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From: Environmental and Societal Responsibility

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ENGIE Environmental and Societal Responsibility Policy

ENGIE ambition is to be the integrated energy solution partner of its customers while maintaining a high level of environmental and societal responsibility. This ambition requires the Group to limit its impact on climate and environment, to improve its financial and non-financial performance, and to share value effectively with its stakeholders.

Adopting an environmental and societal responsibility policy enables ENGIE to create and preserve value in short, medium and long terms by developing its activities and optimizing management of environmental, social and societal risks in various and ever-changing business contexts.

This document outlines the principles underlying ENGIE environmental and societal policy, which is applied as from the date of publishing of this document.
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Foreword

- ENGIE environmental and societal responsibility policy underlines the Group will to rise up its responsibility towards its stakeholders to the highest level. Integrating the responsibility, into all the Group activities, is the final objective of this policy for ENGIE, one of the global energy leaders. Consequently, applying this policy enables ENGIE to implement its full mission “By People for People” of being useful to people.

The policy is built on three levers of value creation, which are the development of sustainable activities, responsible operating and stakeholder management.

It highlights more specifically the development of the Group environmental and societal responsibility management.

- This contribution to performance takes into account all its stakeholders at various levels, both regional and global.

- Topics related to environmental and societal responsibility concern all ENGIE processes and management practices, and are conceived to apply to all the Group activities.

- The topics are implemented depending on the context of the country and activity in question, in full attention on the different business environment.

- ENGIE environmental and societal responsibility policy is characterized by three key action principles:
  - Simplicity and clarity,
  - Contribution to performance,
  - Possibility of implementation by the operational entities.

- In drawing up the environmental and societal responsibility policy, specific account has been taken of the standard ISO 26000 guidelines “Guidance on social responsibility” as applicable to ENGIE specificities. It also follows the provisions contained in the international frameworks with which the Group complies (e.g. the United Nations Global Compact1) and the Group “Global Agreement on Fundamental Rights, Social Dialogue and Sustainable Development”.

- The environmental and societal responsibility policy refers to and is linked with other Group policies listed in the appendices to this document.

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1 Since 2000, the United Nations Global Compact has invited companies to adopt, maintain and apply within their sphere of influence, a set of fundamental values in the areas of human rights, labor and environmental standards, and combating corruption.
1. Background and challenges

1.1. General background

ENGIE currently finds itself in a rapidly changing economic and societal environment, one in which different geographical regions of what is now a multipolar world are developing at different speeds.

The worldwide demographic explosion coupled with political trends promoting the economic development of emerging countries has rapidly altered the data for energy businesses. According to the US Energy Information Administration (EIA), by 2035, 93% of the increase in primary energy consumption, 80% of additional gas demand and 60% of renewables growth will come from non-OECD countries (IEA World Energy Outlook 2013).

Urban development linked to this demographic shift, the emergence and wider availability of new technologies and new uses for them are prompting a change in people's expectations, consumption patterns and behavior, which is paving the way for new activities (smart grids, smart cities, etc.).

With the energy transition, the world of energy is experiencing a global revolution. Taking place in emerging countries as well as in mature markets, the revolution of the energy transition is characterized by a move towards decarbonization, decentralization of energy management, digitalization and increasingly smart and efficient production systems:

- First, it is a revolution of technologies. Power plants are progressively being replaced by smaller and decentralized generation units. Storage and renewable technologies are getting more and more competitive, notably thanks to the substantial progress made on batteries and solar PV, and transform entirely our business.
- There is also a digital revolution at play. Smart solutions transform our relation towards cities, homes and vehicles.
- Finally, we are witnessing a societal and cultural transformation. This revolution is materializing in every region, close to local communities and customers. It is a key issue for civil society with public authorities, cities, businesses as well as citizens expecting to be involved in.

This is inspiring the long term vision of ENGIE: provide access to a lower carbon energy, more reliable, more flexible, smarter, and design innovative mobility solutions.

This revolution requires companies to be much more transparent and communicative.

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2 According to the United Nations, almost 70% of the world's population will be living in towns and cities by 2050
1.2. Challenges

This context has prompted ENGIE to transform and adapt its own business model: from *energy producer and service supplier* to *customer partner of integrated energy solutions*, offering a wide range of centralized and decentralized generation solutions, low carbon and renewable energies, energy efficiency and associated services.

ENGIE will focus its new developments on low CO$_2$ activities, which will represent more than 90% of Group’s EBITDA by 2018, on integrated customer solutions and on activities not exposed to commodity prices.

The Group aims at creating shared value with all its stakeholders. The environmental and societal responsibility contributes to this goal thanks to the combined actions of developing the sustainable business (identifying environmental and societal issues and transforming them into commercial opportunities) on the one hand and by managing non-financial risks (managing the environmental, social and societal risks linked to Group activities,) on the other hand.

In the context of increasing civil society awareness of environmental and societal responsibility, the company must control its environmental and societal responsibility in the same way as its financial or technical performance, in order to optimise create more long-term value.

The main sustainability challenges which need to be addressed in order to create the shared value are:

- Meeting stakeholders' ever-changing expectations in terms of energy solutions by integrating the environmental and societal performance.
- Managing the non-financial risks and improving operational efficiency.

As an energy architect involved in long-term business activities, ENGIE is in direct interaction with the environment and the local communities in the areas where the Group operates.

The challenges of environmental and societal responsibility have become significant. They offer business and positioning opportunities which differentiate the Group from its competitors and contribute to the management of risks and protection of the Group’s reputation.
2. Orientations of the Environmental and Societal Responsibility Policy

In order to reach ENGIE development challenges, the environmental and societal policy is built on three orientations.

### 2.1. Contributing to/Ensuring the development of energy solutions enabling the customers to reach their own sustainability objectives

Customers’ expectations are changing rapidly, as a result of the fast-paced changes in the challenges they are facing themselves.

To meet these expectations, ENGIE:

- Helps identify customers’ requirements in terms of sustainability by listening to them carefully and anticipating their needs;
- Helps enhance marketing of new offers, by offering differentiating items and competitive advantages structured around the environmental and societal responsibility:
  - Energy and environmental efficiency;
  - Environmental, social (including health and safety) and societal management;
• Invests in Research and Development, and in Innovation to develop:
  o New solutions such as flow management in cities of tomorrow, intelligent buildings, emerging and/or decentralized renewable energies, low-carbon means of transport (NGV, LNG, electric vehicles), energy-storage solutions which can be combined with renewable energies;
  o New services (optimizing customers’ energy processes, network management, etc.).

2.2. Contributing to/Ensuring the responsible business conduct

2.2.1. Managing the impact on climate change

In order to combine energy generation to meet what is an essential requirement for populations, and maintain the Earth's environmental balance, ENGIE aims at:

• Limiting greenhouse gas emissions by:
  o using an efficient energy mix and generation technologies to supply the energy required while, at the same time, controlling emissions and leakage into the atmosphere, water and the ground;
  o enhancing the energy efficiency of its existing facilities;
  o increasing the installed capacities emitting no or few CO₂.

• Investing in research and innovation (energy efficiency, renewable energies, carbon capture and storage).

In October 2015, ENGIE has announced that all its new investments in power production will be in projects that emit no or little CO₂, in renewable energies and in natural gas.

This economic and ecological decision to build no further coal-fired power plants, leads to stop all projects which had not yet been firmly committed.

2.2.2. Managing the use of natural resources sustainably

To manage environmental risks whilst at the same time ensuring that generation units operate efficiently, operational entities:

• Promote sustainable use of natural resources;
• Preserve biodiversity;
• Implement the Group environmental management systems;
• Apply external certification where required, depending on risks analyses and challenges identified as offering a competitive advantage or on customers’ expectations.

ENGIE relies on its environmental policy to manage its impacts on the use of natural resources.
2.2.3. Uniting employees in a shared vision

All corporate industrial projects also entail a social and human project, and ENGIE is a key actor and committed employer in all the regions in which it operates. The Group social project is based on four priorities: solidarity, responsible citizenship, being a company which educates and supporting social rootedness. These four priorities are applied at local, regional and national level depending on the challenges faced. Recruiting and developing employees who are committed and flexible is a major challenge for the Group. ENGIE must be able to rely on people who have the skills and competences required to promote responsible and broad-based growth to deliver higher levels of performance, innovation and understanding on the part of the stakeholders it serves. The challenges and values inherent in responsible and sustainable development are an important lever in establishing a tradition of multilevel dialogue, cohesion, employability and appeal as an employer.

The priorities are as follows:

- Strengthening the understanding of the Group and its role, and thus increasing its attractiveness, whilst also enhancing the professionalism and employability of its employees as regards anticipated changes.

- Enabling employees to engage with the company's project and to promote their own professional development, in particular by setting references and working to:
  - ensure the health and safety of individuals;
  - maintain high-quality social dialogue.

- Encouraging employees to voice their opinions and promoting diversity among the Group employees (particularly on an international level), since diversity is crucial and is a considerable asset in enabling the Group to respond more effectively to customers' expectations.

