meeting of May 18, 2018 (23rd resolution)	**€265 million** (2)		
25th	Issue of shares by capitalizing premiums, reserves, profits or other	**26 months until 07/13/2022** Terminates the delegations granted by the Combined Shareholders' Meeting of May 18, 2018 (24th resolution)	Aggregate amount that may be capitalized (excl. ceiling)	None	Full amount of the authorization
26th	Authorization to reduce the share capital by canceling treasury shares	**26 months until 07/13/2022** Terminates the delegations granted by the Combined Shareholders' Meeting of May 18, 2018 (25th resolution)	**10%** of the share capital per 24 month period	None	Full amount of the authorization
27th	Capital increase reserved for employees who are members of employee saving plans of ENGIE Group	**26 months until 07/16/2021** Terminates the delegation granted by the Combined Shareholders' Meeting of May 17, 2019 (14th resolution)	**2%** of the share capital as of the date of implementation of the delegation, an **amount common with the 28th resolution of the Combined Shareholders' Meeting May 14, 2020** (2) (3)	None	Full amount of the authorization
28th	Capital increase reserved for all entities formed as part of the implementation of the international employee shareholding plan offered by the ENGIE Group	**18 months until 11/13/2021** Terminates the delegation granted by the Combined Shareholders' Meeting of May 17, 2019 (15th resolution)	**0.5%** of the share capital as of the date of implementation of the delegation, **which will be counted against the 2% ceiling under the 27e resolution of the Combined Shareholders' Meeting May 14, 2020** (2) (3)	None	Full amount of the authorization

(1) PSR: Preferential subscription rights

(2) Amounts common to issues of marketable securities decided under the 19th, 20th, 21st, 22nd, 23rd resolutions of the Combined Shareholders' Meeting of May 14, 2020

(3) Common ceiling set by the 24th resolution of the Combined Shareholders' Meeting of May 14, 2020, under the 19th, 20th, 21st, 22nd, 23rd, 27th and 28th resolutions of the Combined Shareholders' Meeting of May 14, 2020: €265 million

4.5.5 Provisions in the bylaws on the participation of shareholders at Shareholders' Meetings

Notice to attend meetings (Articles 20, 21 and 22 of the bylaws)

Combined Shareholders' Meetings and, where applicable, Special Shareholders' Meetings, are called, meet and deliberate in accordance with the conditions provided for by law. The party issuing the notice convening the meeting also draws up the meeting agenda. However, one or more shareholders may, in accordance with the conditions provided for by law, request that draft resolutions be entered on the agenda.

The meeting may take place at the Company's head office or at any other location stated in the notice.

Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman of the Board of Directors, a Deputy Chief Executive Officer if he or she is also Director, or, in the absence of a Deputy Chief Executive Officer, by a Director specially authorized by the Board for this purpose. Otherwise, the meeting elects its own Chairman.

The two members of the General Shareholders' Meeting present who accept the duties thereof and who hold the greatest number of votes act as vote tellers. The officers of the meeting appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet is kept in accordance with the conditions provided for by law. Minutes of meetings are drawn up and copies thereof are issued and certified in accordance with the conditions provided for by law.

Attendance at meetings (Article 20 of the bylaws)

All shareholders have the right to attend the meetings provided their shares are paid in full.

The right to attend meetings or to be represented therein is subject to the registration of the securities in the shareholder's name by midnight (CET) of the second business day prior to the meeting, either in the registered securities' accounts held by the Company or in bearer securities' accounts held by the authorized intermediary.

The Board of Directors may, if it deems necessary, send to the shareholders individualized admission cards in each shareholder's name and require them to be presented in order to gain access to the Shareholders' Meeting.

If the Board of Directors so decides at the time the Meeting is called, shareholders may participate in the meeting by videoconference or by any telecommunication or remote transmission means, including via the Internet, that permits their identification in accordance with the terms and conditions set under current regulations. Where applicable, this decision shall be announced in the notice convening the meeting published in the *Bulletin des Annonces Légales Obligatoires* (Bulletin of Mandatory Legal Announcements or BALO).

Voting rights (Articles 10, 11, 12 and 20 of the bylaws)

Unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares, which are fully paid up. Effective April 2, 2016, in accordance with Article L.22-10-46 of the French Commercial Code, all registered and fully paid-up shares registered in the name of the same beneficiary for at least two years are automatically entitled to a double voting right (see Section 5.1.1.3 "Voting rights").

The shares are indivisible with regard to the Company. Where the shares are subject to a right of usufruct, voting rights attached to shares belong to the beneficial owner of the shares in the case of Ordinary Shareholders' Meetings, and to the bare owner in the case of Extraordinary Shareholders' Meetings.

Any time it is necessary to own several shares in order to exercise any right whatsoever, the owners of isolated shares or an insufficient number of shares may exercise such a right provided that they combine or, as the case may be, buy or sell the necessary shares or rights.

Any shareholder may cast a vote by proxy in accordance with the terms and conditions provided for by the law and regulations in all meetings. The owners of securities mentioned in the seventh paragraph of Article L.228-1 of the French Commercial Code may be represented, in accordance with the conditions provided for by law, by a registered intermediary. Any shareholder may cast a vote by proxy in accordance with the terms and conditions provided for by the law and regulations. The shareholders may, in accordance with the terms and conditions provided for by the law and regulations, send their postal proxy form either as a printed form or, further to a decision of the Board of Directors published in the notice of meeting and the notice to attend the meeting, by electronic transmission.

Dividends (Article 26.2 of the bylaws)

Any shareholder who can, at the end of a fiscal year, provide proof of registration for at least two years and continuation thereof on the dividend payment date for the fiscal year in question, shall receive a 10% increase in the dividend for the shares so registered, over the dividend paid on other shares. This increase will be capped at 0.5% of the share capital for a single shareholder.

Golden share (Article 6 of the bylaws)

In accordance with the French Energy Code and Decree No. 2015-1823 of December 30, 2015, the share capital includes a golden share resulting from the conversion of one ordinary share, which is held by the French State and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of energy supplies (see Section 5.2.4 "Golden share").

Changes in rights attached to shares

Except where otherwise specified by law, the rights attached to the Company's shares may be modified only by the Extraordinary Shareholders' Meeting, subject to the special terms relating to the French State's golden share under Article 6 of the bylaws (see also Section 5.2.4 "Golden share").

In accordance with the provisions of the applicable law and regulations, which define the rights attached to ENGIE shares, any amendment of the bylaws must be approved by a two-thirds majority at the Extraordinary Shareholders' Meeting. All increases in the commitments of the shareholders must be unanimously approved by all shareholders.

4.5.6 Information on elements that could have an impact on Takeover Bids or Public Exchange Offers

Pursuant to Article L.22-10-11 of the French Commercial Code, the elements that could have an impact in the event of a public tender offer or exchange offer are specified in Section 3.4.4 “Employees Savings and Shareholding”, 4.1 “Corporate governance bodies”, 4.1.2 “Functioning of the Board of Directors”, 4.4 “Compensation and benefits paid to members of corporate governance bodies”, 4.5.4 “Authorizations relating to share capital and share equivalents and their utilization”, 4.5.5 “Provisions in the bylaws on the participation of shareholders at Shareholders’ Meetings”, 5.2.2 “Breakdown of share capital”, 5.2.3 “Statutory disclosure thresholds”, 5.2.4 “Golden share” and 7.1 “General information concerning ENGIE and its bylaws”.

4.5.7 Statutory Auditors

Deloitte & Associés

Company represented by Patrick Suissa and Olivier Broissand.

6 place de la Pyramide, 92908 Paris-La Défense Cedex, France

Deloitte & Associés has been a Statutory Auditor for the Company since July 16, 2008. Its term of office was renewed at the Combined Shareholders’ Meeting of May 14, 2020 for a period of six years and will expire at the close of the 2026 Ordinary Shareholders’ Meeting held to approve the financial statements for the fiscal year ending December 31, 2025.

Ernst & Young et Autres

Company represented by Charles-Emmanuel Chosson and Stéphane Pédron.

1/2 place des Saisons, 92400 Courbevoie – Paris La Défense 1, France

Ernst & Young et Autres has been a Statutory Auditor for the Company since May 19, 2008. Its term of office was renewed at the Combined Shareholders’ Meeting of May 14, 2020 for a period of six years and will expire at the close of the 2026 Ordinary Shareholders’ Meeting held to approve the financial statements for the fiscal year ending December 31, 2025.

Previously, Ernst & Young Audit was an auditor between 1995 and 2007.

4.6 Corporate Governance Code

ENGIE maintains its commitment to implementing corporate governance guidelines and for this purpose refers to the Afep-Medef Corporate Governance Code for listed companies (amended in January 2020).

On the date of this Document, the Company applies all the provisions of this Code.

4.7 Statutory auditors' report on related party agreements

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

To the ENGIE Shareholders' Meeting,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2020, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

A. Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized and concluded during the year ended December 31, 2020 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

B. Agreements previously approved by the Annual General Meeting

B.1. Agreements approved in prior years, whose implementation continued during the year ended December 31, 2020

In accordance with Article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2020.

With M. Clamadieu, Chairman of the Board of Directors of your Company

a) Nature, purpose and terms: Benefit plan for Jean-Pierre Clamadieu

The Board of Directors, at its meeting of June 19, 2018, resolved to grant the Chairman of the Board of Directors a benefit plan equivalent to the policy for all ENGIE executives in France, through a group insurance policy taken out by your Company. This policy provides life insurance and disability insurance.

b) Nature, purpose and terms: Healthcare plan for Jean-Pierre Clamadieu

The Board of Directors, at its meeting of December 11, 2018, approved a health insurance policy equivalent to the policy for all ENGIE executives in France, granted through a group insurance policy taken out by your Company. This policy covers the standard coverage items for reimbursement of medical costs for the insured and his beneficiaries as of March 1, 2019.

With Isabelle Kocher, Director and Chief Executive Officer of your Company until February 24, 2020

Nature, purpose and terms: Group benefit and healthcare plans

At its meeting of May 3, 2016, the Board of Directors voted to maintain Isabelle Kocher on the same system as when she was Chief Operating Officer, namely the Group benefit and healthcare plans for executives from which she benefited before her employment contract was suspended.

B.2. Agreements approved in prior years, which were not implemented during the year ended December 31, 2020

In addition, we have been notified that the following agreements, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended December 31, 2020.

With Suez Environnement Company, now known as SUEZ (currently held at 1.8%, and held until 5 October 2020 at 31.7%)

Person concerned

Isabelle Kocher, Director and Chief Executive Officer of your Company until February 24, 2020 and Director of Suez.

Nature, purpose and terms: Agreement relating to the settlement of disputes in Argentina

In connection with the spinoff-distribution of the environment business of SUEZ (now ENGIE), your Company and SUEZ (formerly Suez Environnement Company) had entered into a twenty-year agreement on the economic transfer, to SUEZ, of the rights and obligations related to the equity interests held by SUEZ (now ENGIE) in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fé, relating thereto or arising therefrom (the "Argentine Rights").

This agreement, which continued to be implemented during the year, had been expressly authorized by the Board of Directors of SUEZ at its meeting of June 4, 2008 and signed on June 5, 2008.

B.3. Agreements approved during the year ended December 31, 2020

In addition, we have been notified of the implementation during the year ended December 31, 2020 of the following agreements which were approved by the Shareholders' Meeting of May 14, 2020 based on the statutory auditors' report on related party agreements dated March 10, 2020.

With Isabelle Kocher, ENGIE Director and Chief Executive Officer until February 24, 2020

Nature, purpose, terms and reasons: Memorandum of understanding for settlement between ENGIE and Isabelle Kocher in the context of her departure and the end of her mandate as Director and Chief Executive Officer

The memorandum of understanding for settlement that is intended to settle, on an amicable basis, the terms of the end of the tenure of the Chief Executive Officer, between your Company and Isabelle Kocher, was authorized by the Board of Directors on February 24, 2020 and signed on the same day.

Under the terms of the memorandum of understanding for settlement, your Company undertook to:

- pay a gross amount of €1,231,320 as a non-compete compensation for a period of 18 months;
- pay a gross amount of €672,736 as a settlement compensation;
- provide Isabelle Kocher with material resources for a maximum period of 18 months, ending when she has found full-time professional employment.

It is also specified that Isabelle Kocher, who joined the ENGIE Group in 2002, will also receive a gross amount of €1,399,204 for legal or contractual indemnities which she is entitled to receive due to early termination of her employment contract, which will take place in the context of contractual termination by mutual agreement after implementation of the relevant procedure.

The above agreements resulted in 2020 by:

- the payment to Isabelle Kocher of 1,493,616 euros under the transactional memorandum of understanding, corresponding to twelve months of non-compete compensation and the totality of the settlement compensation, as well as the provision of material resources in accordance with the protocol, and
- the payment to Isabelle Kocher of € 1,399,204 for compensation resulting from the termination of the employment contract.

Paris-La-Défense, March 12, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Olivier Broissand	Patrick E. Suissa	Charles-Emmanuel Chosson	Stéphane Pédron

5

Information on the share capital and shareholding

5.1 Information on capital

5.1.1 Share capital and voting rights

5.1.1.1 Share capital

ENGIE shares are listed on Compartment A of Euronext Paris and Euronext Brussels under ISIN Code FR0010208488 and ticker symbol ENGI. ENGIE shares are included in the CAC 40 index, the main index published by Euronext Paris, and are eligible for the Deferred Settlement Service (SRD). ENGIE is also listed on the following indexes: Euro STOXX 50, STOXX Europe 600, Euro STOXX, STOXX Europe 600 Utilities, MSCI Euro, SBF 120, MSCI Pan Euro, Euro STOXX Utilities.

As of December 31, 2020, ENGIE's share capital stood at €2,435,285,011, divided into 2,435,285,011 fully paid-up shares with a par value of €1 each.

5.1.1.2 Pledges, guarantees and collateral

Pledges of assets

The percentage of shares pledged is not significant.

Other pledges

In millions of euros	Total Value	2021	2022	2023	2024	2025	2026 to 2030	> 2030	Account Total	Corresponding %
Intangible assets	123	120	-	-	-	-	1	2	7,196	1.7%
Property, plant and equipment	1,749	623	16	15	12	5	62	1,016	49,889	3.5%
Equity investments	3,441	98	42	0	271	0	596	2,434	8,428	40.8%
Bank accounts	315	237	25	3	28	2	18	2	12,980	2.4%
Other assets	275	12	-	4	217	-	9	33	36,069	0.8%
TOTAL	**5,903**	**1,090**	**83**	**21**	**528**	**7**	**686**	**3,487**	**114,562**	**5.2%**

Note: The total amount of the pledge relating to equity instruments may relate to consolidated equity instruments with zero value in the consolidated balance sheet (elimination of these equity instruments upon consolidation).

5.1.1.3 Voting rights

Each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares which are fully paid up.

However, in accordance with Article L.22-10-46 of the French Commercial Code, all registered and fully paid-up shares registered in the name of the same beneficiary for at least two years are automatically entitled to a double voting right.

On December 31, 2020, the Company had 2,435,285,011 shares corresponding to 3,185,903,580 theoretical voting rights.

Pursuant to Article L.111-68 of the French Energy Code as modified by law n°2019-486 of May 22, 2019, the French government is required to hold at least one share of the Company.

In addition, pursuant to the French Energy Code and Decree 2007-1790 of December 20, 2007, ENGIE's share capital includes a golden share (for details, see Section 5.2.4 "Golden share").

5.1.2 Potential capital and share equivalents

As of December 31, 2020, there were no share equivalents conferring direct or indirect access to ENGIE's share capital.

5.1.3 Five-year summary of changes in the share capital

Date	Event	Nominal *(in euros)*	Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Par value per share *(in euros)*
08/02/2018	Increase of the share capital resulting from the subscription of 4,813,039 shares under the capital increase reserved for participants in an employee savings plan offered by the Group (Link 2018)	4,813,039	47,745,346.88	2,440,098,050	2,440,098,050	1.00
08/02/2018	Increase of the share capital resulting from the subscription of 1,223,127 shares under the capital increase reserved for participants in an employee savings plan offered by the Group (Link 2018)	1,223,127	12,133,419.84	2,441,321,177	2,441,321,177	1.00
08/02/2018	Reduction of the share capital resulting from the cancellation of 6,036,166 treasury shares	6,036,166	-	2,435,285,011	2,435,285,011	1.00

5.1.4 Stock repurchase

5.1.4.1 Treasury stock

The sixth resolution of the Combined Shareholders' Meeting of May 14, 2020 authorized the Company to trade in its own shares in order to manage its shareholders' equity according to the applicable laws and regulations.

Terms:

- maximum purchase price: €30 (excluding transaction costs);
- maximum number of shares that may be purchased for the duration of the program: 10% of the share capital;
- maximum total amount of acquisitions, net of fees: €7.3 billion.

A one-year liquidity agreement, renewable by tacit agreement, of an initial value of €55 million was signed on May 2, 2006, on the Euronext Paris market with Rothschild & Cie Banque. The amount of this agreement was raised to €150 million on July 22, 2008.

A new contract was signed on January 24, 2019, in order to comply with the AMF's decision of July 2, 2018, setting the maximum amount of the contract at €50 million as of January 1, 2019.

The main purpose of this agreement is to reduce the volatility of the ENGIE share and therefore the risk perceived by investors. This agreement complies with the Code of Conduct drawn up by the Association Française des Entreprises d'Investissement (French Association of Investment Companies). This agreement continued to apply in 2020.

Between January 1 and December 31, 2020, the Company purchased 9,817,827 shares, for a total value of €121.1 million (or €12.33 per share) under the liquidity agreement. Over the same period, and also under this agreement, ENGIE sold 9,817,827 shares for a total price of €121.2 million (or €12.34 per share). Furthermore, between January 1 and December 31, 2020, ENGIE did not purchase any shares to cover its commitments to the employee shareholding plan.

Between January 1 and February 28, 2021, ENGIE purchased 1,578,731 shares for a total value of € 20.7 million (or €13.11 per share) under the liquidity agreement. Over the same period, and also under this agreement, ENGIE sold 1,373,731 shares for a total price of €18 million (or €13.10 per share).

Furthermore, between January 1 and February 28, 2021, ENGIE did not purchase any shares to cover its commitments to the beneficiaries of stock options, bonus shares, and company savings plans.

On February 28, 2021, the Company held 0,77% of its share capital, or 18,464,634 shares: 18,464,634 to cover its commitments to the beneficiaries of stock options, bonus shares, and company savings plans and 205,000 regards to the liquidity agreement.

5.1.4.2 Description of the stock repurchase program to be submitted to the Shareholders' Meeting of May 20, 2021

Pursuant to Articles 241-1 to 241-7 of the AMF's General Regulations, the purpose of the following program description is to set out the objectives, terms and conditions of ENGIE's stock repurchase program, as it will be submitted to the Shareholders' Meeting to be held on May 20, 2021.

A. Main features of the program

The main features and goals of the program are summarized below:

- relevant securities: shares listed on Eurolist – SRD at the Paris Stock Exchange or on Eurolist at the Brussels Stock Exchange;
- maximum capital repurchase percentage authorized by the Shareholders' Meeting: 10% of the share capital;
- maximum unit purchase price: €30 (excluding transaction costs).

B. Objectives of the stock repurchase program

The objectives of the ENGIE stock repurchase program are summarized below:

- to ensure liquidity in the Company's shares by an investment service provider under liquidity agreements;
- to provide for the subsequent cancellation of the repurchased shares under a decision or authorization to reduce the share capital by the Extraordinary Shareholders' Meeting;
- to allocate or assign such shares to employees or former employees and corporate officers or former corporate officers of the Group;
- to set up stock purchase plans, bonus share plans on existing shares, or employee shareholding plans under company savings plans;
- to allocate or sell such shares to any entity as part of implementing an international employee shareholding plan;
- to provide for the holding and subsequent delivery of shares (as exchange, payment or otherwise) in the context of external growth transactions within the limit of 5% of the share capital;
- to provide for the hedging of securities conferring entitlement to Company share allocations, through issuance of shares, upon the exercise of the rights attached to securities conferring entitlement to Company shares by conversion, redemption, exchange, upon presentation of a warrant or other means of allocation;
- to implement any other market practices previously or subsequently authorized or to be authorized by market authorities.

C. Terms and conditions

Maximum percentage of share capital that may be repurchased and maximum amount payable by ENGIE

The maximum number of shares that may be purchased by ENGIE may not exceed 10% of the share capital of the Company on the date of the Shareholders' Meeting, i.e. 243.5 million shares, for a maximum theoretical amount of €7.3 billion. ENGIE reserves the right to hold the maximum amount authorized.

On February 28, 2021, ENGIE directly held 18,669,634 shares, i.e. 0.77% of the share capital.

Therefore, based on the estimated share capital on the date of the Meeting, the stock repurchase program could cover 225 million shares, representing 9.24% of the share capital, for a maximum amount of €6.6 billion.

Maximum term of the stock repurchase program

The stock repurchase program will be in effect for a period of 18 months beginning on the date of this Shareholders' Meeting, i.e. until November 19, 2021.

5.1.4.3 Book value and nominal value

The book value and the nominal value of the shares held by ENGIE itself or in its name, or by its subsidiaries, are indicated respectively in Note 7 of Section 6.4 "Parent company financial statements," and in Section 5.1.3. "Five-year summary of changes in the share capital."

5.2 Non-equity securities

5.2.1 Deeply subordinated securities

On November 30, 2020, ENGIE carried out a new issue of €850 million in deeply subordinated perpetual notes (See also Section 5.3 Green Bonds). At the same time, ENGIE bought back outstanding deeply subordinated securities on the markets for a nominal amount of €850 million (€49.7 million for the FR0011531730 bond, €458 million for the FR0011942283 bond, and €342.3 million for the FR0013310505 bond). Together, these transactions extended the life of the inventory of deeply subordinated securities under very favorable market conditions.

Following these transactions, as of December 31, 2020, the outstanding amount of deeply subordinated perpetual bonds issued by the Group was the following:

Currency	Coupon rate	Issue date	Maturity	First option for redemption	Outstanding amount *(in millions of euros)*	Exchange	ISIN Code
EUR	4.750%	07/10/2013	Perpetual	07/10/2021	363.4	Paris	FR0011531730
EUR	3.875%	06/02/2014	Perpetual	06/02/2024	542.0	Paris	FR0011942283
EUR	1.375%	01/16/2018	Perpetual	04/16/2023	657.7	Paris	FR0013310505
EUR	3.250%	01/28/2019	Perpetual	02/28/2025	1,000.0	Paris	FR0013398229
EUR	1.625%	07/08/2019	Perpetual	07/08/2025	500.0	Dublin	FR0013431244
EUR	1.500%	11/30/2020	Perpetual	11/30/2028	850.0	Paris	FR0014000RR2

All of the above securities are rated Baa3 by Moody's, BBB- by Standard and Poor's, and BBB+ by Fitch.

In accordance with the provisions of IAS 32, and given their characteristics, these instruments are recognized in equity in the Group's consolidated financial statements (see Section 6.2 "Consolidated financial statements" – Note 18.2.1).

5.2.2 Euro Medium Term Note (EMTN) Program

ENGIE has a €25 billion Euro Medium Term Note (EMTN) program. This program, valid for twelve months, is renewed every year. The latest version of the program's base prospectus is available on ENGIE's website, in the Credit section.

5.2.3 Bond issues

The main features of the bond issues outstanding as of December 31, 2020, issued by the Company, are detailed in Note 11 of Section 6.4 "Notes to the financial statements".

5.3 Green Bonds

5.3.1 Description of the bond

To support its development plan in line with its purpose ("raison d'être"), particularly in renewable energies and energy efficiency, ENGIE issued three Green Bonds in 2020 for a total of €2.35 billion.

Furthermore, the first green bond of €1.2 billion with a 6 years maturity issued by the Group in 2014 matured and has been repaid.

Lastly, a tender offer was launched in November 2020 for the green hybrid bond issued in January 2018, following which a total of €342.3 million was redeemed, and the outstanding amount reduced to €657.7 million.

Following these transactions, as of December 31, 2020, the outstanding amount of green bonds issued by the Group was the following:

Type	Currency	Coupon rate	Issue date	Maturity	Outstanding amount *(in millions of euros)*	Exchange	ISIN Code	Details on allocations
Senior	EUR	2.375%	05/19/2014	05/19/2026	1,300	Paris	FR0011911247	Universal registration documents 2014, 2015 and 2016
Senior	EUR	0.875%	03/27/2017	03/27/2024	700	Paris	FR0013245859	Universal registration document 2017
	EUR	1.500%	03/27/2017	03/27/2028	800	Paris	FR0013245867	
Senior	EUR	0.375%	09/28/2017	02/28/2023	500	Paris	FR0013284247	Universal registration document 2018
	EUR	1.375%	09/28/2017	02/28/2029	750	Paris	FR0013284254	
Hybrid	EUR	1.375%	01/16/2018	Perpetual (first call date 04/16/2023)	657.7	Paris	FR0013310505	Universal registration documents 2018 and 2019
Hybrid	EUR	3.250%	01/28/2019	Perpetual (first call date 02/28/2025)	1,000	Paris	FR0013398229	Universal registration document 2019
Senior	EUR	0.375%	06/21/2019	06/21/2027	750	Paris	FR0013428489	Universal registration document 2020
	EUR	1.375%	06/21/2019	06/21/2039	750	Paris	FR0013428513	
Senior	EUR	0.500%	10/24/2019	10/24/2030	900	Paris	FR0013455813	Universal registration document 2020
Senior	EUR	1.750%	03/27/2020	03/27/2028	750	Paris	FR0013504677	Universal registration document 2020
	EUR	2.25%	03/27/2020	03/30/2032	750	Paris	FR0013504693	
Hybrid	EUR	1.500%	11/30/2020	Perpetual (first call date 11/30/2028)	850	Paris	FR0014000RR2	Universal registration document 2020

The total amount of Green Bonds issued by ENGIE reached €12 billion at the end of 2020, of which €10.46 billion still outstanding. ENGIE has thus confirmed its leadership and its commitment to playing a leading role in energy transition while supporting the development of green finance.

The Green Bonds meet the terms of the Green Bond Framework that ENGIE has defined for its Green Bond issues. In March 2020, ENGIE updated this framework (renamed "Green Financing Framework") to keep up with market developments. This new framework applies to issues as from 2020. The Green Bond Framework and Green Financing Framework are available on ENGIE's website.

It is to be recalled that the principles of the Green Bond Framework are as follows:

- the funds raised by these bonds are allocated to projects that meet environmental, social and societal criteria (called "Eligible Projects"), as defined in the "use of proceeds" clause in the final terms of the Green Bond issue;
- until the funds raised are entirely allocated to Eligible Projects (or after, in case of a substantial change in allocations), ENGIE is committed to providing information in its Universal registration document on the fund allocations made during the period concerned;
- as part of this Green Bond Framework, ENGIE is committed to fulfilling the following conditions:
  - Eligible Projects must conform to the eligibility criteria determined by ENGIE and validated by VE (ex-Vigeo Eiris). Furthermore, in order to be eligible, they must not have been developed prior to the year preceding the year of issue. The amounts allocated are calculated after deduction of any funding already dedicated to these projects,
  - as of 31 December of each year, the Group must hold cash (and cash equivalents) of an amount at least equal to the funds raised by the Green Bond, less amounts allocated to fund Eligible Projects as of that date.

The main changes brought about by the Green Financing Framework are as follows:

- the scope of application of this framework is extended to any Green Financing Instrument, including Green Bonds and other green loans;
- the funds raised are allocated to projects supporting the transition to a low-carbon economy directly linked to ENGIE's strategy ("Eligible Projects"). The Eligible Projects must fall in a pre-defined category of projects and meet certain technical criteria;
- the funds can be allocated to Eligible Projects carried out after the issue of the green financing instrument, or can be used to refinance past investments in Eligible Projects, without any time limit for capex-type of investments, or not more than 36 months prior to the issue of the green financing instrument for opex-type of expenses;
- given that ENGIE has developed throughout the Group a robust CSR governance, Eligible Projects are no longer on an individual basis subject to CSR eligibility criteria under the Green Financing Framework. If a significant issue linked to a CSR factor occurs after funds have been allocated to a Eligible Project, ENGIE undertakes to replace this allocation as soon as possible;
- the funds raised can be allocated for refinancing other green financing instruments previously issued by ENGIE that have matured or are repurchased by the issuer. In such case, the Eligible Projects previously allocated to the matured or repurchased bonds can be reallocated to the new bonds as long as their residual lifetime is greater than the maturity of the instrument. ENGIE reserves the right to not reallocate certain projects, in particular if it deems that the eligibility criteria are no longer aligned with market standards. The reallocation is done as a fraction of the portfolio;
- for each issue, ENGIE undertakes to allocate at least 25% of the funds raised to Eligible Projects to which no funds have ever been allocated before. As an exemple:
  - if a matured €1 billion green bond is partly refinanced by a new €500 million issue, ENGIE could reallocate 37.5% of the portfolio of Eligible Projects previously allocated, i.e. €375 million (75% of the new issue). The residual amount of the portlio could be allocated to other green bonds contributing to the refinancing,
  - if as part of a tender offer ENGIE repurchases €200 million of a €1 billion green bond, ENGIE could reallocate 20% of the portfolio of Eligible Projects previously allocated, i.e. €200 million (provided that this allocation does not exceed 75% of the amount of the issue to which it is reallocated). The other 80% of the portfolio of Eligible Projects remain allocated to the instrument partly repurchased.

ENGIE aims to have fully allocated each Green Bond within two years of the date of issue (three years if the bond has an initial maturity of 10 years or more).

If, for a given fiscal year, several Green Bonds must be allocated, the allocation in that year will be based, as far as possible, on the following principles: first by issuance date order, i.e. priority will be given to bonds issued first, and then in order of duration, with a shorter tranche having priority over a longer one. In the specific case of refinancing of Eligible Projects mentioned above, these projects will be allocated to all the Green Bonds waiting for allocation in proportion to the respective amounts remaining to be allocated to them. It is however specified that in the event of repurchase of Green Bonds with a new concomitant green issue, the Eligible Projects will be reallocated as a priority to this new issue.

In line with its commitments, ENGIE requested one of its Statutory Auditors, Deloitte & Associés, to provide a statement certifying compliance of the selected projects with the eligibility criteria and the amounts allocated to those projects.

ENGIE refers to the four principles established by the International Capital Market Association ("Green Bond Principles"), which are: (i) use of proceeds; (ii) existing processes to evaluate and select Eligible Projects; (iii) management of proceeds; and (iv) reporting.

5.3.2 Projects and eligibility criteria

The categories of projects covered by the Green Bonds Framework (issues prior to 2020) are described below.

Project category	Description
Renewable Energy	This category of projects includes the financing of, or investments in, the design, construction and installation of renewable energy production or transport units. It covers energy produced from renewable non-fossil sources. It includes hydro, geothermal, wind, solar, biogas, biomass and any other renewable energy source.
Energy Efficiency	This category of projects includes the financing of, or investments in, projects that contribute to a reduction of energy consumption per unit of output, such as, for example, heating and cooling networks, optimization of buildings or plant efficiency, and energy management systems (Smart Grids, Smart Metering).
Natural Resources Preservation	This category of projects includes the financing of, or investments in, projects that contribute to a reduction in consumption of natural resources, such as water and/or waste management.
Clean Transportation	This category of projects includes the financing of, or investments in, projects that contribute to a reduction in CO_2, gas or particles harmful to health and/or the environment, or in energy, expressed by passenger and kilometer.
Other projects conforming to the categories of the Green Bond Principles	This category of projects includes the financing of, or investments in, the categories of projects included in the Green Bond Principles; the environmental and societal eligibility criteria applicable to these projects in view of their eligibility will be defined by ENGIE and examined by VE.

The CSR eligibility criteria under the Green Bond Framework are available on ENGIE's website. These criteria were drawn up together with VE and were used to select the projects.

The 2020 Green Financing Framework adds the following new categories of projects to the ones existing in the Green Bond Framework:

- Energy storage;
- Electricity Transmission and distribution infrastructure;
- Carbon Capture and Storage;
- Green Buildings;
- Sustainable management of living natural resources and land use.

The technical eligibility criteria for the different categories of the Green Financing Framework are available on ENGIE's website.

The Green Bond Committee was established in 2017. This Committee meets regularly to discuss market developments, the eligibility criteria and the allocation processes. It is jointly led by the CSR Department and the Finance Department and brings together the Purchasing Department, the Global Care Department and the main BUs concerned.

5.3.3 Eligible Projects

During 2020, the Group proceeded to the allocation of €3.36 billion of Eligible Projects, as per the below repartition:

In millions of euros	Allocated Green Bond	Nominal amount	Allocated amount
New allocations			
	Senior 8 y June 2019	750	737 [(1)]
	Senior 20 y June 2019	750	750
	Senior 11 y October 2019	900	900
	Sub-total		**2,387**
Realloctions			
of matured bond			
	Senior 8 y March 220	750	230
	Senior 12 y March 2020	750	230
	Hybrid 8 y November 2020	850	260
following a tender offer			
	Hybrid 8 y November 2020		256
	Sub-total		**975**
TOTAL ALLOCATIONS 2020			**3,362**

(1) 13 million euros allocated in 2019

5.3.3.1 Green Bonds of €1.5 billion (in two tranches) issued in June 2019 and €900 million issued in October 2019

The main Eligible Projects financed by the Green Bond issues of June 2019 (ISIN: FR0013428489 and FR0013428513) and October 2019 (ISIN: FR0013455813) that meet the aforementioned conditions of the Green Bond Framework are listed in the table below.

In millions of euros	Projects	Country	Senior €750 m 8 Y Jun 19	Senior €750 m 20 Y Jun 19	Senior €900 m 11 Y Oct 19
Type of Project: Renewable Energy					
Technology: Hydropower			**201**	**205**	**246**
Europe	Monet*	Portugal			
	CN'AIR Hydro*	France			
Technology: Solar			**201**	**204**	**245**
South America	Capricornio, Tamaya	Chile			
	Abril, Calpulalpan, Sol de Insurgentes, Villa Ahumada	Mexico			
	SD Paracatu	Brazil			
North America	Anson, Bluestone, Long Draw, Whitehorn (Gretna), Hawtree*	United States			
Europe	CN'AIR Solar, ENGIE Green, PV Development E&C	France			
	Sonne PV	Romania			
Africa	Fenix	Several countries (1)			
	Scaling Solar	Senegal			
Asia and Oceania	GUVNL	India			
	Retop	China			
Middle East	Nadec	Saudi Arabia			
Technology: Wind			**194**	**196**	**237**
North America	Dakota Range, East Forks, Iron Star*, Jumbo Hill, King Plains, Las Lomas, Prairie Hill, Solomon Forks, Triple H, Priddy*	United States			
South America	Calama	Chile			
	Tres Mesas 4	Mexico			
Europe	OW*, CN'AIR Wind, Engie Green On-shore, Renvico*, ABOWind*	France			
	Renvico*, Wood*	Italy			
Technology: Bioenergy			**22**	**23**	**27**
Europe	GRDF (Biogaz network injection), ENGIE BiOZ, DSP Pau*	France			
Technology: Geothermal			**4**	**4**	**4**
Europe	Champs sur Marne*, Vélidis*	France			
Asia and Oceania	Supreme Muara Laboh	Indonesia			
Technology: R&D			**9**	**9**	**11**
Type of Project: Energy Efficiency					
Technology: Energy efficiency			**77**	**78**	**94**
Europe	Gazpar, Réseaux de Chaleur Urbains, Storengy (Hydrogen and syntetic methane projects)*	France			
	GAMOR*	Germany			
	ENGIE New Ventures	Several countries			
Asia and Oceania	Punggol DCS*	Singapore			
Technology: Pumped Storage			**14**	**15**	**18**
Europe	First Hydro (Ffestiniog 1&2)*	United Kingdom			
Technology: R&D			**5**	**5**	**5**

In millions of euros	Projects	Country	Senior €750 m 8 Y Jun 19	Senior €750 m 20 Y Jun 19	Senior €900 m 11 Y Oct 19
Type of project: Clean Transportation					
Technology: Clean Transportation			**5**	**6**	**7**
Europe	GNVERT*	France			
Technology: EV			**3**	**3**	**3**
Asia and Oceania	EVChong*	China			
Technology: Hydrogen			**2**	**2**	**2**
Africa	Rhyno*	South Africa			
Europe	DMSE*, Zero Emission Valley*	France			
SUB-TOTAL			**737**	**750**	**900**
ALLOCATED IN 2019					
Type of project: Clean Transportation					
Technology: EV			**13**		
Europe	ChargePoint	United Kingdom		-	-
TOTAL			**750**	**750**	**900**

* *New eligible projects*
(1) Uganda, Zambia, Benin, Nigeria, Mosambique

The projects and the related capex set out in the above table for a total amounting to €2.39 billion are allocated globally to the Green bonds of June 2019 and October 2019, in such proportions as to complete and finalize the allocation of these Green bonds .

As a reminder, the Green Bonds issued in 2014, 2017, 2018 and January 2019 have been fully allocated. Details of the Eligible Projects and the corresponding allocations were published in the 2014 to 2019 registration documents.

Total funds allocated to Eligible Projects throughout 2020 are related to investment of €24 million for the year 2018, €40 million for 2019 and €2.32 billion for 2020. In line with the Group's commitments, a more detailed description of the impacts in terms of avoided emissions and the related methodology is available on the Sustainable Development page of the Group's website (www.engie.com/analystes-rse/finance-durable/green-bond).

The Green Bonds contribute to the funding or acquisition of Eligible Projects in (i) renewable energy (wind, solar, hydropower and/or biomass), (ii) energy efficiency, (iii) natural resources preservation, and (iv) clean transportation.

1) Renewable Energy

Energy transition and the development of renewable energy on a global scale are a strategic priority for ENGIE. As of end of 2020, the Group has installed capacity of 101 gigawatts (GW), including 31.2% (31.5 GW) in renewables (hydroelectricity, wind, solar, geothermal, biomass, etc.). The Group is targeting a 58% share of renewable energy in its generation portfolio by 2030. In 2020, ENGIE continued to expand its portfolio of renewable assets in wind, solar, biomass, and geothermal by developing new projects in particular in North America, South America and Europe. In 2020, the Group thus commissioned 3 GW of which about 1.8 GW in the United States and 0.9 GW in Europe. The Group has also acquired 2 GW of renewable capacity in operation through acquisitions in Portugal of hydro dams owned by EDP as well as the acquisition of wind farms from Renvico. These low-carbon resources play an essential role in energy transition and the fight against climate change.

During 2020, a total of €2.04 billion had been allocated to Eligible Projects in the field of renewable energy sources in respect of the Green Bonds of June 2019 and October 2019. When fully operational, these projects should contribute to avoiding greenhouse gas emissions by a minimum of 5.05 million metric tons of CO_2 eq. per year.

The methodology for calculating avoided emissions is based on a comparison of the Life-Cycle Analysis (LCA) emission value of the energy generation technology being used by the project and the one of the energy mix of the country in question. ENGIE estimates the contribution to avoided emissions resulting from Green Bond-funded projects by multiplying the difference between the two LCA values stated with the plant's capacity and the technology's average load factor. The contribution to avoided emissions are calculated for one year of operation of the projects, considered in a full operational mode and taken at 100% regardless of the Group's ownership rate of these projects.

Per-country reference data for the average operating rates of technologies used and the average CO_2 emissions rates per kWh of the generation mix were drawn from data from Enerdata. The technologies' LCA data is derived from work performed by the IPCC (Intergovernmental Panel on Climate Change). For CDM (Clean Development Mechanism) projects registered and approved by the United Nations, the resulting contribution to avoided emissions is derived from the underlying methodologies.

2) Energy Efficiency

The Group's other strategic focus is the development of high efficiency energy networks supporting the transition to a low-carbon economy. In 2020, ENGIE continued to develop urban heating or cooling networks in Europe and mainly in France.

During 2020, a total of €312 million had been allocated to Eligible Projects in the field of energy efficiency in respect of the Green Bonds of June 2019 and October 2019. When fully operational, these projects should contribute to reducing greenhouse gas emissions by a minimum of 0.21 million metric tons of CO_2 eq. per year.

The methodology for calculating the contribution to reduced emissions related to energy efficiency projects depends on the technologies implemented. For on-site or network facilities, ENGIE multiplies the energy savings generated by the project by the emissions of the concerned country's energy mix. For pumped-storage sites, ENGIE compares the emissions of the country's energy mix at the times when the energy is consumed with that of the mix when the energy is fed back to the network. The contributions to reduced emissions are calculated for one year of operation of the projects, considered in a fully operational mode and taken at 100% regardless of the Group's ownership rate of these projects

3) Natural Resources Preservation

No natural resources preservation projects were allocated to the Green Bonds in 2020.

4) Clean Transportation

Clean transportation is a central pillar of the development of offers to support our target customers (local authorities and major industrial groups) in decarbonizing their mobility. ENGIE is mainly involved in the development of electricity charging stations and CNG/Biogas stations.

During 2020, a total amount of €31 million had been allocated to Eligible Projects developed in the area of clean mobility in respect of the Green Bonds of June 2019 and October 2019. When fully operational, these projects should contribute to reducing greenhouse gas emissions by a minimum of half a thousand metric tons of CO_2 eq. per year.

For the calculation of the contribution to reduced emissions related to clean mobility projects, ENGIE multiplies the quantity of energy delivered (electricity or biogas) by the project by the number of kilometers traveled per unit of energy and the difference in carbon intensity of the technology compared to a base scenario. The contribution to reduced emissions are calculated for one year of operation of the projects, considered in a fully operational mode and taken at 100% regardless of the Group's ownership rate of these projects.

5) Results of the Green Bonds issued in June 2019 and October 2019

The main geographic areas concerned by the projects allocated to the June 2019 and October 2019 Green Bonds are Europe and North and South America, which respectively accounted for 59.9%, 29.1% and 8.3% of the total amount invested. With regard to the technologies used, the main technologies involved in the allocation to the June 2019 and October 2019 Green Bonds are hydro 27.9%, solar 27.7% and wind 26.9%.

Region	**Allocated funds** *(in %)*
Europe	59.9%
North America	29.1%
South America	8.3%
Africa	1.2%
Asie-Oceania	1.1%
Middle East	0.4%

Technology	**Allocated Funds** *(in %)*
Hydro	27.9%
Solar	27.7%
Wind	26.9%
Engergy Efficiency	10.6%
Bioenergy	3.1%
Energy Storage	2.0%
Clean Transporation	1.3%
Geothermal	0.5%

When fully operational and taken at 100%, these projects should contribute to avoiding or reducing greenhouse gas emissions by a minimum of 5.26 million metric tons of CO_2 eq. per year.

5.3.3.2 Green Bonds of €1.5 billion (in two tranches) issued in March 2020 and €850 million issued in November 2020

The following refinancing operations were allocated to the green bonds issued in 2020, in accordance with the Green Financing Framework applicable to them.

March 2020 Green Bond (tranche of €750 million maturity March 2028 and tranche of €750 million maturity March 2032) and Green Hybrid of October 2020 of €850 million – partial reallocation of Eligible Projects allocated to the 2014 Green Bond which reached maturity in May 2020

In millions of euros	Projects	Country	Senior €750 m 8Y Mar 20	Senior €750 m 12Y Mar 20	Hybrid €850 m 8Y Nov 20
Type of Project: Renewable Energy					
Technology: Hydropower			**27**	**27**	**31**
South America	Quitaracsa	Peru			
	Salto Santiago	Brazil			
Europe	Shem	France			
Technology: Wind			**81**	**81**	**91**
Europe	Diverse portfoloi	Several Countries			
	Tréport – Noirmoutier (1), on-shore wind portfolio	France			
	Alizeu	Romania			
	Dabrowice	Poland			
	on-shore wind portfolio	Belgium			
South America	Santa Monica, Campo Largo	Brazil			
Africa	West Coast One	South Africa			
Technology: Solar			**42**	**42**	**48**
Europe	Solardirect (acquisition + develoment), Besse-sur-Issole	France			
	Santa Chiara	Italy			
South America	Los Loros	Chile			
	Paracatu, Floresta, Assu Fotovoltaico	Brazil			
Technology: Bioenergy			**37**	**37**	**42**
Europe	District heating networks with production from biomass	France			
	Aoste	Italy			
South America	Ferrari	Brazil			
Technology: Geothermal			**7**	**7**	**8**
Europe	District heating networks with production from geothermy	France			
Type of Project: Energy Efficiency					
Technology: Energy efficiency			**29**	**29**	**33**
North America	ENGIE Services US (ex-OpTerra)	United States			
Technology: District cooling			**6**	**6**	**6**
Europe	Disctric heating and cooling networks	France			
TOTAL			**230**	**230**	**260**

(1) Project transferred to the JV with EDPR (OW)

When fully operational and taken at 100%, these projects contribute to avoiding or reducing greenhouse gas emissions by a minimum of 1.3 million metric tons of CO_2 eq. per year.

October 2020 Green Hybrid of €850 million – partial reallocation of the Eligible Projects allocated to the January 2018 Green Hybrid

In millions of euros	Projects	Country	Hybrid €850 m 8Y Nov 20
Type of Project: Renewable Energy			
Technology Hydro			**4**
South America	Salto Osorio	Brazil	
Technology: Solar			**124**
South America	Capricornio, Tamaya	Chile	
	Abril, Akin, Calpulalpan, Sol de Insurgentes, Villa Ahumada, Trompezon	Mexico	
	Floresta	Brazil	
Africa	Fenix	Uganda	
	Kathu	South Africa	
	Mobisol	Several countries (1)	
	Powercorner	Tanzania	
	Scaling Solar	Senegal	
Asia and Oceania	Kadapa	India	
Europe	Retop, Retop Biz	China	
	Seneca	Spain	
North America	SoCore, Fund IV	United States	
Middle East	Nadec	Saudi Arabia	
Technology: Wind			**95**
North America	East Forks, Jumbo Hill, Seymour Hills	United States	
South America	Calama	Chile	
	Tres Mesas 3 and 4	Mexico	
Asia and Oceania	SECI projects, GUNVL	India	
Europe	Phoenix 1, Goya	Spain	
	On-shore wind portfolio, Seamaid (2)	Belgium	
	Windfloat (2)	Portugal	
Africa	Ras Ghareb	Egypt	
Technology: Bioenergy			**20**
Europe	Biomethane and network connection	France	
	Biogas Plus	Netherlands	
	Sisslerfeld	Switzerland	
Type of Project: Energy Efficiency			
Technology: Energy efficiency			**3**
Europe	ENGIE New Ventures	Several countries	
Type of Project: Clean Transportation			
Technology: EV			**10**
South America	Transantiago	Chile	
TOTAL			**256**

(1) Tanzania, Kenya, Rwanda
(2) Project transferred to the JV with EDPR (OW)

When fully operational and taken at 100%, these projects contribute to avoiding or reducing greenhouse gas emissions by a minimum of 3.4 million metric tons of CO_2 eq. per year.

5.3.4 Attestation from one of the Statutory Auditors of ENGIE SA on the information related to the allocation, as of December 31, 2020, of funds raised through the Green Bonds issued on June 21, 2019, October 24, 2019, March 27, 2020, and November 30, 2020

This is a free translation into English of the attestation from one of the Statutory Auditors of ENGIE SA on the information related to the allocation, as of December 31, 2020, of funds raised through the Green Bonds issued on June 21, 2019, October 24, 2019, March 27, 2020, and November 30, 2020 originally issued in French and is provided solely for the convenience of English speaking readers. This attestation should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Group's Chief Executive Officer,

In our capacity as statutory auditor of ENGIE SA (the "**Company**") and in accordance with your request, we have prepared this attestation on the information related to the allocation, as of December 31, 2020, of funds raised through the Green Bonds issued on June 21, 2019, in two tranches for a total amount of €1.5 billion, on October 24, 2019 for €0.9 billion, on March 27, 2020 in two tranches for a total amount of €1.5 billion and on November 30, 2020 for €0.85 billion (the **"Issues"**), contained in the attached document and in the **"Green Bonds"** section of the 2020 Universal registration document, and prepared pursuant to the use of proceeds referred to in the final terms of the Issues, signed on June 19, 2019 (FR0013428489 and FR0013428513), October 22, 2019 (FR0013455813), March 26, 2020 (FR0013504677 and FR0013504693) and November 26, 2020 (FR0014000RR2) (the "**Final Terms**").

This document, prepared for the purposes of informing the Green Bond debt securities holders, presents:

- in reference to the Green Bond Framework, an allocation of the funds raised from the Issues on June 21, 2019 and October 24, 2019 to eligible projects (the **"Eligible Projects**), over the period from January 1, 2018 to December 31, 2020, for a total amount of €2,387 million;
- in reference to the Green Financing Framework, an allocation of the funds raised from the Issues on March 27, 2020 and November 30, 2020 to the refinancing of eligible projects, previously financed by the Green Bonds of May 19, 2014 (FR0011911239) and January 16, 2018 (FR0013310505) (the **"Refinanced Eligible Projects"**) for €975 million, it being specified that no funds were allocated to new green eligible projects solely under the Green Financing Framework (the **"Green Eligible Projects"**).

This information was prepared under your responsibility, based on the accounting records used for the preparation of the consolidated financial statements for the years ended December 31, 2018, December 31, 2019 and December 31, 2020.

Our role is to report on:

- the compliance, in all material respects, of:
  - the Eligible Projects referred to in the attached document, with the eligibility criteria defined and approved jointly by both the Company and VE (formerly Vigeo Eiris), and included in the Green Bond Framework referred to in the attached document and in the appendices to the Final Terms (the "**Eligibility Criteria**");
  - the Refinanced Eligible Projects referred to in the attached document, with the Green Financing Framework referred to in the attached document and in the appendices to the Final Terms (the **"Green Eligibility Criteria"**), it being specified that as of December 31, 2020 no funds were allocated to Green Eligible Projects;
- the consistency of the amounts raised from the Issues allocated to Eligible Projects, as of December 31, 2020, with data underlying the accounting records;
- the consistency of the amounts raised from the Issues allocated to Refinanced Eligible Projects, as of December 31, 2020, with the previously financed amounts;
- the consistency with the consolidated financial statements for the year ended December 31, 2020 of an amount of cash, cash equivalents and money market instruments higher than the remaining balance of net proceeds not allocated as of December 31, 2020.

However, we have no responsibility for:

- challenging the Eligibility Criteria, and the Green Eligibility Criteria and, in particular, we give no interpretation on the Final Terms;
- forming an opinion on the use of the funds allocated to Eligible Projects and, to Refinanced Eligible Projects and Green Eligible Projects after such funds have been allocated.

In the context of our role as Statutory Auditor, we have audited, jointly with the other Statutory Auditor, the consolidated financial statements of the Company for the years ended December 31, 2018, December 31, 2019 and December 31, 2020. Our audits were conducted in accordance with professional standards applicable in France, and were planned and performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole and not on any individual component of the accounts used to determine the information. Accordingly, our audit tests and samples were not carried out with this objective and we do not express any opinion on any component of the accounts taken individually. The consolidated financial statements for the year ended December 31, 2020, which have not yet been approved by the Shareholders' Meeting, have been certified and our report thereon is dated March 12, 2021.

Our engagement, which constitutes neither an audit nor a review, was performed in accordance with professional standards applicable in France. For the purposes of this attestation, our work consisted, using sampling techniques or other methods of selection, in:

- understanding the procedures implemented by the Company for producing the information contained in the attached document;
- verifying the compliance, in all material respects, of (i) the Eligible Projects referred to in the attached document with the Eligibility Criteria and (ii) the Refinanced Eligible Projects referred to in the attached document, and already in compliance with the Eligibility Criteria, with the Green Eligibility Criteria;
- verifying the consistency of the amounts raised from the Issues allocated to Eligible Projects with data underlying the accounting records;
- the consistency of the amounts raised from the Issues allocated to Refinanced Eligible Projects with the previously financed amounts; and
- verifying that the cash, cash equivalents and money market instruments balance as in the consolidated financial statements for the year ended December 31, 2020 is higher than the remaining balance of net proceeds not allocated as of December 31, 2020.

On the basis of our work, we have no matters to report on:

- the compliance, in all material respects, of the Eligible Projects with the Eligibility Criteria, and the Refinanced Eligible Projects with the Green Eligibility Criteria;
- the consistency of the amounts raised from the Issues allocated to Eligible Projects as of December 31, 2020 with data underlying the accounting records;
- the consistency of the amounts raised from the Issues allocated to Refinanced Eligible Projects, as of December 31, 2020, with the previously financed amounts; and
- the consistency with the consolidated financial statements for the year ended December 31, 2020 of an amount of cash, cash equivalents and money market instruments higher than the remaining balance of net proceeds not allocated as of December 31, 2020.

This attestation has been prepared solely for your attention within the context described above and may not be used, distributed or referred to for any other purpose.

In our capacity as statutory auditor of ENGIE SA, our responsibility towards the Company and its shareholders is defined by French law and we do not accept any extension of our responsibility beyond that provided for by French law. We are not liable and accept no responsibility towards any third party.

This attestation is governed by French law. The French courts have exclusive jurisdiction to hear any dispute, claim or dispute that may arise from our engagement letter or this attestation, or any question relating to it. Each party irrevocably waives its rights to oppose an action brought before these courts, to claim that the action was brought before an incompetent court, or that these courts have no jurisdiction.

Paris-La Défense, March 12, 2021

One of the Statutory Auditors

Deloitte & Associés

Olivier Broissand

Patrick E. Suissa

5.4 Shareholding

5.4.1 Stock exchange quotation

Trading volumes and high and low prices of ENGIE shares in Paris

2020	High [(1)] *(in euros)*	Low [(1)] *(in euros)*	Trading volume [(2)]
January	15.88	14.69	5,567,163
February	16.65	15.03	9,390,593
March	15.93	9.41	15,678,975
April	9.99	8.70	8,267,955
May	10.86	9.17	7,228,013
June	11.95	10.65	8,089,061
July	11.41	10.80	6,123,919
August	12.18	11.14	4,739,560
September	12.02	11.12	5,428,240
October	12.16	10.27	5,616,102
November	12.64	10.61	6,835,044
December	12.90	12.16	4,825,351

(1) Rate obtained from daily closing prices
(2) Daily average (source: Bloomberg)

Subsequent to the deregistration of ENGIE with the U.S. Securities & Exchange Commission on October 30, 2009, ENGIE maintains an unlisted Level 1 American Depositary Receipt (ADR) program on a U.S. stock exchange. These ADRs are traded on the Nasdaq over-the-counter market.

5.4.2 Breakdown of share capital

As of December 31, 2020, the Company held 2,435,285,011 shares, including 18,464,634 in treasury stock. The Company's share capital did not change during 2020.

Major changes in ENGIE shareholdings during the past three fiscal years

	December 31, 2020			December 31, 2019		December 31, 2018	
	Number of shares	% of share capital	% of theoretical voting rights [(1)]	% of share capital	% of theoretical voting rights [(1)]	% of share capital	% of theoretical voting rights [(1)]
French State	575,693,307	23.64	33.19	23.64	33.67	23.64	33.84
BlackRock	108,662,050 [(2)]	4.46 [(2)]	3.43 [(2)]	4.52 [(3)]	3.53 [(3)]	5.02 [(4)]	3.99 [(4)]
Employee shareholding	77,939,699	3.20	4.26	3.22	3.87	3.97	4.65
CDC group	111,799,650 [(5)]	4.59 [(5)]	3.83 [(5)]	2.62	2.35	1.83	1.75
CNP Assurances	-	-	-	0.96	0.75	0.99	0.78
Treasury stock	18,464,634	0.76	0.58	0.91	0.71	0.98	0.76
Management	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant
Public	1,542,725,671	63.35	54.71	64.13	55.12	63.57	54.23
TOTAL	**2,435,285,011**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Pursuant to Article 223-11 of the AMF General Regulations, the number of theoretical voting rights is calculated on the basis of all shares to which voting rights are attached, including shares held by the Group, from which voting rights have been removed
(2) Information not available on December 31, 2020 (data on December 7, 2020 from the disclosures threshold notification)
(3) Information not available on December 31, 2019 (data on December 30, 2019 from the disclosure threshold notification)
(4) Information not available on December 31, 2018 (data on December 27, 2018 from the disclosures threshold notification)
(5) CDC group (CDC + CNP Assurances)

Pursuant to the provisions of Article L. 233-13 of the French Commercial Code, it is stipulated that, to ENGIE's knowledge, only the French State held a stake of 5% or more of the share capital or voting rights at the end of fiscal 2020.

5.4.3 Disclosure thresholds

The Company has not been notified of any crossing of the statutory threshold, whether above or below, for fiscal year 2020.

To the Company's knowledge, as of the date of this Universal registration document, only the French State hold share capital and/or voting rights in ENGIE that exceed one of the legal thresholds.

5.4.4 Golden share

Pursuant to Article L.111-68 of the French Energy Code as modified by law n°2019-486 of May 22, 2019, the French government is required to hold at least one share of the Company.

Pursuant to Article L.111-69 of the French Energy Code, ENGIE's share capital includes a "golden share" resulting from the conversion of one common share owned by the French State to preserve the essential interests of France in the energy sector relating to the continuity and security of the energy supply. The golden share is granted to the French government indefinitely and entitles it to veto decisions made by ENGIE or its French subsidiaries, which directly or indirectly seek to sell in any form whatsoever, transfer operations, assign as collateral or guarantee, or change the intended use of certain assets covered by the French Energy Code, if it considers they could harm French energy interests, particularly as regards the continuity and safeguarding of supplies.

Under the terms of Article D.111-21 of the French Energy Code, the assets covered by the French State's right of veto pursuant to the golden share are:

- natural gas transmission pipelines located in France;
- assets related to the distribution of natural gas in France;
- underground natural gas storage located in France;
- liquefied natural gas facilities located in France.

Pursuant to those same provisions, all decisions of this nature must be reported to the French Minister of the Economy.

The decisions mentioned above are deemed to be authorized if the Minister of the Economy does not veto them within one month of the date of their disclosure, as recorded by a receipt issued by the administration. This period may be extended for a period of 15 days by order of the Minister of the Economy. Before the expiration of the aforementioned one-month period, the Minister of the Economy may waive the right to veto. If there is a veto, the Minister of the Economy will communicate the reasons of his or her decision to the Company in question. The decision of the Minister of the Economy may be appealed.

Pursuant to Decree No. 2019-1071 of October 22, 2019 and Decree No. 93-1296 of December 13, 1993, any transaction executed in violation of these rules is automatically null and void.

As of the date of this Universal registration document, to ENGIE's knowledge, there is no agreement relating to an operation on any entity that is a member of the ENGIE Group, concerned by these provisions, or any agreement which, if implemented, could lead to a change in its control.

5.4.5 Dividend distribution policy

ENGIE seeks to pursue a dynamic and attractive dividend distribution policy. To encourage and reward shareholder loyalty, the General Shareholders' Meeting of April 28, 2014 instituted a 10% dividend mark-up for shareholders who have held their shares in registered form for at least two years, this 10% being the maximum amount authorized by Article L.232-14 of the French Commercial Code. This measure was applied for the first time to the dividend payment for fiscal year 2016 and will be capped at 0.5% of the share capital for a single shareholder, as stipulated in Article L.232-14 of the French Commercial Code.

The Group's objectives described in Section 6.1.1.1.2 "Financial targets" do not constitute under any circumstances a commitment by the Company, and future dividends will be assessed on a year-by-year basis depending on the Company's performance, financial position and any other factor considered relevant by the Board of Directors in preparing its proposals to the Shareholders' Meeting.

The Board of Directors will propose to the Shareholders' Meeting of May 20, 2021 the payment of a dividend for fiscal year 2020 of €0.53 per share, corresponding to a distribution ratio of 75% on the basis of net recurring income (Group share) for 2020.

As a reminder, in early 2019, ENGIE announced a new medium-term dividend policy, within a range of 65% to 75% of the distribution ratio, based on net recurring income (Group share). On April 1, 2020, the Board of Directors decided not to distribute dividends for fiscal year 2019, in a spirit of responsibility and prudence in exceptional context of the Covid-19 epidemic. The dividend distribution policy, after being suspended on April 1, 2020, was reconfirmed at the Shareholders' Meeting of May 14, 2020.

Dividend per share in the last five years

Fiscal year *(fully paid up shares)*	**Net dividend per share** *(in euros)*
2015	1.00
2016	1.00
2017	0.70
2018	1.12
2019	0

After a period of five years, unclaimed dividends are automatically paid to the French Treasury.

5.5 Financial reporting schedule

Publication of annual earnings 2020	February 26, 2021
Publication of Q1 results 2021 and mid-term ambitions	May 18, 2021
Annual Shareholders' Meeting	May 20, 2021
Publication of the 2021 half-year results	July 30, 2021

6

Financial informations

6.1 Review of the financial position

6.1.1 Management report

6.1.1.1 ENGIE 2020 results

ENGIE 2020 financial results

Progress at pace on new strategic direction towards accelerating the energy transition.Strong recovery from Q2 levels, with H2 organic performance similar to 2019

Business Highlights

- Major capital projects delivered with €4.0 billion growth Capex [(1)]
- Strong growth in Renewables with 3 GW commissioned and 2 GW acquired
- Sale of 29.9% shareholding in SUEZ completed
- Client Solutions and further strategic reviews launched towards Group simplification
- Employee consultation launched for potential creation of new leader in multi-technical services
- New ExCom announced
- Continued ESG progress, with commitment to finalize coal exit in Europe by 2025 and globally by 2027
- Decision to stop preparation works that would allow for the 20-year extension of two nuclear units beyond 2025
- Update on new strategic direction alongside Q1 results, on May 18, 2021

Financial performance

- 2020 NRIgs in line with guidance, EBITDA and COI [(2)] above expectations
- Significant impact of Covid-19 in 2020 mainly on Client Solutions and Supply, with c. €1.2 billion total Group impact at COI level
- Negative FX impact of €0.3 billion at COI level, mainly due to BRL depreciation
- Net financial debt at €22.5 billion, down €3.5 billion versus last year, strong liquidity and strong investment grade rating maintained
- Impairment of nuclear assets, partially offset by capital gains on disposals, leading to NIgs of -€1.5 billion
- 2020 proposed dividend of €0.53 per share
- 2021 guidance [(3)]: NRIgs expected in the range of €2.3-2.5 billion

6.1.1.1.1 Key Financial figures at December 31, 2020

In billions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)* [(1)]
Revenues	55.8	60.1	-7.2%	-5.7%
EBITDA	9.3	10.4	-10.5%	-6.5%
Current operating income (COI)	4.6	5.8	-21.3%	-16.4%
Net recurring income Group share	1.7	2.7	-36.5%	-34.3%
Net income, Group share	(1.5)	1.0	-	
CAPEX	7.7	10.0	-	
Cash Flow From Operations (CFFO) [(2)]	7.1	7.6	-	
Net financial debt	22.5	25.9		-3.5 *vs* Dec. 31, 2019

(1) Organic variation: gross variation without scope and foreign exchange effect
(2) Cash flow from operations = Free cash flow before maintenance Capex

(1) Net of DBSO (Develop, Build, Share and Operate) and of US tax equity proceeds
(2) New Current Operating Income (COI) definition excludes the non-recurring share in net income of equity method entities
(3) Main assumptions for these targets and indications: average weather in France for 2021, full pass through of supply costs in French regulated gas tariffs, no major regulatory or macro-economic changes, no change in Group accounting policies, market commodity prices as of 12/31/2020, average forex for 2021: €/$: 1.23; €/BRL: 6.27, up to €100 million dilution effect at the COI level from disposals not yet signed corresponding to approximately €2 billion reduction in net debt. Projections based on absence of stringent additional lockdown considered and gradual return to normal over 2021

6.1.1.1.2 Financial targets

The forecasts for the financial year ended December 31, 2021, set forth below are based on data, assumptions and estimates considered to be reasonable by the Group at the date of issuance of this document.

These data and assumptions may evolve or be amended due to uncertainties related to the economic, financial, accounting, competitive, regulatory and tax environment or other factors that the Group may not be aware of at the date of registration of the management report. In addition, the fulfilment of forecasts requires the success of the Group's strategy. The Group therefore makes no commitment or warranty regarding the fulfilment of the forecasts set out in this section.

The forecasts presented below and the underlying assumptions, also been prepared in accordance with the provisions of Delegated Regulation (EU) No. 2019/980 supplementing Regulation (EU) No. 2017/1129 and the ESMA recommendations on forecasts.

The forecast presented below result from the budget and medium-term plan process as described in Note 13 to the consolidated financial statements at December 31, 2020; they have been prepared on a comparable basis with historical financial information and in accordance with the accounting methods applied to the Group's consolidated financial statements.

6.1.1.1.2.1 Assumptions

- **strategy:** confirmation and deepening of the Group ambition to establish ENGIE as a leading force in the energy and climate transition. The Group will focus on completing the strategic reviews underway to create value and re-allocate capital towards growth, particularly in Renewables, Networks, and Asset-based Client Solutions;
- **sanitary conditions** in line with those of Q4 2020, no stringent additional lockdown considered and gradual return to normal over 2021;
- **disposals:** COI dilution up to €100 million on top of impacts from already announced / closed disposals, corresponding to a € 2 billion net financial debt reduction;
- **foreign exchange rates:** 2021 average annual €/US Dollar and €/Brazilian real foreign exchange rates at 1.23 and 6.27 respectively;
- **regulated tariffs in France Infrastructures:**
  - distribution, transport and storage: tariffs as published by the CRE in January 2020,
  - regasification: tariffs as published by the CRE in January 2021;
- **regulated gas and power tariffs in France:** full pass through of supply costs;
- **commodity prices:** based on market conditions as of December 31, 2020 (80% of European outright power is hedged – captured prices: €46/MWh);
- **climate:** normalized conditions in France (gas distribution and energy supply + normalized hydro production);
- recurring effective tax rate: 25%;
- **employee benefit provisions discount rates:** based on market conditions as of December 31, 2020, as disclosed in Note 20 to the consolidated financial statements at December;
- no significant accounting changes compared to 2020;
- no major regulatory and macro-economic changes compared to 2020.

6.1.1.1.2.2 2021 Guidance

Overall financial performance in 2021 is expected to improve significantly after a Covid-19 impacted 2020, assuming no additional stringent lockdowns and a gradual easing of restrictions over 2021.

For 2021, ENGIE anticipates a Net Recurring Income group share in the range of €2.3 to 2.5 billion. This guidance is based on an indicative EBITDA range of €9.9 to 10.3 billion and a COI range of €5.2 to 5.6 billion.

Expectation by business line

	Expected drivers for 2021 COI
Renewables	Growth in the US and France should benefit financial performance, partly offset by a lower contribution from rulings in Brazil relating to the recovery of past energy costs and a weaker BRL
Networks	Networks are expected to remain stable with the impact of the new, lower RAB remuneration rates in France offset by reversal of the warm temperature effect of 2020 and growth in Latin America
Client Solutions	Overall Client Solutions should demonstrate strong recovery from Covid-19, albeit with a relatively slower recovery for asset light activities, and benefit from y-o-y accretion from SUEZ and EV-Box disposals
Thermal	Expect normalization after a particularly strong 2020 performance in Europe
Supply	Expect strong recovery from Covid-19 and the reversal of the 2020 warm temperature effect
Nuclear	Much improved performance expected driven by better availability following LTO completions and higher achieved prices

Included within this guidance is an estimated impact that follows the extreme cold weather in Texas earlier this month. ENGIE is assessing the situation, which mainly affects Renewables and Supply activities. Overall ENGIE currently estimates a potential net impact at the Group COI and Net Recurring Income Group share levels of between €80 to 120 million.

Regarding disposals, ENGIE remains focused on executing at pace to simplify the Group; crystallize value and re-allocate capital towards strategic priorities. This guidance assumes disposals of around €2 billion with a related COI dilution of up to €0.1 billion, in addition to previously signed transactions such as the disposal of EVBox. With respect to investment, ENGIE expects to invest between €5.5 to 6.0 billion growth Capex, with over 90% in Renewables, Networks and Asset-based Client Solutions and €4.0 billion in maintenance including the funding of Belgian nuclear provisions Capex.

ENGIE remains committed to a strong investment grade rating and continues to target a leverage ratio of below or equal to 4.0x economic net debt to EBITDA over the long-term.

ENGIE will update the market on the implementation plan for its new strategic orientation and provide medium-term guidance on May 18, 2021.

6.1.1.1.3 Dividend proposed at top-end of payout ratio

The Board has reaffirmed the Group's dividend policy of NRIgs payout ratio in the range of 65 to 75%.

For 2020, the Board has proposed a payout ratio of 75%, at the top end of the policy range. This translates to a dividend of €0.53 per share, which will be proposed for shareholder approval at AGM on the 20th of May.

6.1.1.1.4 Update on Belgian Nuclear Assets

Following the announcements of the Belgium government in Q4 2020, it has been decided to stop all the preparation works that would allow a 20-year extension of half of two units beyond 2025, as it seems unlikely that such an extension can take place given the technical and regulatory constraints. This change in lifetime assumption as well as changes in the commodity price scenario have led to an impairment of €2.9 billion for nuclear assets, which have been accounted as non-recurring items in the 2020 P&L.

ENGIE remains committed to Belgium and to contributing to the country's security of supply. Alongside renewables, the Group is also developing projects of up to 3 GW of gas-fired power plants. These projects could participate in the Belgian Capacity Remuneration Market through auctions in the second half of this year, once approved by the European authorities

6.1.1.1.5 Progress at pace on new strategic orientation

Following the announcement in July of a new strategic orientation to simplify the Group and accelerate growth in Renewables and Infrastructure assets, ENGIE has delivered progress at pace despite the challenging backdrop.

Progress on Group simplification and sharper strategic focus with disposal of SUEZ, launch of strategic reviews and rationalization

The disposal of 29.9% shareholding in SUEZ for €3.4 billion was completed in October, and ENGIE launched strategic reviews of a significant part of Client Solutions activities, GTT and ENGIE EPS.

In addition, ENGIE also progressed on geographic rationalization and strengthening its position in key countries. An example of this is the acquisition of an additional 7% shareholding in ENGIE Energia Chile, thereby reducing the level of minority holdings.

A strategic review of part of Client Solutions was launched towards the potential creation of a new leader in multi-technical services, which would benefit from scale and strong growth prospects. In February 2021, the employee consultation related to the proposed organization design for the new entity was launched. This consultation is expected to conclude by the end of the second quarter of 2021. The Group will consider next steps and review future ownership options for the potential new entity, in the second half of this year. ENGIE will consider all options to maximize value and will act in the interests of all stakeholders.

A new Executive Committee and simplified business organization

In January, the appointment of new Executive Committee (ExCom) was announced reflecting the intention to implement a simplified business organization focused on four businesses: Renewables, Networks, Client Solutions and Thermal & Supply. Along with the ExCom members responsible for functional activities and specific projects, the new leadership team is engaged in executing ENGIE's new strategic direction and enhancing the Group's performance culture.

6.1.1.1.6 Continued operational delivery and €4 billion growth investment, despite challenging backdrop

Operationally, the Group continuously adapted processes to ensure delivery of essential services, while maintaining high health and safety standards. Overall Capex amounted to €7.7 billion in 2020, including €4.0 billion of growth investments, €2.4 billion of maintenance Capex and €1.3 billion of nuclear funding.

See Section 4 "Change in net financial debt" of this management report for more details.

6.1.1.1.7 Delivering on ESG goals, commitment to exit coal in Europe by 2025 and globally by 2027

Carbon neutrality is at the heart of ENGIE's purpose and central to its strategic direction.

In 2020, greenhouse gas emissions were reduced by 9% to 68 million tons from power generation benefitting mainly from the disposal of coal plants in Western Europe. ENGIE has today announced the commitment to exit all coal assets in Europe by 2025 and globally by 2027 including coal generation for DHC networks.

As a reminder, coal represents 4 GW of ENGIE's 101 GW centralized power generation portfolio.

ENGIE also increased the share of renewables in its portfolio to 31% in 2020 from 28% at the end of 2019 with the addition of 5 GW of renewables.

On gender diversity, there was a small increase in the number of women in the management and ENGIE had 24% women in management at the end of 2020.

6.1.1.1.8 Operational and financial overview

The Group's activities across Renewables, Networks, Thermal, Nuclear and Other activities demonstrated resilience, however, primarily due to the impacts experienced in H1, ENGIE's results for 2020 were down significantly with an estimated COI impact of c. €1.2 billion from Covid-19. More than 75% of this effect related to Client Solutions and Supply. In addition, warm temperature in France impacted Networks and Supply with a total negative COI impact of €160 million.

The impact of foreign exchange was a total negative effect of €293 million, mainly driven by the depreciation of the Brazilian Real (with an average EUR/BRL rate of 5.90 in 2020 vs. 4.42 in 2019, representing a 34% depreciation). Net negative scope effect of €76 million mainly reflects the disposals of Glow in March 2019 and 29.9% shareholding in SUEZ in October 2020, partly offset by the acquisition, alongside with Caisse de Dépôt et Placement du Québec, of 90% of TAG in June 2019 and the remaining 10% in July 2020, together with various acquisitions in Renewables (like Renvico in Italy and in France) as well as in Client Solutions (mainly Conti in the US and Powerlines in Europe).

Net recurring income Group share was at the lower end of the guidance range mainly due to higher contributions from entities with minorities (particularly in Latin America) and higher financial costs notably due to inflation and foreign exchange. These results also reflect negative tax effects and the fourth quarter dilution following the disposal of 29.9% shareholding in SUEZ.

6.1.1.1.8.1 COI contribution by reportable segment

COI contribution by reportable segment is presented hereunder and detailed in Section 2 “Business trends” of this management report.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
France	2,229	2,862	-22.1%	-22.2%
France excluding Infrastructures	*620*	*905*	*-31.5%*	*-32.0%*
France Infrastructures	*1,609*	*1,957*	*-17.8%*	*-17.8%*
Rest of Europe	648	707	-8.3%	-9.9%
Latin America	1,542	1,696	-9.0%	+2.9%
USA & Canada	124	155	-20.3%	-6.3%
Middle East, Asia & Africa	518	619	-16.4%	+0.2%
Others	(483)	(221)		
TOTAL	**4,578**	**5,819**	**-21.3%**	**-16.4%**

6.1.1.1.8.2 COI contribution by Business line

COI contribution by Business line is as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Client Solutions	459	1,082	-57.5%	-57.6%
Networks	2,063	2,344	-12.0%	-14.0%
Renewables	1,070	1,195	-10.4%	+10.8%
Thermal	1,209	1,320	-8.4%	+1.4%
Nuclear	(111)	(314)	+64.7%	+64.7%
Supply	112	345	-67.7%	-65.5%
Others	(224)	(154)	-45.8%	-37.5%
TOTAL	**4,578**	**5,819**	**-21.3%**	**-16.4%**

Estimated Covid-19 impacts by Business Lines are as follows:

In billions of euros	Estimates at COI level	Nature
Client Solutions	(0.60)	Loss of revenues / contracts, bad debts, specific purchases
Networks	(0.07)	Lower volumes, lower capitalized costs, specific purchases
Renewables	(0.05)	Lower volumes dispatched
Thermal	(0.04)	Lower demand
Nuclear	(0.06)	Adjusted maintenance operations
Supply	(0.29)	Lower demand, unwinding of hedges, bad debts, lower B2C services
Others	(0.07)	Credit losses
TOTAL	**(1.18)**	**Net of savings / action plans**

These estimates have been prepared in accordance with a standard guidance applied across businesses under a dedicated oversight process (losses of revenues being inherently subject to more judgement than the identification of specific costs incurred), considering operating items only and are presented net of savings and mitigating management action plans. By definition these estimates exclude foreign exchange and commodity price effects incurred in the Group’s various businesses, whether positive or negative.

Renewables

Renewables delivered +11% organic growth.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)	% change (organic basis)
EBITDA	1,559	1,724	-9.6%	+8.7%
COI	1,070	1,195	-10.4%	+10.8%
CAPEX	1,633	2,475	-34.0%	-
DBSO margins (COI contribution) (1)	101.0	189.0	-46.6%	-
Operational KPIs				
Commissioning (GW at 100%)	3.0	3.0	-	-

(1) Develop, Build, Share & Operate

Renewable COI amounted to €1,070 million, up 11% on an organic basis. This organic growth was driven by: the positive effect from the "GFOM" ruling in Brazil (corresponding to the recovery of past energy costs, following the agreement on renegotiation of hydrological risk, which was finalised at the end of 2020) for approximately €165 million; improved prices for hydro power production in France; higher wind production mainly due to commissioning of new projects and the first effects of the tax equity financing signed in the US in Spring 2020. This organic growth was partly offset by lower DBSO margins and unfavorable energy allocation for hydro in Brazil.

Despite a challenging backdrop, ENGIE repeated the strong operational growth performance achieved in 2019 with the commissioning of 3 GW of renewable capacity in 2020. In addition, the Group also acquired 2 GW of operating assets in Europe: 1.7 GW hydro in Portugal, together with Crédit Agricole Assurances and Mirova, and 0.3 GW wind in Italy and France.

In the last two years, ENGIE's renewable capacity at 100% grew by 32%, mainly thanks to 6.0 GW of capacity commissioned and 2.1 GW acquired, reaching 31.1 GW at the end of 2020. Through renewable energy development, ENGIE provides its public and private customers with renewable energy supply under optimized contractual and financial arrangements, benefitting from the Group's long-term expertise in energy trading. The Group has further strengthened its positioning in the rapidly growing market of long-term corporate renewable power purchase agreements ("Green Corporate PPAs") with more than 1.5 GW of contracts signed in 2020.

With a relatively young portfolio of wind and solar assets (average age of 5 years) benefitting from long-term contracts (average residual duration of 15 years) that provide visibility of earnings, Renewables represent a key long-term growth engine for the Group.

3 GW of Renewables are currently under construction for commissioning in 2021 and ENGIE is on track to achieve its 2019 target of adding 9 GW of new capacity in three years by the end of 2021.

ENGIE and EDP Renováveis finalized the creation of Ocean Winds, a joint venture in the floating and fixed offshore wind energy sector equally. Ocean Winds will act as the exclusive investment vehicle of each partner to capture offshore wind opportunities around the world and aims to become a top five offshore global operator by combining the development potential of both partners. Since its creation, the company already commissioned the first 0.2 GW tranche of a fixed offshore wind farm in Belgium and WindFloat Atlantic, a 25 MW floating wind farm in Portugal. The latter is the world's first semi-submersible floating wind farm and constitutes an important achievement for the sector as floating wind technology contributes to the diversification of energy sources and provides access to untapped marine areas.

ENGIE announced the signing of an agreement to sell 49% of its equity interest in a 2.3 GW US renewables portfolio to Hannon Armstrong, a leading investor in climate change solutions. ENGIE will retain a controlling share in the portfolio and continue to manage the assets. When commissioned, this 2.3 GW portfolio, will comprise 1.8 GW onshore wind and 0.5 GW solar photovoltaic projects. ENGIE has secured nearly USD 2 billion of tax equity commitments for this portfolio. Tax equity financing is the traditional structure used in the US to support the development of renewable projects. This tax equity financing – the largest ever in the US – demonstrates ENGIE's successful development in this market.

ENGIE is also developing projects to drive the long-term energy transition: in early January 2021, ENGIE and Total signed a partnership to develop France's largest site for the production of green hydrogen from 100% renewable electricity. This partnership is one of many green hydrogen projects ENGIE is currently developing.

Networks

Networks mainly impacted by warmer temperature and higher D&A in France; international COI up significantly.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
EBITDA	3,850	4,026	+4.4%	-5.3%
COI	2,063	2,344	+12.0%	-14.0%
CAPEX	2,502	344	+27.4%	-
Operational KPIs				
Temperature effect *(COI in millions of euros)*	(135)	(36)	-99	-
Smart meters *(m)*	6.9	4.9	-	-
Covid-19 impacts *(COI in billion of euros)*	0.07	-	-	-

Networks COI at €2,063 million was down 14% on an organic basis.

In France, performance was impacted by unusually mild temperature in H1 and by the negative effect of Covid-19 on distributed volumes, partly offset by lower levels of expenditure during lockdown. Higher D&A due to accelerated amortization of some gas distribution assets in France, which is value neutral over time as it is integrated in the regulated revenue, the non-reiteration of a positive internal Q4 2019 one-off as well as the first effects of the lower Regulated Asset Base (RAB) remuneration rate also contributed to the lower COI for French Networks. Of these impacts, negative volume effects will be recovered in the medium-term under the clawback accounts mechanism.

In Latin America, performance benefitted from higher contributions from TAG and from the two power transmission lines currently under construction in Brazil. In Europe (excluding France) and Asia, Networks faced some headwinds related to price and temperature effects.

Overall, the Covid-19 impact was limited and mainly focused on distribution activities, especially on French Networks.

With a RAB of just over €28 billion, ENGIE is one of the largest gas network operators in Europe, and has a growing networks business in Latin America.

ENGIE maintained strong operational performance in 2020 with high levels of network safety and reliability in France and achieved high customer satisfaction rates of 91% for French gas distribution. Also in France, in line with the pick-up in activity levels, gas smart meter installation resumed with the installation of 2.0 million units in 2020 resulting in a total of 6.9 million meters installed at the end of 2020.

The development of renewable gases is a major area of focus for ENGIE. The Group sees a critical role of gas in enabling an affordable and smooth energy transition through the continued use of natural gas, and progressive increase in the use of renewable gases such as biomethane and hydrogen. For example, last year 91 additional biomethane production units were connected to French gas grids, and over 85% of these were connected to GRDF. Altogether these units can contribute to a yearly production of up to 3.9 TWh, equating to the annual gas consumption for heating approximately 1 million new-build homes in France. ENGIE has also started to adapt the existing gas transport networks by commissioning three “reverse-flow“ installations in 2020, that allow biomethane to travel from the distribution grid to gas storage units.

In Latin America, following the acquisition of 90% of TAG in June 2019, ENGIE successfully acquired the remaining 10% in July 2020 with its partner Caisse de Dépôt et Placement du Québec. In addition, ENGIE is also constructing two major electricity transmission lines in Brazil: 1,000 kilometers Gralha Azul project and the 1,800 kilometres Novo Estado project. Both projects include the construction of new substations and upgrades to existing substations and are expected to be commissioned in the second half of 2021.

Client Solutions

Client Solutions showed a strong recovery in H2 after a Covid-19 impacted H1.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Revenues	20,101	20,957	-4.1%	-6.4%
COI	459	1,082	-57.6%	-57.6%
CAPEX	992	1,624	-38.8%	-
Operational KPIs				
Projects backlog *(in billion of euros)*	12	11	+5.4%	-
DHC – Net installed capacity *(GW)*	15.2	13.9	+9.4%	-
Covid-19 impacts *(COI in billion of euros)*	0.60	-	-	-

Client Solutions had a relatively lower impact at the revenue level compared to COI, which was down significantly, mainly as a result of the Covid-19 crisis with a total estimated impact of c. €600 million for 2020.

A strong impact of Covid-19 was experienced in the Asset-light business model primarily in Europe and the US, mostly driven by loss of revenues and specific additional purchases. Cost-cutting and variabilising measures resulted in total Opex reduction of c. €0.3 billion.

Covid-19 impacted SUEZ results, and the results also reflect the sale of 29.9% shareholding in SUEZ at the beginning of October 2020.

Despite unfavourable temperature, District Heating and Cooling (DHC) and on-site generation activities remained resilient.

Notably, performance in H2 2020 showed a recovery with results similar to H2 2019 excluding the scope-out effect of SUEZ in Q4 2020. The impact of the Covid-19 restrictions was much lower in the second half, as restrictions were eased in France and activity levels were higher. In addition, activities also continued to benefit from cost actions launched in Q2.

Operationally, project backlog in Asset-light activities is higher than end of 2019 with postponed work remaining in the order book and benefitting also from the contribution of acquisitions. This positive KPI evolution provides visibility for 2021 however subject to Covid-19 restrictions.

Driven by decarbonization targets and growth in energy efficiency solutions, ENGIE sees a strong growth potential for heating and cooling networks, on-site generation and green mobility among other Asset-based Client Solutions. The Group already has leadership positions in all of these activities. In DHC networks, ENGIE is an international leader with 100 cooling networks with total installed capacity of 6.1 GW, and 300 heating networks of various size that distribute 19 TWh per year.

ENGIE is also growing fast in green mobility with more than 50,000 EV charging points operated.

ENGIE announced in December 2020, that EVBox Group, a start-up acquired in 2017 and now a leading global provider of smart charging solutions for electric vehicles, would be listed on the NYSE in the coming weeks following close of a SPAC (Special Purpose Acquisition Company) transaction. This transaction would combine cash and equity. ENGIE would retain more than 40% ownership of EVBox.

ENGIE expects that the transaction will result in a net debt decrease of ca €0.2 billion and EVBox no longer being consolidated in its accounts, with ENGIE's remaining shareholding accounted by the equity method.

Thermal

Thermal delivered 1% organic growth despite material positive one-offs in 2019.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
EBITDA	1,646	1,763	-6.6%	+2.3%
COI	1,209	1,320	-8.4%	+1.4%

Thermal COI amounted to €1,209 million, up 1% organically despite the non-repeat of favourable operational one-offs in 2019, mainly liquidated damages received in Brazil and Chile. Thermal COI saw limited Covid-19 impact of c. -€40 million, mainly through lower demand in Chile and Peru. These negative impacts were more than offset by a better performance of the European merchant gas fleet driven by the higher contribution of ancillaries, mainly in Italy, as well as to higher spreads captured throughout Europe. Thermal COI also benefitted from the higher performance of the contracted generation activities in the Middle East, from the full-year impact of the commissioning of Pampa Sul in Brazil in June 2019 and from higher volumes dispatched at higher margins in Brazil.

Overall, the Thermal business showed strong resilience, as a result of its highly contracted portfolio outside Europe and the optionality value of its merchant fleet in Europe.

In August and November 2020, the de-mothballing of two CCGT units in the Netherlands for 0.7 GW showed the Thermal fleet's flexibility to take advantage of market opportunities.

In June 2020, the sale of a minority stake in New York's Astoria Energy merchant gas facilities was finalized.

In March 2020, the commissioning of Fadhili's 1.5 GW contracted gas power plant, a cogeneration plant in Saudi Arabia in which ENGIE has a 40% equity ownership, reaffirmed ENGIE's leading position as an independent power producer in the Middle East.

Supply

Supply performance impacted by Covid-19 and warm temperature.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
EBITDA	439	638	-31.2%	-
COI	112	345	-67.7%	-65.5%
French temperature effect *(COI in million of euros)*	(84)	(24)	(61.0)	-
Covid-19 impacts *(COI in billion of euros)*	0.29	-	-	-

Supply COI significantly decreased by -€233 million to €112 million. Financial performance was highly affected by Covid-19 (net c. €290 million) in Europe and in the US due to lower gas and electricity consumption during the lockdown periods (primarily B2B). The sharp and unexpected reduction in demand led to a negative volume effect, as related margins had not been booked, together with a negative price effect as power and gas hedged positions had to be unwound in a lower price environment. B2C services provided were also lower during the lockdowns and, as a result of the economic context, level of bad debts increased. Warm temperature in France and Benelux also contributed to the strong decrease.

These effects were only partially offset by various one-offs, dedicated Covid-19 related mitigation actions, better results in Romania and higher B2C gas margins in France.

Operationally, B2C power supply contract base grew by 186,000 in 2020, which contributed to the stability of the global B2C contract base at the level of 24.4 million contracts.

Nuclear

Nuclear – improved COI contribution mainly driven by better prices.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)	% change (organic basis)
EBITDA	415	192	+111.6%	+111.6%
COI	(111)	(314)	+64.7%	+64.7%
CAPEX	1,740.0	636.0	-	-
Operational KPIs				
Output (Belgium + France, @ share, TWh)	36.5	41.7	-5,2 TWh	-
Availability (Belgium at 100%)	+62,6%	+79,4%	-1680 bps	-

Nuclear COI reached -€111 million, up 65% organically benefitting mainly from a positive price effect and from lower operational expenditures. These positive effects were partly offset by lower volumes due to the last planned lifetime extension outages of Doel 1, Doel 2 and Tihange 1, and by higher depreciation. Nuclear COI saw Covid-19 impact of c. -€60 million.

Others

Others COI of -€224 million was -€70 million lower than in 2019. Year-on-year comparison was negatively impacted by the positive effect of the partial sale of a gas supply contract in 2019 and by the Covid-19 impact due to credit losses for GEM (Global Energy Management). These headwinds were partially offset by GEM's good performance in a context of high market volatility mainly in H1 and by the higher contribution of GTT thanks to a strong past order intake.

6.1.1.1.9 Strong Financial Position and Liquidity

ENGIE has maintained a strong liquidity position with €23.0 billion of liquidity (net cash + undrawn credit facilities – outstanding commercial paper) including €13.3 billion of cash, as of end of December 2020.

ENGIE has strengthened its leadership position in the green bond market having issued having issued €2.4 billion green bonds in 2020, for a total of €12 billion green bonds issued since 2014. With dynamic management of hybrids, ENGIE has an average outstanding amount of €3.9 billion and a current total coupon of €100 million per year, which is down c. -28% since 2017.

Net financial debt is presented in Section 4 "Change in net financial debt" of this management report for more details.

Rating

ENGIE maintained a strong investment grade rating:

- On November 9, Moody's lowered its long-term rating to Baa1 with a stable outlook.
- On September 24, Fitch affirmed its long-term rating of A and changed the outlook from stable to negative.
- On April 24, S&P lowered its long-term rating to BBB+ and its short-term rating to A-2.

6.1.1.2 Business trends

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)	% change (organic basis)
Revenues	**55,751**	**60,058**	**-7.2%**	**-5.7%**
EBITDA	**9,276**	**10,366**	**-10.5%**	**-6.5%**
Net depreciation and amortization/Other	(4,698)	(4,547)		
CURRENT OPERATING INCOME (COI)	**4,578**	**5,819**	**-21.3%**	**-16.4%**

Revenue trends

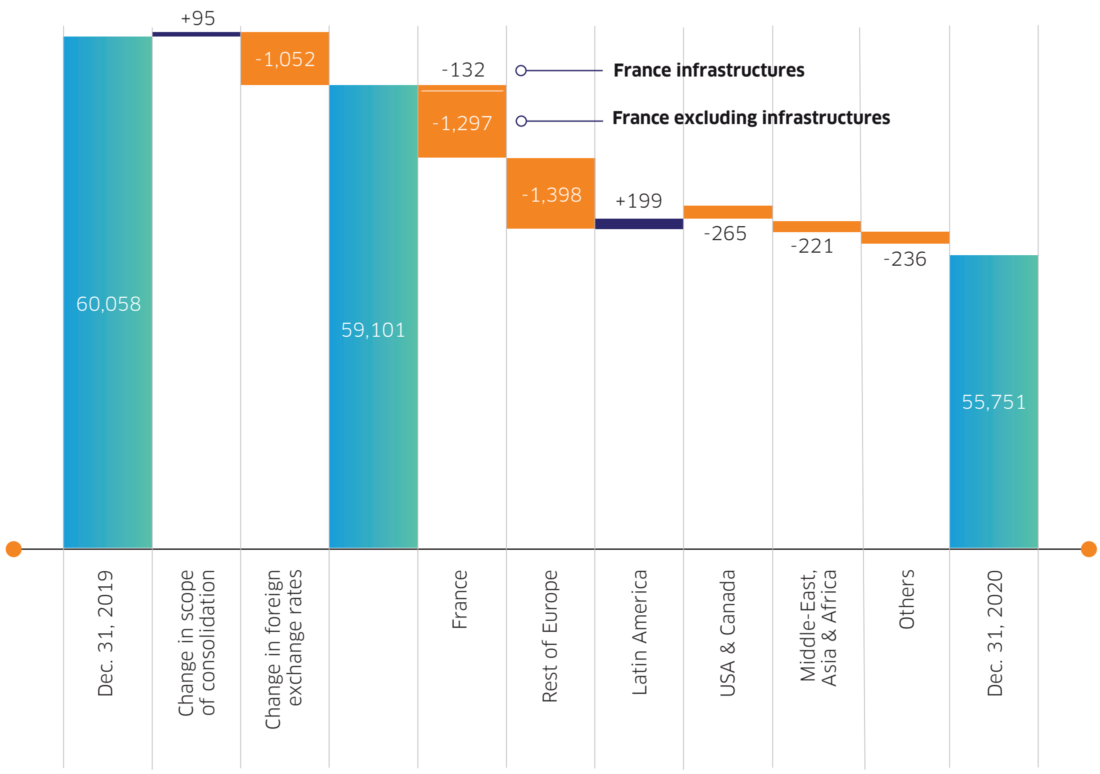
Revenues amounted to €55.8 billion, down 7.2% on a gross basis and 5.7% on an organic basis.

The reported revenue decrease includes a negative foreign exchange effect, mainly due to the depreciation of the Brazilian real against the euro and to a lesser extent to the depreciation of the US dollar, Mexican peso and Argentinian peso against the euro only partly offset by an aggregate positive scope effect. Changes in the scope of consolidation included various acquisitions in Client Solutions, primarily in Europe with Powerlines and in the US with Conti, partly offset by the disposals of the stake in Glow in Thailand in March 2019, the B2C Supply activities in the UK at the beginning of 2020 and the coal assets in Germany and the Netherlands.

The organic revenue decrease was primarily driven by the Covid-19 crisis impacting mainly Supply and Client Solutions activities across all geographies. Mild temperature also weighed on revenues from Supply across Europe and in Australia, from French gas distribution and to a lesser extent from Client Solutions' Asset-based activities.

These impacts were only partly offset by higher revenues in Brazil thanks to construction revenues for the Gralha Azul and Novo Estado power transmission lines and the first full year of operation of the Pampa Sul thermal plant. In France, volume and price effects on power sales also partly offset the decrease in revenues.

In millions of euros



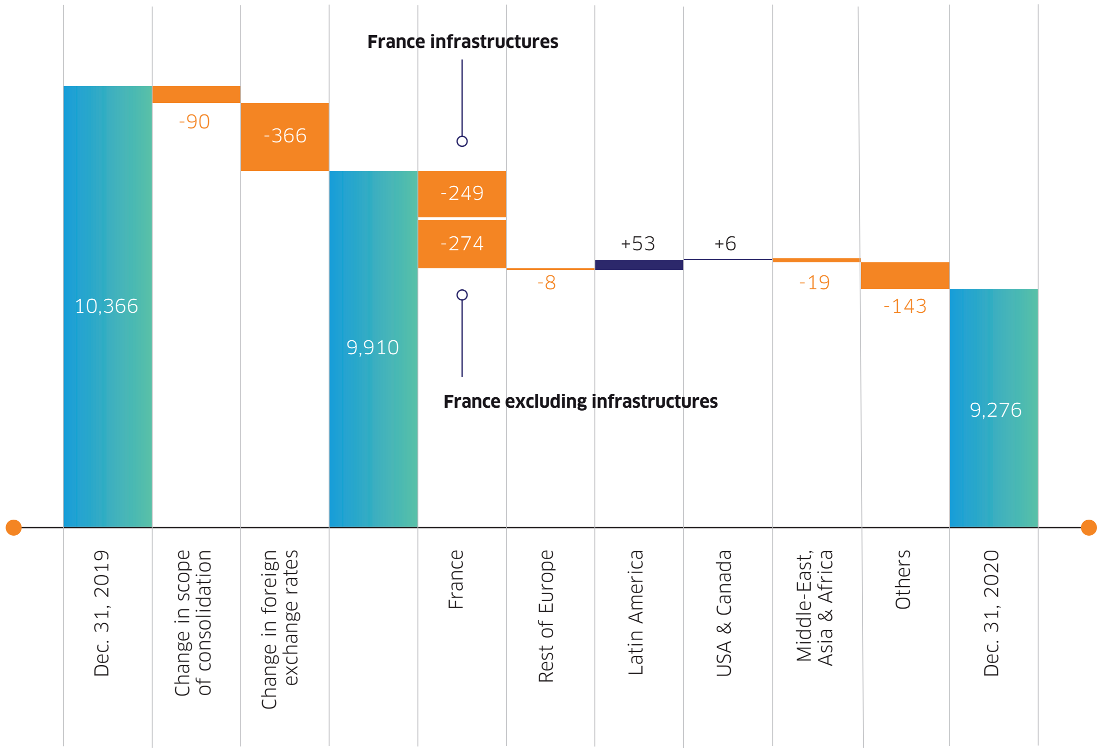
EBITDA trends

EBITDA came in at €9.3 billion, down 10.5% on a gross basis and 6.5% on an organic basis.

These gross and organic changes are overall in line with the decrease in current operating income, except for the increase in depreciation/amortization attributable to (i) the increase in nuclear dismantling assets resulting from the triennial review of Belgian nuclear provisions that took place in late 2019, (ii) LTO works of Belgian first generation reactors and (iii) the amortization certain gas distribution assets in France, none of which are taken into account at EBITDA level.

In addition, the Lean 2021 plan continued to deliver results at EBITDA and COI levels, and is currently slightly exceeding objectives.

In millions of euros

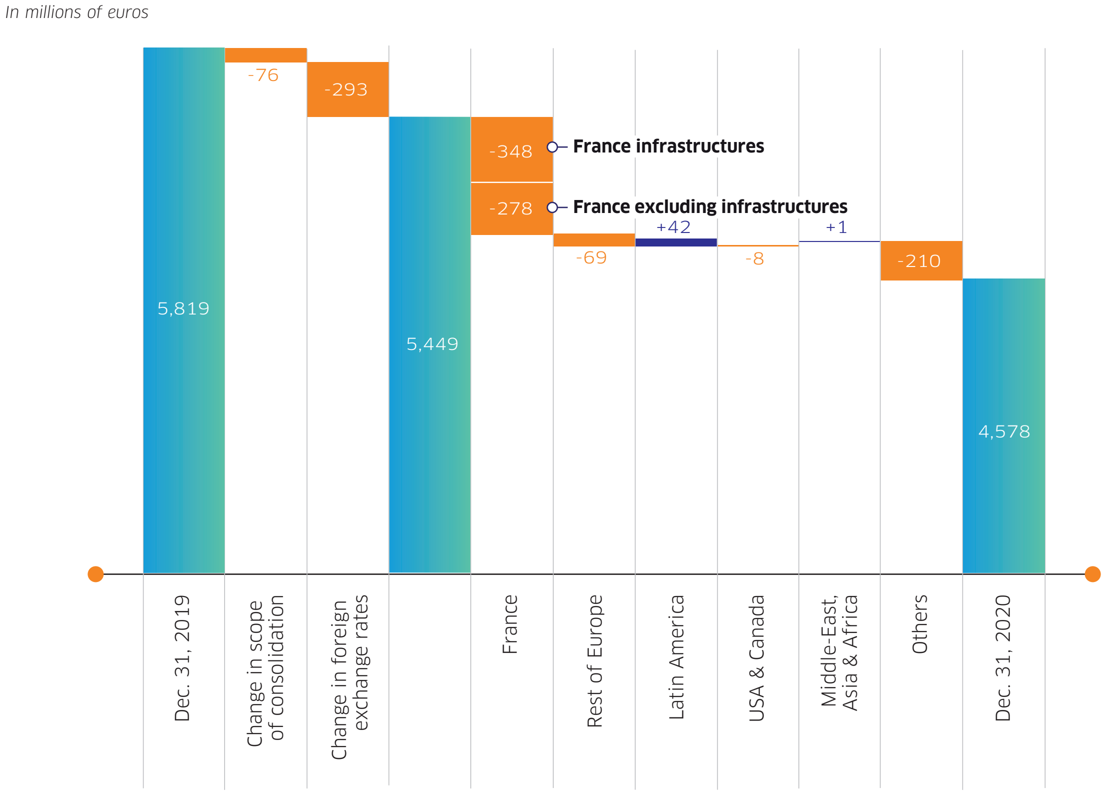


Geography/Business Line matrix

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	Dec. 31, 2020
France	750	3,291	389	-	-	250	-	4,680
Rest of Europe	361	114	140	531	415	190	-	1,750
Latin America	17	445	897	600	-	54	-	2,014
USA & Canada	59	2	97	46	-	39	1	245
Middle East, Asia & Africa	59	4	75	472	-	(10)	-	600
Others	(38)	(6)	(41)	(3)	-	(84)	159	(14)
TOTAL EBITDA	**1,208**	**3,850**	**1,559**	**1,646**	**415**	**439**	**159**	**9,276**

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	Dec. 31, 2019
France	959	3,537	422	-	-	294	-	5,212
Rest of Europe	578	137	151	443	192	255	-	1,757
Latin America	35	341	1,035	748	-	62	-	2,221
USA & Canada	42	1	70	32	-	63	61	269
Middle East, Asia & Africa	44	16	94	564	-	6	-	725
Others	178	(8)	(48)	(23)	-	(42)	125	182
TOTAL EBITDA	**1,836**	**4,026**	**1,724**	**1,763**	**192**	**638**	**186**	**10,366**

Current operating income (COI) trends



Geography/Business Line matrix

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	Dec. 31, 2020
France	363	1,610	150	-	-	106	-	2,229
Rest of Europe	131	71	87	370	(111)	100	-	648
Latin America	(3)	384	750	359	-	53	-	1,542
USA & Canada	24	2	62	43	-	(8)	1	124
Middle East, Asia & Africa	41	3	65	441	-	(32)	-	518
Others	(97)	(6)	(43)	(3)	-	(109)	(225)	(483)
TOTAL COI	**459**	**2,063**	**1,070**	**1,209**	**(111)**	**112**	**(224)**	**4,578**

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	Dec. 31, 2019
France	575	1,957	182	-	-	149	-	2,862
Rest of Europe	347	96	96	293	(314)	189	-	707
Latin America	(1)	284	851	501	-	61	-	1,696
USA & Canada	8	1	47	26	-	25	49	155
Middle East, Asia & Africa	25	14	70	523	-	(13)	-	619
Others	129	(8)	(50)	(23)	-	(65)	(203)	(221)
TOTAL COI	**1,082**	**2,344**	**1,195**	**1,320**	**(314)**	**345**	**(154)**	**5,819**

6.1.1.2.1 France

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)	% change (organic basis)
Revenues	**20,295**	**21,423**	**-5.3%**	**-6.7%**
Total revenues (incl. intra-group transactions)	**21,580**	**22,736**	**-5.1%**	
EBITDA	**4,680**	**5,212**	**-10.2%**	**-10.1%**
Net depreciation and amortization/Other	(2,451)	(2,350)		
CURRENT OPERATING INCOME (COI)	**2,229**	**2,862**	**-22.1%**	**-22.2%**

6.1.1.2.1.1 France excluding Infrastructures

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)	% change (organic basis)
Revenues	**14,856**	**15,854**	**-6.3%**	**-8.2%**
EBITDA	**1,391**	**1,673**	**-16.9%**	**-16.9%**
Net depreciation and amortization/Other	(771)	(768)		
CURRENT OPERATING INCOME (COI)	**620**	**905**	**-31.5%**	**-32.0%**

Volumes sold

In TWh	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)
Gas sales	74.4	83.2	-10.6%
Electricity sales	39.6	38.8	+2.1%

France climatic adjustment

In TWh	Dec. 31, 2020	Dec. 31, 2019	Total change (in TWh)
Climate adjustment volumes (negative figure = warm climate, positive figure = cold climate)	(6.7)	(1.9)	(4.8)

Revenues for the France excluding Infrastructures segment amounted to €14,856 million, down 6.3% on a reported basis and 8.2% on an organic basis. The organic drop was driven by Client Solutions, which was affected by the Covid-19 crisis, climate and prices, and by Supply, with negative volume and price effects on gas sales, which were impacted by warm temperatures in the first half of the year. This decrease was only partially offset by positive volume and price effects on power sales. However, 2019 year-end acquisitions in Client Solutions (in particular Powerlines and Pierre Guerin), and the good performance of Renewables partly offset the organic decrease.

Gas sale volumes in the BtoC segment decreased by 8.8 TWh compared to 2019, of which 4.8 TWh related to a negative temperature effect and the remaining decrease due to the end of the commercialization of regulated tariff contracts. The BtoC power portfolio recorded a sales increase of +0.9 TWh in line with growth in the client portfolio. Power volumes sold by France Renewables also increased by +0,1 TWh.

Current operating income came in at €620 million, down 31.5% on a reported basis and 32.0% on an organic basis. The organic decrease was driven by the Covid-19 crisis, lower sell down margins in Renewables, and a warm temperature effect in the Supply and Client Solutions businesses. These decreases were partly offset by higher wind and higher hydro prices.

6.1.1.2.1.2 France Infrastructures

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change (reported basis)	% change (organic basis)
Revenues	**5,439**	**5,569**	**-2.3%**	**-2.4%**
Total revenues (incl. intra-group transactions)	6,359	6,548	-2.9%	
EBITDA	**3,290**	**3,539**	**-7.0%**	**-7.0%**
Net depreciation and amortization/Other	(1,681)	(1,582)		
CURRENT OPERATING INCOME (COI)	**1,609**	**1,957**	**-17.8%**	**-17.8%**

Revenues for the France Infrastructures segment amounted to €5,439 million, down 2.3% on a reported basis. The decrease was driven by distribution activities, which were mainly impacted by record high winter temperatures, the adverse impact of the Covid-19 crisis on volumes and civil works revenues, as well as by lower revenues in storage activities impacted by the new ATS2 tariff since April 1 in France. These adverse impacts were partly offset by tariff changes in transmission and distribution activities in 2019 and 2020, and by higher volumes in regasification.

Current operating income for the period came in at €1,609 million, down 17.8% on a reported basis. Besides the decrease in revenues mentioned above, the change in Infrastructures COI was impacted by accelerated amortization in distribution and 2019 year-end positive one-offs. These adverse impacts were partly offset by lower energy expenses.

6.1.1.2.2 Rest of Europe

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Revenues	**15,655**	**17,267**	**-9.3%**	**-8.2%**
EBITDA	**1,750**	**1,757**	**-0.4%**	**-0.5%**
Net depreciation and amortization/Other	(1,102)	(1,050)		
CURRENT OPERATING INCOME (COI)	**648**	**707**	**-8.3%**	**-9.9%**

Revenues for the Rest of Europe segment amounted to €15,655 million, down 9.3% on a reported basis. This decrease was mainly driven by Supply, Client Solutions and Thermal. Taking into account the negative impact arising from the disposal of the BtoC supply business in the United Kingdom at the beginning of the year and of coal assets in Germany and in the Netherlands, revenues were down organically by 8.2%.

Supply activities decreased organically, impacted by the negative volume effects due to unfavorable climatic conditions and lower consumption related to the Covid-19 crisis. Client Solutions' asset-light activities were significantly affected by the business contraction resulting from the Covid-19 crisis, in particular during the first half of the year, with the main impacts being felt in Belgium and the United Kingdom.

Current operating income amounted to €648 million. The reported decrease of €59 million was mainly driven by Client Solutions and Supply, partly offset by Nuclear and Thermal activities.

Client Solutions reported a significant decrease in the contribution from asset-light activities notably in the UK, Benelux and Italy, mainly as a result of the Covid-19 crisis. **Supply** activities were negatively impacted by the warm climate and the impact of the Covid-19 crisis which entailed a drop in consumption by BtoB and BtoC professionals clients, partly offset by a better performance by Supply in Romania. The **Networks'** contribution decreased in Romania with the negative climate effect, the impact of the Covid-19 crisis on volumes and a reduction in the distribution tariff. On the other hand, **Nuclear** activities benefited from a higher energy margin – mainly thanks to a positive price effect and a higher contribution from French Nuke, partly offset by lower volumes due to planned lifetime extension outages of Doel 1 and Doel 2 –, and from lower operating expenses, these impacts being partly offset by higher depreciation and amortization. **Thermal** activities were also up compared to 2019, despite the disposal of coal activities in 2019, thanks to a good performance in Italy and to higher spreads and ancillaries. **Renewable** activities also recorded good performances mainly driven by the contribution from the Renvico wind portfolio in Italy acquired at the beginning of the year.

6.1.1.2.3 Latin America

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Revenues	**4,774**	**5,341**	**-10.6%**	**+4.4%**
EBITDA	**2,014**	**2,221**	**-9.3%**	**+2.8%**
Net depreciation and amortization/Other	(472)	(525)		
CURRENT OPERATING INCOME (COI)	**1,542**	**1,696**	**-9.0%**	**+2.9%**

Revenues for the Latin America segment totaled €4,774 million, down 10.6% on a reported basis and up +4.4% organically. The reported decrease includes the negative foreign exchange effects in Brazil with an average EUR/BRL depreciated by 34%, and negative foreign exchange effects in the rest of Latin America (depreciation of the USD, ARS and MXN). In Brazil, revenues grew organically thanks to the construction ramp up of the Gralha Azul and Novo Estado Power Transmission Lines (Networks) and thanks to Pampa Sul's first full year of operation (Thermal). In Latin America, revenues increased organically, mainly due to lower activity following the impact of the Covid-19 crisis in Thermal and in Asset Light services in all countries. Revenues were also negatively impacted by lower commodities prices in Thermal in Chile, lower PPA prices in Peru and lower prices in BtoB gas supply (with no impact on COI) in Mexico.

Current operating income totaled €1,542 million, down 9.0% on a reported basis and up 2.9% on an organic basis. The reported decrease includes the strong negative foreign exchange impact in Brazil and to a lesser extent in Latin America, partially offset by the positive scope impact of the acquisition of our gas transportation network in Brazil (TAG) in June 2019. Organically, Brazil reported a significant increase (+28.9%), mainly thanks to Renewables with the contribution of the "GFOM" compensation gain (compensation for hydro generation relocation costs), and Networks, which benefited from a better performance by TAG and from the construction margin on Power Transmission Lines. Thermal was relatively stable in Brazil, 2019 one-offs (Pampa Sul Liquidated Damages) being offset by higher coal generation and Pampa Sul (first full year of operation). Besides Brazil, the organic decrease was mainly due to Chile, with a positive one-off in 2019 (IEM plant delay Liquidated Damages) offsetting higher 2020 volumes, to lower power demand and PPA prices in Peru, and to lower gas volumes distributed in Argentina and Mexico.

6.1.1.2.4 USA & Canada

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Revenues	**4,229**	**4,457**	**-5.1%**	**-6.2%**
EBITDA	**245**	**269**	**-8.8%**	**+2.8%**
Net depreciation and amortization/Other	(121)	(113)		
CURRENT OPERATING INCOME (COI)	**124**	**155**	**-20.3%**	**-6.3%**

Revenues for the USA & Canada segment reached €4,229 million, down 5.1% on a reported basis and 6.2% organically. The reported decrease was mainly driven by the expiration of a legacy LNG contract in 2019, the Covid-19 crisis impacting Client Solutions and Supply activities, and negative foreign exchange effects. This drop was partly offset by higher revenues from US universities and Renewable projects which are accelerating and by the positive scope-in effects in 2020 relating to recent acquisitions in Client Solutions, in particular Conti.

Current operating income amounted to €124 million, down 20.3% on a reported basis and 6.3% on an organic basis. The reported decrease was mainly due to the impact of the Covid-19 crisis, in particular in Supply activities and the end of the LNG contract mentioned above. These effects were partly offset by the contributions of several Renewables projects commissioned since last year, net of the 2019 DBSO disposal and an improvement in Thermal activities.

6.1.1.2.5 Middle East, Asia & Africa

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Revenues	**2,382**	**2,937**	**-18.9%**	**-8.6%**
EBITDA	**600**	**725**	**-17.2%**	**-3.0%**
Net depreciation and amortization/Other	(82)	(106)		
CURRENT OPERATING INCOME (COI)	**518**	**619**	**-16.4%**	**+0.2%**

Revenues for the Middle East, Africa & Asia segment totaled €2,382 million, down 18.9% on a reported basis and 8.6% organically. This reported decrease was mainly due to the disposal of Glow (Thailand) in March 2019, negative foreign exchange effects, and an organic decrease. Organically, Thermal decreased mainly due to the mothballing of the Baymina power plant in Turkey and price effects in Asia-Pacific. Client Solutions and Supply were both impacted by the Covid-19 crisis in Australia in addition to mild weather negatively affecting Supply.

Electricity sales decreased from 16.6 TWh to 14.7 TWh with the reduced volumes mostly due to the mothballing of Baymina power plant.

Current operating income totaled €518 million, down 16.4% on a reported basis and up 0.2% organically. The reported decrease included the negative impact of the disposal of Glow. **COI** remained stable organically thanks to Client Solutions (especially Tabreed, district heating and cooling supplier in the Middle East). This positive effect was offset by Supply activities in Africa and Australia (facing the Covid-19 crisis) and lower results in Networks in Thailand in relation to the oil price decrease. The stable overall performance of Thermal activities, with a downturn in Asia Pacific, mainly at Pelican Point (lower prices and provisions), was fully offset by the good performance of our Gulf thermal portfolio in the Middle East.

6.1.1.2.6 Others

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*	% change *(organic basis)*
Revenues	**8,417**	**8,633**	**-2.5%**	**-2.7%**
EBITDA	**(14)**	**182**	**-107.5%**	**-107.2%**
Net depreciation and amortization / Other	(469)	(404)		
CURRENT OPERATING INCOME / (LOSS) (COI)	**(483)**	**(221)**	**-118.4%**	**-78.2%**

The Others reportable segment includes (i) GEM, (ii) Entreprises & Collectivités (E&C) (iii) Tractebel, (iv) GTT, (v) new businesses, as well as (vi) the Group's holding and corporate activities, which include the entities centralizing the Group's financing requirements and the contribution of SUEZ (until early October 2020) and Touat B.V. (associates).

Revenues for the Others reportable segment amounted to €8,417 million. The 2.5% reported decrease compared to last year was mainly driven by GEM with the reduction in gas prices in market operations as well as the positive one-off in 2019 following the partial sale of a gas supply contract to Shell. Lower sales in E&C due to the Covid-19 crisis and to a mild climate were offset to a large extent by the growth of the portfolio. These impacts were partly offset by higher revenues from GTT resulting from historic growth in the order book intake.

Current operating loss amounted to €483 million, representing a €262 million decrease compared to 2019. This decrease was mainly due the Covid-19 crisis impacting SUEZ and E&C, which was also impacted by a mild climate. GEM was impacted by the Covid-19 crisis, the impact being partly offset by the strong performance of market activities in the context of sharp volatility during the year (mainly in the first half). COI was also down for New Businesses and Tractebel. These negative impacts were partly offset by a stronger contribution from GTT.

6.1.1.3 Other income statement items

The reconciliation between Current operating income (COI) and Net income/(loss) is presented below:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	% change *(reported basis)*
Current operating income (COI)	**4,578**	**5,819**	**-21.3%**
(+) Mark-to-Market on commodity contracts other than trading instruments	199	(426)	
(+) Non-recurring share in net income of equity method entities	(137)	(93)	
Current operating income including operating MtM and share in net income of equity method entities	**4,640**	**5,300**	**-12.4%**
Impairment losses	(3,551)	(1,770)	
Restructuring costs	(343)	(218)	
Changes in scope of consolidation	1,640	1,604	
Other non-recurring items	(886)	(1,240)	
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**1,501**	**3,676**	**-59.2%**
Net financial income/(loss)	(1,678)	(1,387)	
Income tax benefit/(expense)	(715)	(640)	
NET INCOME/(LOSS)	**(893)**	**1,649**	**-154.1%**
Net recurring income/(loss) Group share	**1,703**	**2,683**	
Net income/(loss) Group share	**(1,536)**	**984**	
Non-controlling interests	**644**	**664**	

The reconciliation between Net recurring income/(loss) Group share and Net income/(loss) Group share is presented below:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Net recurring income/(loss) Group share	**1,703**	**2,683**
Impairment & Others	(4,736)	(2,659)
Restructuring costs	(343)	(218)
Changes in scope of consolidation	1,640	1,604
Mark-to-Market on commodity contracts other than trading instruments	199	(426)
Net income/(loss) Group share	**(1,536)**	**984**

Income from operating activities amounted to €1,501 million, representing a decrease compared with 2019, mainly due to (i) greater impairment losses, (ii) a deterioration in operating income, (iii) partially offset by lower other non-recurring items.

Income from operating activities was affected by:

- net impairment losses of €3,551 million (compared with €1,770 million in 2019), mainly relating to Belgian nuclear power assets (€2,860 million) due to the operating life of certain power plants not being extended beyond 2025 and updated price scenarios (see Note 9.1);
- restructuring costs of €343 million (compared with €218 million in 2019) (see Note 9.2);
- positive scope effects of €1,640 million, mainly relating to the disposal of 29.9% of ENGIE's interest in SUEZ (see Note 9.3);
- other non-recurring items for a negative €886 million, mainly relating to the initial one-off accounting impact of extending the trading management method launched by the GEM BU in 2017 to the rest of the Group's gas positions in Europe for a negative €726 million, as well as to the impacts of the review of the industrial site dismantling and rehabilitation provisions (see Note 9.4).

The **net financial loss** amounted to €1,678 million in 2020, compared with €1,387 million the previous year (see Note 10) despite a stable average cost of gross debt, due to a lower return on cash and unfavorable exchange rate effects.

The **income tax expense** for 2020 amounted to €715 million (versus €640 million in 2019). Adjusted for non-recurring items, the effective recurring tax rate was 32.5% in 2020, up on the 2019 rate of 28.2% mainly due to the revision of certain deferred tax positions following the updates to taxable income forecasts and regulatory developments in certain geographies. The overall effective tax rate decreased sharply in 2020 (a negative 98.1% versus a positive 35.8% in 2019), also impacted by the non-deductibility of most of the impairment losses recorded over the period and changes in tax risk provisions.

Net recurring income Group share amounted to €1.7 billion compared to €2.7 billion at December 31, 2019. This decrease was mainly due to the decline in current operating income and the increase of recurring financial charges as well as to the increase in the recurring effective tax rate from 28.2% to 32.5%.

Net income Group share amounted to a negative €1.5 billion, down €2.5 billion as a result of the decrease in net recurring income Group share, higher net impairment losses (of €3.6 billion in total) mainly relating to change in lifetime assumption for Belgian nuclear reactors and changes in the commodity price scenario for nuclear assets (€2.9 billion), and the extension of fair value accounting to an European gas contract and its related assets (€0.5 billion).

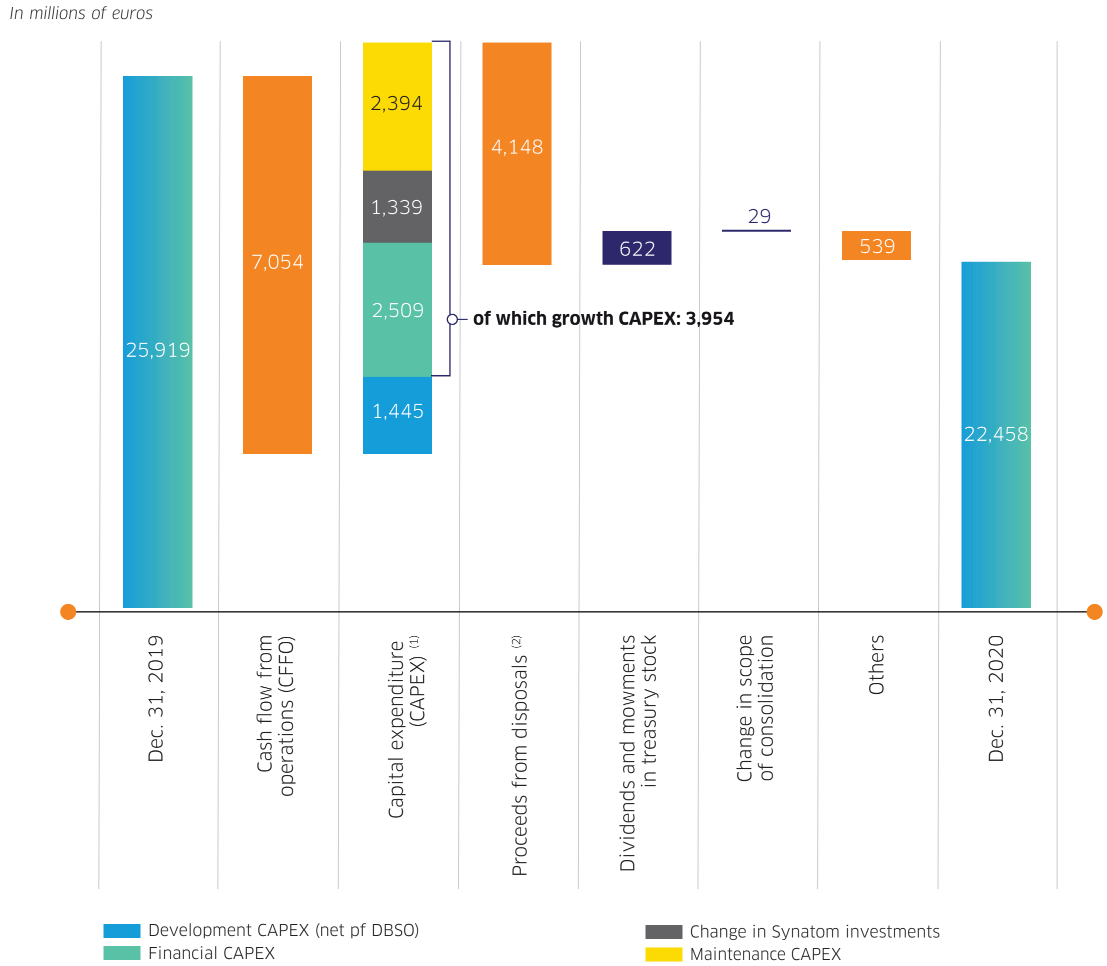
Net income relating non-controlling interests amounted to €644 million, (compared to €664 million in 2019) despite the sharp decrease in net income Group share, due to the relatively good performance of companies with non-controlling interests, particularly in South America.

6.1.1.4 Changes in net financial debt

Net financial debt stood at €22.5 billion, down €3.5 billion compared with December 31, 2019. This decrease is mainly attributable to (i) cash flow from operations (€7.1 billion), (ii) the impacts of disposals during the period (€4.2 billion, primarily corresponding to the sale of part of the Group's interest in SUEZ SA for €3.4 billion, and of interests in Astoria 1 and 2 in the United States for €0.4 billion) and (iii) other items (€0.5 billion, mainly related to foreign exchange rates, partially offset by new leased right-of-use assets). These items were partially offset by (i) capital expenditure over the period (€7.7 billion [(1)]), and (ii) dividends paid to non-controlling interests and movements in treasury stock (€0.6 billion). In 2020, ENGIE's dividend payment for the 2019 financial year (i.e. €1.9 billion) was cancelled.

(1) Net of DBSO proceeds

Changes in net financial debt break down as follows:



(1) Capital expenditure net of DBSO proceeds
(2) Excluding DBSO proceeds

At the end of December 2020, the net financial debt to EBITDA ratio amounted to 2.42, decreasing by 0.1x compared to the end of 2019. The average cost of gross debt was 2.38%, down 32bps compared to the end of 2019. This decrease is mainly explained by the positive effect induced by the deterioration of the exchange rate in Brazil and the lower debt exposure in India, having led to a positive mix effect: the share of average centralised debt, which has a lower rate than the local debts, in the total average debt has increased.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Net financial debt	22,458	25,919
EBITDA	9,276	10,366
NET DEBT/EBITDA RATIO	**2.42**	**2.50**

At the end of December 2020, the net economic debt [1] to EBITDA ratio stood at 4.03, stable compared to the end of 2019.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Economic net debt	37,420	41,078
EBITDA	9,276	10,366
ECONOMIC NET DEBT/EBITDA RATIO	**4.03**	**3.96**

(1) Economic net debt amounted to €37.4 billion at the end of December 2020, down €3.7 billion compared with the level at end of December 2019; it includes, in particular, nuclear provisions and post-employment benefits

6.1.1.4.1 Cash flow from operations (CFFO)

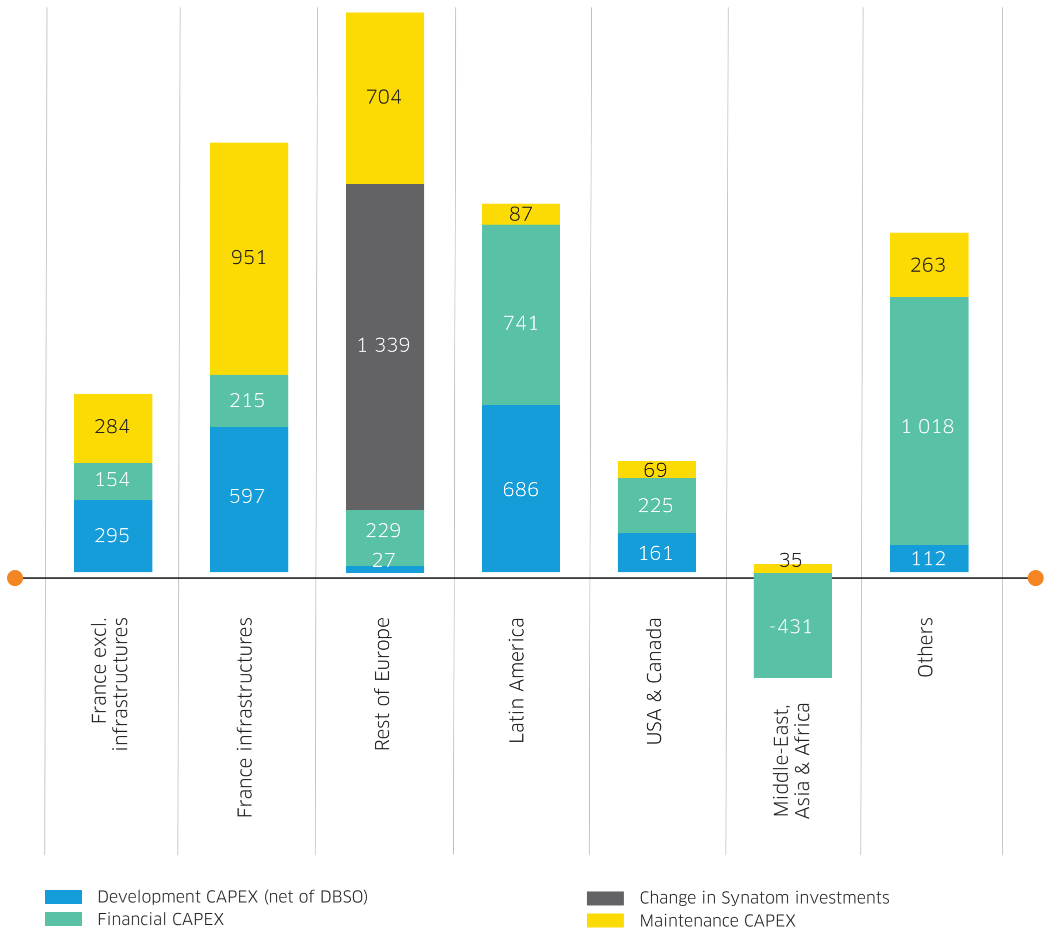
Cash flow from operations amounted to €7.1 billion, down €0.5 billion. This evolution resulted from the -€1.1 billion decrease in operating cash flow, partly offset by a positive variation in change in working capital requirements of €0.5 billion and by slightly lower net interests and tax paid.

The positive variation in working capital requirements was mainly due to the variance in commodity related margin calls and financial derivatives for €0.9 billion, partly offset by a -€0.4 billion deterioration in operating working capital change notably due to an increase in Supply inventory partly compensated by a decrease in receivables.

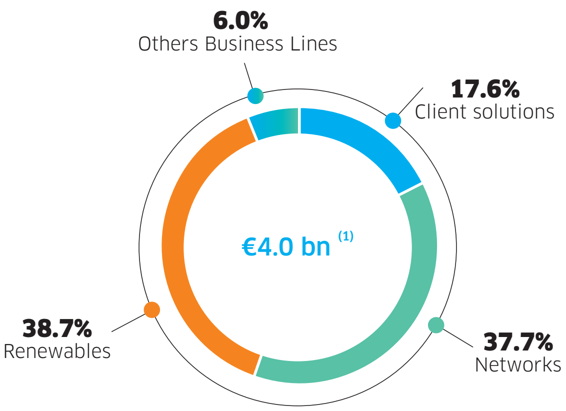
6.1.1.4.2 Net investments

Capital expenditure (CAPEX) amounted to €7,687 million, breaking down as follows by segment.

In millions of euros



Growth capital expenditure amounted to €4,0 billion, breaking down as follows by Business Line. Over 90% of growth investment was dedicated to Renewables, Networks and Asset-based Client Solutions activities in line with the new strategic direction announced in July.



Main projects (€bn)

Clients Solutions	**0.7**
Mainly in asset-based activities with the continued development of University partnerships in the US, DHC development in France and solar on-site generation development in the US.	
Networks	**1.5**
In Brazil, construction of the 2 power transmission lines projects and acquisition of the remaining 10% in TAG, gas smart meters roll-out and distribution network development in France.	
Renewables	**1.5**
Acquisition of hydro assets in Portugal, development of offshore wind and construction of new wind and solar capacity mainly in Latin America incl. Brazil, France and North America.	

(1) Net of disposals under DBSO operations, excluding Corporate, and Synatom reallocated to maintenance expenditure

The **geography/Business Line** matrix for capital expenditure is presented hereunder:

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	Dec. 31, 2020
France	384	1,743	247	-	-	123	-	2,496
Rest of Europe	178	83	75	118	1,740	104	-	2,298
Latin America	23	672	649	166	-	4	-	1,514
USA & Canada	268	-	137	1	-	49	-	455
Middle East, Asia & Africa	25	4	(452)	(99)	-	51	-	(470)
Others	112	-	980	1	-	27	272	1,393
TOTAL CAPEX	**992**	**2,502**	**1,637**	**187**	**1,740**	**357**	**272**	**7,687**

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	Dec. 31, 2019
France	423	1,709	481	-	-	151	-	2,764
Rest of Europe	416	77	35	174	636	95	-	1,433
Latin America	46	1,651	541	254	-	7	-	2,499
USA & Canada	301	1	968	8	-	73	-	1,351
Middle East, Asia & Africa	80	9	267	-	-	93	-	449
Others	355	-	183	81	-	38	889	1,547
TOTAL CAPEX	**1,621**	**3,446**	**2,475**	**517**	**636**	**458**	**889**	**10,042**

Net investments amounted to €4,093 million and include:

- growth capital expenditure for €3,954 million (see above);
- gross maintenance capital expenditure amounting to €2,394 million;
- the €1,339 million increase in Synatom investments;
- new leased right-of-use assets recognized over the period (€584 million);
- changes in the scope of consolidation for the period relating to acquisitions and disposals of subsidiaries for €29 million; and
- proceeds from disposals representing an inflow of €4,148 million, mainly relating to the disposal of part of the Group's interest in SUEZ SA and of its interests in Astoria 1 and 2 in the United States.

6.1.1.4.3 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €622 million (versus €2,522 million in 2019). This change is explained in particular by the cancellation of ENGIE's dividend payment for the 2019 fiscal year for €1.9 billion. Dividends and movements in treasury stock in 2020 include dividends paid by various subsidiaries to their non-controlling interests in an amount of €425 million and the payment of interest on hybrid debt for €187 million.

6.1.1.4.4 Net financial debt at December 31, 2020

Excluding amortized cost but including the impact of foreign currency derivatives, at December 31, 2020 a total of 81% of net financial debt was denominated in euros, 12% in US dollars and 9% in Brazilian real.

Including the impact of financial instruments, 98% of net financial debt is at fixed rates.

The average maturity of the Group's net financial debt is 12.0 years.

At December 31, 2020, the Group had total undrawn confirmed credit lines of €13.7 billion.

6.1.1.5 Other items in the statement of financial position

In millions of euros	Dec. 31, 2020	Dec. 31, 2019	Net change
Non-current assets	**93,095**	**99,297**	**(6,201)**
Of which goodwill	*15,943*	*18,665*	*(2,722)*
Of which property, plant and equipment and intangible assets, net	*57,085*	*58,996*	*(1,911)*
Of which investments in equity method entities	*6,760*	*9,216*	*(2,456)*
Current assets	**60,087**	**60,496**	**(409)**
Of which assets classified as held for sale	*1,292*	*468*	*823*
Total equity	**33,856**	**38,037**	**(4,181)**
Provisions	27,073	25,115	1,958
Borrowings	37,939	38,544	(606)
Other liabilities	54,315	58,097	(3,781)
Of which liabilities directly associated with assets classified as held for sale	*488*	*92*	*396*

The carrying amount of **property, plant and equipment and intangible assets** was €57.1 billion, down €1.9 billion compared with December 31, 2019. This decrease was primarily the result of depreciation and amortization charges (€4.6 billion negative impact), translation adjustments (€2.2 billion negative impact, primarily attributed to the strong depreciation of the Brazilian real and the US dollar), impairment losses (€1.3 billion negative impact, primarily attributed to Belgian nuclear power assets), and the classification of renewable energy assets in India under "Assets classified as held for sale" (€0.6 billion negative impact), partially offset by acquisitions and development capital expenditure (€7.0 billion positive impact).

Goodwill decreased by €2.7 billion to €15.9 billion, mainly due to the recognition of impairment losses on Belgian nuclear power assets (see Note 13).

Investments in equity method entities decreased by €2.5 billion, primarily due to the disposal of a 29.9% stake in SUEZ.

Total equity amounted to €33.9 billion, a decrease of €4.2 billion compared with December 31, 2019. The decrease stemmed mainly from other comprehensive income (€3.0 billion negative impact, including a negative €2.1 billion of translation adjustments primarily attributed to the strong depreciation of the Brazilian real, a negative €1.6 billion of actuarial gains and losses, and a negative €0.4 billion corresponding to a decrease in the share of equity method entities in recyclable items, net of tax) and from net income for the period (€0.9 billion negative impact).

Provisions increased by €2.0 billion compared with December 31, 2019 to €27.1 billion. This increase stemmed mainly from actuarial losses on provisions for post-employment benefits and other long-term benefits (which added €1.5 billion to the provision amount) owing to the fall in discount rates over the period (see Note 20).

At December 31, 2020, assets and liabilities classified under "**Assets classified as held for sale**" and "**Liabilities directly associated with assets classified as held for sale**" mainly comprised renewable energy assets in India and Mexico and the Group's interest in EV Charged BV (EVBox).

6.1.1.6 Parent company financial statements

The figures provided below relate to the financial statements of ENGIE SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for ENGIE SA in 2020 totaled €19,272 million, an increase compared to 2019 (€17,282 million), both on the gas and electricity markets.

The net operating loss amounted to €1,640 million in 2020, a deterioration of €709 million compared with a loss of €931 million in 2019. Energy margin increased by €205 million, thanks to lower supply costs and continued growth in the electricity business.

Net financial income amounted to €1,440 million, an increase of €248 million compared to 2019 due to higher dividends received and a decrease in the cost of net debt.

Non-recurring items represented a loss of €4,260 million, mainly comprising impairment of equity investments of which €5,186 million in impairment losses on Electrabel shares given the non-extension of the nuclear power plants in Belgium assumption of and unfavorable foreign exchange impact.

The income tax benefit amounted to €532 million versus an income tax benefit of €377 million in 2019, including a tax consolidation benefit of €461 million.

The net loss for the year came out at €3,928 million.

Shareholders' equity amounted to €30,702 million at end-2020 compared with €34,594 million at end-2019. The €3,892 million decrease was mainly due to the 2020 net loss of €3,928 million, since no dividend payment was made during the period.

At December 31, 2020, borrowings and debt stood at €38,158 million, and cash and cash equivalents totaled €11,615 million (of which €8,135 million relating to subsidiaries' current accounts).

Information relating to payment terms

Pursuant to Article D.441-4 of the French Commercial Code, companies whose annual financial statements are subject to a statutory audit must publish information regarding supplier and customer payment terms. The purpose is to demonstrate that there is no significant failure to comply with such terms.

Information relating to supplier and customer payment terms mentioned in Article D.441-4 of the French Commercial Code

In millions of euros	Article D.441 I.- 1°: Invoices received, unpaid and overdue at the reporting date						Article D.441 I.- 2°: Invoices issued, unpaid and overdue at the reporting date					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) By aging category												
Number of invoices	-					24,855	-					5,865,476
Aggregate invoice amount (incl. VAT)	-	22.9	0.5	0.1	107.3	130.9	-	412.0	36.8	29.9	575.8	1,045.5
Percentage of total amount of purchases (incl. VAT) for the period	-	0.10%	0.00%	0.00%	0.46%	0.57%						
Percentage of total revenues (incl. VAT) for the period							-	1.81%	0.16%	0.13%	2.53%	4.64%
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables												
Number of excluded invoices						180						1,316
Aggregate amount of excluded invoices						5.4						57.6
(C) Standard payment terms used (contractual or legal terms – Article L.441-6 or Article L.443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	Legal payment terms: 30 days						Contractual payment terms: 14 days Legal payment terms: 30 days					

6.1.2 Cash and shareholders' equity

6.1.2.1 Borrowing conditions and financial structure applicable to the issuer

6.1.2.1.1 Debt structure

Gross debt, excluding bank overdrafts, amortized cost and financial derivative instruments amounted to €34.5 billion at the end of 2020, down from year-end 2019, and was primarily composed of €26.2 billion in bond issues and €4.1 billion in bank loans. Other loans and drawdowns on credit lines accounted for a total of €0.2 billion. Short-term loans (short-term marketable securities) accounted for 12% of total gross debt at the end of 2020.

A total of 88% of the gross debt was issued on financial markets (bond issues and short-term marketable securities). Net debt, excluding amortized costs, the effect of financial derivative instruments and cash collateral, came to €21.2 billion at the end of 2020. At the end of 2020, net debt was 81% denominated in euros, 12% in US dollars and 9% in Brazilian reals, excluding amortized cost and after the foreign exchange impact of derivatives.

After the impact of derivatives, 98% of the net debt was at a fixed rate. The average cost of gross debt was 2.38%. The average maturity of net debt was 12 years at the end of 2020.

The principal contracts are carried by ENGIE SA and are described in Section 6.4 "Parent company financial statements" Note 11 – 11.2.1 & 11.2.2.

6.1.2.1.2 Main transactions in 2020

The principal transactions performed in 2020 affecting financial debt are described in Note 16.3.3. of Section 6.2 "Consolidated financial statements".

In May 2020, in the context of the Covid-19 health crisis, the Group entered into an additional credit line of €2.5 billion for an initial term of 12 months, with two extension options of six months each. This credit line has been provided by a syndicate of six international banks. At the end of 2020, in view of changes in the Group's cash position, this line was canceled in its entirety. The Group also exercised the second option to extend the maturity of the centralized syndicated line of credit of €5.0 billion. The maturity of this line has thus been extended to December 10, 2025.

6.1.2.1.3 Ratings

ENGIE is rated by Standard & Poor's, Moody's and Fitch.

In April 2020, S&P revised Engie SA's issuer rating from A-/A-1 to BBB+/A-2, with a stable outlook.

In May 2020, Moody's confirmed the rating of Engie SA's senior debt at A3/P-2, but revised the outlook from stable to negative. Then, in November 2020, Moody's revised this rating from A3/P-2 to Baa1/P-2, with a stable outlook.

In September 2020, Fitch confirmed Engie SA's issuer rating at A/F1, but revised the outlook from stable to negative.

6.1.2.2 Restrictions on the use of capital

At December 31, 2020, the Group had total undrawn confirmed credit lines of €13.7 billion. These lines are usable, among other things, as back-up lines for the short-term marketable securities programs. Over 90% of these lines are centrally managed and their availability is not subject to any financial covenant or linked to a credit risk rating. The counterparties of these lines are well diversified, with no single counterparty holding more than 5% of the total of these centralized lines. No centralized credit facility was in use as at the end of 2020.

Furthermore, the Group has set up credit lines in some subsidiaries, for which the documentation includes ratios related to their financial standing. These lines of credit are not guaranteed by ENGIE SA or GIE ENGIE Alliance. The definition, as well as the level of these ratios, also known as "financial covenants," are determined by agreement with the lenders and may be reviewed during the life of the loan.

The most frequent ratios are:

- Debt Service Cover Ratio = Free Cash Flow (Principal + interest expense) or for servicing interest (Interest Cover Ratio = EBITDA/interest expense);
- Loan Life Cover Ratio (adjustment of the average cost of the future Free Cash Flows debt divided by the borrowed amount still owed);
- Debt/Equity ratio or maintenance of a minimum amount of equity.

At December 31, 2020, all Group companies whose debt is consolidated were compliant with the covenants and representations contained in their financial documentation, with the exception of a few non-significant entities for which appropriate actions to achieve compliance are being implemented.

6.1.2.3 Expected sources of financing to honor commitments relating to investment decisions

The Group believes that its funding needs will be covered by available cash and the possible use of its existing credit facilities. However, it may call upon the capital markets on an ad hoc basis.

If necessary, dedicated financing could be established for very specific projects.

The Group has a total of €2.5 billion in financing that matures in 2021 (excluding the maturity of €4 billion in short-term marketable securities). In addition, at December 31, 2020, it had €13.3 billion in cash (net of bank overdrafts) and a total of €13.7 billion in available lines, including €1 billion expiring in 2021. The amount of these available lines is not net of the amount of short-term marketable securities.

6.2 Consolidated financial statements

6.2.1 Consolidated financial statements

Income statement

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Revenues	**6.2 & 7**	**55,751**	**60,058**
Purchases and operating derivatives	8.1	(34,967)	(39,404)
Personnel costs	8.2	(11,759)	(11,478)
Depreciation, amortization and provisions	8.3	(4,778)	(4,393)
Taxes		(1,265)	(1,654)
Other operating income		1,105	1,670
Current operating income including operating MtM		**4,087**	**4,800**
Share in net income of equity method entities	6.2	552	500
Current operating income including operating MtM and share in net income of equity method entities		**4,640**	**5,300**
Impairment losses	9.1	(3,551)	(1,770)
Restructuring costs	9.2	(343)	(218)
Changes in scope of consolidation	9.3	1,640	1,604
Other non-recurring items	9.4	(886)	(1,240)
Income/(loss) from operating activities	**9**	**1,501**	**3,676**
Financial expenses		(2,232)	(2,300)
Financial income		553	913
Net financial income/(loss)	**10**	**(1,678)**	**(1,387)**
Income tax benefit/(expense)	11	(715)	(640)
NET INCOME/(LOSS)		**(893)**	**1,649**
Net income/(loss) Group share		**(1,536)**	**984**
Non-controlling interests		**644**	**664**
Basic earnings/(loss) per share *(euros)*	**12**	**(0.71)**	**0.34**
Diluted earnings/(loss) per share *(euros)*	**12**	**(0.71)**	**0.34**

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

Statement of comprehensive income

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
NET INCOME/(LOSS)		**(893)**	**1,649**
Debt instruments	16.1	(46)	48
Net investment hedges	17	128	29
Cash flow hedges (excl. commodity instruments)	17	(249)	(229)
Commodity cash flow hedges	17	872	(744)
Deferred tax on items above		(137)	240
Share of equity method entities in recyclable items, net of tax		(387)	(250)
Translation adjustments		(2,098)	(45)
Total recyclable items		**(1,916)**	**(953)**
Equity instruments	16.1	43	103
Actuarial gains and losses		(1,569)	(1,128)
Deferred tax on items above		377	255
Share of equity method entities in actuarial gains and losses, net of tax		75	(31)
Total non-recyclable items		**(1,073)**	**(801)**
Total recyclable items and non-recyclable items		**(2,990)**	**(1,754)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(3,882)**	**(105)**
Of which owners of the parent		*(4,046)*	*(660)*
Of which non-controlling interests		*163*	*555*

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

Statement of financial position

Assets

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Non-current assets			
Goodwill	13	15,943	18,665
Intangible assets, net	14	7,196	7,038
Property, plant and equipment, net	15	49,889	51,958
Other financial assets	16	9,009	7,022
Derivative instruments	16	2,996	4,137
Assets from contracts with customers	7	26	15
Investments in equity method entities	3	6,760	9,216
Other non-current assets	24	396	384
Deferred tax assets	11	880	860
Total non-current assets		**93,095**	**99,297**
Current assets			
Other financial assets	16	2,583	2,546
Derivative instruments	16	8,069	10,134
Trade and other receivables, net	7	14,295	15,180
Assets from contracts with customers	7	7,738	7,816
Inventories	24	4,140	3,617
Other current assets	24	8,990	10,216
Cash and cash equivalents	16	12,980	10,519
Assets classified as held for sale	4.2	1,292	468
Total current assets		**60,087**	**60,496**
TOTAL ASSETS		**153,182**	**159,793**

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

Liabilities

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Shareholders' equity		28,945	33,087
Non-controlling interests	2	4,911	4,950
Total equity	**18**	**33,856**	**38,037**
Non-current liabilities			
Provisions	19	24,876	22,817
Long-term borrowings	16	30,092	30,002
Derivative instruments	16	3,789	5,129
Other financial liabilities	16	77	38
Liabilities from contracts with customers	7	39	45
Other non-current liabilities	24	2,004	1,222
Deferred tax liabilities	11	4,416	4,631
Total non-current liabilities		**65,293**	**63,882**
Current liabilities			
Provisions	19	2,197	2,298
Short-term borrowings	16	7,846	8,543
Derivative instruments	16	9,336	10,446
Trade and other payables	16	17,307	19,109
Liabilities from contracts with customers	7	4,315	4,286
Other current liabilities	24	12,545	13,101
Liabilities directly associated with assets classified as held for sale	4.2	488	92
Total current liabilities		**54,034**	**57,874**
TOTAL EQUITY AND LIABILITIES		**153,182**	**159,793**

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

Statement of changes in equity

In millions of euros	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2018 [(1)]	**2,435**	**32,565**	**(590)**	**3,750**	**(1,019)**	**(1,130)**	**(460)**	**35,551**	**5,391**	**40,941**
Normative changes [(2)]	-	-	(7)	-	-	-	-	(7)	(4)	(11)
EQUITY AT JANUARY 1, 2019	**2,435**	**32,565**	**(597)**	**3,750**	**(1,019)**	**(1,130)**	**(460)**	**35,544**	**5,386**	**40,930**
Net income/(loss)			984					984	664	1,649
Other comprehensive income/(loss)			(735)		(942)	32		(1,645)	(109)	(1,754)
Total comprehensive income/(loss)			**250**		**(942)**	**32**		**(660)**	**555**	**(105)**
Share-based payment	-	-	50					50	-	50
Dividends paid in cash [(3)]		(1,096)	(738)					(1,833)	(453)	(2,286)
Purchase/disposal of treasury stock			(157)				157	-	-	-
Operations on deeply-subordinated perpetual notes [(3)]			(172)	163				(9)		(9)
Transactions between owners			36					36	4	40
Transactions with impact on non-controlling interests [(4)]			-					-	(515)	(515)
Share capital increases and decreases								-	(28)	(28)
Normative changes [(5)]			(35)					(35)		(35)
Other changes			(6)		-			(6)	1	(5)
EQUITY AT DECEMBER 31, 2019	**2,435**	**31,470**	**(1,369)**	**3,913**	**(1,961)**	**(1,098)**	**(303)**	**33,087**	**4,950**	**38,037**

(1) Published data at December 31, 2018 were not restated due to the transition method used for the application of IFRS 16 (see Note 1 "Accounting framework and basis for preparing the consolidated financial statements" to the consolidated financial statements for the year ended December 31, 2019)

(2) Normative changes related to the impact of IFRS 16 (see Note 1 "Accounting framework and basis for preparing the consolidated financial statements" to the consolidated financial statements for the year ended December 31, 2019)

(3) Transactions of the period are listed in Note 18 "Equity"

(4) Mainly relates to the deconsolidation of GLOW following its disposal (see Note 4.1 "Disposals carried out in 2019" to the consolidated financial statements for the year ended December 31, 2019)

(5) Normative changes related to the application of IFRIC23 at SUEZ

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

In millions of euros	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2019	**2,435**	**31,470**	**(1,369)**	**3,913**	**(1,961)**	**(1,098)**	**(303)**	**33,087**	**4,950**	**38,037**
Net income/(loss)			(1,536)					(1,536)	644	(893)
Other comprehensive income/(loss)			(999)		242	(1,752)		(2,509)	(480)	(2,990)
Total comprehensive income/(loss)			**(2,535)**	-	**242**	**(1,752)**	-	**(4,046)**	**163**	**(3,882)**
Share-based payment			52					52	2	54
Dividends paid in cash [(1)]		-	-					-	(425)	(425)
Purchase/disposal of treasury stock			(52)				52	-	-	-
Operations on deeply-subordinated perpetual notes [(2)]			(193)					(193)	-	(193)
Transactions between owners			25					25	35	59
Transactions with impact on non-controlling interests			-					-	7	7
Share capital increases and decreases								-	178	178
Other changes		(178)	199					21	1	21
EQUITY AT DECEMBER 31, 2020	**2,435**	**31,291**	**(3,874)**	**3,913**	**(1,719)**	**(2,850)**	**(251)**	**28,945**	**4,911**	**33,856**

(1) The Shareholders' Meeting of May 14, 2020 approved the resolution relating to the cancellation of the dividend payment in respect of 2019 proposed by the Group in the current context of the Covid-19 crisis (see Note 17.3 "Liquidity risk")

(2) Transactions of the period are listed in Note 18 "Equity"

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

Statement of cash flows

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
NET INCOME/(LOSS)		**(893)**	**1,649**
- Share in net income of equity method entities		(552)	(500)
+ Dividends received from equity method entities		740	773
- Net depreciation, amortization, impairment and provisions		8,760	7,083
- Impact of changes in scope of consolidation and other non-recurring items		(1,573)	(1,579)
- Mark-to-market on commodity contracts other than trading instruments		(199)	426
- Other items with no cash impact		111	(18)
- Income tax expense	11	715	640
- Net financial income/(loss)	10	1,678	1,387
Cash generated from operations before income tax and working capital requirements		**8,788**	**9,863**
+ Tax paid		(599)	(575)
Change in working capital requirements	**24.1**	**(600)**	**(1,110)**
CASH FLOW FROM OPERATING ACTIVITIES		**7,589**	**8,178**
Acquisitions of property, plant and equipment and intangible assets	14 & 15	(5,115)	(6,524)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	4 & 16	(417)	(864)
Acquisitions of investments in equity method entities and joint operations	4 & 16	(1,067)	(1,746)
Acquisitions of equity and debt instruments	16	(1,622)	(595)
Disposals of property, plant and equipment, and intangible assets	14 & 15	154	134
Loss of controlling interests in entities, net of cash and cash equivalents sold	4 & 16	456	2,676
Disposals of investments in equity method entities and joint operations	4 & 16	3,841	14
Disposals of equity and debt instruments	16	21	148
Interest received on financial assets		21	28
Dividends received on equity instruments		57	67
Change in loans and receivables originated by the Group and other	5.6	(374)	(532)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(4,046)**	**(7,193)**
Dividends paid (1) (2)		(622)	(2,522)
Repayment of borrowings and debt		(6,179)	(3,035)
Change in financial assets held for investment and financing purposes		(608)	(135)
Interest paid		(665)	(780)
Interest received on cash and cash equivalents		53	82
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		25	(114)
Increase in borrowings		7,231	6,622
Increase/decrease in capital		181	107
Purchase and/or sale of treasury stock		-	-
Changes in ownership interests in controlled entities	5.6	23	(12)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(562)**	**212**
Effects of changes in exchange rates and other		(520)	623
TOTAL CASH FLOW FOR THE PERIOD		**2,461**	**1,819**
Cash and cash equivalents at beginning of period		**10,519**	**8,700**
Cash and cash equivalents at end of period		**12,980**	**10,519**

(1) The Shareholders' Meeting of May 14, 2020 approved the resolution relating to the cancellation of the dividend payment in respect of 2019 proposed by the Group in the current context of the Covid-19 crisis (see Note 17.3 "Liquidity risk")

(2) The line "Dividends paid" includes the coupons paid to owners of the deeply-subordinated perpetual notes (see Note 18 Equity)

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals

6.2.2 Notes to the consolidated financial statements

ENGIE SA, the parent company of the Group, is a French *société anonyme* with a Board of Directors that is subject to the provisions of Book II of the French Commercial Code (*Code de commerce*), as well as to all other provisions of French law applicable to French commercial companies. It was incorporated on November 20, 2004 for a period of 99 years.