- Supporting and training the Group managers in how to deal with the challenges they face, the backbone of the strategy being the "Management Way".

ENGIE motivates and manages employee development based on policies and dedicated tools for managers and employees coordinated by the Group HR Functional Line. In particular, ENGIE invests in and encourages employee training.

The social commitment made by ENGIE and its employees plays a key role in the consolidation of the Group's transformation and the success of energy transition.

As a responsible employer, ENGIE contributes to bringing together all stakeholders to anticipate and support human development, creating responsible performance in accordance with the Group's strategy.

For ENGIE, combating all forms of discrimination, promoting equal opportunities, and integrating and supporting young people, over-55s and people with disabilities, are key priorities. This challenge was recognized in 2012 with the Diversity Label certification, and extended in 2014 to include all production and services activities in France.
Given the economic climate and rising unemployment, one of ENGIE’s priority issues concerns youth employability.

This implies more synergy between the worlds of business and education, and ENGIE has been working towards this goal through its relationship with the French education system and by raising awareness among young people to better prepare them for the world of work.

ENGIE is therefore committed to recruiting people from all walks of life, through the promotion of diversity. Among the various ways to ensure access to employment, the Group puts particular emphasis on work-based learning, reiterating its commitment to training and recruiting qualified young people at all levels.

Another major challenge, employee engagement is one of the Group’s shared values. Because this commitment is a key factor for corporate performance, boosting our capacity for innovation, in 2015 ENGIE strengthened its policy for quality of life at work, crucial to increasing the involvement of the women and men working within the company.

When it comes to employees’ charity commitments, a good example is the work of the Fondation Agir Pour l’Emploi, which not only supports projects for job creation through donations from employees, but also allows these same employees to commit to the cause through a long-term investment.

2.3. Contributing to/ Ensuring the development of responsible relationships with stakeholders in order to create shared value

2.3.1. Listening to and engaging in structured dialogue with stakeholders

The responsible growth model developed by ENGIE Group is based on listening to and engaging in structured dialogue with its stakeholders, i.e. customers, investors, suppliers, public authorities, employee representatives and representatives of civil society, academia, the economic sphere and so forth. The Group ambition is to create shared value for the mutual benefit of the company and all its stakeholders. The Group policy of social dialogue with stakeholders applies to all its entities and in all regions in which ENGIE operates.

Accordingly, the manner in which ENGIE is rooted in local communities depends to some extent on the businesses it operates in those communities. To ensure its long-term development, the Group pays high attention to understand its stakeholders’ expectations and to build relationships based on trust. To achieve this, ENGIE works with them to assess the societal and environmental impacts of their projects and activities, and to undertake the required action accordingly.
This entails:

- Mapping stakeholders at all relevant levels;
- Organizing dialogue with stakeholders and putting in place structures for listening to them and engaging in constructive dialogue at various levels;
- Incorporating stakeholders’ expectations into policies and actions;
- Explaining, defending and promoting the Group point of view to decision-makers at regional, national and international level;
- Pursuing mediation within the Group to give third parties an opportunity to appeal;
- Building win-win partnerships.

2.3.2. Behaving ethically in business

Complying with legislation in force and making sure its practices are transparent to stakeholders are integrated into ENGIE corporate strategy. As such, ENGIE:

- Complies with all national and international legislations, Group standards and principles governing competition (preventing abuse of a dominant position, cartels, unfair practices) and health and safety;
- Takes on its full responsibilities to its suppliers, in particular by honoring commitments as regards payment deadlines and by clarifying the Group procurement needs.

ENGIE management of its relations with suppliers is governed by its procurement and supply policy.

2.3.3. Combating corruption

In today's fully globalized economy, corruption is a major risk and can affect sustainable economic development, good governance and fair commercial practices. ENGIE plays a key role and is fully committed to implementing a global system to prevent corruption. This involves:

- Complying strictly with the legislation and rules in force in all the countries in which the Group operates;
- Raising awareness among and training all the Group employees, and drawing up adjusted procedures, in particular as regards marketing intermediaries, business partners, gifts and invitations;
- Taking part in voluntary strategies (e.g. member of the Global Compact).

The Group management of its global anti-corruption system is based on the ENGIE Ethics Policy.
2.3.4. Respect of human rights

The first Group’s commitment in relation to human rights is to carry out its activities in accordance with internationally recognized human rights wherever it operates in accordance with the highest standards of protection of human rights (national laws or international standards).

It is also committed to:

- Ensuring compliance with the fundamental rights of its employees, as defined by the ILO (International Labor Organization) standards: abolition of forced labor and child labor, non-discrimination, freedom of association and right to collective bargaining.

- Rejecting all forms of harassment and violence in the workplace and offering its employees a work environment that is respectful of their individual rights and their privacy.

- Ensuring that its activities do not infringe the rights of local communities surrounding its sites and that assignments related to the security of its assets and its employees are conducted with respect for human rights.

- Including in its contracts with its suppliers and partners a provision requiring the respect by them of the Group’s human rights commitments.

The Referential human rights "Commitments and implementation" describes the procedure for implementing the ethical principle “Respecting others”, reaffirms the Group’s commitments and expands on the guidelines presented in the Group’s ethical documents. Different methodological tools for internal use support the Referential in order to help managers implement it.
2.3.5. A solidarity-based company

ENGIE is involved in developing regions by ensuring that its activities have a positive impact on the economy and by enabling the most disadvantaged people to have access to essential services. This takes the form of implementing, within all entities with end-user customers, special customer-oriented action plans, which also incorporate voluntary initiatives to reduce fuel poverty (raising awareness around energy saving, playing a proactive role in boosting social mediation, etc.) and create jobs accordingly.

To this end, the Group is involved in a range of partnerships and innovative action campaigns, not least the ENGIE Foundation, the Rassembleurs d’Energies programme and the ENGIE Act for Employment (FAPE) Foundation which is promoting integration and combating exclusion.

The Group corporate solidarity is partly managed by ENGIE Patronage Policy.

3. Roles of the Environmental and Societal Responsibility Direction and Functional Line

3.1. Watch and anticipation

- Updating General Management on international trends driven by sustainability issues and which impact on the expectations of customers and stakeholders; to this end, playing a proactive role in foresight initiatives and, in particular, in preparing the Medium-Term Business Plan.

- Drafting Group position papers on topics linked to environmental and societal responsibility, explaining decision-making and supplying information for external communication.

- Helping to steer Research and Development work.

3.2. Setting and guiding the Group environmental and societal responsibility goals

- Defining and keeping track of the Group commitments and goals by gradually integrating environmental and societal responsibility performance into the criteria governing variable remuneration.

- Incorporating environmental and societal performance into the Group overall performance by devising and implementing an “environmental and societal responsibility management scorecard” and linking it with ENGIE financial performance.

- Reviewing analyses of results and performance levels from the point of view of environmental and societal responsibility.

- Contributing to analyze the investment files, local teams being involved in the assessment of the projects from a standpoint of Environmental and Societal Responsibility.
3.3. Managing environmental and societal risks

- Analyzing these risks related to environmental and societal responsibility and proposing management solutions.
- Preserving ENGIE acceptability, in connection with operational teams, in the context of its activities and projects.

3.4. Coordinating the Group Environmental and Societal Responsibility Functional Line

- Coordinating the Functional Line, in particular by organizing meetings of the environmental and societal responsibility Executive Committee, special conferences on the topic, and devising appropriate training courses.
- Working with support functions, métiers and operational functions to help them incorporate sustainability into the process and policies to improve their own performance.

3.5. External communication

- Highlighting the Group achievements as regards environmental and societal responsibility.
- Coordinating relations with non-financial agencies and helping coordinate relations with analysts and investors on environmental and societal responsibility issues.
4. Environmental and Societal Responsibility Governance

Environmental and societal responsibility issues are coordinated by the following bodies:

- The Board of Directors’ Ethics, Environment and Sustainable Development Committee (EESDC): its work entails all the Group policies, action plans, balance-sheet analyses and advising on future actions,

- The Group Executive Committee, which must approve all major decisions and action: the Excom holds two meetings a year fully dedicated to environmental and societal responsibility,

- The Environmental and Societal Responsibility Direction reports to Group Executive Committee through an Executive Vice President appointed to that effect.

- The Environmental and Societal Responsibility Executive Committee, which meets monthly and is chaired by the Corporate Environmental and Social Responsibility Director, and comprises:
  - the Business Unit Environmental and Societal Responsibility managers (one in each BU, member of the Management Committee of the Business Unit),
  - members of the Corporate Environmental and Societal Responsibility Division.

This committee implements the Group environmental and societal responsibility policy and ensures that information and experience about environmental and societal responsibility strategies are shared between the corporate and the Business Units.

Business reviews are taking place on a regular basis with the Business Units in order to monitor the non-financial performance and share best practices.