It is governed by current and future laws and by regulations applicable to *sociétés anonymes* and its bylaws.

The Group is headquartered at 1, place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels and Luxembourg stock exchanges.

On February 25, 2021, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2020.

NOTE 1 Accounting framework and basis for preparing the consolidated financial statements

1.1 Accounting standards

Pursuant to European Regulation (EU) 2019/980 dated March 14, 2019, financial information concerning the assets, liabilities, financial position, and profit and loss of ENGIE has been provided for the last two reporting periods (ended December 31, 2019 and 2020). This information was prepared in accordance with European Regulation (EC) 1606/2002 "on the application of international accounting standards" dated July 19, 2002. The Group's consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with IFRS Standards as published by the International Accounting Standards Board and endorsed by the European Union [1].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2020 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2019, except for those described below.

1.1.1 IFRS Standards, amendments or IFRIC Interpretations applicable in 2020

- Amendments to IFRS 3 – *Business Combinations:* Definition of a Business.
- Amendments to IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of Material.
- Amendments to IFRS 9 – *Financial Instruments; IAS 39 – Financial Instruments: recognition and measurement*; IFRS 7 – *Financial Instruments*: *Disclosures – Interest Rate Benchmark Reform.*
- Amendments to IFRS 16 – *Leases: Covid-19-related rent concessions*.

These amendments have no significant impact on the Group's consolidated financial statements.

1.1.2 IFRS Standards, amendments or IFRIC Interpretations effective in 2021 and that the Group has elected to early adopt

- Amendments to IFRS 9 – *Financial Instruments*; IAS 39 – *Financial Instruments:* recognition and measurement; IFRS 7 – *Financial Instruments:* Disclosures; IFRS 4 – *Insurance contracts* and IFRS 16 – *Leases*: Interest Rate Benchmark Reform (Phase 2).

These amendments relating to the interest rate benchmark reform *(see Note 17)* have no significant impact on the Group's consolidated financial statements.

1.1.3 IFRS Standards, amendments or IFRIC Interpretations effective in 2021 and that the Group has elected not to early adopt

- Amendments to IAS 1 – *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-Current [2].
- Amendments to IAS 16 – *Property, Plant and Equipment:* Proceeds before Intended Use [2].
- Amendments to IAS37 – *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract [2].
- Annual Improvements to IFRSs 2018-2020 Cycle [2].
- IFRS 17 – *Insurance Contracts* (including amendments) [2].

The impact of these standards and amendments is currently being assessed.

1.2 Measurement and presentation basis

1.2.1 Historical cost convention

The Group's consolidated financial statements are presented in euros and have been prepared using the historical cost convention, except for financial instruments that are accounted for under the financial instrument categories defined by IFRS 9.

(1) Available on the European Commission's website: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02002R1606-20080410
(2) As these standards and amendments have not yet been adopted by the European Union, this is a free translation

1.2.2 Chosen options

1.2.2.1 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an impact on the consolidated financial statements are:

- translation adjustments: the Group elected to reclassify cumulative translation adjustments within consolidated equity at January 1, 2004;
- business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

1.2.2.2 Business combinations

Business combinations carried out prior to January 1, 2010 were accounted for in accordance with IFRS 3 prior to the revision. In accordance with IFRS 3 revised, these business combinations have not been restated.

Since January 1, 2010, the Group applies the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interests in the acquiree. Non-controlling interests are measured either at fair value or at the entity's proportionate interest in the net identifiable assets of the acquiree. The Group determines on a case-by-case basis which measurement option to be used to recognize non-controlling interests.

1.2.2.3 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method starting from net income.

"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Group's internal organization, where debt and cash are managed centrally by the Group Treasury Department.

As impairment losses on current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of income tax are presented on a separate line.

1.2.3 Foreign currency transactions

1.2.3.1 Translation of foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction.

Functional currency is the currency of the primary economic environment in which an entity operates, which in most cases corresponds to local currency. However, certain entities may have a functional currency different from the local currency when that other currency is used for an entity's main transactions and better reflects its economic environment.

At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The resulting translation gains and losses are recorded in the consolidated income statement for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.2.3.2 Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements of financial position of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under "Translation adjustments" as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

1.3 Use of estimates and judgments

1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

Developments in the economic and financial environment, particularly relating to Covid-19, have prompted the Group to step up its risk oversight procedures, mainly in measuring financial instruments and performing impairment tests. The estimates used by the Group, among other things, to test for impairment and to measure provisions, take into account this environment and the sharp market volatility.

Accounting estimates are made in a context that remains sensitive to energy market developments, therefore making it difficult to apprehend medium-term economic prospects.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- measurement of the recoverable amount of goodwill (*see Note 13*), intangible assets (*see Note 14*), property, plant and equipment (*see Note 15*), and, in the context of Covid-19, factoring the uncertainty in measuring these recoverable amounts and their sensitivity to potential changes in key assumptions;

- measurement of the fair value of financial assets and liabilities, and, in the context of Covid-19, factoring the uncertainty surrounding the key assumptions used, mainly as regards the estimation of future cash flows (*see Notes 16 and 17*);
- measurement of provisions, particularly for the back-end of the nuclear fuel cycle, dismantling obligations, disputes, and pensions and other employee benefits (*see Notes 19 and 20*);
- measurement of the fair value of assets acquired and liabilities assumed in a business combination (*see Note 4*);
- measurement of un-metered revenues (energy in the meter), for which the valuation techniques have been impacted by changes in certain customers' consumption habits (*see Note 7*);
- measurement of recognized tax loss carry-forwards, taking into account, where applicable, in the context of Covid-19, taxable income revisions and projections (*see Note 11*).

1.3.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the IFRS Standards and IFRIC Interpretations in force do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in:

- assessing the type of control (*see Notes 2 and 3*);
- identifying the performance obligations of sales contracts (*see Note 7*);
- determining how revenues are recognized for distribution or transmission services invoiced to customers (*see Note 7*);
- identifying “own use contracts” as defined by IFRS 9 within non-financial purchase and sale contracts (electricity, gas, etc.) (*see Note 16*);
- determining whether arrangements are or contain a lease (*see Notes 15 and 16*);
- grouping operating segments together for the presentation of reportable segments (*see Note 6*).

In the context of the Covid-19 crisis, the Group also exercised its judgment in assessing:

- the existence of a trigger event potentially leading to the impairment of goodwill, property, plant and equipment and/or intangible assets (*see Notes 9, 13, 14 and 15*);
- expected credit losses, mainly in order to update probabilities of default and other inputs in an uncertain context (*see Note 17*);
- the impacts on risks related to financial instruments, mainly liquidity risk and trends in interest rate, commodities and exchange rate markets (*see Note 17*);
- the consequences of hedging, particularly with regard to maintaining the highly probable nature of the hedged item (*see Note 17*);
- the application of enforceable rights and obligations associated with customer contracts, mainly with regard to future payment receipt probabilities and the measurement of the revenue recognized using the percentage of completion method (*see Note 7*).

1.3.3 Impacts of the Covid-19 crisis on the Group’s position at December 31, 2020

The impacts of the Covid-19 crisis on the Group’s operational and financial performance are presented in the management report.

In the context of the health crisis, the Group has taken special care in determining the accounting treatments applicable to the main issues and impacts of the crisis, for which IFRS accounting principles have been applied consistently with those previously used, particularly in relation to:

- **Impairment losses on non-financial assets**

  The potential impairment of non-financial assets, particularly goodwill and investments consolidated using the equity method of accounting, was examined, particularly for those activities most affected by the Covid-19 crisis. In accordance with IAS 36 – *Impairment of Assets*, the Group performed an impairment test on goodwill, as well as on other non-financial assets for which indicators of potential impairment losses existed (*see Note 9.1 “Impairment losses” and Note 13 “Goodwill”*).
- **Impairment losses on financial assets: counterparty risk and expected credit losses**

  The Covid-19 crisis gives rise to a potentially increased credit risk and may therefore affect the amount of impairment losses to be recognized in respect of expected credit losses. The Group is therefore monitoring payment receipts and counterparty risk more closely (*see Note 17 “Risks arising from financial instruments”*).
- **Financial assets and liabilities: measurement at fair value**

  Faced with the crisis, the financial markets are very volatile, which affects the instruments held by the Group and measured at fair value. The fair value of these instruments incorporates data that reflect the way in which market participants would take into account the impacts of Covid-19, including the uncertainties inherent to the situation generated by the crisis (*see Note 16 “Financial instruments”*).
- **Liquidity risk and market risk**

  Liquidity risk and trends in the interest rate, commodities and exchange rate markets were monitored carefully and the related information has been updated based on data available at December 31, 2020 (*see Note 17 “Risks arising from financial instruments”*).
- **Deferred tax assets**

  ENGIE’s deferred tax asset positions were reviewed in order to ensure their recoverability through future taxable income. The Group also monitored changes to legislation, revisions to income tax rates and other tax measures taken in response to the crisis (*see Note 11 “Income tax expense”*).
- **Provisions**

  As certain activities were more impacted by Covid-19 than others, the Group decided to review whether any current obligations were likely to give rise to the recognition of provisions, particularly for onerous contracts (*see Note 19 “Provisions”*).
- **Performance indicators and presentation of Covid-19 impacts in the income statement**

  The Group has neither adjusted its performance indicators, nor included new indicators to describe the impacts of Covid-19 (*see Note 5 “Financial indicators used in financial communication”*). Expenses directly related to the crisis are all classified, according to their nature, in current operating income, in accordance with the recommendations given in relation to the crisis, which mainly impacts revenues, irrespective of the Group’s practice of items of an unusual, irregular or non-recurring nature below current operating income.

NOTE 2 Main subsidiaries at December 31, 2020

Accounting standards

Controlled entities (subsidiaries) are fully consolidated in accordance with IFRS 10 – *Consolidated Financial Statements*. An investor (the Group) controls an entity and therefore must consolidate it if all of the following three criteria are met:

- it has the ability to direct the relevant activities of the entity;
- it has the rights and is exposed to variable returns from its involvement with the entity;
- it has the ability to use its power over the entity to affect the investor's return.

2.1 List of main subsidiaries at December 31, 2020

The following lists are made available by the Group to third parties, pursuant to Regulation No. 2016-09 of the French accounting standards authority (ANC) issued on December 2, 2016:

- list of companies included in consolidation;
- list of companies excluded from consolidation because their individual and cumulative incidence on the Group's consolidated financial statements is not material. They correspond to entities deemed not significant as regards the Group's main key figures (revenues, total equity, etc), shell companies or entities that have ceased all activities and are undergoing liquidation/closure proceedings;
- list of main non-consolidated interests.

This information is available on the Group's website (www.engie.com, Investors/Regulated information section). Non-consolidated companies are classified under non-current financial assets *(see Note 16.1.1.1)* under "Equity instruments at fair value".

The list of the main subsidiaries consolidated under the full consolidation method presented below was determined, as regards operating entities, based on their contribution to Group revenues, EBITDA, net income and net debt. The main equity-accounted investments (associates and joint ventures) are presented in Note 3 "Investments in equity method entities".

Some entities such as ENGIE SA, ENGIE Energie Services SA or Electrabel SA comprise both operating activities and headquarters functions which report to management teams of different reportable segments. In the following tables, these operating activities and headquarters functions are shown within their respective reportable segments under their initial company name followed by a * sign.

France excluding Infrastructures

			% interest	
Company name	**Activity**	**Country**	**Dec. 31, 2020**	**Dec. 31, 2019**
ENGIE SA*	Energy sales	France	100.0	100.0
ENGIE Energie Services SA*	Energy services/Networks	France	100.0	100.0
Axima Concept	Systems, facilities and maintenance services	France	100.0	100.0
Endel Group	Systems, facilities and maintenance services	France	100.0	100.0
INEO Group	Systems, facilities and maintenance services	France	100.0	100.0
Compagnie Nationale du Rhône	Electricity distribution and generation	France	50.0	50.0
ENGIE Green	Electricity distribution and generation	France	100.0	100.0
CPCU	Urban heating networks	France	66.5	66.5

France Infrastructures

			% interest	
Company name	**Activity**	**Country**	**Dec. 31, 2020**	**Dec. 31, 2019**
GRDF	Natural gas distribution	France	100.0	100.0
GRTgaz Group (excluding Elengy)	Natural gas transportation	France, Germany	74.6	74.6
Elengy	Natural gas, LNG	France	61.3	74.6
Fosmax LNG	Natural gas, LNG	France	61.3	54.1
Storengy France	Underground natural gas storage	France	100.0	100.0
Storengy Deutschland GmbH	Underground natural gas storage	Germany	100.0	100.0

Rest of Europe

Company name	Activity	Country	% interest Dec. 31, 2020	% interest Dec. 31, 2019
ENGIE Thermique France	Electricity generation	France	100.0	100.0
Electrabel SA*	Electricity generation, Energy sales	Belgium	100.0	100.0
Synatom	Managing provisions relating to power plants and nuclear fuel	Belgium	100.0	100.0
Cofely Fabricom SA	Systems, facilities and maintenance services	Belgium	100.0	100.0
ENGIE Energie Nederland N.V.	Electricity generation, Energy sales	Netherlands	100.0	100.0
ENGIE Services Nederland N.V.	Energy services	Netherlands	100.0	100.0
ENGIE Deutschland GmbH	Energy services	Germany	100.0	100.0
ENGIE Deutschland AG*	Electricity generation	Germany	100.0	100.0
ENGIE Supply Holding UK Limited	Energy sales	United Kingdom	100.0	100.0
First Hydro Holdings Company	Electricity generation	United Kingdom	75.0	75.0
Engie Regeneration	Energy services	United Kingdom	100.0	100.0
ENGIE Services Holding UK Ltd	Energy services	United Kingdom	100.0	100.0
ENGIE Services Limited	Energy services	United Kingdom	100.0	100.0
ENGIE Cartagena	Electricity generation	Spain	100.0	100.0
ENGIE Italia S.p.A*	Energy sales	Italy	100.0	100.0
Engie Servizi S.p.A	Energy services	Italy	100.0	100.0
ENGIE Romania	Natural gas distribution, Energy sales	Romania	51.0	51.0

Latin America

Company name	Activity	Country	% interest Dec. 31, 2020	% interest Dec. 31, 2019
ENGIE Energía Chile Group	Electricity distribution and generation	Chile	60.0	52.8
ENGIE Energía Perú	Electricity distribution and generation	Peru	61.8	61.8
ENGIE Brasil Energia Group	Electricity distribution and generation	Brazil	68.7	68.7

USA & Canada

Company name	Activity	Country	% interest Dec. 31, 2020	% interest Dec. 31, 2019
ENGIE North America	Electricity distribution and generation, Natural gas, LNG, Energy services	United States	100.0	100.0
ENGIE Holding Inc.	Holding – parent company	United States	100.0	100.0
ENGIE Infinity Renewables	Electricity distribution and generation	United States	100.0	100.0
ENGIE Resources Inc.	Energy sales	United States	100.0	100.0
Jupiter Projects	Electricity distribution and generation	United States	51.0	100.0
Conti Service LLC	Energy services	United States	100.0	100.0

Middle East, Asia & Africa

Company name	Activity	Country	% interest Dec. 31, 2020	% interest Dec. 31, 2019
UCH Power Limited	Electricity generation	Pakistan	100.0	100.0
Pelican Point Power Limited	Electricity generation	Australia	72.0	72.0
Simply Energy	Energy sales	Australia	72.0	72.0
Cofely Besix	Systems, facilities and maintenance services	UEA	100.0	100.0

Others

			% interest	
Company name	Activity	Country	Dec. 31, 2020	Dec. 31, 2019
ENGIE SA*	Holding – parent company, Energy management trading, Energy sales	France	100.0	100.0
ENGIE Energie Services SA*	Holding	France	100.0	100.0
ENGIE FINANCE SA	Financial subsidiaries	France	100.0	100.0
ENGIE Solar	Solar EPC	France	100.0	100.0
Gaztransport & Technigaz (GTT)	Engineering	France	40.4	40.4
Electrabel SA*	Holding, Electricity generation, Energy management trading	France, Belgium	100.0	100.0
ENGIE Italia S.p.A*	Holding, Energy management trading	Italy	100.0	100.0
ENGIE Deutschland AG*	Holding, Energy management trading	Germany	100.0	100.0
ENGIE Energie Nederland Holding B.V.	Holding, Energy management trading	Netherlands	100.0	100.0
ENGIE Global Markets	Energy management trading	France, Belgium, Singapore	100.0	100.0
ENGIE Energy Management*	Energy management trading	France, Belgium, Italy, United Kingdom	100.0	100.0
ENGIE CC	Financial subsidiaries, Central functions	Belgium	100.0	100.0
Tractebel Engineering	Engineering	Belgium	100.0	100.0
International Power Limited	Holding	United Kingdom	100.0	100.0
ENGIE Energy Management Holding Switzerland AG	Holding	Switzerland	100.0	100.0

2.2 Significant judgments exercised when assessing control

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority rules and veto rights;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities;
- deadlock resolution mechanisms;
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.

The Group exercised its judgment regarding the entities and sub-groups described below.

Entities in which the Group has the majority of the voting rights

GRTgaz (France Infrastructures): 74.6%

In addition to the analysis of the shareholder agreement with Société d'Infrastructures Gazières, a subsidiary of *Caisse des Dépôts et Consignations* (CDC), which owns 24.8% of the share capital of GRTgaz, the Group also assessed the rights granted to the French Energy Regulatory Commission (*Commission de régulation de l'énergie* – CRE). As a regulated activity, GRTgaz has a dominant position on the gas transportation market in France. Accordingly, since the transposition of the Third European Directive of July 13, 2009 into French law (*Code de l'énergie* – Energy Code) on May 9, 2011, GRTgaz has been subject to independence rules as concerns its directors and senior management team. The French Energy Code confers certain powers on the CRE in the context of its duties to control the proper functioning of the gas markets in France, including verifying the independence of the members of the Board of Directors and senior management and assessing the choice of investments. The Group considers that it exercises control over GRTgaz and its subsidiaries (including Elengy) in view of its current ability to appoint the majority of the members of the Board of Directors and take decisions about the relevant activities, especially in terms of the level of investment and planned financing.

Entities in which the Group does not have the majority of the voting rights

In the entities in which the Group does not have a majority of the voting rights, judgment is exercised with regard to the following items, in order to assess whether there is a situation of *de facto* control:

- dispersion of the shareholding structure: number of voting rights held by the Group relative to the number of rights held respectively by the other vote holders and their dispersion;
- voting patterns at shareholders' meetings: the percentages of voting rights exercised by the Group at shareholders' meetings in recent years;
- governance arrangements: representation in the governing body with strategic and operational decision-making power over the relevant activities;
- rules for appointing key management personnel;
- contractual relationships and material transactions.

The main fully consolidated entities in which the Group does not have the majority of the voting rights are Compagnie Nationale du Rhône (49.98%) and Gaztransport & Technigaz (40.4%).

Compagnie Nationale du Rhône (“CNR” – France excluding Infrastructures): 49.98%

The Group holds 49.98% of the share capital of CNR, with CDC holding 33.2%, and the balance (16.82%) being dispersed among around 200 local authorities. In view of the current provisions of the French “Murcef” law, under which a majority of CNR's share capital must remain under public ownership, the Group is unable to hold more than 50% of the share capital. However, the Group considers that it exercises *de facto* control as it holds the majority of the voting rights exercised at shareholders' meetings due to the widely dispersed shareholding structure and the absence of evidence of the minority shareholders acting in concert.

Gaztransport & Technigaz (“GTT” – Others): 40.4%

Since GTT's initial public offering in February 2014, ENGIE has been the largest shareholder in the company with a 40.4% stake, the free float representing around 59% of the share capital. The Group holds the majority of the seats on the Board of Directors and the majority of the voting rights exercised at shareholders' meetings in view of the widely dispersed shareholding structure and the absence of evidence of minority shareholders acting in concert. The Group therefore considers that it exercises *de facto* control over GTT, based on an IFRS 10 criteria.

2.3 Subsidiaries with material non-controlling interests

The following table shows the non-controlling interests in Group entities that are deemed to be material, the respective contributions to equity and net income at December 31, 2020 and December 31, 2019, as well as the dividends paid to non-controlling interests of these significant subsidiaries:

In millions of euros		Percentage interest of non-controlling interests		Net income/(loss) of non-controlling interests		Equity of non-controlling interests		Dividends paid to non-controlling interests	
Corporate name	**Activity**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
GRTgaz Group (France Infrastructures, France)	Regulated gas transportation activities and management o LNG terminals	25.4	25.4	95	89	1,029	1,076	80	120
ENGIE Energía Chile Group (Latin America, Chile) (1)	Electricity distribution and generation – thermal power plants	40.0	47.2	67	54	716	926	24	52
ENGIE Romania Group (Rest of Europe, Romania)	Distribution of natural gas, Energy sales	49.0	49.0	49	47	563	533	10	14
ENGIE Brasil Energia Group (Latin America, Brazil) (1)	Electricity distribution and generation	31.3	31.3	144	177	411	520	87	94
ENGIE Energía Perú (Latin America, Peru) (1)	Electricity distribution and generation – thermal and hydroelectric power plants	38.2	38.2	29	36	368	393	20	22
ENGIE Jupiter Group (North America, United States)	Electricity distribution and generation	49.0	-	51	-	394	-	-	-
Gaztransport & Technigaz (Other, France) (1)	Naval engineering, cryogenic membrane containment systems for LNG transportation	59.6	59.6	93	75	343	343	94	73
Other subsidiaries with non-controlling interests				115	186	1,087	1,159	109	78
TOTAL				**644**	**664**	**4,911**	**4,950**	**425**	**453**

(1) Engie Energia Chile, Engie Brasil Energia, Gaztransport & Technigaz and Engie Energia Perú are listed in their respective countries

2.3.1 Condensed financial information on subsidiaries with material non-controlling interests

The condensed financial information concerning these subsidiaries presented in the table below is based on a 100% interest and is shown before intragroup eliminations.

	GRTgaz Group		ENGIE Energía Chile Group		ENGIE Romania Group	
In millions of euros	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Income statement						
Revenues	2,275	2,275	1,107	1,180	1,545	1,436
Net income/(loss)	343	274	142	103	100	95
Net income/(loss) Group share	247	236	75	49	51	49
Other comprehensive income/(loss) – Owners of the parent	(91)	(77)	(88)	9	(10)	(13)
TOTAL COMPREHENSIVE INCOME/(LOSS) – OWNERS OF THE PARENT	**157**	**159**	**(14)**	**59**	**41**	**36**
Statement of financial position						
Current assets	826	689	498	546	520	613
Non-current assets	10,167	10,403	2,677	2,707	843	809
Current liabilities	(1,044)	(1,016)	(252)	(322)	(156)	(277)
Non-current liabilities	(6,113)	(6,097)	(1,146)	(1,025)	(67)	(65)
TOTAL EQUITY	**3,836**	**3,979**	**1,776**	**1,907**	**1,140**	**1,080**
TOTAL NON-CONTROLLING INTERESTS	**1,029**	**1,076**	**716**	**926**	**563**	**533**
Statement of cash flows						
Cash flow from operating activities	1,082	967	308	467	181	71
Cash flow from (used in) investing activities	(410)	(495)	(230)	(144)	(88)	(77)
Cash flow from (used in) financing activities	(673)	(480)	(81)	(171)	(59)	(34)
TOTAL CASH FLOW FOR THE PERIOD (1)	**(1)**	**(8)**	**(2)**	**152**	**34**	**(40)**

(1) Excluding effects of changes in exchange rates and other

In millions of euros	ENGIE Brasil Energia Group Dec. 31, 2020	ENGIE Brasil Energia Group Dec. 31, 2019	ENGIE Energía Perú Dec. 31, 2020	ENGIE Energía Perú Dec. 31, 2019	Gaztransport & Technigaz Dec. 31, 2020	Gaztransport & Technigaz Dec. 31, 2019	Engie Jupiter Group (North America, United States) Dec. 31, 2020	Engie Jupiter Group (North America, United States) Dec. 31, 2019
Income statement								
Revenues	2,065	2,207	424	479	395	289	20	3
Net income/(loss)	550	623	76	94	156	126	(51)	82
Net income/(loss) Group share	405	446	47	58	63	51	(101)	82
Other comprehensive income/(loss) – Owners of the parent	(687)	(93)	(53)	12	-	(1)	(74)	(1)
TOTAL COMPREHENSIVE INCOME/(LOSS) – OWNERS OF THE PARENT	**(282)**	**353**	**(6)**	**70**	**63**	**51**	**(175)**	**81**
Statement of financial position								
Current assets	1,262	1,533	267	295	326	343	314	81
Non-current assets	4,627	5,792	1,550	1,714	428	452	2,663	534
Current liabilities	(859)	(1,345)	(149)	(177)	(140)	(174)	(287)	(42)
Non-current liabilities	(3,434)	(3,757)	(703)	(802)	(39)	(46)	(1,358)	(293)
TOTAL EQUITY	**1,596**	**2,224**	**965**	**1,029**	**575**	**575**	**1,332**	**279**
TOTAL NON-CONTROLLING INTERESTS	**411**	**520**	**368**	**393**	**343**	**343**	**394**	-
Statement of cash flows								
Cash flow from operating activities	869	1,045	197	237	152	139	186	13
Cash flow from (used in) investing activities	(758)	(1,136)	(17)	(22)	(21)	(10)	(151)	(30)
Cash flow from (used in) financing activities	2	436	(171)	(199)	(158)	(122)	49	88
TOTAL CASH FLOW FOR THE PERIOD [(1)]	**113**	**345**	**9**	**16**	**(27)**	**7**	**83**	**72**

(1) Excluding effects of changes in exchange rates and other

NOTE 3 Investments in equity method entities

Accounting standards

The Group accounts for its investments in associates (entities over which the Group has significant influence) and joint ventures using the equity method. Under IFRS 11 – *Joint Arrangements*, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The respective contributions of associates and joint ventures in the statement of financial position, the income statement and the statement of comprehensive income at December 31, 2020 and December 31, 2019 are as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Statement of financial position		
Investments in associates	3,017	4,646
Investments in joint ventures	3,743	4,570
INVESTMENTS IN EQUITY METHOD ENTITIES	**6,760**	**9,216**
Income statement		
Share in net income/(loss) of associates	184	255
Share in net income/(loss) of joint ventures	369	245
SHARE IN NET INCOME/(LOSS) OF EQUITY METHOD ENTITIES	**552**	**500**
Statement of comprehensive income		
Share of associates in "Other comprehensive income/(loss)"	(28)	(123)
Share of joint ventures in "Other comprehensive income/(loss)"	(284)	(158)
SHARE OF EQUITY METHOD ENTITIES IN "OTHER COMPREHENSIVE INCOME/(LOSS)"	**(312)**	**(281)**

Significant judgments

The Group primarily considers the following information and criteria in determining whether it has joint control or significant influence over an entity:

- governance arrangements: whether the Group is represented in the governing bodies, majority rules and veto rights;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities.
  This can be difficult to determine in the case of "project management" or "one-asset" entities, as certain decisions concerning the relevant activities are made upon the creation of the joint arrangement and remain valid throughout the project. Accordingly, the rights' analysis relates to the relevant residual activities of the entity (those that significantly affect the variable returns of the entity);
- deadlock resolution mechanisms;
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.
  This can also involve analyzing the Group's contractual relations with the entity, in particular the conditions in which these contracts are entered into, their duration as well as the management of conflicts of interest that may arise when the entity's governing body casts votes.

The Group exercised its judgment regarding the following entities and sub-groups:

Project management entities in the Middle East

The significant judgments made in determining the consolidation method to be applied to these project management entities related to the risks and rewards relating to contracts between ENGIE and the entity concerned, as well as an analysis of the residual relevant activities over which the entity retains control after its creation. The Group considers that it exercises significant influence or joint control over these entities, since the decisions taken throughout the term of the project about the relevant activities such as refinancing, or the renewal or amendment of significant contracts (sales, purchases, operating and maintenance services) require, depending on the case, the unanimous consent of two or more parties sharing control.

SUEZ Group

The Group exercised significant influence over SUEZ Group until October 6, 2020, when the Group sold a 29.9% stake in SUEZ (*see Note 4.1 "Disposals carried out in 2020"*).

Joint ventures in which the Group holds an interest of more than 50%

Tihama (60%)

ENGIE holds a 60% stake in the Tihama cogeneration plant in Saudi Arabia and its partner Saudi Oger holds 40%. The Group considers that it has joint control over Tihama since the decisions about its relevant activities, including for example the preparation of the budget and amendments to major contracts, etc., require the unanimous consent of the parties sharing control.

Transportadora Associada de Gás S.A. ("TAG" – Latin America): 65.0% holding interest (directly and indirectly) representing a net interest in of 54.8%

The Group exercises joint control over TAG since the decisions about its relevant activities, including for example the preparation of the budget and medium-term plan, investments, operations and maintenance, etc., are taken a majority vote requiring the agreement of ENGIE and CDPQ. Consequently, this investment is accounted for using the equity method.

Joint control – difference between joint ventures and joint operations

Classifying a joint arrangement requires the Group to use its judgment to determine whether the entity in question is a joint venture or a joint operation. IFRS 11 requires an analysis of "other facts and circumstances" when determining the classification of jointly controlled entities.

The IFRS Interpretations Committee (IFRS IC) (November 2014) decided that for an entity to be classified as a joint operation, other facts and circumstances must give rise to direct enforceable rights to the assets, and obligations for the liabilities, of the joint arrangement.

In view of this position and its application to our analyses, the Group has no material joint operations at December 31, 2020.

3.1 Investments in associates

3.1.1 Contribution of material associates and of associates that are not material to the Group taken individually

The table hereafter shows the contribution of each material associate along with the aggregate contribution of associates deemed not material taken individually, in the consolidated statement of financial position, income statement, statement of comprehensive income, and the "Dividends received from equity method entities" line of the statement of cash flows.

The Group used qualitative and quantitative criteria to determine material associates. These criteria include the contribution to the consolidated line items "Share in net income/(loss) of associates" and "Investments in associates", the total assets of associates in Group share, and associates carrying major projects in the study or construction phase for which the related investment commitments are material.

In millions of euros			Percentage interest of investments in associates		Carrying amount of investments in associates		Share in net income/(loss) of associates		Other comprehensive income/(loss) of associates		Dividends received from associates	
Corporate name	**Activity**	**Capacity**	Dec. 31, 2020	**Dec. 31, 2019**	Dec. 31, 2020	**Dec. 31, 2019**	Dec. 31, 2020	**Dec. 31, 2019**	Dec. 31, 2020	**Dec. 31, 2019**	Dec. 31, 2020	**Dec. 31, 2019**
SUEZ Group (Other) [(1)]	Water and waste processing		-	32.06	-	1,953	-	113	-	(37)	-	129
Project management entities in the Middle East (Middle-East, Asia & Africa, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman, Kuwait) [(2)]	Gas-fired power plants and seawater desalination facilities		-		803	950	184	79	(60)	(96)	107	77
Hydroelectric portfolio in Portugal	Hydro power plant	1,688 MW	40.00		516		(6)		(11)		-	
Energia Sustentável Do Brasil (Latin America, Brazil)	Hydro power plant	3,750 MW	40.00	40.00	475	659	(17)	(49)	-	-	-	-
GASAG (Rest of Europe, Germany)	Gas and heat networks		31.57	31.57	239	233	12	16	15	(17)	16	9
Other investments in associates that are not material taken individually					984	852	9	96	27	27	145	61
INVESTMENTS IN ASSOCIATES					**3,017**	**4,646**	**184**	**255**	**(28)**	**(123)**	**268**	**277**

(1) On October 6, 2020, the Group sold 29.9% of its interest in the SUEZ Group (see Note 4.1 "Disposals carried out in 2020"). Following this disposal, the Group's residual stake in the SUEZ Group is presented in equity instruments

(2) Investments in associates operating gas-fired power plants and seawater desalination facilities in the Arabian Peninsula have been grouped together under "Project management entities in the Middle East". This includes around 40 associates operating thermal power plants with a total installed capacity of 27,494 MW (at 100%)

These associates have fairly similar business models and joint arrangements: the project management entities selected as a result of a competitive bidding process develop, build and operate power generation plants and seawater desalination facilities. The entire output of these facilities is sold to government-owned companies under power and water purchase agreements, over periods generally spanning 20 to 30 years

In accordance with their contractual arrangements, the corresponding plants are recognized as property, plant and equipment or as financial receivables whenever substantially all of the risks and rewards associated with the assets are transferred to the buyer of the output. This treatment complies with IFRIC 4 and IFRS 16. The shareholding structure of these entities systematically includes a government-owned company based in the same country as the project management entity. The Group's percentage interest and percentage voting rights in each of these entities varies between 20% and 50%

The share in net income/(loss) of associates includes a net non-recurring loss for a total amount of €131 million in 2020 (compared to a net non-recurring loss of €79 million in 2019), mainly including changes in the fair value of derivative instruments and disposal gains and losses, net of tax *(see Note 5.3 "Net recurring income Group share")*.

3.1.2 Financial information regarding material associates

The tables below provide condensed financial information for the Group's main associates. The amounts shown have been determined in accordance with IFRS, before the elimination of intragroup items and after (i) adjustments made in line with Group accounting policies and (ii) fair value measurements of the assets and liabilities of the associate performed at the acquisition date at the level of ENGIE, as required by IAS 28. All amounts are presented based on a 100% interest with the exception of "Total equity attributable to ENGIE".

In millions of euros	Revenues	Net income/ (loss)	Other compre-hensive income	Total compre-hensive income/ (loss)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total equity	% interest of Group	Total equity attributable to ENGIE
AT DECEMBER 31, 2020											
Project management entities in the Middle East	4,082	769	(255)	514	2,885	18,321	3,925	14,338	2,944	-	803
Energia Sustentável Do Brasil	454	(41)	-	(41)	153	2,897	1,863	(2)	1,189	40.00	475
Hydroelectric portfolio in Portugal	-	(14)	(26)	(41)	37	2,202	16	934	1,289	40.00	516
GASAG	1,205	40	47	87	921	1,944	1,872	234	758	31.57	239
AT DECEMBER 31, 2019											
SUEZ Group (1)	18,015	352	(58)	294	11,481	24,153	12,098	14,248	9,288	32.06	1,953
Project management entities in the Middle East	3,778	390	(409)	(19)	2,851	21,053	3,543	16,644	3,717	-	950
Energia Sustentável Do Brasil	578	(123)	-	(123)	204	4,137	304	2,388	1,648	40.00	659
GASAG	1,251	51	(54)	(2)	850	1,847	1,757	203	736	31.57	233

(1) The SUEZ group was sold on October 6, 2020 to VEOLIA

3.1.3 Transactions between the Group and its associates

The data below set out the impact of transactions with associates on the Group's 2020 consolidated financial statements.

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt
Project management entities in the Middle East	(1)	178	(1)	33	114	2	-
Contassur (1)	-	-	-	187	2	-	-
Energia Sustentável Do Brasil	109	-	-	-	-	8	-
Hydroelectric portfolio in Portugal	-	3	-	1	120	-	-
Other	-	24	16	27	180	12	32
AT DECEMBER 31, 2020	**108**	**205**	**15**	**248**	**416**	**21**	**32**

(1) Contassur is a life insurance company accounted for using the equity method. Contassur offers insurance contracts, chiefly with pension funds that cover post-employment benefit obligations for Group employees and also employees of other companies mainly engaged in regulated activities in the electricity and gas sector in Belgium. Insurance contracts entered into by Contassur represent reimbursement rights recorded within "Other assets" in the statement of financial position. These reimbursement rights totaled €187 million at December 31, 2020 (€161 million at December 31, 2019)

3.2 Investments in joint ventures

3.2.1 Contribution of material joint ventures and of joint ventures that are not material to the Group taken individually

The table below shows the contribution of each material joint venture along with the aggregate contribution of joint ventures deemed not material taken individually to the consolidated statement of financial position, income statement, statement of comprehensive income, and the "Dividends received from equity method entities" line of the statement of cash flows.

The Group used qualitative and quantitative criteria to determine material joint ventures. These criteria include the contribution to the line items "Share in net income/(loss) of joint ventures" and "Investments in joint ventures", the Group's share in the total assets of joint ventures, and joint ventures conducting major projects in the study or construction phase for which the related investment commitments are material.

In millions of euros			Percentage interest of investments in joint ventures		Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures		Other comprehensive income		Dividends received from joint ventures	
Corporate name	**Activity**	**Capacity**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
Transportadora Associada de Gás S.A. (TAG) (Latin America, Brazil)	Gas transmission network		65.00	58.50	803	1,364	177	44	(233)	(71)	231	159
National Central Cooling Company "Tabreed" (Middle-East, Asia & Africa, Abu Dhabi)	District cooling networks		40.00	40.00	702	740	52	42	-	-	27	24
EcoÉlectrica (USA & Canada, Puerto Rico)	Combined-cycle gas-fired power plant and LNG terminal	530 MW	50.00	50.00	329	395	35	25	-	-	70	59
Portfolio of power generation assets in Portugal (Rest of Europe, Portugal)	Electricity generation	2,918 MW	50.00	50.00	278	312	34	39	-	(2)	69	50
WSW Energie und Wasser AG (Rest of Europe, Germany)	Electricity distribution and generation	142 MW	33.10	33.10	206	207	6	(4)	-	-	7	4
Iowa University partnership (USA & Canada)	Services		33.10	-	190		2		(1)		-	
Tihama Power Generation Co (Middle-East, Asia & Africa, Saudi Arabia)	Electricity generation	1,599 MW	60.00	60.00	93	108	19	32	(4)	(5)	21	86
Ohio State Energy Partners (USA & Canada)	Services		50.00	50.00	76	114	6	2	(24)	(10)	12	9
Megal GmbH (France Infrastructures, Germany)	Gas transmission network		49.00	49.00	71	79	2	2	-	-	10	14
Transmisora Eléctrica del Norte (Latin America, Chile)	Electricity transmission line		50.00	50.00	67	80	5	7	(13)	(10)	-	-
Other investments in joint ventures that are not material taken individually					929	1,171	32	55	(9)	(61)	15	35
INVESTMENTS IN JOINT VENTURES					**3,743**	**4,570**	**369**	**245**	**(284)**	**(158)**	**461**	**439**

The share in net income/(loss) of joint ventures includes non-recurring loss of €6 million in 2020 (non-recurring loss of €14 million in 2019), resulting chiefly from changes in the fair value of derivatives, impairment losses and disposal gains and losses, net of tax *(see Note 5.3 "Net recurring income Group share")*.

3.2.2 Financial information regarding material joint ventures

The amounts shown have been determined in accordance with IFRS before the elimination of intragroup items and after (i) adjustments made in line with Group accounting policies and (ii) fair value measurements of the assets and liabilities of the joint venture performed at the date of acquisition at the level of ENGIE, as required by IAS 28. All amounts are presented based on a 100% interest with the exception of "Total equity attributable to ENGIE" in the statement of financial position.

Information on the income statement and statement of comprehensive income

In millions of euros	Revenues	Depreciation and amortization on intangible assets and property, plant and equipment	Net financial income/ (loss)	Income tax expense	Net income/ (loss)	Other comprehensive income	Total comprehensive income/(loss)
AT DECEMBER 31, 2020							
Transportadora Associada de Gás S.A.	1,018	(260)	(245)	(99)	272	(346)	(74)
National Central Cooling Company "Tabreed"	417	(46)	(38)	-	130	-	130
EcoÉlectrica	274	(42)	-	(2)	70	-	70
Portfolio of power generation assets in Portugal	307	(65)	(25)	(30)	79	(1)	78
WSW Energie und Wasser AG	703	(13)	(2)	(14)	18	1	19
Iowa University partnership	24	-	(17)	-	5	(3)	3
Tihama Power Generation Co	113	(5)	(16)	(6)	31	(6)	25
Ohio State Energy Partners	165	-	(43)	-	12	(49)	(37)
Megal GmbH	123	(69)	(4)	2	3	-	3
Transmisora Eléctrica del Norte	65	-	(26)	(4)	10	(27)	(18)
AT DECEMBER 31, 2019							
Transportadora Associada de Gás S.A.	655	(191)	(191)	(52)	88	(121)	(34)
National Central Cooling Company "Tabreed"	370	(41)	(44)	-	105	-	105
EcoÉlectrica	308	(69)	-	(2)	50	-	50
Portfolio of power generation assets in Portugal	426	(67)	(29)	(36)	93	(7)	86
WSW Energie und Wasser AG	729	(12)	(2)	6	(11)	-	(11)
Tihama Power Generation Co	42	(5)	(23)	(8)	54	(8)	46
Ohio State Energy Partners	121	-	(44)	-	4	(20)	(15)
Megal GmbH	123	(69)	(4)	3	4	-	4
Transmisora Eléctrica del Norte	76	-	(30)	(5)	15	(21)	(6)

Information on the statement of financial position

In millions of euros	Cash and cash equivalents	Other current assets	Non-current assets	Short-term borrowings	Other current liabilities	Long-term borrowings	Other non-current liabilities	Total equity	% interest of Group	Total equity attributable to ENGIE
AT DECEMBER 31, 2020										
Transportadora Associada de Gás S.A.	69	277	5,737	514	88	3,524	720	1,235	58.50	803
National Central Cooling Company “Tabreed”	87	131	2,408	-	169	702	-	1,754	40.00	702
EcoÉlectrica	26	60	598	(6)	17	-	16	657	50.00	329
Portfolio of power generation assets in Portugal	203	601	891	174	160	635	76	650	50.00	278
WSW Energie und Wasser AG	14	51	812	40	55	87	90	606	33.10	206
Iowa University partnership	5	7	960	1	4	492	3	473	39.10	185
Tihama Power Generation Co	61	129	333	67	45	246	10	155	60.00	93
Ohio State Energy Partners	8	56	1,074	341	20	575	49	153	50.00	76
Megal GmbH	1	5	730	230	43	262	56	145	49.00	71
Transmisora Eléctrica del Norte	42	28	698	28	4	602	-	133	50.00	67
AT DECEMBER 31, 2019										
Transportadora Associada de Gás S.A.	86	329	7,844	595	86	4,616	629	2,331	58.50	1,364
National Central Cooling Company “Tabreed”	-	143	2,671	13	184	765	-	1,851	40.00	740
EcoÉlectrica	34	97	701	(7)	29	-	21	789	50.00	395
Portfolio of power generation assets in Portugal	232	635	1,039	176	139	770	92	728	50.00	312
WSW Energie und Wasser AG	19	59	805	37	54	94	92	606	33.10	207
Tihama Power Generation Co	56	124	432	69	26	325	13	179	60.00	108
Ohio State Energy Partners	19	1,055	89	343	25	522	43	229	50.00	114
Megal GmbH	6	2	729	210	41	262	62	162	49.00	79
Transmisora Eléctrica del Norte	43	34	774	42	4	645	-	160	50.00	80

3.2.3 Transactions between the Group and its joint ventures

The data below set out the impact of transactions with joint ventures on the Group's 2020 consolidated financial statements.

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt
EcoÉlectrica	-	48	-	-	-	-	-
Portfolio of power generation assets in Portugal	-	-	-	1	-	-	-
WSW Energie und Wasser AG	-	8	-	1	-	1	-
Megal GmbH	65	-	-	-	51	-	-
Futures Energies Investissements Holding	8	18	4	9	208	3	-
Ocean Winds	-	-	4	-	398	-	-
Other	25	152	16	30	227	3	34
AT DECEMBER 31, 2020	**98**	**227**	**24**	**41**	**884**	**7**	**34**

3.3 Other information on investments accounted for using the equity method

3.3.1 Unrecognized share of losses of associates and joint ventures

Cumulative unrecognized losses of associates (corresponding to the cumulative amount of losses exceeding the carrying amount of investments in the associates concerned) including other comprehensive income/(loss), amounted to €114 million in 2020 (€113 million in 2019). This decrease resulted from (i) unrecognized income for the year 2019 amounting to €0.2 million and (ii) changes in other comprehensive income.

These unrecognized losses correspond to the negative fair value of derivative instruments designated as interest rate and commodity hedges ("Other comprehensive income/(loss)") contracted by associates in the Middle-East, Africa & Asia reportable segment in connection with the financing of construction projects for power generation plants.

3.3.2 Commitments and guarantees given by the Group in respect of equity method entities

At December 31, 2020, the main commitments and guarantees given by the Group in respect of equity method entities concern:

- Energia Sustentável do Brasil ("Jirau"), for an aggregate amount of BRL 4,398 million (€690 million).

  At December 31, 2020, the amount of loans granted by Banco Nacional de Desenvolvimento Econômico e Social, the Brazilian Development Bank, to Energia Sustentável do Brasil amounted to BRL 10,680 million (€1,675 million). Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium;
- TAG for performance bonds and other guarantees for an amount of €172 million;
- The project management entities in the Middle East and Africa, for an aggregate amount of €851 million.

  Commitments and guarantees given by the Group in respect of these project management entities chiefly correspond to:

  - an equity contribution commitment (capital/subordinated debt) for €89 million. These commitments only concern entities acting as holding companies for projects in the construction phase,
  - letters of credit to guarantee debt service reserve accounts for an aggregate amount of €198 million. The project financing set up in certain entities can require those entities to maintain a certain level of cash within the company (usually enough to service its debt for six months). This is particularly the case when the financing is without recourse. This level of cash may be replaced by letters of credit,
  - collateral given to lenders in the form of pledged shares in the project management entities, for an aggregate amount of €244 million,
  - performance bonds and other guarantees for an amount of €320 million.

NOTE 4 Main changes in Group structure

Accounting standards

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, assets or groups of assets held for sale are presented separately on the face of the statement of financial position and are measured and accounted for at the lower of their carrying amount and fair value less costs to sell.

An asset is classified as "held for sale" when its sale is highly probable within twelve months from the date of classification, when it is available for immediate sale under its present condition and when the management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. To assess whether a sale is highly probable, the Group takes into consideration among other things indications of interest and offers received from potential buyers as well as specific execution risks attached to certain transactions.

Furthermore, assets or group of assets are presented as discontinued operations in the Group's consolidated financial statements when they are classified as "held for sale" and represent a separate major line of business under IFRS 5.

4.1 Disposals carried out in 2020

4.1.1 Impact of the main disposals and sale agreements in 2020

The table below shows the impact of the main disposals and sale agreements of 2020 on the Group's net debt, excluding partial disposals with respect to DBSO [(1)] activities:

In millions of euros	Disposal price	Reduction in net debt
Disposal of a share of ENGIE's interest in SUEZ – France	3,348	3,348
Disposal of ENGIE's interest in Astoria 1 and Astoria 2 – United States	375	375
Other disposals that are not material taken individually	425	423
TOTAL	**4,148**	**4,146**

Additional disposals in the process of completion at December 31, 2020 are described in Note 4.2 "Assets held for sale" and other significant strategic reviews underway are described in Note 4.3 "Other planned transactions".

4.1.2 Disposal of a portion of ENGIE's interest in SUEZ SA

On October 5, 2020, the Group accepted an offer from the Veolia group to acquire a 29.9% interest in SUEZ SA. After the transaction, which was completed on October 6, 2020, the Group still held a non-consolidated interest of 1.8% in SUEZ SA.

This transaction reduced the Group's net financial debt by €3,348 million. The disposal gain before tax, combined with the revaluation gain on the remaining interest, amounted to €1,735 million in 2020.

4.1.3 Disposal of ENGIE's interests in Astoria 1 and 2 (United States)

On June 18, 2020, the Group completed the sale of its respective 44.8% and 27.5% interests in the Astoria 1 and Astoria 2 gas-fired power plants to a consortium.

The effects of the transaction have reduced the Group's net financial debt by €375 million. The disposal gain before tax amounted to €95 million in 2020.

4.2 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €1,292 million and €488 million, respectively, at December 31, 2020.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Property, plant and equipment, net and intangible assets	992	378
Other assets	299	90
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**1,292**	**468**
Borrowings and debt	297	26
Other liabilities	190	65
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**488**	**92**

The assets related to green gas production in France recorded as "Assets classified as held for sale" at December 31, 2019 were sold in 2020 *(see Note 4.1 "Disposals carried out in 2020")*.

"Assets classified as held for sale" at December 31, 2020 corresponds to renewable energy assets in India and Mexico (the sale of which is highly probable but remains subject to various approvals being obtained), as well as the Group's interest in EV Charged BV (EVBox), for which the plan to sell the majority of the Group's shares was announced in December 2020. These transactions are expected to be completed in 2021. Given the expected capital gains from the disposals, no significant value adjustment has been recorded.

4.3 Other planned transactions

On July 31, 2020, the Group announced a significant increase to its asset portfolio rotation program which, in the medium term, could more than double the previously announced target of around €4 billion.

In this context, the Group has begun a strategic review of its Client Solutions assets with a view to maximizing their value and strengthening their leadership positions to seize future growth opportunities thanks to a consistent scope and appropriate organization, taking into account three main criteria: business model, business type and potential for development in each geographical area. This strategic review will result in: (i) the preservation of Client Solutions businesses focused on the production of low-carbon energy, energy infrastructure and related services providing sophisticated, integrated and large-scale solutions for cities, communities and industries, and (ii) for the other Client Solutions businesses, the creation of a new entity with a leadership position in asset-light businesses and related services, aimed at eventually becoming independent from ENGIE. The entity will specialize in two business models: design and construction projects and recurring operating/maintenance services.

(1) *Develop, Build, Share and Operate, a model used in renewable energies based on continuous rotation of capital employed*

On November 13, 2020, ENGIE also announced that it was beginning a strategic review of its interest in GTT, in which it holds a 40.4% interest. ENGIE will consider selling all or part of its interest, either by way of a formal process of sale to a third party or on the markets.

Given the status of these strategic reviews at December 31, 2020, the conditions for reclassifying the assets in question as “Assets classified as held for sale” have not been met.

4.4 Acquisitions carried out in 2020

In total, acquisitions carried out in 2020 had an impact of €2.5 billion on net financial debt, including in particular:

- ENGIE and Meridiam, its 50/50 partner, finalized the transaction allowing them to operate a 50-year concession with the University of Iowa (UI) relating to energy efficiency, water management and, more generally, sustainability. The company, whose control is shared between the partners, has also issued preference shares held by Hannon Armstrong. ENGIE has accounted for this investment using the equity method. The impact of the transaction on the Group’s net debt was approximately €204 million;
- ENGIE and its partner, Caisse de dépôt et placement du Québec (CDPQ), finalized their acquisition of the remaining 10% stake in Transportadora Associada de Gás S.A. (TAG), previously held by PETROBRAS. This acquisition brought ENGIE’s total interest in TAG to 65% (of which half is held by ENGIE Brasil Energia), while CDPQ holds the remaining 35%. Following the transaction, ENGIE retains joint control with CDPQ over the investment, which is still accounted for using the equity method. The impact of the transaction on the Group’s net debt was approximately €112 million;
- in addition, with its consortium partners Crédit Agricole Assurances and Mirova (a subsidiary of Natixis Investment Managers), the Group finalized the acquisition of Portugal’s second largest hydroelectric portfolio from EDP. ENGIE owns 40% of the consortium, while Crédit Agricole Assurances and Mirova, through managed funds, own 35% and 25%, respectively. The impact of the transaction on ENGIE’s net debt was approximately €652 million. This investment is accounted for using the equity method.

The Group carried out various other acquisitions in 2020 which together account for the rest of the €2.5 billion impact, mainly of non-controlling interests in the Fos Cavaou LNG terminal in France, in Renvico in France and Italy, and in a concession in electric power transportation in Brazil.

NOTE 5 Financial indicators used in financial communication

The purpose of this note is to present the main non-GAAP financial indicators used by the Group as well as their reconciliation with the indicators of the IFRS consolidated financial statements.

5.1 EBITDA

The reconciliation between EBITDA and current operating income including operating MtM and share in net income of equity method entities is as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Current operating income including operating MtM and share in net income of equity method entities	**4,640**	**5,300**
Mark-to-market on commodity contracts other than trading instruments	(199)	426
Net depreciation and amortization/Other	4,648	4,497
Share-based payments (IFRS 2)	50	51
Non-recurring share in net income of equity method entities	137	93
EBITDA	**9,276**	**10,366**

5.2 Current operating income (COI)

From January 1, 2020, in order to be consistent with the definitions of EBITDA and net recurring income Group share, in line with ENGIE's accounting policies, the Group has revised its definition of the performance management indicator “current operating income Recurring” (COI) by excluding from it the non-recurring share of net income of equity method entities.

The reconciliation between the old and the new definition of current operating income (COI) as of December 31, 2019 is presented below:

In millions of euros	**Dec. 31, 2019 published**	**Non-recurring share in net income of equity method entities**	**Dec. 31, 2019 restated**
Current Operating Income (COI)	5,726	93	5,819

The reconciliation between current operating income (COI) and current operating income including operating MtM and share in net income of equity method entities is as follows:

In millions of euros	**Dec. 31, 2020**	**Dec. 31, 2019**
Current operating income including operating MtM and share in net income of equity method entities	**4,640**	**5,300**
(-) Mark-to-market on commodity contracts other than trading instruments	(199)	426
(-) Non-recurring share in net income of equity method entities	137	93
CURRENT OPERATING INCOME (COI)	**4,578**	**5,819**

5.3 Net recurring income Group share

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

The reconciliation of net income/(loss) with net recurring income Group share is as follows:

In millions of euros	**Notes**	**Dec. 31, 2020**	**Dec. 31, 2019**
NET INCOME/(LOSS) GROUP SHARE		**(1,536)**	**984**
Net income attributable to non-controlling interests		644	664
Net income/(loss)		**(893)**	**1,649**
Reconciliation items between "Current operating income including operating MtM and share in net income of equity method entities" and "Income/(loss) from operating activities"		**3,139**	**1,623**
Impairment losses	*9.1*	*3,551*	*1,770*
Restructuring costs	*9.2*	*343*	*218*
Changes in scope of consolidation	*9.3*	*(1,640)*	*(1,604)*
Other non-recurring items	*9.4*	*886*	*1,240*
Other adjusted items		**109**	**154**
Mark-to-market on commodity contracts other than trading instruments	*8.1*	*(199)*	*426*
Ineffective portion of derivatives qualified as fair value hedges	*10*	*-*	*3*
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	*10*	*29*	*(6)*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*10*	*158*	*223*
Non-recurring income/(loss) from debt instruments and equity instruments	*10*	*69*	*(115)*
Other adjusted tax impacts		*(85)*	*(470)*
Non-recurring income/(loss) included in share in net income of equity method entities		*137*	*93*
Net recurring income		**2,355**	**3,426**
Net recurring income attributable to non-controlling interests		652	743
NET RECURRING INCOME GROUP SHARE		**1,703**	**2,683**

5.4 Industrial capital employed

The reconciliation of industrial capital employed with items in the statement of financial position is as follows:

In millions of euros			Dec. 31, 2020	Dec. 31, 2019
(+)		Property, plant and equipment and intangible assets, net	57,085	58,996
(+)		Goodwill	15,943	18,665
	(-)	*Goodwill Gaz de France – SUEZ and International Power* [1]	*(7,472)*	*(7,650)*
(+)		IFRIC 4, IFRS 16 and IFRIC 12 receivables	1,827	1,737
(+)		Investments in equity method entities	6,760	9,216
	(-)	*Goodwill arising on the International Power combination* [1]	*(141)*	*(154)*
(+)		Trade and other receivables, net	14,295	15,180
	(-)	*Margin calls* [1] [2]	*(1,585)*	*(2,023)*
(+)		Inventories	4,140	3,617
(+)		Assets from contracts with customers	7,764	7,831
(+)		Other current and non-current assets	9,386	10,601
(+)		Deferred tax	(3,536)	(3,771)
	(+)	*Cancellation of deferred tax on other recyclable items* [1] [2]	*(543)*	*(571)*
(-)		Provisions	(27,073)	(25,115)
	(+)	*Actuarial gains and losses in shareholders' equity (net of deferred tax)* [1]	*4,553*	*3,507*
(-)		Trade and other payables	(17,307)	(19,109)
	(+)	*Margin calls* [1] [2]	*982*	*1,996*
(-)		Liabilities from contracts with customers	(4,354)	(4,330)
(-)		Other current and non-current liabilities	(14,579)	(14,298)
INDUSTRIAL CAPITAL EMPLOYED			**46,146**	**54,325**

(1) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position

(2) Margin calls included in "Trade and other receivables, net" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to manage counterparty risk on commodity transactions

5.5 Cash flow from operations (CFFO)

The reconciliation of cash flow from operations (CFFO) with items in the statement of cash flows is as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Cash generated from operations before income tax and working capital requirements	8,788	9,863
Tax paid	(599)	(575)
Change in working capital requirements	(600)	(1,110)
Interest received on financial assets	21	28
Dividends received on equity investments	57	67
Interest paid	(665)	(780)
Interest received on cash and cash equivalents	53	82
CASH FLOW FROM OPERATIONS (CFFO)	**7,054**	**7,574**

5.6 Capital expenditure (CAPEX)

The reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows is as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Acquisitions of property, plant and equipment and intangible assets	5,115	6,524
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	417	864
(+) Cash and cash equivalents acquired	*60*	*229*
Acquisitions of investments in equity method entities and joint operations	1,067	1,746
Acquisitions of equity and debt instruments	1,622	595
Change in loans and receivables originated by the Group and other	374	532
(+) Other	*(5)*	*8*
Change in ownership interests in controlled entities	312	12
(-) Disposal impacts relating to DBSO [(1)] activities	*(1,276)*	*(468)*
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,687**	**10,042**

(1) Develop, Build, Share & Operate; including Tax equity financing received (see Note 24 "Working capital requirements, inventories, other assets and other liabilities")

5.7 Net financial debt

The reconciliation of net financial debt with items in the statement of financial position is as follows:

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
(+) Long-term borrowings	16.2 & 16.3	30,092	30,002
(+) Short-term borrowings	16.2 & 16.3	7,846	8,543
(+) Derivative instruments – carried in liabilities	16.4	13,115	15,575
(-) Derivative instruments hedging commodities and other items		*(12,762)*	*(15,350)*
(-) Other financial assets	16.1	(11,599)	(9,568)
(+) Loans and receivables at amortized cost not included in net financial debt		*4,710*	*4,870*
(+) Equity instruments at fair value		*1,668*	*1,297*
(+) Debt instruments at fair value not included in net financial debt		3,134	1,899
(-) Cash and cash equivalents	16.1	(12,980)	(10,519)
(-) Derivative instruments – carried in assets	16.4	(11,065)	(14,272)
(+) Derivative instruments hedging commodities and other items		*10,299*	*13,443*
NET FINANCIAL DEBT		**22,458**	**25,919**

5.8 Economic net debt

Economic net debt is as follows:

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
NET DEBT	**16**	**22,458**	**25,919**
Provisions for back-end of the nuclear fuel cycle	19	7,948	7,611
Provisions for dismantling of plant and equipment	19	7,604	7,329
Provisions for site rehabilitation	19	238	237
Post-employment benefit – Pension	20	3,174	2,427
(-) Infrastructures regulated companies		*(351)*	*(93)*
Post-employment benefit – Reimbursement rights	20	(187)	(160)
Post-employment benefit – Other benefits	20	5,732	5,001
(-) Infrastructures regulated companies		*(3,602)*	*(3,080)*
Deferred tax assets for pension and related obligations	11	(2,061)	(1,635)
(-) Infrastructures regulated companies		*947*	*759*
Plan assets relating to nuclear provisions, inventories of uranium, related derivative financial instruments and a receivable of Electrabel towards EDF Belgium	16 & 24	(4,479)	(3,236)
ECONOMIC NET DEBT		**37,420**	**41,078**

NOTE 6 Segment information

As of December 31, 2020, ENGIE was organized into 25 Business Units (BUs) or operating segments, which are essentially geographical, in order to remain close to its customers and foster initiative.

Since 2019, the Group has strengthened this structure by creating four new Global Business Lines (GBLs): Client Solutions, Networks, Renewables and Thermal which are designed to support the local teams and encourage cross-cutting performance by proposing an inter-BU strategy for their business, contributing to decisions on the allocation of resources between BUs, identifying and managing the key cross-cutting digital and excellence programs, identifying and implementing worldwide partnerships, and supporting, measuring and presenting the global performance of their business activities. These GBLs plus the Supply and Nuclear business activities form the Group's six core Business Lines (BLs).

The Group now operates on a matrix structure with the BUs forming the primary axis and the BLs the secondary axis.

In accordance with IFRS 8, these operating segments are grouped into seven reportable segments to present the Group's segment information. These are unchanged as of December 31, 2020: France excluding Infrastructures, France Infrastructures, Rest of Europe, Latin America, USA & Canada, Middle East, Asia & Africa and Others. The data presented as of December 31, 2019 take into account minor changes resulting from internal reorganizations (reallocation of ENGIE Impact and offshore wind projects to the Others segment).

Due to the variety of its businesses and their geographical location, the Group serves a very diverse range of situations and customer types (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

6.1 Information by reportable segment

6.1.1 Definition of reportable segments

Each BU corresponds to an "operating segment" whose operational and financial performance is regularly reviewed by the Group's Executive Committee, which remains the Group's "chief operating decision maker" within the meaning of IFRS 8. The 25 BUs have now been regrouped into seven reportable segments reflecting the geographic areas where the Group operates:

- one reportable segment corresponding to the USA & Canada operating segment;
- five reportable segments corresponding to groups of operating segments;

Operating segments	Reportable segments
NORTH AMERICA	USA & CANADA
ENGIE SOLUTIONS Cities & Communities ENGIE SOLUTIONS Services & Proximity ENGIE SOLUTIONS Industries FRANCE BtoC FRANCE RENEWABLES	FRANCE EXCLUDING INFRASTRUCTURES
GRDF GRTgaz ELENGY STORENGY	FRANCE INFRASTRUCTURES
BENELUX NUCLEAR GENERATION EUROPE UNITED KINGDOM NORTH, SOUTH AND EASTERN EUROPE	REST OF EUROPE
LATIN AMERICA BRAZIL	LATIN AMERICA
ASIA PACIFIC CHINA AFRICA MIDDLE EAST, SOUTH AND CENTRAL ASIA AND TURKEY	MIDDLE EAST, ASIA & AFRICA

- furthermore "Others" comprises the Group's holding and corporate activities as well as operating segments that cannot be grouped together (Global Energy Management, Tractebel, GTT, Hydrogen) as well as the activities of *Entreprises & Collectivités (E&C)* due to the specific nature of their businesses and markets or due to their particular risk profile.

In order to determine how to group together the operating segments, as set out above, the Group exercised its judgment to decide whether two or more operating segments could be grouped together in the same reportable segment. The following key factors were examined to assess the similarity of the operating segments' economic characteristics:

- nature of business and services;
- regulatory environment;
- economic environment in which the relevant activities operate (market maturity, growth prospects, political risks, etc.);
- risk profiles of the activities;
- how the activities fit into the Group's strategy and business model.

The Group decided to organize the operating segments within the reportable segments for the following reasons:

- the ENGIE Solutions (divided into 3 customer segments: Cities and Communities, Services and Proximity and Industries), the France BtoC, and France Renewables operating segments have been grouped together within the **France excluding Infrastructures** reportable segment, which encompasses all the French downstream energy businesses (energy services and gas and electricity sales and distribution to BtoB, BtoT and BtoC customers), and the increasingly decentralized renewable energy generation activities. These are complementary unregulated businesses that are supported by a well-developed local network and primarily aim to develop a combined offering for local customers: energy services, decentralized production resources and combined gas and electricity supply contracts. These BUs also operate within an environment driven by the "energy transition for green growth" law (LTECV);
- the GRDF, GRTgaz, Storengy and Elengy operating segments, which comprise the gas infrastructure businesses mainly in France (distribution, transport, storage and LNG terminals), have been grouped together within the **France Infrastructures** reportable segment, as they are all regulated businesses with similar risk profiles and margins;
- the Benelux, Nuclear, Generation Europe, United Kingdom and North, South and Eastern Europe operating segments have been grouped together within the **Rest of Europe** reportable segment as these BUs, which comprise all of the Group's European energy activities excluding France, have a similar business mix (energy production, supply, sale and services), operate in mature energy markets, and are undergoing transformation as part of the energy transition, with rapid development in renewable energy and client solutions;
- the Latin America and Brazil operating segments have been grouped together within the **Latin America** reportable segment, as these segments share similar growth prospects with a substantial proportion of their revenue generated by electricity sales under long-term agreements;
- the Asia-Pacific, China, Africa and Middle East, Southern and Central Asia and Turkey operating segments have been grouped together within the **Middle East, Asia & Africa** reportable segment, as all these regions have high power generation requirements and consequently represent significant growth prospects for the Group in the energy and energy services businesses. They operate in markets driven by the energy transition, with rapid development in renewable energy and client solutions.

6.1.2 Description of reportable segments

- **France excluding Infrastructures:** encompasses the activities of the following BUs: (i) ENGIE Solutions: energy sales and services for buildings and industry, cities and regions and major infrastructures and which designs, finances, builds and operates decentralized energy production and distribution facilities (heating and cooling networks) (ii) France BtoC: sales of energy and related services to individual and professional customers, (iii) France Renewables: development, construction, financing, operation and maintenance of all renewable power generation assets in France.
- **France Infrastructures:** encompasses the GRDF, GRTgaz, Elengy and Storengy BUs, which operate natural gas transportation, storage and distribution networks and facilities, and LNG terminals, mainly in France. They also sell access rights to these terminals.

- **Rest of Europe:** encompasses the activities of the following BUs: (i) Nuclear (electricity generation at nuclear power plants), (ii) Benelux (the Group's business in Belgium, the Netherlands and Luxembourg: renewable electricity generation, sales of natural gas and electricity and energy services activities), (iii) Generation Europe, which comprises the Group's thermal electricity generation activities in Europe, (iv) United Kingdom (management of renewable energy generation assets and the portfolio of distribution assets, supply of energy services and solutions, etc.) and (v) North, South and Eastern Europe (sales of natural gas and electricity and related energy services and solutions, operation of renewable energy generation assets, management of distribution networks).
- **Latin America:** encompasses the activities of (i) the Brazil BU and (ii) the Latin America BU (Argentina, Chile, Mexico and Peru). The subsidiaries concerned are involved in centralized power generation, including renewable energy, gas chain activities (including infrastructure), and energy services.
- **USA & Canada:** encompasses power generation, energy services and natural gas and electricity sales activities in the United States, Canada and Puerto Rico.
- **Middle East, Asia & Africa:** encompasses the activities of the following BUs: (i) Asia-Pacific (Australia, New Zealand, Thailand, Singapore and Indonesia), (ii) China, (iii) Africa (mainly Morocco and South Africa) and (iv) the Middle East, South and Central Asia and Turkey (including India and Pakistan). In all of these regions, the Group is active in electricity generation and sales, gas distribution and sales, energy services and seawater desalination in the Arabian Peninsula.
- **Others:** encompasses the activities of (i) GEM, whose role is to manage and optimize, on behalf of the BUs that hold power generation assets, the Group's physical and contractual asset portfolios (excluding gas infrastructure), particularly in the European market, to sell energy to major pan-European and national industrial companies, and to provide solutions related to its expertise in the financial energy markets to third parties, (ii) Tractebel (engineering companies specialized in energy, hydraulics and infrastructure), (iii) GTT (specialized in the design of cryogenic membrane confinement systems for sea transportation and storage of LNG, both onshore and offshore), (iv) Hydrogen (design of renewable hydrogen-based zero carbon energy solutions), as well as (v) the Group's holding and corporate activities which include the entities centralizing the Group's financing requirements, *Entreprises & Collectivités* (E&C) and the contribution of the associate SUEZ until the sale of ENGIE's stake in October 2020.

The main commercial relationships between the reportable segments are as follows:

- relationships between the "France Infrastructures" reportable segment and the users of those infrastructures, i.e. the "France excluding Infrastructures" and "Others" (GEM and E&C) reportable segments: services relating to the use of the Group's gas infrastructures in France are billed based on regulated rates (or revenues) applicable to all users. Revenue and margins related to the GRDF business continue to fall within the scope of "France Infrastructures";
- relationships between the "Others" (GEM) reportable segment and the "France excluding Infrastructures" and "Rest of Europe" reportable segments: GEM manages the Group's natural gas supply contracts and sells gas at market prices to commercial companies within the "France excluding Infrastructures" and "Rest of Europe" reportable segments. As regards electricity, GEM manages and optimizes the power stations and sales portfolios on behalf of entities that hold power generation assets and deducts a percentage of the energy margin in return for providing these services. The revenue and margins related to power generation activities (minus the percentage deducted by GEM) are reported by the segments that hold power generation assets ("France excluding Infrastructures" and "Rest of Europe");
- relationships between the "Generation Europe" operating segment, which is part of the "Rest of Europe" reportable segment, and the commercial entities in the "France excluding Infrastructures" reportable segment: a portion of the power generated by thermal assets within the "Generation Europe" BU is sold to commercial entities from these segments at market prices.

Due to the variety of its businesses and their geographical location, the Group serves a very diverse range of situations and customer types (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

6.1.3 Key indicators by reportable segment

Revenues

	Dec. 31, 2020			Dec. 31, 2019		
In millions of euros	External revenues	Intra-Group Revenues	Total	External revenues	Intra-Group Revenues	Total
France excluding Infrastructures	14,856	366	15,222	15,854	334	16,188
France Infrastructures	5,439	920	6,359	5,569	979	6,548
Total France	*20,295*	*1,286*	*21,580*	*21,423*	*1,313*	*22,736*
Rest of Europe	15,655	1,960	17,615	17,267	1,488	18,756
Latin America	4,774	2	4,776	5,341	1	5,342
USA & Canada	4,229	36	4,264	4,457	1	4,458
Middle East, Asia & Africa	2,382	-	2,382	2,937	-	2,938
Others	8,417	4,661	13,078	8,633	5,995	14,627
Elimination of internal transactions	-	(7,945)	(7,945)	-	(8,798)	(8,798)
TOTAL REVENUES	**55,751**	**-**	**55,751**	**60,058**	**-**	**60,058**

EBITDA

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
France excluding Infrastructures	1,391	1,673
France Infrastructures	3,290	3,539
Total France	*4,680*	*5,212*
Rest of Europe	1,750	1,757
Latin America	2,014	2,221
USA & Canada	245	269
Middle East, Asia & Africa	600	725
Others	(14)	182
TOTAL EBITDA	**9,276**	**10,366**

Depreciation and amortization

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
France excluding Infrastructures	(769)	(761)
France Infrastructures	(1,681)	(1,581)
Total France	*(2,450)*	*(2,343)*
Rest of Europe	(1,097)	(1,041)
Latin America	(471)	(523)
USA & Canada	(121)	(112)
Middle East, Asia & Africa	(81)	(102)
Others	(428)	(377)
TOTAL DEPRECIATION AND AMORTIZATION	**(4,648)**	**(4,497)**

Share in net income of equity method entities

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
France excluding Infrastructures	10	18
France Infrastructures	3	3
Total France	*13*	*21*
Rest of Europe	128	62
Latin America	165	8
USA & Canada	85	60
Middle East, Asia & Africa	326	246
Others	(165)	103
Of which share in net income of SUEZ	*(148)*	*113*
TOTAL SHARE IN NET INCOME OF EQUITY METHOD ENTITIES	**552**	**500**

Associates and joint ventures accounted for €184 million and €369 million respectively of share in net income of equity method entities at December 31, 2020, compared to €255 million and €245 million in 2019.

Current operating income (COI)

In millions of euros	Dec. 31, 2020	Dec. 31, 2019 [(1)]
France excluding Infrastructures	620	905
France Infrastructures	1,609	1,957
Total France	*2,229*	*2,862*
Rest of Europe	648	707
Latin America	1,542	1,696
USA & Canada	124	155
Middle East, Asia & Africa	518	619
Others	(483)	(221)
TOTAL CURRENT OPERATING INCOME (COI)	**4,578**	**5,819**

(1) Published data at December 31, 2019 have been restated due to the change in the definition of COI, which now excludes the non-recurring share in net income of equity method entities (see Note 5.2 "Current operating income (COI)")

Industrial capital employed

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
France excluding Infrastructures	7,326	7,157
France Infrastructures	19,891	20,172
Total France	*27,218*	*27,329*
Rest of Europe	(1,530)	1,805
Latin America	9,494	11,462
USA & Canada	3,500	3,550
Middle East, Asia & Africa	2,818	3,636
Others	4,647	6,542
Of which SUEZ equity value	-	*2,027*
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**46,146**	**54,325**

Capital expenditure (CAPEX)

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
France excluding Infrastructures	734	1,019
France Infrastructures	1,763	1,745
Total France	*2,496*	*2,764*
Rest of Europe	2,298	1,433
Latin America	1,514	2,499
USA & Canada	455	1,351
Middle East, Asia & Africa	(470)	449
Others	1,393	1,547
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,687**	**10,042**

6.2 Key indicators by Business Line

6.2.1 Definition of Business Lines

- **Client Solutions:** (excluding BtoC clients): encompasses services and service packages such as design, engineering, works, operation, installation, maintenance and facility management, as well as asset management activities such as heating and cooling networks, dedicated energy generation assets (decentralized energy delivered directly to the client). It also includes the Group's interest in the SUEZ group, partially sold on October 6, 2020 to VEOLIA *(see Note 4 "Main changes in Group structure")*.
- **Networks:** comprises the Group's electricity and gas infrastructure activities and projects. These activities include the management and development of (i) gas and electricity transportation networks in Europe and Latin America and natural gas distribution networks in Europe, Asia and the American continent, (ii) natural gas underground storage in Europe, and (iii) regasification infrastructure in France and Chile. Apart from the historical infrastructure management activities, its asset portfolio also contributes to the challenges of energy decarbonization and network greening (gradual integration of green gas, hydrogen based projects, geothermal projects, energy as a service, etc.).
- **Renewables:** comprises all centralized renewable energy generation activities, including financing, construction and operation of renewable energy facilities, using various energy sources such as hydroelectric, onshore wind, photovoltaic solar, biomass, offshore wind, geothermal and biogas. The energy produced is fed into the grid and sold either on the open or regulated market or through electricity sale agreements.
- **Thermal:** encompasses all the Group's centralized energy generation activities using thermal assets, whether contracted or not. It includes the operation of power plants fueled mainly by gas and coal, as well as pump-operated storage plants. The energy produced is fed into the grid and sold either on the open or regulated market or through electricity sale agreements. It includes the financing, construction and operation of desalination plants, whether or not connected to power plants.
- **Nuclear:** encompasses all of the Group's nuclear power generation activities, with seven reactors in Belgium (four in Doel and three in Tihange) and drawing rights in France.
- **Supply:** encompasses all the Group's activities relating to the sale of gas and electricity to end customers, whether professional or individual. It also includes all the Group's activities in services for residential clients.
- **Others** encompasses (i) energy management and optimization activities, (ii) the GTT BU, and (iii) corporate and holding activities.

6.2.2 Key indicators by Business Line

EBITDA

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Client Solutions	1,208	1,836
Networks	3,850	4,026
Renewables	1,559	1,724
Thermal	1,646	1,763
Nuclear	415	192
Supply	439	638
Others	159	186
TOTAL EBITDA	**9,276**	**10,366**

Current operating income (COI)

In millions of euros	Dec. 31, 2020	Dec. 31, 2019 (1)
Client Solutions	459	1,082
Networks	2,063	2,344
Renewables	1,070	1,195
Thermal	1,209	1,320
Nuclear	(111)	(314)
Supply	112	345
Others	(224)	(154)
TOTAL CURRENT OPERATING INCOME (COI)	**4,578**	**5,819**

(1) Published data at December 31, 2019 have been restated due to the change in the definition of COI, which now excludes the non-recurring share in net income of equity method entities (see Note 5.2 "Current operating income (COI)")

Capital expenditure (CAPEX)

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Client Solutions	992	1,621
Networks	2,502	3,446
Renewables	1,637	2,475
Thermal	187	517
Nuclear	1,740	636
Supply	357	457
Others	272	889
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,687**	**10,042**

6.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	Dec. 31, 2020	Dec. 31, 2019 (1)	Dec. 31, 2020	Dec. 31, 2019 (1)
France	22,440	24,223	30,569	31,831
Belgium	5,185	5,894	(9,638)	(6,026)
Other EU countries	9,960	10,428	5,867	8,363
Other European countries	4,420	5,192	2,847	490
North America	5,471	5,273	4,272	4,419
Asia, Middle East & Oceania	3,686	3,867	2,501	3,355
South America	4,201	4,759	8,918	10,920
Africa	387	422	810	971
TOTAL	**55,751**	**60,058**	**46,146**	**54,325**

(1) Comparative data presented for 2019 have been reclassified following the ratification of the Agreement on the withdrawal of the United Kingdom from the European Union on January 31, 2020

NOTE 7 Revenues

7.1 Revenues

Accounting standards

Revenues from contracts with customers concern revenues from contracts that fall within the scope of IFRS 15. Revenues are recognized when the customer obtains control of goods or services promised in the contract, for the amount of consideration to which an entity expects to be entitled in exchange for said promised goods or services.

A contractual analysis of the Group's sale contracts has led to the application of the following revenue recognition principles:

- **Gas, electricity and other energies**

  Revenues from sales of gas, electricity and other energies are recognized upon delivery of the power to the retail, business or industrial customer.

  Power deliveries are monitored in real time or on a deferred basis for those customers whose energy consumption is metered during the accounting period, in which case the portion of not yet metered revenues "in the meter" is estimated on the closing date.

- **Gas, electrical and other energy infrastructures**

  Revenues derived by gas and electricity infrastructure operators upon providing transportation or distribution or storage capacities, are recognized on a straight-line basis over the contract term.

  In the countries where the Group acts as an energy provider (supplier) without being in charge of its distribution or transportation, mainly in France and Belgium, an analysis of the energy sales contracts and of the related regulatory framework is carried out to determine whether the distribution or transportation services invoiced to the customers have to be excluded from the revenues recognized under IFRS 15.

  Judgment may be exercised by the Group for this analysis in order to determine whether the energy provider acts as an agent or a principal for the gas or electricity distribution or transportation services re-invoiced to the customers. The main criteria used by the Group to exercise its judgment and conclude, in certain countries, that the energy provider acts as an agent of the infrastructure operator are as follows: who is primarily responsible for fulfillment of the distribution or transportation services? Does the energy provider have the ability to commit to capacity reservation contracts towards the infrastructure operator? To what extent does the energy provider have discretion in establishing the price for the distribution or transportation services?

- **Constructions, installations, Operations and Maintenance (O&M), facility management (FM) and other services**

  Construction and installation contracts mainly concern assets built on the premises of customers such as cogeneration units, heaters or other energy-efficiency assets. The related revenues are usually recognized according to the percentage of completion on the basis of the costs incurred where the contracts fall within the scope of IFRS 15.

  O&M contracts generally require the Group to perform services ensuring the availability of power generating facilities. These services are performed over time and the related revenues are recognized according to the percentage of completion on the basis of the costs incurred.

  FM generally involves managing and integrating a large number of different services, outsourced by customers. The consideration due to FM suppliers can either be fixed or variable depending on the number of hours or based on another indicator, irrespective of the nature of the services provided. Hence, the related revenues are recognized according to the percentage of completion on the basis of the costs incurred or of the number of hours performed.

If it is not possible to conclude from the contractual analysis that the contract falls within the scope of IFRS 15, the revenues are accounted for as non-IFRS 15 revenues.

Revenues from other contracts, corresponding to revenues from operations that do not fall within the scope of IFRS 15, presented in the "Others" column include lease or concession income, as well as any financial component of operating services.

The table below shows a breakdown of revenues by type:

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, O&M, FM and other services	Others	Dec. 31, 2020
France excluding Infrastructures	2,537	4,130	170	8,014	4	14,856
France Infrastructures	25	-	5,210	192	12	5,439
Total France	*2,563*	*4,131*	*5,380*	*8,206*	*16*	*20,295*
Rest of Europe	2,728	5,651	312	6,918	46	15,655
Latin America	433	3,204	281	715	141	4,774
USA & Canada	166	2,506	1	1,553	2	4,229
Middle East, Asia & Africa	351	936	23	978	94	2,382
Others	2,938	3,473	110	1,257	639	8,417
TOTAL REVENUES	**9,178**	**19,901**	**6,108**	**19,626**	**937**	**55,751**

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, O&M, FM and other services	Others	Dec. 31, 2019
France excluding Infrastructures	3,207	4,160	144	8,338	5	15,854
France Infrastructures	64	1	5,265	218	22	5,569
Total France	*3,271*	*4,160*	*5,409*	*8,556*	*27*	*21,423*
Rest of Europe	3,147	6,403	331	7,321	66	17,267
Latin America	559	3,840	351	457	134	5,341
USA & Canada	465	2,734	2	1,254	3	4,457
Middle East, Asia & Africa	446	1,293	44	1,053	101	2,937
Others	3,464	3,303	106	1,141	619	8,633
TOTAL REVENUES	**11,351**	**21,732**	**6,244**	**19,781**	**949**	**60,058**

7.2 Trade and other receivables, assets and liabilities from contracts with customers

Accounting standards

On initial recognition, trade and other receivables are recorded at their transaction price as defined in IFRS 15.

A contract asset is an entity's right to consideration in exchange for goods or services that have been transferred to a customer but for which payment is not yet due or is contingent on the satisfaction of a specific condition stipulated in the contract. When an amount becomes due, it is transferred to receivables.

A receivable is recorded when the entity has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has already received consideration from the customer. The liability is derecognized upon recognition of the corresponding revenue.

Trade and other receivables and assets from contracts with customers are tested for impairment in accordance with the provisions of IFRS 9 on expected credit losses.

The impairment model for financial assets is based on the expected credit loss model. To calculate expected losses, the Group uses a matrix approach for trade receivables and assets from contracts with customers, for which the change in credit risk is monitored on a portfolio basis. An individual approach is used for large customers and other large counterparties, for which the change in credit risk is monitored on an individual basis.

See Note 17 "Risks arising from financial instruments" for the Group's assessment of counterparty risk.

7.2.1 Trade and other receivables and assets from contracts with customers

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Trade and other receivables, net	14,295	15,180
Of which IFRS 15	*6,897*	*7,385*
Of which non-IFRS15	*7,398*	*7,795*
Assets from contracts with customers	7,764	7,831
Accrued income and unbilled revenues	*6,754*	*6,783*
Energy in the meter (1)	*1,010*	*1,048*

(1) Net of advance payments

In 2020, the segments reporting the greatest amounts of assets from contracts were France excluding Infrastructures (€2,817 million, mainly ENGIE Solutions and BtoC), Rest of Europe (€2,501 million, mainly in Benelux, Germany and the United Kingdom) and Others (€1,086 million mainly the GEM BU).

	Dec. 31, 2020			Dec. 31, 2019		
In millions of euros	Gross	Allowances and expected credit losses	Net	Gross	Allowances and expected credit losses	Net
Trade and other receivables, net	15,568	(1,273)	14,295	16,277	(1,097)	15,180
Assets from contracts with customers	7,784	(20)	7,764	7,848	(17)	7,831
TOTAL	**23,351**	**(1,292)**	**22,059**	**24,125**	**(1,114)**	**23,011**

Gas and electricity in the meter

For customers whose energy consumption is metered during the accounting period, the gas supplied but not yet metered at the reporting date is estimated based on historical data, consumption statistics and estimated selling prices.

For sales on networks used by a large number of grid operators, the Group is allocated a certain volume of energy transiting through the networks by the grid managers. As the final allocations are sometimes only known several months down the line, revenue figures cannot be determined with absolute certainty. However, the Group has developed measuring and modeling tools allowing it to estimate revenues with a reasonable degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the related revenues can be considered as immaterial.

In France and Belgium, un-metered revenues ("gas in the meter") are calculated using a direct method taking into account customers' estimated consumption based on the last invoice or metering not yet billed. These estimates are in line with the volume of energy allocated by the grid managers over the same period. The average price is used to measure "gas in the meter" and takes account of the category of customer and the age of the delivered unbilled "gas in the meter". The portion of unbilled revenues at the reporting date varies according to the assumptions about volume and average price.

"Electricity in the meter" is also determined using a direct allocation method similar to that used for gas, but taking into account specific factors related to electricity consumption. It is also measured on a customer-by-customer basis or by customer type.

Realized but not yet metered revenues ("un-metered revenues") mainly related to France and Belgium for an amount of €3,079 million at December 31, 2020 (€3,275 million at December 31, 2019).

7.2.2 Liabilities from contracts with customers

	Dec. 31, 2020			Dec. 31, 2019		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Liabilities from contracts with customers	39	4,315	4,354	45	4,286	4,330
Advances and downpayments received	*15*	*2,123*	*2,138*	*11*	*2,190*	*2,201*
Deferred revenues	*25*	*2,192*	*2,217*	*34*	*2,096*	*2,129*

In 2020, the segments reporting the greatest amounts of revenues recognized over time due to the time lag between the payments and the performance of the services, are France excluding Infrastructures (€2,332 million, mainly in France BtoB and BtoC) and Rest of Europe (€1,455 million, mainly in Benelux and in Germany).

7.3 Revenues relating to performance obligations not yet satisfied

Revenues relating to performance obligations only partially satisfied at December 31, 2020 amounted to €15,883 million.

They mainly concern the United Kingdom (€7,337 million) and ENGIE Solutions (€5,250 million) BUs. These BUs handle a large number of construction, installation, maintenance and facility management contracts under which revenues are recognized over time. The Benelux, Tractebel Engineering and North, South and Eastern Europe BUs will also be recognizing revenues over the next three years for performance obligations satisfied over time.

NOTE 8 Operating expenses

Accounting standards

Operating expenses include:

- purchases and operating derivatives including:
  - the purchase of commodities and associated costs (infrastructure, transport, storage, etc.),
  - the realized impact, as well as the change in fair value (MtM), of commodity transactions, with or without physical delivery, that fall within the scope of IFRS 9 – *Financial Instruments* and that do not qualify as trading or hedging. These contracts are set up as part of economic hedges of operating transactions in the energy sector;
- purchases of services and other items such as subcontracting and interim expenses, lease expenses (short-term lease contracts or leases with a low underlying asset value), concession expenses, etc.;
- personnel costs;
- depreciation, amortization, and provisions; and
- taxes.

8.1 Purchases and operating derivatives

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Purchases and other income and expenses on operating derivatives other than trading (1)	(24,078)	(28,795)
Service and other purchases (2)	(10,889)	(10,609)
PURCHASES AND OPERATING DERIVATIVES	**(34,967)**	**(39,404)**

(1) Of which net income of €199 million in 2020 relating to MtM on commodity contracts other than trading (compared to a net expense of €426 million in 2019)

(2) Of which €175 million in lease expenses, relating to short-term lease contracts and leases with a low underlying asset value in 2020 (compared to €258 million in lease expenses in 2019)

8.2 Personnel costs

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Short-term benefits		(11,191)	(10,933)
Share-based payments	21	(53)	(56)
Costs related to defined benefit plans	20.3.4	(267)	(368)
Costs related to defined contribution plans	20.4	(248)	(121)
PERSONNEL COSTS		**(11,759)**	**(11,478)**

8.3 Depreciation, amortization and provisions

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Depreciation and amortization	14 & 15	(4,648)	(4,497)
Net change in write-downs of inventories, trade receivables and other assets		(239)	(104)
Net change in provisions	19	110	208
DEPRECIATION, AMORTIZATION AND PROVISIONS		**(4,778)**	**(4,393)**

At December 31, 2020, depreciation and amortization mainly break down as €995 million for intangible assets and €3,655 million for property, plant and equipment.

NOTE 9 Other items of income/(loss) from operating activities

Accounting standards

Other items of Income/(loss) from operating activities include:

- “Impairment losses”: this line include impairment losses on goodwill, other intangible assets, property, plant and equipment and investments in entities consolidated using the equity method of accounting;
- “Restructuring costs”: this line concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- “Changes in the scope of consolidation”. This line includes:
  - direct costs related to acquisitions of controlling interests,
  - in a business combination achieved in stages, remeasurement at fair value at the acquisition date of the previously held interest,
  - subsequent changes in the fair value of contingent consideration,
  - gains or losses from disposals of investments which result in a change of consolidation method, as well as any impact from the remeasurement of retained interests with the exception of gains and losses arising from transactions realized in the framework of “Develop, Build, Share & Operate” (DBSO) or “Develop, Share, Build & Operate” (DSBO) business models. These transactions on renewable activities are recognized in current operating income as they are part of the recurring rotation of the Group’s capital employed;
- “Other non-recurring items”: this line includes other elements of an inhabited, abnormal or infrequent nature.

9.1 Impairment losses

In millions of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Impairment losses:			
Goodwill	13.1	(2,145)	(116)
Property, plant and equipment and other intangible assets	14 & 15	(1,257)	(1,735)
Investments in equity method entities and related provisions		(237)	-
Total impairment losses		**(3,639)**	**(1,851)**
Reversal of impairment losses:			
Property, plant and equipment and other intangible assets		88	61
Investments in equity method entities and related provisions		-	20
Total reversals of impairment losses		**88**	**81**
TOTAL		**(3,551)**	**(1,770)**

Net impairment losses amounted to €3,551 million in 2020, relating mainly to goodwill, property, plant and equipment and intangible assets. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share for 2020 amounted to €3,420 million.

Impairment tests are performed in accordance with the conditions described in Note 13.3.

9.1.1 Impairment losses recognized in 2020

Net impairment losses amounted to €3,551 million in 2020 and mainly concerned:

- **Goodwill for the Nuclear CGU** (€2,145 million) **and Belgian nuclear reactors** (€715 million)

  Following the announcements made by the Belgian government in Autumn 2020 and the talks held since then, the Group considered that it could no longer justify the assumption that the operating life of half of its second-generation reactors could be extended for 20 years beyond 2025.

  The impairment losses over the year take into consideration this major assumption change, the level of forward prices observed in the second half of 2020 and the update of the Group's long-term pricing scenario in light of the latest forecasts for demand, the price of CO_2 and the change in the energy mix.
- **Other impairment losses**

  Other impairment losses recognized by the Group mainly concerned:
  - an investment in a gas production asset in Algeria (€123 million);
  - thermal power generation assets in the Middle East (€115 million);
  - other thermal and renewable power generation assets in Mexico (€70 million), North America (€69 million) and Brazil (€64 million).

9.1.2 Impairment losses recognized in 2019

Net impairment losses amounted to €1,770 million in 2019, and mainly concerned:

- the Belgian nuclear facilities whose operating life may no longer be extended (€1,023 million) following the triennial review of nuclear provisions and the resulting increase in the carrying amount of the related dismantling assets in a context of falling prices;
- other impairment losses relating to thermal power generation assets in Latin America (€165 million) and the Middle East (€135 million), the intangible asset corresponding to the France BtoC client portfolio value (€111 million) and the value adjustments of several coal-fired power plants in Germany and the Netherlands in connection with their disposal (€148 million).

After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share for 2019 amounted to €1,579 million.

9.2 Restructuring costs

In 2020, restructuring costs totaled €343 million (*versus* €218 million in 2019). Restructuring costs in both years mainly included costs related to staff reduction plans and measures to adapt to economic situations, as well as the shutdown or sale of operations, the closure or restructuring of certain facilities and other miscellaneous restructuring costs.

9.3 Changes in scope of consolidation

At December 31, 2020, the impact of changes in the scope of consolidation was a positive €1,640 million and mainly comprised (i) the positive impact of the disposal of the majority of ENGIE's interest in SUEZ for €1,735 million, (ii) the positive impact of the disposal of the Group's interests in Astoria 1 and 2 in the United States for €95 million, partially offset by (iii) a negative impact of €62 million relating to the disposal of MultiTech in Canada and (iv) a negative €51 million change in the earn-out from the disposal of LNG activities to TOTAL in 2018.

At December 31, 2019, the impact of changes in the scope of consolidation was a positive €1,604 million and mainly comprised the positive impact of the sale of Glow for €1,580 million, including €143 million in respect of items of other comprehensive income recycled to the income statement.

9.4 Other non-recurring items

Other non-recurring items at December 31, 2020 totaled a negative €886 million and mainly included, in addition to the impacts of the adjustment to provisions for the dismantling and rehabilitation of industrial sites, the effects of extending the trading management method launched by the GEM BU in 2017 to the rest of the Group's gas positions in Europe:

The management framework for the Group's gas positions in Europe changed in 2017 for the majority of the long-term contracts managed by the GEM BU, shifting to an individual approach per contract based on market conditions rather than as part of a portfolio. In 2020, ENGIE decided to extend this trading management model to the rest of its gas positions, thereby taking full account of the consequences of contractual changes and an expected increase in the volumes available in this area now under the trading business model. The implementation of the new management method to this extended scope has been made possible thanks to the rollout of tools that allow for a better economic vision of the positions. To this end, a new organization was put in place in December 2020.

As a result of this change in management framework, the Group extended fair value accounting to the assets in question, leading to an initial accounting impact of fair value measurement of a negative €726 million. From then on, the Group's results take into account the realized and unrealized gains and losses relating to these gas positions through the trading net margin presented in revenues and current operating income.

At December 31, 2019, other non-recurring items totaling a negative €1,240 million mainly included the non-recurring impact of the nuclear provision review (back-end of the cycle) and other miscellaneous expenses for a negative €1,166 million.

NOTE 10 Net financial income/(loss)

In millions of euros	Expense	Income	Dec. 31, 2020	Expense	Income	Dec. 31, 2019
Interest expense on gross debt and hedges	(901)	-	(901)	(894)	-	(894)
Foreign exchange gains/losses on borrowings and hedges	(21)	-	(21)	-	30	30
Ineffective portion of derivatives qualified as fair value hedges	-	-	-	(3)	-	(3)
Gains and losses on cash and cash equivalents and liquid debt instruments held for cash investment purposes	-	47	47	-	84	84
Capitalized borrowing costs	103	-	103	106	-	106
Cost of net debt	**(819)**	**47**	**(772)**	**(790)**	**114**	**(676)**
Cost of lease liabilities	**(47)**	-	**(47)**	**(48)**	-	**(48)**
Cash payments made on the unwinding of swaps	(44)	-	(44)	(62)	-	(62)
Reversal of the negative fair value of these early unwound derivative financial instruments	-	31	31	-	62	62
Expenses on debt restructuring transactions	(16)	-	(16)	-	6	6
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	**(60)**	**31**	**(29)**	**(62)**	**68**	**6**
Net interest expense on post-employment benefits and other long-term benefits	(89)	-	(89)	(121)	-	(121)
Unwinding of discounting adjustments to other long-term provisions	(614)	-	(614)	(566)	-	(566)
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	(158)	-	(158)	(223)	-	(223)
Income/(loss) from debt instruments and equity instruments	(97)	73	(24)	(34)	212	179
Interest income on loans and receivables at amortized cost	-	178	178	-	169	169
Other	(346)	225	(122)	(457)	350	(107)
Other financial income and expenses	**(1,306)**	**475**	**(830)**	**(1,400)**	**731**	**(669)**
NET FINANCIAL INCOME/(LOSS)	**(2,232)**	**553**	**(1,678)**	**(2,300)**	**913**	**(1,387)**

The cost of net debt is higher compared to December 31, 2019, due to the drop in cash remuneration and a more unfavorable foreign exchange result.

Losses from debt and equity instruments amounted to €24 million. This amount includes the negative change in fair value of money market funds held by Synatom for a negative amount of €66 million (*see Note 16.1.1.2 "Debt instruments at fair value"*).

At December 31, 2020, the average cost of debt after hedging came out at 2.38% compared with 2.70% at December 31, 2019.

NOTE 11 Income tax expense

Accounting standards

The Group calculates taxes in accordance with prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date. However, under the provisions of IAS 12, no deferred tax is recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates, joint ventures and branches, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred taxes are calculated based on the tax position of each company or on the total income of companies included within the relevant consolidated tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

Tax effects relating to coupon payments on deeply-subordinated perpetual notes are recognized in profit or loss.

11.1 Actual income tax expense recognized in the income statement

11.1.1 Breakdown of actual income tax expense recognized in the income statement

The tax expense recognized in the income statement for 2020 amounts to €715 million (€640 million income tax expense in 2019). It breaks down as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Current income taxes	(801)	(761)
Deferred taxes	85	121
TOTAL INCOME TAX BENEFIT/(EXPENSE) RECOGNIZED IN INCOME	**(715)**	**(640)**

11.1.2 Reconciliation of theoretical income tax expense with actual income tax expense

A reconciliation of theoretical income tax expense with the Group's actual income tax expense is presented below:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Net income/(loss)	**(893)**	**1,649**
Share in net income of equity method entities	552	500
Income tax expense	(715)	(640)
Income/(loss) before income tax expense and share in net income of associates (A)	**(730)**	**1,790**
Of which French companies	*1,559*	*285*
Of which companies outside France	*(2,288)*	*1,505*
Statutory income tax rate of the parent company (B)	32.0%	34.4%
Theoretical income tax expense (C) = (A) x (B)	**234**	**(616)**
Reconciling items between theoretical and actual income tax expense		
Difference between statutory tax rate applicable to the parent and statutory tax rate in force in jurisdictions in France and abroad	(183)	215
Permanent differences [(1)]	(627)	(23)
Income taxed at a reduced rate or tax-exempt [(2)]	571	533
Additional tax expense [(3)]	(392)	(123)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences [(4)]	(638)	(867)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences [(5)]	266	212
Impact of changes in tax rates [(6)]	(106)	(55)
Tax credits and other tax reductions [(7)]	112	101
Other [(8)]	47	(16)
INCOME TAX BENEFIT/(EXPENSE) RECOGNIZED IN INCOME	**(715)**	**(640)**

(1) Mainly includes disallowable impairment losses on goodwill, disallowable operating expenses and the deduction of interest expenses arising from hybrid debt
(2) Mainly includes capital gains on disposals of securities exempt from tax or taxed at a reduced rate in some tax jurisdictions, the impact of the specific tax regimes used by some entities, disallowable impairment losses and capital losses on securities, and the impact of untaxed income from remeasuring previously-held (or retained) equity interests in connection with acquisitions and changes in consolidation methods
(3) Mainly includes tax on dividends resulting from the parent company tax regime, withholding tax on dividends and interest levied in several tax jurisdictions, allocations to provisions for income tax, and regional and flat-rate corporate taxes
(4) Includes (i) the cancellation of the net deferred tax asset position for some tax entities in the absence of sufficient profit being forecast and (ii) the impact of disallowable impairment losses on fixed assets
(5) Includes the impact of the recognition of net deferred tax asset positions for some tax entities
(6) Mainly includes the impact of tax rate changes on deferred tax balances in France, the United Kingdom for 2020 and Luxembourg for 2019
(7) Mainly includes reversals of provisions for tax litigation, tax credits in France and other tax reductions
(8) Mainly includes the correction of previous tax charges

The Group reviewed the net deferred tax positions based on projections of future taxable income, including the expected effects of the Covid-19 crisis and the legal changes approved in 2020. The effects were limited to a few countries.

11.1.3 Analysis of the deferred tax income/(expense) recognized in the income statement, by type of temporary difference

	Impact in the income statement	
In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Deferred tax assets:		
Tax loss carry-forwards and tax credits	(203)	572
Pension and related obligations	(78)	28
Non-deductible provisions	222	(137)
Difference between the carrying amount of PP&E and intangible assets and their tax bases	276	(93)
Measurement of financial instruments at fair value (IAS 32 / IFRS 9)	488	(1,360)
Other	(40)	(36)
Total	**666**	**(1,028)**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	2	(239)
Measurement of financial instruments at fair value (IAS 32 / IFRS 9)	(437)	1,661
Other	(146)	(273)
Total	**(581)**	**1,149**
DEFERRED TAX INCOME/(EXPENSE)	**85**	**121**

11.2 Deferred tax income/(expense) recognized in "Other comprehensive income"

Net deferred tax income/(expense) recognized in "Other comprehensive income" is broken down by component as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Equity and debt instruments	(10)	(2)
Actuarial gains and losses	399	256
Net investment hedges	(27)	12
Cash flow hedges on other items	(128)	218
Cash flow hedges on net debt	17	10
Total excluding share of equity method entities	**253**	**494**
Share of equity method entities	116	81
TOTAL	**369**	**575**

11.3 Deferred taxes presented in the statement of financial position

11.3.1 Change in deferred taxes

Changes in deferred taxes recognized in the statement of financial position, after netting deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2019	**860**	**(4,631)**	**(3,771)**
Impact on net income for the year	666	(580)	85
Impact on other comprehensive income items	504	(245)	259
Impact of changes in scope of consolidation	(9)	(19)	(29)
Impact of translation adjustments	(90)	213	122
Transfers to assets and liabilities classified as held for sale	(39)	29	(10)
Other	(723)	530	(193)
Impact of netting by tax entity	(288)	288	-
AT DECEMBER 31, 2020	**880**	**(4,416)**	**(3,536)**

11.3.2 Analysis of the net deferred tax position recognized in the statement of financial position (before netting deferred tax assets and liabilities by tax entity), by type of temporary difference

Accounting standards

Measurement of recognized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. The probability that taxable profit will be available against which the unused tax losses can be utilized, is based on taxable temporary differences relating to the same taxation authority and the same taxable entity and estimates of future taxable profits. These estimates and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts over a six-year tax projection period as included in the medium-term business plan validated by Management, subject to exceptions justified by a particular context and, if necessary, on the basis of additional forecasts.

	Statement of financial position at	
In millions of euros	**Dec. 31, 2020**	**Dec. 31, 2019**
Deferred tax assets:		
Tax loss carry-forwards and tax credits	1,771	2,118
Pension obligations	2,061	1,635
Non-deductible provisions	434	268
Difference between the carrying amount of PP&E and intangible assets and their tax bases	953	763
Measurement of financial instruments at fair value (IAS 32 / IFRS 9)	2,148	2,199
Other	444	518
TOTAL	**7,810**	**7,502**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(8,531)	(8,953)
Measurement of financial instruments at fair value (IAS 32 / IFRS 9)	(2,067)	(1,700)
Other	(748)	(620)
TOTAL	**(11,346)**	**(11,273)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(3,536)**	**(3,772)**

11.4 Unrecognized deferred taxes

At December 31, 2020, the tax effect of tax losses and tax credits eligible for carry-forward but not utilized and not recognized in the statement of financial position amounted to €4,061 million (€3,836 million at December 31, 2019). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, Luxembourg and the Netherlands). These tax loss carry-forwards did not give fully or partially rise to the recognition of deferred tax due to the absence of sufficient profit forecasts in the medium term.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €823 million at end-December 2020 versus €929 million at end-December 2019.

NOTE 12 Earnings per share

Accounting standards

Basic earnings per share is calculated by dividing net income Group share for the year by the weighted average number of ordinary shares outstanding during the year. The average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

For the diluted earnings per share calculation, the weighted average number of shares and basic earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (options, warrants and convertible bonds, etc.).

In compliance with IAS 33 – *Earnings per Share,* earnings per share and diluted earnings per share are based on net income/(loss) Group share after deduction of payments to bearers of deeply-subordinated perpetual notes *(see Note 18.2.1 "Issuance of deeply-subordinated perpetual notes").*

The Group's dilutive instruments included in the calculation of diluted earnings per share include bonus shares and performance shares granted in the form of ENGIE securities.

	Dec. 31, 2020	Dec. 31, 2019
Numerator *(in millions of euros)*		
Net income/(loss) Group share	**(1,536)**	**984**
Interest from deeply-subordinated perpetual notes	(187)	(165)
Net income/(loss)used to calculate earnings per share	**(1,723)**	**820**
Impact of dilutive instruments	-	-
Diluted net income/(loss) Group share	**(1,723)**	**820**
Denominator *(in millions of shares)*		
Average number of outstanding shares	**2,416**	**2,413**
Impact of dilutive instruments:		
Bonus share plans reserved for employees	11	12
Diluted average number of outstanding shares	**2,427**	**2,425**
Earnings per share *(in euros)*		
Basic earnings/(loss) per share	**(0.71)**	**0.34**
Diluted earnings/(loss) per share	**(0.71)**	**0.34**

NOTE 13 Goodwill

Accounting standards

Upon a business combination, goodwill is measured as the difference between:

- on the one hand the sum of:
  - the consideration transferred,
  - the amount of non-controlling interests in the acquiree, and
  - in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;
- on the other hand the net fair value of the identifiable assets acquired and liabilities assumed. The key assumptions and estimates used to determine the fair value of assets acquired and liabilities assumed include the market outlook for the measurement of future cash flows as well as applicable discount rates. These assumptions reflect management's best estimates at the acquisition date.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the 12 month measurement period.

Goodwill relating to interests in associates is recorded under “Investments in equity method entities”.

Risk of impairment

Goodwill is not amortized but tested for impairment each year in accordance with IAS 36, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or groups of CGUs, which constitute groups of assets which generate cash flows that are largely independent from cash flows generated by other CGUs.

Goodwill is impaired if the net carrying amount of the CGU to which the goodwill is allocated is greater than the recoverable amount of that CGU. The methods used to carry out these impairment tests are described in Note 13.3.

Impairment losses in relation to goodwill cannot be reversed and are shown as “Impairment losses” in the income statement.

Indicators of goodwill impairment

The main indicators of impairment used by the Group are:

- using external sources of information :
  - a decline in an asset's value over the period that is significantly more than would be expected from the passage of time or normal use,
  - significant adverse changes that have taken place over the period, or will take place in the near future, in the technological market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated,
  - an increase over the period in market interest rates or other market rates of return on investments if such increase is likely to affect the discount rate used in calculating an asset's value in use and decrease its recoverable amount materially,
  - the carrying amount of the net assets of the entity exceeds its market capitalization;
- using internal sources of information :
  - evidence of obsolescence or physical damage to an asset,
  - significant changes in the extent to which, or manner in which, an asset is used or is expected to be used, that have taken place in the period or soon thereafter and that will adversely affect it. These changes include the asset becoming idle, plans to dispose of an asset sooner than expected, reassessing its useful life as finite rather than indefinite or plans to restructure the operations to which the asset belongs,
  - internal reports that indicate that the economic performance of an asset is, or will be, worse than expected.

13.1 Movements in the carrying amount of goodwill

In millions of euros	Net amount
At December 31, 2019	**18,665**
Impairment losses	(2,145)
Changes in scope of consolidation and Other	(151)
Translation adjustments	(330)
AT DECEMBER 31, 2020	**15,943**

Changes during the period mainly comprise impairment of goodwill related to the Nuclear CGU, and the disposal of the Group's interests in Astoria 1 and 2, offset by various acquisitions made during the year *(see Note 4 "Main changes in Group structure")*.

13.2 Goodwill CGUs

The table below shows "material" goodwill CGUs at December 31, 2020:

In millions of euros	Operating segment	Dec. 31, 2020
Material CGUs		
GRDF	France Infrastructures	4,009
Nuclear	Rest of Europe	797
Engie Solutions	France excl. Infrastructures	1,470
Benelux	Rest of Europe	1,242
France Renewable Energy	France excl. Infrastructures	1,178
United Kingdom	Rest of Europe	1,019
Other significant CGUs		
France BtoC	France excl. Infrastructures	1,050
Northern, Southern and Central Europe	Rest of Europe	863
GRTgaz	France Infrastructures	614
North America	USA & Canada	538
Generation Europe	Rest of Europe	521
Other CGUs		**2,642**
TOTAL		**15,943**

During 2020, the Group made certain adjustments to its organization structure (*see Note 6 "Segment information"*):

- the France B2B and France Networks CGUs have been combined into a single CGU called ENGIE Solutions;
- the Benelux BU has been split into three separate CGUs: Nuclear, Renewables and Benelux (energy services, electricity sales and gas sales activities);
- ENGIE Impact's share of the goodwill related to the North America and Tractebel CGUs has been reallocated to the Impact CGU.

13.3 Impairment testing of goodwill CGUs

All goodwill CGUs were tested for impairment. In addition, intangible assets and property plant and equipment were tested at the level of the relevant group of assets, whenever there was an indication of impairment. The current environment, which has been affected by the Covid-19 crisis, has had consequences that are indications of potential impairment, in particular the fall in energy prices, decline in the BtoB sector and fall in the stock markets. The Group did not identify any increased risk of impairment due to the Covid-19 crisis, in particular for assets used in capital-light activities or with little exposure to short-term changes in market conditions. This is particularly the case for regulated infrastructures, the historical client solutions businesses and the energy sales business.

The impairment tests are based on data as of end-June, plus a review of events arisen in the second half of the year.

In most cases, the recoverable amount of CGUs is determined by reference to a value in use that is calculated using cash flow projections drawn up on the basis of the 2021 budget and the 2022-2023 medium-term business plan, as approved by the Executive Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

Cash flow projections are determined on the basis of macroeconomic assumptions (inflation, exchange rates and growth rates) and price forecasts resulting from the Group's reference scenario for 2024-2040. The forecasts that feature in the reference scenario were approved by the Executive Committee in December 2020. The forecasts and projections included in the reference scenario were determined on the basis of the following inputs:

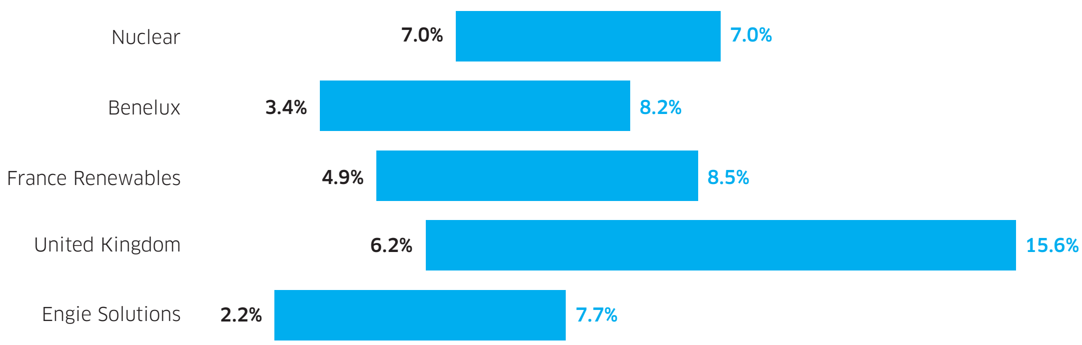
- forward market prices over the liquidity period for fuel (coal, oil and gas), CO_2 and electricity on each market;
- beyond this period, medium- and long-term energy prices were determined by the Group based on macroeconomic assumptions and fundamental supply and demand equilibrium models, the results of which are regularly compared against forecasts prepared by external energy sector specialists. Long-term projections for CO_2 prices are in line with the 2050 climate neutrality objectives set by the European Commission as part of the "European Green Deal" presented in December 2019. More specifically, medium- and long-term electricity prices were determined by the Group using electricity demand forecasting models, medium- and long-term forecasts of fuel and CO_2 prices, and expected trends in installed capacity and in the technology mix of the production assets within each power generation system.

Discount rate

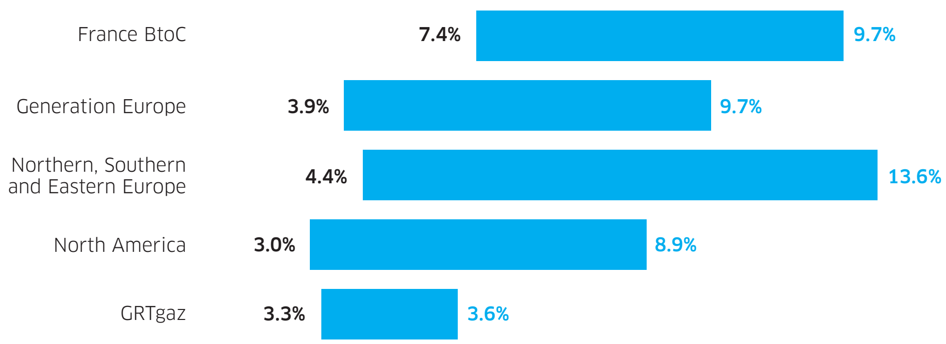
The discount rates used correspond to the weighted average cost of capital, which is adjusted in order to reflect the business, market, country and currency risk relating to each goodwill CGU reviewed. The discount rates used are consistent with available external information sources. The post-tax rates used in 2020 to measure the value in use of the goodwill CGUs for discounting future cash flows ranged between 2.2% and 15.6%, compared with a range of between 3.1% and 13.1% in 2019.

The discount rates used for the main goodwill CGUs are shown below:

Significant CGUs



Other significant CGUs (1)



(1) The valuation methods used are the discounted cash flows (DCF) method and the discounted dividend model (DDM) method

13.3.1 Material CGUs

This section presents the method for determining value in use, the key assumptions underlying the valuation, and the sensitivity analyses for the impairment tests on the Group's main goodwill CGUs at December 31, 2020.

13.3.1.1 GRDF CGU

The total amount of goodwill allocated to the GRDF CGU was €4,009 million at December 31, 2020. The GRDF CGU groups together the Group's regulated natural gas distribution activities in France.

The terminal value used to calculate the value in use corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2026. The RAB is the value assigned by the French Energy Regulation Commission (CRE) to the assets operated by the distributor. It is the sum of the future pre-tax cash flows, discounted at the pre-tax rate of return guaranteed by the regulator.

The cash flow projections are drawn up based on the tariff for public natural gas distribution networks, known as the “ATRD 6 tariff”, which entered into force for a period of four years on July 1, 2020, and on the overall level of investments agreed by the CRE as part of its decision on the “ATRD 6 tariff”.

Given the regulated nature of the businesses grouped within the GRDF CGU, a reasonable change in any of the valuation inputs would not result in impairment losses.

13.3.1.2 Nuclear CGU

The goodwill allocated to the Nuclear CGU amounted to €797 million at December 31, 2020. The Group’s Nuclear CGU encompasses the power generation activities from its nuclear power plants in Belgium and drawing rights on the Chooz B and Tricastin power plants in France.

Key assumptions used for the impairment test

The cash flow projections for the Nuclear CGU are based on a large number of key assumptions, such as prices of fuel and CO_2, expected trends in electricity demand and prices, availability of power plants, the market outlook, and changes in the regulatory environment (especially concerning nuclear capacities in Belgium and the extension of drawing rights agreements for French nuclear plants). The key assumptions also include the discount rate used to calculate the value in use of this goodwill CGU.

Cash flow projections for the period beyond the medium-term business plan were determined as described below:

Activities	Assumptions applied beyond the term of the business plan
Nuclear power generation in Belgium	For Doel 1, Doel 2 and Tihange 1, cash flow projection over the residual useful life of 50 years. For the second generation reactors Doel 3, Doel 4, Tihange 2 and Tihange 3, cash flow projection over theresidual useful life of 40 years without any hypothesis of extension unlike previous years.
Drawing rights on Chooz B and Tricastin power plants	Cash flow projection over the remaining term of existing contract plus assumption that drawing rights will be extended for a further 10 years.

The most important assumptions concerning the Belgian regulatory environment relate to the operating life of existing nuclear reactors.

The impairment test took into account the 10-year extension (through 2025) of the operating life of Tihange 1, Doel 1 and Doel 2, annual royalties totaling €20 million in respect of the extension of Doel 1 and Doel 2, and the new conditions for determining the nuclear contribution that will apply to second-generation reactors (Doel 3 and 4, Tihange 2 and 3) through their 40th year of operation, as defined in the December 29, 2016 law and reviewed by the CREG in 2020.

As regards second-generation reactors, the principle of a gradual phase-out of nuclear power and the schedule for this phase-out, with the shutdown of the reactors of Doel 3 in 2022, Tihange 2 in 2023 and Tihange 3 and Doel 4 in 2025, after 40 years of operation, were first set out in the law of January 31, 2003 on the gradual phase-out of nuclear power for industrial electrical generation, and have been regularly reaffirmed since then in the law of June 18, 2015, the energy pact approved by the government on March 30, 2018, the governmental agreement of September 30, 2020, and the general policy memorandum of November 4, 2020. However, this principle remains combined with analysis mechanisms enabling this decision to be reassessed by end-2021 based on its impacts on the security of supply, the climate, energy prices and the security of power plants subject to a monitoring process. If this monitoring process reveals a potential supply security problem, the 2020 governmental agreement provides for the option of adjusting the phase-out schedule for capacity of up to 2 GW. However, in view of the Belgian government’s announcements in Autumn 2020 and its talks with the Group since then, the Group considered that for the 2020 impairment test, unlike prior years, the operating conditions for carrying out pre-extension work were no longer met and therefore no longer justified the assumption that the life of half of its second generator reactors could be extended for 20 years beyond 2025.

In France, the Nuclear Safety Authority authorized the start-up of Tricastin 1 on December 20, 2019 after its shutdown for its fourth 10-yearly inspection and, on December 3, 2020, published a draft decision setting out the conditions for the 900 MW reactors to continue operating beyond 40 years. Confirmation of a 10-year extension of the operating life of the 900 MW series reactors is therefore expected to be formalized in the next few years, once the conditions for continued operation have been determined by the Nuclear Safety Authority and a public inquiry has been held. The Group therefore included an assumption that the operating life of the Tricastin and Chooz B nuclear plants would be extended for 10 years after their fourth 10-yearly inspection and that, therefore, so would the Group’s drawing rights expiring on average in 2021 and 2039 respectively. This assumption had already been made in prior years, as the Group considered, in line with its reference scenario on developments in the French energy mix, that an extension of the operating life of those reactors was the most credible and most probable scenario.

Results of the impairment test

Given the material assumption change described above, the forward prices observed in the second half of 2020, and the Group’s long-term pricing scenario updated based on the latest forecasts for demand, CO_2 prices and developments in the energy mix, the Group recognized an impairment loss of €715 million against its nuclear assets in Belgium and €2,145 million against the goodwill allocated to the Nuclear CGU at December 31, 2020. The carrying amount of the residual goodwill was €797 million at December 31, 2020.

Sensitivity analyses

A decrease of €10/MWh in electricity prices for all nuclear power generation would lead to an additional impairment loss of around €1.7 billion. Conversely, an increase of €10/MWh in electricity prices would increase the recoverable amount of the CGU by around €1.5 billion.

An increase of 50 basis points in the discount rates would lead to an additional impairment loss of around €0.1 billion. A decrease of 50 basis points in the discount rates used would lead to an increase in the recoverable amount of the CGU of around €0.1 billion.

13.3.1.3 ENGIE Solutions CGU

The goodwill allocated to the ENGIE Solutions CGU amounted to €1,470 million at December 31, 2020. The ENGIE Solutions CGU encompasses the following activities in France: (i) energy services and sales for buildings and industry, cities and regions and major infrastructures, and (ii) design, financing, construction and operation of decentralized energy production and distribution facilities (heating and cooling networks).

The terminal value used to calculate the value in use of the services and energy sales businesses was determined by extrapolating the cash flows beyond the medium-term business plan period using a long-term growth rate of 1.85% per year.

The main assumptions and key estimates relate primarily to discount rates and changes in price beyond the liquidity period.

An increase of 50 basis points in the discount rates used would have a negative 25% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. A reduction of 50 basis points in the discount rates used would have a positive 27% impact on the calculation.

A decrease of 10% in the margin captured by power generation assets would have a negative 20% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. An increase of 10% in the margin captured would have a positive 23% impact on this calculation.

13.3.1.4 Benelux CGU

The total amount of goodwill allocated to the Benelux CGU was €1,242 million at December 31, 2020. The Benelux CGU encompasses (i) energy services, electricity and gas sales in Belgium and the Netherlands, and (ii) energy services in Luxembourg.

The terminal value used to calculate the value in use of the services and energy sales businesses was determined by extrapolating the cash flows beyond the medium-term business plan period using a long-term growth rate of 2% per year.

An increase of 50 basis points in the discount rates used would have a negative 21% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. A reduction of 50 basis points in the discount rates used would have a positive 24% impact on the calculation.

A decrease of 10% in the margin on gas and electricity sales activities would have a negative 15% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 10% in the margin on gas and electricity sales activities would have a positive 15% impact on the calculation.

A decrease of 10% in the margin on service activities would have a negative 16% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 10% in the margin on services activities would have a positive 16% impact on the calculation.

13.3.1.5 France Renewable Energy CGU

The goodwill allocated to the France Renewable Energy CGU amounted to €1,178 million at December 31, 2020. The France Renewable Energy CGU groups together the development, construction, financing, operation and maintenance of all of the renewable power generation assets in France (hydraulic, wind and photovoltaic).

For the hydraulics business, the terminal value was determined to calculate the value in use by extrapolating the cash flows beyond the medium-term business plan based on the reference scenario adopted by the Group.

The main assumptions and key estimates relate primarily to discount rates, assumptions on the renewal of the hydropower concession agreements and changes in electricity prices beyond the liquidity period.

Value in use of the Compagnie Nationale du Rhône and SHEM was calculated based on assumptions including the extension or renewal of a tender process for the concession agreements, as well as on the conditions of a potential extension.

The cash flows for the periods covered by the renewal of the concession agreements are based on a number of assumptions relating to the economic and regulatory conditions for operating these assets (royalty rates, required level of investment, etc.) during this period.

A decrease of €10/MWh in electricity prices for hydropower generation would have a negative 105% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. Conversely, an increase of €10/MWh in electricity prices would have a positive 102% impact on the calculation.

An increase of 50 basis points in the discount rates used would have a negative 80% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. A reduction of 50 basis points in the discount rates used would have a positive 97% impact on the calculation.

If the Compagnie Nationale du Rhône hydropower concession agreements are not renewed beyond 2023, this would have a strong adverse impact on the results of the test, with the recoverable amount falling significantly below the carrying amount. In this scenario, the impairment risk would represent around €1 billion.

13.3.1.6 United Kingdom CGU

The goodwill allocated to the United Kingdom CGU amounted to €1,019 million at December 31, 2020. The United Kingdom CGU includes activities in (i) renewable power generation (hydraulic, wind and solar), (ii) gas and electricity sales, and (iii) services to individual and professional customers in the United Kingdom.

The terminal value used to calculate the value in use of the services and energy sales businesses was determined by extrapolating the cash flows beyond the medium-term business plan period using a long-term growth rate of 2% per year.

The main assumptions and key estimates relate primarily to discount rates and changes in price beyond the liquidity period.

An increase of 50 basis points in the discount rates used would have a negative 24% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. A reduction of 50 basis points in the discount rates used would have a positive 27% impact on the calculation.

A decrease of 10% in the margin captured by power generation assets would have a negative 23% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. An increase of 10% in the margin captured would have a positive 23% impact on this calculation.

13.3.2 Other significant CGUs

13.3.2.1 North America CGU

The goodwill allocated to the North America CGU amounted to €538 million at December 31, 2020. The North America CGU mainly comprises:

- Canada, which includes activities in (i) renewable power generation, and ii) services to individual and professional customers;
- the United States, which includes activities in (i) gas and electricity sales and (ii) services to individual and professional customers;
- Puerto Rico, which includes an investment in EcoElectrica, a key energy industry player in Puerto Rico's economy *(see Note 3.2 "Investments in joint ventures")*. Despite the difficult financial environment in Puerto Rico, ENGIE does not have any information at December 31, 2020 on the basis of which the Group would modify its valuation assumptions, regarding its share in these assets.

The wind and solar energy production activities in the United States make up an independent goodwill CGU.

The value in use of these activities was calculated using the cash flow projections drawn up on the basis of the 2021 budget and the 2022-2023 medium-term business plan. A terminal value was calculated for the services and energy sales businesses using EBITDA multiples as a basis.

The main assumptions and key estimates relate primarily to discount rates and changes in price beyond the liquidity period.

An increase of 50 basis points in the discount rates used would have a negative 46% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. A reduction of 50 basis points in the discount rates used would have a positive 33% impact on the calculation.

A decrease of 10% in the margin on gas and electricity sales activities would have a negative 50% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 10% in the margin on gas and electricity sales activities would have a positive 30% impact on the calculation.

A decrease of 10% in the margin on service activities would have a negative 35% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 10% in the margin on services activities would have a positive 16% impact on the calculation.

13.3.2.2 Generation Europe CGU

The goodwill allocated to the Generation Europe CGU amounted to €521 million at December 31, 2020. The Generation Europe CGU groups together the thermal power generation activities in Europe.

The value in use of these activities was calculated using the cash flow projections drawn up on the basis of the 2021 budget and the 2022-2023 medium-term business plan. Beyond this three-year period, cash flows were projected over the useful lives of the assets based on the reference scenario adopted by the Group.

The main assumptions and key estimates relate primarily to discount rates, estimated demand for electricity and changes in the price of CO_2, fuel and electricity beyond the liquidity period.

Results of the impairment test

At December 31, 2020, the recoverable amount of the Generation Europe goodwill CGU was higher than its carrying amount.

Sensitivity analyses

An increase of 50 basis points in the discount rates used would have a negative 13% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. A reduction of 50 basis points in the discount rates used would have a positive 13% impact on the calculation.

A decrease of 10% in the margin captured by thermal power plants would have a negative 29% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable amount would remain above the carrying amount. An increase of 10% in the margin captured would have a positive 29% impact on this calculation.

13.3.2.3 Other significant goodwill CGUs

For the other significant goodwill CGUs, there is a considerable difference between their recoverable amount and their carrying amount at December 31, 2020.

13.4 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by reportable segment:

In millions of euros	Dec. 31, 2020
France excluding Infrastructures	3,698
France Infrastructures	5,006
Rest of Europe	4,494
Latin America	706
USA & Canada	650
Middle East, Asia & Africa	667
Others	721
TOTAL	**15,943**

NOTE 14 Intangible assets

Accounting standards

Initial measurement

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Amortization

Intangible assets are amortized on the basis of the expected pattern of consumption of the estimated future economic benefits embodied in the asset. Amortization is calculated mainly on a straight-line basis over the following useful lives:

	Useful life	
Main depreciation periods (years)	Minimum	Maximum
Concession rights	10	30
Customer portfolio	3	20
OTHER INTANGIBLE ASSETS	**1**	**50**

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually.

Risk of impairment

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.

Impairment indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes in the environment in which the assets are operated or when economic performance is lower than expected.

Main impairment indicators used by the Group are described in Note 13 “Goodwill”.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU), as appropriate and determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount and possibly the useful life of the asset concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the asset increases to exceed the carrying amount. The increased carrying amount of an item of property, plant or equipment following the reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into CGUs and the carrying amount of each CGU is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows including a terminal value. Standard valuation techniques are used based on the following main economic assumptions:

- market perspectives and developments in the regulatory framework;
- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with available market data specific to the operating segments concerned and growth rates associated with these terminal values, not exceeding the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related recoverable amount of the assets concerned is based on market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under "Impairment losses".

Intangible rights arising on concession contracts

IFRIC 12 – *Service Concession Arrangements* deals with the treatment to be applied by the concession operator in respect of certain concession arrangements.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is satisfied when the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls any residual interest in the infrastructure at the end of the term of the arrangement, for example it retains the right to take back the infrastructure at the end of the concession.

The intangible asset model according to paragraph 17 of IFRIC 12 applies if the operator receives a right (a license) to charge the users, or the grantor, depending on the use made of the public service. There is no unconditional right to receive cash as the amounts depend on the extent to which the public uses the service.

Concession infrastructures that do not meet the requirements of IFRIC 12 are presented as property, plant and equipment. This is the case of gas distribution infrastructures in France. The related assets are recognized in accordance with IAS 16, given that GRDF operates its network under long-term concession arrangements, most of which are mandatorily renewed upon expiration pursuant to French law No. 46-628 of April 8, 1946.

Research and development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset

14.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Others	Total
Gross amount				
At December 31, 2019	**3,838**	**2,862**	**11,984**	**18,684**
Acquisitions	158	-	1,111	1,269
Disposals	(5)	(18)	(122)	(146)
Translation adjustments	(99)	-	(196)	(294)
Changes in scope of consolidation	13	-	97	109
Transfer to “Assets classified as held for sale”	-	-	(56)	(56)
Other	2	64	68	134
AT DECEMBER 31, 2020	**3,907**	**2,908**	**12,886**	**19,701**
Accumulated amortization and impairment				
At December 31, 2019	**(1,656)**	**(2,135)**	**(7,855)**	**(11,646)**
Amortization	(113)	(75)	(806)	(995)
Impairment	(25)	-	(61)	(85)
Disposals	2	18	71	92
Translation adjustments	10	-	81	91
Changes in scope of consolidation	-	-	(4)	(4)
Transfer to “Assets classified as held for sale”	-	-	7	7
Other	-	-	36	36
AT DECEMBER 31, 2020	**(1,781)**	**(2,193)**	**(8,532)**	**(12,505)**
Carrying amount				
At December 31, 2019	**2,182**	**727**	**4,129**	**7,038**
AT DECEMBER 31, 2020	**2,126**	**716**	**4,354**	**7,196**

In 2020, the net increase in “Intangible assets” was mainly attributable to the investments of the period for a total of €1,269 million and to changes in scope of consolidation of €105 million that relate mainly to the acquisition of Novo Estado Transmissora de Energia, which operates in the Brazilian infrastructure sector for €52 million and to three acquisitions in the Engie Solutions business in France and the UK for €25 million, partially offset by amortization for a total of €995 million and a negative foreign exchange impact of €203 million primarily due to the sharp depreciation of the Brazilian real (€132 million).

14.1.1 Impairment

The Group carried out a review of the assets, taking into account the fact that the Covid-19 crisis has consequences that are indications of potential impairment losses (in particular the drop in energy prices, BtoB activity and the stock market, *see Note 13 “Goodwill”*).

At December 31, 2020, the impairment losses allocated to the intangible assets for €85 million were recognized mainly on the ENGIE Solutions BU.

14.1.2 Capacity entitlements

The Group has acquired capacity entitlements from power stations operated by third parties. These power station capacity rights were acquired in connection with transactions or within the scope of the Group’s involvement in financing the construction of certain power stations. In consideration, the Group received the right to purchase a share of the production over the useful life of the underlying assets. These rights are amortized over the useful life of the underlying assets, not exceeding 50 years. The Group currently holds entitlements in the Chooz B and Tricastin power plants in France and in the virtual power plant (VPP) in Italy.

14.1.3 Other

At December 31, 2020, this caption mainly relates to software and licenses for €1,388 million, as well as intangible assets in progress for €638 million and intangible assets (client portfolio) acquired as a result of business combinations and capitalized acquisition costs for customer contracts for €2,059 million.

14.2 Information regarding research and development costs

Research and development activities primarily relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection, service quality, and the use of energy resources.

Research and development costs, excluding technical assistance costs, totaled €190 million in 2020, of which €27 million in expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset as defined in IAS 38.

NOTE 15 Property, plant and equipment

Accounting standards

Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present, legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component.

Borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

Leases

In accordance with IFRS 16, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to contracts considered as a lease in which the Group acts as lessee, except for leases with a term of 12 months or less ("short-term leases"), and leases for which the underlying asset is of a low value ("low-value asset"). Payments associated with these leases are recognized on a straight-line basis as expenses in profit and loss. The lease contracts in the Group mainly concern real estate, vehicles and other equipment.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. This rate is calculated based on the Group's incremental borrowing rate adjusted in accordance with IFRS 16, taking into account (i) the economic environment of the subsidiaries, and in particular their credit risk, (ii) the currency in which the contract is concluded and (iii) the duration of the contract at inception (or the remaining duration for contracts existing upon the initial application of IFRS 16). The methodology applied to determine the incremental borrowing rate reflects the profile of the lease payments (duration method).

The lease term is assessed, including whether a renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised, on a case-by-case basis. The lease term is reassessed if a significant event or a significant change in circumstances that is within the control of the lessee occurs and may affect the assessment made. In determining the enforceable period of a lease, the Group applies a broad interpretation of the term penalty and takes into consideration not only contractual penalties arising from termination, but also ancillary costs that could arise in case of an early termination of the lease.

Cushion gas

"Cushion" gas injected into underground storage facilities is essential for ensuring that reservoirs can be operated effectively, and is therefore inseparable from these reservoirs. Unlike "working" gas which is included in inventories (*see Note 24.2 "Inventories"*), cushion gas is reported in other property, plant and equipment.

Depreciation

In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Property, plant and equipment is depreciated mainly using the straight-line method over the following useful lives:

	Useful life	
Main depreciation periods (years)	**Minimum**	**Maximum**
Plant and equipment		
• Storage – Production – Transport – Distribution	5	60*
• Installation – Maintenance	3	10
• Hydraulic plant and equipment	20	65
Other property, plant and equipment	2	33

* *Excluding cushion gas*

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures and storage facilities. In accordance with the law of January 31, 2003 adopted by the Belgian Chamber of Representatives with respect to the gradual phase-out of nuclear energy for the industrial production of electricity, the useful lives of nuclear power stations were reviewed and adjusted prospectively to 40 years as from 2003, except for Tihange 1, Doel 1 and Doel 2 for which the operating lives have been extended by 10 years.

Fixtures and fittings relating to hydro plants operated by the Group are depreciated over the shorter of the contract term and the useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

The right-of-use asset related to leases is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term. In that case the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as that used for property, plant and equipment mentioned above.

Risk of impairment

See Note 14 "Intangible assets".

Impairment indicators

See Note 13 "Goodwill".

15.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Dismantling costs	Assets in progress	Right of use	Other	Total
Gross amount									
At December 31, 2019	**698**	**5,490**	**81,857**	**467**	**3,496**	**4,172**	**3,882**	**1,417**	**101,478**
Acquisitions/Increases	8	23	291	50	-	4,625	584	112	5,693
Disposals	(8)	(56)	(352)	(36)	-	(20)	(78)	(48)	(597)
Translation adjustments	(28)	(109)	(2,557)	(8)	(26)	(258)	(152)	(46)	(3,183)
Changes in scope of consolidation	1	(1)	(294)	1	(1)	-	(12)	4	(302)
Transfer to "Assets classified as held for sale"	(4)	-	(629)	-	-	86	(62)	(12)	(620)
Other	(33)	99	3,640	14	124	(3,989)	(12)	15	(141)
AT DECEMBER 31, 2020	**633**	**5,447**	**81,958**	**488**	**3,593**	**4,616**	**4,151**	**1,442**	**102,327**
Accumulated depreciation and impairment									
At December 31, 2019	**(134)**	**(2,995)**	**(41,722)**	**(320)**	**(2,223)**	**(357)**	**(868)**	**(901)**	**(49,520)**
Depreciation	(5)	(152)	(2,674)	(49)	(177)	-	(487)	(111)	(3,655)
Impairment	(11)	(17)	(547)	-	(419)	(170)	(8)	-	(1,171)
Disposals	-	48	313	32	5	7	66	42	512
Translation adjustments	10	29	1,047	5	5	13	28	22	1,160
Changes in scope of consolidation	-	1	32	-	-	(1)	-	(3)	28
Transfer to "Assets classified as held for sale"	-	-	40	-	-	-	11	3	54
Other	41	(5)	68	(8)	(165)	198	3	20	153
AT DECEMBER 31, 2020	**(99)**	**(3,090)**	**(43,444)**	**(341)**	**(2,973)**	**(309)**	**(1,256)**	**(928)**	**(52,439)**
Carrying amount									
At December 31, 2019	**564**	**2,495**	**40,135**	**147**	**1,273**	**3,815**	**3,014**	**515**	**51,958**
AT DECEMBER 31, 2020	**535**	**2,356**	**38,514**	**147**	**619**	**4,308**	**2,895**	**514**	**49,889**

In 2020, the net decrease in "Property, plant and equipment" essentially takes into account:

- depreciation for a total negative amount of €3,655 million;
- impairment losses on property, plant and equipment amounting to €1,171 million mainly relating to:
  - nuclear assets in Belgium (€715 million),
  - renewable assets in Brazil, Mexico, Chile, France and the United States (€193 million),
  - gas-fired power plants in Spain and the United States (€51 million),
  - gas distribution assets in Argentina (€41 million),
  - coal-fired power plants in Brazil and the United Kingdom (€59 million);
- the classification under "Assets held for sale" for a negative €566 million, mainly relating to solar farms in India (€361 million), wind and solar farms in Mexico and Italy (€169 million) and to EV Box (€36 million);
- changes in the scope of consolidation amounting to a negative €274 million, primarily relating to disposals in renewable energies in Australia and France for a total negative amount of €273 million;
- negative foreign exchange effets of €2,023 million, mainly resulting from the sharp depreciation of the Brazilian real (negative impact of €1,063 million), fluctuations in the US dollar (negative impact of €728 million) and the pound sterling (negative impact of €96 million);

partly offset by:

- maintenance and development investments for a total amount of €5,109 million mainly related to the construction and the development of wind and solar farms in the United States, in Latin America and in France (€1,906 million), as well as the extension of the transportation and distribution networks in the France Infrastructure segment (€1,333 million).

15.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €1,749 million at December 31, 2020 compared to €2,261 million at December 31, 2019.

The net decrease mainly relates to:

- thermoelectric and wind assets in Brazil for a negative €416 million, due to the sharp depreciation of the Brazilian real (negative impact of €433 million);
- renewable assets in France for a negative €39 million;
- the entity FHH (Guernsey) Ltd. in the United Kingdom for a negative €42 million mainly due to the depreciation of the pound sterling (negative impact of €34 million).

15.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders for equipment and material related to the construction of energy production units and to service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €2,212 million at December 31, 2020 compared to €1,384 million at December 31, 2019.

The net increase primarily relates to the construction of solar farms in India for an amount of €305 million.

15.4 Other information

Borrowing costs for 2020 included in the cost of property, plant and equipment amounted to €103 million at December 31, 2020 compared to €106 million at December 31, 2019.

NOTE 16 Financial instruments

16.1 Financial assets

Accounting standards

In accordance with the principles of IFRS 9 – *Financial Instruments*, financial assets are recognized and measured either at amortized cost, at fair value through equity or at fair value through profit or loss based on the following two criteria:

- a first criterion relating to the contractual cash flow characteristics of the financial asset. The analysis of contractual cash flow characteristics makes it possible to determine whether these cash flows are “only payments of principal and interest on the outstanding amounts” (known as the “SPPI” test or Solely Payments of Principal and Interest);
- a second criterion relating to the business model used by the Group to manage its financial assets. IFRS 9 defines three different business models: a first business model whose objective is to hold assets in order to collect contractual cash flows (hold to collect), a second model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell), and other business models.

The identification of the business model and the analysis of the contractual cash flow characteristics require judgment to ensure that the financial assets are classified in the appropriate category.

Where the financial asset is an investment in an equity instrument and is not held for trading, the Group may irrevocably elect to present the gains and losses on that investment in other comprehensive income.

Except for trade receivables, which are measured at their transaction price in accordance with IFRS 15, financial assets are measured, on initial recognition, at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

At the end of each reporting period, financial assets measured using the amortized cost method or at fair value through other comprehensive income (with a recycling mechanism) are subject to an impairment test based on the expected credit losses method.

Financial assets also include derivatives that are measured at fair value in accordance with IFRS 9.

In accordance with IAS 1, the Group presents current and non-current assets and current and non-current liabilities separately in the statement of financial position. In view of the majority of the Group's activities, it was considered that the criterion to be used to classify assets is the expected time to realize the asset or settle the liability: the asset is classified as current if this period is less than 12 months and as non-current if it is more than 12 months after the reporting period.

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

		Dec. 31, 2020			Dec. 31, 2019		
In millions of euros	Notes	Non-current	Current	Total	Non-current	Current	Total
Other financial assets	16.1	9,009	2,583	11,592	7,022	2,546	9,567
Equity instruments at fair value through other comprehensive income		*1,197*	*-*	*1,197*	*921*	*-*	*921*
Equity instruments at fair value through income		*471*	*-*	*471*	*377*	*-*	*377*
Debt instruments at fair value through other comprehensive income		*1,795*	*111*	*1,906*	*1,072*	*77*	*1,149*
Debt instruments at fair value through income		*1,404*	*432*	*1,836*	*871*	*397*	*1,268*
Loans and receivables at amortized cost		4,141	2,041	6,182	3,782	2,072	5,854
Trade and other receivables	7.2	-	14,295	14,295	-	15,180	15,180
Assets from contracts with customers	7.2	26	7,738	7,764	15	7,816	7,831
Cash and cash equivalents		-	12,980	12,980	-	10,519	10,519
Derivative instruments	16.4	2,996	8,069	11,065	4,137	10,134	14,272
TOTAL		**12,031**	**45,665**	**57,696**	**11,174**	**46,194**	**57,369**

16.1.1 Other financial assets

16.1.1.1 Equity instruments at fair value

Accounting standards

Equity instruments at fair value through other comprehensive income (OCI)

Under IFRS 9 an irrevocable election can be made to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income. This choice is made on an instrument by instrument basis. Amounts presented in other comprehensive income should not be transferred to profit or loss including proceeds of disposals. However, IFRS 9 authorizes the transfer of the accumulated profits and losses to another component of equity. Dividends from such investments are recognized in profit or loss unless the dividend clearly represents the recovery of a portion of the cost of the investment.

The equity instruments recognized under this line item mainly concern investments in companies that are not controlled by the Group and for which OCI measurement has been selected given their strategic and long-term nature.

Upon initial recognition, these equity instruments are recognized at fair value, which is generally their acquisition cost, plus transaction costs.

At each reporting date, for listed securities, fair value is determined based on the quoted market price at the reporting date. For unlisted securities, fair value is measured using valuation models based primarily on the latest market transactions, the discounting of dividends or cash flows and the net asset value.

Equity instruments at fair value through profit or loss

Equity instruments that are held for trading or for which the Group has not elected for measurement at fair value through other comprehensive income are measured at fair value through profit or loss.

This category mainly includes investments in companies not controlled by the Group.

Upon initial recognition, these equity instruments are recognized at fair value, which is generally their acquisition cost.

At each reporting date, for listed and unlisted securities, the same measurement method as described above should be applied.

In millions of euros	Equity instruments at fair value through other comprehensive income	Equity instruments at fair value through income	Total
At December 31, 2019	**921**	**377**	**1,297**
Increase/Reclassification	291	51	342
Decrease	(78)	(8)	(85)
Changes in fair value	46	3	49
Changes in scope of consolidation, translation adjustments and other	17	48	65
AT DECEMBER 31, 2020	**1,197**	**471**	**1,668**
Dividends	35	8	43

Equity instruments break down as €606 million of listed equity instruments and €1,062 million of unlisted equity instruments. This amount mainly includes shares held by the Group as a minority interest in Nord Stream AG for an amount of €552 million, as well as the Group's residual interest in SUEZ (previously accounted for using the equity method) for €185 million.

16.1.1.2 Debt instruments at fair value

Accounting standards

Debt instruments at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and for which the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding amount (SPPI), are measured at fair value through OCI (with a recycling mechanism). This involves a measurement through profit or loss for interest (at amortized cost using the effective interest method), impairment and foreign exchange gains and losses, and through OCI (with a recycling mechanism) for other gains or losses.

This category mainly includes bonds.

Fair value gains and losses on these instruments are recognized in other comprehensive income, except for the following items which are recognized in profit or loss:

- interest income using the effective interest method;
- expected credit losses and reversals;
- foreign exchange gains and losses.

When the financial asset is derecognized, the cumulative gain or loss that was previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Debt instruments at fair value through profit or loss

Financial assets whose contractual cash flows do not consist solely of payments of principal and interest on the amount outstanding (SPPI) or that are held in view of an "other" business model are measured at fair value through profit or loss.

The Group's investments in UCITS are accounted for in this caption. They are considered as debt instruments, according to IAS 32 – *Financial Instruments*: *Presentation*, given the existence of an obligation for the issuer to redeem units, at the request of the holder. They are measured at fair value through profit or loss because the contractual cash flow characteristics do not meet the SPPI test.

In millions of euros	Debt instruments at fair value through other comprehensive income	Liquid debt instruments held for cash investment purposes at fair value through other comprehensive income	Debt instruments at fair value through income	Liquid debt instruments held for cash investment purposes at fair value through income	Total
At December 31, 2019	**1,138**	**11**	**761**	**507**	**2,417**
Increase	1,521	-	1,017	128	2,667
Decrease	(734)	(2)	(459)	(38)	(1,233)
Changes in fair value	(22)	-	(91)	-	(112)
Changes in scope of consolidation, translation adjustments and other	(8)	2	10	-	4
AT DECEMBER 31, 2020	**1,895**	**11**	**1,238**	**598**	**3,742**

Debt instruments at fair value at December 31, 2020 include bonds and money market funds held by Synatom for €3,086 million and liquid instruments deducted from net financial debt for €608 million (respectively €1,846 million and €518 million at December 31, 2019).

Developments regarding the Synatom portfolios

In 2020, in view of the current crisis in the financial markets, in order to limit risks and in accordance with the Group's policies, the various investment managers of the portfolios held by Synatom were required to sell part of the equity portfolio and the bond portfolio, with no material impact on income or equity.

Furthermore, money market funds recorded as debt instruments at fair value through income and equity instruments at fair value through other comprehensive income over the period generated a negative change in fair value of €134 million, respectively recognized in net non-recurring financial income for a negative €87 million, and in equity for a negative €47 million.

16.1.1.3 Loans and receivables at amortized cost

Accounting standards

Loans and receivables held by the Group under a business model consisting in holding the instrument in order to collect the contractual cash flows, and whose contractual cash flows consist solely of payments of principal and interest on the principal amount outstanding (SPPI test) are measured at amortized cost. Interest is calculated using the effective interest method.

The following items are recognized in profit or loss:

- interest income using the effective interest method;
- expected credit losses and reversals;
- foreign exchange gains and losses.

The Group enters into services or take-or-pay contracts that are, or contain, a lease and under which the Group acts as lessor and its customers as lessees. Leases are analyzed in accordance with IFRS 16 in order to determine whether they constitute an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership of the related asset, the contract is classified as a finance lease and a finance receivable is recognized to reflect the financing deemed to be granted by the Group to the customer.

Leasing security deposits are presented in this caption and recognized at their nominal value.

Please refer to Note 17 "Risks arising from financial instruments" regarding the assessment of counterparty risk.

	Dec. 31, 2020			Dec. 31, 2019		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Loans granted to affiliated companies	2,527	148	2,675	2,293	172	2,465
Other receivables at amortized cost	205	1,740	1,944	301	1,697	1,998
Amounts receivable under concession contracts	853	51	904	588	65	653
Amounts receivable under finance leases	557	101	658	599	138	738
TOTAL	**4,141**	**2,041**	**6,182**	**3,782**	**2,072**	**5,854**

Loans and receivables at amortized cost include the loan relating to the financing of the Nord Stream 2 pipeline project for a total amount of €948 million, including capitalized interest.

The €311 million loan granted to Neptune Energy as part of the sale of the exploration-production business was repaid in an amount of €222 million during the year.

Impairment and expected credit losses against loans and receivables at amortized cost stood at €204 million at December 31, 2020 (versus €139 million at December 31, 2019).

Net gains and losses recognized in the income statement relating to loans and receivables at amortized cost break down as follows:

		Post-acquisition measurement	
In millions of euros	Interest income	Foreign currency translation	Expected credit loss
At December 31, 2020	285	(48)	-
At December 31, 2019	233	(38)	4

No material expected credit losses were recognized against loans and receivables at amortized cost at December 31, 2020 and December 31, 2019.

Amounts receivable under finance leases

These contracts refer to lease contracts in which ENGIE acts as lessor, classified as finance leases in accordance with IFRS 16. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables, notably for cogeneration plants for Wapda and NTDC (Uch – Pakistan) and Lanxess (Electrabel – Belgium).

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Undiscounted future minimum lease payments	760	892
Unguaranteed residual value accruing to the lessor	11	8
Total gross investment in the lease	**771**	**900**
Unearned financial income	**62**	**94**
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**709**	**806**
Of which present value of future minimum lease payments	*700*	*801*
Of which present value of unguaranteed residual value	*9*	*6*

Undiscounted minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Year 1	130	118
Years 2 to 5 inclusive	379	470
Beyond year 5	251	304
TOTAL	**760**	**892**

16.1.2 Trade and other receivables, assets from contracts with customers

Information on trade and other receivables and assets from contracts with customers are provided in Note 7.2."Trade and other receivables, assets and liabilities from contracts with customers".

16.1.3 Cash and cash equivalents

Accounting standards

This item includes cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under "Short-term borrowings".

Cash and cash equivalent items are subject to impairment tests in accordance with the expected credit losses model of IFRS 9.

"Cash and cash equivalents" totaled €12,980 million at December 31, 2020 (€10,519 million at December 31, 2019).

This amount included funds related to the green bond issues, which remain unallocated to the funding of eligible projects *(see Section 5 of the Universal registration document).*

At December 31, 2020, this amount also included €68 million in cash and cash equivalents subject to restrictions (€86 million at December 31, 2019), including €48 million of cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of "Cash and cash equivalents" amounted to €45 million at December 31, 2020 compared to €76 million at December 31, 2019.

16.1.4 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

As indicated in Note 19.2 "Obligations relating to nuclear power generation activities", the Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted the Group's wholly-owned subsidiary Synatom responsibility for managing and investing funds received from operators of nuclear power plants in Belgium and intended to cover the costs of dismantling nuclear power plants and managing radioactive fissile material.

Pursuant to the law, Synatom may lend up to 75% of these funds to nuclear power plant operators provided that certain credit quality criteria are met. The funds that cannot be lent to nuclear operators are invested in assets to cover the liabilities.

Since October 2019, Electrabel has not taken out any further loans in respect of provisions for the back-end of the nuclear fuel cycle and has undertaken to repay all of the loans taken out for that purpose by 2025. In 2020, Synatom therefore increased its investments in financial assets to cover the future costs of managing radioactive fissile material by nearly €1.3 billion.

The financial assets covering future costs of dismantling nuclear facilities and managing radioactive fissile material are either loans to legal entities that meet the credit quality criteria required by law or other external assets with sufficient diversification and spread to minimize the risk. The Commission for Nuclear Provisions issues an opinion on the asset classes in which Synatom may invest.

Loans to entities outside the Group and other cash investments are shown in the table below:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Loans to third parties	**11**	**467**
Loan to Eso/Elia	-	453
Loan to Sibelga	11	14
Others loans and receivables at amortized cost	**332**	**85**
Debt instruments – restricted cash	332	85
Equity and debt instruments at fair value	**3,492**	**2,054**
Equity instruments at fair value through other comprehensive income	406	207
Debt instruments at fair value through other comprehensive income	1,895	1,138
Debt instruments at fair value through income	1,191	709
TOTAL	**3,835**	**2,606**

Loans to legal entities outside the Group and the cash subject to restrictions held by money market funds are shown in the statement of financial position as “Loans and receivables at amortized cost”. Bonds and money market funds held by Synatom are shown as “Equity instruments at fair value through other comprehensive income”, “Debt instruments at fair value through other comprehensive income” or “Debt instruments at fair value through income” (*see Note 16.1 “Financial assets”*).

16.1.5 Transfer of financial assets

At December 31, 2020, the outstanding amount of transferred financial assets (as well as the risks to which the Group remains exposed following the transfer of those financial assets) as part of transactions leading to either (i) all or part of those assets being retained in the statement of financial position, or (ii) their full deconsolidation while retaining a continuing involvement in these financial assets, was not material in terms of the Group’s indicators.

In 2020, the Group carried out disposals without recourse to financial assets as part of transactions leading to full derecognition, for an outstanding amount of €1,257 million at December 31, 2020.

16.1.6 Financial assets and equity instruments pledged as collateral for borrowings and debt

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Financial assets and equity instruments pledged as collateral	3,716	4,471

This item mainly includes the carrying amount of equity instruments pledged as collateral for borrowings and debt.