The environmental and societal responsibility is managed as a Functional Line as far as coordination, training and monitoring career development are concerned.
5. Conclusion

On the back of its environmental and societal responsibility policy, ENGIE has set itself a new ambition with the following objectives for 2020:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Definition</th>
<th>Target value in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting our customers in the energy transition</td>
<td>Satisfaction rate among our B2C customers by 2020</td>
<td>85%*</td>
</tr>
<tr>
<td>Renewables</td>
<td>Share of renewable energy in the generating capacity mix in 2020</td>
<td>25%</td>
</tr>
<tr>
<td>Greenhouse gas emissions</td>
<td>% reduction in ratio of CO₂ emissions to electricity generation compared with 2012</td>
<td>-20%</td>
</tr>
<tr>
<td>Stakeholder dialogue</td>
<td>% of industrial activities covered by a suitable dialogue and consultation mechanism</td>
<td>100%</td>
</tr>
<tr>
<td>Gender diversity</td>
<td>% of women in the Group’s workforce</td>
<td>25%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>Internal frequency rate for occupational accidents</td>
<td>3</td>
</tr>
</tbody>
</table>

* or equivalent following work to harmonize BU methods in 2016
Appendix 1 - Environmental Policy

Like any human organisation, the ENGIE Group interacts with the environment. This document sets out the main challenges posed by this interaction and the Group’s responses to them. It also details the governance framework for the actions needed to achieve ENGIE’s environmental ambition. The policy described here is part of the more general Environmental and Societal Responsibility Policy, which drives the Group’s strategy.

The Group’s environmental challenges

Greenhouse gases and climate change

Climate change, caused by the rising concentration of greenhouse gases in the atmosphere, is recognised as one of the major threats to our planet in this century. The business model for energy producers has so far focused on increasing generation capacities, which, however efficient they may be, emit greenhouse gases. Given the high weight of energy activities within its business, the Group has a responsibility to address this issue. At the same time, the shifts brought about by climate change pose a risk to the Group’s markets and to the operation of its facilities, and mean that adjustments are required. The Group addresses this twofold challenge by ruling out any new investment in coal and by developing a diversified, balanced and market-oriented energy mix combining the lowest possible CO₂ content and flexibility. In addition, ENGIE devises and implements energy efficiency solutions and new renewable sources of energy, engages in research and development (R&D) on CO₂ capture and storage, and supports innovative start-ups. The Group also helps to reduce emissions by harnessing heat from waste recovery processes. Faced with the consequences of climate change, ENGIE must work to make its infrastructure more resilient to extreme events, which may increase in frequency and scale over the coming years, and to anticipate the gradual changes associated with rising temperatures, such as reduced consumption of heating in winter and additional demand for air conditioning in summer.

Managing energy

Managing energy consumption is a priority, addressing not only the issue of climate change but also that of the foreseeable depletion of some energy resources. The International Energy Agency (IEA) points out that energy efficiency represents over half of the drive to combat climate change. The approach is twofold: firstly, conveying the importance of the issue by promoting energy-efficient behaviour, and secondly, facilitating the management of energy demand, for example by means of smart metering with data display. The Group is active at various levels: optimising its own energy consumption, educating its customers about rational use of energy, and offering comprehensive energy efficiency solutions to all its customer segments. As a world leader in energy services, the Group targets its R&D and invests in solutions for the energy system of the future such as smart grids and the city of tomorrow.

Preserving biodiversity

Loss of biodiversity is another major challenge for society. To help combat the global erosion of biodiversity and mitigate its impacts by "avoiding, reducing and offsetting", and so continue to benefit from ecosystem services, the Group is committed to integrating biodiversity into its strategy and its various businesses. Pipelines represent our biggest encroachment on the environment. However, being located underground, they do not fragment natural habitats, such fragmentation being the leading cause of biodiversity loss in Europe, but can be
used to support ecological continuity. The benefits of rich and plentiful biodiversity are also a resource for the Group, for example where biomass is concerned. Mindful of its interdependent relationship with biodiversity, ENGIE develops a range of tools to incorporate it into its activities. By implementing targeted action plans in collaboration with its stakeholders, the Group can help to preserve or even enhance natural habitats, while also strengthening the local rootedness of its activities.

**Saving resources**

Aside from its environmental benefit, saving resources is also a factor in economic performance. The Group is committed to saving the raw materials it uses and developing a circular economy wherever possible: promoting bio-methane is one example. To apply these principles in practice, the Group analyses its projects in terms of their whole lifecycle and uses eco-design methods whenever possible.

**Waste management**

Like all industrial activities, the Group's businesses generate waste. Data on waste are included in annual reporting and are monitored by all ENGIE sites in order to reduce the amount produced and increase the rate of waste recovery. Wherever possible, the Group seeks to manage its waste based on a circular economy approach (through recycling, for example).

**Water management**

The Group is particularly mindful of its water use and the possible impact of discharge into the natural environment across all of its activities. To address what is a major challenge in the 21st century, Group entities work to gain a deeper understanding of the water footprint of their activities and to identify areas of potential water stress and implement action plans for sites in those areas, for instance by developing water re-use for cooling thermal power plants. A circular economy system applies here too, with water and low-pressure steam being supplied to partners located near our sites.

**Air and soil pollution**

Regulations governing air and soil quality set out requirements with which all industrial facilities must comply. By monitoring the environmental performance of its facilities on a regular basis and going above and beyond the basic requirements where technically and economically possible, the Group seeks to use the most environmentally high-performance techniques wherever it operates.

**Protecting health**

The Group keeps abreast of increasingly complex health issues, primarily by working in partnership with scientists and medical professionals. The Group's focus on environmental health applies in all its areas of business.
I. The Group's environmental ambition

The Group sees environmental performance as a long-term and overarching objective, which is why it has put in place an Environmental Policy. Forming part of the wider Environmental and Societal Responsibility Policy, the Environmental Policy has been drawn up to dovetail with other Group policies with which it will interact, the main ones being management systems, health and safety, ethics, risks and procurement.

Protecting the environment is part of the Group's social responsibility. However, it also poses a major challenge for ENGIE since nowadays environmental protection is a crucial factor in sharing value creation with Group stakeholders and because it helps to keep the natural resources the Group uses available and plentiful so that they can be supplied to its customers in the form of essential services: environmental management and protection are sources of development for ENGIE. The Group complies with environmental regulations in force both internationally and in the individual regions in which it operates, and structures itself in such a way that it can anticipate changes in them. In some cases, it applies its own standards which are more stringent.

Despite its environmental performance being considered satisfactory to date, ENGIE is committed to ongoing improvement in order to achieve best practice on all environmental issues.

The Group’s ambition is to continuously improve its environmental performance, to help improve that of its customers, suppliers and subcontractors and to communicate transparently about its performance.

Based on its shared values of drive, commitment, daring and cohesion, ENGIE seeks to achieve its environmental ambition through eight action principles:

Understanding interactions between our activities and the environment

To provide the most appropriate responses and to gain a fuller understanding of how our activities and the environment interact, it is important that we study this interaction since it is not always direct or immediately obvious. To do this, the Group surrounds itself with the necessary expertise in areas such as ecology, environmental health impacts and risk management. It works with a range of environmental research bodies and encourages the use of environmental impact assessment (EIA) and product lifecycle management (PLM) tools to provide as complete a picture as possible.

Listening to, engaging in dialogue and working with stakeholders, while developing partnerships to foster lasting relations

In addition to impact assessment studies, the Group also promotes dialogue with stakeholders at both local and global level to understand and factor in their expectations and thoughts. ENGIE has forged partnerships with environmental NGOs whose expertise and ability to engage in dialogue will help the Group to further improve its performance. This collaboration is evident both in the policy orientations explored by the Group and its practical action in the field. Ever mindful of its environmental responsibility, the Group engages with plans to amend environmental regulations and gets involved at the earliest possible opportunity, setting out its position on the feasibility and effectiveness of the proposed measures. Environmental concerns are also present in the Group's Procurement Policy – environmental commitments being taken into account when selecting suppliers and managing commercial relations – and in its business practices: wherever possible, ENGIE and its subsidiaries present customers with offers comprising a clear environmental component.

Setting qualitative and quantitative objectives at all levels of the company

Adopting objectives has the effect of spurring people into action. Once a given level of maturity has been achieved, the challenges clearly understood and the results and their sensitivity to various parameters measured, targets can be set. The Group and its entities set goals which reflect the level of environmental performance they aim to achieve. The entities take on the Group's environmental objectives and adapt them to their own business in accordance with their own challenges and responsibilities.
Shaping actions to the relevant challenges to ensure optimum use of the Group’s human and financial resources

In the long run, financial performance depends on environmental performance, as the former is unsustainable without the latter. Against the backdrop of its sustainable development strategy, the Group works hard to strike the optimum balance in its responses to what are sometimes contradictory challenges. As such, ENGIE and its entities initially focus on assessing the challenges they face so as to be able to scale their response accordingly. Accordingly, where Group entities have a significant environmental impact or stakeholders that are sensitive to this issue, they take steps to control these impacts, by acquiring the necessary human and financial resources, and steer them using environmental management systems where possible.