16.2 Financial liabilities

Accounting standards

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an “embedded” derivative instrument from its host contract. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method while the derivative is measured at fair value, with changes in fair value recognized in profit or loss.

Financial liabilities are recognized either:

- as “Amortized cost liabilities” for borrowings, trade payables and other creditors, and other financial liabilities;
- as “Liabilities measured at fair value through profit or loss” for derivative financial instruments and for financial liabilities designated as such.

The following table presents the Group's different financial liabilities at December 31, 2020, broken down into current and non-current items:

In millions of euros	Notes	Dec. 31, 2020 Non-current	Dec. 31, 2020 Current	Dec. 31, 2020 Total	Dec. 31, 2019 Non-current	Dec. 31, 2019 Current	Dec. 31, 2019 Total
Borrowings and debt		30,092	7,846	37,939	30,002	8,543	38,544
Trade and other payables	16.2	-	17,307	17,307	-	19,109	19,109
Liabilities from contracts with customers	7.2	39	4,315	4,354	45	4,286	4,330
Derivative instruments	16.4	3,789	9,336	13,125	5,129	10,446	15,575
Other financial liabilities		77	-	77	38	-	38
TOTAL		**33,997**	**38,805**	**72,802**	**35,213**	**42,383**	**77,596**

16.2.1 Trade and other payables

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Trade payables	16,890	18,683
Payable on fixed assets	417	426
TOTAL	**17,307**	**19,109**

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

16.2.2 Liabilities from contracts with customers

Information on liabilities from contracts with customers are provided in Note 7.2. "Trade and other receivables, assets and liabilities from contracts with customers".

16.3 Net financial debt

16.3.1 Net financial debt by type

In millions of euros		Dec. 31, 2020 Non-current	Dec. 31, 2020 Current	Dec. 31, 2020 Total	Dec. 31, 2019 Non-current	Dec. 31, 2019 Current	Dec. 31, 2019 Total
Borrowings and debt	Bond issues	24,724	1,446	26,170	23,262	2,753	26,015
	Bank borrowings	3,136	986	4,123	4,229	1,063	5,292
	Negotiable commercial paper	-	4,024	4,024	-	3,233	3,233
	Lease liabilities	1,892	494	2,386	1,935	578	2,512
	Other borrowings (1)	340	594	935	576	668	1,244
	Bank overdrafts and current account	-	301	301	-	247	247
	Borrowings and debt	**30,092**	**7,846**	**37,939**	**30,002**	**8,543**	**38,544**
Other financial assets	Other financial assets deducted from net financial debt (2)	(210)	(1,878)	(2,088)	(213)	(1,289)	(1,502)
Cash and cash equivalents	Cash and cash equivalents	-	(12,980)	(12,980)	-	(10,519)	(10,519)
Derivative instruments	Derivatives hedging borrowings (3)	(306)	(107)	(413)	(521)	(83)	(604)
NET FINANCIAL DEBT		**29,577**	**(7,119)**	**22,458**	**29,267**	**(3,348)**	**25,919**

(1) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship for €396 million, margin calls on debt hedging derivatives carried in liabilities for €262 million and the impact of amortized cost for €117 million (compared to, respectively, €353 million, €399 million and €224 million at December 31, 2019)

(2) This item notably corresponds to assets related to financing, liquid debt instruments held for cash investment purposes and margin calls on derivatives hedging borrowings – carried in assets

(3) This item represents the interest rate component of the fair value of derivatives hedging borrowings in a designated fair value hedging relationship. It also represents the exchange rate and outstanding accrued interest rate components of the fair value of all debt-related derivatives irrespective of whether or not they qualify as hedges

The fair value of gross borrowings and debt (excluding lease liabilities) amounted to €39,036 million at December 31, 2020, compared with a carrying amount of €35,546 million.

Financial income and expenses related to borrowings and debt are presented in Note 10 "Net financial income/(loss)".

16.3.2 Reconciliation between net financial debt and cash flow from (used in) financing activities

In millions of euros		Dec. 31, 2019	Cash flow from financing activities	Cash flow from operating and investing activities and variation of cash and cash equivalents	Change in fair value	Translation adjustments	Change in scope of consolidation and others	Dec. 31, 2020
Borrowings and debt	Bond issues	26,015	826	-	-	(705)	34	26,170
	Bank borrowings	5,292	(93)	-	-	(582)	(494)	4,123
	Negotiable commercial paper	3,233	859	-	-	(69)	-	4,024
	Lease liabilities [1]	2,512	(573)	-	-	(62)	509	2,386
	Other borrowings	1,244	(378)	-	193	(42)	(82)	935
	Bank overdrafts and current account	247	51	-	-	5	(2)	301
	Borrowings and debt	**38,544**	**692**	**-**	**193**	**(1,455)**	**(35)**	**37,939**
Other financial assets	Other financial assets deducted from net financial debt	(1,502)	(608)	-	(2)	24	1	(2,088)
Cash and cash equivalents	Cash and cash equivalents	(10,519)	-	(2,952)	-	535	(44)	(12,980)
Derivative instruments	Derivatives hedging borrowings	(604)	380	-	(10)	(182)	3	(413)
NET FINANCIAL DEBT		**25,919**	**463**	**(2,952)**	**180**	**(1,078)**	**(75)**	**22,458**

(1) Lease liabilities: the negative amount of €573 million included in the "Cash flow from financing activities" column corresponds to lease payments, excluding interest (total cash outflow for leases amounted to €616 million, of which €43 million relating to interest)

16.3.3 Main events of the period

16.3.3.1 Impact of changes in the scope of consolidation and in exchange rates on net financial debt

In 2020, changes in exchange rates resulted in a €1,078 million decrease in net financial debt, including a €701 million decrease in relation to the Brazilian real and a €356 million decrease in relation to the US dollar.

Changes in the scope of consolidation (including the cash impact of acquisitions and disposals) led to a €1,925 million decrease in net financial debt, reflecting:

- disposals of assets over the period, which reduced net financial debt by €4,146 million, notably including the disposal of the ENGIE's interests in Astoria 1 and 2 in the United States, and the sale of part of ENGIE's interest in SUEZ to the VEOLIA group *(see Note 4.1 "Disposals carried out in 2020");*
- the classification of renewable energy assets in India and Mexico, as well as the Group's interest in the EV Charged BV company under "Assets held for sale", which reduced net financial debt by €297 million *(see Note 4.2 "Assets held for sale");*
- acquisitions carried out in 2020 which increased net financial debt by €2,518 million, mainly due to the creation, on a 50/50 basis with Meridiam, of the company that operates the concession granted by the University of Iowa in the United States, for energy efficiency and water management; the acquisition of the residual 10% stake in Transportadora Associada de Gás S. A. (TAG) and an electric power transmission concession in Brazil; the acquisition from EDP of the second largest hydroelectric portfolio in Portugal via a consortium 40%-owned by ENGIE; the acquisition of Renvico,which operates in the field of renewable energy in France and Italy; and the acquisition of minority interests in an LNG terminal in France *(see Note 4.4 "Acquisitions carried out in 2020").*

16.3.3.2 Financing and refinancing transactions

The Group carried out the following main transactions in 2020:

ENGIE SA

- on January 21, 2020 ENGIE SA redeemed €824 million worth of bonds:
  - a €400 million tranche matured with a 2.5% coupon,
  - a €424 million tranche matured with a 3.125% coupon;
- on March 27, 2020, ENGIE SA issued €2.5 billion worth of bonds:
  - a €1,000 million tranche, maturing in March 2025 with a 1.375% coupon,
  - a €750 million tranche, a green bond maturing in March 2028 with a 1.75% coupon,
  - a €750 million tranche, a green bond maturing in March 2032 with a 2.125% coupon;
- ENGIE SA drew down bilateral lines for a total amount of €885 million for a duration of one month:
  - on March 20, 2020 for €300 million,
  - on March 23, 2020 for €200 million,
  - on March 30, 2020 for €385 million;
- on April 16, 2020, ENGIE SA redeemed €200 million worth of bonds that matured with a floating EURIBOR 3M coupon plus a 0.58% mark-up;
- on May 19, 2020 ENGIE SA redeemed €1.2 billion worth of green bonds that matured with a 1.375% coupon;
- on June 11, 2020, ENGIE SA issued €750 million worth of bonds maturing in June 2027 with a 0.375% coupon;
- on October 9, 2020, ENGIE SA redeemed CHF 275 million (€255 million) worth of bonds with a 1.13% coupon at maturity;
- on December 23, 2020, ENGIE SA redeemed a USD 300 million bank loan (€246 million), with a floating US Libor 3 months coupon plus a 0.90% mark-up at maturity;

Other entities of the Group

- on January 28, 2020, ENGIE Energia Chile carried out the following refinancing transactions:
  - issue of USD 500 million (€453 million) worth of bonds, maturing in January 2030 with a 3.4% coupon,
  - redemption of USD 400 million (€363 million) worth of bonds, maturing in January 2021 with a 5.625% coupon,
  - redemption of two bank loans totaling USD 80 million (€72 million) maturing in June 2020;
- on August 1, 2020, ENGIE Brasil Energia took out thirteen bank loans for a total amount of BRL 1,167 million (€197 million) maturing in March 2044;
- on August 10, 2020, ENGIE Brasil Energia took out two bank loans for a total amount of BRL 742 million (€123 million) maturing in May 2044;
- on September 23, 2020, ENGIE Brasil Energia took out two bank loans for a total amount of BRL 340 million (€54 million) including a BRL 102 million loan maturing in April 2028 and a BRL 238 million loan maturing in October 2036;
- on November 15, 2020, ENGIE Brasil Energia took out two bank loans for a total amount of BRL 582 million (€91 million) including a BRL 150 million loan maturing in April 2028 and a BRL 432 million loan maturing in October 2036;
- on November 17, 2020, ENGIE Brasil Energia redeemed the outstanding amount of BRL 965 million (€149 million) worth of bonds at maturity;
- on December 17, 2020, ENGIE Brasil Energia took out eight bank loans for a total amount of BRL 272 million (€43 million) maturing in March 2044.

16.4 Derivative instruments

Accounting standards

Derivative financial instruments are measured at fair value. This fair value is determined on the basis of market data, available from external contributors. In the absence of an external benchmark, a valuation based on internal models recognized by market participants and favoring data directly derived from observable data such as OTC quotations is used.

The change in fair value of derivative financial instruments is recorded in the income statement except when they are designated as hedging instruments in a cash flow hedge or net investment hedge. In this case, changes in the value of the hedging instruments are recognized directly in equity, excluding the ineffective portion of the hedges.

The Group uses derivative financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. The use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks (*see Note 17 – Risks arising from financial instruments*).

Derivative financial instruments are contracts (i) whose value changes in response to the change in one or more observable variables, (ii) that do not require any material initial net investment, and (iii) that are settled at a future date.

Derivative instruments include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the “normal” course of operations and therefore falls outside the scope of IFRS 9. This analysis consists firstly in demonstrating that the contract is entered into and continues to be held for the purpose of physical delivery or receipt of the commodity in accordance with the Group’s expected purchase, sale or usage requirements.

The second step is to demonstrate that the Group has no practice of settling similar contracts on a net basis and that these contracts are not equivalent to written options. In particular, in the case of electricity and gas sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales considered as transactions falling within the scope of ordinary operations and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IFRS 9. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

The main Group contracts that may contain embedded derivatives are contracts with clauses or options potentially affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract’s underlying.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is an asset within the scope of IFRS 9, the Group applies the presentation and measurements requirements described in Note 17.1. to the entire hybrid contract.

Conversely, when a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e., a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

Where an embedded derivative is separate from the host contract, it is measured at fair value and fair value changes are recognized in profit or loss (except if the embedded derivative is documented in a hedge relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as (i) a fair value hedge of an asset or liability; (ii) a cash flow hedge, or (iii) a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through other comprehensive income. These two adjustments are presented net in the consolidated income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group’s income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are reclassified to the consolidated income statement under the same caption as the loss or gain on the hedged item – i.e., current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument is immediately recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in other comprehensive income are transferred to the consolidated income statement when the investment is liquidated or sold.

Hedging instruments: identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income under (i) current operating income for derivative instruments with non-financial assets as the underlying, and (ii) financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments not qualifying for hedge accounting used by the Group in connection with proprietary commodity trading activities and other derivatives expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In this case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exist is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

The models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) and option pricing models (options), for which market price volatility may be a factor. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the evaluation is based mainly on data that are not observable, in which case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives with a maturity that falls outside the observability period for market data relating to the underlying or when certain inputs such as the volatility of the underlying are not observable.

Except in case of enforceable master netting arrangements or similar agreements, counterparty risk is included in the fair value of financial derivative instrument assets and liabilities. It is calculated according to the “expected loss” method and takes into account the exposure at default, the probability of default and the loss given default. The probability of default is determined on the basis of credit ratings assigned to each counterparty (“historical probability of default” approach).

Derivative instruments recognized in assets and liabilities are measured at fair value and broken down as follows:

	Dec. 31, 2020						Dec. 31, 2019					
	Assets			Liabilities			Assets			Liabilities		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	619	147	766	313	39	353	705	124	829	183	41	225
Derivatives hedging commodities	1,163	7,879	9,042	945	9,252	10,197	2,484	9,993	12,476	3,011	10,360	13,371
Derivatives hedging other items (1)	1,214	43	1,257	2,530	45	2,575	949	17	966	1,934	45	1,980
TOTAL	**2,996**	**8,069**	**11,065**	**3,789**	**9,336**	**13,125**	**4,137**	**10,134**	**14,272**	**5,129**	**10,446**	**15,575**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges) that are excluded from net financial debt, as well as net investment hedge derivatives

16.4.1 Offsetting of derivative instrument assets and liabilities

The net amount of derivative instruments after taking into account enforceable master netting arrangements or similar agreements, whether or not they are offset in accordance with paragraph 42 of IAS 32, are presented in the table below:

		Dec. 31, 2020				Dec. 31, 2019			
In millions of euros		Gross amount	Net amount recognized in the statement of financial position (1)	Other offsetting agreements (2)	Total net amount	Gross amount	Net amount recognized in the statement of financial position (1)	Other offsetting agreements (2)	Total net amount
Assets	Derivatives hedging commodities	9,465	9,042	(5,198)	3,844	13,121	12,476	(7,704)	4,772
	Derivatives hedging borrowings and other items	2,023	2,023	(200)	1,822	1,795	1,795	(399)	1,397
Liabilities	Derivatives hedging commodities	(10,621)	(10,197)	6,307	(3,890)	(14,015)	(13,371)	9,872	(3,499)
	Derivatives hedging borrowings and other items	(2,928)	(2,928)	1,362	(1,566)	(2,204)	(2,204)	899	(1,305)

(1) Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the criteria set out in paragraph 42 of IAS 32
(2) Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the criteria set out in paragraph 42 of IAS 32

16.5 Fair value of financial instruments by level in the fair value hierarchy

16.5.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

	Dec. 31, 2020				Dec. 31, 2019			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Other financial assets (excluding loans and receivables at amortized cost)	5,410	3,693	-	1,718	3,714	2,069	-	1,645
Equity instruments at fair value through other comprehensive income	*1,197*	*421*	*-*	*775*	*921*	*222*	*-*	*698*
Equity instruments at fair value through income	*471*	*185*	*-*	*286*	*377*	*-*	*-*	*377*
Debt instruments at fair value through other comprehensive income	*1,906*	*1,895*	*-*	*11*	*1,149*	*1,138*	*-*	*11*
Debt instruments at fair value through income	*1,836*	*1,191*	*-*	*645*	*1,268*	*709*	*-*	*559*
Derivative instruments	11,065	4	10,216	844	14,272	8	12,993	1,270
Derivatives hedging borrowings	*766*	*-*	*766*	*-*	*829*	*-*	*829*	*-*
Derivatives hedging commodities – relating to portfolio management activities (1)	*1,967*	*-*	*1,717*	*250*	*3,521*	*-*	*2,928*	*593*
Derivatives hedging commodities – relating to trading activities (1)	*7,075*	*4*	*6,477*	*594*	*8,955*	*8*	*8,271*	*677*
Derivatives hedging other items	*1,257*	*-*	*1,257*	*-*	*966*	*-*	*966*	*-*
TOTAL	**16,475**	**3,697**	**10,216**	**2,562**	**17,986**	**2,077**	**12,993**	**2,916**

(1) Derivative financial instruments relating to commodities classified in level 3 mainly include long-term gas supply contracts and a power contract that are measured at fair value and relate to trading activities

A definition of these three levels is presented in Note 16.4 "Derivative instruments".

Other financial assets (excluding loans and receivables at amortized cost)

Changes in level 3 equity and debt instruments at fair value can be analyzed as follows:

In millions of euros	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through income	Debt instruments at fair value through income	Other financial assets (excluding loans and receivables at amortized cost)
At December 31, 2019	**698**	**11**	**377**	**559**	**1,645**
Acquisitions	25	-	51	134	211
Disposals	(7)	(2)	(8)	(39)	(55)
Changes in fair value	42	-	3	(4)	41
Changes in scope of consolidation, foreign currency translation and other changes	17	2	(137)	(5)	(124)
AT DECEMBER 31, 2020	**775**	**11**	**286**	**645**	**1,718**
Gains/(losses) recorded in income relating to instruments held at the end of the period					46

Derivative instruments

Changes in level 3 commodities derivatives can be analyzed as follows:

In millions of euros	Net Asset/(Liability)
At December 31, 2019	**89**
Changes in fair value recorded in income (1)	(937)
Settlements	(37)
Transfer out of level 3 to levels 1 and 2	11
Net fair value recorded in income	**(874)**
Deferred Day-One gains/(losses)	38
AT DECEMBER 31, 2020	**(836)**

(1) This amount includes the initial impact of the extension of the gas trading management model for gas positions used by the GEM BU for a negative loss of €725 million (see Note 9.4 "Other non-recurring items")

16.5.2 Financial liabilities

The table below shows the allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

	Dec. 31, 2020				Dec. 31, 2019			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings used in designated fair value hedges	4,812	-	4,812	-	6,510	-	6,510	-
Borrowings not used in designated fair value hedges	34,223	25,039	9,184	-	32,382	22,763	9,620	-
Derivative instruments	13,125	89	11,355	1,681	15,575	102	14,292	1,181
Derivatives hedging borrowings	*353*	-	*353*	-	*225*	-	*225*	-
Derivatives hedging commodities – relating to portfolio management activities (1)	*1,694*	*4*	*1,428*	*261*	*4,136*	-	*3,697*	*440*
Derivatives hedging commodities – relating to trading activities (1)	*8,503*	*85*	*6,999*	*1,419*	*9,234*	*102*	*8,391*	*741*
Derivatives hedging other items	*2,575*	-	*2,575*	-	*1,980*	-	*1,980*	-
TOTAL	**52,160**	**25,128**	**25,352**	**1,681**	**54,468**	**22,865**	**30,422**	**1,181**

(1) Derivative financial instruments relating to commodities classified in level 3 mainly include long-term gas supply contracts and a power contract that are measured at fair value and relate to trading activities

A definition of these three levels is presented in Note 16.4 "Derivative instruments".

Borrowings used in designated fair value hedges

This caption includes bonds in a designated fair value hedging relationship, which are presented in level 2 in the above table. Only the interest rate component of the bonds is remeasured, with fair value determined by reference to observable inputs.

Borrowings not used in designated fair value hedges

Listed bond issues are included in level 1.

Other borrowings not used in a designated hedging relationship, are presented in level 2 in the above table. The fair value of these borrowings is determined on the basis of future discounted cash flows and relies on directly or indirectly observable data.

NOTE 17 Risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in Chapter 2 "Risk factors" of the Universal registration document.

17.1 Market risks

17.1.1 Commodity risk

Commodity risk arises primarily from the following activities:

- portfolio management; and
- trading.

The Group has identified primarily two types of commodity risks: price risk resulting from fluctuations in market prices, and volume risk inherent to the business.

In the ordinary course of its operations, the Group is exposed to commodity risks on natural gas, electricity, coal, oil and oil products, other fuels, CO_2 and other "green" products. The Group is active on these energy markets either for supply purposes, or to optimize and secure its energy production chain and its energy sales. The Group also uses derivatives to offer hedging instruments to its clients and to hedge its own positions.

17.1.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas and coal supply contracts, energy sales and gas storage and transportation) over various timeframes (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between physical needs and resources;
- managing market risks (price, volume) to unlock optimum value from portfolios within a specific risk framework.

The risk framework aims to safeguard the Group's financial resources over the budget period and smooth out medium-term earnings (over three or five years, depending on the maturity of each market). It encourages portfolio managers to take out economic hedges on their portfolio.

Sensitivities of the commodity-related derivatives portfolio used as part of the portfolio management activities as at December 31, 2020 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

Sensitivity analysis (1)

		Dec. 31, 2020		Dec. 31, 2019	
In millions of euros	Changes in price	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Oil-based products	+USD 10/bbl	119	266	40	234
Natural gas	+€3/MWh	379	537	225	471
Electricity	+€5/MWh	(90)	(39)	82	(47)
Coal	+USD 10/ton	-	1	(2)	-
Greenhouse gas emission rights	+€2/ton	(116)	1	(89)	19
EUR/USD	+10%	37	-	(25)	(99)
EUR/GBP	+10%	(6)	7	33	-

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities

The Covid-19 crisis has significantly increased the volatility of financial markets. This volatility resulted in a decline in commodity prices, which contributed to significant changes in the fair value of our financial instruments, thereby impacting the income statement (*see Note 8.1 "Purchases and operating derivatives"*) as well as the Group's other comprehensive income (see "*Statement of comprehensive income*").

The Covid-19 crisis did not have a major impact on the sensitivity of other items of comprehensive income. No significant impact in terms of ineffectiveness or disqualification of certain hedges qualifying as cash flow hedges was recognized at the year-end.

17.1.1.2 Trading activities

The Group's trading activities are primarily conducted within:

- ENGIE Global Markets and ENGIE Energy Management. The purpose of these wholly-owned companies is to (i) assist Group entities in optimizing their asset portfolios; and (ii) create and implement energy price risk management solutions for internal and external customers;
- ENGIE SA for the optimization of part of its long-term gas supply contracts, of a power exchange contract and of part of its gas sales contracts with retail entities in France and Benelux and with power generation facilities in France and Belgium.

Revenues from trading activities totaled €629 million at December 31, 2020 (€684 million at December 31, 2019).

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk, taking all markets and products into account. VaR represents the maximum potential loss on a portfolio over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The VaR shown below corresponds to the global VaR of the Group's trading entities.

Value at Risk

In millions of euros	Dec. 31, 2020	2020 average (1)	2020 maximum (2)	2020 minimum (2)	2019 average (1)
Trading activities	7	10	19	3	14

(1) Average daily VaR
(2) Maximum and minimum daily VaR observed in 2020

17.1.2 Hedges of commodity risks

Hedging instruments and sources of hedge ineffectiveness

The Group enters into cash flow hedges, using derivative instruments (firm or option contracts) contracted over the counter or on organized markets, to reduce its commodity risks, which relate mainly to future cash flows from contracted or expected sales and purchases of commodities. These instruments may be settled net or involve physical delivery of the underlying.

Sources of hedge ineffectiveness are mainly related to uncertainty regarding the timing and potential mismatches in settlement dates and indices between the derivative instruments and the associated underlying exposures.

The fair values of commodity derivatives are indicated in the table below:

	Dec. 31, 2020				Dec. 31, 2019			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivative instruments relating to portfolio management activities	1,163	804	(945)	(749)	2,484	1,037	(3,011)	(1,125)
Cash flow hedges	*225*	*291*	*(250)*	*(205)*	*1,893*	*292*	*(1,953)*	*(557)*
Other derivative instruments	*938*	*514*	*(695)*	*(544)*	*591*	*746*	*(1,058)*	*(568)*
Derivative instruments relating to trading activities	-	7,075	-	(8,503)	-	8,955	-	(9,234)
TOTAL	**1,163**	**7,879**	**(945)**	**(9,252)**	**2,484**	**9,993**	**(3,011)**	**(10,360)**

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

17.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2020				Dec. 31, 2019			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Natural gas	168	236	(178)	(159)	1,814	235	(1,937)	(550)
Electricity	1	3	(3)	(5)	14	35	(9)	(5)
Coal	-	-	-	-	-	1	(1)	-
Oil	54	50	(68)	(41)	51	-	-	-
Other (1)	2	2	(1)	-	14	21	(6)	(2)
TOTAL	**225**	**291**	**(250)**	**(205)**	**1,893**	**292**	**(1,953)**	**(557)**

(1) Includes mainly foreign currency hedges on commodities

Notional amounts (net) [(1)]

Notional amounts and maturities of cash flow hedges are as follows:

	Unit	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020
Natural gas	GWh	99,240	52,651	24,945	8,667	733	-	186,236
Electricity	GWh	(4,150)	(2,693)	(1,227)	7	-	-	(8,063)
Coal	*Thousands of tons*	52	23	-	-	-	-	75
Oil-based products	*Thousands of barrels*	(16,723)	(11,381)	(11,410)	(11,508)	-	-	(51,022)
Forex	*Millions of euros*	19	4	-	-	-	-	24
Greenhouse gas emission rights	*Thousands of tons*	188	117	73	12	-	-	390

(1) Long/(short) position

Effects of hedge accounting on the Group's financial position and performance

	Dec. 31, 2020				Dec. 31, 2019	
	Fair Value			Nominal	Fair value	Nominal
In millions of euros	Assets	Liabilities	Total	Total	Total	Total
Cash flow hedges	515	(455)	61	126,189	(325)	4,967
TOTAL	**515**	**(455)**	**61**	**126,189**	**(325)**	**4,967**

The fair values represented above are positive for assets and negative for liabilities.

In millions of euros		Nominal amount	Fair Value	Change in fair value used for calculating hedge effectiveness	Change in the value of the hedging instrument recognized in equity [(1)]	Ineffective portion recognized in profit or loss [(1)]	Amount reclassified from the hedge reserve to profit or loss [(1)]	Line item of profit or loss
Cash flow hedges	Hedging instruments	126,189	61		154	-	698	Current operating income
	Hedged items			748				

(1) Gains/(losses)

Hedge inefficiency is calculated based on the change in the fair value of the hedging instrument compared to the change in the fair value of the hedged items since inception of the hedge. The fair value of the hedging instruments at December 31, 2020 reflects the cumulative change in the fair value of the hedging instruments since inception of the hedges.

Maturity of commodity derivatives designated as cash flow hedges

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Dec. 31, 2020	Dec. 31, 2019
Fair Value of derivatives by maturity	168	39	(40)	(33)	17	3	154	(325)

Amounts presented in the statement of changes in equity and the statement of comprehensive income

The following table provides a reconciliation of each component of equity and an analysis of other comprehensive income:

	Cash flow hedge
In millions of euros	Derivatives hedging commodities
At December 31, 2019	**(837)**
Effective portion recognized in equity	189
Amount reclassified from hedge reserve to profit or loss	704
Translation differences	-
Changes in scope of consolidation and other	(1)
AT DECEMBER 31, 2020	**54**

17.1.2.2 Other commodity derivatives

Other commodity derivatives include:

- commodity purchase and sale contracts that were not entered into or are no longer held for the purpose of the receipt or delivery of commodities in accordance with the Group's expected purchase, sale or usage requirements;
- embedded derivatives; and
- derivative financial instruments that are not eligible for hedge accounting in accordance with IFRS 9 or for which the Group has elected not to apply hedge accounting.

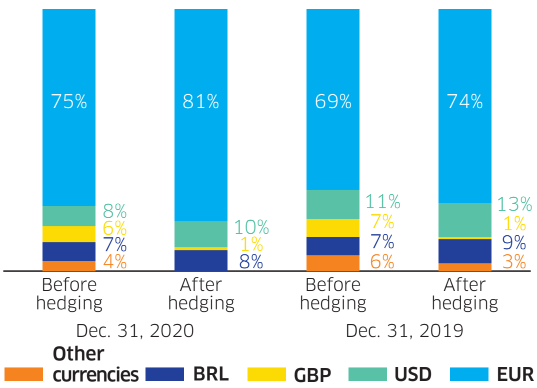
17.1.3 Currency risk

The Group is exposed to currency risk, defined as the impact on its statement of financial position and income statement of fluctuations in exchange rates affecting its operating and financing activities. Currency risk comprises (i) transaction risk arising in the ordinary course of business, (ii) specific transaction risk related to investments, mergers and acquisitions or disposal projects, and (iii) translation risk arising from the conversion into euros of income statement and statement of financial position items from subsidiaries with a functional currency other than the euro. The main translation risk exposures correspond, in order, to assets in US dollars, Brazilian real and pounds sterling.

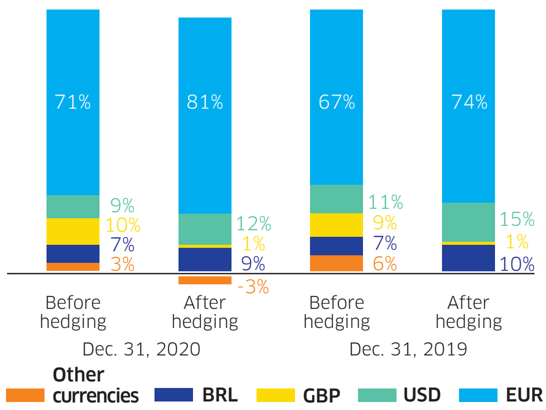
17.1.3.1 Financial instruments by currency

The following tables present a breakdown by currency of outstanding borrowings and debt and net financial debt, before and after hedging:

Outsanding borrowings and debt



Net financial debt



17.1.3.2 Currency risk sensitivity analysis

A sensitivity analysis to currency risk on financial income/(loss) – excluding the income statement translation impact of foreign subsidiaries – was performed based on all financial instruments managed by the Treasury Department and representing a currency risk (including derivative financial instruments).

A sensitivity analysis to currency risk on equity was performed based on all financial instruments qualified as net investment hedges at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates of foreign currencies against the euro compared to closing rates.

	Dec. 31, 2020			
	Impact on income		Impact on equity	
In millions of euros	+10% (1)	-10% (1)	+10% (1)	-10% (1)
Exposures denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position (2)	4	(4)	NA	NA
Financial instruments (debt and derivatives) qualified as net investment hedges (3)	NA	NA	155	(155)

(1) +(-)10%: depreciation (appreciation) of 10% of all foreign currencies against the euro
(2) Excluding derivatives qualified as net investment hedges
(3) This impact is countered by the offsetting change in the net investment hedged

17.1.4 Interest rate risk

The Group seeks to manage its borrowing costs by limiting the impact of interest rate fluctuations on its income statement. The Group's policy is therefore to arbitrate between fixed rates, floating rates and capped floating rates for its net debt. The interest rate mix may shift within a range defined by Group Management in line with market trends.

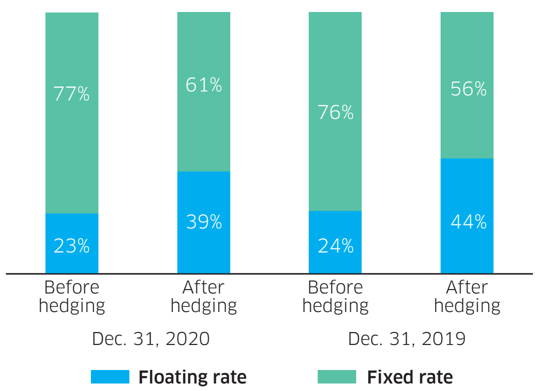
In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, particularly interest rate swaps and options. At December 31, 2020, the Group had a portfolio of interest rate options (caps) protecting it from a rise in short-term interest rates for the euro.

The Group has a portfolio of 2021, 2023, 2024 and 2025 forward interest rate pre-hedges with respective 20/21-year and 10 year maturities on each of the volumes initiated in 2020 to protect the refinancing interest rate on a portion of its debt.

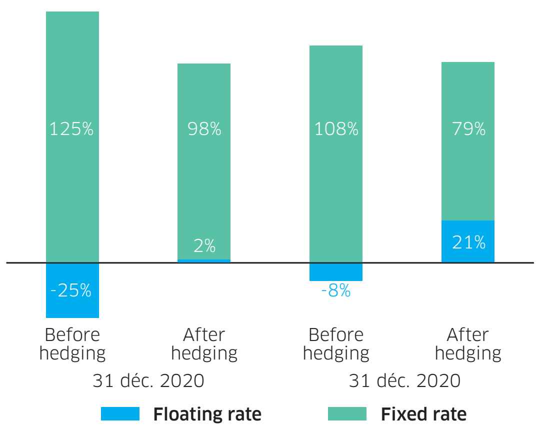
17.1.4.1 Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding borrowings and debt and net financial debt before and after hedging:

Outsanding borrowings and debt



Net financial debt



17.1.4.2 Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives relating to net debt) at the reporting date.

For interest rate risk, sensitivity corresponds to a 100-basis-point rise or fall in the yield curve compared to year-end interest rates.

	Dec. 31, 2020			
	Impact on income		Impact on equity	
In millions of euros	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Net interest expense on floating-rate net debt (nominal amount) and on floating-rate leg of derivatives	(3)	2	NA	NA
Change in fair value of derivatives not qualifying as hedges	70	(139)	NA	NA
Change in fair value of derivatives qualifying as cash flow hedges	NA	NA	549	(711)

17.1.5 Currency and interest rate hedges

The Covid-19 crisis has not prompted the Group to review its foreign exchange and interest rate risk management policy described below.

17.1.5.1 Currency risk management

Foreign currency exchange risk (or "FX" risk) is reported and managed based on a Group-wide approach, reflected in a dedicated Group policy that is approved by Group Management. The policy distinguishes between the three following main sources of currency risk:

- **Regular transaction risk**

  Regular transaction risk corresponds to the potential negative financial impact of currency fluctuations on business and financial operations denominated in a currency other than the functional currency.

  The management of regular transaction risk is fully delegated to the subsidiaries for their scope of activities, while the risks related to central activities are managed at corporate level.

FX risks related to operational activities are systematically hedged when the related cash flows are certain, with a hedging horizon that corresponds at least to the medium-term plan horizon. For cash flows that are not certain, in their entirety, the hedge is initially based on a "no regret" volume. Exposures are monitored and managed based on the sum of nominal cash flows in FX, including highly probable amounts and related hedges.

For FX risks related to financial activities, all significant exposures related to cash, financial debt, etc. are systematically hedged. Exposures are monitored based on the net sum of balance sheet items in FX.

- **Project transaction risk**

  Specific project transaction risk corresponds to the potential negative financial impact of FX fluctuations on specific major operations such as investment projects, acquisitions, disposals and restructuring projects, involving multiple currencies.

  The management of these FX risks includes the definition and implementation of hedging transactions, taking into account the likelihood of the risk (including probability of project completion) and its evolution, the availability of hedging instruments and their associated cost. Management's aim is to ensure the viability and the profitability of the transactions.

- **Translation risk**

  Translation risk corresponds to the potential negative financial impact of FX fluctuations concerning consolidated entities with a functional currency other than the euro. It relates to the translation of their income and expenses and their net assets.

  Translation risk is managed centrally, with a focus on securing the net asset value.

  The pertinence of hedging this translation risk is assessed regularly for each currency (as a minimum) or set of assets in the same currency, taking into account notably the value of the assets and the hedging costs.

Hedging instruments and sources of hedge ineffectiveness

The Group principally uses the following risk management levers for mitigating currency risk:

- derivative instruments: these mostly correspond to over-the-counter contracts and include FX forward transactions, FX swaps, currency swaps, cross currency swaps, plain vanilla FX options or combinations (calls, puts or collars);
- monetary items such as debt, cash and loans.

Sources of hedge ineffectiveness are mainly related to uncertainty regarding the timing and in some cases the amount of the future cash flows in foreign currency that are being hedged.

17.1.5.2 Interest rate risk management

The Group is exposed to interest rate risk through its financing and investing activities. Interest rate risk is defined as a financial risk resulting from fluctuations in base interest rates that may increase the cost of debt and affect the viability of investments. Base interest rates are market interest rates, such as EURIBOR, LIBOR, etc., that do not include the borrower's credit spread.

As part of the interest rate benchmark reform, since 2019 the Group has applied, the transition reliefs permitted by the IASB which allow the uncertainties caused by the reform not to be taken into account in the "highly probable" requirement. In 2020, the Group decided to apply the "IBOR phase 2" amendments, which provide for the clarification of the accounting treatment of financial instruments concerned by the reform, in advance. These amendments, which mainly aim to address the issues relating to the valuation of financial instruments and hedging relationships, only apply to the changes required by the reform.

The approach adopted by the ENGIE Group, through an ad hoc working group, makes it possible to address the issue both at the level of central financing vehicles and external financing issued directly by the Business Units.

A Group-wide approach to interest rate risk management is reflected in a dedicated Group policy that is approved by Group Management. This policy distinguishes between the two following main sources of interest rate risk:

- **Interest rate risk relating to Group net debt**

  Interest rate risk relating to Group net debt designates the financial impact of base rate movements on the debt and cash portfolio from recurring financing activities. This risk is mainly managed centrally.

  Risk management objectives are, by order of importance:

  - to protect the long term viability of assets;
  - to optimize financing costs and ensure competitiveness; and
  - to minimize uncertainty on the cost of debt.

  Interest rate risk is managed actively by monitoring changes in market rates and their impact on the Group's gross and net debt.

- **Project interest rate risk**

  Specific project interest rate risk corresponds to the potential negative financial impact of base rate movements on specific major operations such as investment projects, acquisitions, disposals and restructuring projects. Interest rate risk after the closing of an operation is considered as regular (see "Interest rate risk" above).

  Interest rate risk is managed for specific project transactions in order to protect the economic viability of projects, acquisitions, disposals and restructuring initiatives against adverse changes in interest rates. It may include the implementation of hedging transactions, depending on a number of factors including the likeliness of completion, the availability of hedging instruments and their associated cost.

Hedging instruments and sources of hedge ineffectiveness

The Group principally uses the following risk management levers for mitigating interest rate risk:

- derivative instruments: these mostly correspond to over-the-counter contracts that are used to manage base interest rates. Such instruments include:
  - swaps, to change the nature of interest payments on debts, typically from fixed to floating rates or vice versa, and
  - plain vanilla interest rate options;
- caps, floors and collars that allow the impact of interest rate fluctuations to be limited by setting minimum and/or maximum limits on floating interest rates.

Sources of hedge ineffectiveness are mainly related to changes in the credit quality of the counterparties and related charges, as well as potential gaps in settlement dates and in indices between the derivative instruments and the related underlying exposures.

17.1.5.3 Currency and interest rate hedges

The Group has elected to apply hedge accounting whenever possible and suitable for currency risk and interest rate risk management purposes and also manages a portfolio of undesignated derivative instruments, corresponding to economic hedges relating to net debt and foreign currency exposures.

The Group uses the three hedge accounting methods: cash flow hedging, fair value hedging and net investment hedging.

In general, the Group does not frequently reset hedging relationships, designate specific risk components as a hedged item or designate credit exposures as measured at fair value through income.

The Group qualifies interest rate or cross currency swaps transforming fixed-rate debt into floating-rate debt as fair value hedges.

Cash flow hedges are mainly used to hedge future cash flows in foreign currency, floating-rate debt as well as future refinancing requirements.

Net investment hedging instruments are mainly FX swaps and forwards.

The fair values of derivatives (excluding commodity instruments) are indicated in the table below:

	Dec. 31, 2020				Dec. 31, 2019			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivatives hedging borrowings	619	147	(313)	(39)	705	124	(183)	(41)
Fair value hedges	*526*	*14*	*(48)*	*(3)*	*530*	*81*	*(54)*	*(1)*
Cash flow hedges	*8*	*7*	*(220)*	*(8)*	*55*	*-*	*(93)*	*(7)*
Derivative instruments not qualifying for hedge accounting	*85*	*126*	*(46)*	*(28)*	*120*	*43*	*(36)*	*(34)*
Derivatives hedging other items	1,214	43	(2,530)	(45)	949	17	(1,934)	(45)
Cash flow hedges	*30*	*3*	*(768)*	*(11)*	*25*	*-*	*(571)*	*(4)*
Net investment hedges	*55*	*-*	*(4)*	*-*	*33*	*-*	*(6)*	*-*
Derivative instruments not qualifying for hedge accounting	*1,130*	*40*	*(1,758)*	*(33)*	*891*	*17*	*(1,357)*	*(41)*
TOTAL	**1,833**	**189**	**(2,844)**	**(84)**	**1,654**	**142**	**(2,118)**	**(86)**

The fair values shown in the table above reflect the amounts relating to the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in the normal course of business. They are not representative of expected future cash flows insofar as the positions (i) are sensitive to changes in prices or to changes in credit ratings, (ii) can be modified by subsequent transactions, and (iii) can be offset by future cash flows arising on the underlying transactions.

Amount, timing and uncertainty of future cash flows

The following tables provide a profile of the timing at December 31, 2020 of the nominal amount of hedging instruments:

In millions of euros

Buy/Sell	Interest rate type	Derivative instrument type	Currency	Total	2021	2022	2023	2024	2025	Beyond 5 years
Buy	Fixed	CCS	EUR	(486)	(303)	(32)	(30)	(29)	(26)	(67)
			USD	(2,205)	(982)	(937)	(41)	(41)	(41)	(163)
			GBP	(15,712)	(2,031)	(1,780)	(1,780)	(1,780)	(1,780)	(6,563)
			HKD	(1,987)	(242)	(242)	(242)	(242)	(242)	(778)
			JPY	(1,146)	(356)	(356)	(277)	(158)	-	-
			PEN	(1,334)	(220)	(220)	(220)	(183)	(165)	(326)
			Other currencies	(1,682)	(336)	(336)	(336)	(336)	(126)	(214)
Sell	Fixed	CCS	EUR	21,194	2,865	2,568	2,568	2,568	2,352	8,273
			USD	1,472	243	243	243	202	182	360
			GBP	255	255	-	-	-	-	-
			Other currencies	221	36	32	31	29	26	67
	Floating	CCS	EUR	2,323	953	953	273	144	-	-
		CCS	BRL	390	195	195	-	-	-	-

In millions of euros

Buy/Sell	Interest rate type	Derivative instrument type	Currency	Total	2021	2022	2023	2024	2025	Beyond 5 years
Buy	Fixed	CAP	EUR	1,000	1,000	-	-	-	-	-
			Other currencies	-	-	-	-	-	-	-
		IRS	EUR	70,376	6,506	9,971	9,009	8,382	8,818	27,689
			USD	4,180	1,368	1,367	1,366	16	15	47
			BRL	186	93	93	-	-	-	-
			Other currencies	41	8	7	6	5	5	10
	Floating	IRS	EUR	72,713	14,979	11,236	9,078	7,978	7,978	21,464
			BRL	739	308	308	123	-	-	-

The tables presented above exclude currency derivatives (except for cross currency swaps – CCS). Their maturity dates are aligned with those of the hedged items.

Pursuant to the FX and interest rate risk management policy, FX sensitivity is presented in Note 17.1.3.2 “Currency risk sensitivity analysis” and the average cost of debt is 2.38% as presented in Note 10 “Net financial income/(loss)”.

Effects of hedge accounting on the Group’s financial position and performance

Currency derivatives

	Dec. 31, 2020				Dec. 31, 2019	
	Fair value			Nominal amount	Fair value	Nominal amount
In millions of euros	Assets	Liabilities	Total	Total	Total	Total
Cash flow hedges	30	(657)	(628)	3,779	(305)	3,814
Net investment hedges	55	(4)	50	1,999	27	3,027
Derivative instruments not qualifying for hedge accounting	149	(76)	73	6,907	(6)	8,985
TOTAL	**233**	**(737)**	**(504)**	**12,686**	**(284)**	**15,827**

Interest rate derivatives

	Dec. 31, 2020				Dec. 31, 2019	
	Fair value			Nominal amount	Fair value	Nominal amount
In millions of euros	Assets	Liabilities	Total	Total	Total	Total
Fair value hedges	546	(51)	495	4,622	556	6,089
Cash flow hedges	1	(332)	(331)	2,497	(290)	3,649
Derivative instruments not qualifying for hedge accounting	1,232	(1,802)	(569)	17,910	(393)	21,487
TOTAL	**1,779**	**(2,184)**	**(405)**	**25,029**	**(126)**	**31,224**

The fair values presented in the above table are positive for an assets and negative for a liabilities.

In millions of euros		Nominal and outstanding amount	Fair value (1)	Change in fair value used for calculating hedge ineffectiveness	Change in the value of the hedging instrument recognized in equity (2)	Ineffective portion recognized in profit or loss (2)	Amount reclassified from the hedge reserve to profit or loss (2)	Line item of the income statement
Fair value hedges	Hedging instruments	4,622	495	495	NA	-	NA	Cost of net debt
	Hedged items (3) (4)	4,302	396	(1,698)	NA		NA	
Cash flow hedges	Hedging instruments	7,463	(958)	(860)	207	(5)	47	Other financial income and expenses / Current operating income including operating MtM
	Hedged items			854				
Net investment hedges	Hedging instruments	3,027	27	56	(119)	NA	(9)	Other financial income and expenses / Current operating income including operating MtM
	Hedged items			(56)				

(1) The adjustment of the fair value of hedged items is presented as long term and short-term borrowings and debt for an amount of €396 million
(2) Gains/(losses)
(3) The difference between the fair value used to determine the ineffective portion relating to hedging instruments and that relating to the hedged items corresponds to the amortized cost of borrowings and debt that are part of a fair value hedge relationship
(4) Of which €98 million relating to hedging items that are no longer adjusted as a result of disqualification as a fair value hedge

Hedge inefficiency is calculated based on the change in the fair value of the hedging instrument compared to the change in the fair value of the hedged items since inception of the hedge. The fair value of the hedging instruments at December 31, 2020 reflects the cumulative change in the fair value of the hedging instruments since inception of the hedges. For fair value hedges, the same principle applies to the hedged items.

No significant impact in terms of ineffectiveness or disqualification of certain hedges was recognized at December 31, 2020.

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Fair value of derivatives by maturity date	(44)	(38)	(41)	(34)	(29)	(774)	(958)	(594)

Amounts presented in the statement of changes in equity and the statement of comprehensive income

The following table provides a reconciliation of each component of equity and an analysis of other comprehensive income:

	Cash flow hedge			Net investment hedge
In millions of euros	Derivatives hedging borrowings – currency risk hedging (1) (3)	Derivatives hedging other items – interest rate risk hedging (1) (3)	Derivatives hedging other items – currency risk hedging (2) (3)	Derivatives hedging other items – currency risk hedging (2) (4)
At December 31, 2019	**45**	**(1,010)**	**14**	**(284)**
Effective portion recognized in equity		(202)	(6)	119
Amount reclassified from the hedge reserve to profit or loss		(47)	-	9
Translation differences	-	-	-	-
Changes in scope of consolidation and other	-	56	-	-
AT DECEMBER 31, 2020	**46**	**(1,203)**	**9**	**(156)**

(1) Cash flow hedges for given periods
(2) Cash flow hedges for given transactions
(3) Of which a negative €487 million of cash flow hedge reserves for which hedge accounting is no longer applied
(4) All of the reserves relate to continuing hedging relationships

17.2 Counterparty risk

Due to its financial and operational activities, the Group is exposed to the risk of default of its counterparties (customers, suppliers, EPC contractors, partners, intermediaries, and banks). Default could affect payments, goods delivery and/or asset performance.

The principles of counterparty risk management are set out in the Group counterparty risk policy, which:

- assigns roles and responsibilities for managing and controlling counterparty risk at different levels (Corporate, BU or entity), and ensures operational procedures are in place and consistent across the Group;
- characterizes counterparty risk and the mechanisms by which it impacts the economic performance and financial statements of the Group;
- defines indicators, reporting and control mechanisms to ensure visibility and to provide tools for financial performance management; and
- provides guidelines on the use of mitigating mechanisms such as collateral and guarantees, which are widely used by some businesses.

Depending on the nature of the business, the Group is exposed to different types of counterparty risk. As a result some businesses use collateral instruments – particularly the Energy Management business, where the use of margin calls and other types of financial collateral (standardized legal framework) is a market standard. In addition, other businesses may request guarantees from their counterparties in certain cases (parent company guarantees, bank guarantees, etc.).

Under the new standard IFRS 9, the Group has defined and applied a Group-wide methodology including the two different approaches:

- a portfolio approach, whereby the Group determines that:
  - coherent customer portfolios and sub-portfolios have to be considered (i.e., portfolios that have comparable credit risk and/or comparable payment behavior), taking into account different aspects:
    - public or private counterparties,
    - residential or BtoB counterparties,
    - geography,
    - type of activity,
    - size of the counterparty, and
    - any other aspects the Group may consider relevant,
  - impairment rates must be determined based on historical aging balances and, when correlation is proven and documentation possible, historical data must be adjusted by forward-looking elements; and
- an individualized approach for significant counterparties, for which the Group has set rules for defining the stage of the concerned asset for Expected Credit Loss (ECL) calculations:
  - stage 1 covers financial assets that have not deteriorated significantly since initial recognition. The ECL for stage 1 is calculated on a 12-month basis,
  - stage 2 covers financial assets for which the credit risk has significantly increased. The ECL for stage 2 is calculated on a lifetime basis. The decision to move an asset from stage 1 to stage 2 is based on certain criteria such as:
    - a significant downgrade in the creditworthiness of a counterparty and/or its parent company and/or its guarantor (if any),

    - significant adverse change in the regulatory environment,
    - changes in political or country-related risk, and
    - any other aspect the Group may consider relevant.

  Regarding financial assets that are more than 30 days past due, the move to stage 2 is not systematically applied as long as the Group has reasonable and supportable information that demonstrates that, even if payments become more than 30 days past due, this does not represent a significant increase in the credit risk since initial recognition,
- stage 3 covers assets for which default has already been observed, such as:
    - when there is evidence of significant and ongoing financial difficulty of the counterparty,
    - when there is evidence of failure in credit support from a parent company to its subsidiary (in this case the subsidiary is the Group's counterparty at risk),
    - when a Group entity has initiated legal proceedings against the counterparty for non-payment.

  Regarding financial assets that are more than 90 days past due, the presumption can be rebutted if the Group has reasonable and supportable information that demonstrates that even if payments become more than 90 days past due, this does not indicate counterparty default.

The ECL formula applicable in stages 1 and 2 is ECL = EAD x PD x LGD, where:

- for 12-month ECL, Exposure At Default (EAD) equals the carrying amount of the financial asset, to which the relevant Probability of Default (PD) and the Loss Given Default (LGD) are applied;
- for lifetime ECL, the calculation method consists in identifying changes in exposure for each year, especially the expected timing and amount of the contractual repayments, and then applying to each repayment the relevant PD and the LGD, and discounting the figures obtained. ECL is then the sum of the discounted figures; and
- probability of default is the likelihood of default over a particular time horizon (in stage 1, this time horizon is 12 months after the reporting period; in stage 2 this time horizon is the entire lifetime of the financial asset). This information is based on external data from a well-known rating agency. The PD depends on the time horizon and of the rating of the counterparty. The Group uses external ratings if they are available; ENGIE's credit risk experts determine an internal rating for major counterparties with no external rating.

LGD levels are notably based on Basel standards:

- 75% for subordinated assets; and
- 45% for standard assets.

For assets considered to be of strategic importance for the counterparty, such as essential public services or goods, LGD is set at 30%.

The Group has decided that write-offs apply in the following situations:

- assets for which a legal recovery procedure is pending: should not be written off as long as the procedure is ongoing; and
- assets for which no legal recovery procedure is pending: should be written off once the trade receivable is 3 years overdue (5 years overdue for public counterparties).

As a result of the Covid-19 crisis, the Group has implemented a specific management system to secure its counterparty risk. It is based in particular on:

- an increased monitoring of exposures and cash inflow delays for individually monitored counterparties; and
- an enhanced monitoring of aging balances of the Group's various activities for counterparties monitored using a portfolio approach.

Since the beginning of the crisis, the Group has taken immediate action to limit its exposures such as:

- the closure of customer lines in the most affected sectors within the Energy Management activity;
- the reassignment, during the lockdown in the first half of 2020, of commercial resources to sales administration missions, within the supply and marketing activities, in order to limit the deterioration of aging balances. This increased monitoring of collection procedures throughout 2020 led to no significant change in outstandings (trade receivables, contract assets or receivables recognized at amortized cost) and a general improvement in the cash position of the business units concerned.

Furthermore, the Group has also implemented measures to support the most vulnerable households and microenterprises such as:

- the reimbursement of 2 months of electricity standing charges (April and May) for beneficiaries of an energy voucher or of the Housing Solidarity Fund (*Fonds de Solidarité Logement*);
- the implementation of a payment facility over 6 months with a postponement of the first due date until the end of the health crisis for companies with less than 10 employees.

From an accounting point of view, these various measures were accompanied by an adjustment of the provisioning rate in the customer segments most at risk, particularly in the aeronautical and hotel & catering sectors. These effects led to an increase in expected credit loss, the impact of which on the Group's net income amounted to €230 million at December 31, 2020.

17.2.1 Operating activities

Counterparty risk arising on operating activities is managed via standard mechanisms such as third-party guarantees, netting agreements and margin calls, using dedicated hedging instruments or special prepayment and debt recovery procedures, particularly for retail customers.

Under the Group's policy, each business unit is responsible for managing counterparty risk, although the Group continues to manage the biggest counterparty exposures centrally.

The credit rating of large- and mid-sized counterparties with which the Group has exposures above a certain threshold is measured based on a specific rating process, while a simplified credit scoring process is used for commercial customers with which the Group has fairly low exposures. These processes are based on formally documented, consistent methods across the Group. Consolidated exposures are monitored by counterparty and by segment (credit rating, sector, etc.) using standard indicators (payment risk, mark-to-market exposure).

The Group's Energy Market Risk Committee (CRME) consolidates and monitors the Group's exposure to its main energy counterparties on a quarterly basis and ensures that the exposure limits set for these counterparties are respected.

17.2.1.1 Trade and other receivables, assets from contracts with customers

Total outstanding exposures presented in the tables below do not include impacts relating to VAT or to any other item not subject to credit risk, which amounted to €2,431 million at December 31, 2020 (compared to €2,898 million at December 31, 2019).

Individual approach

		Dec. 31, 2020							
In millions of euros		Individual approach	Level 1: low credit risk	Level 2: increased credit risk	Level 3: impaired assets	Total by risk level	Investment Grade(1)	Other	Total by counterparty type
Trade and other receivables, net	Gross	9,530	8,329	893	308	9,530	7,854	1,676	9,530
	Expected credit losses	(391)	(103)	(46)	(242)	(391)	(188)	(203)	(391)
TOTAL		**9,139**	**8,226**	**846**	**66**	**9,139**	**7,666**	**1,473**	**9,139**
Assets from contracts with customers	Gross	3,039	2,714	318	8	3,039	2,076	963	3,039
	Expected credit losses	(19)	(18)	-	-	(19)	(14)	(5)	(19)
TOTAL		**3,021**	**2,696**	**318**	**7**	**3,021**	**2,062**	**959**	**3,021**

		Dec. 31, 2019							
In millions of euros		Individual approach	Level 1: low credit risk	Level 2: increased credit risk	Level 3: impaired assets	Total by risk level	Investment Grade (1)	Other	Total by counterparty type
Trade and other receivables, net	Gross	9,395	8,300	802	294	9,395	7,814	1,581	9,395
	Expected credit losses	(318)	(64)	(66)	(187)	(318)	(172)	(146)	(318)
TOTAL		**9,077**	**8,235**	**735**	**107**	**9,077**	**7,642**	**1,436**	**9,077**
Assets from contracts with customers	Gross	2,896	2,672	196	28	2,896	1,782	1,115	2,896
	Expected credit losses	(15)	(13)	(1)	(1)	(15)	(10)	(6)	(15)
TOTAL		**2,881**	**2,659**	**195**	**27**	**2,881**	**1,772**	**1,109**	**2,881**

(1) Investment Grade corresponds to counterparties that are rated at least BBB- by Standard & Poor's

Collective approach

		Dec. 31, 2020				
In millions of euros		Collective approach	0 to 6 months	6 to 12 months	Beyond	Total past due assets at Dec. 31, 2020
Trade and other receivables, net	Gross	3,625	593	235	300	1,128
	Expected credit losses	(865)	(20)	(22)	(211)	(253)
TOTAL		**2,761**	**574**	**213**	**88**	**875**
Assets from contracts with customers	Gross	4,748	487	1	3	491
	Expected credit losses	(1)	-	-	-	-
TOTAL		**4,747**	**487**	**1**	**3**	**491**

In millions of euros		Dec. 31, 2019 Collective approach	0 to 6 months	6 to 12 months	Beyond	Total past due assets at Dec. 31, 2019
Trade and other receivables, net	Gross	4,019	875	113	293	1,281
	Expected credit losses	(754)	(24)	(29)	(159)	(213)
TOTAL		**3,265**	**851**	**83**	**134**	**1,068**
Assets from contracts with customers	Gross	4,953	486	4	2	492
	Expected credit losses	(2)	-	-	-	-
TOTAL		**4,951**	**485**	**4**	**2**	**492**

17.2.1.2 Commodity derivatives

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

	Dec. 31, 2020		Dec. 31, 2019	
In millions of euros	Investment Grade (1)	Total	Investment Grade (1)	Total
Gross exposure (2)	6,633	9,031	9,849	12,466
Net exposure (3)	2,817	3,750	3,501	4,422
% of credit exposure to “Investment Grade” counterparties	75.1%		79.2%	

(1) Investment Grade corresponds to transactions with counterparties that are rated at least BBB- by Standard & Poor’s, Baa3 by Moody’s, or equivalent by Dun & Bradstreet. “Investment Grade” is also determined based on an internal rating tool that has been rolled out within the Group, and covers its main counterparties

(2) Corresponds to the maximum exposure, i.e., the value of the derivatives shown under assets (positive fair value)

(3) After taking into account the liability positions with the same counterparties (negative fair value), collateral, netting agreements and other credit enhancement techniques

The Covid-19 crisis has not affected the Group's exposure due to the credit quality of its counterparties, which has been maintained to date.

17.2.2 Financing activities

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on(i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) counterparty risk exposure limits.

To reduce its counterparty risk exposure, the Group has drawn increasingly on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a Middle Office that operates independently of the Group’s Treasury Department and reports to the Finance division.

17.2.2.1 Loans and receivables at amortized cost

The total outstanding exposures presented in the tables below do not include impacts relating to VAT or to any other item not subject to credit risk, which amounted to €1,424 million at December 31, 2020 (compared to €899 million at December 31, 2019).

In millions of euros	Dec. 31, 2020 Level 1: low credit risk	Level 2: increased credit risk	Level 3: impaired assets	Total by risk level	Investment Grade[1]	Other	Total by counterparty type
Gross	4,144	415	67	4,626	2,582	2,045	4,626
Expected credit losses	(57)	(34)	(110)	(201)	(127)	(74)	(201)
TOTAL	**4,087**	**381**	**(43)**	**4,425**	**2,455**	**1,970**	**4,425**

In millions of euros	Dec. 31, 2019 Level 1: low credit risk	Level 2: increased credit risk	Level 3: impaired assets	Total by risk level	Investment Grade [1]	Other	Total by counterparty type
Gross	4,257	564	49	4,870	2,772	2,098	4,870
Expected credit losses	(53)	(56)	(30)	(139)	(36)	(104)	(139)
TOTAL	**4,204**	**508**	**19**	**4,731**	**2,736**	**1,995**	**4,731**

(1) Investment Grade corresponds to counterparties that are rated at least BBB- by Standard & Poor's

17.2.2.2 Counterparty risk arising from investing activities and the use of derivative financial instruments

The Group is exposed to counterparty risk arising from investments of surplus cash and from the use of derivative financial instruments. In the case of financial instruments at fair value through income, counterparty risk arises on instruments with a positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

	Dec. 31, 2020				Dec. 31, 2019			
In millions of euros	Total	Investment Grade [1]	Unrated [2]	Non-Investment Grade [2]	Total	Investment Grade [1]	Unrated [2]	Non-Investment Grade [2]
Exposure	13,174	84.4%	8.7%	6.9%	10,686	85.7%	4.7%	9.6%

(1) Investment Grade corresponds to counterparties that are rated at least BBB- by Standard & Poor's or Baa3 by Moody's

(2) Most of these two exposures is carried by consolidated companies that include non-controlling interests, or by Group companies that operate in emerging countries, where cash cannot be pooled and is therefore invested locally

Furthermore, at December 31, 2020, Crédit Agricole Corporate and Investment Bank (CACIB) is the main Group counterparty and represents 20% of cash surpluses. This relates mainly to a depositary risk.

17.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital requirements (WCR), margin calls are required in certain market activities.

The Group has set up a weekly committee tasked with managing and monitoring liquidity risk throughout the Group, by maintaining a broad range of investments and sources of financing, preparing forecasts of cash investments and divestments. Stress tests are also performed on the margin calls put in place when commodity, interest rate and currency derivatives are negotiated to assess the Group's resilience in terms of liquidity.

The Group centralizes virtually all the financing needs and cash flow surpluses of the companies it controls, as well as most of their medium- and long-term external financing requirements. Centralization is provided by financing vehicles (long-term and short-term) and by dedicated Group cash pooling vehicles based in France, Belgium and Luxembourg.

Surpluses held by these structures are managed in accordance with a uniform policy. In accordance with this policy, unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

The onslaught of successive financial crises since 2008 and the ensuing rise in counterparty risk prompted the Group to tighten its investment policy with the aim of keeping an extremely high level of liquidity and protecting invested capital and a daily monitoring of performance and counterparty, allowing the Group to take immediate action where required in response to market developments. Consequently, 77% of the cash pooled at December 31, 2020 was invested in overnight bank deposits and standard money market funds with daily liquidity.

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The Group seeks to diversify its sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues negotiable commercial paper in France (Negotiable European Commercial Paper) and in the United States (U.S. Commercial Paper). As negotiable commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, the refinancing of all outstanding negotiable commercial paper remains secured by confirmed bank lines of credit – mainly centralized – allowing the Group to continue to finance its activities if access to this financing source were to dry up. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments.

As a result of the Covid-19 crisis, the Group implemented specific management measures to secure its liquidity. These measures are based on, (i) increased monitoring of centralized cash management and central liquidity, which is regularly communicated to General Management and the Board of Directors, and (ii) stress tests to assess the Group's liquidity.

In this context, the Group has also taken several actions including:

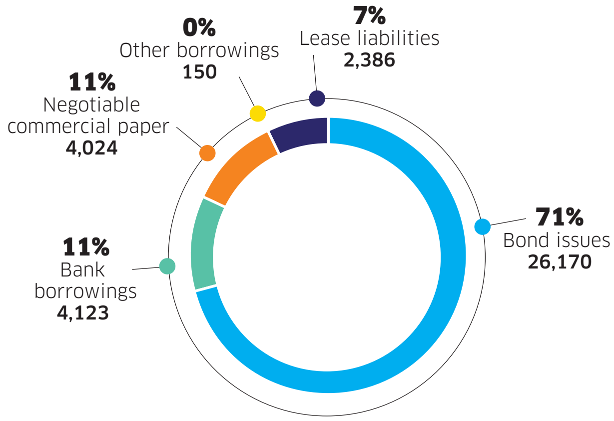
- maintaining an outstanding amount of negotiable commercial papers in France and the United States of €4 billion on average over the year, benefiting from the measures offered by the ECB to combat the pandemic (PEPP [1] CSPP [2]) for €900 million in the first half of 2020;
- the drawdown on bilateral credit lines of €885 million in March for a period of one month to cover the decline in liquidity in the negotiable commercial papers market;
- a bond issue for a total amount of €2.5 billion on March 27, 2020;
- the signature on May 11, 2020 of a syndicated credit line for an amount of €2.5 billion with a 12-month term and renewable for two 6-month periods. At the end of 2020 and given the changes in the Group's liquidity, in particular following the sale of its stake in SUEZ, this line was cancelled entirely.

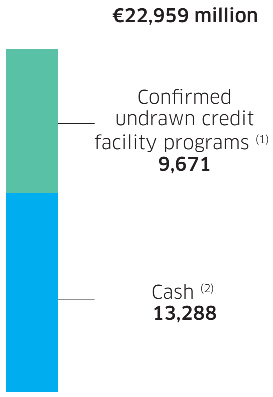
In addition to these actions, the Group decided to (i) propose the cancellation of the payment of the 2019 dividend – this resolution was approved by the Shareholders' Meeting on May 14, 2020, and (ii) revise the timetable of certain investment projects (adjustments, postponements, etc.).

The various actions carried out by the Group ensure a high and reinforced level of liquidity.

Diversifying sources of financing and liquidity

In millions of euros





(1) Net amount of negotiable commercial paper

(2) Cash corresponds to cash and cash equivalents, other financial assets deducted from net financial debt, net of bank overdrafts and current accounts, of which 78% was invested in the Eurozone

At December 31, 2020, all the entities of the Group whose debt is consolidated complied with the covenants and declarations included in their financial documentation, except for some non-significant entities for which compliance actions are being implemented. None of the available centralized credit lines contain a default clause linked to financial ratios or rating level.

(1) Pandemic emergency purchase programme

(2) Corporate sector purchase programme

17.3.1 Undiscounted contractual payments relating to financial activities

Undiscounted contractual payments on outstanding borrowings and debt by maturity

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Bond issues	1,446	2,623	2,546	1,183	2,015	16,356	26,170	26,015
Bank borrowings	986	537	371	265	371	1,594	4,123	5,292
Negotiable commercial paper	4,024	-	-	-	-	-	4,024	3,233
Lease liabilities	513	460	284	258	231	921	2,386	2,512
Other borrowings	34	38	15	13	7	43	150	261
Bank overdrafts and current accounts	301	-	-	-	-	-	301	247

Other financial assets and cash and cash equivalents deducted from net financial debt have a liquidity of less than one year.

Undiscounted contractual interest payments on outstanding borrowings and debt by maturity

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Undiscounted contractual interest flows on outstanding borrowings and debt	959	731	658	554	553	6,398	9,853	9,872

Undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) by maturity

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Derivatives (excluding commodity instruments)	(213)	(107)	55	19	31	532	317	(237)

To better reflect the economic substance of these transactions, the cash flows linked to the derivatives recognized in assets and liabilities shown in the table above relate to net positions.

Group's undrawn credit facility programs

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Confirmed undrawn credit facility programs	1,002	6,463	560	4,991	-	678	13,695	13,019

Of these undrawn programs, an amount of €4,024 million is allocated to covering commercial paper issues.

At December 31, 2020, no single counterparty represented more than 5% of the Group's confirmed undrawn credit lines.

17.3.2 Undiscounted contractual payments relating to operating activities

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the statement of financial position date.

The Group provides an analysis of residual contractual maturities for commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the statement of financial position.

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Derivative instruments carried in liabilities								
relating to portfolio management activities	*(744)*	*(509)*	*(181)*	*(76)*	*(40)*	*(149)*	*(1,699)*	*(4,428)*
relating to trading activities	*(8,483)*	-	-	-	-	-	*(8,483)*	*(9,238)*
Derivative instruments carried in assets								
relating to portfolio management activities	*802*	*671*	*204*	*101*	*29*	*166*	*1,975*	*3,363*
relating to trading activities	*7,059*	-	-	-	-	-	*7,059*	*8,954*
TOTAL	**(1,367)**	**162**	**23**	**25**	**(11)**	**18**	**(1,149)**	**(1,349)**

17.3.3 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

Some Group operating companies have entered into long-term contracts, some of which include “take-or-pay” clauses. These consist of firm commitments to purchase or sell specified quantities of gas, electricity or steam as well as related services, in exchange for a firm commitment from the other party to deliver or purchase said quantities and services. These contracts were documented as falling outside the scope of IFRS 9. The table below shows the main future commitments arising from contracts entered into by Others (GEM BU) and Latin America (expressed in TWh).

In TWh	2021	2022-2025	Beyond 5 years	Total at Dec. 31, 2020	Total at Dec. 31, 2019
Firm purchases	(309)	(586)	(934)	(1,829)	(2,498)
Firm sales	498	608	465	1,571	1,573

NOTE 18 Equity

18.1 Share capital

	Number of shares			Value *(in millions of euros)*		
	Total	**Treasury stock**	**Outstanding**	**Share capital**	**Additional paid-in capital**	**Treasury stock**
At December 31, 2019	**2,435,285,011**	**(22,153,694)**	**2,413,131,317**	**2,435**	**31,470**	**(303)**
Dividend paid in cash	-	-	-	-	-	-
Allocation of prior-year income	-	-	-	-	(178)	-
Purchase/disposal of treasury stock	-	-	-	-	-	47
Delivery of treasury stock (bonus)	-	3,689,060	3,689,060	-	-	-
Revaluation	-	-	-	-	-	-
AT DECEMBER 31, 2020	**2,435,285,011**	**(18,464,634)**	**2,416,820,377**	**2,435**	**31,291**	**(256)**

Changes in the number of outstanding shares in 2020 result solely from the disposal of 3.7 million treasury shares, as part of bonus share plans.

18.1.1 Potential share capital and instruments providing a right to subscribe for new ENGIE SA shares

Since 2017, the Group no longer has any stock purchase or subscription option plans.

Shares to be allocated under the performance share award plans described in Note 21 “Share-based payments” are covered by existing ENGIE SA shares.

18.1.2 Treasury stock

Accounting standards

Treasury shares are recognized at acquisition cost and deducted from equity. Gains and losses on disposals of treasury shares are recorded directly in equity and do not, therefore, impact income for the period.

The Group has a stock repurchase program as a result of the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' Meeting of May 17, 2020. This program provides for the repurchase of up to 10% of the shares comprising the share capital of ENGIE SA at the date of the said Shareholders' Meeting. The aggregate amount of acquisitions net of expenses under the program may not exceed €7.3 billion, and the purchase price must be less than €30 per share excluding acquisition costs.

At December 31, 2020, the Group held 18.5 million treasury shares. To date, all of the shares have been allocated to cover the Group's share commitments to employees and corporate officers.

The liquidity agreement signed with an investment service provider assigns to the latter the role of operating on the market on a daily basis, to buy or sell ENGIE SA shares, in order to ensure liquidity and an active market for the shares on the Paris and Brussels stock exchanges. To date, the resources allocated to the implementation of this agreement amount to €50 million.

18.2 Other disclosures concerning additional paid-in capital, consolidated reserves and issuance of deeply-subordinated perpetual notes (Group share)

Total additional paid-in capital, consolidated reserves and issuance of deeply-subordinated perpetual notes (including net income for the year), amounted to €33,830 million at December 31, 2020, including €31,291 million in additional paid-in capital. Additional paid-in capital includes the allocation of ENGIE SA's net income for an amount of €178 million.

Consolidated reserves include the cumulative income of the Group, the legal and statutory reserves of ENGIE SA, cumulative actuarial gains and losses, net of tax and the change in fair value of equity instruments at fair value through OCI.

Under French law, 5% of the net income of French companies must be allocated to the legal reserve until the latter reaches 10% of share capital. This reserve can only be distributed to shareholders in the event of liquidation. The ENGIE SA legal reserve amounts to €244 million.

18.2.1 Issuance of deeply-subordinated perpetual notes

On November 19, 2020, ENGIE SA carried out an early refinancing of deeply-subordinated perpetual notes, resulting in:

- an issue of green deeply-subordinated perpetual notes for an amount of €850 million offering a coupon of 1.5% with an annual reimbursement option from November 2028, accounted for in equity for a net amount of €844 million;
- a partial early redemption of three tranches of deeply-subordinated perpetual notes for an amount of €850 million, broken down as follows:
  - a redemption of €50 million (4.750% coupon) on a residual nominal amount of €413 million. The first reimbursement option for this hybrid debt was planned for July 2021,
  - a redemption of green deeply-subordinated perpetual notes for €342 million (1.375% coupon) out of a nominal amount of €1 billion. The first reimbursement option for this hybrid debt was planned for April 2023,
  - a redemption of €458 million (3.875% coupon) on a residual nominal amount of €1 billion. The first reimbursement option for this hybrid debt was planned for June 2024.

In accordance with the provisions of IAS 32 – *Financial Instruments – Presentation*, and given their characteristics, these new instruments were accounted for in equity in the Group's consolidated financial statements.

At December 31, 2020 the nominal value of the deeply-subordinated notes amounted to €3,913 million.

In 2020, the Group paid €187 million to the owners of these notes, including €128 million relating to coupons and €59 million for early repayment compensation. This amount is accounted for as a deduction from equity in the Group's consolidated financial statements; the relating tax saving is accounted for in the income statement.

18.2.2 Distributable capacity of ENGIE SA

ENGIE SA's distributable capacity totaled €27,363 million at December 31, 2020 (compared with €31,290 million at December 31, 2019), including €31,291 million of additional paid-in capital.

18.2.3 Dividends

It was proposed, at the Shareholders' Meeting convened to approve the ENGIE Group financial statements for the year ended December 31, 2019, to pay a dividend of €0.80 per share, representing a total payout of €1,931 million based on the number of shares outstanding at December 31, 2019. It will be increased by 10% for all shares held for at least two years on December 31, 2019 and up to the 2019 dividend payment date. Based on the number of outstanding shares on December 31, 2019, this increase is valued at €17 million.

At the Shareholders' Meeting of May 14, 2020, the shareholders approved the Board's decision not to pay a dividend for the 2019 fiscal year in a spirit of responsibility and prudence in the exceptional context of the Covid-19 pandemic.

Proposed dividend in respect of 2020

At the Shareholders' Meeting convened to approve the ENGIE Group financial statements for the year ended December 31, 2020, the shareholders will be asked to approve a dividend of €0.53 per share, representing a total payout of €1,281 million based on the number of shares outstanding at December 31, 2020. It will be increased by 10% for all shares held for at least two years on December 31, 2020 and up to the 2020 dividend payment date. Based on the number of outstanding shares on December 31, 2020, this increase is valued at €10 million.

Subject to approval by the Shareholders' Meeting of May 20 2021, this dividend, net of the interim dividend paid will be detached on Monday May 24, 2021 and paid on Wednesday May 26, 2021. It is not recognized as a liability in the financial statements at December 31, 2020, since the financial statements at the end of 2020 were presented before the appropriation of earnings.

18.2.4 Other transactions

On February 5, 2020, Elengy acquired 27,5% of Total's shares in Fosmax LNG via its subsidiary Total Gaz Electricité Holding France (TGEHF). The acquisition of the shares excluding fees, amounting to €212 million, was financed mainly by an increase in Elengy's capital reserved for "Société d'Infrastructures Gazières (SIG)" in the amount of €185 million.

On July 2, 2020, ENGIE signed an agreement to sell a 49% stake in a 2.3 GW renewable energy portfolio in the United States to the American group Hannon Armstrong, a leader in investing in environmentally friendly solutions. This transaction resulted in the immediate sale of a 49% stake in 663 MW of wind projects in service, with the remaining projects (1.6 GW including 0.5 GW of solar projects), currently under construction, being transferred only upon commissioning. ENGIE will continue fully to consolidate, operate and manage these assets. This transaction resulted in a cash inflow of €406 million.

18.3 Gains and losses recognized in equity (Group share)

All items shown in the table below correspond to cumulative gains and losses (Group share) at December 31, 2020 and December 31, 2019, which are recyclable to income in subsequent periods.