Anticipating to prevent Group activities from having any impact on the environment, or at least reduce any such impact, and thus better manage natural resources

The Group is committed to studying the potential environmental impact of its activities as far upstream in the process as possible to guide its choice of investment and equipment for preserving natural resources as effectively as possible. For example, in addition to the environmental impact assessments required by law, new projects and investment proposals also include an environmental component. The Group also ensures that the risks to the environment posed by its activities are controlled, for example by organising special environmental audits, particularly for its older facilities.

Raising employee awareness of environmental challenges and the terms of this policy

The key precondition for ENGIE achieving its desired level of environmental performance is that all employees are aware of the environmental challenges faced and the responses the Group has pledged to deliver. To this end, the Group uses a range of tools – internal conferences and training sessions, networks, intranet – to raise employee awareness and to publicise the Environmental Policy. It uses all available means to foster the sharing of best practices, innovation and grassroots initiatives that help to promote general awareness.

Innovating to develop new solutions and sharing these within the Group

Perhaps more so than in many other fields, since environmental science is relatively new, innovation is a key factor in determining performance. ENGIE has therefore decided to focus a major part of its research activities on devising and implementing pioneering solutions, whether based on emerging technologies or on innovative models and methods. The multidisciplinary approach the Group is able to adopt is a real strength, allowing it to develop comprehensive offerings to address energy challenges.

Continuously measuring progress and publishing the results achieved

Although it is impossible to summarise environmental performance in a single numerical value, applying indicators in fields entailing a significant environmental component is helpful in seeking to improve performance. Doing so enables comparisons to be drawn with one’s own performance over time or with other comparable organisations, whether inside or outside the Group. ENGIE operates a structured and mature reporting framework which is officially audited. The Group engages in ongoing dialogue with non-financial ratings agencies and is involved in many sector-based reporting initiatives. The environmental indicators put in place can also be used in drafting improvement plans with the Group’s customers and the authorities.
II. Environmental responsibility governance

The Group Environmental Policy applies to all its entities.

The Environment entity checks that the policy is being implemented by means of environmental reporting, for which it is responsible. This exercise is performed using a data collection tool which is available to Business Units, subsidiaries and facilities. It is verified by the auditors. Measuring environmental performance also requires the main instances of environmental non-compliance and environmental liabilities to be catalogued. Following the annual reporting campaign, each Business Unit Head confirms, in writing, the accuracy of the information supplied and that the Group Environmental Policy is being applied. The Business Units also set environmental targets consistent with those of the Group.

An annual assessment is compiled by the Environment entity at corporate level, is forwarded to the Management Committee and then presented to the Board of Directors’ Committee for Ethics, Environment and Sustainable Development. This assessment, accompanied by an action plan if necessary, also includes the results of the environmental audits ordered by the Management Committee. These various elements enable an accurate assessment to be made of the Group’s environmental performance, areas for improvement to be identified and action plans to be drawn up if necessary.

The Environment entity at corporate level compiles draft Group positions and statements on any topic within its remit, puts together and promotes the tools required to measure the Group’s environmental performance and makes these available to the Business Units, and commissions and/or oversees R&D work in this field. It is involved in devising Group strategy by contributing to the environmental and societal responsibility aspects of the Medium-Term Action Plans and Strategic Plans and takes part in foresight work in its field.

A network of Business Unit Environment officers, headed by the Environment director, has been set up to support managerial guidance, and meets regularly to discuss policy content, difficulties encountered in implementing the policy, practical application of thematic action plans and of recommendations resulting from audits and reviews, and best practices. This network also makes proposals and examines Environment dossiers before they are presented to the management bodies for approval. Each Business Unit Environment officer leads and coordinates the Environment correspondents within his/her own entity, by disseminating information and best practices between all components of the Group’s organisation. He participates in the process of environmental operational audits set up to improve the performance of industrial sites.
Appendix 2 – Societal policy

Context
Nowadays, the risks and opportunities that businesses face are becoming more complex and unpredictable. Organizations around the world, and their stakeholders, are increasingly aware of the need to redefine the relationship between business and society. An organization's performance in relation to the society in which it operates and to its impact on the environment is today a critical part of measuring its overall value creation proposal. Therefore, the perimeter of the corporate sphere of influence has greatly extended beyond the classic commercial and financial relationships and corporations are now subject to a much greater scrutiny by their stakeholders.

Achieving success requires a re-evaluation of the business strategy and the introduction of new ways of thinking to promote the process of co-construction of more suitable solutions. Indeed, considering the interconnections and complexity of environmental, social and economic issues, stakeholder engagement has become a vital tool to develop an understanding of what sustainability means for ENGIE and how we can create value and ensure the long-term viability of our operations.

Stakeholder engagement assists any organization in addressing its social responsibility by providing an informed basis for its decisions. Engagement is an umbrella term that covers the full range of an organization's efforts to understand and involve stakeholders in its activities and decisions.

A professional approach towards stakeholder engagement is a first step into a process of co-construction of solutions that positively impacts various key drivers of the business. Indeed, engagement helps organizations to meet tactical and strategic needs ranging from gathering information and spotting trends that may impact their activities, to improving transparency and building the trust of the individuals or groups whose support is critical to an organization's long-term success, to sparking the innovation and organizational change needed to meet new challenges and opportunities.

ENGIE Guidance
ENGIE follows the guidance contained in the standards AA1000, ISO26000, as well as the Global Compact principles and the OECD Guidelines for the Multinational Enterprises for a responsible business conduct. Other international standards like the Equator Principles and the International Finance Corporation sustainability framework can be particularly relevant when required by lenders or financial institutions.

Stakeholder are individuals or groups that has an interest in any decision or activity of an organization.

Stakeholder engagement is the activity undertaken to create opportunities for dialogue between an organization and one or more of its stakeholders, with the aim of providing an informed basis for the organization's decisions.

In particular for its relations with stakeholders, ENGIE always privilege:

- Preventive dialogue with regular and focused meetings with specific key stakeholders to monitor ESR topics and to provide potential warnings to avoid conflicts. The dialogue could be reactive in case of crisis but ENGIE's objective is to focus in the prevention.
- Proactive dialogue aimed at the development of strong partnerships with selected stakeholders to mutually enhance capabilities by sharing resources and expertise in a co-construction context.

Two key programs are in place to enhance the deployment across the Group of the concept of professional stakeholder engagement:

- A corporate process of dialogue engaging the General Management Committee to meet twice a year with a selected sample of high level, influent and strategic stakeholders in order to exchange ideas and explore possible solutions to societal challenges faced by ENGIE and more in general by the energy sector.
• Dedicated support to foster professional stakeholder engagement at local and operational level. A Community of Practices (CoP) gathers practitioners from the HQs, the BUs, the métiers and operational companies, to build methodologies and tools as well as to offer technical support.

Each Business Unit implements the policy guidelines according to its local approach in terms of territory, rules, and activities.
Appendix 3 – Human resources development and health and safety policies

The aim of the policies is to attract, retain and develop all Group employees who are part of its human capital, a key strategic asset. The policies incorporate the principles set out in the “Management Way” charter.

People for Development, Development for People – a development policy for all

Employees’ personal development is a key driver for Group performance and development. It involves employees’ knowledge at all levels of the organization (manager and HR manager) and the sharing of that knowledge with management teams. By taking into account all the talent and diversity of its employees, the Group aims to foster the momentum, motivation and innovation it requires in order to develop.

Furthermore, the Group relies first and foremost on in-house talents for preparing for the future, by developing the skills of tomorrow, encouraging mobility and thus enhancing the employability of all employees. Joint coordination with the Business Units must help achieve ambitious goals in 2016 in terms of employee commitment, mobility, retention, diversity and preparation for the future.

The “Development for People” Policy dovetails perfectly with the Group’s performance and development objectives. This general policy links with:

- Cross-disciplinary policies: Recruiting for Development, ENGIE Mobility, Management for People, Learning for Development, and Coaching and Mentoring for Development;
- Programmes geared to specific groups: Development for Senior Executives, Leaders for Tomorrow, Development for Experts, and Development for Functional Lines.

Recruiting for Development

The new name, ENGIE, accompanies our Group’s transformation and projects the image of a Group that is forward-looking, with a strong local presence and driven by a collective, cohesive and inventive commitment to benefit all. The Employer Brand conveys these attributes in its field and aims to achieve two key objectives:

- Boost ENGIE’s renown as an employer of choice
- Attract the talents the Group requires in order to support its industrial and human project.

Indeed, in 2016, ENGIE plans to recruit several thousand talented individuals across the world, mainly to its operational businesses linked to the energy transition (renewable energy, energy efficiency and optimisation, bioenergy, etc.) and digitalisation (data scientists, energy managers, and so forth). In addition to know-how, the Group is hoping to attract “personalities” who will embody ENGIE’s new vision: individuals with an entrepreneurial and inventive mindset, motivated by the challenge of the energy transition and in a strategy aimed at sharing and networking.

As such, a number of initiatives have been rolled out in the field and on the Net to raise awareness about the Group, its businesses, its employees and attract people to join ENGIE: meetings, site visits, conferences in schools, participation in physical or virtual forums, testimonials, and so on. ENGIE also enjoys strong partnerships with the academic world (this year, the Group has partnered up with the Ecole 42 and the Junior Enterprises of France, which brings together around 18,000 students) and works with external startups, such as LAB RH, to improve the applicant experience. ENGIE’s digital ecosystem and its presence on social networks also aims to create a positive experience for the individuals ENGIE hopes to attract (technicians, engineers and salespersons, young professionals and experienced professionals, apprentices, candidates with international profiles). The Matching Energy platform, for example, puts internet users in direct contact with Group employees who embody the new leadership model. The engie.com/careers site, Facebook, Twitter, LinkedIn, and so forth, help promote the initiatives and innovative projects that are employees’ pride and joy, and provide insight into the internal workings of the Group, such as the projects undertaken by the YPN, a network of 850
young Group employees who are working to transform the Group via an HR Lab (Lab’RH). The ENGIE Careers application for seeking a job or internship, the possibility to communicate with Group experts on LinkedIn, videos illustrating various career paths, and so on – everything is done in such a way to enable potential candidates to imagine themselves working in ENGIE’s areas of business and sharing its values.

ENGIE Mobility

With over 6000 career moves made in 2015, i.e. more than one recruit in three, ENGIE’s mobility policy is designed to cater to both business challenges and employee expectations by helping to:
- Attract employees, get them involved and retain them;
- Match internal skills to business requirements;
- Strengthen cultural integration, cooperation and the promotion of diversity;
- Enhance employability;
- Encourage the sharing of know-how and enhance innovation.

Five principles have been drawn up to boost organizational, functional and geographical mobility: maintaining fluidity on the internal job market, avoiding ‘owner-like’ behaviour by being transparent and adopting HR rules of good conduct, giving priority to Group employees, guaranteeing confidentiality, providing information on and ensuring the ongoing availability of inter-company transfer.

International Mobility Guidelines were also adopted in April 2015 to provide more clarity, support and coherence when helping employees in international career moves.

13 HR networks, 7 of them in France alone, bringing together over 200 HR managers, help simplify job pool exchanges, coordinate the successful rollout of the Group’s HR policies, the Management Way, the founding social project, and relay the various problems relating to employment and mobility efficiently, especially through the Job and Skills Forecast Management Committees (Comités Gestion Prévisionnelle Emplois et Compétences), pursuant to the 2010 European Agreement (80% of the Group’s workforce is covered by these European networks).

Management for People

As the People Leadership component of the Management Way, this programme sets out benchmarks as regards what the Group expects of its managers in terms of preparing for the future with their teams:
- Knowing all employees and supporting them in their development, via a personal relationship, regardless of their level within the company;
- Developing each individual’s professionalism so as to enhance collective performance;
- Boosting the employability of all employees via cross-cutting and educational paths, and encouraging mobility.

Learning for Development

Group commitments regarding training:
- One development interview every three years for all employees,
- An annual training plan within the scope of each company,
- 2/3 of employees take a training course each year.

The resources in place:
- Employees’ technical training is organised by the Learning line within the BUs, as close as possible to employees’ needs.
- ENGIE University provides training courses shared by the various BUs: training for managers and for the functional lines.

In France, the Synerform training centre facilitates access at a competitive price to external training courses in a variety of cross-disciplinary fields.
Targeted development policies

Senior Executives / Experts / Coaching and Mentoring / Development Centres

To be able to offer senior executives, experts and managers appropriate development, ENGIE rolls out targeted policies in the form of:

- Coaching and mentoring, which is continuing to expand and which, since 2015, includes reverse mentoring (guidance provided by a young executive to a senior executive on digital-related matters);

- Development for experts, designed to bring out their full potential and enhance their development, with the award of the Human Capital trophy. Since 2010, two special training courses have been introduced, from which 150 experts have benefitted;

- The rollout of Development Centres, a personal development and knowledge tool, from which 87 managers benefitted in 2015.

- ENGIE University has been running programmes to provide support to BU management teams since 2015, with a view to improving the managerial practices of a BU management team (Lead and Move) or clarifying a business challenge via brainstorming between peers (TopExchange).

In addition, considerable efforts are made to promote mobility among senior executives. A total of 236 senior executives changed scope or position in 2015, in particular following the reorganization of the Group. As of late 2015, the Group has 545 senior executives, 18.5% of whom are women (compared with 11.5% in late 2011). A total of 28% of new senior executives appointed in 2015 were women.

Leaders for Tomorrow (LFT)

The LFT programme aims to anticipate future needs and to steer the Group talent in the appropriate direction by attracting and retaining employees who have the potential to become future senior executives. Of 36,139 managers, 2502 LFT (49 nationalities in 51 countries) can be considered potential future senior executives, 29% of whom are women.

On average, this pool provides 80% of new senior executives.

Development for Functional Lines

The Functional Lines pursue an HR strategy that addresses new skills development challenges. The Functional Lines & Métiers Department supports each functional line management team and its HR manager in implementing tangible measures, such as mapping key roles and key posts to identify career paths more easily, and organising reviews of key people, to establish any career moves required and/or to develop professionalization paths to benefit business.

This strategy is rolled out within the:

- Operational Functions: Strategic Sourcing and Procurement, Industrial Projects, Business Development Oversight,
- Support Functions: Legal, Health & Safety, Communications, Information Systems, Audit, Risks, Internal Control, Ethics & Compliance, and Human Resources.
Policy on Health and Safety

This Group Policy sets out the minimum requirements that must be complied with by all ENGIE entities, regardless of location, to promote the health and safety of people and property.

Managers, Health and Safety officers, doctors, personnel representatives and European trade union organizations were all involved in the development of this policy.

The relevant principles were covered in a Group agreement which, as such, comprises the Group policy. Consequently, as stipulated in the agreement, this policy applies to fully consolidated European subsidiaries and to subsidiaries in which the Group exercises a dominant influence in Europe.

Outside Europe and for subsidiaries defined in the paragraph above, this agreement will also be applied as a unilateral decision.

Moreover, directors of companies in which ENGIE does not exercise operational control must also promote the guidelines set out in this agreement.

This policy has a single aim:

To ensure that every executive, manager and employee is a stakeholder committed to his or her own health and safety and to that of others.

This is both a personal commitment - made by each member of the Group - and a collective commitment.

It aims to the push the Group forward decisively in an area in which everyone is involved.

The policy sets out three challenges:

- Protect the integrity of people and property;
- Encourage quality of life at the workplace;
- Improve health and safety by providing training for everyone.

It defines eight fundamental principles applied (comprising key concepts) and also emphasizes the need for a climate of confidence and transversal cooperative dialogue, both of which are prerequisites to the success of an integrated Group.

1. Factoring risks into all decision-making processes;
2. Ensuring a participatory approach to preventing situations involving risk;
3. Fostering a climate of confidence and dialogue;
4. Developing a hierarchy of prevention;
5. Promoting comparison, sharing and feedback;
6. Ensuring a health and safety level for contractors that is at least equivalent to that enjoyed by our own personnel;
7. Demanding compliance with regulations and in-house rules;
8. Preparing for crisis management.
It is based on:

- The involvement of managers and each and every one of us via commitments that can be implemented and reflected at all levels through concrete, visible actions;
- An in-depth social dialogue at all levels, especially in terms of Group steering;
- A clearly defined management mechanism and a communication and dialogue mechanism geared to the challenges faced.

On top of this foundation, it is supplemented by a medium-term action plan setting out quantified targets and actions for deploying this agreement and Group Rules.

This policy, built on a solid foundation of consultation, must serve as a benchmark for everyone in actions taken so that health and safety are incorporated into all of our projects and fully associated with the image of ENGIE.
Appendix 4 – Procurement and supply policy

The Procurement and Supply Policy sets out the objectives and principles which guide the activities of the Procurement and Supply line. They cover the interaction with Operations internally and with the Suppliers market in order to accomplish its missions; these are:

- Securing external purchases and supply that meet quality and economic performance requirements,
- Meeting our commitments, and maintaining balanced relationships with our Suppliers (see definition below),
- Effectively managing information exchanges using optimized tools and processes,
- Professionalizing and developing our employees’ skills.

The Procurement and Supply Policy complies with the Group values, namely:
- Drive,
- Commitment,
- Daring,
- Cohesion.

Supplier: any external company with which a Group entity implements business relationships that give rise to the receipt and the payment by ENGIE of an invoice for the supply of goods, services, works or outsourcing.

1. Mandatory principles and scope of application

This Procurement and Supply Policy creates a common standard throughout all the Entities of ENGIE Group (the “Group”) i.e. all the companies, subsidiaries and affiliates included in ENGIE consolidation perimeter. It applies to buyers and supply officers, as well as all employees in contact with Suppliers (prescribers, users, managers, project managers, ...).