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Debt instruments	30	76
Net investment hedges (1)	(156)	(284)
Cash flow hedges (excl. commodity instruments) (1)	(1,214)	(958)
Commodity cash flow hedges (1)	76	(837)
Deferred taxes on the items above	358	505
Share of equity method entities accounted in recyclable items, net of tax (2)	(813)	(462)
TOTAL RECYCLABLE ITEMS BEFORE TRANSLATION ADJUSTMENTS	**(1,719)**	**(1,961)**
Translation adjustments (3)	(2,850)	(1,098)
TOTAL RECYCLABLE ITEMS	**(4,570)**	**(3,059)**

(1) See Note 17 "Risks arising from financial instruments"
(2) See Note 3 "Investments in equity method entities"
(3) The change in translation adjustments is mainly due to the strong depreciation of the Brazilian real (negative €1,038 million) and the change in the US dollar (negative €677 million)

18.4 Capital management

ENGIE SA seeks to optimize its financial structure at all times by pursuing an optimal balance between its economic net debt and its EBITDA. The Group's key objective in managing its financial structure is to maximize value for shareholders and reduce the cost of capital, while ensuring that the Group has the financial flexibility required to continue its expansion. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context, it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks *(see Note 18.1.2 "Treasury stock")*, issue new shares or deeply-subordinated notes, launch share-based payment plans, recalibrate its investment budget, or sell assets in order to scale back its net debt.

The Group's policy is to maintain an "strong investment grade" rating from the rating agencies. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is the ratio where the numerator includes operating cash flows less net financial expense and taxes paid, and the denominator includes adjusted net financial debt. Net financial debt is mainly adjusted for nuclear provisions, provisions for pensions and deeply-subordinated notes.

The Group's objectives and processes for managing capital have remained unchanged over the past few years.

ENGIE SA is not obliged to comply with any external minimum capital requirements except those provided for by law.

NOTE 19 Provisions

Accounting standards

General principles related to the recognition of a provision

The Group recognizes a provision where it has a present obligation (legal or constructive) towards a third party arising from past events and where it is probable that an outflow of resources will be necessary to settle the obligation with no expected consideration in return.

A provision for restructuring costs is recognized when the general criteria for setting up a provision are met, i.e. when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions are provisions for the back-end of the nuclear fuel cycle, provisions for dismantling facilities and provisions for site restoration costs. The discount rates used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses with respect to unwinding the discount on the provision are recognized as other financial income and expenses.

Estimates of provisions

Factors having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the back-end of the nuclear fuel cycle, to the dismantling of nuclear facilities and of gas infrastructures in France, include:

- cost estimates (notably the retained scenario for managing radioactive nuclear fuel consumed) *(see Note 19.2)*;
- the timing of expenditure (notably, for nuclear power generation activities, the timetable for reprocessing radioactive nuclear fuel consumed and for dismantling facilities as well as the timetable for the end of gas operations regarding the main gas infrastructure businesses in France) *(see Notes 19.2 and 19.3)*; and
- the discount rate applied to cash flows.

These factors are based on information and estimates deemed by the Group to be the most appropriate as of today.

Modifications to certain factors could lead to a significant adjustment in these provisions.

In millions of euros	Post-employment and other long-term benefits	Back-end of the nuclear fuel cycle	Dismantling of plant and equipment (1) and Site rehabilitation	Other contingencies	Total
At December 31, 2019	**7,481**	**7,611**	**7,566**	**2,458**	**25,115**
Additions	313	194	84	531	1,122
Utilizations	(412)	(107)	(86)	(626)	(1,232)
Reversals	(2)	-	(1)	(18)	(20)
Changes in scope of consolidation	6	-	(1)	5	10
Impact of unwinding discount adjustments	90	251	187	17	544
Translation adjustments	(31)	-	(23)	(24)	(78)
Other	1,497	-	116	-	1,613
AT DECEMBER 31, 2020	**8,941**	**7,948**	**7,841**	**2,343**	**27,073**
Non-current	8,810	7,849	7,816	400	24,876
Current	131	99	25	1,942	2,197

(1) Of which €6,207 million in provisions for dismantling nuclear facilities, managed by Synatom, compared to €6,060 million at December 31, 2019

The impact of unwinding discount adjustments in respect of post-employment and other long-term benefits relates to the interest expense on the benefit obligation, net of the interest income on plan assets.

The "Other" line mainly comprises actuarial gains and losses arising on post-employment benefit obligations in 2020, which are recorded in "Other comprehensive income" as well as provisions recorded against a dismantling or site rehabilitation asset.

Additions, utilizations, reversals and the impact of unwinding discount adjustments are presented as follows in the consolidated income statement:

In millions of euros	Dec. 31, 2020
Income/	130
Other financial income and expenses	(544)
TOTAL	**(414)**

The different types of provisions and the calculation principles applied are described below.

19.1 Post-employment benefits and other long-term benefits

See Note 20 "Post-employment benefits and other long-term benefits".

19.2 Obligations relating to nuclear power generation activities

In the context of its nuclear power generation activities, the Group assumes obligations relating to the management of the back-end nuclear fuel cycle and the dismantling of nuclear facilities.

19.2.1 Legal framework

The Belgian law of April 11, 2003 granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing spent nuclear fuel in those plants. The tasks of the Commission for Nuclear Provisions (CNP) set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions.

To enable the Commission for Nuclear Provisions to carry out its work in accordance with the above-mentioned law, Synatom is required to submit a report every three years describing the core inputs used to measure these provisions. If any changes are observed from one triennial report to another that could materially impact the financial inputs used, i.e., the industrial scenario, estimated costs and timing, the Commission may revise its opinion, and the Group makes the necessary adjustments, if any, in the income statement.

Synatom submitted its triennial report to the Commission on September 12, 2019 and the Commission issued its opinion on December 12, 2019, which was taken into account in preparing the financial statements for the year ended December 31, 2019. The provisions recognized by the Group were determined taking into account the prevailing contractual and legal framework, which sets the operating life of the Tihange 1 reactor and the Doel 1 and 2 reactors at 50 years, and the other reactors at 40 years. These provisions have not changed significantly since that date, besides the impact of recurring factors such as the passage of time (unwinding) and utilizations of and additions to provisions for fuel spent during the year.

The provisions include in their assumptions all existing or planned environmental regulatory requirements on a European, national and regional level. If new legislation were to be introduced in the future, the cost estimates used as a basis for the calculations could vary. The Group does not believe that it is aware of any developments that could materially impact the amount of the provisions with the exception of the ongoing studies conducted by ONDRAF to define a technical solution for the storage of category A, low- or medium- activity and short-lived waste.

The estimated provision amounts include margins for contingencies and other risks that may arise in connection with dismantling and radioactive spent fuel management procedures. The contingency margins relating to the disposal of waste are determined by ONDRAF and built into its fees. The Group also estimates appropriate margins for each cost category.

The Group considers that, to the best of its knowledge, the provisions approved by the Commission take into account all currently available information to manage the contingencies and other risks associated with processes such as dismantling nuclear facilities and managing radioactive spent fuel.

19.2.2 Provisions for the back-end of the nuclear fuel cycle

Accounting standards

Allocations to provisions for the back-end of the nuclear fuel cycle are computed based on the average unit cost of the quantities expected to be used up to the end of the operating life of the plants, applied to quantities used at the closing date. An annual allocation is also recognized with respect to unwinding the discount on the provisions.

When spent nuclear fuel is removed from a reactor and temporarily stored on-site, it requires conditioning and potentially reprocessing to separate the most active radionuclides, before being consigned to long-term storage.

ONDRAF proposed on February 9, 2018 that geological storage be adopted as the national policy for managing high-level and/or long-lived radioactive waste. The proposal is subject to the approval of the Belgian government after obtaining the opinion of the Federal Agency for Nuclear Control (*Agence Fédérale de Contrôle Nucléaire* – AFCN).

In addition, ENGIE considers that the "mixed" scenario adopted by the Commission for Nuclear Provisions continues to apply, whereby the fuel containing the most active radionuclides is reprocessed, and the rest disposed of directly without reprocessing.

The provisions booked by the Group for nuclear fuel processing and storage cover all of the costs linked to the "mixed" scenario, including on-site storage, transportation, reprocessing, conditioning, storage and geological disposal. They are calculated based on the following principles and inputs:

- storage costs primarily comprise the costs of building and operating additional dry storage facilities and operating existing facilities, along with the costs of purchasing containers;
- part of the radioactive spent fuel is transferred for reprocessing. The resulting plutonium and uranium is sold to a third party;
- radioactive spent fuel that has not been reprocessed is to be conditioned, which requires conditioning facilities to be built according to ONDRAF's approved criteria. ONDRAF's recommendations as regards the cost of these facilities have been fully taken into account;
- the reprocessing residues and conditioned spent fuel are transferred to ONDRAF;
- the cost of burying fuel in deep geological repositories is estimated using the royalty rate established by ONDRAF based on a total disposal facility cost of €10.7 billion$_{2017}$. The estimated cost of the AFCN's preliminary recommendation as regards an additional well has also been included based on ONDRAF's recommendations.
- the long-term obligation is calculated using estimated internal costs and external costs assessed based on offers received from third parties;

- the baseline scenario includes ONDRAF's latest scenario, with geological storage starting in around 2070 and ending in around 2135;
- the discount rate used is 3.25%. It takes into account (i) an analysis of trends in long-term benchmark rates and their historical and forecast averages, as well as (ii) the long life of the liabilities based on ONDRAF's scenario;
- an inflation rate assumption of 2.0% (actual rate of 1.25%).

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. In its opinion to the Commission for Nuclear Provisions, ONDRAF pointed out the uncertainty over some costs, which in principle are covered by the contingency margins, but for which the Commission set up a work and further analysis program as of 2020. The provisions may be subsequently adjusted in line with changes in the above-mentioned inputs and related cost estimates. Belgium's current legal framework does not permit partial reprocessing and has not yet confirmed the adoption of geological storage as the policy for managing medium and high level nuclear waste.

As regards the partial reprocessing scenario, following a resolution adopted by the House of Representatives in 1993, reprocessing contracts that had not already begun were suspended and then terminated in 1998. The scenario adopted is based on the assumption that the Belgian government will allow Synatom to reprocess spent fuel and that an agreement will be reached between Belgium and France designating Orano (formerly Areva) as responsible for these reprocessing operations. A scenario assuming the direct disposal of waste without reprocessing would lead to a decrease in the provision compared to the provision resulting from the "mixed" scenario currently used and approved by the Commission for Nuclear Provisions.

The Belgian government has not yet taken a decision as to whether the waste should be buried in a deep geological repository or stored over the long term. On November 27, 2019, the European Commission sent a reasoned opinion to Belgium under the breach procedure provided for in Article 258 of the Treaty on the Functioning of the European Union, on the grounds that Belgium had not adopted a national program for managing radioactive waste in compliance with various requirements set out in the directive on spent fuel and radioactive waste (Council Directive 2011/70/Euratom). Therefore, at this stage, there is only one national program for the safe storage of spent fuel pending reprocessing or long-term storage. The scenario adopted by the Commission for Nuclear Provisions is based on the assumption that the waste will be buried in a deep geological repository at a site yet to be identified and classified in Belgium.

Sensitivity

Provisions for the back-end of the nuclear fuel cycle remain sensitive to assumptions regarding costs, the timing of operations and expenditure, as well as to discount rates:

- a 10% increase in ONDRAF's fees above the royalty rate for the removal of high-level and/or long-lived waste would lead to an increase in provisions of approximately €175 million based on unchanged contingency margins;
- a five-year advance in ONDRAF's expenditure on temporary storage, conditioning and long-term storage for high-level and/or long-lived radioactive waste would lead to an increase in provisions of approximately €170 million. A five-year delay in the payment schedule for these various expenses would lead to a decrease of less than that amount;
- a change of 10 basis points in the discount rate used could lead to an adjustment of approximately €260 million in provisions for the back-end of the nuclear fuel cycle. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

These sensitivities are calculated on a purely financial basis and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation.

19.2.3 Provisions for dismantling nuclear facilities

Accounting standards

A provision is recognized when the Group has a present legal or constructive obligation to dismantle facilities or to restore a site. The present value of the obligation at the time of commissioning represents the initial amount of the provision for dismantling with, as the counterpart, an asset for the same amount, which is included in the carrying amount of the facilities concerned. This asset is depreciated over the operating life of the facilities and is included in the scope of assets subject to impairment tests. Adjustments to the provision due to subsequent changes in (i) the expected outflow of resources, (ii) the timing of dismantling expenses or (iii) the discount rate, are deducted from or, subject to specific conditions, added to the cost of the corresponding asset. The impacts of unwinding the discount are recognized in expenses for the period.

A provision is also recorded for nuclear units for which the Group holds a capacity right up to its share of the expected decommissioning costs to be borne by the Group.

Nuclear power plants have to be dismantled at the end of their operating life. Provisions are set aside in the Group's financial statements to cover all costs relating to (i) the shutdown phase, which involves removing radioactive spent fuel from the site and (ii) the dismantling phase, which consists of decommissioning and cleaning up the site.

The dismantling strategy is based on the facilities being dismantled (i) immediately after the reactor is shut down, (ii) on a mass basis rather than on a site-by-site basis, and (iii) completely, the land being subsequently returned to greenfield status.

Provisions for dismantling nuclear facilities are calculated based on the following principles and inputs:

- costs payable over the long term are calculated by reference to the estimated costs for each nuclear facility, based on a study conducted by independent experts under the assumption that the facilities will be dismantled on a mass basis;

- fees for handling Class A – low or medium activity and short-lived – and B – low or medium activity and long-lived dismantling waste are determined using the royalty rate established by ONDRAF and include the margins recommended by ONDRAF for waste reclassification risk given the uncertainty over the definition of the criteria for classification in those classes;
- for the various phases, margins for usual contingencies, reviewed by ONDRAF and the Commission for Nuclear Provisions, are included;
- an inflation rate of 2.0% is applied until the dismantling obligations expire in order to determine the value of the future obligation;
- a discount rate of 2.5% (including inflation of 2.0%) is applied to determine the present value (NPV) of the obligation. It is different from the rate used to calculate the provision for processing spent nuclear fuel due to the major differences in horizon of the two liabilities after taking into account ONDRAF's new scenario;
- the operating life is 50 years for Tihange 1 and Doel 1 and 2, and 40 years for the other facilities;
- the start of the technical shutdown procedures depends on the facility concerned and on the timing of operations for the nuclear reactor as a whole. The shutdown procedures are immediately followed by dismantling operations.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. In its opinion to the Commission for Nuclear Provisions, ONDRAF pointed out the uncertainty over some costs, which in principle are covered by the contingency margins, but for which the Commission set up a work and further analysis program in 2020. The provisions may be subsequently adjusted in line with changes in the above-mentioned inputs. However, these inputs and assumptions are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

The scenario adopted is based on a dismantling program and on timetables that have to be approved by the nuclear safety authorities.

Sensitivity

Based on currently applied inputs for estimating costs and the timing of payments, a change of 10 basis points in the discount rate used could lead to an adjustment of approximately €62 million in dismantling provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

This sensitivity is calculated on a purely financial basis and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation.

19.3 Dismantling of non-nuclear plant and equipment and site rehabilitation

19.3.1 Dismantling obligations arising on non-nuclear plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities and LNG terminals, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

Based on estimates of proven and probable gas reserves through 2260 using current production levels, dismantling provisions for gas infrastructures in France have a present value near zero.

19.3.2 Hazelwood Power Station & Mine (Australia)

The Group and its partner Mitsui announced in November 2016 their decision to close the coal-fired Hazelwood Power Station, and cease coal extraction operations from the adjoining mine from late March 2017. The Group holds a 72% interest in the former 1,600 MW power station and adjoining mine, which was previously fully consolidated and has been consolidated as a joint operation since September 2018.

At December 31, 2020, the Group's share (72%) of the provision covering the obligation to dismantle and rehabilitate the mine amounted to €277 million.

Dismantling and site rehabilitation work commenced in 2017 and focused on: managing site contamination; planning site-wide environmental clean-up; the demolition and dismantling of all of the site's industrial facilities, including the former power station; and ongoing aquifer pumping and designated earthworks within the mine to ensure mine floor and batter stability with a view to long-term rehabilitation into a pit lake.

Several policies and laws that have a direct or indirect impact on mine rehabilitation and on the agencies that administer them have recently been reformed. Consequently, the ultimate regulatory obligations are likely to be revised during the life of the project and could therefore have an impact on provisions.

The average discount rate used to determine the amount of the provisions is 4.03%.

The amount of the provision recognized is based on the Group's best current estimate of the demolition and rehabilitation costs that Hazelwood is expected to incur. However, the amount of this provision may be adjusted in the future to take into account any changes in the key inputs.

19.4 Other contingencies

This caption essentially includes provisions for commercial litigation, tax claims and disputes (except income tax, pursuant to IFRIC 23) as well as provisions for onerous contracts relating to storage and transport capacity reservation contracts.

NOTE 20 Post-employment benefits and other long-term benefits

Accounting standards

Depending on the laws and practices in force in the countries where the Group operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all employees within the companies concerned.

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or entity of the Group. Discount rates are determined by reference to the yield, at the measurement date, on investment grade corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Pension commitments are measured on the basis of actuarial assumptions. The Group considers that the assumptions used to measure its obligations are relevant and documented. However, any change in these assumptions could have a significant impact on the resulting calculations.

Provisions are recorded when commitments under these plans exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other assets" (current or non-current).

As regards post-employment benefit obligations, actuarial gains and losses are recognized in other comprehensive income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way. However, actuarial gains and losses on other long-term benefits such as long-service awards, are recognized immediately in income.

Net interest on the net defined benefit liability (asset) is presented in net financial income/(loss).

20.1 Description of the main pension plans

20.1.1 Companies belonging to the Electricity and Gas Industries sector in France

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, occupational accident and occupational illness benefit plans for electricity and gas industry (hereinafter "EGI") companies in France. The CNIEG is a social security legal entity under private law placed under the joint responsibility of the ministries in charge of social security and the budget.

Employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The main affiliated Group entities are ENGIE SA, GRDF, GRTgaz, Elengy, Storengy, ENGIE Thermique France, CPCU, CNR and SHEM.

Following the funding reform of the special EGI pension plan introduced by Law No. 2004-803 of August 9, 2004 and its implementing decrees, specific benefits (pension benefits on top of the standard benefits payable under ordinary law) already vested at December 31, 2004 ("past specific benefits") were allocated between the various EGI entities. Past specific benefits (benefits vested at December 31, 2004) relating to regulated transmission and distribution businesses ("regulated past specific benefits") are funded by the levy on gas and electricity transmission and distribution services (*Contribution Tarifaire d'Acheminement*) and therefore no longer represent an obligation for the ENGIE Group. Unregulated past specific benefits (benefits vested at December 31, 2004) are funded by EGI sector companies to the extent defined by Decree No. 2005-322 of April 5, 2005.

The special EGI pension plan is a legal pension plan available to new entrants.

The specific benefits vested under the plan since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective weight in terms of payroll costs within the EGI sector.

As this plan represents a defined benefit plan, the Group has set aside a pension provision in respect of specific benefits payable to employees of unregulated activities and specific benefits vested by employees of regulated activities since January 1, 2005. This provision also covers the Group's early retirement obligations. The provision amount may be subject to fluctuations based on the weight of the Group's companies within the EGI sector.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2020, the projected benefit obligation in respect of the special pension plan for EGI sector companies amounted to €4.3 billion.

The duration of the pension benefit obligation of the EGI pension plan is 24 years.

20.1.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Laborelec and some ENGIE Energy Management Trading and ENGIE CC employee categories, are governed by collective bargaining agreements.

These agreements, applicable to "wage-rated" employees recruited prior to June 1, 2002 and managerial staff recruited prior to May 1, 1999, specify the benefits entitling employees to a supplementary pension equivalent to 75% of their most recent annual income, for a full career and in addition to the statutory pension. These top-up pension payments provided under defined benefit plans are partly reversionary. In practice, the benefits are paid in the form of a lump sum for the majority of plan participants. Most of the obligations resulting from these pension plans are financed through pension funds set up for the electricity and gas sector and by certain insurance companies. Pre-funded pension plans are financed by employer and employee contributions. Employer contributions are calculated annually based on actuarial assessments.

The projected benefit obligation relating to these plans represented around 16% of total pension obligations and related liabilities at December 31, 2020. The average duration is 9 years.

"Wage-rated" employees recruited after June 1, 2002 and managerial staff (i) recruited after May 1, 1999 or (ii) having opted for the transfer through defined contribution plans, are covered under defined contribution plans. Prior to January 1, 2017, the law specified a minimum average annual return (3.75% on wage contributions and 3.25% on employer contributions) when savings are liquidated.

The law on supplementary pensions, approved on December 18, 2016 and enforced on January 1, 2017 henceforth specifies a minimum rate of return, depending on the actual rate of return of Belgian government bonds, within a range of 1.75%-3.25% (the rates are now identical for employee and employer contributions). In 2020, the minimum rate of return stood at 1.75%.

An expense of €37 million was recognized in 2020 in respect of these defined contribution plans (€36 million in 2019).

20.1.3 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans.

Under multi-employer plans, risks are pooled to the extent that the plan is funded by a single contribution rate determined for all affiliated companies and applicable to all employees.

Multi-employer plans are particularly common in the Netherlands, where employees are normally required to participate in a compulsory industry-wide plan. These plans cover a significant number of employers, thereby limiting the impact of potential default by an affiliated company. In the event of default, the vested rights are maintained in a special compartment and are not transferred to the other members. Refinancing plans may be set up to ensure the funds are balanced.

The ENGIE Group accounts for multi-employer plans as defined contribution plans.

The expense recognized in 2020 in respect of multi-employer pension plans was stable as compared to 2019 at €73 million.

20.1.4 Other pension plans

Most other Group companies also grant their employees retirement benefits. In terms of financing, pension plans within the Group are almost equally split between defined benefit and defined contribution plans.

The Group's main pension plans outside France, Belgium and the Netherlands concern:

- the United Kingdom: the large majority of defined benefit pension plans is now closed to new entrants and future benefits no longer vest under these plans. All entities run a defined contribution scheme. The pension obligations of International Power's subsidiaries in the United Kingdom are covered by the special Electricity Supply Pension Scheme (ESPS). The assets of this defined benefit scheme are invested in separate funds. Since June 1, 2008, the scheme has been closed and a defined contribution plan has been set up for new entrants;
- Germany: the Group's German subsidiaries have closed their defined benefit plans to new entrants and now offer defined contribution plans;
- Brazil: ENGIE Brasil Energia operates its own pension scheme. This scheme has been split into two parts, one for the (closed) defined benefit plan, and the other for the defined contribution plan that has been available to new entrants since the beginning of 2005.

20.2 Description of other post-employment benefit obligations and other long-term benefits

20.2.1 Other benefits granted to current and former EGI sector employees

Other benefits granted to EGI sector employees are:

- post-employment benefits:
  - reduced energy prices,
  - end-of-career indemnities,
  - bonus leave,
  - death capital benefits;
- long-term benefits:
  - allowances for occupational accidents and illnesses,
  - temporary and permanent disability allowances,
  - long-service awards.

The Group's main obligations are described below.

20.2.1.1 Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind, which take the form of reduced energy prices known as "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For retired employees, this provision represents a post-employment defined benefit. Retired employees are only entitled to the reduced rate if they have completed at least 15 years' service within EGI sector companies.

In accordance with the agreements signed with EDF in 1951, ENGIE provides gas to all current and former employees of ENGIE and EDF, while EDF supplies electricity to these same beneficiaries. ENGIE pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The obligation to provide energy at a reduced price to current and former employees is measured as the difference between the energy sale price and the preferential rate granted.

The provision set aside in respect of reduced energy prices stood at €4.2 billion at December 31, 2020. The duration of the obligation is 25 years.

20.2.1.2 End-of-career indemnities

Retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities, which increase in line with the length of service within the EGI sector.

20.2.1.3 Compensation for occupational accidents and illnesses

EGI sector employees are entitled to compensation for accidents at work and occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

20.2.2 Other benefits granted to employees of the gas and electricity sector in Belgium

Electricity and gas sector companies also grant other employee benefits such as the reimbursement of medical expenses, electricity and gas price reductions, as well as length-of-service awards and early retirement schemes.

These benefits are not prefunded, with the exception of the special "*allocation transitoire*" termination indemnity, considered as an end-of-career indemnity.

20.2.3 Other collective agreements

Most other Group companies also grant their staff post-employment benefits (early retirement plans, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

20.3 Defined benefit plans

20.3.1 Amounts presented in the statement of financial position and statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position relating to post-employment benefit obligations and other long-term benefits results from the difference between the gross projected benefit obligation and the fair value of plan assets. A provision is recognized if this difference is positive (net obligation), while a prepaid benefit cost is recorded in the statement of financial position when the difference is negative, provided that the conditions for recognizing the prepaid benefit cost are met.

Changes in provisions for pension plans, post-employment benefits and other long-term benefits, plan assets and reimbursement rights recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Plan assets	Reimbursement rights
At December 31, 2019	**(7,481)**	**53**	**161**
Exchange rate differences	35	-	-
Changes in scope of consolidation and other	-	-	-
Actuarial gains and losses	(1,488)	(31)	(7)
Periodic pension cost	(438)	(3)	25
Asset ceiling	-	-	-
Contributions/benefits paid	431	17	9
AT DECEMBER 31, 2020	**(8,941)**	**36**	**188**

Plan assets and reimbursement rights are presented in the statement of financial position under "Other non-current assets" or "Other current assets".

The cost recognized for the period amounted to €441 million in 2020 (€492 million in 2019). The components of this defined benefit cost in the period are set out in Note 20.3.3 "Components of the net periodic pension cost".

The Eurozone represented 98% of the Group's net obligation at December 31, 2020, 97% at December 31, 2019).

Cumulative actuarial gains and losses recognized in equity amounted to €6,037 million at December 31, 2020, compared to -€4,594 million at December 31, 2019.

Net actuarial differences arising in the period and presented on a separate line in the statement of comprehensive income represented a net actuarial loss of €1,519 million in 2020 and of -€1,149 million in 2019.

20.3.2 Change in benefit obligations and plan assets

The table below shows the amount of the Group's projected benefit obligations and plan assets, changes in these items during the periods presented, and their reconciliation with the amounts reported in the statement of financial position:

		Dec. 31, 2020				Dec. 31, 2019			
In millions of euros		Pension benefit obligation [1]	Other post-employment benefit obligation [2]	Long-term benefit obligations [3]	Total	Pension benefit obligations [1]	Other post-employment benefit obligations [2]	Long-term benefit obligations [3]	Total
A – Change in projected benefit obligation									
Projected benefit obligation at January 1		**(8,570)**	**(4,470)**	**(531)**	**(13,572)**	**(7,712)**	**(3,794)**	**(499)**	**(12,006)**
Service cost		(303)	(79)	(50)	(432)	(291)	(63)	(43)	(397)
Interest expense		(115)	(57)	(5)	(177)	(173)	(76)	(9)	(258)
Contributions paid		(16)	-	-	(16)	(16)	-	-	(16)
Amendments		(19)	4	(1)	(16)	(1)	-	-	(1)
Changes in scope of consolidation		-	-	-	-	172	(5)	(1)	166
Curtailments/settlements		125	1	1	127	75	-	1	76
Non-recurring items		-	-	-	-	-	-	-	-
Financial actuarial gains and losses		(789)	(678)	(31)	(1,498)	(887)	(698)	(5)	(1,590)
Demographic actuarial gains and losses		(56)	8	(6)	(55)	(120)	57	(14)	(76)
Benefits paid		405	104	57	566	373	108	39	521
Other (of which translation adjustments)		152	-	2	154	10	-	-	10
Projected benefit obligation at December 31	**A**	**(9,186)**	**(5,167)**	**(565)**	**(14,919)**	**(8,570)**	**(4,470)**	**(531)**	**(13,572)**
B – Change in fair value of plan assets									
Fair value of plan assets at January 1		6,169	-	-	6,169	5,767	-	-	5,767
Interest income on plan assets		86	-	-	86	133	-	-	133
Financial actuarial gains and losses		(4)	-	-	(4)	497	-	-	497
Contributions received		206	-	-	206	197	-	-	197
Changes in scope of consolidation		-	-	-	-	(109)	-	-	(109)
Settlements		9	-	-	9	(28)	-	-	(28)
Benefits paid		(308)	-	-	(308)	(282)	-	-	(282)
Other (of which translation adjustments)		(124)	-	-	(124)	(7)	-	-	(7)
Fair value of plan assets at December 31	B	6,034	-	-	6,034	6,169	-	-	6,169
C – funded status	**A+B**	**(3,153)**	**(5,167)**	**(565)**	**(8,885)**	**(2,402)**	**(4,470)**	**(531)**	**(7,403)**
Asset ceiling		(21)	-	-	(21)	(25)	-	-	(25)
Net benefit obligation		**(3,174)**	**(5,167)**	**(565)**	**(8,906)**	**(2,427)**	**(4,470)**	**(531)**	**(7,428)**
ACCRUED BENEFIT LIABILITY		**(3,210)**	**(5,137)**	**(595)**	**(8,941)**	**(2,480)**	**(4,470)**	**(531)**	**(7,481)**
PREPAID BENEFIT COST		**36**	-	-	**36**	**53**	-	-	**53**

(1) Pensions and retirement bonuses
(2) Reduced energy prices, healthcare, gratuities and other post-employment benefits
(3) Length-of-service awards and other long-term benefits

20.3.3 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2020 and 2019 breaks down as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Current service cost	432	397
Actuarial gains and losses [(1)]	37	19
Plan amendments	-	-
Gains or losses on pension plan curtailments, terminations and settlements	(120)	(48)
Non-recurring items	-	-
Total accounted for under current operating income including operating MtM and share in net income of equity method entities	**350**	**368**
Net interest expense	91	125
Total accounted for under net financial income/(loss)	**91**	**125**
TOTAL	**441**	**493**

(1) On the long-term benefit obligation

20.3.4 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are twofold: to maintain sufficient liquidity to cover pension and other benefit payments; and as part of risk management, to achieve a long-term rate of return higher than the discount rate or, where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions are the responsibility of the fund management concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies or euro-denominated policies, in a manner adapted to the risk and long-term profile of the liabilities.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

In millions of euros	Projected benefit obligation	Fair value of plan assets	Asset ceiling	Total net obligation
Underfunded plans	(7,671)	5,192	(21)	(2,500)
Overfunded plans	(606)	842	-	236
Unfunded plans	(6,641)	-	-	(6,641)
AT DECEMBER 31, 2020	**(14,918)**	**6,034**	**(21)**	**(8,905)**
Underfunded plans	(7,399)	5,616	(25)	(1,809)
Overfunded plans	(517)	553	-	36
Unfunded plans	(5,655)	-	-	(5,655)
At December 31, 2019	**(13,571)**	**6,169**	**(25)**	**(7,428)**

The allocation of plan assets by principal asset category can be analyzed as follows:

In %	Dec. 31, 2020	Dec. 31, 2019
Equity investments	26	27
Sovereign bond investments	23	26
Corporate bond investments	29	27
Money market securities	3	3
Real estate	2	2
Other assets	16	15
TOTAL	**100**	**100**

All plan assets were quoted on an active market at December 31, 2020.

The actual return on assets of EGI sector companies stood at a positive 1.4% in 2020.

In 2020, the actual return on plan assets of Belgian entities amounted to approximately 2.8% in Group insurance and a positive 0.8% in pension funds.

The allocation of plan asset categories by geographic area of investment can be analyzed as follows:

In %	Europe	North America	Latin America	Asia-Oceania	Rest of the World	Total
Equity investments	60	23	3	10	4	100
Sovereign bond investments	82	1	16	-	-	100
Corporate bond investments	74	20	1	4	2	100
Money market securities	96	-	3	1	-	100
Real estate	92	1	5	1	1	100
Other assets	46	23	3	4	24	100

20.3.5 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates for the main actuarial assumptions are presented below:

		Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
		2020	2019	2020	2019	2020	2019	2020	2019
Discount rate	Eurozone	0.6%	1.2%	0.6%	1.2%	0.6%	1.0%	0.6%	1.2%
	UK Zone	1.6%	1.7%	-	-	-	-	-	-
Inflation rate	Eurozone	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
	UK Zone	3.2%	3.4%	-	-	-	-	-	-

20.3.5.1 Discount and inflation rate

The discount rate applied is determined based on the yield, at the date of the calculation, of investment grade corporate bonds with maturities mirroring the term of the plan.

The rates were determined for each monetary area based on data for AA corporate bond yields. For the Eurozone, data (from Bloomberg) are extrapolated on the basis of government bond yields for long maturities.

According to the Group's estimates, a 100-basis-point increase or decrease in the discount rate would result in a change of approximately 18% in the projected benefit obligation.

The inflation rates were determined for each monetary area. A 100-basis-point increase or decrease in the inflation rate (with an unchanged discount rate) would result in a change of approximately 17% in the projected benefit obligation.

20.3.5.2 Other assumptions

The increase in the rate of medical costs (including inflation) was estimated at 1%.

A 100-basis-point change in the assumed increase in medical costs would have the following impacts:

In millions of euros	100 basis point increase	100 basis point decrease
Impact on expenses	-	-
Impact on pension obligations	5	(5)

20.3.6 Estimated employer contributions payable in 2021 under defined benefit plans

The Group expects to pay around €214 million in contributions into its defined benefit plans in 2021, including €133 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested during the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

20.4 Defined contribution plans

In 2020, the Group recorded a €248 million expense in respect of amounts paid into Group defined contribution plans (€121 million in 2019). These contributions are recorded under "Personnel costs" in the consolidated income statement.

NOTE 21 Share-based payments

Accounting standards

Under IFRS 2, share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded.

The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividend is payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that the Group will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

A Monte Carlo pricing model is used for performance shares granted on a discretionary basis and subject to external performance criteria.

Expenses recognized in respect of share-based payments break down as follows:

	Expense for the year	
In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Employee share issues (1)	(2)	(1)
Bonus/performance share plans (2) (3)	(45)	(48)
Other Group companies' plans	(3)	(2)
TOTAL	**(50)**	**(51)**

(1) Including Share Appreciation Rights set up within the scope of employee share issues in certain countries
(2) Of which a reversal of €6 million in 2020 for failure to meet the performance conditions
(3) Of which a reversal of €5 million in 2020 for failure to meet the condition of continuing employment within the Group (€2 million in 2019)

21.1 Performance shares

21.1.1 New awards in 2020

ENGIE Performance Share plan of December 17, 2020

On December 17, 2020, the Board of Directors approved the award of 4.9 million performance shares to members of the Group's executive and senior management, breaking down into three tranches:

- performance shares vesting on March 14, 2024, subject to a one-year lock-up period;
- performance shares vesting on March 14, 2024, without a lock-up period; and
- performance shares vesting on March 14, 2025, without a lock-up period.

In addition to a condition requiring employees to be employed with the Group at the vesting date, each tranche is made up of instruments subject to three different conditions, excluding the first 150 performance shares granted to beneficiaries (excluding top management), which are exempt from performance conditions. The performance conditions, each of which accounts for one-third of the total grant, are as follows:

- a market performance condition relating to ENGIE's Total Shareholder Return compared to that of a reference panel of nine companies, as assessed between November 2020 and January 2024;
- two internal performance conditions relating to net recurring income Group share and to Return On Capital Employed (ROCE) in 2022 and 2023.

Under this plan, performance shares without conditions were also awarded to the winners of the Innovation and Incubation programs (21,150 shares awarded).

21.1.2 Fair value of bonus share plans with or without performance conditions

The following assumptions were used to calculate the fair value of the new plans awarded by ENGIE in 2020:

Award date	Vesting date	End of the lock-up period	Price at the award date	Expected dividend	Financing cost for the employee	Non-transferability cost	Market-related performance condition	Fair value per unit
December 17, 2020	March 14, 2024	March 14, 2025	12.7	0,75	3.9%	0,36	yes	9,44
December 17, 2020	March 14, 2024	March 14, 2024	12.7	0,75	3.9%	0,36	yes	9,87
December 17, 2020	March 14, 2024	March 14, 2024	12.7	0,75	3.9%	0,47	no	10,67
December 17, 2020	March 14, 2025	March 14, 2025	12.7	0,75	3.9%	0,36	yes	9,16
Weighted average fair value of the December 17, 2020 plan								**9,93**

21.1.3 Review of internal performance conditions applicable to the plans

In addition to the condition of continuing employment within the Group, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plans in accordance with IFRS 2. Performance conditions are reviewed at each reporting date.

The Group decided to adjust the effect of the Covid-19 crisis on the achievement of the internal performance conditions for the performance share plans awarded in December 2017 and December 2018 including 2020 as the year of reference. After applying the adjusted achievement rates, the Group recognized income of €6 million.

NOTE 22 Related party transactions

This note describes material transactions between the Group and its related parties.

Compensation payable to key management personnel is disclosed in Note 23 "Executive compensation".

Transactions with joint ventures and associates are described in Note 3 "Investments in equity method entities".

Only material transactions are described below.

22.1 Relations with the French State and with entities owned or partly owned by the French State

22.1.1 Relations with the French State

The French State's interest in the Group at December 31, 2020 was unchanged from the previous year at 23.64%. This entitles it to three seats of the 13 seats on the Board of Directors (one director representing the State appointed by decree, and directors appointed by the Shareholders' Meeting at the proposal of the State).

The French State holds 33.19% of the theoretical voting rights (33.39% of exercisable voting rights) compared with 33.67% at end-2019.

On May 22, 2019, the PACTE act ("Action plan for business growth and transformation") was enacted, enabling the French State to dispose of its ENGIE shares without restriction.

In addition, the French State holds a golden share aimed at protecting France's critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and confers the right to oppose ENGIE's decision if it considers them contrary to the interest of France.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

Transmission rates on the GRTgaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals and revenues from storage capacities are all regulated.

The Law on Energy and Climate enacted on November 8, 2019 will put an end to regulated gas tariffs and will restrict regulated electricity tariffs for consumers and small businesses. The final date for the discontinuation of regulated gas tariffs is July 1, 2023.

22.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France SA and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. Enedis SA (previously ERDF SA), a subsidiary of EDF SA, and GRDF SA, a subsidiary of ENGIE SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

22.2 Relations with the CNIEG (Caisse Nationale des Industries Électriques et Gazières)

The Group's relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 20 "Post-employment benefits and other long-term benefits".

NOTE 23 Executive compensation

The executive compensation presented below includes the compensation of the members of the Group's Executive Committee and Board of Directors.

The Executive Committee had ten members at December 31, 2020 (14 members at December 31, 2019).

Their compensation breaks down as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Short-term benefits	29	21
Post-employment benefits	-	10
Share-based payments	2	5
Termination benefits	7	-
TOTAL	**38**	**36**

Pursuant to the European Directive of April 16, 2014, French ordinance no. 2019-697 relating to supplementary pensions, published on July 4, 2019, terminated the existing L.137-11 pension plan (referred to as "Article 39") and prohibited the accrual of further rights and the entry of any new members as of that date.

Following the closure of the plan and the freezing of the random rights in 2019, in 2020 the Group transformed the random rights of beneficiaries, including the members of the Group's Executive Committee, under a defined contribution plan referred to as "Article 82".

NOTE 24 Working capital requirements, inventories, other assets and other liabilities

Accounting standards

In accordance with IAS 1, the Group's current and non-current assets and liabilities are shown separately in the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the reporting date are classified as current, while all other items are classified as non-current.

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

Nuclear fuel purchased is consumed in the process of producing electricity over a number of years. The consumption of this nuclear fuel inventory is recorded based on estimates of the quantity of electricity produced per unit of fuel.

Gas inventories

Gas injected into underground storage facilities includes working gas, which can be withdrawn without adversely affecting the subsequent operation of the reservoirs, and cushion gas, which is inseparable from the reservoirs and essential for their operation (*see Note 15 "Property, plant and equipment"*).

Working gas is classified in inventories and measured at weighted average purchase cost upon entering the transportation network regardless of its source, including any regasification costs.

Group inventory outflows are valued using the weighted average unit cost method.

Tax equity

The ENGIE Group finances its renewables projects in the United States through tax equity structures, in which part of the necessary funds is provided by a tax partner. The tax partner obtains, up to a pre-detemined level, a preferential right essentially to the project's tax credits, which it can deduct from its own tax base.

The tax partner's investments meet the definition of a liability under IFRS. Since the tax equity liability corresponding to these tax benefits does not give rise to any cash outflow for the project entity, it does not represent a financial debt and is accounted for in "Other liabilities".

Besides the unwinding effect, the liability changes mainly as a function of the tax credits allocated to the tax partner recognized in profit or loss.

24.1 Composition of change in working capital requirements

In millions of euros	Change in working capital requirements at Dec. 31, 2020	Change in working capital requirements at Dec. 31, 2019
Inventories	(492)	465
Trade and other receivables, net	107	802
Trade and other payables, net	(586)	(1,107)
Tax and employee-related receivables/payables	(58)	(36)
Margin calls and derivative instruments hedging commodities relating to trading activities	(109)	(981)
Other	539	(253)
TOTAL	**(600)**	**(1,110)**

24.2 Inventories

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Inventories of natural gas, net	1,146	1,104
Inventories of uranium [(1)]	530	538
CO_2 emissions allowances, green certificates and energy saving certificates, net	1,070	682
Inventories of commodities other than gas and other inventories, net	1,395	1,294
TOTAL	**4,140**	**3,617**

(1) Financial hedging instruments are backed by these uranium inventories and represented an amount of €18 million at December 31, 2020

24.3 Other assets and other liabilities

	Dec. 31, 2020				Dec. 31, 2019			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Other assets and liabilities	396	8,990	(2,004)	(12,545)	384	10,216	(1,222)	(13,101)
Tax receivables/payables	*-*	*6,274*	*-*	*(6,960)*	*-*	*6,986*	*-*	*(7,750)*
Employee receivables/ payables	*222*	*51*	*(6)*	*(2,667)*	*214*	*39*	*(6)*	*(2,594)*
Dividend receivables/ payables	*-*	*17*	*-*	*(76)*	*-*	*21*	*-*	*(104)*
Other	174	2,649	(1,998)	(2,841)	171	3,170	(1,215)	(2,653)

At December 31, 2020, other non-current assets also included a receivable towards EDF Belgium in respect of nuclear provisions amounting to €94 million (€92 million at December 31, 2019).

Other liabilities include €1,123 million in investments made by tax partners as part of the financing of renewable projects in the United States by tax equity (€228 million at December 31, 2019).

NOTE 25 Legal and anti-trust proceedings

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

The main disputes and investigations presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities.

In the normal course of its business, the Group is involved in a number of disputes and investigations before state courts, arbitral tribunals or regulatory authorities. The disputes and investigations that could have a material impact on the Group are presented below.

25.1 France excluding Infrastructures

25.1.1 Canvassing

EDF brought an action against ENGIE before the Nanterre Commercial Court on July 20, 2017, seeking €13.5 million in damages for alleged losses due to unfair competitive practices pursued by ENGIE mainly in its door-to-door canvassing campaigns. In its judgment of December 14, 2017, the court ordered ENGIE to pay EDF the sum of €150,000, concluding that ENGIE was guilty of unfair competition but acknowledging that there had been no disparagement of EDF and that ENGIE had set up training and control arrangements for its partners.

ENGIE appealed the judgment and EDF brought a cross-appeal seeking €94.7 million in damages for its alleged loss. The Versailles Court of Appeal delivered its judgment on March 12, 2019, ordering ENGIE to pay EDF €1 million. It also ordered ENGIE to cease and desist from all parasitic business practices and disparagement to the detriment of EDF, subject to a penalty of €10,000 for each infringement.

On July 6, 2020, EDF asked the enforcement judge at the Nanterre Court to assess the penalty ordered by the Versailles Court of Appeal, seeking payment from ENGIE of the sum of €106.89 million and a final penalty of €50,000 per infringement for a period of one year. On December 11, 2020, the enforcement judge ordered ENGIE to pay EDF the sum of €230,000 and ordered a new provisional penalty of €15,000 per new infringement for a period of one year as of notification of the judgment by EDF.

On December 22, 2020, EDF appealed the enforcement judge's decision before the Versailles Court of Appeal.

25.2 France Infrastructures

25.2.1 Commissioning

Regarding the customer management services carried out on behalf of the grid manager in the gas sector, on June 30, 2020, two memorandums of understanding were signed by GRDF with Total Direct Energie and ENI respectively with a view to ending all ongoing disputes between GRDF, Total Direct Energie and ENI. The financial impact of these memorandums of understanding was fully taken into account in the financial statements for the six months ended June 30, 2020.

Regarding the customer management services carried out on behalf of the grid manager in the electricity sector (in this case ERDF, now ENEDIS), following proceedings brought by ENGIE, in a decision of July 13, 2016, the *Conseil d'État* ruled that the principle whereby the grid manager pays compensation to the supplier should apply. In the same decision, the Conseil d'État denied the CRE the right to set a customer threshold beyond which the compensation would not be payable, which hitherto prevented ENGIE from receiving any compensation. In light of this decision, ENGIE brought an action against ENEDIS with the purpose of obtaining payment for these customer management services. The legislature has adopted a decision that retroactively validates the agreements entered into with ENEDIS and precludes any request for compensation for unpaid customer management services. In a decision handed down on April 19, 2019, the Constitutional Court ruled that this provision was constitutional. The proceedings against ENEDIS are still underway.

25.2.2 Investigation into the regulation mechanism for natural gas storage in France

On February 29, 2020, the European Commission announced that it had launched an in-depth investigation into the regulation mechanism for the storage of natural gas introduced on January 1, 2018 to secure France's natural gas supply. Storengy and Géométhane provided the Commission with all the necessary information to substantiate their analyses for the purposes of the Commission's investigation aimed at reaching a final decision. The initiation of these proceedings provides no guarantee as to the outcome of the investigation.

25.3 Rest of Europe

25.3.1 Resumption and extension of operations at the nuclear power plants

Various associations have brought actions before the Constitutional Court, the *Conseil d'État* and the ordinary courts against the laws and administrative decisions authorizing the extension of operations at the Doel 1 and 2 and Tihange 1 reactors. The Brussels Court of Appeal dismissed Greenpeace's claims in a decision dated June 12, 2018. Greenpeace appealed this decision before the Court of Cassation. This appeal was rejected by a ruling of the Court of Cassation dated January 9, 2020, such that the decision by the Brussels Court of Appeal dated June 12, 2018 is now final. As for the action brought before the Constitutional Court, on June 22, 2017 the Court referred the case to the Court of Justice of the European Union (CJEU) for a preliminary ruling. In its judgment of July 29, 2019, the CJEU ruled that the Belgian law extending the operating lives of the Doel 1 and Doel 2 reactors (Law extending Doel 1 and Doel 2) was adopted without the required environmental assessments being carried out first, but that the effects of the law on extension may provisionally be maintained where there is a genuine and serious threat of an interruption to electricity supply, and then only for the length of time that is strictly necessary to eliminate this threat. In its decision of March 5, 2020, the Constitutional Court overturned the Law extending Doel 1 and Doel 2, while maintaining its effects until the legislator adopts a new law after having carried out the required environmental assessments, including a cross-border public consultation process, by December 31, 2022 at the latest. The appeal before the *Conseil d'État* is still ongoing.

In addition, some local authorities and various organizations have challenged the authorization to restart operations at the Tihange 2 reactor. On November 9, 2018, the *Conseil d'État* rejected the action brought by some local German authorities seeking the annulment of this decision. Civil proceedings are still ongoing before the Brussels Court of First Instance. On September 3, 2020, the Court ruled that the case was admissible, but unfounded.

25.3.2 Claim by the Dutch tax authorities related to interest deductibility

Based on a disputable interpretation of a statutory modification that came into force in 2007, the Dutch tax authorities refuse the deductibility of a portion (€1.1 billion) of the interest paid on financing contracted for the acquisition of investments made in the Netherlands since 2000. Following the Dutch tax authorities' rejection of the administrative claim against the 2007 tax assessment, action was brought before the Arnhem Court of First Instance in June 2016. On October 4, 2018, the court ruled in favor of the tax authorities. On October 26, 2020, the ruling was confirmed by the Arnhem Court of Appeal. ENGIE Energie Nederland Holding BV considers that the Court committed errors in law and that its decision was not well-founded, either under Dutch or European law. It has therefore appealed the decision before the Court of Cassation.

25.3.3 Claim by the Dutch tax authorities related to power plant impairment losses

The Dutch tax authorities have disallowed the tax deduction of asset impairment losses reported by ENGIE Energie Nederland NV on its 2010-2013 tax returns. The authorities challenged both the period of coverage of the impairment losses and the amount. Accordingly, they added back the full amount of the accumulated asset impairment losses over the abovementioned period, i.e., an amount of €1.9 billion. ENGIE has contested the tax authorities position as regards both the period and the amount and filed an administrative appeal in November 2018, which was rejected in February 2019. ENGIE is considering whether to launch legal proceedings.

25.3.4 Transfer price of gas

The Belgian tax authorities' Special Tax Inspectorate has issued two tax deficiency notices in respect of taxable income for fiscal years 2012 and 2013 for an aggregate amount of €706 million, considering that the price applied for the supply of gas by ENGIE (then GDF SUEZ) to Electrabel S.A. was excessive. ENGIE and Electrabel S.A. are challenging this adjustment. Belgium and France have begun conciliation proceedings to settle the dispute.

25.3.5 Spain – Punica

In the Punica case (investigation into the awarding of contracts), 12 Cofely España employees, as well as the company itself, were placed under investigation by the examining judge in charge of the case. The criminal proceedings are still ongoing and will probably continue through 2021.

25.3.6 Italy – Vado Ligure

On March 11, 2014, the Court of Savona seized and closed down the VL3 and VL4 coal-fired production units at the Vado Ligure thermal power plant belonging to Tirreno Power S.p.A. (TP), a company which is 50%-owned by the ENGIE Group. This decision was taken as part of a criminal investigation against the present and former executive managers of TP into environmental infringements and public health risks. The investigation was closed on July 20, 2016. The case was referred to the Savone Court to be tried on the merits. The proceedings began on December 11, 2018 and will continue through 2021.

25.3.7 Italy – Tax dispute relating to excise duties and ENGIE Italia VAT (formerly GDF SUEZ Energie)

In 2017, the Italian tax authorities challenged the excise duty waiver for gas transfers carried out by ENGIE Italia SpA (ENGIE Italia) for industrial customers in Italy on the grounds that it did not have a certificate for these customers. The authorities plan to issue a tax reassessment for a total amount of €126 million (excise duties, VAT, late payment penalties and interest). ENGIE Italia has challenged the legality of this procedure both in light of Italian and European law and in any event deems the sanction to be disproportionate compared to a formal requirement.

In 2018, ENGIE Italia launched an appeal with the Perugia Court of First Instance requesting the cancellation of the tax reassessment notice.

In October 2018, the Court of First Instance dismissed the cancellation request, simply applying an outdated ministerial decree and ignoring ENGIE Italia's legal arguments.

ENGIE Italia appealed the ruling in November 2018 and the Court of Appeal ruled in its favor in November 2019 on the grounds that the documents requested by the Italian tax authorities were not legal and that the authorities needed to take into account the factual situation of the taxpayer to determine its requirement to pay excise duties. In 2020, the tax authorities referred the case to the Court of Cassation.

25.3.8 Italy – Competition procedure

On May 9, 2019, a fine of €38 million was jointly and severally imposed on ENGIE Servizi SpA and ENGIE Energy Services International S.A. by the Italian Competition Authority (the Authority) for certain alleged anti-competitive practices relating to the award of the Consip FM4 2014 contract. An appeal was lodged with the Lazio Regional Administrative Court (Lazio RAC). On July 18, 2019, the Lazio RAC suspended the payment of the fine, and on July 27, 2020, it overturned the Authority's decision as regards both ENGIE Servizi SpA and ENGIE Energy Services International SA. On November 17, 2020, the Authority appealed the Lazio RAC's decision before Italy's highest administrative court.

25.4 Latin America

25.4.1 Concessions in Buenos Aires and Santa Fe

In 2003, ENGIE and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, initiated two arbitration proceedings against the Argentinean State before the International Center for Settlement of Investment Disputes (ICSID). The purpose of these proceedings was to obtain compensation for the loss in value of investments made since the start of the concession, in accordance with bilateral investment protection treaties.

As a reminder, prior to the stock market listing of SUEZ Environnement Company, ENGIE and SUEZ (formerly SUEZ Environnement) entered into an agreement providing for the economic transfer to SUEZ of the rights and obligations relating to the ownership interests held by ENGIE in Aguas Argentinas and Aguas Provinciales de Santa Fe, including the rights and obligations resulting from the arbitration proceedings.

On April 9, 2015, the ICSID ordered the Argentinean State to pay USD 405 million in respect of the termination of the Buenos Aires water distribution and treatment concession contracts (including USD 367 million to ENGIE and its subsidiaries), and on December 4, 2015, to pay USD 225 million in respect of the termination of the Santa Fe concession contracts. The Argentinean State sought the annulment of these awards. By decision dated May 5, 2017, the claim for the annulment of the Buenos Aires award was rejected. The claim to annul the award in the Santa Fe case was rejected by a decision dated December 14, 2018. Consequently, the two ICSID awards, which are a step in the settlement of the dispute, are now final.

The Argentinean government and the various shareholders of Aguas Argentinas entered into and implemented a settlement agreement in accordance with the arbitral award of April 9, 2015, handed down in respect of the water distribution and treatment concession contracts in Buenos Aires. In accordance with the above-mentioned agreement concerning the economic transfer to SUEZ of ENGIE's rights and obligations, SUEZ and its subsidiaries received €224.1 million in cash. Furthermore, the December 14, 2018 ruling pertaining to the water distribution and wastewater treatment concessions granted to Aguas Provinciales de Santa Fe has yet to be applied.

25.4.2 Planned construction of an LNG terminal in Uruguay

GNLS SA, a joint subsidiary of Marubeni and ENGIE, was selected in 2013 to build an offshore LNG terminal in Uruguay. On November 20, 2013, GNLS contracted out the design and construction of the terminal to Construtora OAS SA. Following a number of problems and defects, GNLS terminated the contract in March 2015 and made use of its guarantees. OAS challenged the termination of the contract but did not take action against GNLS. OAS went bankrupt in Uruguay on April 8, 2015. In September 2015, GNLS and the authorities agreed to cancel the planned construction.

On May 24, 2017, OAS and GNLS appeared before the Uruguayan courts in a conciliation process at the request of OAS. The conciliation process was unsuccessful. OAS then threatened to call GNLS before the Uruguayan courts to claim damages.

Since GNLS had incurred significant losses as a result of the termination of the contract, it filed a request for arbitration on August 22, 2017 in accordance with the terms of the contract providing for dispute resolution in Madrid by the ICC International Court of Arbitration, claiming a principal amount of USD 373 million. OAS responded by summonsing GNLS before the Montevideo Commercial Court, claiming USD 311 million in damages. ENGIE was officially named as a party to the proceedings on December 5, 2018. Both proceedings are still pending.

25.4.3 Claim against sales tax adjustments in Brazil

On December 14, 2018, the Brazilian tax authorities sent ENGIE Brasil Energia S.A. tax assessment notices for the 2014, 2015 and 2016 fiscal years considering that the company was liable for the PIS and COFINS taxes (federal value added taxes) on the reimbursement of certain fuels used in the production of energy by thermoelectric plants. The adjustments amounted to a total of 492 million Brazilian reals, including 229 million Brazilian reals in taxes to which are added fines and interest.

ENGIE Brasil Energia disputes these notices of tax assessment and introduced tax claims in 2019, which the tax authorities have rejected, however. A final claim at administrative level (prior to possible appeals before tax courts at judicial level) was filed by ENGIE Brasil Energia in January 2020.

25.4.4 Mexico – Renewable energy

In the past few months, the Mexican government and public authorities have taken positions and regulatory measures that directly affect private players in the energy sector (in particular renewable energy producers) and go against the letter and spirit of the latest energy sector reforms introduced in 2013 and 2014. The constitutionality and legality of some of these measures have been contested in legal proceedings launched by non-government bodies and private investors, in particular by ENGIE subsidiaries that develop or implement renewable energy projects in the country. These proceedings are currently ongoing. In most cases, including in proceedings initiated by ENGIE subsidiaries, the competent courts ordered the suspension of the disputed measures pending a decision on the merits.

25.5 Other

25.5.1 Withholding tax

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million (receivable relating to the *précompte* paid in respect of the 1999-2003 fiscal years). The Montreuil Administrative Court handed down a judgment in ENGIE's favor in April 2019, which led to the French tax authorities appealing the decision before the Versailles Court of Appeal in May 2019. The submissions have been exchanged and the parties are awaiting a date for the hearing.

Regarding the dispute over the *précompte* itself, on February 1, 2016, the *Conseil d'État* dismissed the appeal before the Court of Cassation seeking the repayment of the *précompte* in respect of the 1999, 2000 and 2001 fiscal years. On June 23, 2020, the Versailles Administrative Court of Appeal found in favor of ENGIE as regards the cases seeking repayment of the *précompte* in respect of the 2002 and 2003 fiscal years but rejected the case in respect of the 2004 fiscal year. As the *précompte* receivables for 2002/2003 have been assigned, the relevant amounts will be repaid to the assignee banks. The case has been referred to the *Conseil d'État* by the two parties. Pursuant to an application for a priority preliminary ruling on the issue of constitutionality, on October 23, 2020, the *Conseil d'État* decided to seek a preliminary ruling from the Court of Justice of the European Union to ascertain whether Directive 90/435/EC of 1990 precludes the withholding of the *précompte* upon the redistribution by a parent company of dividends received from subsidiaries established in the European Union.

Furthermore, after ENGIE and several French groups lodged a complaint, on April 28, 2016, the European Commission issued a reasoned opinion to the French State as part of infringement proceedings, setting out its view that the *Conseil d'État* did not comply with European Union law when handing down decisions in disputes regarding the *précompte*, such as those involving ENGIE. On July 10, 2017, the European Commission referred the matter to the Court of Justice of the European Union (CJEU) on the grounds of France's failure to comply. On October 4, 2018, the Court of Justice of the European Union ruled partially in favor of the European Commission. Following this decision, France must revisit its methodology in order to determine the *précompte* repayment amounts in closed and pending court cases.

25.5.2 Luxembourg – State aid investigation

On September 19, 2016, the European Commission announced its decision to open an investigation into whether or not two private rulings granted by the Luxembourg State in 2008 and 2010 covering two similar transactions between several of the Group's Luxembourg subsidiaries constituted State aid. On June 20, 2018, the European Commission adopted a final, unfavorable decision deeming that Luxembourg had provided ENGIE with State aid. On September 4, 2018, ENGIE requested the annulment of the decision before the European Courts, thereby challenging the existence of a selective advantage. As these proceedings do not have a suspensive effect, ENGIE paid a sum of €123 million into an escrow account on October 22, 2018 in respect of one of the two transactions in question, since no aid was actually received for the other. Following the proceedings before the European Courts, this sum will be returned to ENGIE or paid to the Luxembourg State depending on whether or not the Commission's decision is annulled. On September 15, 2020, the hearing was held in the presence of the parties and the Court’s decision is currently pending.

25.5.3 Poland – Competition procedure

On November 7, 2019, a fine of 172 million Polish zloty (€40 million) was imposed on ENGIE Energy Management Holding Switzerland AG (EEMHS) for failing to respond to a request for disclosure of documents from the Polish Competition Authority (UOKiK) in a proceeding initiated by the UOKiK which suspected a potential failure to notify by EEMHS and other financial investors involved in the financing of the Nord Stream 2 pipeline (main proceeding). EEMHS filed an appeal with the Competition Protection Court. The appeal proceedings are pending.

In the context of the main proceedings, on October 6, 2020, the UOKiK ordered EEMHS to pay a fine of 55.5 million Polish zlotys (approximately €12.3 million). The UOKiK also ordered the termination of the financing agreements for the Nord Stream 2 project. On November 5, 2020, EEMHS appealed this decision with the Competition Protection Court. The appeal automatically suspends the execution of all of the penalties ordered by the UOKiK.

25.5.4 Sale of 29.9% of the capital of SUEZ to Veolia

In the context of the sale by ENGIE of 29.9% of the capital of SUEZ to Veolia, on October 6, 2020, ENGIE was summonsed to various proceedings, both in summary hearings or hearings on the merits, and both in labor law and commercial law matters. The main proceedings involved Veolia and SUEZ and were initiated by SUEZ, acting alone or jointly with its staff representation bodies. ENGIE has acted within its rights in all circumstances, has not violated any of its obligations and there is no irregularity in the form or substance of the sale to Veolia, which is now final, that is likely to affect the validity thereof.

NOTE 26 Subsequent events

No significant event occurred after the closing of the financial statements at December 31, 2020.

NOTE 27 Fees paid to the statutory auditors and to members of their networks

Pursuant to Article 222-8 of the General Regulations of the French Financial Markets Authority (AMF), the following table presents information on the fees paid by ENGIE SA, its fully consolidated subsidiaries and joint operations to each of the auditors in charge of auditing the annual and consolidated financial statements of the ENGIE Group.

The Shareholders' Meeting of ENGIE SA of May 14, 2020 decided to renew the terms of office of Deloitte and EY as Statutory Auditors for a six-year period from 2020 to 2025.

	Deloitte			EY			
In millions of euros	Deloitte & Associés	Network	Total	EY & others	Network	Total	Total
Statutory audit and review of consolidated and parent company financial statements	**5.6**	**7.1**	**12.7**	**6.0**	**8.9**	**14.9**	**27.6**
• ENGIE SA	2.4	-	2.4	2.6	-	2.6	5.0
• Controlled entities	3.2	7.1	10.3	3.3	8.9	12.2	22.6
Non-audit services	**0.7**	**1.6**	**2.3**	**1.3**	**1.2**	**2.5**	**4.8**
• ENGIE SA	**0.6**	**-**	**0.6**	**1.1**	**0.0**	**1.1**	**1.7**
Of which services related to legal and regulatory requirements	*0.3*	*-*	*0.3*	*0.3*	*-*	*0.3*	*0.6*
Of which other audit services	*0.3*	*-*	*0.3*	*0.7*	*-*	*0.7*	*0.9*
Of which reviews of internal control	*-*	*-*	*-*	*0.1*	*-*	*0.1*	*0.1*
Of which due diligence services	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Of which tax services	*-*	*-*	*-*	*-*	*0.0*	*0.0*	*0.0*
• Controlled entities	**0.2**	**1.6**	**1.7**	**0.3**	**1.2**	**1.4**	**3.1**
Of which services related to legal and regulatory requirements	*-*	*0.4*	*0.4*	*0.2*	*0.2*	*0.4*	*0.8*
Of which other audit services	*0.1*	*0.2*	*0.3*	*0.1*	*0.3*	*0.4*	*0.7*
Of which reviews of internal control	*-*	*0.1*	*0.1*	*-*	*-*	*-*	*0.1*
Of which due diligence services	*0.1*	*0.2*	*0.3*	*0.0*	*-*	*0.0*	*0.4*
Of which tax services	*-*	*0.7*	*0.7*	*-*	*0.6*	*0.6*	*1.3*
TOTAL	**6.4**	**8.7**	**15.0**	**7.3**	**10.1**	**17.3**	**32.4**

NOTE 28 Information regarding Luxembourg and Dutch companies exempted from the requirements to publish annual financial statements

Some companies in the Rest of Europe and Others reportable segments do not publish annual financial statements pursuant to domestic provisions under Luxembourg law (Article 70 of the Law of December 19, 2002) and Dutch law (Article 403 of the Civil Code) relating to the exemption from the requirement to publish audited annual financial statements.

The companies exempted are notably: ENGIE Energie Nederland NV, ENGIE Energie Nederland Holding BV, ENGIE Nederland Retail BV, ENGIE United Consumers Energie BV, Epon Eemscentrale III BV, Epon Eemscentrale IV BV, Epon Eemscentrale V BV, Epon Eemscentrale VI BV, Epon Eemscentrale VII BV, Epon Eemscentrale VIII BV, Epon International BV, Epon Power Engineering BV, IPM Energy Services BV, Electrabel Invest Luxembourg, ENGIE Corp Luxembourg SARL, ENGIE Treasury Management SARL and ENGIE Invest International SA.

6.3 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2020

To the Shareholders' Meeting of ENGIE,

Opinion

In compliance with the engagement entrusted to us by your Shareholder's Meeting, we have audited the accompanying financial statements of ENGIE for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and financing, and have led to greater uncertainties as to their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on their internal organization and the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill, intangible assets and property, plant & equipment

[Notes 1.3 Use of estimates and judgment, 13 Goodwill, 14 Intangible Assets and 15 Property, Plant and Equipment]

Key audit matter

As of December 31, 2020, the net carrying amount of the Group's fixed assets (goodwill, intangible assets and property, plant & equipment) amounted to €73 billion (after recognition of impairment losses of €3.6 billion in 2020), or 47.7% of total assets. Fixed assets are comprised of:

- goodwill of €15.9 billion, mainly allocated to the Cash-Generating Units ("CGU") GRDF (€4 billion), Engie Solutions (€1.5 billion), Benelux (€1.2 billion), France Renewable Energy (€1.2 billion), United Kingdom (€1 billion), France BtoC (€1 billion) and Nuclear (€0.8 billion);
- intangible assets of €7.2 billion;
- property, plant & equipment of €49.9 billion.

For operating entities which your Group intends to hold on a long-term and going concern basis, the recoverable amount corresponds, in most cases, to the value in use, determined based on:

- cash flow projections on the basis of the 2021 budget and 2022-2023 medium-term business plan approved by the Group's Executive Committee and the Board of Directors and,
- beyond this time frame, extrapolated future cash flow projections determined on the basis of macroeconomic assumptions (inflation, exchange rates and growth rates) and price projections featured in the reference scenario for 2024-2040, determined by the Group and approved by the Executive Committee.

These recoverable amounts are based on key assumptions, presented in Note 13.3, relating to market outlook and changes in the regulatory environment of which any modification could have a material impact on the amount of impairment losses to be recognized. For goodwill CGUs which had the greatest risk of impairment in our opinion, valuations are primarily based on the following decisive assumptions:

- for the Nuclear CGU, the values allocated to the price of fuel and CO_2, electricity demand and price trends, power plant availability, future market prospects as well as changes in the regulatory framework. The Group considered the following specific cases:
  - for Belgium, contrary to previous years and considering the Belgian government's announcements in the autumn of 2020 and the discussions held since then, that the operational conditions for the performance of work prior to the extension are no longer satisfied to adopt the assumption of a 20-year extension for half of the second generation units after 2025, and
  - for France, that the drawing rights contracts for the nuclear power plants will be extended beyond the current operating periods;
- for the France Renewable Energy CGU, conditions and prospects of renewing the hydropower concession agreements in France.

These measurements, which take into account the current economic situation worsened by the Covid-19 crisis, are sensitive to the applied macro-economic assumptions (inflation and discount rates).

For operating entities which the Group has decided to sell, the related recoverable amount of the assets concerned is based on market value less costs of disposal.

We considered the measurement of the recoverable amount of goodwill, intangible assets and property, plant & equipment to be a key audit matter due to their materiality in the Group's financial statements and because they require the use of assumptions and estimates of Management to be assessed in a context which remains sensitive to trends in the energy market and whose consequences make the medium-term economic outlook difficult to anticipate.

Our response

We have examined the definition of CGU as well as the allocation of goodwill to the different CGU.

We have assessed the Group's measures aimed at identifying indications of impairment losses as well as Management's procedures for approving the estimates, particularly in the context of the Covid-19 health crisis.

We have examined the data and the key assumptions used to determine the recoverable amount of assets, assessed the sensitivity of the measurements to these assumptions and verified the calculations performed by the Group with the support of our valuation experts.

Our work on values in use mainly covered:

- the assumptions of the Group's long-term reference scenario (trends in electricity and gas prices and demand, price of CO_2, coal and oil, inflation) for which we have assessed the consistency with external studies carried out by international organizations or energy experts;
- the operational and regulatory assumptions used to prepare cash flow forecasts for which we have assessed the consistency of the asset's operating conditions and their intrinsic performance as well as the applicable regulations to date and their expected changes;
- methods for determining cash flow forecasts for which we assessed:
  - consistency of the baseline data with the budget, the medium-term business plan and beyond, the Group's long-term scenario;
  - consistency with past performances and market outlook;
- the discount rates for which we have examined the determination methods and the consistency with the underlying market assumptions, using internal specialists;
- Management's sensitivity analysis to the key price, operational and regulatory assumptions for which we have assessed the relevance;

For operating entities which the Group has decided to sell, we estimated the highly probable nature of such sale and the items considered to assess the recoverable amount;

Finally, we assessed the appropriateness of the disclosure given in the notes, notably on sensitivity analyses carried out by the Group.

Measurement of provisions relating to the back-end of nuclear fuel cycle and to the dismantling of nuclear facilities in Belgium

[Notes 1.3 Use of estimates and judgment, 19 Provisions and 19.2 Obligations relating to nuclear facilities]

Key audit matter

Your Group has obligations relating to the reprocessing and storage of radioactive nuclear fuel consumed and the dismantling of nuclear facilities operated in Belgium. Pursuant to the Belgian law of April 11, 2003, the management of corresponding provisions is entrusted to the Group's wholly-owned subsidiary Synatom which submits a technical and financial report every three years to the Commission for Nuclear Provisions (CNP) describing the core inputs used to measure these provisions. The CNP issues its opinion based on the opinion issued by the Belgian agency for radioactive waste and enriched fissile material (ONDRAF) which reviews all of the characteristics and technical parameters of the report.

As of December 31, 2020, the provisions amounted to €7.9 billion for the management of spent nuclear fuel and €6.2 billion for the dismantling of nuclear power plants. These provisions are estimated from the current legal and contractual framework and on the basis of the opinion issued by the CNP on 12 December 2019 as part of the triennial revision as provided for by law and regulations. Assuming changes that could significantly modify the financial parameters used are observed between the two three-year assessments, the industrial scenario and the cost estimate or timetable, the Commission may review its opinion and this could impact the Group's profit for the period.

We considered the measurement of these provisions to be a key audit matter due to their amounts and their sensitivity to industrial scenarios used and estimates of related costs such as, in particular:

- concerning provisions relating to the back-end of nuclear fuel cycle, the decisions will be ultimately made by the Belgian government relating to the management of radioactive spent fuel (reprocessing of a portion of spent fuel or direct removal, without prior reprocessing) and long-term management of fuel (cost of burying fuel in deep geological repositories or long-term on-site storage);
- concerning the provisions for the dismantling of nuclear facilities, the dismantling program and the timetables approved, or not, by the nuclear safety authorities.

This measurement is sensitive to the applied macro-economic assumptions (inflation and discount rates).

Our response

Following the last triennial revision of the provisions in 2019, we (i) examined the conclusions, observations and recommendations set out in the ONDRAF and CPN opinions, (ii) verified the bases used to assess the provisions and (iii) assessed the sensitivity of measurements to the technical assumptions and industrial scenarios, notably for the management of radioactive fuel, as well as assumptions relating to costs, operations timetable and discount rates applied to cash flows.

For fiscal 2020, given the absence of triennial revision or changes that could significantly modify the financial parameters used, the industrial scenario and the cost estimate or timetable, and considering the audit procedures already conducted during the last triennial revision of the provisions in 2019, our work mainly consisted in assessing:

- the consistency of industrial scenarios in light of the decisions made or actions considered by your Group or the authorities and the consistency of forecasts of costs by nature and forecasts of cash outflows;
- the consistency of discount rates with underlying market assumptions;
- the appropriateness of the disclosure given in the notes to the consolidated financial statements, notably on the sensitivity to measurement of the provisions to changes in key assumptions.

Valuation for provisions relating to commercial litigations, claims and tax risks

[Notes 1.3 Use of estimates and judgment, 19 Provisions, 19.4 Other risks and 25 Litigation and Investigations]

Key audit matter	Our response
Your Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities, including tax authorities, investigations before state courts, arbitral tribunals or regulated authorities, in the normal course of its business. The main disputes and investigations potentially having a significant impact on your Group are recognized as liabilities or give rise to contingent liabilities, as it is indicated in the note 25 to the consolidated financial statements. We have considered the valuation for provisions relating to commercial litigations, claims and tax risks as a key audit matter, provided the amounts at stake and the judgement required to determine the provisions for commercial litigations claims and tax risks, due to the regulatory context and the continuously changing market environment.	Our audit procedures consisted in: • investigating the procedures implemented by the Group in order to identify all the litigations and risk exposures; • evaluating the analysis of the probability of risk occurrence performed by the Group, as well as the assumptions used to estimate the provisions, with regard to the supporting documentation and, if any, your Group's external written consultations received from third parties as well as any confirmations obtained following requests sent to them. We called on our tax experts for the most complex analyses; • assessing the appropriateness of the disclosure given in the notes to the consolidated financial statements; • and following up the main discussions between your Group and the stakeholders on the various litigation and risks.

Estimate of gas and electricity unbilled and un-metered revenues ("energy in the meter")

[Notes 1.3 Use of estimates and judgment, 7.1 Revenue and 7.2.1 Trade receivables and other debtors, contract assets]

Key audit matter	Our response
Your Group uses an estimate in revenue, relating to the sales on networks generated from customers whose energy consumption is metered during the accounting period. Since the meter readings provided by the grid operators and their final allocations to the Group are sometimes only known several months down the line, this means that revenue figures are only an estimate. As of December 31, 2020, the receivables relating to the energy in the meter (gas and electricity un-metered and unbilled revenue) amount to €3.1 billion and mainly concern France and Belgium. These receivables are determined on the basis of a method that takes into account an estimate of customers' consumption based on the previous bill, or the last metering not yet billed, in line with the volume of energy allocated by grid managers, using measurement and modeling tools developed by your Group. The volumes are measured at the average energy price, which takes account of the category of customers and the age of the delivered unbilled energy in the meter. Considering the amount of revenue at stake and the sensitivity of the estimates to assumptions regarding volumes and the average energy price, we have considered the estimate of the portion of un-metered revenue at the year-end to be a key audit matter.	The work we have performed in France and Belgium has mainly consisted of: • considering the internal control procedures implemented by the Group about the billing process, and the process enabling the reliability of the estimate about the energy in the metered revenue; • evaluating the models used by the Group and investigating the methods used for the computation for the estimated volumes; we include an algorithm specialist in our audit team. We have also: • compared the information about the volumes delivered and determined by the Group with the metering data provided by the grid operators; • examined that the methods used for the computation for the average price of the metered power take account of its age in the meter and the different kinds of customers; • analyzed the coherence of the volumes delivered with the allocations (revenues, injections and stocks) and resources (purchases, withdrawals and stocks) of energy on the networks; • assessed the regular clearance of the metered energy during the period; • assessed the age of the delivered but unbilled metered energy at the year-end; Finally, we assessed the appropriateness of the disclosure in the notes to the consolidated financial statements.

Measurement of the initial accounting impact relating to the extension of trading accounting to other gas contracts in the Europe zone

[Notes 9.4 Other non-recurring items, 16 Financial instruments and 16.5.1 Financial assets]

Key audit matter	Our response
In 2020, ENGIE decided to extend to the remaining gas scope in Europe the trading management model applied as of 2017 to most long-term gas contracts. For ENGIE, this has resulted in contractual changes and an expected increase in the volumes available in this zone. This new management model was set up for the extended scope deploying tools to ensure a better economic representation of the positions. The change in the management framework resulted in a necessary fair value measurement of the relevant assets, with an initial impact of -€726 million recognized as of December 31, 2020, in non-recurring income considering its nature and amount. As of this date, the Group's results include the realized and unrealized gains and losses relating to these positions within the trading net margin presented in revenue and current operating income. Due to the amounts at stake, the judgment exercised by your Group and the assumptions and estimates used to measure the fair value of the various assets, we consider the measurement of the accounting impacts relating to the extension of trading accounting to other gas contracts in the Europe zone to be a key audit matter.	We familiarized ourselves with your Group's internal control process relating to assets recognized for trading. With the help of our financial instrument valuation specialists, our work primarily consisted in: • examining the relevant asset management methods; • assessing the relevance of the financial instrument classification with respect to the accounting standards and treatments applied by your Group; • assessing the governance set up by Management to monitor and verify these assets, particularly in connection with the new tools deployed; • examining the consistency of the contract valuation methods with respect to the applicable standards; • analyzing the key data and assumptions used to determine the fair value of the assets included in the scope and mathematically checking the calculations performed by the Group; • analyzing the Reserves Policies in terms of sensitivity to the valuation parameters; • assessing the appropriateness of the income statement classification for the qualitative and quantitative information presented in the notes to the consolidated financial statements.