**Sourcing principles:**

- The overarching principles set out in the Procurement and supply Governance are to ensure **systematic competitive bidding** for all purchases made in a competitive market and to check that any commitment has previously followed a **selection process formalized and validated with the prescriber** according to intervention thresholds of the Procurement and Supply line.
- **Any request for proposal should be structured** and sent by buyers on the basis of a statement of **optimized requirements**, in order to **reduce the total cost of acquisition** (including the cost of operation, maintenance and end of life). **The need should be expressed as functionally as possible** and must include all requirements that apply, including technical requirements, performance, health, safety, social and environmental responsibilities.
- **All received bids from Suppliers must be reviewed** by at least the prescriber and the buyer with a **compliance grid with different requirements defined during the “expression of need’s” phase**; all the compliant tenders may be clarified. Re-evaluating the need may be also necessary; if the expression of need is modified, all the consulted companies should be invited to send an offer according to the modifications.
- **The commercial and contractual conditions are negotiated by the buyer** in charge of the bidding in cooperation with the prescriber and with the support of all necessary experts (technical, legal, fiscal...).
- **The "best value" offer is selected**, based on a multi-criteria compliance grid and according to predefined objectives.
Supply Principles:
The supply covers the complete cycle from the goods and services requisition to its receipt and to timely settlement of corresponding invoices.

Principles determining this process chain meet all of the requirements of the separation of duties and the internal validation path:

- **Any engagement with a Supplier** must be a written agreement (contract based on templates provided by the Legal functional line or order with associated general terms and conditions which must include the ethics, environmental and societal responsibility clause – cf. appendix), previously negotiated and signed between the parties by the authorized persons according to delegations of powers duly in force.
- An order must include the following information:
  - The subject: a reference or a description linked to a Group Procurement category
  - The quantity: expressed in an unit of measure defined with the Supplier
  - The price per unit: in the currency defined with the Supplier
  - Location and date of the delivery
  And all the minimal commercial conditions: payment conditions, applicable law,…
- All orders must be monitored for Supplier issues until compliant delivery.
- Any delivery should be approved by a receipt. The receipt is essential as it is the prerequisite of the respect of our commitments regarding payment conditions.
- Any dispute related to goods delivery or works or services receipt must be followed until its final settlement.

The Supplying Processes aim at:

- **Rationalizing the Suppliers portfolio** through the use of contracts negotiated with a panel of preferred Suppliers,
- **Optimizing the physical flows** and the inventory management,
- **Evaluating the performance** of our Suppliers.

Whenever necessary, it is agreed to identify, analyze and manage the risks inherent in Procurement and Supplies activities including ethical risks (suppliers self-evaluation and Corporate Social Responsibility Commitment Statement must be used for these risks).

2. Procurement: A contributing function of economic performance
The Group external spends accounts for more than 20 billions of Euros.

Through its main mission, the Procurement and Supply function highly contributes to the operational and economic Group performance: secure supply, ensure the quality of products and services we buy, and reduce the total cost of ownership, through a continuous drive to seek an operational competitive edge.

To meet the performance objectives set by the Group, the Procurement and Supply line defines and implements strategies and levers of actions aiming at reducing the external spend, in collaboration with operational people, e.g. the systematic search for synergies between entities and businesses, pooling procurement projects and optimization, deployment of common tools, sharing best practices and pooling data and information.

Procurement and Supply organization and management are based on the Group organization principles. These include a double matrix structure (the Group organizational axis and the procurement categories transversal axis) in charge of cascading and implementing in all the Entities the Procurement and Supply Governance and the Procurement and Supply Policy, the procurement policies and preferred suppliers policies…
per categories, the multi-year performance plan and all decisions of the Management, while answering operational expectations.

3. Supplier Relationship
With a view of sustainable procurement, Suppliers’ selection and management of business relationships are all based on a range of objective criteria, including:

- Respect of hygiene, health and safety rules,
- Respect of Group ethical principles,
- Technical and economical competitiveness, promotion of innovative approaches,
- Environmental and social commitments,
- Contractual commitments compliance,
- Non-discrimination and diversity promotion.

**Suppliers panel control** is an ongoing concern that requires regular analysis and trade-offs to limit the number of active Suppliers in order to meet our needs.

Particular attention will be given to the issues of economical dependence of Suppliers, termination of business relations or illegal workforce matters.

The Group Procurement Division will develop a regular measurement of performance with Suppliers classified as preferred and strategic, in a continuous improvement approach on the basis of a lasting and mutually beneficial relation.

The relationship with Suppliers of the panel is organized through applicable processes and according to the classification referential, involving all the stakeholders of the organization, whatever they are at the Group level or at the BU level. Whenever required by the analysis, relevant actions plans are implemented and monitored.

The Supply function develops and implements the necessary means to warrant correct management of the transactions with Suppliers and ensures the output of relevant indicators.

**Commercial relationship ethics: governing principles**

The "guide to Ethics in the Supplier relations" and the "ethics guidelines for commercial relationship" are the references applied by all employees and include the 7 principles:

- Comply with laws, regulations, external standards, Group values and internal procedures,
- Treat Suppliers with equity, transparency and impartiality,
- Ensure that mutual commitments are kept,
- Keep the confidentiality of all information exchanged,
- Ensure that the Group commitments with regard to ethical standards, sustainable development and corporate responsibility are known and maintained,
- Avoid any conflict of interest which may undermine objective and independent decision-making,
- Report any situation which is in breach of these rules.

Moreover, because of Group global operations, Procurement and Supply line will implement the Group "embargo" policy for certain countries or persons (legal or natural) from third countries.

4. A structured activity through optimized processes and tools
Procurement and Supply activities are carried out aiming at organizations efficiency, adaptability to changes and constraints, but also with a modern evolving mindset. They are based on:
• Processes that cover the entire procurement and supply cycle from need’s expression to payment, 
structure the essential steps for all Group Procurement and Supply organizations;
• A variation of processes in business organizations through appropriate and consistent procedures in each 
activity of the Line;
• Management of data and transactions supported by efficient tools and operational procedures to 
facilitate the reliability of information;
• A consolidation of data from external expenses and from Suppliers to continuously improve 
performance;
• Procurement strategies defined per procurement categories and associated policies;
• Frame-contracts with preferred Suppliers concentrating common needs of several entities of the Group, 
shared, approved and implemented by the entities concerned.

5. Develop the Procurement and Supply resources sector
The Procurement and Supply skills and knowledge are constantly developed to ensure the Line’s 
professionalism and expertise needed to carry out all the tasks in Procurement and Supply within the 
Group.

Management Principles of the Procurement and Supply line’s human resources:
• Know our key people and our talents,
• Ensure a regular rotation of buyers’ portfolios, at least every 5 years,
• Develop career paths in the different Line’s generic roles: operational, category management, 
project, performance, tools,…
• Guarantee a regular flow between the governance activities and the operational activities,
• Manage the right mix of profiles with a majority of Procurement professionals (internal or external) 
and a flow of employees coming from the Business or Support Functions and trained in 
Procurement.
Appendix to Procurement and Supply Policy: ethics, environmental & societal responsibility clause

1. The Supplier acknowledges that he has been informed of, and agree to abide by, the ENGIE commitments in the area of ethics and sustainable development, as those commitments are set forth in the Ethics Charter, the Guide “Ethics in Practice” and the policy “Ethics of Business Relationship: Governing Principles” and posted on its website www.engie.com.

2. The Supplier represents and warrants to ENGIE that, for a period of 6 years immediately preceding the execution of the Contract, he has complied with the rules of international law and national law applicable to the Contract, in relation to:

   (i) fundamental human rights and in particular the prohibition of (i) using children labor and any form of forced or compulsory labor and (ii) organizing any form of discrimination within its company or towards the suppliers and sub-contractors;
   (ii) embargos, drugs and weapons trafficking, terrorism;
   (iii) trade, import and export licenses and customs;
   (iv) health and safety of staff and third parties;
   (v) labor, immigration and prohibition of illegal work;
   (vi) environment protection;
   (vii) financial criminal offences, in particular corruption, fraud, influence peddling (or equivalent offence as it can be provided by the national law applicable to the Contract), swindling, theft, misuse of corporate funds, counterfeiting, forgery and the use of forgeries, and similar or related offences;
   (viii) measures to combat money laundering;
   (ix) competition law.

3. In connection with the Contract’s performance, the Supplier commits to comply in his name and in the name and on behalf of his suppliers and sub-contractors with the same rules.

4. ENGIE has the right to require from the Supplier evidence that he has complied with the rules of the present Ethics, Environmental & Societal Responsibility Clause and to carry out audits or have them carried out.

5. Any breaches of the rules of the present Ethics, Environmental & Societal Responsibility Clause shall constitute a contractual breach entitling the non-defaulting party to suspend and/or terminate the Contract at the defaulting party’s exclusive expense, in accordance with the terms and conditions set forth in the Contract.