Specific verifications

As required by French law, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement provided for in Article L.225-102-1 of the French Commercial Code is included in the disclosures relating to the Group presented in the management report, it being specified that, in accordance with Article L.823-10 of the Code, we have not verified the fairness of the information contained in this declaration or its consistency with the consolidated financial statements that must be verified in a report by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of ENGIE by your Shareholders' Meeting on May 19, 2008 for Ernst & Young et Autres and on July 16, 2008 for Deloitte & Associés.

As of December 31, 2020, our firms were in their thirteenth year of uninterrupted engagement.

Ernst & Young Audit was previously statutory auditor between 1995 and 2007.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union for implementing internal control it deems necessary for the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-1-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. Is responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the audit opinion.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the relating audit program implemented, as well as the results of our audit procedures. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. When appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

In Paris-La Défense, March 12, 2021

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Olivier Broissand	Patrick E. Suissa	Charles-Emmanuel Chosson	Stéphane Pédron

6.4 Parent company financial statements for the year ended December 31, 2020

6.4.1 Parent company financial statements

Balance sheet

Assets

In millions of euros		Note	Dec. 31, 2020 Gross	Dec. 31, 2020 Depreciation, amortization and impairment	Dec. 31, 2020 Net	Dec. 31, 2019 Net
Non-current assets						
Intangible assets		3	2,022	1,435	587	554
Property, plant and equipment		3	938	568	370	381
Financial fixed assets		4				
Equity investments			72,497	12,174	60,324	67,564
Other financial fixed assets			426	70	356	75
Total non-current assets	I		75,883	14,246	61,637	68,574
Current assets						
Inventories		5				
Gas reserves			440	-	440	550
Energy savings certificates			285	5	280	42
Other			450	-	450	311
Advances and downpayments given on orders			73	-	73	45
Operating receivables		6				
Trade and other receivables			4,361	410	3,951	3,794
Other operating receivables			655	-	655	667
Miscellaneous receivables						
Current accounts with subsidiaries			8,135	-	8,135	7,753
Other miscellaneous receivables			3,126	1	3,125	2,638
Marketable securities		7	3,263	2	3,261	1,850
Cash and cash equivalents			219	-	219	288
Total current assets	II		21,006	417	20,590	17,938
Accruals	III	8	1,771	-	1,771	1,416
Unrealized foreign exchange losses	IV	8	304	-	304	310
TOTAL ASSETS	(I TO IV)		98,965	14,663	84,302	88,237

NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals or changes

Equity and liabilities

In millions of euros		Note	Dec. 31, 2020	Dec. 31, 2019
Equity				
Shareholders' equity		**9**		
Share capital			2,435	2,435
Additional paid-in capital			31,291	31,470
Revaluation adjustments			39	39
Legal reserve			244	244
Other reserves			-	17
Retained earnings			-	-
Net income/(loss)			(3,928)	(196)
Interim dividend			-	-
Tax-driven provisions and investment subsidies		10.2	621	585
Total shareholders' equity	**I**		**30,702**	**34,594**
Other equity	**II**		**1**	**6**
Total equity	**I+II**		**30,703**	**34,600**
Provisions for contingencies and losses	**III**	**10.1**	**3,151**	**2,472**
Liabilities		**11**		
Borrowings and debt		**11**		
Borrowings			31,924	30,842
Amounts payable to equity investments			4,350	6,800
Current accounts with subsidiaries			1,377	1,051
Other borrowings and debt			507	541
Total borrowings and debt	**IV**		**38,158**	**39,234**
Current liabilities				
Advances and downpayments received on orders			6	15
Trade and other payables			6,231	6,408
Tax and employee-related liabilities			1,188	1,206
Other liabilities			2,285	2,408
Total current liabilities	**V**		**9,710**	**10,038**
Total liabilities	**IV+V**		**47,868**	**49,272**
Accruals	**VI**	**12**	**2,242**	**1,463**
Unrealized foreign exchange gains	**VII**	**12**	**339**	**431**
TOTAL EQUITY AND LIABILITIES	**(I TO VI)**		**84,302**	**88,237**

NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals or changes

Income statement

In millions of euros	Note	Dec. 31, 2020	Dec. 31, 2019
Energy sales		16,015	14,233
Other production sold		3,257	3,048
Revenues	**13.1**	**19,272**	**17,282**
Production taken to inventory		-	-
Production for own use		15	18
Total production		**19,287**	**17,300**
Energy purchases and change in gas reserves		(6,725)	(6,094)
Other purchases		(5,400)	(4,454)
Other external charges		(7,192)	(6,652)
Value added		**(29)**	**100**
Subsidies received		87	62
Taxes and duties		(102)	(104)
Personnel costs	13.2	(522)	(470)
Gross operating income/(loss)		**(567)**	**(412)**
Net additions to depreciation, amortization and impairment		(257)	(230)
Net additions to provisions	13.3	(642)	(91)
Expense transfers		10	30
Other operating income and expenses		(185)	(227)
Net operating income/(loss)		**(1,640)**	**(931)**
Net financial income/(loss)	**14**	**1,440**	**1,192**
Net recurring income/(loss)		**(200)**	**262**
Net non-recurring income/(loss)	**15**	**(4,260)**	**(835)**
Income tax benefit/(expense)	**16.2**	**532**	**377**
NET INCOME/(LOSS)		**(3,928)**	**(196)**

NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals or changes

Cash flow statement

In millions of euros		Dec. 31, 2020	Dec. 31, 2019
Cash flow from operations	**1**	**1,223**	**1,160**
Change in inventories		268	(308)
Change in trade receivables (net of trade receivables with a credit balance)		225	(2,604)
Change in trade payables		177	2,344
Change in other items		632	502
Change in working capital requirements	**2**	**1,302**	**(66)**
CASH FLOW FROM/USED IN OPERATING ACTIVITIES	**(1-2) = I**	**(79)**	**1,226**
Property, plant and equipment and intangible assets		241	279
Financial fixed assets		710	379
Change in amounts payable on investments		-	-
Cash flow used in investing activities	**1**	**950**	**658**
Third-party contributions		5	8
Net proceeds from asset disposals		3,545	234
Decrease in financial fixed assets		8	18
Cash flow from investing activities	**2**	**3,557**	**260**
CASH FLOW FROM/USED IN INVESTING ACTIVITIES	**(1-2) = II**	**(2,607)**	**398**
CASH FLOW AFTER OPERATING AND INVESTING ACTIVITIES	**(I-II) = III**	**2,528**	**828**
Increase/decrease in capital	**1**	-	-
Dividends and interim dividends paid to shareholders	**2**	-	**(1,834)**
Bonds		4,100	5,294
Group borrowings		1,000	2,300
Short- and medium-term credit facilities and other borrowings		1,763	345
Financing raised on capital markets	**3**	**6,863**	**7,939**
Bonds and short- and medium-term credit facilities		(8,010)	(3,254)
Repayments and redemptions	**4**	**(8,010)**	**(3,254)**
CASH FLOW FROM/USED IN FINANCING ACTIVITIES	**(1+2+3+4) = IV**	**(1,147)**	**2,851**
CHANGE IN CASH AND CASH EQUIVALENTS	**(III+IV) = V**	**1,381**	**3,679**

NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals or changes

6.4.2 Notes to the parent company financial statements

NOTE 1 Summary of significant accounting policies

The 2020 financial statements have been drawn up in euros in compliance with the general principles prescribed by the French chart of accounts, as set out in Regulation No. 2014-03 issued by the French accounting standards-setter (*Autorité des Normes Comptables* – ANC), as updated by all subsequent amending regulations.

Financial transactions involving equity investments, securities and the related receivables, especially impairment charges or reversals, are included in nonrecurring items rather than financial items. In accordance with Article 121-3 of the French chart of accounts, ENGIE SA considers that this non-benchmark classification gives a more faithful view of the income statement because all items of income and expenses relating to equity investments can be shown together with capital gains or losses on disposals under non-recurring items.

Use of estimates and judgment

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

ENGIE SA has taken the change in the economic environment and the significant market volatility into consideration in its estimates as well as in its business plans, sales forecasts and discount rates used, particularly for impairment testing. In this context, ENGIE SA has stepped up its risk oversight procedures and factored in a risk assessment process in its valuations.

Due to uncertainties inherent to the estimation process, ENGIE SA regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing ENGIE SA's financial statements relate mainly to:

- measurement of equity investments:

  The recoverable amount of equity investments is based on estimates and assumptions, regarding in particular the expected market outlook and changes in the regulatory framework, which are used for the measurement of cash flows, whose sensitivity varies depending on the activity, and the determination of the discount rate. Any changes in these assumptions could have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment losses to be recognized;
- fair value of financial instruments:

  To determine the fair value of financial instruments that are not listed on an active market, ENGIE SA uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a significant impact on the resulting calculations.

  In accordance with the principles reaffirmed by ANC Regulation No. 2015-05, derivative financial instruments used by ENGIE SA to hedge and manage its currency, interest rate and commodity risk, are disclosed in off-balance sheet commitments.

  Changes in the fair value of these derivatives that do not qualify for hedge accounting are recognized in the balance sheet. A provision is booked for unrealized losses, valued based on homogeneous groups of financial instruments with an equivalent underlying asset or liability, whether they are traded over-the-counter or exchange-traded.

  In the case of contracts that qualify as hedging instruments, gains or losses are taken to income symmetrically with the gain or loss on the hedged items.

  If the hedged item ceases to exist, the contract is unwound and any gains or losses taken to income.

  ENGIE SA uses internal models representative of market practices to value financial derivative instruments that are not listed on financial markets.

  Option premiums are deferred and recognized in income over the life of the hedge. The premium or discount on forward currency transactions is recognized in income in the initial value of the hedged item;
- energy in the meter:

  The amounts receivable in respect of delivered, unmetered and unbilled gas and electricity are calculated using mathematical models including estimated customer consumption and estimated selling prices. The amount of energy in the meter calculated at the closing date varies depending on the assumptions about volume and price (see Section on "Other operating receivables" below);
- measurement of provisions for contingencies and losses:

  Provisions for contingencies and losses are estimated on the basis of various assumptions. A change in those assumptions could lead to a significant adjustment to the amount of the provisions;
- measurement of off-balance sheet pension and other employee benefit obligations:

  Pension commitments are measured on the basis of actuarial assumptions. Any change in the assumptions used by ENGIE SA could have a significant impact on the valuation of these commitments.

Intangible assets

This caption mainly comprises the purchase cost or production cost of software, amortized over its estimated useful life.

A useful life of between five and seven years is generally used to calculate software amortization.

Other development costs are capitalized provided they meet specific criteria, particularly as regards the pattern in which the intangible asset is expected to generate future economic benefits.

Research costs are expensed in the year in which they are incurred.

Property, plant and equipment

All items of property, plant and equipment are carried at purchase cost or production cost, including ancillary expenses, with the exception of assets acquired prior to December 31, 1976, which are shown at their revalued amount at that date.

Almost all items of property, plant and equipment are depreciated on a straight-line basis.

Assets are depreciated over their useful lives, based on the period over which they are expected to be used. The useful lives for the main asset classes are as follows:

- buildings: 20 to 60 years;
- other: 3 to 15 years.

Borrowing costs incurred in financing an asset are recognized as an expense and amortized over the financing period.

Components

When the components of a given asset cannot be used separately, the overall asset is recognized. If one or more components have different useful lives at the outset, each component is recognized and depreciated separately.

Financial fixed assets

Equity investments

Equity investments represent long-term investments providing ENGIE SA with control or significant influence over the issuer, or helping it to establish business relations with the issuer.

Newly-acquired equity investments are recognized at purchase price plus directly attributable external transaction fees.

Investments which ENGIE SA intends to hold on a long-term basis are written down if their value in use has fallen below their book value. Value in use is assessed by reference to (i) the intrinsic value, which corresponds to net assets plus unrealized gains, or (ii) the yield value, which corresponds to the average of the last 20 stock market prices of the year, or (iii) discounted cash flows or discounted dividends, taking into account any currency hedges.

Investments which ENGIE SA has decided to sell are written down if their estimated sale price is lower than their book value. If sale negotiations are ongoing at the end of the reporting period, the book value of the investments is determined based on a best estimate.

Technical loss

In accordance with Article 9 of ANC Regulation No. 2015-06, the technical loss arising on a merger is allocated to the underlying assets, which, in this case, are equity investments.

The portion of the loss allocated to an underlying asset is written down if the value of the asset falls below its net book value plus the portion of the loss allocated to it. The write-down is first allocated to the portion of the loss.

In the event of a disposal, the portion of the loss relating to the assets sold is reversed through income.

Amounts receivable from equity investments

This caption consists of loans granted by ENGIE SA to equity investments.

They are recognized at face value. In line with the treatment adopted for equity investments, these amounts are written down if their value in use falls below their face amount.

Provisions for contingencies may be booked if the Company considers that the cost of its commitment exceeds the value of the assets held.

Other financial fixed assets

Investments other than equity investments that ENGIE SA intends to hold on a long-term basis but which do not meet the definition of equity investments are mainly included under this caption.

A write-down may be taken against other financial fixed assets in accordance with the criteria described above for equity investments.

Liquidity agreement and treasury stock

ENGIE SA has signed a liquidity agreement with an investment service provider, whose role is to trade on the market on a daily basis and buy or sell ENGIE SA shares in order to ensure liquidity and an active market for the shares on the Paris and Brussels stock exchanges.

The amounts paid to the investment services provider are included in "Other long-term investments". An impairment loss is recognized against the shares when their average price for the month in which the accounts are closed is lower than their book value.

Inventories

Natural gas reserves

Gas injected into underground reservoirs is included in inventories. It is measured at average purchase cost including domestic and international freight costs upon entering the transportation network regardless of its source, and including any regasification costs. Outflows are measured on a monthly basis using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories, representing the selling price less costs directly and indirectly attributable to distribution, is lower than weighted average cost.

Energy savings certificates (ESC)

ENGIE SA applies the provisions of Articles 616-1 to 616-18 of ANC Regulation No. 2014-03 (chart of accounts) on the accounting treatment of ESC covered by the "energy savings" model.

Energy sales generate energy savings obligations, which are settled by:

- the purchase of certificates; or
- expenditure on energy savings (classified as production cycle costs) that qualify for certificates; or
- payment to the French Treasury (*Trésor Public*) of the fines provided for in Article L.221-4 of the French Energy Code (*Code de l'énergie*).

Energy savings certificates are accounted for as follows:

- inventory inflows: certificates obtained from the French State in exchange for qualifying energy savings expenditure are recorded at acquisition or production cost. Certificates purchased are valued using the weighted average cost method;
- inventory outflows: certificates are derecognized using the weighted average cost method as and when energy sales generate energy savings obligations or upon disposal, gains or losses on which are recognized in operating income.

At the closing date, the net position is recognized in the financial statements as follows:

- an asset (inventories) is recognized when energy savings obligations are lower than energy savings. Inventories correspond to certificates that have been acquired, obtained or are in the process of being obtained, and that will cover future energy savings obligations. They will subsequently be consumed when energy sales are made, which generate energy savings obligations, or on disposal;
- a liability is recognized when energy savings obligations are higher than energy savings and corresponds to the cost of measures required to settle the obligations related to energy sales made. The liability will subsequently be settled by purchasing certificates or incurring energy savings expenditure that qualify for certificates.

Capacity remuneration mechanism (CRM)

The capacity mechanism introduced by France's "NOME" (*Nouvelle Organisation du Marché de l'Électricité*) law of December 7, 2010 came into effect on January 1, 2017. It aims to secure the supply of electricity in France on a sustainable basis, by ensuring a long-term balance between production and consumption.

For each calendar year:

- electricity suppliers have an obligation to hold capacity guarantees in an amount sufficient to cover their customers' peak-period consumption;
- capacity, production and curtailment operators commit to a certain level of availability during winter peak periods and in exchange receive capacity guarantees;
- capacity guarantees are traded on Epex Spot (auctions) or under over-the-counter contracts.

The French Energy Regulatory Commission (CRE) has set the Market Benchmark Price for Capacity Guarantee auctions at €31,241.8 per MW for 2021.

ENGIE SA markets curtailment offers that are inseparable from the supply of electricity to some customers and is also an obligee as an electricity provider.

In the absence of a specific ANC regulation on accounting for capacity certificates, ENGIE SA applies Regulation No. 2014-03 on operating inventories of energy savings certificates – energy savings model:

- Inventory inflows are measured based on the costs incurred during the relevant period to purchase or obtain guarantees, leading to the calculation of a weighted average unit cost of inventories;
- Inventory outflows upon derecognition are valued using the weighted average cost method.

Operating receivables

This caption includes all receivables arising on the sale of goods, and other receivables arising in the ordinary course of operations.

Energy delivered but unbilled

Receivables also include unbilled revenues for energy delivered, regardless of whether or not the meters have been read. This caption concerns customers not billed monthly (mainly residential customers) and customers whose billing period is not aligned with the consumption period of a given month.

The amounts receivable in respect of delivered, unmetered and unbilled gas and electricity ("energy in the meter") are calculated using a direct method taking into account estimated customer consumption based on the most recent customer bill or unbilled reading, in line with the allocation of the distribution grid manager over the same period, using measurement and modeling tools developed by the Group. These amounts are measured at the average energy price, which takes account of the category of customer and the age of the delivered unbilled "gas in the meter". The estimated portion of unbilled revenue at the reporting date is sensitive to the average price and volume assumptions used.

Customers (mainly residential customers) can opt to pay on a monthly basis. In this case, the Company recognizes a monthly advance and a bill is issued at the anniversary date of the contract giving rise to the payment (or refund) of any difference between the amount billed and the advance payments already received.

Unbilled revenues in respect of delivered unbilled natural gas are reduced by the amount of advances already collected by the Company from customers billed monthly.

Impairment of trade receivables

Bad debt risk is analyzed on a case-by-case basis for the Company's largest customers.

Receivables from other customers are written down using rates that increase in line with the age of the related receivables.

The potential bad debt risk arising on amounts receivable in respect of delivered unbilled natural gas is also taken into account.

Other operating receivables

Other operating receivables include the current account with ENGIE Finance, as well as margin calls. Items for which there is a risk of non-collection are written down.

Marketable securities

Marketable securities are shown on the balance sheet at cost.

When the market value of securities at December 31 is lower than their book value, a write-down is recognized for the difference.

For listed securities, market value is determined based on the market price at the end of the reporting period.

Subordinated perpetual notes

Subordinated perpetual notes issued by the Company in euros and currency are recognized in accordance with Opinion No. 28 issued by the French association of public accountants (*Ordre des Experts-Comptables* – OEC) in July 1994, taking into account their specific characteristics.

Accordingly, they are classified as debt as their redemption is not perpetual.

Shareholders' equity

Additional paid-in capital

External costs directly attributable to capital increases are deducted from additional paid-in capital. Other costs are expensed as incurred.

Merger premium

External expenses directly attributable to the merger between Gaz de France SA and SUEZ in 2008 are deducted from the merger premium.

Revaluation adjustments

This caption results from the legal revaluation of non-amortizable assets not operated under concessions carried out in 1959 and 1976.

Tax-driven provisions

Accelerated depreciation

Accelerated depreciation is recognized whenever an asset's useful life (which is used in accounting for the depreciation of property, plant and equipment) differs from that used for tax purposes or when a different depreciation method is used.

Provision for price increases

The provision for price increases was introduced by Article 39-1-5 of the French Tax Code *(Code Général des Impôts)* to allow companies to temporarily deduct a portion of profits used for inventory replenishment from their tax base in the event of sharp price increases.

Provisions for contingencies and losses

A provision is recognized when the Company has a legal or constructive obligation resulting from a past event which is expected to result in an outflow of resources embodying economic benefits that can be measured reliably.

The provision represents the best estimate of the amount required to settle the present obligation at the end of the reporting period.

Provisions for rehabilitating land on which former gas production plants were located

A provision for site rehabilitation and cleanup costs for former gas production plants is set aside whenever the Company has a commitment to a third party, such as a binding agreement to sell such an asset. These provisions are assessed on an asset-by-asset basis and reflect the best estimate of the future costs required to complete the rehabilitation work, based on current technical knowledge and regulatory requirements.

Movements in these provisions are shown under operating items.

Provision for employee bonus share awards and stock option plans

The provision for employee bonus share awards is recognized on a straight-line basis over the vesting period. The provision ultimately covers the disposal loss equal to the book value of treasury stock granted free of consideration to employees. Movements in this provision and any related costs are shown in personnel costs.

For stock options, a provision is set aside whenever the share price at the end of the reporting period is higher than the exercise price of the options granted. The provision is set aside on a straight-line basis over the vesting period, and ultimately covers the disposal loss equal to the purchase cost of the shares, less the exercise price paid by employees.

Pensions and other employee benefit obligations

Companies belonging to the electricity and gas industries sector

ENGIE SA employees qualify for the disability, pension and death benefits available under the special plan for companies belonging to the electricity and gas industries sector (see Note 18).

Accounting treatment

ENGIE SA recognizes provisions under liabilities for benefits granted to employees whose rights have already begun to vest (annuities for occupational accidents and illnesses, temporary incapacity or disability benefits), or benefits due during the employee's working life (long-service awards and exceptional end-of-career vacation).

As part of the 2008 merger between SUEZ and Gaz de France with retroactive effect from January 1, 2008, provisions for pensions and other employee benefits (pensions, retirement indemnities and healthcare) carried by SUEZ at December 31, 2007 were transferred to ENGIE SA.

In accordance with Opinion No. 2005-C of the French National Accounting Board (*Conseil National de la Comptabilité* – CNC) Emerging Issues Taskforce and with the method applied by ENGIE SA and described above, no further amounts will be set aside to these provisions in respect of rights newly vested by employees or the unwinding of discounting adjustments on the provisions transferred within the scope of the merger. These provisions are written back in line with the settlement of the corresponding obligations.

No provisions are set aside in liabilities for other commitments. These are disclosed in Note 17 on off-balance sheet commitments.

Basis of measurement and actuarial assumptions

Benefit obligations are measured using the projected unit credit method. The present value of the obligations of ENGIE SA is calculated by allocating vested benefits to periods of service under the plan’s benefit formula. When an employee’s service in later years leads to a materially higher level of benefits than in earlier years, the Group allocates the benefits on a straight-line basis.

Future payments in respect of these benefits are calculated based on assumptions as to salary increases, retirement age, mortality and employee turnover.

The rate used to discount future benefit payments is determined by reference to the yield on investment grade corporate bonds based on maturities consistent with the benefit obligation.

Bond redemption premiums and issue costs

In accordance with the benchmark treatment prescribed by the CNC, bond issue costs are recognized on a straight-line basis over the life of the instruments. These issue costs mainly consist of advertising expenses (for public issues) and fees due to financial intermediaries.

Bonds carrying a redemption premium are recognized in liabilities for their total amount including redemption premiums. The matching entry for these premiums is recorded in assets under accruals, and amortized over the life of the bonds pro rata to interest.

Derivative financial instruments

In accordance with the principles reaffirmed by ANC Regulation No. 2015-05 whose application has been mandatory as of January 1, 2017, financial instruments used by ENGIE SA to hedge and manage its currency, interest rate and commodity risk are disclosed in off-balance sheet commitments.

Unrealized gains on transactions that do not qualify for hedge accounting are not recognized. A provision is recognized for unrealized losses on these transactions, however.

In the case of contracts that qualify for hedge accounting, gains or losses are taken to income symmetrically with the gain or loss on the hedged items.

If the hedged item ceases to exist, the contract is unwound and any gains or losses taken to income.

ENGIE SA uses internal models representative of market practices to value financial derivative instruments that are not listed on financial markets.

Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their equivalent value in euros at the transaction date.

Foreign currency receivables, payables and cash and cash equivalents are converted at the exchange rate prevailing at the year-end.

Translation differences are taken to income when they arise on cash and cash equivalents, or to the balance sheet under unrealized foreign exchange gains or losses when they arise on receivables and payables. A provision is set aside for unrealized losses after taking account of any associated hedging instruments.

Income tax

Since January 1, 1988, ENGIE SA has been part of the tax consolidation regime introduced by Article 68 of Law No. 87-1060 of December 30, 1987. ENGIE SA is head of a tax consolidation group within the meaning of Articles 223-A *et seq.* of the French Tax Code.

The contribution of subsidiaries in the tax consolidation group to the Group’s income tax expense equals the amount of tax for which they would have been liable if they had not been members of the tax consolidation group.

The impacts of tax consolidation are recorded under the income tax expense of ENGIE SA, as parent company.

ENGIE SA also records a provision for any tax savings generated by subsidiaries’ tax losses. These savings initially benefit ENGIE SA as parent company, and are recovered by the subsidiaries once they return to profit (hence the provision booked).

Article 66 of Amending Finance Law No. 2012-1510 of December 29, 2012 introduced a tax credit aimed at boosting employment and competitiveness in France (*Crédit d'impôt pour la compétitivité et l'emploi* – CICE). This tax credit was offset against income tax expense until 2019, when it was replaced by a reduction in payroll taxes. CICE receivables can be carried forward until 2022.

NOTE 2 Significant events during the year and comparability of periods presented

Significant events during the year

Disposal of a portion of ENGIE's interest in SUEZ SA

On October 5, 2020, the Group accepted an offer from the VEOLIA group for the purchase of a 29.9% interest in SUEZ SA. After the transaction, the Group still held a non-consolidated interest of 1.8% in SUEZ SA.

A capital gain on the disposal of €741 million was recognized in ENGIE SA's financial statements at December 31, 2020.

Impairment of investment in Electrabel

The value in use of the Electrabel shares held by ENGIE SA fell below their carrying amount giving rise to the recognition of a €5,186 million impairment loss at December 31, 2020.

The fall in their value in use was due mainly to the following factors:

- Following the announcements made by the Belgian government in Autumn 2020 and the talks held since then, the Group considered that it could no longer justify the assumption that the operating life of half of its nuclear assets (second generation reactors) could be extended for 20 years beyond 2025. The decrease in the value in use over the year takes into consideration this major assumption change as well as the level of forward prices observed in the second half of 2020 and the update to the Group's long-term pricing scenario in light of the latest forecasts for demand, the price of CO_2 and the change in the energy mix (for a total amount of about €2.9 billion).
- Through its 100% interest in the holding company International Power, Electrabel holds a significant proportion of the Group's international activities. Depreciation of the Brazilian real and the US dollar against the euro over the year led to an estimated €1.9 billion decrease in the value in use of Electrabel shares.

Comparability of periods presented

The same accounting methods were used in 2020 and 2019.

NOTE 3 Property, plant and equipment and intangible assets

3.1 Gross values

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2019	Increases	Decreases	Reclassifications	Dec. 31, 2020
Intangible assets	**1,842**	**185**	**(11)**	**6**	**2,022**
Software	1,276	-	(11)	209	1,474
Other	362	1	-	2	365
Intangible assets in progress (1)	204	184	-	(205)	183
Property, plant and equipment	**1,018**	**55**	**(129)**	**(6)**	**938**
Land	30	-	(1)	-	29
Dismantling assets	3	-	-	-	3
Buildings	473	-	(82)	13	404
Plant and equipment	266	-	(24)	17	259
General plant and equipment, and miscellaneous fixtures and fittings	123	-	(17)	15	121
Other	28	-	(4)	1	25
Property, plant and equipment in progress	95	55	(1)	(52)	97
Advances and downpayments	-	-	-	-	-
TOTAL	**2,860**	**240**	**(140)**	**-**	**2,960**

(1) Intangible assets in progress essentially concern IT projects

3.2 Depreciation, amortization and impairment

Changes in depreciation and amortization were as follows:

In millions of euros	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
Intangible assets	**1,125**	**169**	**(7)**	**1,287**
Software	947	148	(7)	1,088
Other	178	21	-	199
Property, plant and equipment	**613**	**39**	**(110)**	**542**
Land	-	-	-	-
Dismantling assets	3	-	-	3
Buildings	370	9	(80)	299
Plant and equipment	136	19	(10)	145
General plant and equipment, and miscellaneous fixtures and fittings	77	11	(17)	71
Other	27	-	(3)	24
Property, plant and equipment in progress	-	-	-	-
TOTAL	**1,738**	**208**	**(117)**	**1,829**

Changes in impairment were as follows:

In millions of euros	Dec. 31, 2019	Additions	Reversals	Dec. 31, 2020
Intangible assets	163	5	(20)	148
Property, plant and equipment	24	7	(5)	26
TOTAL	**187**	**12**	**(25)**	**174**

Movements in depreciation, amortization and impairment can be broken down as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Depreciation, amortization and impairment	**188**	**180**
Straight-line method	186	178
Declining-balance method	2	2
Depreciation of dismantling assets	-	-
Exceptional amortization	**20**	**18**
Reversals	**-**	**-**

3.3 Net values

The net value of intangible assets and property, plant and equipment breaks down as follows:

In millions of euros	Gross values	Accumulated depreciation	Impairment	Net value at Dec. 31, 2020	Net value at Dec. 31, 2019
Intangible assets	**2,022**	**(1,287)**	**(148)**	**587**	**554**
Software	1,474	(1,088)	(7)	379	325
Other	365	(199)	(140)	26	26
Intangible assets in progress	183	-	(1)	182	203
Property, plant and equipment	**938**	**(542)**	**(26)**	**370**	**381**
Land	29	-	(5)	24	29
Dismantling assets	3	(3)	-	-	-
Buildings	404	(299)	(10)	95	92
Plant and equipment	259	(146)	-	113	130
General plant and equipment, and miscellaneous fixtures and fittings	121	(70)	(11)	40	34
Other	25	(24)	-	1	1
Property, plant and equipment in progress	97	-	-	97	95
Advances and downpayments	-	-	-	-	-
TOTAL	**2,960**	**(1,829)**	**(174)**	**957**	**935**

NOTE 4 Financial fixed assets

4.1 Gross values

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2019	Increases	Decreases	Other	Dec. 31, 2020
Equity investments	**74,853**	**283**	**(2,639)**	**-**	**72,497**
Consolidated equity investments	74,215	274	(2,386)	(176)	71,927
Consolidated equity investments – technical loss (1)	285	-	(253)	-	32
Non-consolidated equity investments	353	9	-	176	538
Other financial fixed assets	**139**	**446**	**(159)**	**-**	**426**
Other long-term investments	42	-	(10)	-	32
Amounts receivable from equity investments	57	292	(7)	-	342
Loans	13	8	(8)	-	13
Other financial fixed assets	27	146	(134)	-	39
TOTAL	**74,992**	**729**	**(2,798)**	**-**	**72,923**

(1) Technical loss arising on the 2008 merger of SUEZ with Gaz de France, involving SUEZ and Electrabel shares

Movements in treasury stock are detailed in Note 9.1.

Equity investments and amounts receivable from these investments are detailed in Note 4.4.

The change in amounts receivable from equity investments was due to a new €270 million loan granted to Electrabel France.

The year-on-year change in equity investments at December 31, 2020 is essentially attributable to the following transactions:

- sale of SUEZ shares (-€2,639 million);
- subscription to the capital increase carried out by COGAC (€120 million);
- subscription to the capital increase carried out by ENGIE Information & Technologies (€100 million);
- subscription to the capital increase carried out by ENGIE New Business (€52 million).

At December 31, 2020, "Other financial fixed assets" comprised:

- deposits paid (€28 million);
- shares held under liquidity agreements (€10 million).

4.2 Impairment

In millions of euros	Dec. 31, 2019	Additions	Reversals	Other	Dec. 31, 2020
Consolidated equity investments	6,875	5,408	(371)	-	11,912
Consolidated equity investments – technical loss (1)	179	-	(148)	-	31
Non-consolidated equity investments	235	-	(4)	-	231
Other long-term investments	8	1	-	-	9
Amounts receivable from equity investments	56	4	-	-	60
Loans	-	-	-	-	-
TOTAL	**7,353**	**5,413**	**(523)**	**-**	**12,243**

(1) Technical loss arising on the 2008 merger of SUEZ with Gaz de France, involving SUEZ and Electrabel shares

The change in impairment mainly reflects:

- provisions for impairment against equity investments:
  - Electrabel (€5,186 million),
  - ENGIE Information & Technologies (€95 million),
  - SFIG (€58 million),
  - GENFINA (€51 million),
  - ENGIE New Ventures (€16 million);
- reversals of impairment provisions against equity investments:
  - COGAC (€341 million),
  - SUEZ (€148 million).

The value in use of the equity investments used to calculate impairment is assessed by reference to:

- for private equity firms, the intrinsic value, which corresponds to net assets plus unrealized gains;
- for listed companies (including SUEZ), the yield value, which corresponds to the average of the last twenty stock market prices of the year;
- for other operating subsidiaries, value in use, which corresponds to the cash flows or dividends (DCF or DDM model) expected to be generated by subsidiaries that directly or indirectly hold operating activities.

The projections on which these values are based were drawn from the 2021 budget and from the 2022-2023 medium-term business plan, as approved by the Group's Executive Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

Cash flow projections are determined on the basis of macroeconomic assumptions (inflation, exchange rates and growth rates) and price forecasts resulting from the Group's reference scenario for 2024-2040. The price forecasts that feature in the Group reference scenario were approved in December 2020. The forecasts and projections included in the reference scenario were determined on the basis of the following inputs:

- forward market prices over the liquidity period for fuel (coal, oil and gas), CO_2 and electricity on each market;
- beyond this period, medium- and long-term energy prices were determined by the Group based on macroeconomic assumptions and fundamental supply and demand equilibrium models, the results of which are regularly compared against forecasts prepared by external energy sector specialists. Long-term projections for CO_2 are in line with the 2050 climate neutrality objectives set by the European Commission as part of the "European Green Deal" presented in December 2019. More specifically, medium- and long-term electricity prices were determined by the Group using electricity demand forecasting models, medium- and long-term forecasts of fuel and CO_2 prices, and expected trends in installed capacity and in the technology mix of the production assets within each power generation system.

In particular, for Electrabel, whose carrying amount accounts for almost half of ENGIE SA's investment portfolio, the key assumptions used to assess its value in use concern changes in:

- the regulatory environment in every country in which Electrabel operates, and in particular the Belgian regulatory framework governing the operating life of existing nuclear reactors and the level of royalties and nuclear contributions paid to the Belgian State;
- gas and electricity demand;
- electricity prices;
- exchange rates; and
- discount rates.

Electrabel owns, either directly or through equity investments in Europe or outside Europe, the following main operating activities:

- power generation and sales activities, including:
  - nuclear power plants in Belgium,
  - thermal power plants, mainly in Belgium, the Netherlands, Italy, Greece, Spain, Portugal, Australia, Singapore, Brazil, Puerto Rico, Chile, Mexico, Peru and the Middle East,
  - renewable power generation plants, mainly in Belgium, the Netherlands, Italy, Spain, Portugal, Germany, the United Kingdom, Brazil, Chile and Mexico;
- natural gas and power generation activities in Belgium, the Netherlands, Italy, the United Kingdom, Australia and Singapore;
- management and optimization of portfolios of physical and contractual assets.

4.3 Net values

In millions of euros	Gross values	Impairment	Net value at Dec. 31, 2020	Net value at Dec. 31, 2019
Equity investments	**72,497**	**(12,174)**	**60,323**	**67,564**
Consolidated equity investments	71,927	(11,912)	60,015	67,340
Consolidated equity investments – technical loss (1)	32	(31)	1	106
Non-consolidated equity investments	538	(231)	307	118
Other financial fixed assets	**426**	**(69)**	**357**	**75**
Other long-term investments	32	(9)	23	34
Amounts receivable from equity investments	342	(60)	282	1
Loans	13	-	13	13
Other financial fixed assets	39	-	39	27
TOTAL	**72,923**	**(12,243)**	**60,680**	**67,639**

(1) Technical loss arising on the 2008 merger of SUEZ with Gaz de France, involving SUEZ and Electrabel shares

4.4 Subsidiaries and investments

Some of the data in the table are unaudited.

In millions of euros	Share Capital	Other equity	% capital held	Book value of shares held		Loans and advances granted	Sureties and endorse-ments	Revenues	Net income/ (loss)	Dividends received in 2020	Year-end
				Gross	Provisions						
Name											
A – Detailed information concerning subsidiaries and investments whose gross value exceeds 1% of ENGIE SA capital (i.e., €24,352,850)											
1. Subsidiaries (more than 50%-owned by ENGIE SA)											
Aguas Provinciales de Santa Fe *(data in local operating currency)*	1	(145)	64.19%	39	(39)	-	-	-	(13)	-	12/2019
Celizan	-	-	100.00%	31	(31)	-	-	-	-	-	12/2020
COGAC	977	113	100.00%	2,555	(481)	-	-	-	87	-	12/2020
Ecometering	5	3	99.00%	38	(31)	-	-	8	3	-	12/2020
Electrabel	4,640	13,677	99.13%	34,148	(9,324)	-	-	10,636	766	687	12/2019
Electrabel France	532	46	100.00%	1,641	-	270	-	-	221	-	12/2020
ENGIE Alliance	100	(49)	64.00%	62	-	-	1,000	-	(49)	-	12/2020
ENGIE China Investment Company	43	(18)	100.00%	123	(60)	-	-	-	(10)	-	12/2020
ENGIE Énergie Services	699	157	100.00%	2,933	-	-	-	2,259	(90)	-	12/2020
ENGIE Energy Services International	1,571	248	100.00%	3,908	-	-	-	5	(4)	-	12/2020
ENGIE Finance	5,460	254	100.00%	5,567	-	7,748	-	-	152	98	12/2020
ENGIE Information & Technologies	105	(101)	100.00%	228	(224)	-	-	348	(57)	-	12/2020
ENGIE Management Company	63	(106)	100.00%	115	(115)	-	-	300	(20)	-	12/2020
ENGIE New Business	216	(1)	100.00%	219	-	-	-	-	(1)	-	12/2020
ENGIE New Ventures	69	(5)	100.00%	91	(16)	-	-	-	(13)	-	12/2020
ENGIE Rassembleurs d'Énergies	50	(15)	100.00%	50	(3)	-	-	-	(1)	-	12/2020
GDF International	3,972	434	100.00%	3,972	-	-	-	13	42	306	12/2020
GENFINA	100	401	100.00%	2,627	(1,377)	-	-	-	(50)	-	12/2020
GRDF	1,801	1,969	100.00%	8,405	-	-	-	3,308	665	504	12/2020
GRTgaz	620	3,787	74.56%	2,240	-	-	1	1,877	329	197	12/2020
SFIG	55	(81)	100.00%	58	(58)	-	-	12	(90)	-	12/2020
Sopranor	-	4	100.00%	245	(240)	-	-	-	-	-	12/2020
Storengy SAS	2,733	121	100.00%	2,733	-	-	-	58	114	11	12/2020
50Five	-	7	100.00%	34	-	-	-	12	(7)	-	12/2020
2. Equity investments (less than 50%-owned by ENGIE SA)											
Aguas Argentinas	2	(8)	48.20%	144	(145)	-	-	-	(53)	-	12/2019
SUEZ (formerly SUEZ Environnement)	2,485	6,453	1.81%	181	-	-	-	91	917	90	12/2019

In millions of euros	Share Capital	Other equity	% capital held	Book value of shares held Gross	Provisions	Loans and advances granted	Sureties and endorse-ments	Revenues	Net income/ (loss)	Dividends received in 2020	Year-end
B – Information concerning other subsidiaries and investments											
1. Subsidiaries not included in section A											
French companies	-	-	-	58	(21)	-				-	
Foreign companies *(data in local operating currency)*	-	-	-	9	-	-				-	
2. Equity investments not included in section A											
French companies				22	(8)	-				63	
Foreign companies *(data in local operating currency)*				24	-						
3. Other long-term investments not included in section A											
French companies				38	(8)	-				1	
Foreign companies *(data in local operating currency)*				-	-	-	-	-	-	-	
TOTAL				**72,538**	**(12,181)**					**1,957**	

NOTE 5 Inventories

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Gross values Dec. 31, 2019	Increases	Decreases	Gross values Dec. 31, 2020
Natural gas (including butane/propane)	550	500	(610)	440
Energy savings certificates	47	545	(307)	285
Capacity remuneration mechanism	311	210	(71)	450
TOTAL	**908**	**1,255**	**(988)**	**1,174**

Inventory impairment can be analyzed as follows:

In millions of euros	Dec. 31, 2019	Additions	Reversals	Dec. 31, 2020
Natural gas (including butane/propane)	-	-	-	-
Energy savings certificates	(5)	-	-	(5)
Capacity remuneration mechanism	-	-	-	-
TOTAL	**(5)**	-	-	**(5)**

The National Agency for Energy Savings Certificates (PNCEE) decided to withdraw the issuance of 1 TWh of certificates. ENGIE is disputing this decision but recognized an impairment provision of €4.5 million against its energy savings certificates in 2018.

The net value of inventories breaks down as follows:

In millions of euros	Gross values	Impairment	Net value at Dec. 31, 2020	Net value at Dec. 31, 2019
Natural gas (including butane/propane)	440	-	440	550
Energy savings certificates	285	(5)	280	42
Capacity remuneration mechanism	450	-	450	311
TOTAL	**1,174**	**(5)**	**1,169**	**903**

5.1 Natural gas reserves

Gas reserves at end-December 2020 were €109 million lower than at end-December 2019.

The price effect led to a 25.03% fall in the value of natural gas reserves, even though volumes increased in underground storage in France (+3.5 TWh) and in French LNG terminals (+2.2 TWh).

5.2 Energy savings certificates

Decree No. 2019-1320 of December 9, 2019 (amending Article R.221-1 of the French Energy Code) extends the fourth period by a year and amends the volume of TWh of cumac required over the new period.

Consequently, the national energy savings target for that fourth period from January 1, 2018 to December 31, 2021 is now fixed at 2,133 TWh for all energy suppliers over four years. This includes 533 TWh of cumac to help households affected by fuel poverty, a target introduced by Article 30 of the Energy Transition for Green Growth act (*Loi relative à la Transition Énergétique pour la Croissance Verte* – LTECV).

Pursuant to Decree No. 2017-690 of May 2, 2017, ENGIE SA's annual "traditional" Energy Savings Certificate (ESC) obligation is determined by applying the following coefficients to its sales: 0.278 kWh cumac/kWh sold for natural gas and 0.463 for electricity ("cumac" means updated cumulative kilowatt-hours (kWh) annualized over the lifespan of the equipment).

For the "fuel poverty" ESC obligation (533 TWhc), which serves to calculate the ESC obligation to be used for households living in fuel poverty conditions in addition to the "standard" ESC obligation, the coefficient is set at 0.333.

5.3 Capacity remuneration mechanism

The capacity remuneration mechanism was introduced by France's "NOME" (*Nouvelle Organisation du Marché de l'Électricité*) law of December 7, 2010.

Articles L.335-1 *et seq.* of the French Energy Code describe the capacity mechanism as follows: "All electricity suppliers shall contribute to securing the supply of electricity in mainland France based on their customers' power supply and energy consumption."

Therefore, to avoid any shortage of electricity during peak winter periods, all suppliers are responsible for their customers' consumption and must be able to prove that they have the capacity to supply them with electricity without causing a general blackout.

All suppliers report their entire production capacity to the RTE, which checks, approves and registers the reported data. These guarantees can be exchanged or cashed in with capacity market providers. This mechanism guarantees renewable energy producers additional revenue.

NOTE 6 Receivables

6.1 Maturity of receivables

In millions of euros	Gross amount at Dec. 31, 2020	Due: End-2021	Due: Between 2022 and 2025	Due: 2026 and beyond
Non-current assets	**426**	**278**	**2**	**146**
Amounts receivable from equity investments	342	277	-	65
Loans	13	1	2	11
Liquidity agreements	-	-	-	-
Other financial fixed assets	71	-	-	71
Current assets	**16,350**	**16,144**	**112**	**94**
Trade and other receivables (1)	4,361	4,338	23	-
Current accounts with subsidiaries	8,135	8,135	-	-
Other operating receivables	655	655	-	-
Other receivables	3,126	2,943	89	94
Advances and downpayments made on orders	73	73	-	-
TOTAL	**16,776**	**16,421**	**114**	**240**

(1) Sales of energy in the meter net of advances from customers billed on a monthly basis totaled €590 million including tax at December 31, 2020 (€664 million at December 31, 2019)

6.2 Impairment of receivables

In millions of euros	Dec. 31, 2019	Additions	Reversals	Other	Dec. 31, 2020
Amounts receivable from equity investments	56	4	-	-	60
Loans	-	-	-	-	-
Trade and other receivables	351	277	(210)	(8)	410
Other miscellaneous receivables	1	-	-	-	1
TOTAL	**409**	**281**	**(210)**	**(8)**	**471**

NOTE 7 Marketable securities

In millions of euros	Gross values	Impairment	Net value at Dec. 31, 2020	Net value at Dec. 31, 2019
Treasury shares held to cover bonus share plans	251	-	251	301
Money-market funds	2,430	(2)	2,428	1,047
Term deposits	582	-	582	502
TOTAL	**3,263**	**(2)**	**3,261**	**1,850**

The gross value of treasury shares at December 31, 2020 was €251 million and no impairment provisions had been recognized. Their aggregate par value was €18 million.

All treasury shares held are allocated to a plan. These shares are measured at their price on the date of the Board of Directors' decision to set up the plan to which they are allocated. They are held at their carrying amount until delivery and impairment provisions are recognized in liabilities (see Note 10.1.2).

NOTE 8 Accruals (assets) and unrealized foreign exchange losses

In millions of euros	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
Loan redemption premiums	164	22	(26)	159
Deferred loan issuance costs	49	12	(14)	47
Options contracts	229	213	-	442
Financial instruments	974	255	(105)	1,123
ACCRUALS (ASSETS)	**1,416**	**502**	**(146)**	**1,771**
UNREALIZED FOREIGN EXCHANGE LOSSES	**310**	**124**	**(130)**	**304**

Accruals

Accruals related to financial instruments comprise:

- premiums and issue costs to be amortized on ENGIE SA bonds;
- premiums on options intended to hedge commodity and/or interest rate and currency risk on debt;
- measurement at fair value of interest rate, currency and commodity derivatives not qualifying as hedges, and the currency portion of derivatives hedging the risk on debt denominated in foreign currencies.

Unrealized foreign exchange losses

Unrealized foreign exchange losses arise upon the translation at the year-end exchange rate of payables and receivables denominated in a currency other than the euro and upon the currency portion of derivatives hedging debt denominated in foreign currencies and/or commodity purchases and sales.

NOTE 9 Shareholders’ equity

9.1 Share capital – shares issued and outstanding

The share capital is fully paid up. Each €1 share carries a single voting right.

Share capital	
Shares comprising the share capital at January 1, 2020	2,435,285,011
TOTAL NUMBER OF SHARES COMPRISING THE SHARE CAPITAL	**2,435,285,011**

In 2020, a total of 9,817,827 shares were purchased and 9,817,827 shares were sold under the liquidity agreement, generating a net capital gain of €74,199.24. At December 31, 2020, ENGIE SA no longer held any treasury shares under the liquidity agreement.

At December 31, 2020, ENGIE SA held 18,464,634 shares in connection with bonus share awards (see Note 9.3).

9.2 Change in shareholders' equity

In millions of euros	
Shareholders' equity at December 31, 2019	**34,594**
Dividends and interim dividends paid and other	-
Revaluation adjustments	
Tax-driven provisions and investment subsidies	36
Income	(3,928)
Shareholders' equity at December 31, 2020	**30,702**

On April 1, 2020, the Board of Directors decided not to recommend the payment of a dividend in respect of 2019 due to the health and economic crisis. This decision was approved by the Shareholders' Meeting of May 14, 2020.

9.3 Employee bonus share awards and stock option plans

Bonus share policy and stock option policy

Bonus share awards are intended to involve all employees more closely in the Group's growth and performance. They are awarded to employees upon a decision of the Board of Directors, in accordance with decisions taken by the Shareholders' Meeting, subject to a minimum seniority of two years and a number of performance conditions.

In 2020, ENGIE SA granted 4,914,390 bonus shares to ENGIE Group employees.

In 2020, ENGIE SA delivered 3,678,699 shares to Group employees.

Based on all existing share plans, the number of beneficiaries and staff turnover assumptions, at December 31, 2020 ENGIE SA considered that it had an obligation to deliver 19,474,583 shares.

In view of the shares delivered in 2020, the company holds 18,464,634 shares to cover its bonus share obligations at December 31, 2020, representing a total amount of €251 million net of provisions. The market value of these shares at end-2020 was €231 million.

Details of bonus share and stock option plans in force	Number of shares awarded	Number of shares delivered	Per share value	Expense *(in millions of euros)* 2020	2019
Bonus shares awarded					
ORS 2015 Plan of December 10, 2015	81,300	81,300	19,875.00	(1.54)	0.32
ENGIE Plan of December 16, 2015	459,548	401,615	16.02	(7.01)	(46.50)
ENGIE Plan of December 14, 2016	4,903,711	3,073,386	12.03	(53.62)	(6.21)
ENGIE Plan of March 1, 2017	69,088	62,712	11,645.00	(0.75)	(1.35)
ENGIE Plan of December 13, 2017	4,885,797	-	14.70	22.02	13.76
ENGIE Plan of March 7, 2018	127,194	60,026	12,645.00	(0.47)	0.35
Link Abondement Plan of August 2, 2018	279,557	-	13.44	0.75	0.60
ENGIE Plan of December 11, 2018	4,629,656	-	12.26	17.37	16.88
ENGIE Plan of February 27, 2019	176,062	-	13.90	1.01	0.85
ENGIE Plan of December 17, 2019	4,773,593	-	14.73	21.60	0.83
ENGIE Plan of December 17, 2020	4,547,275	-	12.67	0.66	
TOTAL	**24,932,781**	**3,679,039**		**0.03**	**(20.47)**

NOTE 10 Provisions

10.1 Provisions for contingencies and losses

In millions of euros	Dec. 31, 2019	Additions	Reversals (used provisions)	Reversals (surplus provisions)	Dec. 31, 2020
Provisions for site rehabilitation (Note 10.1.1)	21		(1)		20
Provisions relating to employees (Note 10.1.2)	241	77	(47)	(22)	248
Provisions for taxes (Note 10.1.3)	23		(1)		21
Provisions for tax consolidation (Note 10.1.4)	1,069	155	(128)	(35)	1,060
Vendor warranties	-				-
Risks arising on subsidiaries (Note 10.1.5)	59	36	(32)		64
Other provisions for contingencies and losses (Note 10.1.5)	1,059	1,419	(724)	(19)	1,737
TOTAL	**2,472**	**1,687**	**(933)**	**(76)**	**3,151**

10.1.1 Provisions for site rehabilitation

Provisions for site rehabilitation totaled €20 million at December 31, 2020 versus €21 million at end-2019, broken down as follows:

In millions of euros	Dec. 31, 2019	Additions	Reversals (used provisions)	Matching entry to dismantling assets	Dec. 31, 2020
Provisions for site rehabilitation (excluding PNC assets)	15	-	-	-	15
Provisions for site rehabilitation (PNC assets)	5	-	(1)	-	5
TOTAL	**21**	**-**	**(1)**	**-**	**20**

Provisions for site rehabilitation (excluding PNC assets) of €15 million at end-2020

These provisions chiefly relate to the rehabilitation of sites on which gas production plants were located and mainly cover safety requirements (ground water, air pollution, etc.) based on their current use. They also include refurbishment of the La Défense, Lyon (Monolyte) and St Denis (Landy) premises.

Provisions for site rehabilitation (PNC assets) of €5 million at end-2020

In 2015, ENGIE SA implemented a five-year national property asset disposal program (*Plan National de Cessions immobilières* – PNC) covering 236 non-strategic sites. Whenever a binding agreement is entered into to sell an asset, a provision for dismantling costs is recognized under liabilities with a matching entry to dismantling assets depreciated over their residual life.

During the year, €0.9 million was written back from the PNC provision corresponding to the work undertaken on the sites. However, no dismantling assets were recognized.

10.1.2 Provisions relating to employees

Provisions for employee benefits

At December 31, 2020, pension obligations amounted to €5 million. Pension obligations are covered by insurance funds.

Other post-employment benefits amounted to €14 million.

Provisions have been set aside for the full amount of disability benefits, allowances for occupational accidents, illnesses of active employees at year-end, long-service awards and asbestos, representing a total amount of €94 million.

These provisions represented a total amount of €113 million at December 31, 2020. Note 18.4 analyzes changes in these provisions in the periods presented.

The full amount of end-of-career indemnities is partially covered by insurance funds; the shortfall amounted to €30 million at December 31, 2020.

Provisions for employee bonus share awards and stock option plans

At December 31, 2020, provisions for employee bonus share awards and stock option plans amounted to €131 million (no change from end-2019). The provision for employer contributions related to the bonus share awards amounted to €2 million (no change from end-2019).

In 2020, ENGIE SA set aside a further €66 million to this provision to cover rights vested by employees. It also wrote back €66 million of the provision following the expiration of certain bonus share plans.

In addition to presence in the Group at the vesting date, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations.

10.1.3 Provisions for taxes

As a result of various tax audits, ENGIE SA has several provisions for tax risks in its financial statements, including one related to income taxes:

- the provision for income taxes amounted to €21 million at December 31, 2020 (end-2019: €22 million). It is chiefly related to the transfer price of LNG.

10.1.4 Provisions for tax consolidation

ENGIE SA has chosen to file consolidated tax returns. As a result, it sets aside a provision reflecting its obligation to transfer back to subsidiaries any tax losses utilized. In 2020, ENGIE SA recognized a provision charge of €154.6 million and a reversal of €82 million, bringing the total provision to €597.1 million at the year-end.

At December 31, 2007, GRDF was part of the tax consolidation group and the capital gain on the disposal of the gas distribution activity therefore had no tax impact. Since 2008, the subsidiary's statutory financial statements show tax savings relating to the amortizable component of the capital gain arising on the disposal of the gas distribution business. This excess amortization is canceled out at the level of the tax consolidation group. In accordance with the tax consolidation agreements signed with its subsidiaries, ENGIE SA recognized a provision for tax consolidation with respect to GRDF for a definitive amount of €1,938 million, based on the amortizable component. In 2020, the Company wrote back an amount of €80.7 million (€90.6 million in 2019), corresponding to the neutralization of the excess amortization on the amortizable component arising in the year.

Provisions for tax consolidation amounted to €1,060.4 million at end-2020, including €463.3 million relating to the amortizable component of GRDF's intangible assets.

10.1.5 Other provisions for contingencies and losses

Other provisions for contingencies and losses mainly include provisions for contingencies arising on other third parties, provisions for commercial litigation and claims, and provisions for currency and interest rate risk.

Movements in these provisions chiefly impact non-recurring and financial items.

Provisions for other contingencies and losses totaled €1,737 million at December 31, 2020 versus €1,059 million at end-2019, broken down as follows:

- provisions for onerous contracts: €1,258 million.

  Given structural changes in gas markets, ENGIE SA decided to overhaul the management model of its midstream gas business (excluding LNG). To this end, in 2017 a new organization was put in place aimed at changing the methods for managing long-term gas supply contracts, transport and storage capacity contracts, and a power exchange contract. Since then, these new methods permit the relevant contracts to be managed individually rather than as part of a portfolio. At December 31, 2019, the provision for onerous contracts amounted to €557 million.

  A net provision reversal was recognized in 2020 (€110 million) relating to contracts in place in 2019.

  Additional provisions of €812 million were set aside for new onerous contracts, chiefly the one relating to CCGT Cartagena (Spain) pursuant to a tolling contract signed in 2011 and valid until 2028. Given the conditions in the Spanish electricity market and the terms of the new CRM expected in 2021, ENGIE considered this contract to be structurally and sustainably onerous and set aside a provision of €686 million. This brings total provisions for onerous contracts at end-December 2020 to €1,258 million;
- provisions for other risks: €170 million, mainly comprising the provision for negative fair value adjustments to financial instruments (€163 million);
- provisions for interest-rate risk: €134 million;
- provisions for litigation: €83 million;
- provisions for restructuring: €61 million;
- provisions for foreign exchange losses: €31 million.

The provision for subsidiaries' risk amounted to €64 million at December 31, 2020 (€59 million at December 31, 2019).

10.2 Tax-driven provisions and investment subsidies

In millions of euros	Dec. 31, 2019	Additions	Reversals	Transfer	Dec. 31, 2020
Tax-driven provisions	**567**	**246**	**(214)**	-	**598**
Accelerated depreciation and amortization	536	246	(214)	-	567
Provision for price increases	31	-	-	-	31
Investment subsidies	**18**	**5**	**(1)**	-	**23**
TOTAL	**585**	**251**	**(215)**	-	**621**

NOTE 11 Borrowings and debt

11.1 Summary of borrowings and debt

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Borrowings	**31,924**	**30,842**
Hybrid bonds	3,913	3,913
Bonds	23,108	22,550
Other loans	4,903	4,380
Amounts payable to equity investments	**4,350**	**6,800**
Current accounts with subsidiaries	**1,377**	**1,051**
Other borrowings and debt	**507**	**541**
Deposits received from customers	27	25
Deposits received on derivatives	9	-
Tax consolidation	65	114
Current portion of interest due	353	364
Bank overdrafts	18	4
Miscellaneous	34	34
TOTAL	**38,158**	**39,234**

The €1,076 million decrease in borrowings and debt reflects:

- a €2,450 million decrease in amounts payable to equity investments. This corresponds to the repayment of the loans obtained from Electrabel (€1,800 million), ENGIE Global Market (€500 million) and ENGIE Finance (€150 million);
- a €1,026 million increase in bond issues;
- repayment of the CHF bond issue and revaluation of foreign currency bond issues, reducing them to €468 million equivalent;
- an €878 million increase in Negotiable European Commercial Paper (NEU CP), an €88 million decrease in United States Commercial Paper (USCP), and repayment of the US$300 million private loan, resulting in a €523 million increase in other borrowings and debt;
- a €327 million increase in credit balances on current accounts with subsidiaries.

A new €850 million hybrid bond issue has replaced the old repaid issues for the same amount, improving the interest rate on hybrid issues.

11.2 Maturities of borrowings, debt and payables

		Due		
In millions of euros	Dec. 31, 2020	End-2021	Between 2022 and 2025	2026 and beyond
Borrowings and debt	**38,158**	**11,463**	**10,461**	**16,234**
Hybrid bonds	3,913	363	2,700	850
Bonds	23,108	1,192	6,645	15,271
Other loans	4,903	4,524	267	113
Amounts payable to equity investments	4,350	3,500	850	-
Current accounts with subsidiaries	1,377	1,377	-	-
Other borrowings and debt	507	507	-	-
Trade and other payables	**6,231**	**6,231**	-	-
Tax and employee-related liabilities	**1,188**	**1,188**	-	-
Other liabilities	**2,285**	**2,285**	-	-
Advances from customers	846	846	-	-
Other	1,440	1,440	-	-
Advances and downpayments received on orders	**6**	**6**	-	-
TOTAL	**47,868**	**21,173**	**10,461**	**16,234**

11.2.1 Breakdown of hybrid bonds

	Dec. 31, 2020	Issue date	Interest repricing date	Interest	Listing
Public issues					
In millions of euros	363	07/2013	07/2021	4.750%	Paris
In millions of euros	542	06/2014	06/2024	3.875%	Paris
In millions of euros	658	01/2018	04/2023	1.375%	Paris
In millions of euros	1,000	01/2019	02/2025	3.250%	Paris
In millions of euros	500	07/2019	07/2025	1.625%	Dublin
In millions of euros	850	11/2020	11/2028	1.500%	Paris

11.2.2 Breakdown of bonds

	Dec. 31, 2020	Issue date	Maturity date	Interest	Listing
Public issues					
In millions of euros	900	01/2009	01/2021	6.375%	Luxembourg
In millions of euros	693	10/2010	10/2022	3.500%	Paris
In millions of euros	300	03/2011	03/2111	5.950%	Paris
In millions of euros	742	06/2012	02/2023	3.000%	Paris
In millions of euros	410	07/2012	07/2022	2.625%	Paris
In millions of euros	1,300	05/2014	05/2026	2.375%	Paris
In millions of euros	750	03/2015	03/2022	0.500%	Paris
In millions of euros	750	03/2015	03/2026	1.000%	Paris
In millions of euros	500	03/2015	03/2035	1.500%	Paris
In millions of euros	700	03/2017	03/2024	0.875%	Paris
In millions of euros	800	03/2017	03/2028	1.500%	Paris
In millions of euros	500	09/2017	02/2023	0.375%	Paris
In millions of euros	750	09/2017	02/2029	1.375%	Paris
In millions of euros	750	09/2017	09/2037	2.000%	Paris
In millions of euros	750	06/2018	06/2028	1.375%	Paris
In millions of euros	500	09/2018	09/2025	0.875%	Paris
In millions of euros	500	09/2018	09/2033	1.875%	Paris
In millions of euros	750	06/2019	06/2027	0.375%	Paris
In millions of euros	750	06/2019	06/2039	1.375%	Paris
In millions of euros	750	09/2019	03/2027	0.000%	Paris
In millions of euros	900	10/2019	10/2030	0.500%	Paris
In millions of euros	600	10/2019	10/2041	1.250%	Paris
In millions of euros	1,000	03/2020	03/2025	1.375%	Paris
In millions of euros	750	03/2020	03/2028	1.750%	Paris
In millions of euros	750	03/2020	03/2032	2.125%	Paris
In millions of euros	750	06/2020	06/2027	0.375%	Paris
In millions of pounds sterling	500	10/2008	10/2028	7.000%	Luxembourg
In millions of pounds sterling	226	02/2009	02/2021	6.125%	Luxembourg
In millions of pounds sterling	700	10/2010	10/2060	5.000%	Paris
In millions of pounds sterling	400	10/2011	10/2060	5.000%	Paris
In millions of Swiss francs	175	10/2012	10/2024	1.625%	Zurich
In millions of US dollars	750	10/2012	10/2022	2.875%	None

	Dec. 31, 2020	Issue date	Maturity date	Interest	Listing
Private placements					
In millions of euros	100	10/2011	10/2023	CMS10YR+0.505%	Paris
In millions of euros	100	03/2013	03/2033	3.375%	None
In millions of euros	81	04/2013	04/2038	3.703%	None
In millions of euros	50	10/2015	10/2027	1.764%	Paris
In millions of euros	50	10/2015	10/2027	1.764%	Paris
In millions of euros	100	11/2015	11/2045	2.750%	Paris
In millions of euros	50	11/2015	11/2045	2.750%	Paris
In millions of euros	100	06/2017	06/2032	1.625%	Paris
In millions of euros	100	10/2017	09/2037	2.000%	Paris
In millions of euros	50	07/2018	07/2027	1.157%	Paris
In millions of euros	75	07/2018	07/2038	CMS	Paris
In millions of Norwegian krone	500	04/2013	04/2024	4.020%	Paris
In millions of yen	15,000	12/2008	10/2023	3.180%	None
In millions of yen	10,000	07/2012	07/2022	1.260%	Paris
In millions of yen	20,000	09/2015	01/2024	0.535%	Paris
In millions of Hong Kong dollars	1,400	09/2017	09/2032	2.650%	Paris
In millions of Hong Kong dollars	900	10/2017	10/2027	2.630%	Paris
In millions of US dollars	50	11/2015	11/2021	2.681%	Paris
In millions of US dollars	50	01/2019	12/2029	3.593%	None
In millions of Australian dollars	115	11/2015	11/2025	4.235%	Paris
In millions of Australian dollars	85	07/2018	07/2033	3.780%	Paris

11.2.3 Other borrowings and amounts payable to equity investments

At December 31, 2020, other borrowings mainly comprised NEU CP (€3,230 million, including €491 million at floating rates) and USCP at fixed rates (US$975 million, equivalent value of €794 million). These borrowings all fall due in less than one year.

ENGIE SA also has a credit facility on which €877 million has been drawn. The US$300 million bank loan was repaid in full during the year.

The loan from ENGIE Finance decreased by €1,150 million as a result of repayments made during the year, which was partially offset by a new loan of €1,000 million. The amount outstanding at the year-end was €3,500 million.

The loan from ENGIE Alliance remained unchanged at €850 million.

The €1,800 million loan obtained from ENGIE Global Developments and transferred to Electrabel in 2019 was repaid in full in 2020.

11.2.4 Other borrowings and debt

Other borrowings and debt (accrued interest on borrowings and debt, current accounts with a credit balance, deposits received from customers, bank overdrafts, bank facilities, etc.) are chiefly denominated in euros.

11.3 Analysis of borrowings and debt by currency and interest rate

11.3.1 Analysis by interest rate

	After hedging		Before hedging	
In millions of euros	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Floating rate				
Bonds	5,942	6,469	175	375
Amounts payable to equity investments	4,350	6,300	4,350	6,300
Other loans	3,249	2,371	1,010	2,242
Current accounts with subsidiaries	1,377	1,051	1,377	1,051
Other borrowings and debt	210	256	145	176
Fixed rate				
Hybrid bonds	3,913	3,913	3,913	3,913
Bonds	17,166	16,081	22,933	22,175
Amounts payable to equity investments	-	500	-	500
Other loans	1,655	2,009	3,893	2,138
Other borrowings and debt	296	284	362	364
TOTAL	**38,158**	**39,234**	**38,158**	**39,234**

11.3.2 Analysis by currency

	After hedging		Before hedging	
In millions of euros	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
In euros				
Hybrid bonds	3,913	3,913	3,913	3,913
Bonds	23,108	22,550	19,451	18,425
Amounts payable to equity investments	4,350	6,800	4,350	6,800
Other loans	4,903	4,380	4,109	3,231
Current accounts with subsidiaries	1,184	854	1,184	854
Other borrowings and debt	506	540	461	492
In foreign currency				
Hybrid bonds	-	-		-
Bonds	-	-	3,657	4,125
Amounts payable to equity investments	-	-		-
Other loans	-	-	794	1,149
Current accounts with subsidiaries	194	197	194	197
Other borrowings and debt	-	-	45	48
TOTAL	**38,158**	**39,234**	**38,158**	**39,234**

NOTE 12 Accruals (liabilities) and unrealized foreign exchange gains

In millions of euros	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
Options contracts	519	330	-	849
Financial instruments (1)	943	450		1,393
ACCRUALS (LIABILITIES)	**1,463**	**780**	**-**	**2,242**
UNREALIZED FOREIGN EXCHANGE GAINS	**431**	**113**	**(205)**	**339**

(1) €107 million of financial instruments previously classified in unrealized foreign exchange gains in 2019 were reclassified in the 2020 change

Accruals

Accruals related to financial instruments comprise:

- premiums on options intended to hedge commodity and/or interest rate and currency risk on debt;
- measurement at fair value of interest rate, currency and commodity derivatives not qualifying as hedges, and the currency portion of derivatives hedging the risk on debt denominated in foreign currencies.

A contingency and loss provision is recognized in respect of unrealized foreign exchange losses on contracts that do not qualify for hedge accounting (see Note 10.1.5).

Unrealized foreign exchange gains

Unrealized foreign exchange gains arise upon the translation at the year-end exchange rate of payables and receivables denominated in a currency other than the euro and upon the currency portion of derivative financial instruments intended to hedge currency risk on debt and/or commodity purchases and sales.

NOTE 13 Net operating income/(loss)

13.1 Breakdown of revenues

Revenues by region

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Energy sales		
• France	9,887	11,197
• International	6,128	3,036
Works, research and services provided	2,803	2,669
Revenues from non-core activities and other	453	380
TOTAL	**19,272**	**17,282**

The increase in revenues stemmed from growth in international sales to major accounts, coupled with an increase in net sales on market transactions.

Revenues by business activity

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Energy sales		
• Natural gas	9,484	8,642
• Electricity	6,531	5,591
Other production sold		
• Works, research and services provided	2,803	2,669
• Revenues from non-core activities and other	453	380
TOTAL	**19,272**	**17,282**

At December 31, 2020, unbilled, un-metered revenues (energy in the meter) amounted to €1,538 million excluding tax.

13.2 Personnel costs

Change in headcount by category

In number of employees	Dec. 31, 2019	Change	Dec. 31, 2020
Operating staff	226	(31)	195
Senior technicians and supervisory staff	1,639	(24)	1,615
Managerial-grade staff	2,634	33	2,667
TOTAL	**4,499**	**(22)**	**4,477**

The average number of employees was 4,477 in 2020 and 4,499 in 2019.

Personnel costs break down as follows:

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Wages and salaries	(283)	(273)
Payroll expenses	(146)	(148)
Profit sharing	(21)	(21)
Other	(71)	(28)
TOTAL	**(522)**	**(470)**

Employee profit sharing

An employee profit-sharing agreement based on performance criteria was set up in compliance with the legal conditions prescribed by Order 86-1134 of October 21, 1986.

These profit-sharing mechanisms are treated as personnel costs.

13.3 Net additions to provisions

In millions of euros	Dec. 31, 2020	Dec. 31, 2019
Provision for capital renewal and replacement liabilities regarding concessions	(3)	(1)
Provision for site rehabilitation	-	11
Other provisions for losses	8	(6)
Other provisions for contingencies	636	88
TOTAL	**642**	**91**

Other contingency and loss provisions mainly comprised:

- net addition to provisions for onerous contracts (€701 million);
- net addition to provisions for employee disputes (€3 million);
- net reversal of provisions for contingencies (€45 million), mainly negative fair value adjustments to swaps (€34 million);
- net reversal of provisions for commercial litigation (€20 million);
- net reversal of provisions for tax reassessments (€3 million).

13.4 Operating expense transfers

Expense transfers are included in other operating income and amounted to €65 million in 2020 and €50 million in 2019.

NOTE 14 Net financial income/(loss)

			Total	
In millions of euros	Expenses	Income	Dec. 31, 2020	Dec. 31, 2019
Other interest income and expenses	(1,087)	542	(545)	(487)
Interest on current accounts and amounts receivable from equity investments	-	6	6	8
Foreign exchange gains/(losses)	(706)	799	94	19
Dividends received	-	1,957	1,957	1,840
Movements in provisions for financial items	(74)	2	(71)	(187)
TOTAL	**(1,866)**	**3,306**	**1,440**	**1,192**

NOTE 15 Net non-recurring income/(loss)

In millions of euros	Expenses	Income	Total Dec. 31, 2020	Total Dec. 31, 2019
Disposals of property, plant and equipment, and intangible assets	(23)	33	10	4
Disposals of financial fixed assets	(2,770)	3,512	742	-
Provision for price increases	-	-	-	23
Accelerated depreciation and amortization	(246)	214	(32)	(24)
Movements in provisions relating to equity investments	(5,451)	555	(4,895)	(918)
Other	(164)	79	(85)	80
TOTAL	**(8,653)**	**4,393**	**(4,260)**	**(835)**

"Other" mainly includes various indemnities on restructuring operations, losses on bond redemptions, and rebilling to subsidiaries of losses on the issuance of bonus shares.

NOTE 16 Tax position

16.1 Tax consolidation

The current option to file consolidated tax returns is automatically renewed every five years.

16.2 Income tax benefit/(expense)

The income tax rate in 2020 was 32.02%, including the 3.3% social contribution.

In millions of euros	2020 Income before tax	2020 Income tax*	2020 Net income/(loss)	2019 Income before tax	2019 Income tax*	2019 Net income/(loss)
Income tax due by ENGIE SA for the period (excluding tax consolidation group)						
• on recurring income	(200)		(200)	261		261
• on non-recurring income	(4,260)		(4,260)	(834)		(834)
Income tax expense (income tax payable by subsidiaries/provision for transfer of tax savings to entities in the tax consolidation group)	**-**	**532**	**532**	**-**	**377**	**377**
• income tax relating to subsidiaries within the tax consolidation group		460			294	
• net change in provisions for income tax		9			38	
• other (mainly adjustments to research and CICE tax credits held in 2020/2019)		63			45	
TOTAL	**(4,460)**	**532**	**(3,928)**	**(573)**	**377**	**(196)**

* *A positive figure signifies a tax benefit*

In 2020 and 2019, ENGIE SA generated a tax loss on an individual company level. Dividends received from subsidiaries are eligible for "parent/subsidiary" tax treatment and are therefore exempt, subject to adding back a share of expenses equal to 1% or 5%, as applicable.

The income tax benefit amounted to €532.2 million versus an income tax benefit of €377.1 million in 2019, chiefly reflecting:

- savings resulting from tax consolidation (€466.7 million in 2020 versus €294.4 million in 2019), attributable to the difference between:
  - the €459.9 million contribution to Group income tax due in 2020 to ENGIE SA by subsidiaries reporting a profit (€293.3 million in 2019),
  - tax credits relating to the tax consolidation group amounting to €0.8 million in 2020 versus €1.1 million in 2019, and
  - income tax due by the consolidated tax group, which was zero in 2020, as in 2019;
- a net reversal of €9 million from the income tax provision in 2020 compared with a reversal of €38.2 million in 2019, chiefly reflecting:
  - €72.6 million in net additions in respect of the utilization of tax losses by consolidated subsidiaries of ENGIE SA versus €35.8 million in net additions in 2019,
  - €0.8 million reversal of provisions for tax risks chiefly related to the transfer price of LNG compared to a reversal of €0.3 million in 2019,
  - €80.8 million in reversals of provisions relating to the excess amortization during the period of the amortizable component of the capital gain generated on the sale of gas distribution activities in 2007;
- other miscellaneous items representing a net tax credit of €63 million in 2020, mainly due to changes in CICE and research tax credits.

16.3 Deferred tax

Future tax liabilities as shown in the table below result from temporary differences between the treatment of income and expenses for tax and accounting purposes.

This takes into account the impact of the progressive decrease in the corporate income tax rate from 2021 to 2022 introduced in the 2018 finance act.

	2020		2019		
In millions of euros	28.41%	25.82%	32.02%	28.41%	25.82%
Year of reversal	**2021**	**2022 and beyond**	**2020**	**2021**	**2022 and beyond**
Deferred tax liabilities					
• Unrecognized deductible expenses	304		310	-	-
• Untaxed income recognized	27	109	30	27	109
Deferred tax assets					
• Temporary non-deductible expenses recognized	513	1,100	512	42	611
• Unrecognized taxable income	339	39	324	-	39
Net deferred tax base	**520**	**1,030**	**496**	**15**	**541**
• Theoretical impact of deferred tax	148	266	159	4	140

NOTE 17 Off-balance sheet commitments (excluding employee benefit obligations)

17.1 Financial commitments

The ENGIE Group's Finance Division is responsible for managing all financial risks (interest rate, currency, liquidity and credit risks).

17.1.1 Liquidity risk

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The centralization of financing needs and cash flow surpluses for the Group is provided by its financing vehicles (long-term and short-term), as is automated cash centralization via its cash pooling vehicles.

Short-term cash requirements and cash surpluses for Europe are managed by dedicated financial vehicles in France (ENGIE Finance) and Luxembourg (ENGIE Treasury Management). These vehicles centralize virtually all of the cash requirements and surpluses of companies controlled by the Group, ensuring that counterparty risk and the investment strategy are managed consistently.

The Group seeks to diversify its long-term sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues NEU CP (Negotiable European Commercial Paper) in France as well as USCP (United States Commercial Paper) in the United States.

Long-term capital markets are accessed chiefly by ENGIE SA in connection with the Group's new bond issues, and in connection with commercial paper.

As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, all outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. ENGIE SA can therefore access facilities readily convertible into cash, enabling it to meet its cash requirements in the ordinary course of business or to serve as a bridge to finance external growth operations:

- ENGIE SA has credit facilities with various banks under which €12,428 million remains undrawn. These facilities include two syndicated credit lines, respectively for €5,500 million and €5,000 million, maturing in November 2022 and December 2024. At December 31, 2020, ENGIE SA had drawn €877 million on these facilities. These facilities are not subject to any covenants or credit rating requirements;
- ENGIE SA also has access to short-term debt markets through short-term debt issues: USCP for US$4,500 million (of which US$975 million (€794 million) had been drawn at end-2020), and NEU CP for €5,000 million (€3,230 million drawn at end-2020).