NB: (1) This clause is applicable for supplies of basic goods and/or services; (2) This clause can be used under English law or French Law; Using the clause in a supply contract governed by a law other than French or English law and changing the wording of the clause require a legal counsel prior review.
Appendix 5 – Ethics policy

Preface

ENGIE’s aspiration in the ethical sphere is to act everywhere and in all circumstances in accordance with the values and commitments of the Group and in obedience to laws and regulations. To achieve this aspiration, the Group has set itself the goal of embedding ethical principles in its strategy, management and professional practices and setting up systems for measuring its performance against this commitment.

1. The Ethics Reference Documents

The purpose of ethics is to provide a framework in which value-based, morally acceptable practices can be applied practically in a given situation. Compliance refers to the set of systems established in order to meet the required standard of ethical practice. In other words, ethics and compliance are two sides of a single reality that applies to all Group employees and must therefore be communicated to them through reference documents listed below.

The reference documents for all employees are:

- **The Group Ethics Charter**, which sets the general framework that should govern every employee’s professional behavior. The Charter defines the ethical principles and the system of ethical governance applied within ENGIE.

- **The Guidelines Ethics in practice**, which specify the means for implementing the Group ethical principles in day-to-day working practice.

The Ethics Charter and the Guidelines Ethics in practice represent the fundamental basis of the Group values.

2. The Group Ethical Principles

2.1. Four essential principles of action

The Group ethical standards are reflected in the four fundamental principles that guide our practices:

- acting in accordance with laws and regulations,
- establishing a culture of integrity,
- behaving fairly and honestly,
- respecting others.

2.2. Their application to the circles of stakeholders

The ethical principles apply to the three circles of stakeholders affected by our activities:

- the circle of the Group, consisting of our employees, entities and shareholders;
- the circle of the market, comprising customers, suppliers and competitors;
- the circle of the society in which we operate, made up of public bodies, communities and, more broadly, the representatives of civil society.

2.3. Day-to-day ethical practices

The Guidelines Ethics in practice provide key signposts to areas in which ethical dilemmas are most likely to arise. The purpose of these signposts is to give employees pointers on how to behave and what decisions to take in given working situations.
3. Ethical Governance

The Group must be able to analyze the efficiency and effectiveness of the systems created to implement its ethical objectives. Together, the ethics and compliance structure, the managerial oversight system, audits and reporting constitute the framework of the ethical governance process.

3.1. The ethics and compliance structure
The Ethics, Environment and Sustainable Development Committee (EESDC) is a subcommittee of the Board of Directors and deals with subjects relating to governance, ethics and compliance on behalf of the Board. The ethics and compliance structure is overseen by the Chief Executive Officer.

The role of the Business Ethics & Compliance Department within the General Secretariat is to work for the ethical dimension to be incorporated into ENGIE strategy, management and practices. To do so:

- It drafts the Group fundamental documents and policies on ethics and compliance, gives impetus to their implementation in the operational business units and functional departments, and organizes internal reporting and outside communication relating to them;
- It decides the priority action plans at Group level and is responsible for the projects arising from those plans: raising ethical awareness, roles of the ethics and compliance officer, management of ethical risk, etc.;
- It heads the ethics and compliance support line which carries out its missions in the Group business units and entities and provides legal advice, investigation and support in case of sensitive situation;
- It provides managers and employees with the tools they need to apply ethical principles in their day-to-day activity: reference documents, training in business ethics, intranet site;
- It makes available a confidential whistleblowing system (ethics@engie.com);
- It makes available a tool for managerial reporting of ethics incidents (INFORM'ethics).

3.2. The Management Oversight System
The Group fundamental ethical aspirations are defined by the Chairman, the Chief Executive Officer and the members of the Group EXCOM. Responsibilities for ethics and compliance are defined at all levels of line management.

The Group Chief Ethics & Compliance Officer is the General Secretary, a member of the Group EXCOM. The Compliance Committee is headed by the Group Chief Ethics & Compliance Officer and is responsible for implementing the compliance policy. It ensures that this policy is correctly implemented, looks into any failures and ensures that they are properly handled. Its role is to report to the management structures and the Executive Management on the application and oversight of ENGIE ethics system.

ENGIE senior managers are the front line to embody and implement ethical practice. It is their responsibility to develop the tools needed to deploy the Group ethics policy and to detect violations of the rules, and to introduce a system for monitoring the application of ethics and compliance systems.

An ethics and compliance officer is appointed for each business unit (BU). He/she is a member of the BU CODIR, and is supported by a deputy ethics and compliance officer. An ethics and compliance officer is also appointed in significant subsidiary of each BU.

3.3. Audits and reporting
The Ethics & Compliance Department is responsible for implementing ethical compliance procedures within the Group and therefore setting up the necessary monitoring processes. Ethics audits and special investigations are held on decision of the Compliance Committee.

A compliance procedure is used to monitor the implementation of the Group ethics policy in the entities: the ethics and compliance officers produce an annual report on the progress of the ethical structure in their entities. All the business unit reports, accompanied by a compliance letter from the head of entity, are sent to the Chief Executive Officer. The Ethics & Compliance Department uses these documents to establish ENGIE annual compliance report, which is presented to EESDC.

The Group Business Ethics & Compliance Department is also responsible for taking the necessary measures in the event of a failure to apply the Group compliance policy, in consultation with management and the local
divisions concerned and in coordination with the other Group functional departments (Legal, Finance, Audit, Risks and Internal Control, Human Resources, etc.).
Appendix 6 – Social responsibility policy

The Group's social ambition

The Group's ambition is to be the leading energy company in high-growth international markets and to be a leader in energy transition in Europe. To support these changes, the Group has implemented many innovative projects and initiatives on social responsibility. Consequently, all stakeholders within the company are involved in anticipating, innovating and building a broader vision of CSR, with a focus on responsible performance and human development, based on which we can develop mutual trust and effective cooperation.

ENGIE’s Social Responsibility policy can be broken down into four themes: diversity, inclusion, solidarity & social ties, and well-being at work, addressing two major challenges for 2016/2017: youth employability and employee engagement.

CSR - creating value and performance: challenges for 2016-2017

Today's CSR challenges are part of a wider context where the social and economic issues facing the Group are generalised. Furthermore, changes to energy activities means we need to attract tomorrow's skills while respecting equal opportunities and fair treatment, to develop innovation and thereby support the Group's transformation.

One of ENGIE's key priorities when it comes to social responsibility concerns youth employability. In France, nearly a quarter of young people are unemployed, and 15 million across Europe. But these young people are the key players in our future, tomorrow's corporate talents, and creators of performance. They constitute a hive of innovation, new skills, entrepreneurship and ideas at a time when the Group needs to embrace energy transition and technological change.

Youth employability also implies more synergy between the worlds of business and education, a synergy that ENGIE has been working towards through its relationship with the French education system and through outreach initiatives for high school and college students. ENGIE has also been awarded AJE Label certification, rewarding its efforts to bring the corporate world and education closer together.

Through this work in the regions where it operates, ENGIE strives to bring a community-minded and socially responsible solution to national, European, and global social challenges. It is also backed by two European partnerships, having signed the Pact For Youth and the Alliance For Youth in late 2015.

Just like the employability of young people, employee engagement is a major challenge for the Group, and one of its shared values. Because this commitment is a key factor for corporate performance, boosting our capacity for innovation, in 2015 ENGIE strengthened its policy for quality of life at work, crucial to increasing the involvement of the women and men within it. This primarily involves listening to employees and holding professional discussions in working teams. Everyone must be able to regularly and confidently express themselves when it comes to their work life and their expectations. Professional recognition, trust between workers and their effectiveness depends on this. The Observatoire Social International, chaired by the Group, actively participates in discussions and developments on the subject.

Quality of life initiatives for employees have been in place for several years now, such as childcare places and - more recently - the "help for carers" scheme. These policies offer employees the ability to find good work-life balance.
When it comes to employees' charity commitments, a good example is the work of the Fondation Agir Pour l'Emploi (FAPE), which not only supports projects for job creation through donations from employees, but also allows these same employees to commit to the cause through a long-term investment.

**The four themes of the group CSR policy: diversity, inclusion, solidarity & social ties, well-being at work**

Being active in the field of social responsibility not only means acting with regard to existing legal obligations but also anticipating changes in society as a whole. The Group's objective is to create environments that encourage reflection and ideas, in order to envisage the company of the future and adapt its current operations in light of these developments.

To this end, the Observatoire Social International is a laboratory of ideas that contributes to societal forecasting and analyses to anchor and develop the group's CSR policy.

Social innovation is a key factor for anticipating and accompanying transformations in accordance with society's expectations. The CSR campaigns implemented are fuelled by this innovation.

**Diversity**

For ENGIE, combating all forms of discrimination, promoting equal opportunities, and integrating and supporting young people, over-55s and people with disabilities, regardless of their background, are its main priorities. This commitment was recognised in 2012 with the Diversity Label certification, and extended in 2014 to include all production and services activities.