17.1.2 Counterparty risk

ENGIE SA is exposed to counterparty risk arising on its operating and financing activities.

To manage counterparty risk arising on operating activities, the Group has put in place monitoring procedures adapted to the characteristics of the counterparties concerned (private corporations, individuals, and public authorities). Customers representing a major counterparty for the Company are covered by procedures applicable to the financial activities described below, thereby providing broad-ranging oversight of the corresponding counterparty risk.

For its financing activities, ENGIE SA has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits. ENGIE SA also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls) to reduce its exposure to counterparty risk. The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury department and reports to the Finance Division.

17.1.3 Interest rate risk

Based on its net debt position, ENGIE SA has adopted a policy for optimizing borrowing costs using a combination of financial instruments (interest swaps and options) according to market conditions.

ENGIE SA takes care to ensure that the difference between its floating-rate debt and its cash surpluses invested at a floating rate has a low degree of exposure to adverse changes in short-term interest rates.

Positions are managed centrally and are reviewed each quarter or whenever any new financing is raised. Management must approve in advance any transaction that causes the interest rate mix to change significantly.

	Notional amount at Dec. 31, 2020						
In millions of euros	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total	Fair value including accrued interest	Notional amount at Dec. 31, 2019
Interest rate swap							
Fixed-rate borrower/floating-rate lender	1,000	900	2,700	1,658	6,258	(1,976)	5,973
Floating-rate borrower/fixed-rate lender	3,743	3,658	5,288	2,183	14,872	1,514	13,436
Purchase of CAP							
Fixed-rate borrower/floating-rate lender	1,000				1,000		1,000
Purchase of FRA							
Fixed-rate borrower/floating-rate lender					-		2,450
TOTAL EUR	**5,743**	**4,558**	**7,988**	**3,841**	**22,130**	**(462)**	**22,859**
Interest rate swap							
Fixed-rate borrower/floating-rate lender		1,349			1,349	(52)	1,097
Floating-rate borrower/fixed-rate lender					-		72
TOTAL USD	-	**1,349**	-	-	**1,349**	**(52)**	**1,169**
TOTAL	**5,743**	**5,907**	**7,988**	**3,841**	**23,479**	**(514)**	**24,028**

In millions of euros	Notional amount at Dec. 31, 2020						
	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total	Fair value including accrued interest	Notional amount at Dec. 31, 2019
Currency swap							
Fixed-rate borrower/fixed-rate lender	250		638	1,291	2,179	(583)	2,179
Fixed-rate borrower/floating-rate lender						-	-
Total GBP	**250**	**-**	**638**	**1,291**	**2,179**	**(583)**	**2,179**
Currency swap							
Floating-rate borrower/fixed-rate lender		229			229	(27)	229
Fixed-rate borrower/fixed-rate lender		149			149	3	149
Total JPY	**-**	**378**	**-**	**-**	**378**	**(24)**	**378**
Currency swap							
Fixed-rate borrower/fixed-rate lender	-	-	-	-	-	-	-
Floating-rate borrower/fixed-rate lender		144			144	27	371
Total CHF	**-**	**144**	**-**	**-**	**144**	**27**	**371**
Currency swap							
Fixed-rate borrower/fixed-rate lender	46		44		90	(6)	90
Fixed-rate borrower/floating-rate lender					-		274
Floating-rate borrower/floating-rate lender					-		-
Floating-rate borrower/fixed-rate lender		580			580	52	580
Total USD	**46**	**580**	**44**	**-**	**670**	**46**	**944**
Currency swap							
Fixed-rate borrower/fixed-rate lender	-	67	-	-	67	(20)	67
Total NOK	**-**	**67**	**-**	**-**	**67**	**(20)**	**67**
Currency swap							
Fixed-rate borrower/fixed-rate lender	-	75		54	129	5	129
Total AUD	**-**	**75**	**-**	**54**	**129**	**5**	**129**
Currency swap							
Fixed-rate borrower/fixed-rate lender	-	-	98	153	251	(16)	251
Total HKD	**-**	**-**	**98**	**153**	**251**	**(16)**	**251**
Currency swap							
Floating-rate borrower/floating-rate lender	-	-	-	-	-	-	
Total MXN	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**296**	**1,244**	**780**	**1,498**	**3,818**	**(565)**	**4,319**

Interest rate hedges outstanding at December 31, 2020 are described below:

- ENGIE SA entered into short-term swaps (maturing in less than six months) to hedge the interest rate risk on its short-term cash management transactions (NEU CP issues). These are floating-rate borrower (Eonia)/fixed-rate lender swaps with a notional amount of €2,739 million;
- in line with the Group's interest rate risk policy and with due reference to market conditions, interest rate risk is managed centrally through the use of interest rate swaps and options within the framework of an annual risk mandate;
- as part of the Group's interest rate risk management policy, since 2009 ENGIE SA has set up interest rate hedges indexed to the dollar rate fixing the interest rate on the Group's USD debt for a nominal amount of US$1,655 million at end-2020 (€1,349 million equivalent value);
- to protect the refinancing rate on part of its debt at Group level, ENGIE SA has a portfolio of interest rate anticipatory hedges with maturities of 10 to 21 years beginning in 2021, 2023, 2024 and 2025, for each of the volumes initiated in 2020 and for a nominal amount of €2,500 million at December 31, 2020.

17.1.4 Currency risk

ENGIE SA is exposed to currency risk, including in particular on:

- commercial transactions involving the purchase and sale of natural gas:
  Gas purchase and sale contracts are often indexed to the price of oil-based products, mostly listed in US dollars;
- entities that do not have the euro as their functional currency (translation risk):
  The main exposures to translation risk correspond to assets in USD, BRL and GBP;
- financial transactions in respect of the USCP hedges.

The exposure to currency risk on these transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of fluctuations in the US dollar on procurement costs and their repercussion on sales prices, reflecting mainly the effect of rolling averages and the inventory cycle.

To manage its exposure to fluctuations in exchange rates, ENGIE SA uses forward currency purchase or sale contracts to hedge its gas purchases and its financing activities.

To limit the impact of translation risk on certain amounts receivable from equity investments and on future foreign currency purchases, and to hedge the net asset risk arising on consolidation, ENGIE SA has taken new positions or reinforced existing positions in forward currency transactions that allow it to cancel out or minimize translation adjustments on these deposits and loans or other future operations.

At December 31, 2020, commitments corresponding to translation and financial risk were as follows:

In millions of euros	Fixed portion of commitments at Dec. 31, 2020					
	Maturity					
Forward contracts	2021	2022	2023 and beyond	Euro equivalent at Dec. 31, 2020	Exchange rate fluctuatins at Dec. 31, 2020	Fixed portion of commitments at Dec. 31, 2019
Long positions						
AUD	169	3	-	172	7	220
CAD	16	3	-	19	(1)	
CHF	33			33	-	
CNH	11	-	-	11	-	9
GBP	10	4	5	19	-	91
NZD	3	6		9	-	
USD	954	-	-	954	(33)	1,079
Short positions						
AUD	2	3	-	5	-	4
CAD	16	3		19	(1)	
CHF	234	-	-	234	-	202
CNH	11	-	-	11	-	9
GBP	200	4	5	209	2	520
NZD	2	4		6	-	
USD	1,337	-	-	1,337	(57)	1,512

17.1.5 Other financial commitments given

		Maturity		
In millions of euros	Total at Dec. 31, 2020	End-2021	Between 2022 and 2025	2026 and beyond
Market-related commitments				
Performance and other guarantees	258	57	185	16
Performance and other guarantees given on behalf of subsidiaries	8,306	451	4,852	3,003
Financing commitments				
Personal sureties given	272	272		
Guarantees and endorsements given to subsidiaries	4,447	545	1,819	2,083
Collateral given	-			
Credit lines	4	4		
Other commitments given				
Contractual guarantees for sales of businesses	4,669	1,214	28	3,427
Operating lease commitments	1,375	125	477	773
Finance lease commitments	-			
Commitments relating to LNG tankers	-			

Market-related commitments totaling €8,564 million at end-2020 comprise performance and other guarantees given by ENGIE SA with respect to operating contracts, both on its own behalf and on behalf of its subsidiaries.

Financing commitments totaling €4,719 million comprise payment guarantees granted by ENGIE SA to third parties on behalf of its subsidiaries (€4,447 million) and to personal sureties (€272 million).

Contractual guarantees for sales of businesses totaling €4,669 million relate mainly to commitments given on the disposals of:

- ENGIE Exploration & Production (EPI), following the sale of the 30% minority interest to Fullbloom Investment Corporation (FIC), a wholly-owned subsidiary of China Investment Corporation (CIC) in 2011, for an amount of up to €2,567 million expiring in 2026;
- 10% of train 1 of the Atlantic LNG facility in Trinidad and Tobago, for an amount of up to €693 million expiring in 2026;
- the LNG business to Elf Aquitaine (Total Group) expiring in 2021, for which ENGIE SA has given liability warranties of US$200 million and specific indemnities of US$1,490 million;
- six digital platforms and the Smart O&M platform to ENGIE Information & Technologies for a period of 36 months as of the second quarter of 2019.

Operating lease commitments totaling €1,375 million relate to the present value of lease payments outstanding through to maturity of the property leases within the scope of ENGIE SA's operations. In 2020, new commitments were recorded in respect of the Campus project (€578 million) and the Urban Garden project (€41 million). As certain property lease expenses are rebilled to Group subsidiaries, the corresponding commitments are shown in commitments received.

Other commitments have been given in respect of performance and completion guarantees:

- to the Hong Kong authorities, in respect of contracts awarded to Sita (which became SUEZ Environnement and then SUEZ), which counter-guaranteed ENGIE SA for the same amounts. These contracts relate to:
  - the operation of the Nent landfill in partnership with the Newworld and Guandong groups until 2063,
  - the operation of various landfill sites, including Went and NWNT until 2033 and Pillar Point until 2036, initially in partnership with Swire Pacific Ltd. When Swire Pacific sold its interest in the Swire SITA Waste Services joint venture to its partner SUEZ Environnement in December 2009, these guarantees were reissued by ENGIE SA. However, if a guarantee is called in respect of the period during which the subsidiary was under joint control, the Swire Group has agreed in principle to share the ultimate liability equally between the two groups;
- to two Scottish companies, Ayr Environmental Services and Caledonian Environmental Services, for contracts for the construction of wastewater purification and sludge treatment plants awarded to the Degrémont SA/AMEC Capital Projects Ltd. group of construction companies;
- to the Lord Mayor, Aldermen and Burgesses of Cork, in respect of a contract for the construction and operation until 2024 of the Cork City wastewater purification plant awarded to a consortium comprising two ENGIE SA subsidiaries, Vinci Group subsidiary Dumez GTM, PJ Hegarty & Sons and Electrical & Pump Services. Each consortium member and Vinci agreed to counter-guarantee ENGIE SA;
- in 2008, SUEZ Environnement (which became SUEZ in 2016) undertook to counter-guarantee all of the guarantees given by ENGIE SA for the Environment division entities for which SUEZ was not yet counter-guaranteed;
- as part of the spin-off of water and wastewater activities in 2000, a performance guarantee expiring in 2028 was granted by ENGIE SA in the context of its transfer of local public service franchise contracts to Lyonnaise des Eaux. There were 42 such contracts at end-2020.

In addition, following Société d'Infrastructures Gazières (SIG) July 2011 acquisition of a 25% stake in GRTgaz, ENGIE SA agreed to stand as guarantor for a period of 20 years and in proportion to its shareholding, against any losses incurred by SIG due to inaccurate representations regarding the non-pollution of the land owned or exploited by GRTgaz and the cost of the resulting clean-up work payable by GRTgaz not covered by the tariffs.

17.1.6 Other financial commitments received

		Maturity		
In millions of euros	Total at Dec. 31, 2020	End-2021	Between 2022 and 2025	2026 and beyond
Market-related commitments				
Performance and other guarantees	47	-	47	-
Financing commitments				
Undrawn credit facilities	12,428	150	11,711	567
Other financing commitments received	-	-	-	-
Other financing commitments received in relation to subsidiaries	-	-	-	-
Other commitments received				
Counter-guarantees for personal sureties	1,030	30	1,000	
Counter-guarantees for trading commitments	-	-	-	-
Operating lease commitments	389	68	233	88
Finance lease commitments	-	-	-	-
Commitments relating to LNG tankers	-	-	-	-

ENGIE SA has two syndicated credit lines since May 2005: (i) a €5,500 million line whose maturity has been extended from 2012 to November 2022, and (ii) a €5,000 million line secured in April 2014, whose maturity has been extended from 2019 to December 2024. The lending banks may opt out of the syndicate on an individual basis in the event of a change in the Company's controlling shareholder.

Counter-guarantees given on personal sureties concern guarantees received from members of GIE ENGIE Alliance.

Operating lease commitments totaling €389 million correspond to the rebilling of rent for premises occupied by Group subsidiaries.

17.2 Commodity-related commitments

17.2.1 Natural gas and electricity commitments

Gas supplies in Europe are based partly on long-term contracts, including "take-or-pay" contracts. These long-term commitments make it possible to finance costly production and transmission infrastructures. Under these contracts, the seller makes a long-term commitment to serve the buyer, subject to a commitment by the latter to buy minimum quantities regardless of whether or not it takes delivery of them. These commitments are combined with backup measures (*force majeure*) and flexible volume arrangements, making it possible to manage any uncertainties affecting demand, primarily weather conditions, as well as any technical contingencies that may arise.

These types of contracts can run up to 25 years and are used by ENGIE SA to meet the demands of its customers for natural gas in the medium and long term.

The contracts provide for reciprocal commitments regarding specified quantities of gas:

- a commitment by ENGIE SA to purchase quantities of gas above a minimum threshold;
- a commitment by suppliers to provide these quantities at competitive prices.

The appeal of these contracts is provided by indexed price formulas and price adjustment mechanisms. ENGIE SA makes the bulk of its purchases under such contracts.

At December 31, 2020, ENGIE SA had commitments to purchase a minimum of 405 TWh within one year, 1,306 TWh between two and five years, and 1,212 TWh after five years.

ENGIE SA also entered into forward purchases and sales of natural gas, primarily at maturities of less than one year, as part of its trading activities. These consist of purchases and sales on short-term markets and offers featuring engineered prices for other operators.

At December 31, 2020, commitments given by ENGIE SA totaled 127 TWh under forward purchase contracts and 279 TWh under forward sale contracts.

To meet its commitments to take delivery of specified volumes, ENGIE SA has entered into long-term contracts to reserve land and sea transmission capacities.

At December 31, 2020, commitments given by ENGIE SA totaled 62 TWh under forward electricity purchase contracts and 24 TWh under forward electricity sale contracts.

17.2.2 Commodity derivatives

As part of its energy brokerage activities, ENGIE SA uses energy derivatives to adjust its exposure to fluctuations in prices of natural gas, electricity and oil products.

Commodity derivatives (natural gas, oil and electricity) consist mainly of swaps, futures and options set up to manage price risk within the scope of the trading activities of ENGIE SA. These instruments are traded with third parties by the Company's specialized subsidiaries, ENGIE Global Markets and ENGIE Energy Management on organized or over-the-counter markets.

These derivatives are contracted to manage risks arising on:

- price engineering transactions designed to meet the growing demand among customers for tight controls on gas and electricity price risk. These products are primarily intended to guarantee a commercial margin regardless of trends in the commodity indexes included in the prices offered to customers, even when they differ from the commodity indexes to which ENGIE SA purchases are pegged. Options (calls and puts) are set up to guarantee maximum and minimum prices;
- measures taken to optimize procurement costs. Energy procurement costs, assets used in electricity production and reservations of available transmission and storage capacity not required to supply customers are systematically valued on the market.

The exposure to commodity price risk on these commercial transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

Depending on the nature of the hedged items, gains and losses on these transactions are recognized either in revenue or in energy purchase cost.

There is a time lag between the impact of changes in commodity prices on procurement costs and their repercussion on sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

17.2.2.1 Instruments not recognized as hedges

	Notional amount at Dec. 31, 2020				Fair value at Dec. 31, 2020 (in millions of euros)	Notional amount at Dec. 31, 2019 (in GWh)
	In GWh by maturity					
	x < 1 year	1 year < x < 2 years	x > 2 years	In millions of euros		
SWAPS (long position)						
Natural gas	196,703	17,569	16,357	368	155	218,409
Oil-based products	18,686	11,699	12,295	134	(133)	17,281
Electricity	5	-	-	4	(3)	521
CER EUA – CO_2 (1)	-	-	-	-	-	-
SWAPS (short position)						
Natural gas	(188,050)	(9,094)	(6,104)	(356)	(172)	(191,229)
Oil-based products	(8,326)	(4,560)	(3,670)	(8)	(7)	(6,149)
Electricity	(1,613)	(2,739)	(803)	(228)	(1)	(3,013)
CER EUA – CO_2 (1)	-	-	-	-	-	-
OPTIONS (long position)						
Natural gas	1,490	-	-	(1)	(1)	33,871
Oil-based products	-	-	-	-	-	5,574
Electricity	-	-	-	-	-	-
OPTIONS (short position)						
Natural gas	-	-	-	-	-	(49,497)
Oil-based products	-	-	-	-	-	(5,574)
Electricity	-	-	-	-	-	-

(1) In kg of CO_2 quotas

17.2.2.2 Instruments recognized as hedges

Hedge accounting is not used in ENGIE SA's parent company financial statements.

17.2.2.3 Physical delivery contracts

	Notional amount at Dec. 31, 2020				Fair value at Dec. 31, 2020 (in millions of euros)	Notional amount at Dec. 31, 2019 (in GWh)
	In GWh by maturity					
	x < 1 year	1 year < x < 2 years	x > 2 years	In millions of euros		
Forwards (long position)						
Natural gas	1,239,282	359,924	128,721	29,693	603	2,607,348
Oil-based products	-	-	-	-	-	-
Electricity	29,697	19,148	48,576	4,780	545	95,046
CER EUA – CO_2 (1)	-	-	-	-	-	-
Forwards (short position)						
Natural gas	(1,256,891)	(345,140)	(150,066)	(30,254)	(505)	(2,551,467)
Oil-based products	-	-	-	-	-	-
Electricity	(35,953)	(4,363)	(6,658)	(1,609)	(433)	(54,334)
CER EUA – CO_2 (1)	-	-	-	-	-	-
Options (long position)						
Natural gas	3,022	-	-	25	41	26,315
Oil-based products	-	-	-	6	2	-
Electricity	121	1,564	539	17	3	1,603
Options (short position)	-	-	-	-	-	-
Natural gas	-	-	-	(52)	(78)	(24,419)
Oil-based products	-	-	-	(9)	(6)	-
Electricity	10,482	1,006	1,905	(78)	(254)	(7,556)

(1) In kg of CO_2 quotas

17.3 Insurance of eligible risks

ENGIE SA systematically transfers all material risks based on an identification of risks eligible for insurance – particularly relating to Company assets and damages caused to third parties. Insurance policies offer extensive coverage in order to limit the financial impact of any claims on the Group's accounts.

To ensure a consistent approach, insurance policies are managed at Group level. As a result, new projects developed by subsidiaries can be incorporated within existing policies to enable the parent company to fully assume its role for its majority-owned subsidiaries.

NOTE 18 Pensions and other employee benefit obligations

Overview of obligations

	EGI sector plan		Non-EGI sector plan		Total	
In millions of euros	Dec. 31, 2020 (1)	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Pension benefits	**2,480**	**2,233**	**297**	**296**	**2,777**	**2,529**
Pension plan	2,480	2,233	297	296	2,777	2,529
End-of-career and other post-employment benefits	**286**	**283**	**27**	**27**	**313**	**310**
Reduced energy and water prices	145	157	5	5	150	162
End-of-career indemnities	54	52	-	-	54	52
Immediate bereavement benefits	71	59	-	-	71	59
Other (2)	16	15	22	22	38	37
Other employee benefits	**94**	**85**	**-**	**-**	**94**	**85**
Disability benefits and other	86	77	-	-	86	77
Long-service awards	8	8	-	-	8	8
TOTAL	**2,861**	**2,601**	**324**	**323**	**3,184**	**2,925**

(1) Including €113 million covered by a provision in the parent company financial statements (see Note 18.4)
(2) Indemnities for the partial reimbursement of educational expenses, exceptional end-of-career vacation and the former SUEZ supplementary healthcare plan

Actuarial assumptions

The actuarial assumptions were determined together with independent actuaries. Weighted discount rates for the main actuarial assumptions are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
EGI sector plan	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate	0.79%	1.31%	0.78%	1.31%	0.52%	1.01%	0.72%	1.24%
Inflation rate	1.82%	1.78%	1.82%	1.78%	1.82%	1.78%	1.82%	1.78%
Average remaining working years of participating employees	21 years	20 years	21 years	20 years	21 years	20 years	21 years	20 years

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
Non-EGI sector planFormer SUEZ	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate	0.55%	0.92%	-	-	-	-	0.55%	0.92%
Inflation rate	1.80%	1.78%	-	-	-	-	1.80%	1.78%
Average remaining working years of participating employees								

Non-EGI sector plan Former Cie Financière	Pension benefit obligations 2020	Pension benefit obligations 2019	Other post-employment benefit obligations 2020	Other post-employment benefit obligations 2019	Long-term benefit obligations 2020	Long-term benefit obligations 2019	Total benefit obligations 2020	Total benefit obligations 2019
Discount rate	0.80%	0.92%	-	-	-	-	0.80%	0.92%
Inflation rate	1.80%	1.78%	-	-	-	-	1.80%	1.78%
Average remaining working years of participating employees								

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of 20% in the projected benefit obligation.

18.1 Pensions

The main defined-benefit plans operated by ENGIE SA comprise:

- pensions falling within the scope of the special plan for companies belonging to the electricity and gas industries sector ("EGI");
- pension plans taken over following the merger of SUEZ into ENGIE SA:
  - the 1953 supplementary pension plan, closed since December 31, 1988,
  - plans operated by the former Compagnie de SUEZ (annuity plans based on endofcareer salaries),
  - supplementary pension plans for senior managers operated by all water companies (annuity plans based on endofcareer salaries).

French government order No. 2019-697 on top-up pension plans, which was published on July 4, 2019 pursuant to the European Directive of April 16, 2014, abolished the defined-benefit pension plans governed by Article L.137-11 of the French Social Security Code (known as "Article 39 plans"), froze the rights of existing members and closed the plans to any new members as of that date.

Following the plan's closure and crystallization of rights accrued in 2019, in 2020 the Group transferred the rights of beneficiaries, including Executive Committee members, to a defined contribution plan (known as an "Article 82" plan).

EGI sector pension plan

Salaried employees and retirees of EGI sector companies have been fully affiliated to the *Caisse Nationale des Industries Électriques et Gazières* (CNIEG) since January 1, 2005. The CNIEG is a private welfare body placed under the joint responsibility of the ministries in charge of social security and the budget. The conditions for calculating benefit entitlements under the EGI plan are set out in the national statute for EGI sector employees (Decree of June 22, 1946) and determined by the government. By law, companies cannot amend any of these conditions.

Unregulated past specific benefits (at December 31, 2004) are funded by EGI sector entities to the extent defined by Decree No. 2005-322 of April 5, 2005. For ENGIE SA, this funding obligation represents 3.25% of the past specific benefit obligations of all EGI sector companies.

The specific benefits vested under the plan since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured in terms of total payroll costs.

Calculation of pension obligations

ENGIE SA's pension obligations are calculated using a yield-to-maturity method in line with ANC Recommendation 2013-02 of November 7, 2013. The method used is known as the projected unit credit method and is based on assumptions regarding end-of-career salaries, retirement ages, changes in the population of retired employees and payment of benefits to surviving spouses.

The obligations are calculated as follows:

- based on the rights vested at the measurement date, under both the EGI plan and statutory pension plans;
- for all active and retired employees in the EGI sector, and all employees and eligible beneficiaries for former SUEZ plans;
- actuarial gains and losses are recognized immediately.

18.2 Other employee benefit obligations

Benefits payable to active and retired employees of EGI sector companies (excluding pensions) are described below:

- post-employment benefits:
  - reduced energy prices,
  - end-of-career indemnities,
  - exceptional end-of-career vacation,
  - death in service benefits (*régime des capitaux décès*),
  - assistance with educational expenses;
- long-term benefits:
  - allowances for occupational accidents and illnesses,
  - temporary and permanent disability allowances,
  - long-service awards,
  - asbestos benefit.

Retired employees of former SUEZ are eligible for post-employment benefits consisting of a cash contribution to the costs of their water supply and complementary healthcare insurance.

The obligation is calculated using the projected unit credit method.

The Group's main obligations are described below.

18.2.1 Reduced energy prices

Under Article 28 of the national statute for EGI sector personnel, all current and former employees are entitled to benefits in kind which take the form of energy. This benefit entitles employees to electricity and gas supplies at a reduced price.

The amount of the obligation regarding gas supplied to ENGIE SA and EDF employees corresponds to the likely present value of the power (kWh) supplied to the employees or their dependents during the retirement phase, assessed based on the unit cost of the energy. The amount of the obligation also takes account of the likely value of the price of the energy exchange agreement with EDF.

18.2.2 End-of-career indemnities

As of July 1, 2008, retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the EGI sector.

18.2.3 Allowances for occupational accidents and illnesses

Like other employees under the standard pension plan, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

18.3 Change in present value of benefit obligations

	EGI sector plan						Non-EGI sector plan							
	Pension benefits		End-of-career and other post-employment benefits		Long-term benefits		Pension benefits		End-of-career and other post-employment benefits		Long-term benefits		Total	
In millions of euros	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Present value of benefit obligation at January 1	**2,233**	**2,015**	**283**	**276**	**85**	**79**	**297**	**281**	**26**	**27**	-	-	**2,924**	**2,679**
Impact of mergers and spin-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Past service cost: plan amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current service cost	27	26	8	7	12	12	-	-	-	-	-	-	46	44
Interest cost	26	39	4	6	1	1	3	4	-	-	-	-	34	51
Actuarial gains and losses:														
• due to financial assumption changes	262	248	17	45	6	6	38	10	1	1	-	-	324	310
• due to demographic assumption changes	-	(18)	-	(10)	-	(4)	-	-	-	-	-	-	-	(32)
• due to experience adjustments	16	12	(16)	(41)	(2)	(2)	-	-	-	-	-	-	(2)	(31)
Benefits paid under all plans (funded and unfunded) (1)	(84)	(89)	(10)	-	(8)	(7)	(15)	(9)	(2)	(2)	-	-	(119)	(106)
Other	-	-	-	-	-	-	(25)	9	-	-	-	-	(25)	9
Present value of benefit obligation at December 31	**2,480**	**2,233**	**286**	**283**	**94**	**85**	**297**	**297**	**27**	**26**	-	-	**3,184**	**2,924**

(1) The aggregate impact on income of benefits paid under all plans totaled €119 million in 2020 versus €106 million in 2019

18.4 Provisions

At year-end, ENGIE SA sets aside provisions in respect of allowances for occupational accidents and illnesses, and temporary and permanent disability benefits for active employees, as well as for benefits due during employees' active working lives (long-service awards and exceptional end-of-career vacation). Provisions for pensions and other employee benefit obligations transferred by SUEZ at the time of the 2008 merger are also recognized by ENGIE SA in liabilities. These provisions are written back as and when the corresponding liabilities for which they were set aside at end-2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested or the unwinding of discounting adjustments.

At December 31, 2020, ENGIE SA booked provisions of €113 million compared to €103 million at end-2019, representing an increase of €10 million in employee-related provisions.

Changes in provisions for employee benefit obligations

	EGI sector plan						Non-EGI sector plan							
	Pension benefits [1]		End-of-career and other post-employment benefits [2]		Long-term benefits [3]		Pension benefits [1]		End-of-career and other post-employment benefits [2]		Long-term benefits [3]		Total	
In millions of euros	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Present value of benefit obligation at January 1 (provisioned)	**-**	**-**	**13**	**12**	**85**	**79**	**5**	**6**	**-**	**1**	**-**	**-**	**103**	**98**
Impact of mergers and spin-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current service cost	-	-	1	1	12	12	-	-	-	-	-	-	13	13
Interest cost	-	-	-	-	1	1	-	-	-	-	-	-	1	1
Actuarial gains and losses:														
• due to financial assumption changes	-	-	1	1	6	6	-	-	-	-	-	-	7	7
• due to demographic assumption changes	-	-	-	-	-	(5)	-	-	-	-	-	-	-	(5)
• due to experience adjustments	-	-	-	-	(2)	(2)	-	-	-	-	-	-	(2)	(2)
Benefits paid under all plans (funded and unfunded)	-	-	(2)	(1)	(8)	(7)	-	(1)	-	(1)	-	-	(9)	(10)
Other	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Present value of benefit obligation at December 31 (provisioned)	**-**	**-**	**14**	**13**	**94**	**85**	**5**	**5**	**-**	**-**	**-**	**-**	**113**	**103**

(1) Excluding EGI sector companies in both 2020 and 2019
(2) Exceptional vacation (€14 million), complementary health insurance for retired former SUEZ employees (zero) and water bonus (zero) in 2020
(3) Allowances for occupational accidents and illness (€53 million), temporary and permanent disability allowances (€30 million), asbestos (€3 million) and long-service awards (€8 million)

18.5 Insurance contracts

ENGIE SA has taken out insurance contracts with several insurance firms to cover its obligations in respect of pensions and end-of-career indemnities. An amount of €81 million was paid to these insurance firms in 2020.

The value of these insurance contracts stood at €1,793 million at December 31, 2020 (€1,854 million at December 31, 2019).

18.6 Change in the fair value of plan assets

	EGI sector plan						Non-EGI sector plan							
	Pension benefits		End-of-career and other post-employment benefits		Long-term benefits		Pension benefits		End-of-career and other post-employment benefits		Long-term benefits		Total	
In millions of euros	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fair value of plan assets at January 1	**1,594**	**1,544**	**23**	**22**	**-**	**-**	**237**	**209**	**-**	**-**	**-**	**-**	**1,854**	**1,775**
Impact of mergers and spin-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected return on plan assets	19	31	-	-	-	-	2	4	-	-	-	-	22	35
Premiums net of handling fees	-	-	-	-	-	-	10	1	-	-	-	-	10	1
Actuarial gains and losses on plan assets	(6)	84	-	1	-	-	(6)	39	-	-	-	-	(12)	124
Benefits paid out of plan assets	(64)	(65)	(1)	-	-	-	(15)	(16)	-	-	-	-	(80)	(81)
Fair value of plan assets at December 31	**1,543**	**1,594**	**22**	**23**	**-**	**-**	**228**	**237**	**-**	**-**	**-**	**-**	**1,793**	**1,854**

Return on plan assets

	EGI sector plan						Non-EGI sector plan					
	Pension benefits		End-of-career and other post-employment benefits		Long-term benefits		Pension benefits		End-of-career and other post-employment benefits		Long-term benefits	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Actual return on plan assets	1.4%	8.8%	1.4%	8.8%	-	-	3.2%	2.9%	-	-	-	-

The actual return on EGI sector plan assets was 1.44% in 2020.

The actual return on non-EGI sector plan assets was 3.15% in 2020.

The allocation of plan assets by principal asset category can be analyzed as follows:

	EGI sector plan		Non-EGI sector plan	
	2020	2019	2020	2019
Equities	30%	30%	9%	9%
Bonds	63%	65%	82%	82%
Other (including money market securities)	7%	5%	9%	9%
	100%	100%	100%	100%

Collective life insurance policies contracted with insurers to cover employee-related liabilities under the EGI sector plan are unit-linked. These contracts are available to ENGIE SA and to Group subsidiaries belonging to the "Group employee benefits management agreement". A small portion of these contracts may be invested in financial instruments issued by ENGIE SA, mainly equities.

Based on unit-linked contracts attributable to ENGIE SA, the portion of plan assets invested in financial instruments issued by ENGIE SA amounted to €12 million at December 31, 2020, representing less than 1% of the total value of the fund at that date. Plan assets are not invested in properties occupied by ENGIE SA or in other assets used by ENGIE SA.

18.7 Supplementary defined-contribution plan

Employees eligible for the EGI plan also benefit from an additional defined-contribution plan set up in 2009. Employer contributions paid in respect of this scheme totaled €5 million in 2020 and €4.8 million in 2019.

NOTE 19 Legal and anti-trust proceedings

19.1 Concessions in Buenos Aires and Santa Fe

In 2003, ENGIE and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, initiated two arbitration proceedings against the Argentinean State before the International Center for Settlement of Investment Disputes (ICSID). The purpose of these proceedings was to obtain compensation for the loss in value of investments made since the start of the concession, in accordance with bilateral investment protection treaties.

As a reminder, prior to the stock market listing of SUEZ Environnement, ENGIE and SUEZ (formerly SUEZ Environnement) entered into an agreement providing for the economic transfer to SUEZ of the rights and obligations relating to the ownership interests held by ENGIE in Aguas Argentinas and Aguas Provinciales de Santa Fe, including the rights and obligations resulting from the arbitration proceedings.

On April 9, 2015, the ICSID ordered the Argentinean State to pay US$405 million in respect of the termination of the Buenos Aires water distribution and treatment concession contracts (including US$367 million to ENGIE and its subsidiaries), and on December 4, 2015, to pay US$225 million in respect of the termination of the Santa Fe concession contracts. The Argentinean State sought the annulment of these awards. By decision dated May 5, 2017, the claim for the annulment of the Buenos Aires award was rejected. The claim to annul the award in the Santa Fe case was rejected by a decision dated December 14, 2018. Consequently, the two ICSID awards, which are a step in the settlement of the dispute, are now final.

The Argentinean government and the various shareholders of Aguas Argentinas entered into and implemented a settlement agreement in accordance with the arbitral award of April 9, 2015, handed down in respect of the water distribution and treatment concession contracts in Buenos Aires. In accordance with the above-mentioned agreement concerning the economic transfer to SUEZ of ENGIE's rights and obligations, SUEZ and its subsidiaries received €224.1 million in cash. Furthermore, the December 14, 2018 ruling pertaining to the water distribution and wastewater treatment concessions granted to Aguas Provinciales de Santa Fe has yet to be applied.

19.2 Canvassing

EDF brought an action against ENGIE before the Nanterre Commercial Court on July 20, 2017, seeking €13.5 million in damages for alleged losses due to unfair competitive practices pursued by ENGIE mainly in its door-to-door canvassing campaigns. In its judgment of December 14, 2017, the court ordered ENGIE to pay EDF the sum of €150,000, concluding that ENGIE was guilty of unfair competition but acknowledging that there had been no disparagement of EDF and that ENGIE had set up training and control arrangements for its partners.

ENGIE appealed the judgment and EDF brought a cross-appeal seeking €94.7 million in damages for its alleged loss. The Versailles Court of Appeal delivered its judgment on March 12, 2019, ordering ENGIE to pay EDF €1 million. It also ordered ENGIE to cease and desist from all parasitic business practices and disparagement to the detriment of EDF, subject to a penalty of €10,000 for each infringement.

On July 6, 2020, EDF asked the enforcement judge at the Nanterre Court to assess the penalty ordered by the Versailles Court of Appeal, seeking payment from ENGIE of the sum of €106.89 million and a final penalty of €50,000 per infringement for a period of one year. On December 11, 2020, the enforcement judge ordered ENGIE to pay EDF the sum of €230,000 and ordered a new provisional penalty of €15,000 per new infringement for a period of one year as of notification of the judgment by EDF.

On December 22, 2020, EDF appealed the enforcement judge's decision before the Versailles Court of Appeal.

19.3 Commissioning

Regarding the customer management services carried out on behalf of the grid manager in the electricity sector (in this case ERDF, now ENEDIS), following proceedings brought by ENGIE, in a decision of July 13, 2016, the *Conseil d'État* ruled that the principle whereby the grid manager pays compensation to the supplier should apply. In the same decision, the *Conseil d'État* denied the CRE the right to set a customer threshold beyond which the compensation would not be payable, which hitherto prevented ENGIE from receiving any compensation.

In light of this decision, ENGIE brought an action against ENEDIS with the purpose of obtaining payment for these customer management services. The legislature has adopted a decision that retroactively validates the agreements entered into with ENEDIS and precludes any request for compensation for unpaid customer management services. In a decision handed down on April 19, 2019, the Constitutional Court ruled that this provision was constitutional. The proceedings against ENEDIS are still underway.

19.4 Withholding tax

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the nonrecourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million (receivable relating to the *précompte* paid in respect of the 1999-2003 fiscal years). The Montreuil Administrative Court handed down a judgment in ENGIE's favor in April 2019, which led to the French tax authorities appealing the decision before the Versailles Court of Appeal in May 2019. Exchanges of pleadings between the parties are currently ongoing.

Regarding the dispute over the *précompte* itself, on February 1, 2016, the *Conseil d'État* dismissed the appeal before the Court of Cassation seeking the repayment of the *précompte* in respect of the 1999, 2000 and 2001 fiscal years. On June 23, 2020, the Versailles Administrative Court of Appeal found in favor of ENGIE as regards the cases seeking repayment of the *précompte* in respect of the 2002 and 2003 fiscal years but rejected the case in respect of the 2004 fiscal year. As the 2002 and 2003 *précompte* receivables have been sold, the sums will be paid to the bank that purchased them. The case has been referred to the *Conseil d'État* by the two parties. Pursuant to an application for a priority preliminary ruling on the issue of constitutionality, on October 23, 2020, the *Conseil d'État* decided to seek a preliminary ruling from the Court of Justice of the European Union to ascertain whether Directive 90/435/EC of 1990 precludes the withholding of the *précompte* upon the redistribution by a parent company of dividends received from subsidiaries established in the European Union.

Furthermore, after ENGIE and several French groups lodged a complaint, on April 28, 2016, the European Commission issued a reasoned opinion to the French State as part of infringement proceedings, setting out its view that the *Conseil d'État* did not comply with European Union law when handing down decisions in disputes regarding the *précompte*, such as those involving ENGIE. On July 10, 2017, the European Commission referred the matter to the Court of Justice of the European Union (CJEU) on the grounds of France's failure to comply. On October 4, 2018, the Court of Justice of the European Union ruled partially in favor of the European Commission. Following this decision, France must revisit its methodology in order to determine the *précompte* repayment amounts in closed and pending court cases.

19.5 Planned construction of an LNG terminal in Uruguay

GNLS SA, a joint subsidiary of Marubeni and ENGIE, was selected in 2013 to build an offshore LNG terminal in Uruguay. On November 20, 2013, GNLS contracted out the design and construction of the terminal to Construtora OAS SA. Following a number of problems and defects, GNLS terminated the contract in March 2015 and made use of its guarantees. OAS challenged the termination of the contract but did not take action against GNLS. OAS went bankrupt in Uruguay on April 8, 2015. In September 2015, GNLS and the authorities agreed to cancel the planned construction.

On May 24, 2017, OAS and GNLS appeared before the Uruguayan courts in a conciliation process at the request of OAS. The conciliation process was unsuccessful. OAS then threatened to call GNLS before the Uruguayan courts to claim damages.

Since GNLS had incurred significant losses as a result of the termination of the contract, it filed a request for arbitration on August 22, 2017 in accordance with the terms of the contract providing for dispute resolution in Madrid by the ICC International Court of Arbitration, claiming a principal amount of US$373 million. OAS responded by summonsing GNLS before the Montevideo Commercial Court, claiming US$311 million in damages. ENGIE was officially named as a party to the proceedings on December 5, 2018. Both proceedings are still pending.

19.6 Sale of 29.9% of the capital of SUEZ to Veolia

In the context of the sale by ENGIE of 29.9% of the capital of SUEZ to Veolia, on October 5, 2020, ENGIE was summonsed to various proceedings, both in summary hearings or hearings on the merits, and both in labor law and commercial law matters. The main proceedings involved Veolia and SUEZ and were initiated by SUEZ, acting alone or jointly with its staff representation bodies. ENGIE has acted within its rights in all circumstances, has not violated any of its obligations and there is no irregularity in the form or substance of the sale to Veolia, which is now final, that is likely to affect the validity thereof.

NOTE 20 Information concerning related parties

All material transactions between ENGIE SA and related parties were carried out on an arm's length basis. Accordingly, no disclosures are required pursuant to the amending decree of Article R.123-198-11 of March 9, 2009.

Relations with the French State

The French State's interest in the Group at December 31, 2020 was unchanged from the previous year at 23.64%. This entitles it to three of the 13 seats on the Board of Directors (one director representing the State appointed by decree, and two directors appointed by the Shareholders' Meeting at the proposal of the French State).

The French State holds 33.19% of the theoretical voting rights (33.39% of exercisable voting rights) compared with 33.67% at end-2019.

On May 22, 2019, the PACTE act ("Action plan for business growth and transformation") was passed, enabling the French State to dispose of its ENGIE shares without restriction.

In addition, the French State holds a golden share aimed at protecting France's critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by ENGIE if it considers they could harm France's interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

Transmission rates on the GRTgaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals and revenues from storage capacities, are all regulated.

The Law on Energy and Climate passed on November 8, 2019 will put an end to regulated gas tariffs and will restrict regulated electricity tariffs for consumers and small businesses. The final date for the discontinuation of regulated gas tariffs is July 1, 2023.

Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France SA and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. Enedis SA (previously ERDF SA), a subsidiary of EDF SA, and GRDF SA, a subsidiary of ENGIE SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

Relations with the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*)

The Group's relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 20 "Post-employment benefits and other long-term benefits" to the consolidated financial statements.

NOTE 21 Compensation due to members of the Board of Directors and Executive Committee

Total compensation (gross salary, bonuses, profit-sharing incentives and benefits in kind, including related employer contributions) paid to the Chief Executive, and members of the Executive Committee came to €35 million for 2020.

French government order No. 2019-697 on top-up pension plans, which was published on July 4, 2019 pursuant to the European Directive of April 16, 2014, abolished the defined-benefit pension plans governed by Article L.137-11 of the French Social Security Code (known as "Article 39 plans"), froze the rights of existing members and closed the plans to any new members as of that date.

Following the plan's closure and crystallization of rights accrued in 2019, in 2020 the Group transferred the rights of beneficiaries, including Executive Committee members, to a defined contribution plan (known as an "Article 82" plan).

Members of the Board of Directors elected by the Shareholders' Meeting, except for the corporate officers, the Directors from the public sector appointed on the proposal of the French State and the Director representing employees, received €0.8 million in attendance fees for 2020.

NOTE 22 Subsequent events

No significant subsequent events have occurred since the closing of the accounts at December 31, 2020.

6.4.3 Total and partial transfers of assets, subsidiaries, and equity investments requiring statutory disclosure

This Note discloses crossings of thresholds of 10% and 50%, which correspond to the percentage holdings above which an entity becomes, respectively, an equity investment and a subsidiary according to the French Commercial Code (*Code du commerce*).

Total and partial transfers of assets

	% at Dec. 31, 2019	% at Dec. 31, 2020	Reclassification within the Group	Sale outside the Group	Net book value of shares sold *(in euros)*	Business sector
Subsidiaries [(1)]						
Equity investments [(2)]						
SUEZ	32.06%	1.81%		X	2,638,936,129	Services
CESAME EXADEBIT	28.6%	24.9%		X	4,933	Research firm

(1) More than 50%-owned by ENGIE SA
(2) Less than 50%-owned by ENGIE SA

Total and partial purchases of assets

	% at Dec. 31, 2019	% at Dec. 31, 2020	Reclassification within the Group	Acquisition outside the Group	Net book value of shares held *(in euros)*	Business sector
Subsidiaries [(1)]						
ENGIE Investissement 84	-	100%	X		40,000	Other
GLAM	-	51%		X	510	Real estate
Equity investments [(2)]	-					
ARCHIPELS	-	25%		X	750,000	Digital certification

(1) More than 50%-owned by ENGIE SA
(2) Less than 50%-owned by ENGIE SA

6.4.4 Five-year financial summary

	2020	2019	2018	2017	2016
Capital at year-end					
Share capital *(in euros)*	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011
Number of ordinary shares issued and outstanding	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011	2,435,285,011
Maximum number of shares to be issued:					
• by converting bonds	-	-	-	-	-
• by exercising stock options	-	-	-	-	4,775,429
Results of operations for the year *(in millions of euros)*					
Revenues, excluding VAT	19,272	17,282	27,833	20,585	17,939
Income before tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	1,444	378	2,960	2,431	245
Income tax (negative figures = benefit)	(532)	(377)	(549)	(1,001)	(672)
Employee profit-sharing and incentive payments for the year	-	-	-	-	-
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	(3,928)	(196)	1,102	1,421	448
Total dividends paid (including on treasury shares)	1,291	-	2,718	1,700	2,416
Earnings per share *(in euros)*					
Earnings per share after tax and employee profit-sharing, but before depreciation, amortization, provisions and transfer of concession termination amortization	0.81	0.31	1.44	1.41	0.38
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	(1.61)	(0.08)	0.45	0.58	0.18
Dividend per share (1)	0.53	-	1.12	0.70	1.00
Headcount					
Average number of employees during the year	4,477	4,534	4,400	4,873	5,182
Total payroll	283	273	289	317	332
Total employee benefit obligations paid (social security taxes and contributions to pension plans, welfare plans, etc.)	239	197	362	269	256

(1) Subject to approval by the Board of Directors

Shareholders at the AGM held to approve the 2020 financial statements will be asked to approve a dividend of €0.53 per share, representing a total amount of €1,291 million, based on the number of outstanding shares at December 31, 2020. The dividend per share will be increased by 10% for all shares held by the same person for more than two years as of December 31, 2020 provided they are still held on the dividend payment date.

On April 1, 2020, the Board of Directors decided not to recommend the payment of a dividend in respect of 2019 due to the health and economic crisis. This decision was approved by the Shareholders' Meeting of May 14, 2020.

6.5 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2020

To the Shareholders' Meeting of ENGIE,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of ENGIE for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Estimate of the unbilled and un-metered revenues (energy in the meter)

[notes 1 and 13.1 of the notes to the financial statements]

Key audit matter	Our response
Your Company uses an estimate in revenue, relating to the sales on networks generated from customers whose energy consumption is metered during the accounting period. Indeed, the final allocations are sometimes only known several months down the line, which means that revenue figures are only an estimate. As of December 31, 2020, the receivables relating to the energy in the meter (gas and electricity un-metered and unbilled revenue) amount to 1,538 million of euros. These receivables are determined on the basis of a method taking into account an estimate of customer consumption, based on their last invoice or their last unbilled reading consistent with the allocation of the distribution network operator over the same period, using measurement and modeling tools developed by the Group. The volumes are measured at the average energy price, which takes account of the category of customers and the age of the energy in the meter. Given the amounts at stakes and the sensitivity of the estimate to the assumptions of volumes and average energy prices used, we have considered the estimate of the share of revenue delivered and not recorded at the closing date as a key point of the audit.	Our procedures mainly consisted in: • considering the procedures implemented by your company about the billing process, and the process enabling the reliability of the estimate about the energy in the metered revenue; • assessing the models used by your company and investigate the modality of the computation for the estimated volumes; we include a specialist in algorithm in our audit team. We also: • compared the information about the volume determined by your company with the metering data provided by the grid operators; • controlled that the methods for calculating the average price applicable to volumes delivered and not recorded over the period correctly take into account the age of metered energy and the different types of customers; • analyzed the consistency of the volumes committed in the employment operations (sales, injections and stocks) and with the energy resources (purchases, withdrawals and stocks) on the networks; • assessed the regular clearance of the metered energy during the period; • assessed the anteriority of the metered energy at the closing date Finally, we have assessed the appropriateness of the information given in the notes to the annual accounts.

Measurement of equity investments

[notes 1 and 4 of the notes to the financial statements]

Key audit matter	Our response

Equity investments totaled €72,497 million as of December 31, 2020 (€60,323 million in net value).
Newly-acquired equity investments are recognized at purchase price plus directly attributable transaction fees.
As indicated in the section "Financial fixed assets", Note 1 to the financial statements, equity investments which ENGIE intends to hold on a long-term basis are written down if their value in use has fallen below their book value, including the allocated technical losses.
Value in use is determined by reference to the intrinsic value which corresponds to restated net assets plus unrealized gains for investment entities, or the yield value which corresponds to the average of the last twenty stock market prices of the period for listed entities, or expected cash flows or dividends ("Discounted Cash Flow" or "Dividend Discount Model") of operating entities, and by taking into account any currency hedges.
As indicated in Note 4.2, expected cash flows are drawn from the 2021 budget and 2022-2023 medium-term business plan approved by the Executive Committee and the Board of Directors and beyond this period, extrapolated future cash flow projections are determined on the basis of macroeconomic assumptions (inflation, exchange rates and growth rates) and price projections featured in your Group's reference scenario for 2024-2040 approved by the Executive Committee in December 2020.
As mentioned in Note 4.2, the impairment recognized in 2020 for €5,408 million mainly covers the equity investments in Electrabel (€5,186 million).
The measurement of equity investments is considered a key audit matter given their importance on the balance sheet (72% of total assets) and due to the judgments necessary to estimate their value in use, in a context which remains sensitive to changes in the energy markets and the consequences of which make it difficult to apprehend the medium-term economic outlook.
	We assessed Management's procedures for approving estimates.
	We examined the main data and key assumptions used to determine the values in use, assessed the sensitivity of measurements to these assumptions and verified the calculations made by your company with, the support of our valuation specialists. Our work mainly consisted in:
	• examining the measurement methods used to estimate values in use;
	• assessing the consistency of assumptions with your Group's long-term reference scenarios (trends in electricity and gas prices and demand, price of CO_2, coal and oil, inflation) with external studies carried out by international organizations or energy experts;
	• assessing the consistency of the operational and regulatory assumptions used to prepare cash flow forecasts for each of the entities in the scope;
	• examining the discount rates for which we have verified the determination methods and the consistency with the underlying market assumptions, using internal specialists;
	• Regarding the methods for determining cash flow forecasts, our work consisted in:
	  • assessing the consistency of the basic data with the budget, the medium-term business plan and beyond, the Group's long-term scenario;
	  • assessing the consistency with past performances and market outlook.
	• assessing the appropriateness of the disclosure given in the notes to the financial statements.

Valuation for provisions relating to commercial litigations, claims and tax risks

[notes 1, 10 and 19 of the notes to the financial statements]

Key audit matter	Our response
Your company is party to a number of legal and anti-trust proceedings with third parties or with legal and / or administrative authorities, including tax authorities, investigations before state courts, arbitral tribunals or regulated authorities, in the normal course of its business. The main disputes and investigations are recognized as liabilities or give rise to contingent liabilities, described in the note 19 to the financial statements. We have considered the valuation for provisions relating to commercial litigations, claims and tax risks as a key audit matter, provided the amounts at stake and the judgement required to determine the provisions for commercial litigations, claims and tax risks, due to the regulatory context and the continuously changing market environment.	Our audit procedures mainly consisted in: • examining the procedures implemented by your company in order to identify all the litigations and risk exposures; • assessing the analysis of the probability of occurrence performed by your company, as well as the assumptions used, and the supporting documentation with, if any, consultations received by third parties, as well as confirmations obtained from the requests we sent them. We have recourse to our experts for the most complex analysis; • assessing the appropriateness of the disclosure given in the notes to the financial statements; • and to follow up on the main discussions between the Company and with the various stakeholders in the various disputes and risks.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 et L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of ENGIE by the Shareholder's Meeting held on May 19, 2008 for ERNST & YOUNG et Autres and on July 16, 2008 for DELOITTE & ASSOCIES.

As of December 31, 2020, our firms were in the thirteenth year of total uninterrupted engagement.

Previously, ERNST & YOUNG Audit was statutory auditor between 1995 and 2007.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La-Défense, March 12, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Olivier Broissand	Patrick E. Suissa	Charles-Emmanuel Chosson	Stéphane Pédron

7

Additional information

7.1 General information on ENGIE and its bylaws

7.1.1 Company name and trading name

The company name and trading name of the Company is: ENGIE.

7.1.2 Registration place and number and LEI

ENGIE is registered in the Nanterre Trade and Companies Register under number 542 107 651.
Its APE (principal activity) code is 3523Z.
Its legal entity identifier (LEI) is: LAXUQCHT4FH58LRZDY46.
The name of the stock is ENGIE and its ticker symbol is “ENGI”.

7.1.3 Date of incorporation and term

The Company’s term will end on November 17, 2103, unless it is dissolved early or the term is extended.

7.1.4 Registered office, legal form, legislation, address and website

The registered office is located at: 1, place Samuel de Champlain 92400 Courbevoie, France.

Telephone number of registered office: +33 1 44 22 00 00

Website: www.engie.com

The information provided on the Company’s website does not form an integral part of this document, unless it is incorporated by reference.

ENGIE is a public limited company with a Board of Directors, governed by the legislative and regulatory provisions applicable to commercial limited companies, subject to specific laws governing the Company, and by its bylaws.

7.1.5 Corporate Objective

Pursuant to Article 2.2 of the Articles of Association, ENGIE’s Objective is the management and development of its current and future tangible and intangible assets, in France and abroad, by all means and especially to:

- prospect, produce, process, import, export, purchase, transport, store, distribute, supply and market natural gas of any kind, in all its forms, and electricity, as well as other forms of energy;
- conduct trading in any energy, particularly natural gas and electricity;
- supply to any type of customer services related directly or indirectly to the aforementioned activities, including specific services to facilitate the energy transition;
- perform the public service missions assigned to it by the laws and regulations in force, particularly the Energy Code;
- study, design and implement all projects and all public or private work on behalf of any local authorities, companies and individuals; prepare and sign all treaties, public and private contracts relating to the execution of said projects and work;
- participate directly or indirectly in all operations or activities of any kind that may be related to one of the aforementioned purposes, or which could ensure the development of the corporate holdings, including research and engineering activities, via the formation of companies or new businesses, contribution, subscription or sales of securities or corporate rights, acquisitions of interests and stakes, in any form, in all existing or future businesses or companies, merger, association, or in any other manner;
- create, acquire, lease, take under lease-management all furnishings, buildings and businesses, lease, install and operate all establishments and businesses relating to one of the aforementioned purposes;
- register, acquire, operate, grant or sell all processes, patents and patent licenses relating to the activities connected with one of the aforementioned objects;
- obtain, acquire, rent and operate, mainly via subsidiaries and holdings, all concessions and undertakings relating to the supply of drinking water to towns or water to industry, the evacuation and purification of waste water, drainage and wastewater treatment operations, irrigation and transport, protection and pondage structures as well as all sales and service activities to public authorities and individuals in the development of towns and the management of the environment;
- and in general to carry out all industrial, commercial, financial, personal property or real estate operations and activities of any kind, including services, in particular insurance intermediation, acting as an agent or delegated agent in a complementary, independent or research position; these operations and activities being directly or indirectly related, in whole or in part, to any one of the aforementioned objects, to any similar, complementary or related objects and to those that may further the development of the Company’s business.

7.1.6 Purpose

Pursuant to Article 2.1 of the Articles of Association, the purpose of ENGIE is to act to accelerate the transition to a carbon-neutral economy, through low-energy solutions that are more respectful of the environment. This purpose brings together the company, its employees, customers and shareholders and reconciles economic performance and positive impact on people and the planet. ENGIE's action is assessed in its entirety and over time.

7.1.7 Fiscal year

The Company's fiscal year lasts for 12 months, starting on January 1 and ending on December 31 of each year.

7.2 Material contracts

The Group's main contracts, other than contracts concluded in the ordinary course of business, are as follows:

7.2.1 Contracts finalized in 2019

Contract to acquire a 90% interest in Transportadora Associada de Gás S.A. (TAG) in Brazil – see Section 6.2 Consolidated financial statements, Note 4.3.1 of the 2019 Universal registration document.

7.2.2 Contracts in progress at the end of fiscal year 2019

Contract to acquire, via a consortium in partnership with Crédit Agricole Assurances and Mirova (a subsidiary of Natixis Investment Managers), the hydroelectric portfolio of 1.7 GW of EDP in Portugal – see Section 6.2 Consolidated financial statements, Note 4.4.

Contract to acquire the remaining 10% interest in Transportadora Associada de Gás S.A. (TAG) in Brazil – see Section 6.2 Consolidated financial statements, Note 4.4.

7.2.3 Contracts signed post-closing 2019

None.

7.2.4 Contracts finalized in 2020

Contract for the sale of a 29.9% interest in SUEZ – see Section 6.2 Consolidated financial statements, Note 4.1.2.

7.2.5 Contracts in progress at the end of fiscal year 2020

None.

7.2.6 Contracts signed post-closing 2020

None.

7.2.7 Borrowing and financing contracts

See Section 6.2 Consolidated financial statements, Notes 16.3 and 18.2 and Section 6.4 Parent company financial statements, Notes 11 – 11.2.1 & 11.2.2.

7.3 Litigation and arbitration

In the course of its operations, the Group is engaged in a certain number of legal disputes and arbitration procedures and is also subject to investigations and procedures under competition law. The principal investigations and proceedings are described in Note 25, Section 6.2 "Consolidated financial statements" and Note 19, Section 6.4 "Parent company financial statements"

Below is an update on the date of this Universal registration document for information contained in Note 25:

- Regarding the project of the construction of a floating LNG terminal in Uruguay (See Section 6.2 Consolidated financial statements, Note 25.4.2), the arbitral proceedings initiated by GNLS S.A. (GNLS) and the proceedings before the commercial court of Montevideo have been terminated following settlement of the dispute.

7.4 Public documents

The documents relating to ENGIE that must be made available to the public (bylaws, reports, historical financial information on ENGIE, as well as on the Group subsidiaries included or mentioned in this Universal registration document and those relating to each of the two years prior to the filing of this Universal registration document) may be consulted at ENGIE's corporate headquarters for as long as this Universal registration document remains valid. These documents may also be obtained in electronic format from the ENGIE website (www.engie.com) and some of them may be obtained from the AMF website (www.amf-france.org).

The ENGIE Universal registration document is translated into English. In case of contradiction, the original French version shall prevail.

As well as this Universal registration document, which is filed with the AMF, the Group publishes an integrated report each year.

The documents published on the website are available free of charge from ENGIE, 1, place Samuel de Champlain – 92400 Courbevoie, France.

7.5 Party responsible for the Universal registration document

Party responsible for the Universal registration document

Catherine MacGregor, Chief Executive Officer.

Declaration by the party responsible for the Universal registration document containing the Annual Financial Report

"I hereby certify that the information contained in this Universal registration document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report, whose items are mentioned in Chapter 7 of this Universal registration document, presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed".

Courbevoie, March 17, 2021
The Chief Executive Officer
Catherine MacGregor

7.6 Conversion table

1 kWh	0.09 m^3 of natural gas (i.e. 1 m^3 of gas = 11 kWh)
1 GWh	91,000 m^3 of natural gas
1 TWh or 1 billion kWh	91 million m^3
1 billion m^3 of gas	6.2 million barrels of oil equivalent (Mboe)

The units of conversion mentioned above are those routinely used by professionals in the energy sector. In this document they are provided solely for information purposes.

7.7 Units of Measurement

A	Ampere
Bar	Unit of measurement of fluid pressure, particularly for natural gas (1 bar = 105 Pascal)
BOE	Barrel of oil equivalent (1 barrel = 159 liters)
G	Giga (billion)
GBq	Giga becquerel
Gm^3	Giga m^3 (billion cubic meters)
GW	Gigawatt (billion watts)
GWh	Gigawatt-hour (million kilowatt-hours)
GWheeq	GWh electric equivalent
J	Joule
k	Kilo (one thousand)
kW	Kilowatt (one thousand watts)
kWh	Kilowatt-hour (one thousand watt-hours)
m	Meter
m^2	Square meter
m^3	Cubic meter
M	Mega (million)
Mboe	Million barrels oil equivalent
Mtpa	Million metric tons per annum
MW	Megawatt (million watts)
MWp	Megawatt-peak (unit of measurement for the power of solar photovoltaic installations)
MWe	Megawatt electric
MWh	Megawatt-hour (thousand kilowatt-hours)
T	Tera (thousand billion)
TBq	Terabecquerel
t/h	Metric tons per hour
TWh	Terawatt-hour (billion kilowatt-hours)
V	Volt
W	Watt
Wh	Watt-hour

7.8 Short forms and acronyms

A

ACP: Autorité de Contrôle Prudentiel des établissements bancaires (French prudential control authority for banking institutions)

AGM: Assemblée Générale Mixte (Combined Shareholders' Meeting)

AMF: Autorité des Marchés Financiers (French Financial Markets Authority)

ATAD: *Anti-Tax Avoidance Directive*

B

BtoB: Business to Business

BtoC: Business to Consumer

BtoT: Business to Territories

BU: Business Unit

C

Capex: Capital expenditure

CCGT: Combined Cycle Gas Turbine

CEE: Certificat d'Économie d'Energie (Energy Saving Certificate)

CER: Certified Emission Reduction – see Glossary

CNIL: Commission Nationale de l'Informatique et des Libertés (French national data protection and privacy commission)

CO_2: Carbon dioxide

COI: Current Operating Income

Covid-19: *Coronavirus disease* 2019

CPN: Commission des provisions nucléaires (Belgian Commission for Nuclear Provisions)

CRE: Commission de Régulation de l'Énergie (French energy regulator) – see Glossary

CRM: Capacity Remuneration Mechanism – see Glossary

CSR: Corporate Social Responsibility

D

DBSO: Develop, Build, Share Operate

DDR: Document de Référence (Registration document) (former Universal registration document)

E

E&P: Exploration & Production of hydrocarbon

EBITDA: Earnings before Interest, Tax, Depreciation and Amortization – see Glossary

EGI: Electric and Gas Industries – see Glossary

EIG: Economic Interest Group (Groupement d'intérêt économique)

EM: Entities consolidated by the equity method

EMAS: Eco Management and Audit Scheme – see Glossary

EMTN: Euro Medium Term Note (program)

ERM: Enterprise Risk Management

EU: European Union

EUA: European Union Allowance

EWC: European Works Council

F

FC: Full Consolidation

FM: Facility management – see Glossary

G

GDPR: General Data Protection Regulation:

GHG: Greenhouse gases – see Glossary H

HR: Human Resources

I

IAS: International Accounting Standards, drawn up internationally by the IASB until 2002

IASB: *International Accounting Standards Board*

IFRS: International Financial Reporting Standards, drawn up internationally by the IASB since 2002

INCOME: Internal Control Management and Efficiency (ENGIE program)

IoT: Internet of Things

IPP: Independent Power Producer – see Glossary

IS: Information Systems

ISO: International Standards Organization – see Glossary

ISP: Investment Services Provider – see Glossary

K

KPI: *Key Performance Indicator*

L

LNG: Liquified natural gas – see Glossary

LPG: Liquefied petroleum gas – see Glossary

N

NGO: Non-governmental organization

NGV: Natural gas vehicle – see Glossary

NOx: Nitrogen oxide

NRE: New and renewable energy sources: wind, solar, hydro, etc.

O

OECD: Organization for Economic Cooperation and Development

ONDRAF: Organisme National des Déchets RAdioactifs et des matières Fissiles enrichies (Belgian National Agency for Radioactive Waste and enriched Fissile Material)

OPEX: Operating expenses

P

PC: Proportional consolidation

PEG: Plan d'Épargne Groupe, Group Employee Savings Plan

PPA: Power Purchase Agreement (often long-term)

PPE: Programmation Pluriannuelle de l'Energie (Multi-Year Energy Schedule)

PV: Photovoltaic

R

RAB: Regulated asset base – see Glossary

R&D: Research and Development

RES: Renewable Energy Source

ROCE: Return on capital employed

ROE: Return on equity

S

S&P: Services and Proximity

SEC: Social and Economic Committee

SME: Small and medium-sized enterprises

SO_2: Sulfur dioxide

SRV: *Shuttle Regasification Vehicle* – see Glossary

SSC: Shared Service Center

T

TMO: Taux Mensuel Obligataire (monthly bond yield)

TPA-d: Third party access to the distribution network – see Glossary

TSR: Total Shareholder Return – see Glossary

U

UCITS: Undertakings for Collective Investment in Transferable Securities (mutual funds)

V

V&C: Cities and Communities

VaR: Value at Risk – see Glossary

VPP: Virtual Power Plant – see Glossary

7.9 Glossary

Afep-Medef Code

Code of corporate governance for listed companies (in France), in the version published by Afep-Medef in January 2020.

Balancing area

The set of entry points, delivery points and a trading point of gas within which the consignor must achieve a balance.

Biogas

All gases, such as methane and carbon dioxide, resulting from the fermentation of organic waste in a depleted air environment such as landfills, wastewater treatment plants, etc. Such fermentation is the result of a natural or controlled bacterial activity. As such, biogas is classified as a renewable energy source.

Biomass

Mass of non-fossil organic matter of biological origin. A part of this deposit may be used as an energy source.

Branch

Transmission installation ensuring delivery between the transmission grid and one or more delivery points, and aimed exclusively or primarily at supplying a customer or a distribution network. Connections are components of the network.

Capacity Remuneration Mechanism (CRM)

Instrument intended to complement energy markets with a capacity market that ensures the availability of sufficient capacity to ensure the supply of electricity.

Certified Emission Reduction (CER)

Certificate issued to industries that have invested in developing countries to reduce greenhouse gas emissions there. CERs cannot be directly traded, but may be used in place of CO_2 quotas, with one CER equal to one quota.

Cogeneration

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

Combined steam cycle plant

A power plant comprising a gas turbine generator, the exhaust gases of which power a steam boiler. The steam produced in the boiler drives a turbo-generator.

Commission de Régulation de l'Électricité et du Gaz – CREG (Belgium)

The Belgian Gas and Electricity Regulation Commission is an independent body that advises public authorities on the organization and operation of the deregulated electricity and gas markets. CREG also monitors and supervises the enforcement of related laws and regulations. A General Council, composed of federal and regional government representatives, representatives of labor organizations, employers and the middle classes, environmental associations and producers, distributors and consumers, supervises this body's operations.

Commission de Régulation de l'Énergie – CRE (French energy regulator)

The French Energy Regulation Commission is an independent administrative authority. It was created by the Act of February 10, 2000 to regulate electricity and its scope was extended to include the gas sector with the Act of January 3, 2003. Its main mission is to ensure the effective, transparent and non-discriminatory implementation of access to electricity and gas infrastructures.

More generally, its role is to ensure that the gas and electricity markets operate properly.

Compression station

Industrial facility that compresses natural gas to optimize the flow of fluids in the pipes.

Connection structures

All the structures that connect a consumption site or distribution network to the transmission grid. Connection structures are made up of one or more distribution lines and one or more substations.

Corporate Power Purchase Agreement (Corporate PPA)

A corporate Power Purchase Agreement or corporate PPA is a long-term electricity supply agreement between an electricity producer and an electricity end-purchaser.

Cushion gas

Quantity of gas stored underground that cannot be fully retrieved after it has been injected.

Dark spread

Gross margin of a coal plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The dark spread must cover the aggregate of other costs (including operation, maintenance, cost of capital, financial charges, cost of CO_2 etc.).

Desalination

A process used to reduce the salt concentration of sea water in order to make it fit for human or animal consumption as well as for other uses, especially industrial uses.

Distribution

Distribution networks are groups of physical structures consisting mainly of medium or low-pressure pipes. They route natural gas to consumers who are not directly connected to the main network or to a regional transmission network.

EBITDA

EBITDA is often used to refer to the revenues of a business before the deduction of interest, taxes, depreciation, amortization and provisions.

EBITDA at Risk

EBITDA at Risk measures the potential loss of EBITDA, at a given probability, under the impact of various prices and volatilities over a given time horizon. This indicator is especially well-suited for measuring market risks for portfolio management activities.

If the time horizon provided is one calendar year, and the confidence interval is 95%, an EBITDA at Risk of €100 million indicates that there is a 5% probability of losing more than €100 million in EBITDA between January 1 and December 31 due to fluctuations in commodities prices.

Eco Management and Audit Scheme (EMAS)

Based on ISO 14001 certification and an environmental statement certified by European auditors accredited and published by the European Commission.

Electric and Gas Industries (EGI)

All the companies that produce, transmit or distribute electricity or gas in France and which meet the requirements of the Nationalization Act of April 8, 1946. The EGI sector includes all companies with employees that fall under the status of EGI employees.

Energy trading

The act of exchanging physical or financial contracts on the short-term energy markets (over-the-counter markets and stock markets).

Facilities Management (FM)

All the outsourced service and utility management services that accompany the supply of energy to an industrial client. These services concern the management of the client's environment. They include guard services, waste and hygiene, operation and maintenance of technical equipment, project management for construction work, management of safety equipment and telephone and reception services.

Gas Exchange Point

Virtual hub attached to a balancing area where a consignor can sell gas to another consignor.

Gas hub

Point of entry (connection point of a gas transmission network supplied from several sources. It enables operators to exchange gas physically between these sources and end users).

Gas pipeline

A pipeline that conveys fuel gas.

Green electricity

Certified electricity produced from renewable energy sources.

Greenhouse Gases (GHG)

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

Green Power Purchase Agreement (green PPA)

A green Power Purchase Agreement or green PPA is a long-term agreement for the supply of electricity produced from renewable energy sources between an electricity producer and an electricity purchaser.

Independent Power Producer (IPP)

An electricity production company independent of public sector control.

IPPs are classified exclusively on the basis of the projects developed outside the country of origin.

International Standards Organization (ISO)

Organization that defines reference systems (industrial standards used as benchmarks).

Investment Services Provider (ISP)

Investment services provider approved by the Committee of European Bank Supervisors to transmit and process market orders.

ISO 14001

An international standard that verifies a company's organizational procedures and methods, as well as the effective implementation of environmental policy and objectives.

ISO 9001

An international standard establishing quality criteria for work procedures.

It applies to product design, control of the production and the manufacturing process and the quality control of the end product.

Joint venture

A term commonly used to describe a project in which two or more entities take part. For the consolidation principles and methods applicable to the different types of partnership under IFRS, please see Note 1 in Section 6.2 Consolidated financial statements.

Liquefied Natural Gas (LNG)

Natural gas put into the liquid phase by lowering its temperature to –162°C, which makes it possible to reduce its volume by a factor of 600.

LNG terminal

Industrial facility that receives, unloads, stores, regasifies LNG and sends natural gas in the gaseous state to the transmission grid. Harbor facility with additional facilities, intended to receive ships that transport liquefied natural gas (LNG).

Load-matching

Term referring to the discrepancy between the actual conditions of a customer's gas consumption and those corresponding to standard purchases over the year of their average daily consumption. Variations (daily, weekly or seasonal) in consumption are generally covered by underground storage, to which customers and their suppliers may have access, either directly (in countries where third-party access to the facilities – regulated or negotiated – is provided) or via a load-matching service (as in the US).

Main network

All the high-pressure and large-diameter structures for transmitting natural gas that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals.

These structures are connected to regional networks as well as certain industrial consumers and distribution networks.

Marketer

Seller of energy to third parties (end customer, distributor, etc.).

Natural Gas for Vehicles (NGV)

Entirely composed of natural gas, NGV is primarily used in urban transportation and waste treatment vehicles.

Natural gas liquefaction

Transformation of natural gas from gaseous form to liquid form to be transported by ship and/or stored.

Public-Private Partnership (PPP)

The PPP is a contractual arrangement whereby the public sector authority assigns certain tasks to a private operator and specifies objectives. The public sector partner defines the service objectives for the private operator, while retaining ownership of the infrastructure and regulatory control. Local authorities are increasingly resorting to PPP agreements in managing their water services.

Pumping station

Power plant or facility that operates by moving water between reservoirs at different elevations. When electricity prices are low, typically overnight, electricity from the grid system is used to pump water into a raised reservoir and then at times of peak demand, when electricity prices are higher, the water is released back into the lower reservoir through a turbine.

Qmax

A ship of Qmax size is 345 meters (1,132 feet) long, 53.8 meters (177 feet) wide and 34.7 meters (114 feet) high, with a draft of approximately 12 meters (39 feet).

It has an LNG capacity of 266,000 cubic meters (9,400,000 cubic feet), equal to 161,994,000 cubic meters (5.7208 ×109 cubic feet) of natural gas.

Regional network

All the high-pressure and large-diameter structures that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals.

Regional networks, distribution networks and certain industrial consumers are connected to them.

Regulated asset base (RAB)

The regulated asset base is the economic value, recognized by the regulator, of assets utilized by an operator of regulated infrastructures.

Rights in kind of licensor

The "Rights in kind of licensor" line item is an item specifically pertaining to companies that are utility operators. It offsets "fixed assets held under concession" on the balance sheet.

Its valuation expresses the operator's obligation at the end of the contract to assign to the licensor, at no cost, the fixed assets assigned to the licensed utilities, such that at the end of a given contract, the value of the "Rights in kind of licensor" is equal to the carrying amount of fixed assets that are to be returned to the licensor.

Shuttle Regasification Vehicle (SRV)

LNG carrier fitted with onboard regasifiers that can connect to an underwater buoy. This enables the regasified LNG to be directly injected into a pipeline network.

Smart energy

An economically efficient, durable and secure energy system in which production of renewable energy, infrastructure and consumption are integrated and coordinated locally through energy services, active users and digital technologies.

Spark spread

Gross margin of a natural gas plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The spark spread must cover all other costs (including operation, maintenance, cost of capital, financial costs, cost of CO_2, etc).

Spot market

A market for the short-term purchase and sale of energy (for the day or up to three years).

Storage

Facility that allows natural gas to be stored in the summer when consumption is at its lowest, and to take natural gas out of storage in winter when consumption is higher. Gas storage is an industrial facility, mainly underground, that enables natural gas suppliers to have a natural gas reserve.

Stress test

Test performed in order to assess resistance to a disaster scenario.

Take-or-Pay

Long-term contract where the producer guarantees the supply of gas to an operator and the operator guarantees payment, regardless of whether or not the operator takes delivery.

Thermal power plant

Facility in which the chemical energy contained in solid, liquid, or gaseous fossil fuel is transformed exclusively into electricity using boilers and steam turbines.

Third Party Access to the distribution network (TPA-d)

The recognized right of each user (eligible customer, distributor, producer) to access a transmission or distribution network in return for payment for access rights.

Tolling

Contract for the transformation of a fuel (e.g. natural gas) into electricity on behalf of a third party.

Total Shareholder Return (TSR)

Return of a share over a given period that includes dividends paid and capital gains realized.

Transmission

Transmission networks are groups of physical structures consisting of high-pressure pipelines. These route natural gas to industrial consumers who are directly connected and to distribution networks.

Transmission capacity

The highest permissible continuous load of the transmission equipment with respect to the stability of its operating parameters and voltage drop.

Treasury stock (in subsidiaries)

Shares of a company owned by subsidiaries controlled by the Company. These shares do not carry voting rights.

Treasury stock

Shares of the Company purchased by the latter, by virtue of authorization given by the General Shareholders' Meeting. These shares do not have voting rights attached.

Underground storage

Use of porous geological formations, natural or artificial cavities (saline or aquifer) to store liquid or gaseous hydrocarbons.

Upstream PPAs

An upstream Power Purchase Agreement or upstream PPA is a long-term electricity supply contract between two parties, generally an electricity producer and an electricity purchaser.

Value at Risk (VaR)

Value at Risk is a global indicator used to measure the exposure of a portfolio to the risks of price fluctuations and volatility. It measures the amount of potential losses that are expected to be exceeded only with a given probability over a given time horizon. This indicator is especially well suited for measuring market risks for trading activities.

For example, if the time horizon is one day and the confidence level 99%, VaR of €5 million indicates that the probability of losing more than €5 million each day is 1%, i.e., twice or three times per year.

Virtual Power Plant (VPP)

Virtual generation capacity. A system which involves providing a third party, in return for compensation, with a band of generation capacity without the third party owning a share in the asset and without it being the asset's operator.

Working volume

Gas available in underground storage and capable of being tapped.

7.10 Comparison table

Regulation (EU) 2017/1129 of June 14, 2017 and Delegated Regulation 2019/980 of March 14, 2019

This comparison table enables the information required by Annex 1 (referred from Annex 2) of Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, according to the URD layout, to be identified and cross-referenced to the sections of the 2020 Universal registration document:

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