For this diversity to be truly effective, the Group advocates the principle of equal opportunities in access to employment. It is committed to combating all forms of discrimination in recruitment, access to training and promotions, and more broadly in all aspects of the company.

The Group has initiated various measures both in-house and with its stakeholders. These challenges are reflected in the policies and/or agreements established by ENGIE in the field of CSR:

Through the 2012 European agreement for equality between women and men, and through legislative measures including the most recent law on the issue in August 2014, new scopes of application, experimentation, and initiatives have been opened up, particularly regarding the feminisation of business activities and the promotion of these among young women.

With regard to diversity and gender equality, the Group has set itself the target of 25% of women in the group's workforce.

Each entity applies the Group disability policy across all of its regions, taking into account specific operational and local conditions. Exciting initiatives are therefore being implemented for the recruitment and professionalisation of people with disabilities. One of our main objectives is to work together to address new disability-related topics, particularly those that are too often overlooked, such as "dys"-type problems. Another priority is to consolidate our ambitions in terms of responsible purchasing and to "Europeanise" our actions.

ENGIE is engaged in discussions on intergenerational issues and the transfer of knowledge and skills. The objectives of the Group France agreement relating to the "generation contract" signed in 2013 include continuing our initiative regarding the employment and careers of over-50s in order to take into account our longer life expectancy, leading to later retirement. It is important for each employee to be able to find their place and see their future in the Group, at all stages of their career.

Knowledge transfer between generations is promoted by encouraging older workers to train younger employees.

In addition, reverse mentoring schemes, in which the seniority relationship is reversed (the mentor being part of Generation Y or even Z) are being put in place, particularly on the specific topic of digital technology.

More generally, it is important that ENGIE is able to capitalise on the four generations currently working in its business (Baby boomers, X, Y, and Z) to boost its transformation, including the digital side of its work. With its commitment to the inter-company programme Octave (led by Danone), ENGIE is helping its employees to become humanistic and inspiring individuals who will champion change within their teams and take into account the differences in behaviour, attitudes and skills of the various generations that make up the company.
The affirmation of the principle of non-discrimination requires compliance with 20 legally established criteria. Belonging to a religion or not is one of them. ENGIE therefore agrees that no employee or candidate will be treated unfavourably because of their religious beliefs.

In addition to equal treatment, the question is how to manage this diversity and to reconcile the smooth running of the business with the demands of employees in this matter which, although still in the minority, are nevertheless present. A regulatory framework and benchmarks have been circulated throughout the HR department, as well as among managers, to ensure pragmatic and dispassionate management of situations that may arise within teams.

**Well-being at work**

Quality of life at work is a source of human development and performance. It is based on the professional commitment of employees. Listening to employees and holding professional discussions about work, promotes recognition of people, and trust in them and their effectiveness. Quality of life at work, taken in its collective and individual dimension, encompasses multiple elements related to the organisation of labour, relations with colleagues, and corporate culture. It reinforces employee commitment, motivation and creativity, all of which are key elements for the company's transformation through social innovation.

**Inclusion: Helping people with difficulty accessing employment to obtain and retain a job**

We are committed to helping people with difficulty accessing employment to obtain and retain a job. To this end, it is important to orient the youngest among them towards apprenticeship, guidance and training schemes that will allow them to find their place in this changing economic environment. Thanks to its local roots and close ties with social actors such as local authorities and charities, the Group implements innovative social actions to provide sustainable jobs to these vulnerable groups. As an example, the "Permis - Emploi- Mobilité - Sport" (Licence - Job - Mobility - Sport) initiative sees ENGIE join forces with the French Ministry of Defence, certain sports federations (including the French Handball Federation and several rugby clubs), local authorities and the Fondation Agir Contre l'Exclusion (FACE). Aimed at 18-25 year olds, it combines training, sport, inclusion and the acquisition of a driving licence. The aim is to improve the employability of participants.

**Solidarity and social ties**

When it comes to employees' charity commitments, the work of the Fondation Agir Pour l'Emploi has helped support projects for job creation through donations from employees, matched by the company, and encourages entrepreneurship. These same employees have the opportunity to commit to the cause through long-term investment. For example, in 2015, FAPE created the first group of volunteer workers to help job seekers as part of "Solidarités Nouvelles Face au Chômage" (New Solidarity to address Unemployment). The group has also developed a policy of providing skills, which took effect in January 2016.

**Governance**

The CSR Committee brings together the HRDs/CSRDs from each Group BU. It meets quarterly. Its purpose is to listen, share and take into account the expectations expressed by the BU representatives, advise and support the development of CSR actions in BUs, in line with local conditions. The CSR Committee helps to roll out CSR policies and actions to be implemented. It also provides support and expertise for invitations to tender. It promotes the exchange of good practices, as well as the implantation and propagation of trials and pilot projects between Group entities.
Appendix 7 – Rassembleurs d’Energies initiative

What is ENGIE Rassembleurs d’Energies?
Energy access projects often require substantial investments. In order to meet this need, ENGIE has created ENGIE Rassembleurs d’Energies, a dedicated corporate impact venture fund that invests in sustainable energy access solutions for energy poor populations.

ENGIE Rassembleurs d’Energies invests in social enterprises that market affordable renewable energy solutions for poor off-grid populations who lack access to reliable and clean energy sources. The objective is to invest in financially viable projects with social impact that are conducted by committed social entrepreneurs.

ENGIE Rassembleurs d’Energies benefits from the involvement of ENGIE’s employees on several levels. On the one hand, ENGIE Rassembleurs d’Energies uses ENGIE employees’ technical expertise to carry out the due diligences. On the other hand, ENGIE offers its employees the possibility to invest part of their savings into ENGIE Rassembleurs d’Energies’ solidarity fund through their employee saving scheme.

ENGIE Rassembleurs d’Energies Corporate impact fund and the ENGIE Corporate Foundation may interfere at different stages of enterprises involved in sustainable access to energy. The Corporate foundation implements this lever through sponsorship arrangements with the Group's business units or via the ENGIE Corporate Foundation through its “Énergies Solidaires” programme. This programme supports public interest projects proposed by associations, NGOs or the Group’s employees. These projects aim to promote access to sustainable energy for populations experiencing energy poverty. The Corporate impact fund interacts with economically viable enterprises to enable them to scale up their business.

Investment criteria
ENGIE Rassembleurs d’Energies invests in companies that provide poor off-grid populations with access to clean, sustainable energy or that reduce poverty among the most vulnerable. ENGIE Rassembleurs d’Energies uses a multi criteria tool to assess those investments:

- Financial value
- Social impact
- Environmental impact
- Group synergies
- Relevance of the solution

ENGIE Rassembleurs d’Energies achievements
At the end of 2015, ENGIE Rassembleurs d’Energies has assessed more than 200 projects and invested in 16 social enterprises that propose appropriate decentralized solutions for poor off-grid populations. The fund has invested in a wide range of technologies that cater for the needs of Base of Pyramid households: energy efficiency in social housing in Europe, solar home systems, biomass, biogas and renewable micro grids in emerging countries.

ENGIE Rassembleurs d’Energies is thus active on 4 continents through the entrepreneurs: Europe, Africa, Asia and South America, and in more than 15 countries. From its creation the funds enabled to connect 890 000 people throughout the world.
Appendix 8 – Tax policy

ENGIE Tax Policy

ENGIE is committed to comply with honesty and integrity with relevant tax laws and regulations, and to pay its fair share of taxes in the countries in which it operates.

Controls and processes exist throughout the Group to ensure compliance with tax filing obligations and mandatory disclosures.

Tax practices within the Group are compliant with ENGIE’s Code of Ethics and with the Environmental, Social and Societal Responsibility principles of the Group.

Tax matters are duly covered by our risk governance: Tax risks are managed by a global tax function and give rise to appropriate action plans, which aim to defend the Group’s interests while respecting applicable local rules, compatible with supranational tax regulations and general principles of international tax law.

Taxes represent a substantial cost factor for ENGIE. Therefore, as with other significant cash outflows, taxes and effective tax rates are carefully monitored.

ENGIE does not have any subsidiary in a country listed as a “non-cooperative” tax jurisdiction by French law or OECD Standards.

As a matter of principle the Group avoids investments in so called tax haven countries. Such investments can only be made if supported by strong economical reasons, other than tax savings.

Intra-group transactions have a business or commercial purpose and are executed on “arm’s length” terms in line with international best practice (OECD Guidelines).

ENGIE needs to work within a fair, intelligible, objective, and stable tax framework which is favorable for long term development. The Group is therefore actively involved in trying to develop and maintain, directly or through trade associations or similar organisations, sound, transparent and professional relationships with tax authorities aiming to create a positive climate for investment. ENGIE also stresses the responsibility of States to cooperate in tax matters, such as the resolution of double taxation cases and the implementation of efficient tax reporting to limit compliance costs.
Appendix 9 – Table detailing how ISO 26000 principles are reflected in ENGIE policy

Recap of the seven key principles of social responsibility according to standard ISO 26000

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